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Senate Finance Committee Fast Track [1]

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POLICY DEVELOPMENT - FAST TRACK

Eric R. Biel: List of Fast Track Files for Records Management--
November 1997

at COMNORC:
482-8368

I. Talking Points/Fact Sheets

General Case/Meetings with Members of Congress, etc.
Fast Track Legislation/Responses to Critics
Foreign Policy/U.S. Leadership

II. Legislation/Hill Materials

Fast Track Bills--Analysis
Hill Letters/Responses
Hill Meetings/Briefings

III. Labor and Environment

Administration Response to Sen. Daschle
Admin. Response--Overall/Other Issues
TAA/Domestic Programs

IV. Miscellaneous Fast Track

Q&As
Costs of Inaction
Anecdotes
Letters/Correspondence

V. Other Issues

TPCC Report
Super 301
Section 108 Report

10601
ENCLOSURES FILED OVERSIZE ATTACHMENTS
1 box filed 11/28/97
NARA 8018

Who	Date	Subject
David E. Pearah	09/19/97	✉ copy WP files
Arthur C. Caliguiran	09/19/97	Loss of e-mail
✉ Victoria Radd	09/19/97	✉ Current version of our response to Gephardt
Victoria Radd	09/22/97	Re: And one more thing...
Russell W. Horwitz	09/22/97	Fast Track Communications
Russell W. Horwitz	09/22/97	fast track paper updates/tracking
✉ Russell W. Horwitz	09/23/97	Re: gramm response
✉ Russell W. Horwitz	09/23/97	Meeting with The Limited/Claude Fontheim
Russell W. Horwitz	09/23/97	✉ inventory of fast track paper
Eric R. Biel	09/24/97	Commerce Dept. activities on fast track
✉ R. Scott Michaud	09/24/97	✉ Fast track letters
Russell W. Horwitz	09/24/97	✉ Fast Track State by States
✉ Michael W. William	09/25/97	Meetings with Hill staff
✉ Lael Brainard	09/25/97	✉ Attached draft on "NAFTA-Related" for your comments
Russell W. Horwitz	09/25/97	✉ response to Gephardt
✉ LEAVY_D	09/25/97	Commerce Dept. activities on fast track
✉ MITSLER_E	09/25/97	✉ response to Gephardt
Russell W. Horwitz	09/26/97	✉ Senator Gramm's Questions
Gary Bacher	09/26/97	Whereabouts
mryckman	09/28/97	✉ Re: I have left messages with both Novick and Esserman to call
Victoria Radd	09/29/97	American Leadership Argument
Russell W. Horwitz	09/29/97	✉ updated fast track
Sara M. Latham	09/30/97	Re: Fast track, etc.
✉ Sara M. Latham	09/30/97	Re: Fast track, etc.
Russell W. Horwitz	09/30/97	Fast Track Paper Tracking
✉ Russell W. Horwitz	09/30/97	✉ Re: Fast Track Paper Tracking
Jake Siewert	10/01/97	✉ Fast Track Guidance
✉ Jason Berman	10/01/97	✉ Re: Draft on MAI
Jake Siewert	10/01/97	✉ Fast track post-Finance vote
Darby E. Stott	10/01/97	Statement by the President re: Fast Track
Malcolm R. Lee	10/01/97	Re: NTT/Fast Track
✉ Jason Berman	10/03/97	Responding to Bob Davis article in WSJ on "why fast track"
✉ Elena Kagan	10/03/97	Thanks on food safety
✉ Jason Berman	10/03/97	Staying informed from principals only briefings
✉ Jason Berman	10/03/97	Commerce Dept. "source book" on fast track
Jake Siewert	10/03/97	Re: Talking points on bill, etc.
Jonathan Orszag	10/06/97	✉ Here's What We Faxed Rep. Jefferson
Jonathan Orszag	10/06/97	✉ Becerra Document
Jake Siewert	10/06/97	Up-to-the-minute Fast Track Guidance
✉ Russell W. Horwitz	10/06/97	✉ Attached memos for tomorrow's POTUS meetings with Ways and Means Dems.
✉ davidjosh	10/06/97	Re: top, top secret message
✉ Anne H. Lewis	10/07/97	Re: Attached memos for tomorrow's POTUS meetings with Ways and Means Dems.
✉ Victoria Radd	10/07/97	No whipping
✉ Lael Brainard	10/07/97	Andy Samet/Labor draft for comments
✉ davidjosh	10/07/97	Baseball, White House, etc.
Lael Brainard	10/07/97	Re: Andy Samet/Labor draft for comments
Michael W. William	10/08/97	Thursday's Meeting
✉ Victoria Radd	10/08/97	✉ Draft talking points for tomorrow's POTUS meeting
✉ Russell W. Horwitz	10/08/97	✉ Final version of POTUS talking points
✉ David T. Johnson	10/09/97	Responding to Sandy Levin, etc.
✉ Jon D. Haveman	10/10/97	✉ Fast track: labor and environment
✉ Lael Brainard	10/10/97	Argentina, Brazil, and Venezuela info. from Commerce
✉ Lael Brainard	10/10/97	✉ Attached on fast track bills/labor and environment
✉ Victoria Radd	10/13/97	Commerce Information on Districts of Undecided House Members

Who	Date	Subject
 Victoria Radd	10/13/97	Re: Responding to Sandy Levin, etc.
Jason Berman	10/14/97	Re: Responding to Sandy Levin, etc.?
 Victoria Radd	10/15/97	Commerce endorsement letter and timing
 DEROSA_M	10/15/97	Checking in
 Jason Berman	10/15/97	Fast track support letters
Victoria Radd	10/15/97	Re: Commerce endorsement letter and timing
 Anna E. Cushing	10/15/97	Suggestions for letters
Jason Berman	10/16/97	Re: Fast track support letters
Jon D. Haveman	10/16/97	Re: Fast track: labor and environment
Jeffrey A. Forbes	10/16/97	Re: Commerce Information on Districts of Undecided House Members
Charles Konigsberg	10/16/97	
 Jon D. Haveman	10/16/97	Re: Fast track: labor and environment
DEROSA_M	10/16/97	RE: Checking in
 Jason Berman	10/16/97	Commerce update, and a couple of other things
Jason Berman	10/16/97	Re: Commerce update, and a couple of other things
 Mary_Juarez	10/19/97	 Re: Send Letter
 Victoria Radd	10/20/97	 Attached POTUS talking points/Q&A
 Ben A. Freeland	10/20/97	 Attached talking points for tomorrow's POTUS meeting with Daschle
Jason Berman	10/21/97	Talking Points Under "Fast Track and American Leadership," the phrase "fast track is ab
 DAVIS_W	10/21/97	 Attached Fast Track Talking Points/Q&As
Jonathan Orszag	10/22/97	Agriculture/Fast Track
Lael Brainard	10/22/97	Re: Fast track side-by-side
 Russell W. Horwitz	10/22/97	 General fast track points for Cabinet
Russell W. Horwitz	10/22/97	 Fast Track documents for Cabinet Briefing
Mark R. Hopkins	10/22/97	Re: Alleged U.N. report on trade and growing income inequality
Lael Brainard	10/22/97	Re: Alleged U.N. report on trade and growing income inequality
Glen M. Weiner	10/22/97	 Final Draft -- Fast Track Points
Kevin S. Moran	10/22/97	 White House at Work -- Global Climate Change Policies
 Jeffrey A. Forbes	10/22/97	Re: Commerce Information on Districts of Undecided House Members
Jeffrey A. Forbes	10/22/97	Re: Commerce Information on Districts of Undecided House Members
Jeffrey A. Forbes	10/23/97	Re: List of Senators for Cabinet calls/meetings
Jon D. Haveman	10/23/97	Re: Fast track: labor and environment
LEAVY_D	10/23/97	RE: Commerce endorsement letter
Victoria Radd	10/23/97	Re: Responding to Ford and Carter
Victoria Radd	10/23/97	Re: Fast track side-by-side
 Anna E. Cushing	10/23/97	Re: Responding to Ford and Carter
Anna E. Cushing	10/23/97	Re: Responding to Ford and Carter
Kevin S. Moran	10/23/97	 The White House at Work -- Child Care Conference
Jonathan A. Kaplan	10/24/97	Updates on Policy Planning
Jason Berman	10/24/97	Re: Drafting response to criticism of fast track bills
Victoria Radd	10/24/97	Re: Drafting response to criticism of fast track bills
 Jason Berman	10/24/97	Re: Drafting response to criticism of fast track bills
 Jason Berman	10/24/97	 Response to criticism of fast track bills
 Victoria Radd	10/25/97	A few matters to discuss on Monday
Eric R. Biel	10/26/97	Issues for POTUS meeting with Ted Kennedy
 Anna E. Cushing	10/26/97	Fast track letters
 Peter O'Keefe	10/27/97	Re: Commerce one-pagers
Christopher F. Walk	10/27/97	Re: Response to Rep. Skelton
Jake Siewert	10/28/97	 Q & A on Fast Track
 Jeffrey A. Forbes	10/28/97	Re: Information from Sec. Daley
 Susan A. Brophy	10/29/97	 Sort of rapid response to Congressional letter
 Kristen E. Panerali	10/29/97	 Re: kennedy mtg
 Christopher F. Walk	10/30/97	 Re: Slightly revised letter to five reps.
Victoria Radd	10/30/97	Re: Commerce one-pagers

Who	Date	Subject
Anna E. Cushing	10/30/97	Letters to former Presidents
Michelle Crisci	10/30/97	✎ Attached fast track statement
Darby E. Stott	10/30/97	✎ Attached fast track statement
Darby E. Stott	10/30/97	Statement by the President - Fast Track
Jeffrey A. Forbes	10/31/97	Re: Response to Luther, Kind, etc.
Jeffrey A. Forbes	10/31/97	Commerce one-pagers
Thomas L. Freedm	10/31/97	Today's 11 a.m. meeting
Peter O'Keefe	10/31/97	1997-10-31 remarks at Tropical Shipping Warehouse
Ronda H. Jackson	10/31/97	Moving On...
Kristen E. Panerali	10/31/97	Re: custom fees
Kristen E. Panerali	10/31/97	Re: custom fees
Victoria Radd	11/01/97	Status report
Russell W. Horwitz	11/01/97	✎ Revised fast track materials
Victoria Radd	11/02/97	Resource Book for Hill Distribution
Victoria Radd	11/02/97	✎ Attached foreign policy points and Daschle materials
Russell W. Horwitz	11/02/97	✎ Revised foreign policy points
Victoria Radd	11/03/97	Re:
Michael W. William	11/03/97	✎ Attached summaries of Daschle package
Michael W. William	11/03/97	✎ POTUS talking points for Dem. Senators
Laura Emmett	11/03/97	✎ DPC Food Safety One Pager
Michael W. William	11/04/97	✎ TPs for calls to Rep. Boswell
Sean P. Maloney	11/04/97	Fast Track Event Tomorrow
Christopher F. Walk	11/04/97	✎ Trying again on thank you to the 69
Christopher F. Walk	11/04/97	✎ Pelosi letter--ready to go
Christopher F. Walk	11/04/97	pelosi letter
cmbiel	11/04/97	✎ - no subject (01IPMOUFQ1OY00W7FZ) -
rnovick	11/05/97	NY House members' letter on CBI parity
Russell W. Horwitz	11/05/97	✎ Worker and Community Adjustment Assistance Package Materials
Jonathan Orszag	11/05/97	Inquiries on TAA, etc.
Russell W. Horwitz	11/05/97	Re: Inquiries on TAA, etc.
Russell W. Horwitz	11/05/97	✎ pocket card on fast track
Jeffrey A. Forbes	11/05/97	Senate vote #2
davidjosh	11/05/97	✎ Re: David's question
Jonathan Orszag	11/06/97	Request for materials on yesterday's package
Christopher F. Walk	11/06/97	Today's letter from several House Dems.
Christopher F. Walk	11/06/97	Re: Today's letter from several House Dems.
Susan A. Brophy	11/06/97	✎ Draft POTUS letter
Elizabeth R. Newm	11/06/97	1997-11-06 President's Remarks at Photo Opportunity
Jeffrey A. Forbes	11/06/97	Fun and games on the Senate floor
Raymond E. Donnel	11/06/97	✎ Draft Dear Colleague for Matsui
Victoria Radd	11/06/97	Re: Draft Dear Colleague for Matsui
Raymond E. Donnel	11/06/97	Re: Draft Dear Colleague for Matsui
Thomas L. Freedm	11/07/97	✎ tobacco letter
Christopher F. Walk	11/07/97	✎ Attached tobacco letter
drosenfeld	11/07/97	✎ FWD: Microsoft Press -Forwarded
drosenfeld	11/07/97	Re: FWD: Microsoft Press -Forwarded
Janelle E. Erickson	11/07/97	✎ Letters
Janelle E. Erickson	11/07/97	Re: Letters
Christopher F. Walk	11/08/97	✎ Draft POTUS thank you to 69 valiant Senators
Russell W. Horwitz	11/08/97	✎ Updated: Admin. efforts to pass fast track: For Internal Use
Russell W. Horwitz	11/10/97	✎ Fast Track Talking Points
Russell W. Horwitz	11/10/97	We should have the answers to these: Agree? Anything else?
Russell W. Horwitz	11/12/97	Moynihan on the trade deficit
rnovick	11/12/97	✎ Moynihan on the trade deficit -Reply

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✉ Anna E. Cushing	10/30/97	Letters to former Presidents
✉ Michelle Crisci	10/30/97	✉ Attached fast track statement
✉ Darby E. Stott	10/30/97	✉ Attached fast track statement
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Ronda H. Jackson	10/31/97	Moving On...
✉ Kristen E. Panerali	10/31/97	Re: custom fees
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✉ rnovick	11/05/97	NY House members' letter on CBI parity
Russell W. Horwitz	11/05/97	✉ Worker and Community Adjustment Assistance Package Materials
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davidjosh	11/05/97	✉ Re: David's question
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✉ Christopher F. Walk	11/06/97	Today's letter from several House Dems.
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rnovick	11/12/97	✉ Moynihan on the trade deficit -Reply

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Victoria Radd	11/12/97	Jay Berman's Last Day
 Victoria Radd	11/13/97	Re: Jay Berman's Last Day
Ruby Shamir	11/13/97	 White House at Work-Investment in Educational Opportunity
Kevin S. Moran	11/13/97	Generation 3.0 is coming...
Jake Siewert	11/13/97	READ IT AND WEEP
 Jake Siewert	11/13/97	Re: READ IT AND WEEP
 Victoria Radd	11/13/97	Fast track to Commerce
Eric R. Biel	11/13/97	Fast track to Commerce
David B Sandalow	11/13/97	Re: Fast track to Commerce
Jon D. Haveman	11/14/97	Re: Fast track to Commerce
Lanny A. Breuer	11/14/97	Re: Fast track to Commerce
Peter O'Keefe	11/14/97	Re: Fast track to Commerce
Ruby Shamir	11/14/97	 WH At Work-Accomplishments: First Year of the Second Term
Kristen E. Panerali	11/14/97	Re: Fast track to Commerce
John Podesta	11/15/97	Re: Fast track to Commerce
Ruby Shamir	11/17/97	 White House At Work-Welfare to Work
 Victoria Radd	11/18/97	FT letters
Victoria Radd	11/19/97	Re: FT letters
 Victoria Radd	11/19/97	Re: FT letters
Ruby Shamir	11/19/97	 White House at Work-Adoption and Safe Families Act
Ruby Shamir	11/20/97	 White House at Work: Consumer Bill of Rights
Ruby Shamir	11/21/97	 White House At Work-Strengthening and Modernizing the FDA

Total Files: 117
Total Bytes: 1,789,766

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Senate Finance Committee
Fast Track
Wednesday, September 17

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Draft 10:30pm

PRESIDENT WILLIAM J. CLINTON
STATEMENT ON FAST TRACK
SOUTH LAWN
September 16, 1997

97 SEP 16 AM 8:32

Today, I take the next step in our strategy to extend America's prosperity into the next century. I have submitted legislation to the Congress that will renew the traditional authority, granted to presidents of both parties since 1974, to negotiate new trade agreements that open foreign markets to goods and services made by American workers.

We are at a moment of deep optimism and hope for our future, with 13 million new jobs and unemployment below 5%. The bipartisan balanced budget, with its unprecedented investment in education, sets the stage for further prosperity. But we must recognize that a critical element of America's success is our confident leadership of the global economy. Fully one quarter of our growth in the past four years has come from trade. Today, 12 million American jobs are supported by exports. By the Year 2000, that is expected to rise to 16 million.

one-third

I not seen before

There is no choice: the only way America can continue to grow and create jobs in the future is to expand exports. The legislation I submitted today will allow us to negotiate new agreements that tears down foreign barriers to our goods and services, everything from computer equipment to meat and produce. It will enable the United States to sell to the world's fastest growing markets, regions where our competitors will step in if we retreat. It will help create the high wage jobs that come from exports. And it will do this while allowing us to advance protections of workers rights and the environment – critical goals for my administration at home, and for America abroad.

I am going to Capitol Hill, to meet with Democratic members of the House of Representatives, to spell out why this legislation is in the national interest. This legislation reflects the values of both parties, and reflects the abiding partnership between the President and Congress. It is a partnership that has helped produce strong prosperity, and a partnership that must continue in the interests of the American people.

###

**PRESIDENT WILLIAM J. CLINTON
TALKING POINTS ON FAST TRACK
HOUSE DEMOCRATIC CAUCUS
September 16, 1997**

97 SEP 16 AM8:32

I have taken the step of coming here to talk directly to you about why it is in the interests of our nation, our economy, and our party for Congress to pass the fast-track legislation I have submitted today. Let me say at the outset: this is urgent for our nation, if we are to capitalize on this moment of hope to create even wider opportunity. And it is critical if the Democrats are to face the American people as a confident, hopeful party of the future.

Four and a half years ago, you and I set this country on a bold new economic course – an economic strategy that has produced strong prosperity. It was Democrats who cut the deficit by 80%. It was Democrats who invested in our people. And it was Democrats who worked with me to boost exports to record levels. Now, our strategy has produced a moment of real optimism and hope for America. Results: 13M new jobs ... unemployment <5% ... inflation low, poverty dropping ... and wages, flat for decades, now are rising. Up \$1600. And for poorest 20%, up xx%.

You know and I know that in this new economy, America has no choice but to expand trade. We have 4% of world's people; we must sell to the other 96%. 1/4 of our growth came due to trade. Today, 12 million jobs due to exports; up to 16 million by 2000. And these jobs are good jobs; they pay better than others. Today, America is #1 in autos again. And in the cutting edge industries – biotech, computers, aerospace – America leads the world.

This legislation will give me the traditional authority to make trade agreements – and it does it in a way that upholds the values of our party. It reflects your concerns and benefited from the extensive consultation we have done.

- Every single one of these agreements will tear down foreign barriers to American-made goods and services.
- It instructs negotiators to promote worker rights (in language identical to the language given to President Bush by a Democratic Congress), and makes a specific reference to child labor. It directs us to seek labor protections through the ILO – a change proposed to us by Democrats.
- It will allow us to negotiate side agreements on labor and the environment. These don't require approval by Congress. The next country with whom we will negotiate a free trade agreement is Chile – and Chile has agreed to side agreements on labor & the environment.

- It will require extensive and unprecedented consultation with Congress at every step of the way.
- It would bar any negotiators from trading away US health & safety standards.
- We don't pretend that this legislation has everything we want. But it is the best chance to advance these priorities, and do so in a way that can pass a Republican Congress. This is the best way to advance our agenda given the reality of a divided government.

We know that the burdens and benefits of trade do not fall evenly on all Americans. We recognize our obligation to those who are left behind, to make sure that all Americans can make the most of this opportunity.

- We have a comprehensive program – EITC and Pell Grants, doubling trade adjustment assistance, \$1500 tax cut for community college, minimum wage, Kennedy Kassebaum – to help working people in this time of change.
- This legislation would allow Congress to expand trade adjustment assistance as part of implementation of any trade agreement.
- Let's remember – backing away from this ~~won't create a single job or~~ clean up a single toxic waste dump. There is no argument that jobs will cross the border, because we're not talking about agreements with our neighbors. The opportunities vastly outweigh the risks.

Above all, I come before you as a Democratic President who shares your values and needs your support. I will use this authority in a way consistent with the principles we stand for, consistent with the record of my administration. A Democratic Congress gave Gerald Ford this authority. A Democratic Congress gave Ronald Reagan this authority. And a Democratic Congress gave a Republican President this authority in 1991 – with the active support of many of you here. Now as a Democratic President, I ask the same authority that has been granted to every President of either party. And I pledge to you that I will use it in a way that reflects the values for which all of us fight every day. Democrats must be the party of opportunity, of hope, of the future. We cannot be that party if we are seen to be retreating from the opportunities of the global economy.

President Submits Legislation to Restore Traditional Trading Authority

Tuesday, September 16, 1997

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

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

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

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

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

- **Trade Agreements.** This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority.
- **Side Agreements.** The President has extensive executive authority to reach labor/environmental agreements with countries. We have already committed to conclude companion labor/environment agreements in future trade agreements where appropriate, and Chile has already agreed to enter such agreements.

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

President is Committed to Ensuring that Everyone Benefits from the Global Economy.

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

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

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

Specific Provisions of the Bill Include:

- **Authority to Open Markets:** The bill gives the President authority to negotiate global, regional, sectoral and/or bilateral trade agreements, which would be brought back for Congressional approval under "fast track" procedures (limited debate, no amendments). This authority is critical to give our negotiators the credibility they need to secure good agreements.
- **Reaffirms Commitment to Labor/Environment:** The bill includes a specific negotiating to improve labor rights and environmental protection abroad (a first ever reference to the environment in fast track legislation). Provisions in bilateral free trade agreements must be "directly related to trade," but the Administration may also seek side agreements, where appropriate.
- **Pursues Trade Priorities:** The bill contains negotiating objectives emphasizing key U.S. trading interests, such as agriculture, services, investment, intellectual property, and the need for the U.S. to preserve its health and safety laws and to vigorously U.S. trade laws.
- **Enhanced Congressional Consultations:** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators, including some provisions that have never before included in fast track bills: (1) a requirement that the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; (2) a requirement that the Administration consult before signing a trade agreement about any parallel agreements, such as labor and environmental side agreements.
- **Duration.** Authority granted until 2001, with extension until 2005 only after a congressional vote.

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NAFTA

Q: U.S. companies use the threat of relocation to Mexico or other low wage countries to jawbone down the wages of America's workers. That will just happen over and over again if we reach more free trade agreements.

A: The fact is that NAFTA makes it more attractive to stay in the United States. Before NAFTA, U.S. exports faced an average 10% tariff when sending U.S.-made goods to Mexico. They had restrictions that basically forced us to locate car production down there if we wanted to sell in their market. NAFTA eliminates all of this - and will eliminate only a 2% average tariff on products coming here.

That's true of all of these trade agreements. Their barriers are high; ours are low. So we benefit.

If we let other countries reach trade agreements, while we sit on the sidelines, it will make it even more attractive for U.S. companies to move offshore. If Brazil has eliminated all tariffs it faces in this hemisphere - and we still face high tariffs - U.S. companies have one more incentive to move offshore. If we want to keep jobs here, we should eliminate trade barriers for U.S.-made products.

Q: Some say this debate is not about NAFTA. But NAFTA is relevant to fast track. NAFTA has cost us over 400,000 jobs. Our trade surplus has turned into a deficit. If NAFTA was a failure, why should we extend it to the rest of the hemisphere and beyond?

A: The critics are wrong. The best information available indicates that NAFTA has had a positive effect on jobs, creating 90,000 to 160,000 jobs in trade with Mexico alone. The trade deficit with Mexico was caused by Mexico's peso crisis and the recession, not NAFTA.

If anything, the trade deficit would have increased further if it were not for NAFTA. When Mexico had its last financial crisis in 1981-82, it imposed 100% duties on American products, U.S. exports fell in half and it took 7 years for us to recover to 1981 levels. This time, Mexico continued to reduce its tariffs as required by NAFTA (even though it raised on them on our competitors). U.S. exports recovered to pre-recession levels in 18 months, protecting the 750,000 jobs dependent on those exports. A Federal Reserve of Dallas study concluded U.S. export growth was 7% higher than it would have been absent NAFTA.

Q: NAFTA was supposed to have improved labor/environment conditions on the border, but it hasn't. In fact, the problem is worse.

A: The problems along the border existed before NAFTA and they won't be solved overnight. But NAFTA has given us better progress and cooperation than we would have had without it. There are clear signs of improvement:

- From 1993 to 1996, Mexico increased its budget for enforcement of labor laws by 250%.

- The overall rate of occupational injuries and illnesses fell from 47 per thousand in 1994 to 33 per 1000 in 1996.
- Mexico has seen the number of environmental violations dropping; with a 72% reduction in serious violations in the maquiladora industry from 1993 to 1996; and a 43% increase in the number of maquiladora facilities in complete compliance.
- The NAFTA institutions financing border cleanup projects have certified 16 projects, including infrastructure projects costing nearly \$230 million.

Q: Opponents have successfully made this a referendum on NAFTA. How do I refute that?

A: I think NAFTA's been good for this country. But no matter what you think, this is not about NAFTA. It's about the global trading agenda I outlined.

- Our competitors would like nothing better than to have us rehash the NAFTA debate for four years, while they seize new market opportunities.
- Inaction will simply let foreign barriers stand. When we reach these trade agreements, we give up very little, while other countries give up far more. When the Uruguay Round is phased in, our tariffs will average only 2.8%. Other countries are far higher: India (31%); Thailand and Turkey (26%); Chile and Indonesia (11%). Becoming mired in a debate about NAFTA won't level the playing field.

Q: NAFTA has diverted investment from the U.S. to Mexico. It was an investment agreement, not a trade agreement.

A: No. U.S. foreign direct investment in Mexico averaged \$3.1 billion in 1994-96, little changed from the \$2.5 billion the year before NAFTA took effect. The \$3.1 billion was less than 0.3% of gross private fixed investment in the U.S. in 1996. The Big 3 invested \$39 billion in the U.S. economy in the last three years, only \$3 billion in Mexico.

Trade Generally

Q: Why should ^{we} reach trade agreements with low wage countries? How can U.S. workers compete against foreign workers earning a fraction of U.S. wages?

A: The fact is that U.S. workers do compete successfully with low wage countries. In the last 10 years, U.S. exports to low-wage countries have risen 240%, while exports to high wage countries are up just 140% and domestic sales by 75%. Exports to low wage countries now account for 42% of total U.S. exports. And these are good jobs. Wages for export-related jobs pay 13-16% more than the national average.

Competition from low wage countries does create competitive pressures in industries where skills and productivity are lower, but most such jobs don't compete with imports. In fact, imports from non-oil developing countries account for only 4% of U.S. spending and has grown only 1.5% during the past decade.

For those workers who are affected, we need to maintain our commitment to education and worker retraining. That's why I have made them a priority. It must be part of a complete strategy to prepare us for global competition.

Q: The U.S. trade deficit has hurt the U.S. economy and cost American jobs.

A: It's hard to argue that the trade deficit is devastating the U.S. economy. We are growing at a steady pace of about 3% per year over the past five years, unemployment is at a 23 year low, income levels are rising and exports are at record levels.

But one way to attack the deficit is to break down foreign barriers - and I can't do that unless I have fast track authority.

B/Cyle -
Prepared for President
9/15/97

**FAST TRACK MEETING
QUESTIONS AND ANSWERS**

LEGISLATIVE PROCESS

Q: Why don't we introduce a Democratic bill? We need something to distinguish us from the Republicans.

A: I think our bill is a Democratic bill. Moving forward with trade expansion is one of the best things we can do to keep the economy strong. Since I became President, over one-third of our economic growth has been the result of increased exports. It is good for Democrats that we have created 13 million new jobs since I took office, that unemployment is below 5% and that inflation is the lowest in a generation. We need to keep that going – and this is one important way to do it.

This bill also reflects Democratic values. The best way for us to advance labor rights and the environment in other countries is to engage them through these trade negotiations. If we negotiate a trade agreement with Chile, it will sign labor and environment side agreements. If we don't, it's almost certain they won't enter side agreements. If you care about labor and the environment, this is the best way to move forward.

Q: Why don't we just wait until after the 1998 elections to do this?

A: Because we need to continue to grow our economy. Over 95% of the world's consumers live outside the United States. In the next ten years, Asia and Latin America will grow three times faster than the U.S. If we want our economy to prosper, we have to open new markets.

Besides, the rest of the world won't stand still. Over the last four years, countries in Latin America have signed 20 trade agreements without us. We talk a lot about leveling the trade playing field, but other countries are busy leveling their playing fields. If we're not moving ahead, we're falling behind.

Q: Why can't we add a jobs bill to this legislation?

A: Since becoming President, I have been thoroughly committed to equipping our workers to compete in the global economy. That's why I fought for both the \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit. I have doubled the funding for worker adjustment assistance. I fought for the Kennedy-Kassebaum law that ensured 25 million Americans would no longer fear losing their health insurance if they lose or change jobs. I pledge to continue these kind of efforts.

Regarding this bill, we can work with you, as we do on all legislation. But we also need to get the bill enacted as quickly as possible. If I don't have authority to open more markets to U.S. exports, American workers will suffer, and that's not good for American jobs.

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Divider Title: _____

Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974. These objectives address, among other subjects, trade barriers and distortions, including these aspects of foreign government policies and practices directly related to trade; trade in services; U.S. foreign investment; intellectual property; transparency; agriculture; and the protection of worker rights and the environment through specified multilateral institutions.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast-track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws. In addition to the other Congressional consultation requirements set out in the proposal, section 2(c) instructs U.S. negotiators to ensure that designated congressional advisors are kept fully informed during the course of trade negotiations.

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

Section 3(a) provides the President with authority to reduce U.S. tariff rates under specified circumstances -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement reciprocal, tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

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

Under the proposal, the President's tariff proclamation authority, as well as fast-track procedures for implementing legislation, will be in effect until October 1, 2001. On request from the President, proclamation authority and fast-track procedures may be extended through September 30, 2005, subject to disapproval by either House of Congress.

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

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

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

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

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process for fast-track trade agreements. For example, the President must spell out for the Congress before negotiations begin his specific negotiating objectives and is required to consult with the Congress over the course of the negotiations. The President also must inform the Congress of any other agreements -- in addition to the trade agreement -- he intends to conclude. The President must also state whether the trade agreement will need to be implemented in part by legislation that is not subject to fast-track procedures.

Section 6. On-going Negotiations.

The proposal waives the requirement for the President to provide advance notification to the Congress of certain negotiations initiated prior to enactment of the proposal. These include negotiations commenced in 1995 with the Government of Chile on a comprehensive trade agreement and certain negotiations under the World Trade Organization that are currently underway or that may be initiated before the President's proposal is enacted. The requirement for the President to provide notice to, and consult with, the Congress over the course of the negotiations will continue to apply to these negotiations.

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that earlier provisions of law applicable to fast track-trade

agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.

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Divider Title: _____

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

September 16, 1997

FACT SHEET

The Export Expansion and Reciprocal Trade Agreements Act of 1997

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

Background

The proposal reactivates a partnership between the President and the Congress that dates back over 6 decades. Recognizing that the high protective U.S. tariff walls it established in 1930 had only served to deepen the Depression, the Congress 4 years later enacted the first reciprocal trade agreements act. In that act, the Congress gave the President authority to negotiate mutual tariff reductions with our trading partners. The Congress renewed that authority repeatedly over the years, and successive Presidents used the authority to dramatically reduce tariff barriers around the world.

"Fast track," first put in place under the Ford Administration, is a further expression of the partnership between the President and the Congress in bringing down barriers to U.S. exports. Under fast track the Congress and the President work together, ensuring that the United States can effectively negotiate away foreign tariff barriers to U.S. products as well as non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- which foreign governments have increasingly substituted for tariffs to exclude U.S. products. Fast track lapsed along with most of the President's tariff reduction authority 3 years ago.

The President's Proposal

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation subject to fast-track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that the United States speaks at the bargaining table with one voice and that the Congress will not seek to reopen trade agreements after they are negotiated.

The proposal also renews the President's longstanding tariff-cutting authority. The proposal adds a provision that will allow the President to implement new tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

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The proposal calls for the President's tariff reduction authority and the new fast-track procedures to remain in effect until October 1, 2001. The President may request an extension of his tariff-cutting authority and "fast-track" procedures through September 30, 2005, subject to disapproval by either House of the Congress.

A summary of the key provisions of the proposal follows.

Negotiating Objectives

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

- To reduce trade barriers and trade distortions that limit market opportunities for U.S. exports, including those aspects of foreign government policies and practices directly related to trade.
- To reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on U.S. service providers.
- To reduce artificial or trade-distorting barriers to U.S. foreign investment.
- To obtain adequate and effective protection for U.S. intellectual property rights and increased access to foreign markets for U.S. businesses that rely on intellectual property.
- To make the proceedings of international trade bodies more open to public view.
- To secure fairer and more open trading conditions for U.S. agricultural products.
- To promote through the World Trade Organization internationally recognized worker rights and sustainable development.

Trade Agreements Covered by the President's Proposal

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

- Thus, fast track could be used to carry out agreements concluded under the trade negotiating agenda set out in the congressionally approved agreements administered by the World Trade Organization -- for example, to further reduce tariff and nontariff barriers to agricultural trade.
- The President could use his renewed "proclamation authority" to carry out a sectoral agreement, similar to the recent "Information Technology Agreement", which is reducing tariffs that foreign governments impose on billions of dollars of U.S. computer, electronic, and semiconductor products sold around the world.
- Finally, fast track could be used for bilateral or regional free-trade arrangements.

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Making the Congress a Partner in Trade Negotiations

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

- The President must provide written notice to the Congress before initiating negotiations and must spell out in writing his principal objectives for the negotiations.
- The President must consult with the Congress as negotiations progress and again before an agreement is concluded. To enhance these consultations, the proposal calls on U.S. negotiators to keep official congressional advisors fully informed regarding the negotiations.
- Before signing an agreement, the President must inform the Congress of any other agreements he has concluded or intends to conclude with the country or countries concerned. He must also state his plans for implementing the trade agreement and whether the agreement will require additional legislation beyond that subject to fast-track procedures.
- The proposal requires the President to describe at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement. He must also explain in writing how the agreement meets congressionally mandated negotiating objectives and serves U.S. economic interests.
- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all congressional committees of jurisdiction before its introduction.

Enhancing the Role of the Public and the Private Sector

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

- The President must solicit views from the public, and the United States International Trade Commission, regarding any proposal to change U.S. tariffs. In addition, under the proposal, the President must notify the public of any agreement in advance of signing it.

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

Fast-Track Procedures

Provided the President observes each of the proposal's notice, consultation, and other procedures in connection with the negotiation of a trade agreement, the agreement and its implementing legislation are subject to fast-track consideration in the Congress. Fast-track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period of several months or more.

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

Tariff-Cutting Authority

Under the renewed "proclamation authority," the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President would be able to eliminate duties of 5 percent or less. The proposal adds a provision that will allow the President to implement new tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

September 16, 1997

TO THE CONGRESS OF THE UNITED STATES:

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

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

The sustained, robust performance of our economy over the past 5 years is powerful proof that congressional-executive cooperation works. We have made great strides together. We have invested in education and in health care for the American people. We have achieved an historic balanced budget agreement. At the same time, we have put in place trade agreements that have lowered barriers to American products and services around the world.

Our companies, farms, and working people have responded. Our economy has produced more jobs, more growth, and greater economic stability than at any time in decades. It has also generated more exports than ever before. Indeed, America's remarkable economic performance over the past 5 years has been fueled in significant part by the strength of our dynamic export sector. Fully 96 percent of the world's consumers live outside the United States. Many of our greatest economic opportunities today lie beyond our borders. The future promises still greater opportunities.

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

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

Today, the United States is the world's strongest competitor. The strength of the U.S. economy over the past several years is testimony to the creativity, productivity, and ingenuity of American firms and workers. We cannot afford to squander our great advantages by retreating to the sidelines and watching other countries conclude preferential trade deals that shut out our goods and services. Over 20 such agreements have been concluded in Latin America and Asia alone since 1992. The United States must continue to shape and direct world trading rules that are in America's interest and that foster democracy and stability around the globe.

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

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

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

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

WILLIAM J. CLINTON

THE WHITE HOUSE,
September 16, 1997.

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Section 108 Report

Section 108 of the NAFTA implementing legislation requires the President to submit to the appropriate Congressional committees a written report containing recommendations on future free trade area (FTA) negotiations. The Report is being submitted in connection with the Administration's fast track legislation.

The legislation requires the Report to contain: (a) recommendations for free trade area negotiations, if any, with any foreign country identified in an earlier report mandated by this legislation, which, as required, USTR submitted on May 1, 1997; (b) specific negotiating objectives that are necessary for this purpose; and (c) legislative proposals to ensure adequate consultative and approval arrangements with the Congress.

The May 1 report reiterated that the United States is committed to a free trade agreement with Chile. The new Report notes that we are similarly committed to maintain the momentum necessary to conclude the Free Trade Area of the Americas (FTAA) by no later than 2005, with concrete progress by the year 2000.

Both reports focus on two regions: Latin America and the Caribbean, and Asia and the Pacific. As you know, these areas are experiencing the fastest economic growth in the world, and are a major focus of recent U.S. trade policy initiatives. In addition, the Report notes that we have embarked on an initiative to support Africa's march toward freedom and open markets, and that, in the future, free trade agreements may be negotiated with certain reform-minded African countries.

The legislation's second and third requirements are satisfied by reference to the Administration's fast track proposal. That proposal addresses both negotiating objectives and legislative provisions for the kinds of agreements described in the Report that would need implementing legislation.

In sum, the report recommends that we negotiate a comprehensive free trade agreement with Chile and continue the process towards completion of the FTAA. It indicates further that, while the Administration is not now prepared to recommend other specific countries as candidates for future free trade area negotiations, we do not foreclose the possibility where such agreements would advance U.S. economic and strategic interests.

SECTION 108 REPORT

Q: Why have you identified only Chile in the report?

A: Fulfilling our longstanding commitment to Chile (since 1990) is our first step in building the Free Trade Area of the Americas (FTAA) by the year 2005, a high priority of the President because of its value in expanding trade in the Americas and high paying jobs in the United States.

- Chile is not waiting for us. In fact, other countries are beating us to it. Chile is aggressively pursuing trade agreements and has recently completed an "association" free trade agreement with MERCOSUR, a comprehensive free trade agreement with Canada, and more recently has begun discussions with the European Union.

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Divider Title: _____

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

The Honorable Daniel Patrick Moynihan
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

Dear Senator Moynihan:

I am writing in follow-up to my June 3 appearance before the Senate Finance Committee regarding the Administration's trade agenda and legislative authority to implement trade agreements.

Specifically, during the June 3 hearing you asked for an indication of the Administration's view on the issue of Trade Adjustment Assistance (TAA) and NAFTA Trade Adjustment Assistance (NAFTA-TAA). The Administration, specifically Secretary of Labor Herman, transmitted to the Congress on June 9 proposed legislation to authorize both the TAA and NAFTA-TAA program for four more years, through September 30, 2002. The Administration believes the extension of TAA is consistent with the Budget Agreement because its spending is in the budget baseline. The NAFTA-TAA is governed by the budget rules affecting spending programs of less than \$50 million and therefore is not in the baseline. The Omnibus Budget and Reconciliation Act requires that all direct spending legislation meet the pay-as-you-go (PAYGO) requirement. Since extension of NAFTA-TAA would increase spending by a total of \$167 million for fiscal years 1999-2002, it is subject to the PAYGO requirement. However, this extension was included in the President's FY 1998 budget and the Administration will work with the Congress to identify offsets for this proposal consistent with the policy of balancing the budget by 2002.

The Administration remains committed to the TAA and NAFTA-TAA programs. I welcome the opportunity to continue to work with you and the Finance Committee on trade issues of importance.

Sincerely,



Charlene Barshefsky

Questions Submitted by Senator Bob Graham
Senate Finance Committee
Hearing on Fast Track Trade Negotiating Authority
June 3, 1997

Question 1: Do you agree that specific rules relating to perishable agricultural commodities are lacking in the NAFTA and the GATT? Would you agree that these rules are of critical importance to the next round of talks on the FTAA? What are you doing to address this need for specific rules and would you support a measure to establish these rules?

Answer 1: Noting the special concerns of producers of perishable agricultural commodities, we negotiated a 15 year phase-out for a number of perishable commodities and special safeguard provisions for agricultural goods in the NAFTA. In addition, the dispute settlement procedures in both the NAFTA and the GATT 1994 provide for expedited treatment of perishable agricultural commodities. We will keep the concerns of producers of perishable agricultural commodities in mind as we develop positions for future negotiations, including those under the FTAA and WTO.

Question 2: We feel that the safeguards designed to protect our domestic industry from serious injury have been ineffective. Would you support amendments to these safeguards that would protect the perishable agriculture industry?

Answer 2: A special mechanism exists in the current U.S. safeguard law (section 201 *et seq.* of the Trade Act of 1974) for perishable agricultural products. Under this mechanism an entity representing a domestic industry that produces a perishable agricultural product or citrus product may petition the U.S. Trade Representative for monitoring of imports by the U.S. International Trade Commission (ITC). Where ITC monitoring has taken place for at least 90 days, an entity representing the industry may request an expedited ITC injury determination for purposes of applying provisional relief. We would be happy to discuss your specific concerns over whether current law is adequate with respect to perishable agricultural products.

Question 3: Previous trade petition decisions, as well as current negotiated language in the Uruguay Round of the GATT, set the tariff and scheduled tariff phase out for orange juice, a highly sensitive agricultural product. Will this continue to be the U.S. position in upcoming trade negotiations?

Answer 3: Recognizing the sensitivity of orange juice imports to our domestic industry, the United States agreed to a 15 percent tariff reduction on citrus, the minimum tariff reduction allowable in the Uruguay Round. There is no phase-out of U.S. tariffs on citrus under this agreement. In addition to the minimum tariff cut on citrus, it should be noted that we were very successful in negotiating significant tariff cuts in other markets and in opening new markets for U.S. citrus exports. For example, the EU cut export subsidies for citrus, Japan and Thailand agreed to lower tariffs for oranges and grapefruit, and Switzerland eliminated its grapefruit juice tariff.

Market access was also secured during the Uruguay Round for U.S. orange and grape exports to Korea. U.S. orange exports filled Korea's entire quota of 15,000 tons in 1995 and 20,000 tons in 1996. U.S. orange exports to Korea are expected to further increase this year, as a consequence of Korea's Uruguay Round commitment to liberalize orange imports, effective July 1, 1997.

Regarding upcoming trade negotiations, we are just beginning to prepare for the mandated restarting of 1999 negotiations in agriculture in the WTO. We will keep your concerns in mind as we develop positions for these negotiations.

Question 4: What are the details of the agreement that you have worked out with the Congressional leadership regarding action on the Administration's Fast Track proposal? Exactly what commitments do you have from Senator Lott? What commitments do you have from Speaker Gingrich, Chairman Archer, and Chairman Crane?

Answer 4: The Administration intends to forward a fast track proposal to the Congress in September. This intention was discussed with Congressional leadership before being announced this summer. Congressional leadership indicated they would look forward to receiving the proposal in September and would attempt to move it as expeditiously as possible.

Question 5: In a November 16, 1993, letter (attached) to my former colleague Representative Tom Lewis, President Clinton stated, "I am committed to take the necessary steps to ensure that the USTR and the ITC take prompt and effective action to protect the U.S. vegetable industry against price based import surges from Mexico." What actions has the USTR embarked upon to keep this commitment?

Answer 5: During the 1995-96 winter vegetable season, USTR along with other Departments in Administration, undertook the most comprehensive approach ever taken to assist U.S. vegetable producers affected by import surges from Mexico. As a part of this approach, USTR held a number of meetings with representatives from the U.S. tomato industry to seek their input on the appropriate steps to address the increased volume of tomato imports from Mexico. One idea that was generated in these meetings was to modify the tariff-rate quota (TRQ) period for tomato imports. Accordingly, USTR published an Advance Notice of Public Rulemaking to implement weekly TRQs on December 14, 1995. In addition, USTR supported legislation introduced by Senator Graham to amend U.S. safeguard law specifically for cases involving seasonal products.

The Administration also modified U.S. Customs Service procedures to begin collecting the over-quota duties on the tariff-rate quotas (TRQ) on tomatoes and other vegetable imports from Mexico once TRQ is 85 percent filled, and took steps to ensure that all Mexican produce was fully inspected to compiled compliance with U.S. heal, quality and grading standards. The Administration also compiled daily price and shipment data on Florida and Mexico and published a special daily report for the Florida industry from February 22 through May 10 on Mexican tomato import prices and volumes. During this period, the industry filed an antidumping case which resulted in the suspension agreement now in effect.

Question 6: Are mechanisms provided for in the U.S. Trade Law (Section 201) adequate to address the concerns of perishable agricultural products? Should the issue of perishable agricultural products be taken into account when negotiating future trade agreements?

Answer 6: With regard to the first part of the question, see the response to question 2. With regard to the second part of this question, yes, we believe the issue of perishable agricultural products should be taken into account in the negotiation of future trade agreements.

Question 7: Can U.S. Trade Law recognize the seasonality of an industry? What can Congress do to assure that U.S. Trade Laws respond to seasonal nature of industries?

Answer 7: While seasonality is not explicitly mentioned in the U.S. safeguard law, the law does provide that, in its injury determinations, the ITC is to take account of all economic factors which it considers relevant. We would be happy to discuss your specific issues with regard to the seasonal nature of industries that would be of concern to Congress.

Question 8: Is the filing of a dumping suit the only avenue for domestic industry to negotiate with other countries? Should U.S. Trade Laws provide other avenues through which domestic industries can negotiate with foreign industries?

Answer 8: Antidumping and countervailing duty investigations are administrative proceedings that can result in the imposition of additional duties to offset the extent to which dumping or subsidization is determined to exist. While there are provisions in the antidumping law for the Commerce Department to suspend an antidumping investigation, this process does not involve industry-to-industry or industry-to-foreign government negotiations. In considering whether to suspend an antidumping investigation, the Commerce Department is required to consult to the extent practicable inter alia with potentially affected producers in the domestic industry. There are additional provisions of U.S. trade laws that address unfairly traded imports and increases in imports such as Section 201, Section 301, and Section 337. These trade laws also do not provide for the domestic industry to negotiate with foreign industries. Industry to industry negotiations could raise serious antitrust concerns, for example, if discussions involved issues relating to market share, pricing, and levels of shipments.

Question 9: Can we look to the current suspension agreement between the Department of Commerce and the Mexican tomato industry as a model by which other disputes can be solved?

Answer 9: The Commerce Department and Mexican tomato growers finalized an agreement on October 28, 1996 to suspend the antidumping investigation on tomatoes. We believe this agreement is a very workable solution in that it provides added stability and transparency for our tomato industry and suppliers and does so without detectable effects on consumers.

Antidumping investigations are rarely resolved through a suspension agreement. The antidumping law provides for different types of suspension agreements. The suspension agreement on tomatoes is an agreement to eliminate the injurious effects of exports to the United States under section 734(c) of the antidumping law. Section 734(c) requires the Commerce Department to determine that "extraordinary circumstances" are present in order to consider a suspension agreement of this sort. It would therefore only be in those circumstances that extraordinary circumstances are determined to be present that a suspension agreement might be appropriate.

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**COSTS OF INACTION: WHY AMERICA WILL NOT GET
A FAIR SHARE OF JOBS WITHOUT FAST TRACK?**

IF CONGRESS FAILS TO GIVE THE PRESIDENT FAST-TRACK AUTHORITY – THE SAME POWER EVERY PRESIDENT HAS HAD FOR 20 YEARS – AMERICA WILL NOT GET HER FAIR SHARE OF JOBS. Congress' failure to grant fast-track authority will leave America sitting on the sidelines as trade agreements are negotiated without our participation. This will cost America high-paying jobs, while blocking American workers from competing against the world on a level playing field.

- **Lost Jobs in Telecommunications Industry.** In November 1996, Canada and Chile reached a comprehensive trade agreement that eliminated Chile's 11 percent across-the-board tariff starting this year. As a result, American telecommunications companies competing for contracts in Chile will do so at a significant competitive disadvantage.

Lost Jobs In Fresh Fruit Industry. Chilean fresh fruit pays a 2-percent duty when entering Venezuela (due to the Chile-Venezuela FTA), whereas American producers pay a 15-percent tariff. The U.S. Embassy estimates that the U.S. market share would grow from its current 39 percent to 67 percent if US producers had equivalent access to the Venezuelan market.

- **Lost Job Opportunities In South Asia Without Fast Track.** The South Asian countries -- India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and the Maldives -- are creating a free trade zone. Without fast-track authority, America will not be able to make fair trade agreements with this region and will American workers will not have a fair chance to sell their goods to roughly 20 percent of the world's population.
- **Lost Job Opportunities In Textile Industry Without Fast-Track Authority.** Venezuela, Colombia, Ecuador, Peru, and Bolivia comprise a market of 100 million people and a GDP of over \$260 billion. As part of the effort to develop a common external tariff, the import tariff on textile goods, for example, was raised from 5 to 15 percent. Without fast track authority, America will be unable to knock down this barrier to goods made by American workers -- thus costing the United States jobs.
- **Lost Job Opportunities In Latin America Without Fast Track.** Brazil, Argentina, Paraguay, and Uruguay comprise the largest market in Latin America: 200 million people and a GDP of nearly \$1 trillion. These four countries have entered into free trade agreements raising tariffs on most items imported from outside their boundaries. Thus, American firms *not located and producing within* these countries face a competitive disadvantage; this disadvantage will only grow as these countries expand the free-trade zone. Fast-track authority will give the President the chance to pry open this market and allow America to have her fair share of the jobs.

**EXAMPLE: 1.8 MILLION REASONS WHY THE PRESIDENT
SHOULD HAVE FAST-TRACK TRADE AUTHORITY**

- **Quaker Fabric Company Lost Bid For A \$1.8 Million Contract Because They Had To Pay High Tariffs.** Quaker Fabric Company -- located in Fall River, Massachusetts -- is a \$200 million a year corporation with 1,750 employees. Recently, Quaker was informed by its Sales Representative in Chile that it had lost a bid for a \$1.8 million a year account to a competitor from Mexico, solely because of the 11-percent tariff that Quaker must pay, while its competitors can import tariff free.

Bilateral and Plurilateral Trade Arrangements Concluded or Moving Forward Since 1992 Without the U.S.

(Note: This list is partial. Furthermore, it does not list those agreements concluded prior to 1992.)

- The MERCOSUR (Southern Common Market) agreement was signed in 1991, but has been expanded upon, with major additions in 1994 that went into effect 1995.

Note: MERCOSUR is a partially implemented customs union (i.e., contains a common external tariff among the four participants - Argentina, Brazil, Paraguay and Uruguay - and commitment to common external trade policy) with ambitions to create a common market (i.e., similar to the EU).

- MERCOSUR and Chile concluded a reciprocal trade agreement in 1996 that eliminates tariffs among the parties.
- MERCOSUR and Bolivia concluded a reciprocal trade agreement in 1996 that eliminates tariffs among the parties.
- MERCOSUR and the EU concluded a broad framework agreement in 1995 that includes an agreement to negotiate a reciprocal trade agreement.
- MERCOSUR and Mexico are negotiating a reciprocal trade agreement.
- MERCOSUR and most of the Andean countries are negotiating a reciprocal trade agreement.
- Chile and the EU concluded a broad framework agreement in 1995 that includes an agreement to negotiate a reciprocal trade agreement. The agreed target date is 1999.
- Chile and Canada concluded a reciprocal trade agreement in 1996 modeled partially on the NAFTA disciplines.
- Chile and Mexico negotiated a reciprocal trade agreement (tariff agreement) that was implemented in 1992, and is currently undergoing a negotiation to expand its scope.
- Chile and Ecuador signed a reciprocal trade agreement in 1994.
- Chile and Venezuela signed a reciprocal trade agreement in 1993.
- Chile and Colombia signed a reciprocal trade agreement in 1994.
- Chile and Bolivia concluded a limited tariff agreement in 1993.

- Chile is negotiating a reciprocal trade agreement with Panama and is exploring a similar agreement with others in Central America.
- Venezuela and the Caribbean Community (CARICOM) signed a trade agreement to eliminate tariffs in 1992.
- Colombia and CARICOM signed a trade agreement in 1994 to eliminate tariffs.
- Mexico concluded a reciprocal trade agreement with Costa Rica in 1995 and is negotiating reciprocal trade agreements with others in Central America.
- Mexico and Bolivia signed a reciprocal trade agreement in 1994.
- Mexico, Venezuela and Colombia (i.e., the "G-3") signed a reciprocal trade agreement in 1994.
- Mexico is negotiating reciprocal trade agreements with Peru and Ecuador.
- Canada concluded a reciprocal trade agreement with Israel in 1996.
- ASEAN Free Trade Area (AFTA): Under the AFTA, tariffs within ASEAN will be reduced to 0-5% on a preferential basis in most cases by 2003. ASEAN includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam (which joined in 1995), and as of July 1997, Laos and Burma.
- New Zealand and Australia continue to implement their reciprocal trade agreement, and are exploring agreements with ASEAN.
- New Zealand is negotiating a reciprocal trade agreement with Chile.
- The EU implemented a custom union with Turkey in 1996.
- The EU is negotiating a reciprocal trade agreement with Mexico as part of a larger framework of enhanced cooperation.
- The EU has concluded since 1992 reciprocal association agreements and other reciprocal trade agreements with the Czech Republic, Slovakia, Hungary, Poland, Bulgaria, Romania, Latvia, Lithuania, Estonia, Albania, Slovenia, Israel, Algeria, Morocco and Tunisia.

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Q: Why does the Administration need fast track authority when it has been able to negotiate more than 200 trade agreements so far without it?

- Fast track is needed for trade agreements that call for a change in U.S. legislation. Of the more than 200 trade agreements and declarations negotiated by this Administration, very few have required implementing legislation.
 - Many were agreements under which foreign governments, not the United States, have agreed to market-opening measures -- often in response to action threatened by the United States under our trade laws or dispute settlement procedures.
 - Others were agreements ensuring that certain foreign-made products, such as textiles and apparel, enter the U.S. market in only limited quantities.
- But some of them, like the OECD Agreement on Shipbuilding (which requires implementing legislation), and certain bilateral investment treaties (which require Senate advice and consent) have not yet entered into force -- years after the negotiations concluded -- because they have been held up in Congress and are not eligible for fast-track treatment.
- More importantly, none of those agreements were comprehensive trade agreements covering a wide range of goods, services, investment and intellectual property protection issues -- like the NAFTA and WTO Agreement -- under which all negotiating parties have to give concessions to get concessions.
 - Such agreements, which necessarily involve advantages in one area offsetting concessions in another, are particularly vulnerable to multiple amendments once they reach the Congress -- amendments which, while possibly small in themselves, could unravel entire agreements.
 - Through the fast track, Congress gave the President the same bargaining power possessed by his counterparts: the ability to ensure that the agreement reached internationally would be the agreement voted on at home. In return, fast track integrates the Congress into the negotiation process, with Congress setting negotiating objectives, providing advice on specific aspects of the the negotiations, and reviewing agreements before they are signed.
 - Without fast track, the President cannot assure our negotiating partners that the deal they strike is the deal that will be voted on by Congress.
 - Without that assurance, foreign governments are reluctant even to negotiate with the United States -- Chile is a recent example -- and will not make the tough concessions necessary to reach agreements the United States would be willing to sign. No trading partner will give its bottom line knowing that the bargain struck could be re-opened.

**U.S. TRADE-RELATED AGREEMENTS
AND DECLARATIONS CONCLUDED SINCE 1993**

Following is a list of the 214 U.S. trade-related agreements and declarations concluded by the Office of the U.S. Trade Representative from January 1993 through July 23, 1997. This list does not include U.S. trade-related agreements negotiated by other U.S. Government agencies (e.g. civil aviation agreements).

MULTILATERAL AGREEMENTS

- Marrakesh Agreement Establishing the World Trade Organization (WTO) (signed April 15, 1994) and the Ministerial Decisions and Declarations adopted by the Uruguay Round Trade Negotiations Committee on December 15, 1993
 - a. Multilateral Agreements on Trade in Goods
 - i. General Agreement on Tariffs and Trade 1994
 - ii. Agreement on Agriculture
 - iii. Agreement on the Application of Sanitary and Phytosanitary Measures
 - iv. Agreement on Textiles and Clothing (which now supersedes most of the bilateral textile agreements listed below, incorporating quotas and certain provisions from those agreements)
 - v. Agreement on Technical Barriers to Trade
 - vi. Agreement on Trade-Related Investment Measures
 - vii. Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
 - viii. Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994
 - ix. Agreement on Preshipment Inspection
 - x. Agreement on Rules of Origin
 - xi. Agreement on Import Licensing Procedures
 - xii. Agreement on Subsidies and Countervailing Measures
 - xiii. Agreement on Safeguards

- b. General Agreement on Trade in Services
 - c. Agreement on Trade-Related Aspects of Intellectual Property Rights
 - d. Plurilateral Trade Agreements¹
 - i. Agreement on Government Procurement (April 15, 1994)
 - ii. International Bovine Meat Agreement (April 15, 1994)
- North American Free Trade Agreement (NAFTA) (implementing legislation signed December 8, 1993)
- U.S.-Mexico Agreement under NAFTA on the Exchange of Product Safety Test Data (May 20, 1997)
- Free Trade Area of the Americas
 - a. Summit of the Americas Declaration and Action Plan (December 11, 1994)
 - b. Joint Declaration of the Trade Ministers (June 30, 1995)
 - c. Joint Declaration of the Trade Ministers (March 21, 1996)
 - d. Joint Ministerial Declaration of Belo Horizonte (May 16, 1997)
- Asia Pacific Economic Cooperation
 - a. Declaration of Common Resolve (November 15, 1994)
 - b. Declaration for Action (November 19, 1995)
 - c. Declaration on an APEC Framework for Strengthening Economic Cooperation and Development (November 22-23, 1996)
- International Tropical Timber Agreement, 1994 (January 26, 1994; not yet entered into force; successor to the 1983 International Tropical Timber Agreement)
- Memorandum of Understanding on Aluminum (agreement among the United States, Russia, Canada, the European Union, Australia, and Norway on Russian production of aluminum; January 27, 1994; expired in January 1996)
- OECD Agreement on Shipbuilding (December 21, 1994; implementing legislation pending before Congress)

- International Rubber Agreement (renegotiations concluded February 16, 1995; not yet signed)
- Singapore WTO Ministerial Declaration (December 13, 1996)
- WTO Basic Telecommunications Services Agreement (February 15, 1997)
- WTO Information Technology Agreement (ITA) (March 26, 1997)

BILATERAL AGREEMENTS

Albania

- Bilateral Investment Treaty (January 11, 1995)

Argentina

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Tobacco Tariff-Rate Quota (September 11, 1995)

Australia

- Market Access Agreement for Textiles and Clothing (December 1993)
- Settlement on Leather Products Trade (November 25, 1996)

Azerbaijan

- Agreement on Bilateral Trade Relations (April 12, 1993)

Bahrain

- Agreement on Trade in Textiles and Textile Products (April 4 & June 9, 1993)

Bangladesh

- Agreement on Trade in Textiles and Textile Products (December 10, 1994)

Belarus

- Agreement on Bilateral Trade Relations (February 16, 1993)

- Bilateral Investment Treaty (January 15, 1994)

Brazil

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (May 4 & June 27, 1994)
- Agreement on Tobacco Tariff-Rate Quota (August 9 & September 11, 1995)

Bulgaria

- Agreement on Trade in Textiles and Textile Products (December 2 & 23, 1993; Memorandum of Understanding, ad ref, March 23, 1996)
- Agreement Concerning Intellectual Property Rights (July 6, 1994)

Cambodia

- Agreement Between the United States of America and the Kingdom of Cambodia on Trade Relations and Intellectual Property Rights Protection (October 8, 1996)

Canada

- Agreement Regarding Processed Chicken Quotas (October 14, 1993)
- Agreement on Salmon & Herring (May 11, 1993)
- Agreement Regarding Tires (May 25, 1993)
- Memorandum of Understanding on Provincial Beer Marketing Practices (August 5, 1993)
- Agreement on Ultra-High Temperature Milk (September 1993)
- Agreement on Telecommunications (March 1994)
- Agreement on Beer Market Access in Quebec and British Columbia Beer Antidumping Cases (April 4, 1994)
- Agreement on Salmon & Herring (April 1994)
- Agreement on Wheat (August 1, 1994; expired September 11, 1995)
- Agreement on Softwood Lumber Consultative Process (December 15, 1994)

- Agreement on Trade in Softwood Lumber (May 29, 1996)

Chile

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (March 29 & June 8, 1995)

China

- Agreement on Silk Apparel Products (January 17, 1994)
- Memorandum of Agreement to Renew the Bilateral Agreement on International Trade in Commercial Space Launch Services (January 27, 1995)
- Agreement on Trade Relations Between the United States of America and the People's Republic of China (February 1, 1995)
- Agreement on Providing Intellectual Property Rights Protection (February 26, 1995)
- Agreement on Trade in Textiles and Textile Products (January 17 & March 17, 1994; March 29 & June 8, 1995)
- Protocol on the Export of Cherries from Washington State (April 20, 1995)
- Protocol on the Export of Apples from Idaho and Oregon (April 20, 1995)
- Research Protocol for Tobacco (April 1995)
- Protocol on Bovine Embryos and Live Cattle (June 1995)
- Protocol on Bovine Semen (October 1995)
- Agreement on Trade in Textiles and Textile Products (February 2, 1997)
- Protocol and Work Plan on the Export of Grapes from California (May 13, 1997)

Colombia

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (October 15, 1993; November 18, 1994; June 27 & August 9, 1995)
- Memorandum of Understanding on Trade in Bananas (January 9, 1996)

Costa Rica

- Agreement on Trade in Textiles and Textile Products (December 23, 1993; May 5 & October 20, 1994)
- Memorandum of Understanding on Trade in Bananas (January 9, 1996)

Czech Republic

- Agreement on Trade in Textiles and Textile Products (August 11, 1993; April 11, 1994)

Dominican Republic

- Agreement on Trade in Textiles and Textile Products (April 13, August 11 & November 15, 1994; June 25, 1995)
- Agreement on Tobacco Tariff-Rate Quota (September 11, 1995)

Ecuador

- Bilateral Investment Treaty (August 27, 1993; U.S. awaiting Ecuador's approval of intellectual property rights protection agreement before proceeding)
- Agreement on Intellectual Property Rights Protection (October 15, 1993)
- Bilateral Trade Agreement in the Context of Ecuador's Accession to the WTO (1995)

Egypt

- Agreement on Trade in Textiles and Textile Products (January 1993; March 7 & May 4, 1995)
- Market Access Agreement for Textiles and Clothing (June 1994)

El Salvador

- Agreement on Trade in Textiles and Textile Products (September 26, 1994 & July 6, 1995)
- Bilateral Investment Treaty (June 1995)

Estonia

October 26 & December 29, 1995)

Georgia

- Agreement on Bilateral Trade Relations (March 1, 1993)
- Bilateral Investment Treaty (March 7, 1994)

Germany

- German Agreement to Reform its Procurement System (September 30, 1996)

Guatemala

- Agreement on Trade in Textiles and Textile Products (March 3, 1995; October 19, 1995)
- Agreement on Tobacco Tariff-Rate Quota (September 11, 1995)

Haiti

- Agreement on Trade in Textiles and Textile Products (December 30, 1993; expired)

Honduras

- Agreement on Trade in Textiles and Textile Products (March 2 & September 15, 1995)
- Bilateral Investment Treaty (July 1, 1995; requires U.S. Senate approval)
- Memorandum of Understanding on Worker Rights (November 15, 1995)

Hungary

- Agreement on Intellectual Property Rights Protection (September 29, 1993)
- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (April 7 & July 28, 1994)

India

- Agreement on Intellectual Property Rights Protection (March 1993)
- Market Access Agreement for Textiles and Clothing (December 31, 1994)

- Agreement on Trade in Textiles and Textile Products (January 22 & December 31, 1994)

Indonesia

- Agreement on Trade in Textiles and Textile Products (June 16 & July 21, 1993; September 23, 1994; February 24, 1995)
- Market Access Agreement for Textiles and Clothing (December 1993)

Israel

- U.S.-Israel Agreement on Trade in Agriculture (November 4, 1996)

Jamaica

- Agreement on Trade in Textiles and Textile Products (November 8, 1993; September 29, 1994; June 20, 1995)
- Agreement on Intellectual Property Rights Protection and Enforcement (February 1994)
- Bilateral Investment Treaty (February 4, 1994)

Japan

- U.S.-Japan Framework for a New Economic Partnership (July 10, 1993)
- Exchange of Letters Regarding Apples (September 13, 1993)
- Action Plan on Reform of the Bidding and Contracting Procedures for Public Works in Japan (January 18, 1994)
- Mutual Understanding on Intellectual Property Rights between the Japanese Patent Office and the U.S. Patent and Trademark Office (January 20, 1994)
- Exchange of Letters Regarding Implementation of the Measures Regarding Cellular Telephone and Third-Party Radio Systems (March 12, 1994)
- Rice (April 15, 1994)

- Harmonized Chemical Tariffs (April 15, 1994)
- Copper (April 15, 1994)
- Market Access (April 15, 1994)
- Agreement Clarifying the Framework Agreement (May 24, 1994)
- Agreement on Actions to be Taken by the Japanese Patent Office and the U.S. Patent and Trademark Office pursuant to the January 20, 1994 Mutual Understanding on Intellectual Property Rights (August 16, 1994)
- Measures Regarding Insurance (October 11, 1994)
- Measures on Japanese Public Sector Procurement of Telecommunications Products and Services (November 1, 1994)
- Measures Related to Japanese Public Sector Procurement of Medical Technology Products and Services (November 1, 1994)
- Improvement Measures of NTT Procurement Procedures (November 1, 1994)
- Measures Regarding Market Access for Flat Glass (January 25, 1995)
- Measures Regarding Financial Services (February 13, 1995)
- Policies and Measures Regarding Inward Direct Investment and Buyer-Supplier Relationships (June 20, 1995)
- U.S.-Japan Automotive Agreement and Supporting Documents (August 23, 1995)
- U.S.-Japan Semiconductor Accord (August 2, 1996)
- Interim Understanding for the Continuation of Japan-U.S. Insurance Talks (September 30, 1996)
- U.S.-Japan Insurance Agreement (December 15, 1996)
- Japan's Recognition of U.S.-Graded Lumber (January 13, 1997)
- U.S.-Japan Agreement on Deregulation Initiative (June 19, 1997)

Jordan

- U.S.-Jordan Bilateral Investment Treaty (initialed, April 4, 1997)

Kazakhstan

- Agreement on Bilateral Trade Relations (February 18, 1993)

Kenya

- Agreement on Trade in Textiles and Textile Products (August 23 & October 25, 1994)

- Bilateral Investment Treaty (April 19, 1994)
- Trade and Intellectual Property Rights Agreement (April 19, 1994: requires approval by Estonian legislature)

European Union

- Memorandum of Understanding on Government Procurement (May 25, 1993)
- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Recognition of Bourbon Whisky and Tennessee Whisky as Distinctive U.S. Products (March 28, 1994)
- Bilateral Agreement on Application of the WTO Agreement on Government Procurement (WTO Plurilateral Agreement on Government Procurement, April 15, 1994)
- Interim Agreement on EU Enlargement Compensation (January 4, 1995)
- Letter on Financial Services Confirming Assurances to Provide Full MFN and National Treatment (July 14, 1995)
- Joint Action Plan on the TransAtlantic Marketplace (December 1995)
- Exchange of Letters Concerning Implementation of the Marrakesh Agreement Establishing the World Trade Organization and Related Matters (June 26, 1996)
- Exchange of Letters between the United States of America and the European Community on a Settlement for Cereals and Rice, and accompanying exchange of letters on rice prices (July 22, 1996)
- Agreement for the Conclusion of Negotiations between the United States of America and the European Community under Article XXIV:6, and accompanying exchange of letters (July 22, 1996)
- Tariff Initiative on Distilled Spirits (February 28, 1997)
- U.S.-EU Agreement on Mutual Recognition of Product Testing or Approval Requirements (June 20, 1997--not yet entered into force)

Fiji

- Agreement on Trade in Textiles and Textile Products (October 11 & November 10, 1994;

Korea

- Exchange of Letters Relating to Korea Telecom Company's Procurement of AT&T Switches (March 31, 1993)
- Beef Agreements (June 26 & December 29, 1993)
- Record of Understanding on Agricultural Market Access in the Uruguay Round (December 13, 1993)
- Agreement on Trade in Textiles and Textile Products (November 8 & 30, 1993)
- Market Access Agreement for Textiles and Clothing (January 1, 1995)
- Exchange of Letters on Telecommunications Issues Relating to Equipment Authorization and Korea Telecom Company's Procurement (March 29, 1995)
- Agreement on Steel (July 14, 1995)
- Shelf-Life Agreement (July 20, 1995)
- Revised Cigarette Agreement (August 25, 1995)
- Memorandum of Understanding to Increase Market Access for Foreign Passenger Vehicles in Korea (September 28, 1995)
- Exchange of Letters on Implementation of the 1992 Telecommunications Agreement (April 12, 1996)
- Korean Commitments on Trade in Telecommunications Goods and Services (July 23, 1997)

Kuwait

- Agreement on Trade in Textiles and Textile Products (May 10, 1994)

Laos

- Agreement on Trade in Textiles and Textile Products (September 15, 1994)

Latvia

- Agreement on Trade & Intellectual Property Rights Protection (July 6, 1994)
- Bilateral Investment Treaty (January 13, 1995)

Lebanon

- Agreement Concerning Trade in Certain Textiles and Textile Products (February 18, 1993)

Lesotho

- Agreement on Trade in Textiles and Textile Products (March 2 & May 25, 1994; expired)

Lithuania

- Trade and Intellectual Property Rights Agreement (April 26, 1994; requires approval by Lithuanian legislature)

Macau

- Agreement on Trade in Textiles and Textile Products (March 29 & May 21, 1994)

Malaysia

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (January 12 & 28 & November 3, 1994)

Mauritius

- Agreement on Trade in Textiles and Textile Products (March 17 & July 29, 1994)

Mexico

- Agreement on Trade in Textiles and Textile Products (August 26, 1993; superseded by NAFTA)

Middle East

- Reciprocal Duty Free Treatment to the West Bank and Gaza Strip (October 17, 1995; requires implementing legislation)

Moldova

- Bilateral Investment Treaty (April 21, 1993; requires U.S. Senate approval)

Mongolia

- Bilateral Investment Treaty (October 7, 1994)

Morocco

- Market Access Agreement for Textiles and Clothing (December 1993)
- Bilateral Trade and Investment Framework Agreement (March 16, 1995)

Nepal

- Agreement on Trade in Textiles and Textile Products (December 2, 1993; July 22, 1994)

Nicaragua

- Bilateral Investment Treaty (July 1, 1995; requires U.S. Senate approval)

Norway

- Market Access Agreement for Textiles and Clothing (December 1993)

Oman

- Agreement on Trade in Textiles and Textile Products (December 13, 1993; January 15 & June 21, 1994; September 30 & November 6, 1995)

Pakistan

- Market Access Agreement for Textiles and Clothing (January 21, 1994)
- Agreement on Trade in Textiles and Textile Products (November 10 & December 12, 1994; March 22, 1996)

Panama

- Bilateral Tariff Agreement Concluded in the Context of Accession to the GATT (June 1993)
- Agreement on Trade in Textiles and Textile Products (August 10, 1994; expired)

Philippines

- Protection and Enforcement of Intellectual Property Rights (April 6, 1993)

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Trade in Textiles and Textile Products (March 10 & 19, 1994)

Poland

- Agreement on Trade in Textiles and Textile Products (December 6 & 30, 1993)

Qatar

- Agreement Concerning Trade in Textiles and Textile Products (June 28, 1994; October 25 & November 20, 1995)

Romania

- Agreement on Trade in Textiles and Textile Products (December 9, 1993; January 5, 1994; December 15, 1995)

Russia

- U.S.-Russia Space Launch Agreement (September 1994; amended January 1996)
- Agreement on Trade in Textiles and Textile Products (December 1, 1995)
- Joint Memorandum of Understanding on Market Access for Aircraft (January 30, 1996)
- Agreement on Russian Firearms & Ammunition (initialed February 10, 1996; not yet signed)
- Agreed Minutes regarding exports of poultry products from the United States to Russia (March 15, March 25 & March 29, 1996)

Singapore

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Intellectual Property Rights Protection (April 26, 1995)

Slovak Republic

- Agreement on Trade in Textiles and Textile Products (August 6 & October 6, 1993)

South Africa

- Market Access Agreement for Textiles and Clothing (December 1993)

Sri Lanka

- Agreement on Trade in Textiles and Textile Products (April 7 & July 17, 1994; February 6, March 22, June 23 & September 5, 1995)

Suriname

- Agreement Establishing a U.S.-Suriname Council on Trade and Investment (October 8, 1993)

Switzerland

- Exchange of Letters on Financial Services (November 9, 27, 1995)

Taiwan

- Agreement on Intellectual Property Protection (Trademark) (April 1993)
- Agreement on Trade in Textiles and Textile Products (June 4 & 24, 1993; December 30, 1995)
- Agreement on Intellectual Property Protection (Copyright) (July 16, 1993)
- Agreement on Market Access (April 27, 1994)
- Trade and Investment Framework Agreement (September 19, 1994)
- Telecommunications Liberalization by Taiwan (July 19, 1996)
- U.S.-Taiwan Medical Device Issue: List of Principles (September 30, 1996)

Tajikistan

- Agreement on Bilateral Trade Relations (July 1, 1993)

Thailand

- Market Access Agreement for Textiles and Clothing (December 1993)
- Agreement on Intellectual Property Rights Protection and Enforcement (July 1993)
- Agreement on Trade in Textiles and Textile Products (June 3 & July 5, 1994)

Trinidad and Tobago

- Agreement on Intellectual Property Protection and Enforcement (September 26, 1994)
- Bilateral Investment Treaty (September 26, 1994)

Turkey

- Agreement on Trade in Textiles and Textile Products (November 13 & December 17, 1993; October 31 & November 30, 1994; July 19, 1995)
- Agreement on Tobacco Tariff-Rate Quota (July 24, 1995)

Turkmenistan

- Agreement on Bilateral Trade Relations (March 23, 1993)

Ukraine

- Bilateral Investment Treaty (March 4, 1994)
- Agreement on Trade in Textiles and Textile Products (May 6, 1995)
- Space Launch Agreement (February 21, 1996)

United Arab Emirates

- Agreement on Trade in Textiles and Textile Products (March 29 & July 21, 1994; December 30, 1995; February 6, 1996)

Uruguay

- Agreement on Trade in Textiles and Textile Products (October 31, 1994)

Uzbekistan

- Agreement on Bilateral Trade Relations (November 5, 1993)
- Bilateral Investment Treaty (December 16, 1994; requires U.S. Senate approval)

Vietnam

- U.S.-Vietnam Copyright Agreement (June 27, 1997)

Venezuela

- Market Access Agreement for Textiles and Clothing (December 1993)

Zimbabwe

- Agreement on Tobacco Tariff-Rate Quota (September 11, 1995)

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12

Divider Title: _____

"Overall" Objectives

Do the "overall" negotiating objectives have any real meaning or are they merely hortatory?

- We consider the "overall" objectives to be an important, integral part of the bill. They are largely derived from negotiating objectives established in previous trade laws as the result of a bipartisan consensus between Congress and the President. The "overall" objectives send a strong signal to our trading partners that the President, in conjunction with the Congress, intends to enter into agreements that result in a reduction of barriers to U.S. exports and a more open and reciprocal trading system.

Do the "overall" objectives limit the issues the President may include in a trade agreement?

- The "overall" objectives provide direction to the President in shaping trade agreements. Rather than seeing them as limitations, I view the "overall" objectives as providing a shape and contour to where the United States is heading in international trade. At the same time, I think it's fair to say that Congress can expect the Administration to enter into only those trade agreements that are consistent with the "overall" objectives.

The first three "overall" objectives appear to be the same as in the 1988 Trade Act. Why did the Administration add the fourth and fifth "overall" objectives [relating to the labor and the environment]?

- The President has made clear that his first and overriding consideration in proposing this legislation is the expansion of American trade opportunities abroad and the tearing down of barriers impeding access to foreign markets. However, the President also has made clear that we have an obligation to support and encourage labor standards and environmental protections around the world. Our commitment to worker rights and the environment reflect long-standing, fundamental values of the United States. These fourth and fifth "overall" objectives embody those principles.

"Overall" objective 4 says that we want to use trade to "promote full employment in the United States." Do you believe that is possible? Won't some sectors of our economy lose jobs as a result of more liberalized trade?

- The Administration is asking for the renewal of fast track because we believe that lowering tariffs and eliminating other trade barriers is critical to the continuation of the remarkable performance we have seen in the U.S. economy in the past four and a half years. That recent experience shows that fully one-third of the jobs created during that time are export-related and, equally important, those jobs tend to be better-paying. The President acknowledged in his recent remarks on fast track that some sectors of our economy may face increased competition as markets are liberalized, but change and risks are an inherent part of a free enterprise system. The important point to bear in mind is that we cannot continue to generate twenty percent of the world's wealth by limiting our

sales to 4 percent of the world's population. We must trade with the other 96 percent of the world if we are to continue to grow and prosper as a nation.

What plans does the Administration have to help workers and sectors adjust to increased competition that may result from liberalized trade?

-

"Overall" objective 5 refers to "foreign government policies and practices regarding labor, the environment, and other matters which are directly related to trade." What exactly does that mean?

- As tariffs around the world have declined since the inception of the GATT, in particular since the conclusion of the Uruguay Round, some nations have resorted to a variety of non-tariff practices to protect their markets or otherwise distort trade. Thus, some countries use labor and environmental policies to give themselves an advantage in trade relations. This could include the imposition of environmental standards skewed in such a way as to improperly prevent the sale of U.S. products in foreign markets or a failure to enforce labor laws as a means of luring U.S. businesses overseas. "Overall" objective 5 would demonstrate our resolve to take on such practices and it would indicate to any of our trading partners who might be tempted to engage in such subtle forms of protectionism that we will not allow such practices to stand unchallenged.

Can you give any specific examples of the kinds of environmental or labor issues you have in mind?

-

Can you give any examples of environmental or labor issues that you consider to be outside the scope of "overall" objective 5?

-

What does "directly related to trade" mean in the context of "overall" objective 5?

- This objective instructs the President to negotiate agreements that tear down any barriers or distortions affecting U.S. trade, including foreign government practices involving the environment and labor that unfairly impact U.S. businesses. As long as there is a direct affect on U.S. trade by a foreign government environmental or labor policy or practice, the President should be authorized -- in fact encouraged -- by Congress to remove such impediments to greater market access for U.S. products and services.

“Principal” Objectives

Is there a difference between “overall” and “principal” objectives?

- “Principal” objectives provide more particularized guidance to the President regarding the nature and consequences of the agreements he should negotiate. The objectives are targeted to specific subject matters -- such as goods, services, agriculture and intellectual property. While the “principal” objectives tend to be more narrowly focused than the “overall” objectives, they all are consistent in calling for a reduction of barriers and more open, equitable and reciprocal trade practices.

In the 1988 Trade Act, there were sixteen “principal” objectives. Now there are only seven. Are you less ambitious than your predecessors?

- No. The reduced number of “principal” objectives notes the remarkable success the Administration has had in achieving previous objectives. In the past four and a half years we have concluded 220 agreements, which have gone a long way towards reaching many of the goals set back in 1988.
- For example, the 1988 trade act established a “principal” objective regarding improvement of the GATT and multilateral trade negotiation agreements. Since that time, we completed the Uruguay Round and the Congress approved the agreement that came from it. The agreements emanating from the Round have proven to be a profound step forward in lowering barriers and achieving more meaningful trading disciplines and practices. As a result, tariffs on numerous products have been reduced around the world and rules on non-tariff barriers have become clearer.
- But, we are not content to rest on that success or to merely restate what was used in the past. Rather, we have refined our objectives, focusing them on the most pressing issues at this time. We have essentially replaced the 1988 “principal” objective on the GATT with “principal” objective 1, which appears in the bill under the heading “Exports of United States Products.” It calls for expanding competitive opportunities for goods manufactured in the United States and obtaining fairer and more open conditions of trade by eliminating tariff and non-tariff barriers and other trade distortions.

Why is there no “principal” objective on dispute settlement, as there was in 1988?

- During the Uruguay Round, the United States and the other members of the WTO established the Dispute Settlement Understanding (DSU), which has produced an effective and rapid means for resolving most trade disputes. While we continue to monitor and propose revisions to the DSU, we believe the “principal” objective set out in 1988 has largely been accomplished.

Why did you delete the 1988 “principal” objective relating to developing countries?

- The goal in 1988 was to ensure that developing countries advance their economies by assuming the fullest measure of responsibility for achieving an open trading system and by providing reciprocal benefits and assuming equivalent obligations with respect to import and export practices. During the Uruguay Round, we made great strides in attaining this goal. By and large, we created a system predicated on one set of rules for all WTO Members, regardless of whether the economies of the countries involved are large or small. Developing countries agreed to adhere to the same rules as more developed countries. In some instances, developing countries were given a transition period to ease the disruption that might occur from such significant changes, but the essential fact is that we are heading to a system in which all nations will engage in trade under the same rules.

Why did you delete the 1988 “principal” objective relating to account surpluses?

•

Why did you delete the 1988 “principal” objective relating to trade and monetary coordination?

•

Why did you delete the 1988 “principal” objective relating to unfair trade practices?

•

Why did you delete the 1988 “principal” objective relating to safeguards?

- At the heart of that objective was to improve and expand rules and procedures covering safeguard measures. During the Uruguay Round, the United States and other WTO Members negotiated, and the Congress approved, the Agreement on Safeguards. This agreement considerably improved the clarity and meaning of GATT Article XIX, which was far more limited in defining permissible import relief actions. We continue to monitor the operation of the Agreement on Safeguards, but do not believe a “principal” objective on safeguards is presently needed in light of our success on this matter during the Uruguay Round.

Why did you delete the 1988 “principal” objective relating to specific barriers?

- This objective has largely been integrated into our revised “principal” objectives, most notably “principal” objectives 1 and 2 which cover exports of U.S. products and services. These objectives call for the reduction or elimination of barriers that impede market access for U.S. goods and services. Coupled with our other “principal” objectives, these objectives address most, if not all, of the barriers contemplated by the drafters of the 1988 provision on specific barriers.

Why did you delete the 1988 “principal” objective relating to access to high technology?

-

Why did you delete the 1988 “principal” objective relating to border taxes?

-

Why did you revise the “principal” objective on trade in services?

-

Why did you revise the “principal” objective on foreign direct investment, which now is referred to as foreign investment?

-

Why did you revise the “principal” objective on intellectual property?

-

The 1988 “principal” objective concerning transparency contained a reference to seeking clarity with respect to the costs and benefits of trade policy actions through the observance of open and equitable procedures in trade matters by Contracting Parties to the GATT. Why did you revise this language?

- We found the language in 1988 to be somewhat hard to understand. We believe our formulation achieves the same ends, but states the objective more clearly. We make plain that it is the intention of the United States to increase public access to information regarding trade issues and to increase observance of open and equitable procedures by parties to international trade agreements.

Why did you revise the “principal” objective on agriculture?

-

“Principal” objective 7 discusses achievement of improved environmental and labor conditions “through the World Trade Organization.” Why do you think the WTO is essential in this regard?

-

Are the environmental and labor issues in objective 7 effective only as they are “directly related to trade” or does this objective open the door to inclusion of any environmental and labor issue in a trade agreement?

- We believe U.S. businesses and workers will outperform their counterparts around the world as long as they are given a level playing field on which to compete. In general, the

United States maintains more stringent protections for workers and the environment than other nations. We do not want other countries to use their lower standards as a way to offset U.S. advantages in economic efficiency and productivity. Accordingly, objective 7 addresses the need for improved WTO rules and disciplines on environmental and labor standards. If achieved, such rules would eliminate imbalances in standards on these issues while also improving labor conditions and the environment.

In "principal" objective 7, can you define "respect for worker rights?"

-

In "principal" objective 7, what do you mean when you say that you want to ensure that the "benefits of the trading system are available to all workers?" All workers in the U.S. or around the world?

-

In "principal" objective 7, can you define "sustainable development?"

-

In "principal" objective 7, what do you mean when you say "clarify the relationship between trade and environmental protection with a view to ensuring that they are mutually supportive?"

-

Why do you need "principal" objective 7 in light of "overall" objectives 4 and 5, which seem to cover similar matters?

-

Why is there a guidance to U.S. negotiators on labor and environmental issues in addition to "principal" objective 7?

- Objective 7 speaks to improved WTO disciplines and rules on labor and the environment. These rules would create more equitable trading conditions by eliminating any unfair advantages some of our trading partners now enjoy by maintaining inadequate environmental and labor laws. The guidance directs U.S. negotiators to bear in mind a related, though slightly different point -- specifically, the importance of preserving or acting in accordance with U.S. domestic priorities and standards.

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13

Divider Title: _____

Administration Commitment to Respect for Core Labor Standards

Issue

Some may call into question the Administration's commitment to pursue core labor standards in the world, particularly those that believe the NAFTA labor agreement is a sham and our efforts in the WTO, ILO and elsewhere have been half hearted. Furthermore, some may be interested in our international agenda re core labor standards in light of the language in the overall negotiating objectives of our bill and in the specific negotiating objectives.

Points to Make

What the Administration has Done:

- No Administration in recent history has done more to advance the cause of respect for core labor standards than this one, and our efforts have been built on a more than 50 year history of U.S. international efforts on the international labor standards front.
- This Administration's efforts have been multifaceted and have included multilateral, regional, bilateral and domestic efforts and actions.
- For example, in 1994 we succeeded in getting the ILO to establish a working party on trade and labor standards.
- Subsequently, we gained agreement in June 1997 for the ILO to develop a new instrument to bind all member states to core labor standards and to introduce a new mechanism to establish accountability - a major development in ILO history.
- For the first time, trade Ministers in the WTO officially recognized the importance of core labor standards, and we are using this recognition to push for additional progress in this fora, including our efforts to create a Working Party on labor standards and trade.
- We have been actively pursuing a labor forum to precede trade Ministerial meetings in the FTAA, and are exploring how we can build upon the 1995 hemispheric labor Ministerial action plan to progress on core labor standards in this hemisphere.
- We fought hard and achieved the unprecedented NAFTA labor agreement, and continue to push for its effective implementation in North America.
- We worked closely with the private sector on the Apparel Industry Partnership to address exploitative labor conditions, including child labor.
- In the OECD, we have been at the forefront in advancing work on core labor standards and their relationship to trade.

- We have aggressively utilized the GSP program to encourage progress on labor standards in a variety of developing countries.

What the Administration will Do:

- Promoting the adoption of core labor standards is a function of the Administration's commitment to ensuring that all workers have the opportunity to compete and win in the global marketplace. The overall and specific negotiating objectives in the bill reflect this commitment.
- The Administration is determined to build on what we have accomplished in these fora. With the proposed bill in mind, for example, as well as our overall commitment to encourage respect for core labor standards, the Administration intends to:

WTO

- push for the creation of a WTO Working Party to examine trade and labor standards in follow-up to the Singapore Ministerial of 1996 (consistent with existing U.S. legislation).
- incorporate the observance of core labor standards within the WTO Trade Policy Review Mechanism (TPRM) for country reviews.

ILO

- utilize the June 1997 agreement within the ILO to develop a new instrument to bind all member states to core labor standards (regardless of whether they have ratified specific ILO conventions) as a basis to seek a new mechanism to establish accountability in regards core labor standards implementation.
- urge greater ILO/WTO institutional cooperation.
- support the ILO's International Program for the Elimination of Child Labor.

OECD

- seek to include appropriate commitments on labor standards in the negotiation of the Multilateral Agreement on Investment (MAI) within the OECD.

The Americas

- seek the creation of a Free Trade Area of the Americas (FTAA) forum for labor (i.e., similar to the business forum that precedes Ministerial meetings) to provide collective input in the FTAA process as we move into the negotiating phase of the FTAA.
- build on the 1995 Tenth Inter-American Conference of Ministers of Labor commitment

and seek progress on core labor standards leading up to and during the Eleventh Inter-American Conference of Ministers in 1998.

Implementation of Existing Policies and Programs

- enforce the labor standard provisions in the:
 - Generalized System of Preferences;
 - the Caribbean Basin Initiative;
 - the Andean Trade Preferences program; and
 - the policies of the Overseas Private Investment Corporation (OPIC).
- bring attention to and encourage (as the President did in August 1996) appropriate collaborative action by the private sector, labor unions and non-governmental organizations regarding codes of conduct that discourage activities that contravene the protection of core labor standards.
- seek cooperation with other countries on collaborative action with the private sectors, labor unions regarding codes of conduct that discourage the contravention of core labor standards.
- redouble efforts to implement the North American Agreement on Labor Cooperation (NAALC).

Administration Commitment to Respect for Core Labor Standards

Issue

Provided below are points to draw on addressing both what the Administration has done and will be doing on the international labor front, which includes areas directly related to the objectives as stated in the fast track bill [*designated*].

Points to Make

What the Administration has Done:

- No Administration in recent history has done more to advance the cause of respect for core labor standards than this one, and our efforts have been built on a more than 50 year history of U.S. international efforts on the international labor standards front.
- This Administration's efforts have been multifaceted and have included multilateral, regional, bilateral and domestic efforts and actions.
- For example, in 1994 we succeeded in getting the ILO to establish a working party on trade and labor standards.
- Subsequently, we gained agreement in June 1997 for the ILO to develop a new instrument to bind all member states to core labor standards and to introduce a new mechanism to establish accountability - if this is successful it would be a a major development in ILO history.
- For the first time, trade Ministers in the WTO officially recognized the importance of core labor standards, and we are using this recognition to push for additional progress in this fora, including our efforts to create a Working Party on labor standards and trade.
- We have been actively pursuing the Miami Summit of the Americas commitment to further secure the observance and promotion of worker rights.
- We have supported the creation of a labor forum in the FTAA process (parallel to the business forum) and have sought to build on the labor Ministerial action plan of 1995 which calls for progress on core labor standards in the integration process.
- We fought hard and achieved the unprecedented NAFTA labor agreement, and continue to push for its effective implementation in North America.
- We worked closely with the private sector, unions and NGOs on the Apparel Industry Partnership to address exploitative labor conditions, including child labor.
- In the OECD, we have been at the forefront in advancing work on core labor standards

and their relationship to trade.

- We have aggressively utilized the GSP program to encourage progress on labor standards in a variety of developing countries.
- We have raised the profile of problems in international child labor through reports documenting industries with high incidences of child labor as well as the use of forced and bonded child labor.

What the Administration will Do:

- Promoting the adoption of core labor standards is a function of the Administration's commitment to ensuring that all workers have the opportunity to compete and win in the global marketplace. The overall and specific negotiating objectives in the bill reflect this commitment.
- The Administration is determined to build on what we have accomplished in these fora. With the proposed bill in mind, for example, as well as our overall commitment to encourage respect for core labor standards, the Administration intends to:

WTO

- [*broadly reflective of objective in Admin bill*] push for the creation of a WTO Working Party to examine trade and labor standards in follow-up to the Singapore Ministerial of 1996 (as mandated in existing U.S. legislation).
- incorporate the observance of core labor standards within the WTO Trade Policy Review Mechanism (TPRM) for country reviews.

ILO

- [*broadly reflective of objective in Admin bill*] pursue the June 1997 agreement within the ILO to develop a new instrument to hold all member states accountable for implementing core labor standards (regardless of whether they have ratified specific ILO conventions).
- urge greater ILO/WTO institutional cooperation.
- support the ILO's International Program for the Elimination of Child Labor.

OECD

- seek to include appropriate commitments on labor standards in the negotiation of the Multilateral Agreement on Investment (MAI) within the OECD.

The Americas

- seek to address the labor issue within the FTAA process and ensure there are mechanisms for gaining input from labor similar to those provided to the business community.
- build on the 1995 Tenth Inter-American Conference of Ministers of Labor commitment and seek progress on core labor standards leading up to and during the Eleventh Inter-American Conference of Ministers in 1998.

Implementation of Existing Policies and Programs

- enforce the labor standard provisions in the:
 - Generalized System of Preferences;
 - the Caribbean Basin Initiative;
 - the Andean Trade Preferences program; and
 - the policies of the Overseas Private Investment Corporation (OPIC).
- bring attention to and encourage (as the President did in August 1996) appropriate collaborative action by the private sector, labor unions and non-governmental organizations regarding codes of conduct that discourage activities that contravene the protection of core labor standards.
- seek cooperation with other countries on collaborative action with the private sectors, labor unions regarding codes of conduct that discourage the contravention of core labor standards.
- intensify efforts to encourage the international financial institutions and borrowing countries to guarantee recognition of internationally recognized worker rights.

Drafted: USTR/Huenemann

Cleared: Dwoskin/Allgeier/Samet (DOL)/Rosenbaum 9/16

ADMINISTRATION COMMITMENT TO TRADE AND THE ENVIRONMENT

President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. He has done more to advance environmental interests in international trade fora than any other U.S. President.

Greening of the NAFTA. The President fought to ensure that NAFTA addressed environmental concerns and contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico.

Advancing Environmental Protections in the WTO: The Administration fought for and won important advances relating to the environment in the Uruguay Round of trade negotiations, including

- recognition in the Preamble of the WTO Agreement of sustainable development as a key objective of the WTO;
- strengthened agreements on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade to protect legitimate environmental measures from challenge under the Agreements;
- improvements to the Dispute Settlement Understanding to provide for the use of environmental experts in disputes; and to make the process more transparent by allowing disputing parties to make their submissions public and requiring that, at a minimum, a public version be provided of all panel submissions; and
- securing the creation of a Committee on Trade and Environment in the WTO, for the first time creating a permanent forum for addressing the linkage between trade and the environment.

Improved Environmental Practices Worldwide: The Administration has strongly and effectively implemented U.S. environmental laws, using the threat of trade sanctions where appropriate to obtain improvements in other countries' environmental practices. For example, President Clinton imposed trade sanctions on Taiwan for its failure to curb illegal trade in rhino horn and tiger bone. These sanctions were lifted when Taiwan made demonstrable progress in halting this trade.

Proposed an APEC-wide Environmental Technologies and Services Sector Liberalization Initiative: The Administration is working to advance APEC-wide sector liberalization in an industry ignored by previous administrations. High tariffs and disguised barriers to trade have limited the ability of developing countries to use the most advanced and useful technologies and services to address environmental problems from basic water and wastewater treatment needs to the need for the most advanced bioremediation technologies.

Administration View on Adjustment Assistance

Question

What is the Administration's view on adjustment assistance and whether current programs are adequate?

Answer

- We are fully committed to assisting workers in transition and ensuring they have the tools to remain viable in today's economy.
- We are interested in any proposals that the Congress may suggest and are willing to work with you on this issue.

Background (not for public disclosure)

An interagency group is looking at a menu of options in this area, and is costing them out for budget purposes. No decisions have been made on what the Administration may support in this area. At the same time, NAFTA/TAA needs reauthorization for by October 98 so a potential legislative vehicle exists for any future improvements we may seek in adjustment programs. The Administration has been working closely in recent weeks with the Hispanic Caucus as well on how to improve the NAFTA TAA and the NADBank Community Adjustment Investment Program (CAIP).

Drafted: USTR/Huenemann

Cleared: NEC/Brainard (substance) 9/16

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14

Divider Title: _____

Duration of Fast Track

How long will fast track last?

- In the first instance, fast track procedures may apply to agreements entered into before October 1, 2001. The bill provides for fast track to be extended to agreements entered into by October 1, 2005, if the President so requests and neither House of Congress disapproves.

What information will we have to rely on in determining whether to renew fast track?

- First, before the President ever asks for a renewal, you should have been apprised of all major developments on trade agreements between negotiated between now and October 2001. This is so, in part, because of the close working relationship the Administration has with both sides of the aisle in connection with trade. But, it also is guaranteed by the extensive consultation requirements contained in the bill. In addition, the bill requires the President in requesting an extension of fast track to provide Congress with a report describing completed agreements and any ongoing negotiations. The bill also calls for the Advisory Committee for Trade Policy and Negotiations to provide its views to Congress.

The bill seems to suggest that the President may make an extension request only if ongoing negotiations merit a renewal. Is that correct?

- The critical question is whether the President has accomplished our trade agenda and concluded all contemplated fast track agreements by October 1, 2001, or whether more time is needed. If the agreements have been concluded, then it might be appropriate for the President and Congress to revise objectives and revisit the question. If not, then we believe an extension would be appropriate.

How is an extension disapproval resolution introduced?

- Any Member or Senator may introduce the resolution. In the House, the resolution must be considered by the Ways and Means and Rules Committees. In the Senate, the Finance Committee must consider the resolution.

How much time will we have to consider an extension request?

- A minimum of three months. The President must request an extension by July 1, 2001, but he may do so earlier. The advisory committee must submit its views by August 1, 2001. The House or Senate must act by September 30, 2001, in order to disapprove.

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15

Divider Title: _____

GUIDANCE FOR NEGOTIATORS

(c) GUIDANCE FOR NEGOTIATORS. -

(1) In pursuing the negotiating objectives described in subsection (b), United States negotiators shall take into account legitimate United States domestic objectives including, but not limited to, the protection of legitimate health or safety, essential security, environmental, consumer or employment opportunity interests and the law and regulations related thereto.

(2) In the course of negotiations conducted under this act, the United States Trade Representative shall --

(A) consult closely and on a timely basis with, and make every effort to keep fully apprised of the negotiations, the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974; and

(B) take into account the need for the United States to retain the ability to enforce rigorously its trade laws in order to ensure that United States workers, farmers and firms can compete on fair terms and enjoy the benefits of reciprocal trade concessions.

Benefits of this Approach

- This portion of the bill is new. U.S. negotiators were not given such universal guidance under previous Fast Track legislation. In the 1988 Act, only the foreign investment objective included this provision. I believe that, as we look outward toward foreign markets, it is important to keep in mind more generally our priorities for our domestic community, for our home environment.
- We should reaffirm our responsibility to ensure that our trade liberalization efforts take into account domestic policy objectives. We must balance our zest for opening markets overseas with a clear understanding of the impact at home.
- In addition, times have changed. As I have explained before, we are not just negotiating tariffs -- those days are over. Negotiating agreements that address the needs of U.S. industries and their workers today are complex.
 - U.S. negotiators must deal with, for example, standards, patents, barriers to investment, satellite transmissions, the Internet, government procurement practices, licensing requirements of professional service providers, and more complicated rules of origin for goods.
- In these changed times, the agreements we negotiate must strike the right balance between restraining protectionist foreign regulatory practices and preserving our right to protect health, safety, and the environment here at home.
- Because of the intricacy, complexity and breath of issues that are found in trade agreements today, consulting frequently with our congressionally mandated advisors is ever more important.
- U.S. negotiators are active around the world, in Asia, Latin America, and Geneva. Under these conditions, I feel strongly that we must reaffirm our commitment to consult broadly and often.

- Our negotiators must always keep in mind this general guidance, even with the new and more stringent consultation provisions that are specifically required under this bill.
- At the same time, we need to defend what is ours. U.S. trade laws are in place to ensure fair treatment for our workers, farmers and firms.
- Once we have negotiated concessions from our trading partners, we need to make sure they live up to those concessions. The United States clearly does and we expect nothing less from our trading partners.
- I want all U.S. negotiators to keep this in mind as they negotiate the complex new trade agreements for the next century.

Drafted by: M Ryckman

Cleared by: J Haverkamp/J Huenemann

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17

Divider Title: _____

Consultations

Will we know when the President enters into negotiations preceding an agreement?

- In fact, the bill requires the President to inform Congress of his intention to enter into negotiations for an agreement subject to fast track at least 90 days before doing so. At that time, the President must state his objectives for the negotiations and whether he intends to seek a new agreement or changes to an agreement.

Does the President have any obligation to consult after that?

- Yes. The President must consult with the Finance and Ways and Means Committees, and other relevant Congressional committees.

How can we be sure that we know of important developments and that the President won't surprise us with a completed agreement?

- The bill incorporates the use of congressional advisers to negotiation delegations as provided for under section 161 of the 1974 Trade Act. The bill states that U.S. negotiators shall consult closely with the congressional advisers and make every effort to integrate them fully into negotiations. This cooperative system has worked well for many years, and it is our intention to rely on this system to ensure that Congress is informed of all critical phases of negotiations.
- In addition, the bill requires the President to consult with Senate Finance and House Ways and Means -- and other committees with jurisdiction over covered issues -- before concluding an agreement. The President must describe the nature of the agreement, how and to what extent the purposes and policies of the fast track law are achieved, and his plans for implementing the agreement, including whether supplemental legislation will be necessary and whether any side-agreements are to be executed.
- Also, the President must notify the House and the Senate of his intention to enter into an agreement at least 90 days prior to signing it and, promptly after notifying Congress, the President must publish notice of his intention to enter into an agreement in the *Federal Register*.

How will we be able to gain access to confidential information?

- The President has had a longstanding arrangement with the Committees on Finance and Ways and Means by which Members, Senators and staff are provided with security clearances and agree to handle classified documents in accordance with applicable law. We intend to continue this arrangement and hope to work with the Committees to update procedures as may be necessary.

What happens after the President signs an agreement?

- After entering into the agreement, the President must provide Congress with a copy of the final text of the agreement and
 - a draft of the implementing legislation;
 - a statement of administrative action to implement the agreement;
 - an explanation as to how the implementing bill and proposed administrative action will change or affect existing law;
 - a statement asserting that the agreement makes progress in achieving the applicable purposes and policies of the fast-track law; and
 - a statement explaining: why the agreement does not achieve other purposes and policies of the fast-track law; whether and how the agreement changes provisions of previous agreements, how the agreement serves the interests of U.S. commerce; and why the implementing bill and proposed administrative action are required or appropriate to carry out the agreement.

Does the private sector have a role to play?

- No more than 30 days after the President notifies Congress of his intent to sign an agreement, the appropriate industry advisory committees must provide a report to the President, Congress and the USTR.
- The bill also calls for the President to provide notice to the public of his intention to enter into an agreement and to solicit public comments, either in writing or by holding a hearing.

Withdrawal of Fast Track for Lack of Consultations

How can we be sure the President will comply with these notification procedures?

- The bill provides that Congress may rescind fast track if the President fails to keep Congress adequately apprised of the course of negotiations once they begin.

The extension disapproval resolution need only be passed by one House. Is withdrawal of fast track for failure to consult the same? If not, why not?

- No. Both houses must approve resolutions finding that consultations were inadequate in order to withdraw fast track.
- The rationale for the difference is that automatic renewal of the bill for another four years is a big step, one that should occur only if both Houses of Congress agree. In contrast, we want to safeguard fast track from being too easily withdrawn in the event that an agreement or even just part of an agreement is unpopular. By requiring that both Houses of Congress must pass disapproval resolutions for lack of consultations, the integrity of the required consultations is guaranteed while fast track is protected from any pressure that might arise to revoke it prematurely.

Can any member of Congress introduce a disapproval resolution withdrawing fast track for lack of consultations?

- No. In the House, a disapproval resolution may be introduced by the chair or ranking minority member of the Committees on Ways and Means or Rules. In the Senate, the resolution must originate in the Finance Committee.

Extension disapproval resolutions can be introduced by any Member of Congress. Why isn't this true for disapproval resolutions for lack of consultations?

- The Ways and Means or Rules Committees of the House and the Senate Finance Committees are best positioned to determine whether the President has satisfied the consultation requirements of the bill and whether withdrawal of fast track is appropriate. In this regard, the bill recognizes the unique role of Ways and Means and Finance with respect to trade generally and Congressional-Executive consultations in particular.

The bill provides that the disapproval resolutions relating to extension and withdrawal of fast track are rules of the both Houses and may be changed like any other rule. What is the significance of that provision?

- The provision highlights the limited nature of what Congress gives up in passing fast track. Not only can Congress refuse to extend fast track past October 1, 2001, and withdraw fast track before then by passing a disapproval resolution for failure to consult, each House of Congress also has reserved the right to modify its own rules as they relate

to fast track. The provision thus reaffirms the notion that fast track truly is the product of well-established cooperation between Congress and the President on trade issues and will only work to maximum advantage where such cooperation is present. Congress has many tools at its disposal to ensure that it plays its proper constitutional role under fast track.

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18

Divider Title: _____

Limited Notification Exemption for Certain Agreements Under the URAA and with Chile

What is the significance of the consultation exemptions in section 6?

- This is an extremely narrow exemption. It merely recognizes that certain negotiations or agreements were contemplated before the preparation of this bill and, therefore, the bill's requirement that the President notify Congress of his intention to begin such negotiations is waived. In other words, the President is not required to notify Congress of the commencement of negotiations that already have begun -- negotiations of which Congress has already been apprised. Otherwise, all of the other consultation requirements contained in the bill apply.

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19

Divider Title: _____

Paygo/Proclamation Authority

Issue: The proclamation authority that the President currently holds was scored by CBO and OMB at zero. As we move to seek additional proclamation authority in the new Fast Track bill, we hope to get OMB and CBO to score the new authority at zero too. Jeff Lang is going to meet with Gordon Adams of OMB soon to see if we can agree internally to this course of action before it becomes an issue in the Fast Track debate. The logic behind scoring proclamation authority at zero is two-fold: first, there is no way to know whether the President will use the authority that is granted to him, and thus it would be inappropriate to score it at anything but zero in the short term, and second, proclamation authority is technically not legislation and hence does not need to be scored according to budget scoring rules.

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Divider Title: _____

Proclamation Authority

Are there any consultation requirements for agreements entered into under section 3(a)?

- The bill provides that, in the course of any negotiations, my office will consult quite closely with, and integrate fully into negotiations, the congressional advisers established under section 161 of the Trade Act of 1974. Through the use of congressional advisers to trade agreement negotiating delegations, Congress will be assured of having meaningful input into our strategy and Congress will learn be apprised of developments at critical phases. In addition, the President is required to obtain advice from the ITC, private sector advisory committees -- including committees on labor and the environment -- as well as the general public.

Why is the President permitted to enter into tariff agreements without having to submit them to Congress for approval?

- This is a longstanding practice originating with the Trade Act of 1934. Since that time, Congress and the President have worked together to lower tariffs around the world. Congress has found it proper and expedient to provide the President with limited tariff modification proclamation authority to achieve this goal -- allowing him to lead the way for other countries to join us in reducing tariff barriers to trade.

Are there any limitations on what the President may include in agreements entered into under section 3(a)? Are such agreements only to concern tariff rates?

- **[Not sure what we might want to say here. Other than constitutional limitations, I don't see any limitations as long as the purposes and policies of the act are promoted -- not a big limitation.]**

Are there any limitations on the President's tariff cutting authority?

- Yes. In general, the President may reduce duties only by a maximum amount of 50 percent, with two important exceptions. Duties currently set at a rate of less than 5 percent *ad valorem* may be eliminated and duties may be harmonized or eliminated as part of certain sectoral initiatives.

Why does the President need different tariff modification proclamation authority in section 3(a)(6) from that afforded under section 3(a)(1)?

- Section 3(a)(1) provides the traditional tariff modification authority Congress has given to the President for decades. It is geared toward multilateral rounds of negotiations, as well as certain bilateral tariff agreements. The authority conferred under section 3(a)(6) is specifically designed for the kind of sectoral tariff harmonization or elimination initiatives we began during the Uruguay Round -- through such proposals as zero-for-zero -- and that we continued more recently in the Information Technology Agreement.

These sectoral initiatives have the potential to open markets in dramatic ways. However, they cannot be achieved under the more conventional proclamation authority. **[Not sure if 3(a)(6) is being revised in light of CB's recent concerns.]**

What sectors do you see being included in the initiatives subject to 3(a)(6)?

-

Section 3(a)(6)(B) notes that this authority is in addition to section 111(b) of the Uruguay Round Agreements Act. Given that the two provisions appear similar and are geared toward sectoral initiatives, why do you need this new, additional proclamation authority?

- URAA section 111(b) is a powerful tool, one the Administration will continue to rely upon. The scope of authority conferred by the provision is tied to certain sectoral harmonization and elimination proposals made during the Uruguay Round. These remain quite useful in some instances. Indeed, we completed the ITA under that authority. However, several years have passed since the conclusion of the Round, and we believe the success and importance of sectoral initiatives has gone beyond what was envisioned at the time the URAA was passed. Therefore, we hope to build upon section 111(b) and secure proclamation authority that could be used for [??]

Will the Administration commit to including only tariff-related provisions in agreements entered into under section 3(a)?

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21

Divider Title: _____

B.Kyle -
"Tough"

FAST TRACK Q&A'S

"DIRECTLY RELATED TO TRADE"

Q: What does it mean to say that any labor/environment provisions brought back on fast track must be "directly related to trade"?

- It means that labor and environmental provisions having a direct relationship to trade can be included in fast track legislation.
- It is one part of our overall commitment to labor and the environment. As the President has stated, he is committed to pursuing three objectives as we move forward: 1) to open foreign markets and create good U.S. jobs; 2) to promote labor rights; and 3) to promote responsible environmental development. Throughout this debate, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.
- The Administration's bill gives the President ample latitude to accomplish his labor/environment objectives. He has many tools at his disposal:
 - Trade Agreements. As we said, the bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority. This is only one tool he can use.
 - Global Negotiations: This Administration has done more than any other to press countries to improve labor rights and environmental protection – and we will continue to do so. The bill itself contains a negotiating objective encouraging us to make progress in these areas in the WTO and the ILO. In addition, we will continue to press in other for a, like the World Bank, IMF, other international financial institutions and the UN. We should be concerned about improving the conditions in all countries, not just in free trade partners.
 - Side Agreements: The President has extensive executive authority to reach labor/environment agreements with countries. These agreements do not require Congressional approval. In the context of future free trade agreements, we have committed to conclude companion labor/environment agreements, when appropriate. Chile has already agreed to enter such agreements.
- The important point is to secure fast track authority. If we pursue trade negotiations, we have a much better chance of engaging these countries on labor and environmental issues. Rejecting fast track will not advance our interests on labor/environment.

Q: But what does the term “directly related to trade” mean?

- It means that a discrete set of provisions directly related to trade could be included in the fast track legislation. We are still discussing the precise definition with Congress, but examples include establishing the principle that countries should not lower their environmental or health and safety standards to attract foreign investment or provisions relating to the ability of a country to use sanitary/phytosanitary measures as a disguised form of trade protection. }
- Remember that this is only one tool we have to pursue our labor and environmental objectives. We believe the combination of side agreements and other measures already give us much latitude to pursue our objectives.

Q: Suppose a country lowers its child labor standards to attract foreign investment or to export cheaper products to the U.S. Could this be included in the trade agreement?

- Obviously, we are not going to negotiate a free trade agreement with a country that has a heinous labor rights or environmental record, so the issue of what can be contained in an agreement would not arise.
- As to the precise definition of “directly related to trade”, we are still working that out with Congress. We would favor a broader definition, but we also need to achieve a bipartisan consensus.

CONTENT OF SIDE AGREEMENTS

Q: What provisions will be contained in any side agreements you reach?

A: That could vary among countries. Different countries would have different conditions and different needs. As a general matter, agreements could include provisions to:

- Promote better enforcement of a country’s labor and environmental laws and regulations.
- Encourage greater transparency and public disclosure about a country’s labor and environmental standards and performance.
- Provide greater technical assistance to countries to improve their labor rights and environmental protection.

We would consult extensively with Congress about our approach in any individual case.

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Divider Title: _____

Uses of Fast Track

The 1988 act had separate sections for agreements relating to (1) tariff barriers [the proclamation authority section], (2) non-tariff barriers and (3) bilateral agreements regarding tariff and non-tariff barriers. Why did you restructure these provisions, keeping the first one and essentially collapsing the other two into one section?

-

Section 3(b)(1) says that the President may enter into agreements, subject to fast track procedures, that reduce tariffs as well as non-tariff barriers. When would the President rely on fast track with respect to tariffs instead of proclamation authority?

- As I mentioned earlier, the President's tariff proclamation authority generally allows for reductions up to 50 percent. In the event that the President sought greater reductions in tariffs, the President would be required to submit such a proposal to Congress for approval.

Agreements subject to fast track can deal with tariff and non-tariff barriers and other distortions. Do you believe that the President can include anything else in such agreements?

- The heart of any agreement we would submit to Congress for approval subject to fast track procedures would concern the reduction or elimination of tariffs and non-tariff barriers. That is what this bill is about. However, to ensure that the President has sufficient latitude to conclude agreements that achieve the purposes of the bill, the President would be authorized to include terms the President believes are necessary to achieve the elimination of the barriers and other trade-distorting practices you described.

Would that include issues that are unrelated to trade?

- It is not the intention of the Administration to include in agreements issues unrelated to trade. It is difficult to anticipate the universe of issues that may be part of trade agreements negotiated in the future -- or that may be related to the reduction or elimination of trade barriers -- but the purpose of the bill is to have the authority to negotiate greater market access for U.S. goods and services. A more open and reciprocal trading environment is what underlies the Administration's trade agenda, and provisions designed to achieve that environment are what you can expect to see in the agreements we bring back for fast track approval.

My reading of the bill is that, as a technical matter, the President can put almost anything he wants in the agreement, but what goes into an implementing bill is limited. Is that correct?

- From the Administration's perspective, we see the provisions as consistent in that we intend to bring back agreements addressing trade issues and we envision requesting implementing legislation that also concerns trade. The bill may provide somewhat

greater latitude regarding the nature of provisions that may be included in an agreement, but that merely reflects the realities and complexities of negotiating trade agreements with more than one hundred trading partners. You should bear in mind, though, that all fast track agreements, like all implementing legislation, are subject to congressional approval. Just as no provision of an implementing bill will become effective absent enactment by Congress, no provision in a fast track agreement will enter into force unless approved by this body.

Implementing bills are limited to matters that are “necessary or appropriate to implement” trade agreements and that are “trade-related.” What does that mean?

- This language was designed to provide the President and Congress with sufficient flexibility to modify domestic law to achieve our trade objectives while preventing implementing bills from losing their focus on trade issues. Fast track is about simplifying and expediting the process of approving trade agreements. We want Congress to be able to address any issue that is necessary or appropriate to the implementation of an agreement but, at the same time, we don’t want implementing bills to become bogged down in issues that have nothing to do with trade generally or the agreement at issue in particular.

Can you give some examples of what can be included in implementing bills and what cannot?

•

Section (3)(b)(3) [on what may be included in implementing legislation] refers to PAY-GO. Why is there no reference to PAY-GO in section 3(a) [on proclamation authority]?

- We have included PAY-GO because in section 3(b)(3) because in that section we have attempted to define provisions that may be part of an implementing bill. We wanted to make clear that PAY-GO may be addressed in an implementing bill and eliminate any ambiguity that otherwise might arise.
- There was no need to specifically refer to PAY-GO in section 3(a) because that provision does not have a limitation on what may be included in an implementing bill.

So, PAY-GO applies to agreements entered into under the proclamation authority section even though it is not mentioned?

- Yes. [?]

Would you explain the PAY-GO consequences of agreements entered into under either the proclamation authority or fast track? How can we know the revenue affects of the tariff cuts and other changes that may result? Couldn’t the treasury lose billions of dollars in tariff revenue?

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PRINCIPAL TRADE NEGOTIATING OBJECTIVE #1 TRADE BARRIERS AND OTHER DISTORTIONS

Objective: (1) TRADE BARRIERS AND OTHER DISTORTIONS - The principal negotiating objectives of the United States regarding specific trade barrier and other trade distortions are to expand competitive market opportunities for United States exports and to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for United States exports or distort United States trade.

I. What are the domestic needs? How does this objective meet those needs? Why is this a good way to approach these problems? List of specific negotiations planned relating to this objective.

Domestic Needs: Trade is more important than ever to the U.S. economy. U.S. trade (exports plus imports) has reached a value equal to 30 percent of GDP, up from 13 percent in 1970 and 25 percent in 1992. Exports support nearly 11.5 million American jobs, including one in five manufacturing jobs and over the last four years such jobs have expanded by 1.7 million. Expanding exports helps shift U.S. job creation toward more productive, higher paying employment, with non-supervisory jobs supported by goods exports paying 13 percent to 16 percent more than the U.S. national average.

While exports help Americans work more productively and earn more, the availability of low priced, high quality imports help pay checks buy more (and U.S. industry to be more competitive). Barrier reduction and trade expansion thus help raise U.S. living standards. More than 95% of the world's consumers are outside the United States, many in the now rapidly growing emerging markets of Asia and Latin America. Despite the many U.S. competitive advantages in selling to these markets, substantial barriers remain around the world. To enhance U.S. economic growth, to create more, better paying jobs and to help U.S. living standards improve more rapidly, exports need to expand with as few impediments as possible.

Objective Meets Needs: This objective identifies our intention of eliminating the barriers that limit market opportunities for U.S. exporters and continues our efforts to remove more than just traditional tariff barriers. This objective reflects the requirements and value of doing business today in a globalized economy. U.S. negotiators seek to discipline government policies and practices overseas that can be disguised barriers to trade, for example, product standards, licensing requirements, rules of origin, government procurement, product labeling, and state-trading enterprises.

Benefits of this Approach: The benefit of this approach is its breadth and flexibility. It builds upon and updates two similar provisions in the 1988 Trade Act for unfair trade practices and specific barriers. (Section 1101(b) (8) and (13) of the 1988 Trade Act).

Related Negotiations: All initiatives from APEC to FTAA to the WTO.

II. Who may criticize the objective and what will they say about the objective? Provide appropriate responses, including any specific rationale on why we did not accept some of the proposals made by Members of Congress or interested groups.

Specific Criticisms

- Criticism: Reducing barriers to trade means more imports as well as exports. Imports hurt lower skilled U.S. workers, our most economically vulnerable class of citizens. We need a moratorium on trade agreements to take care of our less advantaged workers.
- Response: The U.S. is already the world's most open and competitive major market. Because other markets are so much more closed than our own, U.S. workers in general have relatively little to lose and much to gain from further trade agreements. Also, trade agreements help the United States expand good paying middle class (non-supervisory) jobs in the United States. For all concerned, a more promising policy is to create more higher paying jobs and to provide the retraining and educational assistance some workers will need prosper from change.
- Criticism: We have no problem with trade agreement with countries that have wages similar to the United States, but how do you expect are workers to compete against the \$2 an hour wages of a billion workers or more in developing countries?
- Response: Low wages in middle and low income countries are sources of exceptional competitive advantage and more a reflection of the low productivity levels existent in many of those countries. When adjusted for differences in productivity levels, the United States actually has lower labor costs per unit of output than many low and middle incomes. In fact, because exporting to these markets helps the United States expand production of our more productive, higher paying sectors, trading with low wage countries should help raise, not lower, average real wages in the United States. Also, many emerging markets now growing very rapidly, creating great potential for U.S. exports and U.S. workers. By one estimate, three quarters of the growth in middle class consumers world wide is now in developing markets, creating important new opportunities for the United States and workers to prosper from trade.
- Criticism: Despite decades of trade agreements the United States has the world's largest trade deficit. Why should we do more.
- Response: First, given the disparity in trade barriers (much higher abroad than in the United States), it is hard to envisage trade agreements as raising the trade deficit. Second, the recent rise in the trade deficit reflects the better performance of the U.S. than many other economies; it is thus more a sign of strength than a source of weakness. Third, while the deficit is large in overall nominal terms, it has declined by more than half in the last decade relative to the size of the U.S. economy. In 1987 the goods and service deficit was 3.3 percent of GDP; in 1996 it was 1.4 percent. Finally, the trade deficit fundamentally reflects the gap between the desired level of investment in the United

States and the U.S. internal saving rates. Our savings are modest, investment opportunities in America great and our country has correspondingly experienced surplus inflows of global capital and current account deficits. Improved saving rates at home is the real answer to the trade deficit problem, with much of the progress made to date reflect the fall of the federal budget deficit (dissaving from a national point of view).

Drafted by M Ryckman/D Walters

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PRINCIPLE NEGOTIATING OBJECTIVE # 2

SERVICES

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

I. What are the domestic needs? How does this objective meet those needs? Why is this a good way to approach these problems? List of specific negotiations planned relating to this objective.

Domestic Needs: U.S. companies are competitive “exporters” of services in a range of sectors, including audiovisual, telecommunications, accounting, architecture, construction and engineering, tourism, advertising, and express delivery. In many cases, these sectors are highly regulated, undergoing privatization, and/or susceptible to hidden, discriminatory barriers that disadvantage U.S. companies in comparison with their local competitors.

Objective Meets Needs: Agreements under a multilateral or regional framework would establish open, pro-competitive rules and allow U.S. companies to take full advantage of their competitive edge. Companies should have the freedom to choose how they deliver a service to their customers; e.g., by establishing a branch or subsidiary in the foreign country, or through electronic means or temporary transfer of personnel.

Benefits of this Approach: It is based on a similar provision in the 1988 Act and continues to provide a broad mandate to address problems and barriers faced by U.S. companies. It recognizes that unreasonable regulatory treatment can effectively close a market, or severely tilt the playing field in favor of domestic companies. Considered along with the “Guidance to Negotiators” directing us to take into account domestic interests such as protection of health or safety, essential security, environment, consumer or employment opportunity interests, this objective takes account of legitimate regulatory needs and objectives.

Related Negotiations: Chile FTA, FTAA, APEC sectoral initiatives, and the next round of market access negotiations under the WTO General Agreement on Trade in Services (to begin not later than January 1, 2000).

II. Who may criticize the objective and what will they say about the objective? Provide appropriate responses, including any specific rationale on why we did not accept some of the proposals made by Members of Congress or interested groups.

- Criticism: Haven’t services agreements like the NAFTA and the GATS included provisions allowing free movement of labor?
- Response: Both the NAFTA and the GATS recognize and leave undisturbed domestic immigration provisions. Each agreement provides for specific, limited access for top managers and other senior personnel, and professional service suppliers.
- Criticism: Aren’t you just exporting jobs when you make it easier for large companies to

managers and other senior personnel, and professional service suppliers.

- Criticism: Aren't you just exporting jobs when you make it easier for large companies to invest overseas?
- Response: In fact, we can create jobs in the United States by promoting more open markets abroad for investment in highly-regulated services. For example, U.S. firms that advance into foreign telecom services markets create opportunities for greater exports of U.S. goods to markets that typically have been controlled by state monopolies with protectionist procurement practices. In addition, an important part of our strategy is to ensure that U.S. companies have the freedom to "export" their services to foreign customers without establishing a commercial presence in that country.
- Criticism: Why do you need fast-track for services? I understand that the U.S. market for services is already open, so what do you plan to give away? Maritime?

Response: Our services market is largely open. Some restrictions do remain, however, and we must be able to demonstrate to our trading partners that, if appropriate, we can respond in good faith to their requests of us. We consult fully with federal and state regulatory bodies before developing any proposals regarding U.S. restrictions. We also will take into account the unique nature of certain sectors -- for example, maritime.

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PRINCIPLE NEGOTIATING OBJECTIVE # 3 FOREIGN INVESTMENT

Objective: (3) FOREIGN INVESTMENT. - The principal negotiating objective of the United States regarding foreign investment is to reduce or eliminate artificial or trade-distorting barriers to United States foreign investment by -

- (A) reducing or eliminating exceptions to the principle of national treatment;
- (B) freeing the transfer of funds relating to investments;
- (C) reducing or eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments;
- (D) establishing standards for expropriation and compensation for expropriation consistent with United States legal principles and practice; and
- (E) providing meaningful procedures for resolving investment disputes.

I. What are the domestic needs? How does this objective meet those needs? Why is this a good way to approach these problems? List of specific negotiations planned relating to this objective.

Domestic Needs: We seek to retain jobs at home and create new high-paying jobs in the United States. For U.S. companies to remain competitive world-wide, however, they must be able to invest overseas. Service firms often must have a physical presence in a market in order to provide delivery of the service. All firms in fact increasingly need a presence in foreign markets to ensure quicker responses to customers and to provide competitive servicing of goods and contracts. A perception exists, however, that creating new investment opportunities overseas for U.S. companies will lead to the exportation of jobs.

Objective Meets Needs: It addresses key problems faced by U.S. companies and seeks to eliminate non-market driven governmental policies overseas. It is aimed at eliminating discriminatory treatment such as screening procedures or prohibited foreign investment in certain sectors or matters where U.S. companies are most competitive (i.e., financial services or privatization). Our objective is also to remove the artificial retention of capital which occurs when countries block the repatriation of profits and use other barriers to capital transfers. We want to eliminate practices, for example, that restrict the ability of U.S. companies established in foreign countries to use U.S. exports in their production methods overseas (i.e., we seek to prohibit local content requirements) or force products back into the U.S. market (i.e., export performance requirements.)

Benefits of this Approach: It is based on a similar provision in the 1988 Act and continues to provide a broad mandate to address problems and barriers faced by U.S. companies. Removing barriers to investment complements our efforts in trade. U.S. companies that have a presence overseas are our most active exporters: U.S. multinational companies (U.S. parent) accounted for 66% of total U.S. exports in 1994 (latest year available), up from 59% in 1993. Considered along with the "Guidance to Negotiators" directing us to take into account domestic interests such as environment and employment opportunity issues, this objective provides the correct balance of the various domestic needs (e.g., competitiveness, jobs, growth, trade expansion etc.)

Related Negotiations: Chile FTA, FTAA, and eventually the WTO built-in agenda (e.g., TRIMs, GATS). It could cover the MAI if, at the end of the day, such a proposal is made.

II. Who may criticize the objective and what will they say about the objective? Provide appropriate responses, including any specific rationale on why we did not accept some of the proposals made by Members of Congress or interested groups.

Specific Criticism

- Criticism: Use of Fast Track to implement the MAI (Environment and labor groups, Public Citizen, and the Preamble Collaborative.)
- Response: As we have indicated, we do not presently have plans to use fast track to implement the MAI.
- Criticism: Aren't you just exporting jobs when you make it easier for large companies to invest overseas? (Labor-oriented constituencies)
- Response: We have balanced the competing domestic interests with our objectives overseas. While there are limited specific examples of plants closing and moving to low-wage countries, the increase in U.S. FDI abroad (15% in 1995) was concentrated in industrialized, high wage countries rather than in developing, low wage countries. U.S. FDI seemed to be motivated for access to major industrialized country markets than by the search for low cost sources of supply (either low wage labor or natural resources). [July 1996 Survey of Current Business]
 - Nearly three-quarters of the U.S. foreign investment stock (70.9%) is in industrial countries, and new investment (64% of the increase in 1996) continues to go primarily to industrial countries at an average annual growth rate of 10% over the last fourteen years.
- Criticism: Encouraging such rapid growth and expansion by large multinational corporations will only hurt the environment.
- Response: We believe that we have struck a good balance with the objectives of this legislation. As important, however, are the Administration's efforts to address environmental issues directly in various initiatives.

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PRINCIPAL NEGOTIATING OBJECTIVE #4 INTELLECTUAL PROPERTY

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

- (A) to further promote adequate and effective protection of intellectual property rights, including through -
 - (i) ensuring full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)), and achieving improvements in the standards of that Agreement;
 - (ii) providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;
 - (iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and
 - (iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms; and
- (B) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

I. What are the domestic needs? How does this objective meet those needs? Why is this a good way to approach these problems? List of specific negotiations planned relating to this objective.

Domestic Needs: The U.S. dominates world production of intellectual-property related goods and services. Intellectual property-related industries are among our leading exporters, but all are vulnerable to the theft and unfair competition that strong IPR laws prevent. Nearly all American industries depend upon strong intellectual property protection worldwide. Our computer hardware and software industries, our entertainment industries, our publishers, and our chemical and pharmaceutical industries are especially dependent upon strong intellectual property protection. For us to maintain our strong comparative advantage in this area, we must encourage and secure strong legal and enforcement regimes in individual markets.

Objective meets needs: Obtaining the multilateral consensus to raise IPR norms is critical to our ability to our likelihood of achieving increased protection in certain countries. The Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) represents a minimal consensus now. Strengthening its provisions and strengthening the commitment of other governments -- particularly those of developing countries -- to improve their protection of intellectual property is likely best accomplished through the multilateral fora associated with WTO and TRIPS.

Benefits of this Approach: The TRIPS Agreement has succeeded in obtaining a substantial increase in the consensus on necessary levels of intellectual property protection. Built-in to the Agreement are a number of reviews that may generate new agreements and improved IPR protection. For example, addition, the TRIPS Agreement provides for a general review of the entire agreement in 2000, coincident with the termination of the general transition phase for

developing countries. The U.S. could exploit this review to press for improved protection throughout the agreement.

Related Negotiations: Several negotiations under the Agreement on Trade-Related Intellectual Property are envisioned before or in 2000. An area of great specific interest to the United States is the treatment of living matter under the terms of the TRIPS Agreement. A second negotiation may address the inclusion of recent WIPO copyright treaties into the TRIPS Agreement. At this stage it is not clear which provisions of U.S. law might require revision under either set of negotiations or the general review noted above. Although U.S. IPR laws already provide generally high levels of protection and the U.S. IPR market is relatively open, an offer by the United States to change certain widely-criticized practices in this area could provide needed leverage to open key overseas markets or to obtain further strengthening of foreign IPR laws and practices for U.S. firms.

II. Who may criticize the objective and what will they say about the objective? Provide appropriate responses, including any specific rationale on why we did not accept some of the proposals made by Members of Congress or interested groups.

Specific Criticism

- Criticism: Pressing for increased protection of patented pharmaceuticals at the expense of generics holds the health of the third world hostage to the profits of the big pharmaceutical countries. (Public Citizen)
- Response: Our approach has always been to balance closely the interests of both the patent and generic pharmaceutical industries. There also are much more direct and effective ways to attack overpricing, through tax and antitrust laws, that do not undermine the integrity of a patent system.
- Criticism: Increased intellectual property protection merely drives up prices to consumers for software and other technologies essential to economic development. (Consumer-oriented constituencies)
- Response: Without strong intellectual property protection, there is little incentive to create new software and other innovative technology. If piracy is widespread, prices for legitimate software must go up. This will raise costs to Government (and therefore taxpayers), wholesale and retail businesses, as well as consumers.