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Series/Staff Member: Eric Biel
Subseries:

OA/ID Number: 10601
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Folder Title:
Talking Points/Fact Sheets: Bills/Legislation [Fast Track]

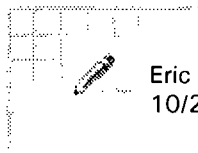
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Eric R. Biel
10/24/97 04:17:16 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

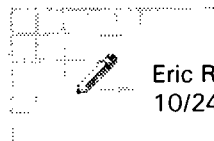
Subject: Response to criticism of fast track bills

Attached is the set of talking points here. These have been reviewed by Bob Kyle. I will also fax these to Bob Novick/Sue Esserman at USTR. Happy to send to State and Treasury as well; just let me know best contact persons there. Please note that at top of second page (the "if asked" point) is one bullet that really is more of an anticipated response than an affirmative point to make. Hopefully that won't be confusing; I didn't think it made sense to include it in a separate Q&A



attachment. EB billspts.do

----- Forwarded by Eric R. Biel/WHO/EOP on 10/24/97 04:21 PM -----



Eric R. Biel
10/24/97 10:28:43 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Drafting response to criticism of fast track bills

Unless anyone has already seen a concise written response to the charge that the House and Senate fast track bills are far worse than the 1988 Trade Act (by tying the President's hands on labor and environment, etc.), I am going to try to put one together today. I know we have done some general talking points responding on labor and environment, but yesterday USTR--working with us--drafted and sent to Matsui a very good letter answering the charges of AFL-CIO and Hill critics much more directly. I will take that, which is over two pages, and try to work it into Q&A format. I know Bill Daley, among others, has been looking for something a bit more specific here, and assumes others might be as well.

Message Sent To: _____

Jason Berman/WHO/EOP
Victoria Radd/WHO/EOP
LEAVY_D @ A1 @ CD @ LNGTWY
Jake Siewert/OPD/EOP
Russell W. Horwitz/OPD/EOP
Michael W. Williams/WHO/EOP
Lael Brainard/CEA/EOP

Message Sent To:

Jason Berman/WHO/EOP
Victoria Radd/WHO/EOP
LEAVY_D @ A1 @ CD @ LNGTWY
Jake Siewert/OPD/EOP
Michael W. Williams/WHO/EOP
Russell W. Horwitz/OPD/EOP
Lael Brainard/CEA/EOP
Kristen E. Panerali/OPD/EOP

TALKING POINTS IN RESPONSE TO CRITICISM OF FAST TRACK BILLS

Introduction

- I know you have heard from fast track opponents that the bills pending in the House and Senate would greatly restrict the President's ability to address other governments' labor and environmental practices. That is untrue. And it should not be allowed to shift the focus from the central issue: that fast track is essential to opening foreign markets to our exports, creating good high-wage jobs for American workers.

Labor and the Environment

- The opponents neglect to mention that the House and Senate fast track bills both set out specific negotiating objectives to address foreign governments' labor practices -- the most detailed provisions of this type ever included in fast track legislation.
- The opponents also ignore the fact that these fast track bills *for the first time* include trade-distorting environmental, health, and safety practices in the principal fast track negotiating objectives.
- These bills expressly permit the President to determine whether other governments are actually applying their labor laws -- or instead are manipulating them to gain an unfair trade advantage for their goods and companies. If we find that they are doing so, we can negotiate provisions to stop that practice.
- Claims that these bills represent a "step backward" from past fast track authority, including under the 1988 Trade Act, are fallacious. As noted, those were silent on environment, health, and safety. And the labor-related language was much vaguer. The 1988 Act committed the United States only to "promote respect" for worker rights and seek adoption of a GATT "principle" that foreign countries "should not" use the denial of such rights to gain competitive advantage in international trade.
- By contrast, these bills are far stronger -- turning the vague language of the past into clear authority for the President to negotiate with other countries to ensure they do not manipulate or ignore their labor and environmental laws to gain a competitive advantage for themselves.
- And the President also retains the full authority under these bills to utilize a variety of means to promote greater respect for environmental protection and worker rights -- including through a prohibition on exploitative child labor. The Administration is committed to addressing these issues vigorously in a variety of international fora and, where appropriate, with our trading partners.

- [If asked--for House bill only] The opponents also claim that language in the House bill providing that foreign governments should not be precluded from changing their laws for “sound macroeconomic reasons” creates a loophole here. That is untrue. We have long urged other governments to implement economic policies that make good development sense in the long term -- and that are consistent with labor, environmental, and health and safety concerns. *Sound* macroeconomic policies and strong labor and environmental protections are complementary goals.

Other Issues

- The opponents also are wrong when they claim that the bills will significantly restrict Congress’ ability to include provisions of importance to American workers in future trade agreement implementing legislation.
- In fact, both bills ensure that future fast track legislation can include trade adjustment assistance for U.S. workers and firms, must protect our strong laws addressing unfair foreign trade practices, and can accommodate other relevant provisions of interest to Members of Congress and the Administration.

Conclusion

- The House and Senate bills both improve on past fast track legislation in enabling us to address the types of foreign government labor and environmental practices that have the greatest impact on American workers and American firms. These bills give us the chance to break down foreign trade barriers and advance worker rights and environmental protection at the same time.
- Opposing fast track, by contrast, would do nothing to advance our ability to address these concerns with other governments. It simply would ensure that our labor and environmental concerns are ignored in the years ahead-- even as we are denied the chance to pursue new export opportunities that translate directly into good jobs for American workers.

10/24/97

15:32

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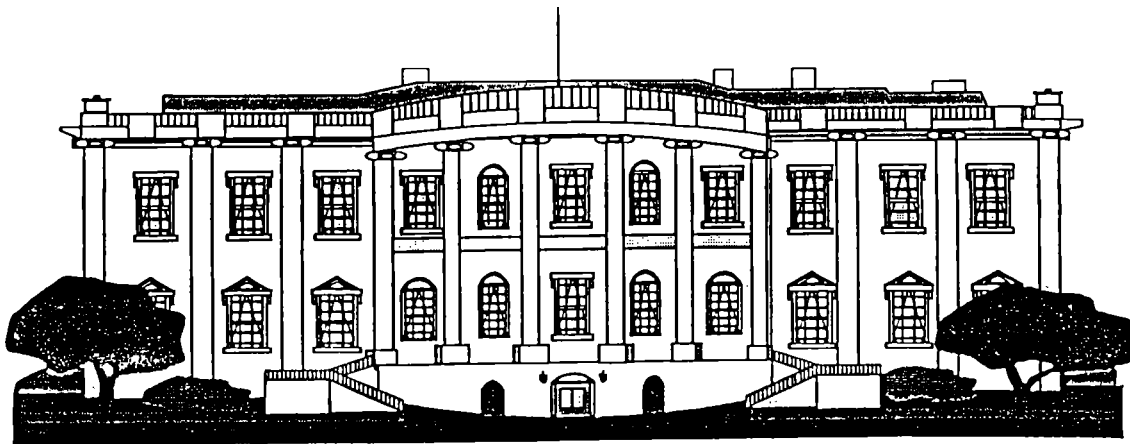
WHITE HOUSE/NEC

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*** ACTIVITY REPORT ***

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CONNECTION ID	USTR OGC	
START TIME	10/24 15:31	
USAGE TIME	01'08	
PAGES	3	
RESULT	OK	



The White House

National Economic Council

To: Sue/Bob

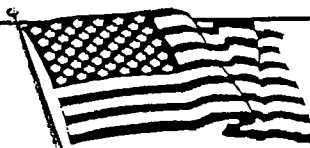
Phone: 53150 Fax: 53639

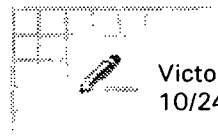
From: Eric Aiel

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

Pages including cover sheet: 3

Comments: My talking points (as approved
by Bob Kyle & circulated to Jack + Vicki)
from your letter yesterday





Victoria Radd
10/24/97 11:50:25 AM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Re: Drafting response to criticism of fast track bills

That would be very helpful. If it is done by today, also get it (via David Leavy) to Albright and Rubin who are both doing Sunday shows.

Thanks,
V.



Jason Berman
10/24/97 11:02:37 AM

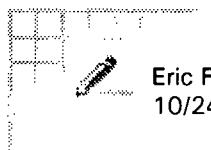
Record Type: Record

To: Eric R. Biel/WHO/EOP

CC:

Subject: Re: Drafting response to criticism of fast track bills 

Eric - start by actually putting on paper the negotiating objective from 1988--so that people can see with their own eyes how spartan it really is. Is there any legislative history as to what the proponents actually thought they were achieving?



Eric R. Biel
10/24/97 10:28:43 AM

=bill, pts, doc

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Drafting response to criticism of fast track bills

Unless anyone has already seen a concise written response to the charge that the House and Senate fast track bills are far worse than the 1988 Trade Act (by tying the President's hands on labor and environment, etc.), I am going to try to put one together today. I know we have done some general talking points responding on labor and environment, but yesterday USTR--working with us--drafted and sent to Matsui a very good letter answering the charges of AFL-CIO and Hill critics much more directly. I will take that, which is over two pages, and try to work it into Q&A format. I know Bill Daley, among others, has been looking for something a bit more specific here, and assumes others might be as well.

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Russell W. Horwitz/OPD/EOP
Michael W. Williams/WHO/EOP
Lael Brainard/CEA/EOP

**TALKING POINTS ON
NEW WAYS & MEANS COMMITTEE
TRADITIONAL TRADING AUTHORITY LEGISLATION**

The Ways & Means Compromise Meets the Objectives of the President and is a Good Bipartisan Approach. We want to thank Chairman Archer and Mr. Dreier for working with us constructively in fashioning a good bipartisan bill. The compromise recently reached (which is different than the bill Chairman Archer introduced Monday) meets the concerns of both Congressional Democrats and Republicans. It also advances the key objectives of the President.

- Serving Our Overall Objectives. The bill ensures the President is able to pursue his three core 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. Our goal throughout this process has been to ensure the President is able to pursue all three objectives effectively.
- Promoting Our Labor and Environmental Goals. The bill contains a fast track negotiating objective specifically addressing protection of the environment and promotion of worker rights abroad. The President also retains the ability to pursue labor and environmental objectives through a variety of means.

The Bill Advances Our Trade Agenda. The Ways & Means bill permits the President to continue attacking foreign trade barriers and opening markets to the products of U.S. workers and companies. Renewal of fast track authority, which every President has had since 1974, is critical to continuing the economic expansion the U.S. is now experiencing.

The Bill Gives Us the Ability to Protect Worker Rights and the Environment. This bill enables us to address worker rights and environmental protection in negotiations with our trading partners. Key provisions include:

- Principal Negotiating Objective. The bill includes the promotion of worker rights (including deterring exploitative child labor) and protection of the environment as a principal negotiating objective of U.S. negotiators. It establishes the objective of ensuring “that foreign governments do not derogate from or waive existing domestic environmental, health, safety or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment”.
- Worker Rights in the ILO/WTO. The bill also promotes worker rights and the environment by stating the President should pursue non-fast track agreements on various labor/environmental subjects in the ILO, WTO and other fora.
- Assistance for Dislocated Workers. The bill contains reauthorization for Trade Adjustment Assistance (TAA) and NAFTA-TAA. It also states that future trade agreement implementing bills could contain adjustment assistance for workers and firms adversely affected by trade.

The President Can Use Additional Tools. The Ways & Means Committee approach recognizes that the President retains additional options for pursuing our labor and environmental objectives.

- Side Agreements. The President retains broad executive authority to reach labor and environmental agreements with other countries. These agreements do not require Congressional approval. We have already committed to such agreements in conjunction with future trade negotiations, where appropriate, and Chile has already agreed to conclude such agreements with us.
- Other Agreements. The Clinton Administration has done more than any other to press countries to improve their labor and environmental protections – and we will continue to do so, whether through the WTO, ILO, UN or international financial institutions. We should be concerned about improving labor and environmental conditions in all countries, not just in free trade partners.

The Bill Includes Other Key Provisions. The Ways & Means Committee bill also incorporates a variety of other important provisions sought by Democrats and others.

- Agriculture. The bill contains a specific, detailed negotiating objective on agriculture, requested by Democrats, that is designed to promote fairer and more open conditions of agricultural trade.
- Better Consultations. It includes several provisions to require greater consultations with the Congress than ever before.
- Flexibility in Future Bills. The Ways & Means Committee bill also provides flexibility to include in future trade agreement implementing bills provisions “related to the operation or effect of the provisions of the trade agreement”, thereby permitting the U.S. to include assistance for dislocated workers or other provisions important for adjustment to the effects of the trade agreement’s provisions.
- Duration. The bill extends fast track authority to 2001, extending it until 2005 only after a Congressional vote.

Traditional Trading Authority

The Senate Finance Bill Addresses Key Democratic Concerns. The Senate Finance Committee bill, passed on October 1 with overwhelming Democratic support, advances the key objectives of the President and Congressional Democrats.

- Serving Our Overall Objectives. The bill ensures that the President is able to pursue his three core 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. Our goal throughout this process has been to ensure the President is able to pursue all three objectives effectively.
- Promoting Our Labor and Environmental Goals. The bill contains a fast track negotiating objective specifically relating to protecting the environment and promoting worker rights abroad. The President also retains the ability to pursue labor and environmental objectives through a variety of means.

The Bill Advances Our Trade Agenda. The Finance Committee bill permits the President to continue attacking foreign trade barriers and opening markets to the products of U.S. workers and companies. Renewal of fast track authority, which every President has had since 1974, is critical to continuing the economic expansion the United States is now experiencing.

The Bill Gives Us the Ability to Protect Worker Rights and the Environment. This bill enables us to address worker rights and environmental protection in negotiations with our trading partners. Key provisions include:

- Principal Negotiating Objective. The bill includes the promotion of worker rights (including child labor standards) and protection of the environment as a principal negotiating objective of U.S. negotiators. It directs U.S. negotiators to seek agreements to prevent foreign governments from lowering, or derogating from, the country's labor, environmental, or health and safety standards for the purpose of attracting foreign investment or inhibiting U.S. exports.
- Worker Rights in the ILO. The bill also promotes worker rights by having the U.S. seek to have the International Labor Organization examine how other countries are enforcing core standards such as freedom of association and the right to organize and bargain collectively -- an idea proposed by Senator Moynihan and other Democrats.
- Assistance for Dislocated Workers. The bill also envisions that trade agreement implementing bills could contain assistance for those workers dislocated by trade, such as through the Trade Adjustment Assistance (TAA) program.
- Environmental Protection. The bill affirms the importance of protecting and preserving the environment and calls for enhanced international efforts to accomplish this objective.
- Protecting Our Laws. The bill safeguards U.S. laws that provide world-class protection to our workers and the environment.

The President Can Use Additional Tools. The Finance Committee approach recognizes that the President retains additional options for pursuing our labor and environmental objectives.

- Side Agreements. The President retains extensive executive authority to reach labor and environmental agreements with other countries. These agreements do not require congressional approval. We have already committed to such agreements in conjunction with future trade negotiations, where appropriate, and Chile has already agreed to conclude such agreements with us.
- Other Agreements. The Clinton Administration has done more than any other to press countries to improve their labor and environmental protections -- and we will continue to do so, whether through the WTO, ILO, UN, or international financial institutions. We should be concerned about improving labor and environmental conditions in all countries, not just in free trade partners.

The Bill Includes Other Key Provisions Requested by Democrats. The Finance Committee bill also incorporates a variety of other important provisions sought by Minority Leader Daschle and other Democrats.

- Agriculture. The bill contains a specific, detailed negotiating objective on agriculture, requested by Democrats, that is designed to promote fairer and more open conditions of agricultural trade.
- Better Consultations. It includes several provisions to require greater consultations with the Congress than ever before -- concerning both trade negotiations and any planned agreements on labor and the environment.
- Trade Adjustment Assistance. At the insistence of Senator Moynihan and other Democrats, the Finance Committee bill extends and funds the TAA program for two additional years.
- Flexibility in Future Bills. The Finance Committee bill also preserves the ability to include in future fast track legislation improvements in U.S. fair trade laws or assistance for dislocated workers, important for the U.S. to adjust to the effects of the trade agreement.
- Duration. The bill extends fast track authority to 2001, extending it until 2005 only after a congressional vote.

WH Press

FAST TRACK
October 7, 1997

Q: What's the status of the President's Fast Track Legislation? Anything happen this weekend/today? Will you get a vote before the year's out? Will you allow a vote to take place next year? Did you wait too late? Did you kill it by making the wrong call on labor and the environment? Is the bill in trouble because POTUS isn't doing enough as the Speaker and Majority Leader say?

- **POTUS will meet with key Democrats individually as well as all Democrats on the House Ways and Means Committee today. COS Bowles, Amb. Barshefsky, others continue to meet with key Democrats. Working hard at all levels to secure this needed authority to open markets for US business and workers.**
- **USTR staff met with House Ways and Means staff into the early hours of the morning. Meeting was a follow-up on Ambassador Barshefsky's meeting with Chairman Archer and others midday Monday.**
- **Meetings reflected our continuing efforts to work together on a bipartisan basis to craft legislation that can command a majority. While differences remain, remain hopeful that we can agree on draft legislation that commands bipartisan support, just as we did with Senate Finance Committee. Expect Ways and Means Mark-up on Wednesday**

Note: You may be asked if Archer's "bill" that he introduced yesterday is acceptable to the administration. "Bill" is outline required by House 48 Hour Rule; not the final word. Stick with above formulations: continuing to work to craft a bill that can command bipartisan support; remain hopeful.

- **Continue to believe legislative sequencing is on target: balanced budget agreement, extensive Congressional consultations set the stage for legislative process to craft bill that commands bipartisan support from majority of both houses. Speaker's right that we don't have the votes now, but convinced that continued hard work will secure authority POTUS needs to open markets for American workers and businesses.**
- **We share goal expressed by Senator Lott, House Leadership to have floor votes in both houses before Congress adjourns this fall; believe they're committed to that goal. Leadership will set schedule of when those votes take place. This will get harder, not easier the longer we wait; if we don't get a vote this year, there won't be a vote.**

Senate Finance Committee Markup

Q: What is the Administration's reaction to the fast track bill marked up in the Senate Finance Committee October 1?

A: We applaud the Senate Finance Committee for successfully reporting out this legislation, which received strong bipartisan support. We particularly want to thank Chairman Roth, Ranking Member Moynihan and the other members of the Committee for working constructively, on a bipartisan basis, in shaping a bill.

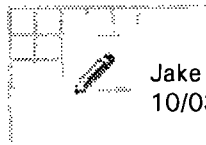
This legislation gives the President the same kind of negotiating authority every President has had since 1974. It would permit the President to continue opening foreign markets to the products of U.S. workers and companies, which is critical to continuing the economic expansion the United States is now experiencing.

We look forward to working with the Senate leadership to secure Senate passage of this legislation. We also look forward to working with the Ways & Means committee and the House leadership in fashioning bipartisan legislation that can be enacted this year.

Q: What do you think of the labor/environmental provisions contained in the bill?

A: We support the provisions as a bipartisan compromise that helps move this legislation forward. This legislation gives the President what he has always wanted: the authority both to pursue his trade agenda and to encourage other countries to protect the environment and promote worker rights. [Regarding a response to specific language, we recommend you refer press inquiries to USTR.]

Background: FYI, the legislation contains a principal negotiating objective to seek agreements “to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports.”



Jake Siewert
10/03/97 06:10:44 PM

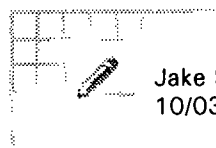
Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Re: Talking points on bill, etc. 

I'm sorry about the confusion. It was finalized when BK handed them to them. I just sent it over to USTR for them to distribute and some one took my copy of the fax. I believe they were dsitributed internally here as well, but we do need to work on an e-mail dist. system -- check with Russell on that.



Jake Siewert
10/03/97 11:09:39 AM

Record Type: Record

To: Eric R. Biel/WHO/EOP

CC:

Subject: Re: Talking points on bill, etc.

He did, and I then faxed them to USTR and have not seen them since. If you run across a copy, please make another one for me.

Call Vicki,
dz here

BE's revised version
attached - still q

Jay Z. bent back this
10/6 - still q's here

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 1, 1997

**Statement by the President on
Senate Finance Committee Vote on Fast Track Legislation**

I am pleased that the Senate Finance Committee, with overwhelming bipartisan support, has reported out legislation that renews the partnership between the President and the Congress in reaching trade agreements, a negotiating authority every President has had since 1974. To keep the American economy strong, we must continue to break down unfair foreign trade barriers to our goods and services. This legislation will allow us to tear down those barriers and help American businesses and workers compete and win in the global marketplace. I look forward to working with the congressional leadership to build on the bipartisan spirit we saw in the Senate Finance Committee today and to secure passage of this important legislation this year.

-30-30-30-

Traditional Trading Authority

Handwritten notes:
= Trade Dept
to BP 4/30 1/1
→ 2003

The Senate Finance Bill Addresses Key Democratic Concerns. The Senate Finance Committee bill, passed on October 1 with overwhelming Democratic support, advances the key objectives of the President and Congressional Democrats.

- Serving Our Overall Objectives. The bill ensures that the President is able to pursue his three core 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. Our primary goal throughout this process on fast track has been to ensure the President is able to pursue all three objectives effectively, and this now has been accomplished.
- Promoting Our Labor and Environmental Goals. The bill recognizes that certain labor and environmental issues are proper subjects of trade agreements under the fast track, and it preserves the President's ability to pursue labor and environmental objectives through a variety of means.

The Bill Advances Our Trade Agenda. The Finance Committee bill permits the President to continue attacking foreign trade barriers and opening markets to the products of U.S. workers and companies. Renewal of this authority, which every President has had since 1974, is critical to continuing the economic expansion the United States is now experiencing.

The Bill Gives Us the Ability to Protect Worker Rights and the Environment. This bill enables us to address worker rights and environmental protection in negotiations with our trading partners. Key provisions include:

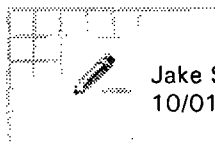
- Principal Negotiating Objective. The bill includes the promotion of worker rights (including child labor standards) and protection of the environment as a principal negotiating objective -- environmental protection for the first time ever under the fast track. It expressly commits the United States to prevent trading partners from lowering of labor or environmental standards to attract investment or restrict U.S. exports.
- Worker Rights in the ILO. The bill also promotes worker rights by directing the International Labor Organization to examine how other countries are enforcing core standards such as freedom of association and the right to organize and bargain collectively -- an idea proposed by Senator Moynihan and other Democrats.
- Environmental Protection. The bill affirms the importance of protecting and preserving the environment and calls for enhanced international efforts to accomplish this objective.
- Protecting Our Laws. The bill safeguards U.S. laws that provide world-class protection to our workers and the environment.

The Bill Preserves Our Flexibility to Address These Concerns. The Finance Committee bill ensures that the President retains a range of options for deciding how best to address important labor and environmental objectives.

- Side Agreements. The President retains extensive executive authority to reach labor and environmental agreements with other countries. These agreements do not require congressional approval. We have already committed to such agreements in conjunction with future trade negotiations, where appropriate, and Chile has already agreed to conclude such agreements with us.
- Other Agreements. The Clinton Administration has done more than any other to press countries to improve their labor and environmental protections -- and we will continue to do so, whether through the WTO, ILO, UN, or international financial institutions. We should be concerned about improving labor and environmental conditions in all countries, not just in free trade partners.

The Bill Includes Other Key Provisions Requested by Democrats. The Finance Committee bill also incorporates a variety of other important provisions sought by Minority Leader Daschle and other Democrats.

- Agriculture. The bill contains a specific, detailed negotiating objective on agriculture, requested by Democrats, that is designed to promote fairer and more open conditions of agricultural trade.
- Better Consultations. It includes several provisions to require greater consultations with the Congress than ever before -- concerning both trade negotiations and any planned agreements on labor and the environment.
- Trade Adjustment Assistance. At the insistence of Senator Moynihan and other Democrats, the Finance Committee bill extends and funds the TAA program for two additional years.
- Flexibility in Future Bills. The Finance Committee bill also preserves the ability to include in future fast track legislation those provisions that are "necessary or appropriate" to implement the relevant trade agreement. This ensures that both the Administration and the Congress have the ability to include provisions like TAA and those that clarify the agreement's relationship to U.S. trade laws.
- Duration. The bill extends fast track authority to 2001, extending it until 2005 only after a congressional vote.



Jake Siewert
10/01/97 02:08:35 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP, Robert D. Kyle/OPD/EOP

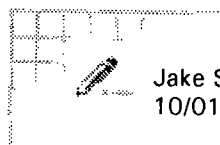
cc:

Subject: Fast track post-Finance vote



trade.sen

Vicki wanted new guidance for House Democrats - given the Senate vote. can you check for accuracy?



Jake Siewert
10/01/97 01:03:22 PM

Record Type: Record

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

cc:

Subject: Fast Track Guidance



trade.101



trade.add

This is what we gave McCurry this a.m.

Guidance on Fast Track

October 1, 1997

Q: Speaker Gingrich and Minority Leader Armey have criticized the White House for not being “engaged” in the fight for fast track authority. Is the President pulling out all the stops to gain Democratic support?

A: First of all, we have just received word that Congress has moved forward in a constructive way to craft legislation that would give the President traditional trading authority. The Senate Finance Committee voted out a bill today with overwhelming bipartisan support (a voice vote with only one dissent) that will restore the President’s power to tear down unfair foreign trade barriers.

The President has led the fight to open markets to American goods and to restore traditional trading authority so that we can continue to lower unfair foreign trade barriers to our exports:

- **Taken the Case to the Public.** Given several major public addresses highlighting the importance of restoring traditional trading authority: to the American Society of Newspaper Editors (July), a radio address (August), and at an East Room event unveiling legislation (September) and most recently, took the case for fast track directly to some of its fiercest opponents in his party: at the AFL-CIO convention last week in Pittsburgh. The Vice President made a strong pitch to the DNC Annual Meeting for fast track last weekend and has also spoken to software groups, the Democratic Leadership Council, and trade groups recently in support of fast track. Both the President and the Vice President went up to the Hill to the House Democratic caucus to make the case for fast track.
- **Heavy Private One-to-One Effort.** Led administration-wide effort to garner Democratic support for the bill: President and the Vice President went to the House Democratic caucus to make the case for fast track; the President and the Vice President have had numerous one-on-one and small meetings with more than 60 undecided House members at the White House and while on the road, including one just last night.
- **Administration Wide Effort.** Full court press by Cabinet and senior White House staff. Bowles, Barshefsky, Daley, Rubin, Sperling, Hilley and others have worked the various Democratic caucuses and undecided members non-stop through the last five weeks. The Chief of Staff has had a series of private lunches with Democratic Members. The Cabinet has fanned out across the Hill, meeting with dozens of Democratic Members.

In the end, the President and his entire economic team are fully committed to making the case for renewal of fast track. We cannot let this debate degenerate into finger-pointing and a blame game. Continuing to tear down foreign trade barriers is much too important to our country and to our future prosperity.

[Background: Might hint at lack of parallel effort from the Republican side. GOP leaders have yet to confront the new isolationist, protectionist wing in his own party as the President did in Pittsburgh. There has always been a strong Republican majority for open trade, but GOP leadership has allowed that to fracture.]

Q: Given the comments by the Speaker and the Minority Leader, is fast track in serious trouble?

A: Today, with overwhelming bipartisan support, the Senate Finance Committee voted out up fast track legislation that reflects our goals and preserves the full range of options the President put forward in our bill:

- It explicitly recognizes that certain labor, environmental, and health and safety standards are the proper subject of trade agreements that are subject to fast track.
- It does not limit the Executive Authority of the President to reach separate agreements on a range of issues, including labor and the environment.
- It recognizes that the President will also pursue labor and environmental protections in international fora.

We certainly hope that today's Senate action clears the way for the House to move forward on this critical piece of legislation.

Addendum on Fast Track

October 1, 1997

- We have just received very encouraging news from the Hill on the President's push for renewal of traditional trading authority.
- With overwhelming bipartisan support, the Senate Finance Committee voted out "fast track" legislation that embodies the President's objectives.
- Since that vote, Ambassador Barshefsky has been in direct communication with the House Ways and Means committee to build on the bipartisan support in the Senate for restoring the President's power to tear down unfair trade barriers.

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

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FAX TRANSMITTAL

To: Bob Kyle

From: Ken Freiberg 395-7305

Date: Wednesday, Oct 1, 1997 12:32 p.m.

Pages: 2 (including cover page)

MESSAGE

Our summary of the bill for use by CB with the press.

Fast Track

Would renew the partnership between the Congress and the President in the negotiation and implementation of major trade agreements. It means that both branches will work together before, during, and after negotiations to fashion trade agreements in America's interest.

Broad negotiating objectives in the bill means that the President can pursue his full trade agreement agenda, like his predecessors have done.

- In particular, the President will have the flexibility he needs to address critical labor and environmental issues in the context of trade negotiations.
- [The language recognizes that certain foreign government labor and environmental measures can have a real impact on our trade.]

Broad tariff proclamation authority in the bill will allow the President to pursue sectoral trade deals, like ITA, that will enhance America's competitiveness in key world markets.

The bill also gives the President and the Congress flexibility in fashioning implementing legislation that will not only allow us to carry out our trade obligations but will permit us to address important American interests as we do so.

BE 12/1/97

**Q&A's ON FAST TRACK
SENATE FINANCE COMMITTEE MARKUP**

Q: What is the Administration's reaction to the fast track bill marked up in the Senate Finance Committee today?

A: The Administration applauds the Senate Finance Committee for successfully reporting out this legislation, which received strong bipartisan support. We particularly want to thank Chairman Roth, Ranking Member Moynihan and the other members of the Committee for working constructively, on a bipartisan basis, in shaping a bill.

This legislation gives the President the same kind of negotiating authority every President has had since 1974. It would permit the President to continue opening foreign markets to the products of U.S. workers and companies, which is critical to continuing the economic expansion the United States is now experiencing.

We look forward to working with the Senate leadership to secure Senate passage of this legislation. We also look forward to working with the Ways & Means committee and the House leadership in fashioning bipartisan legislation that can be enacted this year.

Q: What do you think of the labor/environmental provisions contained in the bill?

A: We support the provisions as a bipartisan compromise that helps move this legislation forward. This legislation gives the President what he has always wanted: the authority both to pursue his trade agenda and to encourage other countries to protect the environment and promote worker rights. [Regarding a response to specific language, we recommend you refer press inquiries to USTR.]

Background: FYI, the legislation contains a principal negotiating objective to seek agreements "to prevent the use of foreign government regulation and other government practices, including the lowering of, or derogation from, existing labor (including child labor), health and safety, or environmental standards, for the purpose of attracting investment or inhibiting U.S. exports."

FAST TRACK Q&A'S

BF $\Rightarrow$ Safety Report
10/10

Attended other Policy As
Q&A Response

WAYS & MEANS BILL

Q: What is in the Ways & Means Committee bill on labor and the environment?

A: The bill contains the most references to labor and the environment ever contained in fast track legislation, including:

- Principal Negotiating Objective: The bill includes the promotion of worker rights (including deterring exploitative child labor) and protection of the environment as a principal negotiating objective of U.S. negotiators. It establishes the objective of ensuring "that foreign governments do not derogate from or waive existing domestic environmental, health, safety or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment." Provisions addressing these problems could be included in trade agreements and fast track legislation.
- Worker Rights in the ILO/WTO. The bill also promotes worker rights and the environment by stating the President should pursue non-fast track agreements on various labor/environmental subjects in the ILO, WTO and other fora. (These would not be permitted on fast track implementing legislation, but they should not require changes in U.S. law anyway.)
- Assistance for Dislocated Workers. The bill contains reauthorization for Trade Adjustment Assistance (TAA) and NAFTA-TAA. It also states that future trade agreement implementing bills could contain adjustment assistance for workers and firms adversely affected by trade.
- Additional Labor/Environment Agreements. The President retains broad executive authority to reach labor and environmental agreements with other countries. We would reach such agreements with Chile in the context of free trade negotiations.

Q: The Ways & Means bill allows us to attack labor and environmental problems only if they are "directly related to trade". Bush and Reagan never had this restriction. Why should this President accept less?

A: Under this bill, this President will do more to address labor and environmental concerns than any of his predecessors. The legislation gives the President the authority to ensure that foreign countries do not derogate from or waive their labor and or environmental measures to gain a competitive advantage. No President before has ever attempted to include such provisions in trade agreements. The President is satisfied that this bill gives him ample authority to promote worker rights and protect the environment abroad.

Q: The Way & Means bill permits us only to ensure that countries don't lower their labor and environmental standards. Why shouldn't we also press them to increase their standards?

A: We can and will do that. The bill provides that we can ensure that countries do not derogate from or waive their labor/environmental measures as part of fast track trade agreements. But we will continue to press countries to improve their labor and environmental standards in many ways, whether through the ILO, WTO, international financial institutions, or the side agreements the President has stated he will negotiate, as appropriate, with new free trade partners.

But we are likely to make more progress if we negotiate trade agreements with these countries. If we negotiate a trade agreement with Chile, it has said it will sign labor and environment side agreements. If no trade agreement, no side agreements. If you care about labor/environment, the best strategy is to vote for fast track.

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.

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.

IPR V. LABOR/ENVIRONMENT

Q: Critics charge that you incorporate intellectual property provisions in free trade agreements, but fail to give the same treatment to labor/environmental provisions? Aren't they correct that you care more about American corporations than about American workers?

- First, no Administration in history has been more aggressive in pressing to improve international labor rights or environmental protection. We have:
- Continued to press this agenda in international institutions, like the ILO and WTO. In fact, our fast track bill contains a negotiating objective directing us to continue this effort.
- Made a commitment to negotiate labor/environment side agreements in the context of future free trade agreements, when appropriate. We will negotiate such agreements in the context of the Chilean free trade talks. Those agreements can make a difference: there have 7 cases brought involving labor violations under the NAFTA side agreement, none brought for IPR violations under the NAFTA itself.
- Other initiatives, like the President's 1996 Apparel Industry Partnership ("No Sweat Initiative"), a collaboration between labor, business and NGO's to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions.

As to the critics' charge, there is a fundamental difference between intellectual property rights and labor/environment. Violations of intellectual property rights relate to the product itself, which is being exported to the United States. The issue of labor/environment involves more broadly the entire social and legal structure of the foreign country, which goes beyond trade concerns. That's an important difference.

What about trade sanctions?

What we are talking about is economic sanctions that will deter a country from gaining a competitive advantage by not adhering to its existing standards or, if they do, nullifying the advantage. What form those take is less relevant than that they achieve their purpose. In the case of Chile, we believe a system of monetary fines, like they agreed to with Canada, achieves our objectives. Other countries may require other approaches; this mark leaves room for other approaches. It must be remembered that this is simply a negotiating objective. How it will be effectuated in a negotiation is a different issue, and one with which we will consult with Congress on regular throughout the process.

are we
ready to
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explicit?

What is the status of the countries in the hemisphere with respect to the recognition of core labor standards?

The countries of the hemisphere have a good record with respect to recognition of core labor standards, including ratification of the relevant ILO conventions.

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. This 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.

Open 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 (extensive consultations, 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 instruction 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 enforce 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 been 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.

Traditional Trading Authority Discussion Points for Calls to Democrats

Held Bill Back to Listen to and Address Democratic Concerns. We held the bill back several days to hear the concerns of Democrats. We listened, and we believe we now have a bill that reflects the proper balance to address worker rights (including child labor standards) and environmental protection. Key provisions include:

- **Worker Rights.** Bill includes a negotiating objective on worker rights symmetrical to that granted President Bush by a Democratic Congress, with a specific reference to child labor. Also includes direction to seek stronger worker rights through the ILO, an idea proposed by Senator Moynihan and other Democrats.
- **Environment.** The negotiating objective also adds a specific provision on the environment, the first time ever this has been referenced in a fast track bill.
- **Agriculture.** Bill contains specific negotiating objective on agriculture, requested by Democrats.
- **Better Consultations.** Entirely new provisions requiring greater consultations, as to both the trade agreement and any labor/environmental side agreements.
- **Duration.** Authority granted until 2001, with extension until 2005 only after a congressional vote.

Bill Reflects Ongoing Commitment to Democratic Values. Overall, 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. Throughout this process on fast track, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.

- **Trade Agreements.** This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority. This is but one of many tools the President can use to advance his goals.
- **Side Agreements.** The President has extensive executive authority to reach labor/environmental agreements with countries. These agreements do not require congressional approval. 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.** The Clinton 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.

More Detailed Review of Provisions. Key provisions include:

- **Necessary and Appropriate.** We have added language that will allow us to include in future implementing bills those provisions that are “necessary or appropriate” to implement the relevant trade agreement. The Administration and the Congress need flexibility to include in such bills provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. These might include, for example, the agreement’s relationship to existing U.S. trade laws, authority to monitor the results of the agreement, or extending Trade Adjustment Assistance to help those American workers who do not share the benefits from expanded trade. Restricting future bills only to those provisions deemed “necessary” would prevent inclusion of these and other critically important provisions.
- **Duration.** The duration of the trading authority extends to 2001, with extension until 2005 only after a congressional vote.
- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (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.
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets.
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement. Chile made a firm commitment to enter into side agreements on labor and the environment.

REVISED (per Kyle)
DUSA/BK edit
→ Take 1:55 PM

**Traditional Trading Authority
Discussion Points for Calls to Democrats**

Held Bill Back to Listen to and Address Democratic Concerns. We held the bill back several days to hear the concerns of Democrats. We listened, and we believe we now have a bill that reflects the proper balance to address worker rights (including child labor standards) and environmental protection. Key provisions include:

- **Worker Rights.** Bill includes a negotiating objective on worker rights symmetrical to that granted President Bush by a Democratic Congress, with a specific reference to child labor. Also includes direction to seek stronger worker rights through the ILO, an idea proposed by Senator Moynihan and other Democrats.
- **Environment.** The negotiating objective also adds a specific provision on the environment, the first time ever it has been referenced in a fast track bill.
- **Agriculture.** Bill contains specific negotiating objective on agriculture, requested by Democrats.
- **Better Consultations.** Entirely new provisions requiring greater consultations, as to both the trade agreement and any labor/environmental side agreements.
- **Duration.** Authority granted until 2001, with extension until 2005 only after a congressional vote.

Bill Reflects Ongoing Commitment to Democratic Values. Overall, 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. Throughout this process on fast track, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.

- **Trade Agreements.** This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority. This is but one many tools the President can use to advance his goals.
- **Side Agreements.** The President has extensive executive authority to reach labor/environmental agreements with countries. These agreements do not require congressional approval. 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.** The Clinton 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.

More Detailed Review of Provisions. Key provisions include:

- **International Labor Organization.** In addition to initiatives on worker rights and environmental protection to be pursued through the World Trade Organization, the U.S. will work to give the ILO new means of promoting labor standards. We will seek to establish a mechanism within the International Labor Organization for the systematic examination of, and reporting on, how well ILO members protect worker rights and enforce core labor standards. Don't think this needs to be highly visible on P.I. Agree
- **Necessary and Appropriate.** We have added language that will allow us to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement. The Administration and the Congress need flexibility to include in such bills provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. These might include, for example, the agreement's relationship to existing U.S. trade laws, authority to monitor the results of the agreement, or extending Trade Adjustment Assistance to help those American workers who do not share the benefits from expanded trade. Restricting future bills only to those provisions deemed "necessary" would prevent inclusion of these and other critically important provisions.
- **Duration.** The duration of the trading authority extends to 2001 with extension until 2005 only after a congressional vote. A
- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (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 about parallel agreements, such as labor and environmental side agreements. before signing a trade agreement
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws. ? | Believe this is OK
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets. SAP all
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement. Chile made a firm commitment to enter into side agreements on labor and the environment.

Traditional Trading Authority
Discussion Points for Calls to Democrats

also for Reps

Key provisions include:

Held Bill Back to Listen to and Address Democratic Concerns. We held the bill back several days to hear the concerns of Democrats. We listened and now we believe the bill reflects the proper balance to address worker rights, child labor standards, and environmental protection. ~~Let me walk you through some the provisions we added to address legitimate and reasonable concerns.~~

Summary. The provision on worker rights is symmetrical to that granted to President Bush by a Democratic Congress, but ~~includes~~ ^{adds} specific provisions on the environment and child labor standards. The bill also provides for better and more thorough consultations with Congress, a specific negotiating objective on agriculture, and limits the duration of this authority to 2001.

Labor and Environment. Overall, 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 labor standards; and (3) to promote responsible environmental protections. Throughout this process on fast track, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.

- **Trade Agreements.** This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority. This is ~~only one tool the~~ ^{but one of many tools the} President can use.
- **Side Agreements.** The President has extensive executive authority to reach labor/environmental agreements with countries. These agreements do not require congressional approval. 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.** The Clinton Administration has done more than 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.

- **International Labor Organization.** In addition to initiatives on worker rights and environmental protection to be pursued through the World Trade Organization, the United States will work to give the ILO new means of promoting and protecting labor standards. We will seek to establish a mechanism within the International Labor Organization for the systematic examination of, and reporting on, how well ILO members protect worker rights and enforce core labor

standards. This recognizes the ILO's longstanding efforts to promote greater respect for worker rights, including by working to hold its member accountable for the enforcement of internationally-recognized core labor standards: freedom of association, the right of collective bargaining, non-discrimination in employment, the prohibition on forced labor, and the prohibition on exploitative child labor.

- **Necessary and Appropriate.** We have added language that will allow us to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement. ~~It is essential that both the Administration and the Congress have the flexibility to include in such bills provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. These might include, for example, the agreement's relationship to existing U.S. trade laws, authority to monitor the results of the agreement, or extending a program to help those American workers who do not share the benefits from expanded trade, e.g. TAA. Restricting future bills only to those provisions deemed "necessary" would prevent the Administration and Members of Congress from including these and other critically important provisions.~~ *Need the*

includes of

- **Duration.** ~~We have agreed to limit the duration of traditional trading authority to 2001.~~ *the extends to 2001*

Need an example

- **Consultations with Congress.** ~~We have added language to ensure that Congress will be a full partner in setting objectives and establishing trade priorities for American negotiators. This proposal goes well beyond any previous fast-track legislation to ensure that the Congress is fully apprised and consulted throughout the negotiating process. This collaborative process will strengthen America's effectiveness and leverage at the bargaining table.~~ *Rider C* *we extends until 2001 only after a larger vote.*

- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.

Need specifics

- **Specific Agriculture Objective.** We have added a specific negotiating instruction on agriculture to ensure that our negotiators specifically focus on how to ensure that America's farmers [waiting on details.] *bilateral*

- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a free trade agreement. Chile made a firm commitment to enter into side agreements on labor and the environment.

Rider A

- Worker Rights: Bill includes a negotiating objective on worker rights symmetrical to that granted President Bush by a Democratic Congress, with a specific reference to child labor. Also includes direction to seek stronger worker rights through the ILO, an idea proposed by Senator Moynihan and other Democrats.
- Environment: This negotiating objective also adds a specific provision on the environment, the first time ever it has been referenced in a fast track trade bill.
- Agriculture: Bill contains specific negotiating objective on agriculture, requested by Democrats.
- Better Consultations: Entirely new provisions requiring greater consultations, as to both the trade agreement and any labor/environmental side agreements.
- Duration: Authority granted until 2001, with extension until 2005 only after a Congressional vote.

Bill reflects ongoing commitment to Democratic values.

Rider B

More detailed review of provisions. Key provisions include:

Rider C

Strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include:

1) requirement the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; 2) requirement the Administration consult ~~with the Congress~~ *before setting an agenda?* about parallel agreements, such as labor/environment side agreements.

FOR BOB KUCS
Pulled Draft
at 9:15 AM

**Traditional Trading Authority
Discussion Points for Calls to Republicans**

Shared Objective. We both want to ensure that fast track authority is renewed. We believe in free trade, and we know that our future prosperity depends on it. We can get this done. Our team is fully committed to doing whatever it takes to get it done, and we hope we can work in the same spirit of trust and cooperation that allowed us to get the budget done.

Delayed Bill to Gain Bipartisan Support. We delayed introducing the bill for a couple of days to address the concerns of moderate Democrats whose votes are absolutely essential for passage. We listened to them and made some changes, but we fully expect criticism from the rest of the Democratic caucus and from labor. We believe we now have strong legislation that deserves support from both sides of the aisle.

Accepted Your Proposal on "Directly Related to Trade." Most importantly, we have accepted the Archer language on "directly related to trade." The President is firmly committed to ensuring that, in our push for free trade, we do not undermine labor and environmental standards. And we are prepared to pursue side agreements with Chile and other nations to promote stronger labor and environmental standards. Even so, we have adopted the Archer-Dreier language on "directly related," and we recognize its importance to the Republican caucus.

More Detailed Review of Provisions. Key provisions of the bill include:

- **Provision on Worker Rights and the Environment.** The principal negotiating objective on worker rights included in this legislation is symmetrical to that granted to President Bush, but does specifically mention the environment and child labor standards as well. It is limited to making progress in the World Trade Organization ("WTO") and the International Labor Organization ("ILO").
- **Necessary or Appropriate.** The bill would permit the Administration to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement, but only if those provisions are also "trade-related." As we have discussed, we need to strike a balance. We need flexibility to include provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. But we also don't want to allow extraneous provisions in the fast track bill. We think this strikes the right balance.
- **Duration.** The duration of the trading authority extends to 2001, with extension until 2005 subject to a congressional vote.

- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (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 an agreement about parallel agreements, such as labor and environmental side agreements.
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets. We think this principal negotiating objective will appeal to Members of both parties.
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement.

Would Like to Proceed in a Bipartisan Spirit. We have made a genuine attempt to write a bill Republicans can support, while attracting moderate Democrats as well. We think it is a good bipartisan bill, and we would like your support. At the very least, we would like generally positive statements (e.g. "Good start," "We can work with this"). We pledge to work closely with you as the bill is considered.

Revised Draft
2 PM

**Traditional Trading Authority
Discussion Points for Calls to Republicans**

Shared Objective. We both want to ensure that fast track authority is renewed. We believe in free trade, and we know that our future prosperity depends on it. We can get this done. Our team is fully committed to doing whatever it takes to get it done, and we hope we can work in the same spirit of trust and cooperation that allowed us to get the budget done.

Delayed Bill to Gain Bipartisan Support. We delayed introducing the bill for a couple of days to address the concerns of moderate Democrats whose votes are absolutely essential for passage. We listened to them and made some changes, but we fully expect criticism from the rest of the Democratic caucus and from labor. We believe we now have strong legislation that deserves support from both sides of the aisle.

Accepted Your Proposal on "Directly Related to Trade." Most importantly, we have accepted the Archer language on "directly related to trade." The President is firmly committed to ensuring that, in our push for free trade, we do not undermine labor and environmental standards. And we are prepared to pursue side agreements with Chile and other nations to promote stronger labor and environmental standards. Even so, we have adopted the Archer-Dreier language on "directly related," and we recognize its importance to the Republican caucus.

More Detailed Review of Provisions. Key provisions of the bill include:

- **Provision on Worker Rights and the Environment.** The negotiating objective on worker rights included in this legislation is symmetrical to that granted to President Bush, but does specifically mention the environment and child labor standards as well. ~~However,~~ it is limited to negotiations in the World Trade Organization ("WTO") and the International Labor Organization ("ILO"). ~~It does not cover bilateral trade agreements.~~
Handwritten notes: "making progress" (circled), "principal", "provisions", "confusing"
- **Necessary or Appropriate.** The bill would permit the Administration to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement, but only if those ~~agreements~~ are also "trade-related." As we have discussed, we need to strike a balance. We need flexibility to include provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. But we also don't want to allow extraneous provisions in the fast track bill. We think this strikes the right balance.
- **Duration.** The duration of the trading authority extends to 2001, with extension until 2005 subject to a congressional vote.
Handwritten note: "A"

- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (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 an agreement about parallel agreements, such as labor and environmental side agreements.
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets. We think this principal negotiating objective will appeal to Members of both parties.
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement.

Would Like to Proceed in a Bipartisan Spirit. We have made a genuine attempt to write a bill Republicans can support, while attracting moderate Democrats as well. We think it is a good bipartisan bill, and we would like your support. At the very least, we would like generally positive statements (e.g. "Good start," "We can work with this"). We pledge to work closely with you as the bill is considered.

**Traditional Trading Authority
Discussion Points for Calls to Republicans**

- **Shared Objective.** We both want to ensure that fast track authority is renewed. We believe in free trade, and we know that our future prosperity depends on it. We can get this done. Our team is fully committed to doing whatever it takes to get it done, and we hope we can work in the same spirit of trust and cooperation that allowed us to get the budget done.
- **Reasons for Delay.** We delayed introducing the bill for a couple of days to address the concerns of moderate Democrats whose votes are absolutely essential for passage. We listened to them and made some changes, but we fully expect criticism from the rest of the Democratic caucus and from labor.
- **Good Bipartisan Bill.** We believe that we have submitted a good bipartisan bill that both sides can support. Let us walk you through some of the ~~modifications we have made to shore up support among moderate Democrats.~~

Key provisions of the bill

• **Directly Related to Trade.** Most importantly, we have accepted the Archer language on "directly related to trade." The President is firmly committed to ensuring that, in our push for free trade, we do not undermine labor and environmental standards. And we are prepared to pursue side agreements with Chile and other nations to promote stronger labor and environmental standards, but we have adopted the Archer-Dreier language on "directly related" and we recognize its importance to the Republican caucus.

negotiating objective

• **Provision on Worker Rights and the Environment.** The provision on worker rights included in this legislation is symmetrical to that granted to President Bush, ~~by a Democratic Congress,~~ but does specifically mention the environment and child labor standards as well.

• **International Labor Organization.** In addition to initiatives on worker rights and environmental protection to be pursued through the World Trade Organization, the United States will work to give the ILO new means of promoting and protecting labor standards. We will seek to establish a mechanism within the International Labor Organization for the systematic examination of, and reporting on, how well ILO members protect worker rights and enforce core labor standards.

Rider A

- **Necessary and Appropriate.** ~~We have added language that will allow us to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement. It is essential that both the Administration and the Congress have the flexibility to include in such bills provisions that, while not absolutely required to implement a particular trade~~

However, it is limited to negotiations in the WTO + ILO. It does not cover bilateral free trade agreements.

agreement, nevertheless address trade policy issues raised by that agreement. Restricting future bills only to those provisions deemed "necessary" would prevent the Administration and Members of Congress from including these and other critically important provisions.

- **Duration.** We have agreed to limit the duration of traditional trading authority to ~~2001~~ ²⁰⁰¹.

extends to

~~2001~~

2001,

with an

extension

to 2005

subject

a Congress

vote.

- **Consultations with Congress.** We have added language to ensure that Congress will be a full partner in setting objectives and establishing trade priorities for American negotiators. This proposal goes well beyond any previous fast-track legislation to ensure that the Congress is fully apprised and consulted throughout the negotiating process. This collaborative process will strengthen America's effectiveness and leverage at the bargaining table.

- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.

- **Specific Agriculture Objective.** The legislation sets out a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets. This principal negotiating objective on agriculture was developed as a result of extensive consultations over the past several days with Members of Congress.

We think this

- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a free trade agreement. ~~Chile made a firm commitment to enter into side agreements on labor and the environment.~~

will appeal to Members of both parties

What We Would Like. ~~We do not expect unequivocal praise for this legislation from the Republican leadership and caucus. What we would like is generally positive statements, e.g. "Good start," "We can work with this," to ensure that we can move forward on this legislation in a bipartisan spirit of trust and cooperation. We cannot poison the well now and expect to move forward on legislation later.~~

Rider C

Rider A

The bill would permit us to include in future implementing bills those provisions that are “necessary or appropriate” to implement the relevant trade agreement, but only if those provisions are also “trade-related”. As we have discussed, we need to strike a balance. We need flexibility to include provisions that, while not absolutely required to implement, nevertheless address trade policy issues raised by the agreement. But we also don’t want to allow extraneous provisions in the fast track bill. We think this strikes the right balance.

Rider B

Strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include:

1) requirement the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; 2) requirement the Administration consult about parallel agreements, such as labor/environment side agreements.

any before signing an agreement

Rider C

We’ve made a genuine attempt to write a bill Republicans can support, while attracting moderate Democrats as well. We think it is a good bipartisan bill, and we would like your support. At the very least, we would like generally positive statements (e.g., “Good start”, “We can work with this”). We pledge to work with you as the bill is considered.