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Talking Points/Fact Sheets: Policy/Leadership [Fast Track]

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001. email	Nicole Elkonto Glyn davies, et al.; RE: Fast Track and South America (1 page)	10/09/1997	P1/b(1)
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COLLECTION:

Clinton Presidential Records
Policy Development
Eric Biel
OA/Box Number: 10601

FOLDER TITLE:

Talking Points/Fact Sheets: Policy/Leadership [Fast Track]

2017-0401-F

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

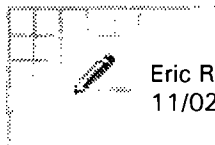
C. Closed in accordance with restrictions contained in donor's deed of gift.

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RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



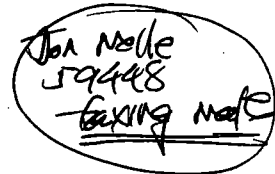
Eric R. Biel
11/02/97 02:26:06 PM

Record Type: Record

To: Victoria Radd/WHO/EOP

cc: Russell W. Horwitz/OPD/EOP, LEAVY_D @ A1 @ CD @ LNGTWY

Subject: Attached foreign policy points and Daschle materials



Attached are what I think is the current version of the foreign policy talking points. I'm also attaching for your review the "preamble" to the Daschle labor-environment document (which Bob Kyle has reviewed but may edit a bit further--the intent is to make it as neutral sounding as possible) and the summaries of the labor-env. contents that have gone to Bob Novick for inclusion in Hill materials USTR is preparing -- once the Daschle package is released. Bob Kyle just came in and is happy to discuss the Daschle materials/release plans if so desired; he still has to make a few more "consultation" calls to Hill staff on that. He is also coordinating with Sean Darragh of USTR on the agriculture part of the Daschle package. Finally, while he'd be happy to review the package David is pulling together, he doubts he could do so before tonight--and doesn't see a pressing need for his review as long as we haven't included any brand new document in it. EB



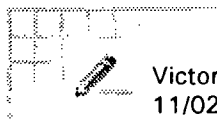
fasttrk.fp



daschpre.do



execinit.do



Victoria Radd
11/02/97 01:54:48 PM

Record Type: Record

To: LEAVY_D @ A1 @ CD @ LNGTWY, Russell W. Horwitz/OPD/EOP, Eric R. Biel/WHO/EOP

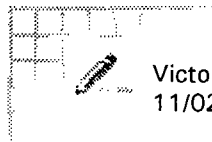
cc:

Subject: Re: Revised fast track materials 

Thanks for the revised materials, Eric.

The one piece missing from the package is our foreign policy talking points. Please make sure, David, that the final version we had produced for last week is included.

V.



Victoria Radd
11/02/97 01:52:48 PM

Record Type: Record

To: Susan A. Brophy/WHO/EOP, Jeffrey A. Forbes/WHO/EOP, Michael W. Williams/WHO/EOP
cc: See the distribution list at the bottom of this message
Subject: Resource Book for Hill Distribution

David Leavy will have the copies of our resource book for distribution on the Hill Monday morning.
I spoke with both Susan and Mike on Friday -- but just so I can confirm my understanding:

Leg Affairs will distribute to support, lean support, and undecided members of both Senate and House and both Democratic and Republican. You might also want to identify selected lean oppose members who are still persuadable.

Thanks,
V.

Message Copied To:

LEAVY_D @ A1 @ CD @ LNGTWY
Gene B. Sperling/OPD/EOP
Russell W. Horwitz/OPD/EOP
KYLE_R @ A1 @ CD @ LNGTWY
Eric R. Biel/WHO/EOP
rnovick @ ustr.gov @ INET @ LNGTWY

11/2
Call Vicki + Press A
Gene B. Sperling
also - Bill Kyle
+ Novick
+ Sean B.
K.59577

FAST TRACK AND AMERICAN LEADERSHIP

Overview

- **The fast track debate is about much more than trade. It is about American leadership in the world.** Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.
- **A failure of U.S. leadership would be a huge mistake.** For over 50 years, we have led the world toward freer markets -- reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefitted the U.S. We must not turn our back on that progress.
- **American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas.** The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted -- by default in our leadership -- to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy.

Exports and U.S. Growth

- **For the U.S., the case for fast track is clear: if we are to sustain our economic growth, we must export.** Since 1993, one-third of our growth has come from exports. Over the next decade, the economies of Latin America and Asia are expected to grow at three times the rate of the U.S. economy. In a world where 96% of the world's consumers live outside our borders, we must export to grow. It's that simple.
- **We are in a perfect position to compete. Our economy is the envy of the world.** We are once again the world's most competitive economy, the world's largest exporter, the leading producer in key industries like automobiles, semiconductors and pharmaceuticals. It makes no sense to sideline ourselves now.
- **But we cannot afford to take our economic leadership for granted.** Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process -- or watch it proceed without us:
 - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in the hemisphere has a preferential trade deal with Chile, except the U.S.
 - The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding \$1 trillion. President Chirac has declared "the future of the region rests with Europe, not the United States."

Fast track and U.S. Foreign Policy

- **Fast track is a test of our foreign policy.** As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post Cold-War world, trade agreements serve some of the same purposes security pacts played during the Cold War: They bind nations together through a set of shared interests and common objectives.
- **If the U.S. fails to lead, we risk losing influence by default. The trade patterns set in coming decades will have enormous strategic importance too.** That is part of the strategy behind FTAA and APEC processes. They are not just economic: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy strategic and security interests are deeply implicated. Rejecting fast track would signal retreat from these initiatives.
- **That would clearly undermine broader U.S. interests.** Latin America sees trade as the linchpin of a stronger hemispheric relations -- our failure to engage would undermine cooperation on a range of issues including drug interdiction, immigration, environmental protection and corruption. In Asia, the industrialization of 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America's economic and security interests that we be deeply engaged in the transformation. Without fast track, we are crippled in that effort.
- **The cause of democracy and free markets would also suffer.** After decades of failed experiments and anti-Americanism, many of the world's emerging markets today are embracing free markets, democracy and other American values. Today -- for the first time in history -- one half of the world's population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

Conclusion

- **The United States faces a critical choice.** We can continue to make our economy the model for the rest of the world, open foreign markets, and reaffirm our global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important.

STATEMENT OF EXECUTIVE INITIATIVES

The renewal of traditional trade negotiating authority will enable the United States to continue to assume the leadership role in breaking down trade barriers and opening markets -- creating new opportunities for our workers and our companies. By fostering a close partnership between the President and the Congress, this authority also ensures that the United States speaks with a united, bipartisan voice in pursuing our international trade agenda.

Even as we use this authority to negotiate strong new trade agreements, we need to ensure that our trade agenda complements and reinforces other important policy objectives -- as it always has done. These goals include helping promote greater attention by other countries to the protection of the environment and worker rights. Because of American leadership, we already have witnessed significant progress in both areas. Maintaining and extending this progress depends on our continued economic leadership role, which in turn is dependent on the renewal of our traditional trade negotiating authority. Failing to do so not only will deny us the ability to attack foreign trade barriers and create new jobs at home, but also will ensure that we are not positioned to help advance environmental protection and promotion of worker rights in other countries.

Greater international attention to labor and environmental issues is integral to our efforts to see that all workers have the opportunity to compete and win in the global marketplace. It also helps serve as an important reminder that the ultimate rationale for freer, expanded trade is to create additional wealth and, by so doing, to improve the living conditions of workers both in the United States and abroad. U.S. leadership in this regard also affords a clear example to the rest of the world that protecting the environment and worker rights helps contribute to increased economic growth and prosperity.

The initiatives described below complement the provisions on labor and the environment in the "fast track" legislation now under consideration in the Senate and House of Representatives. They demonstrate that we should work to promote stronger protection of the environment and worker rights in a variety of ways in a variety of fora; indeed, they reveal that trade negotiations may not always afford the best venue for achieving these important objectives.

These initiatives are fully consistent with our goal of expanding international trade. By remaining active here, the United States can help ensure that other countries' efforts to improve their protection of the environment and worker rights are in step with trade liberalization, not motivated by a desire to restrict trade and protect domestic markets. Our leadership position thus grants us both an opportunity and a challenge: to ensure that trade expansion and improved protection of the environment and worker rights are mutually supportive, and together contribute to economic growth, higher standards of living, and a higher quality of life both in the United States and abroad.

SUMMARY OF EXECUTIVE INITIATIVES ON ENVIRONMENTAL ISSUES

Transparency and Openness in the World Trade Organization (WTO)

- Both the House and Senate fast track bills call for the Administration to seek greater transparency in WTO proceedings. Accordingly, we will present our specific objectives for greater WTO transparency at a meeting of the WTO's governing body later this year, and will adopt increased transparency, openness, and public participation as priorities for next year's scheduled review of WTO dispute settlement procedures.
- Our specific objectives for more openness in WTO dispute settlement include advocating consideration of *amicus curiae* submissions by non-governmental parties where environmental or conservation issues are being considered; seeking to open dispute settlement proceedings to the public; and providing for more timely access to documents to increase public input into the dispute settlement process.

Eminent Persons Group

- We will seek to have the WTO establish an "eminent persons group" to examine the relationship between trade and the environment. We will ask the WTO Director General to convene such a group -- to include independent experts on trade, the environment, and development issues.
- The group should examine issues and formulate options for WTO consideration, including the relationships between GATT Articles III and XX and environmental measures affecting trade, trade measures in international environmental agreements and WTO rules, and trade disciplines and "ecolabeling" initiatives.

International Financial Institutions (IFIs)

- Consistent with existing statutory mandates, we will propose a series of specific steps to strengthen the IFIs' incorporation of environmental issues into their operations and to promote increased resources for environmental projects.
- Among the specific proposed measures are increased direct lending for environmental projects and a new fund to provide below market rate loans, greater scrutiny of environmental issues arising from prospective operations, and careful evaluation of the effectiveness of public disclosure of environmentally-sensitive projects.

SUMMARY OF EXECUTIVE INITIATIVES ON LABOR ISSUES

Review of Future Free Trade Agreement (FTA) Partners

- To help ensure that Congress and the public can evaluate future free trade agreements thoroughly, we will submit to Congress a review of the broader relevant conditions in FTA partner countries when an agreement is brought back for approval.
- This review will address the country's relevant labor and environmental laws (including their enforcement), the integrity and effectiveness of its legal system, its macroeconomic policies and practices (including its exchange rate system), and the structures and policies for addressing each of these areas.

Labor Department Report on Conditions under the North American Agreement on Labor Cooperation (NAALC)

- We believe that greater understanding of the labor conditions in our NAFTA partners will build on the work already being done under the NAALC and strengthen its effectiveness in addressing relevant labor issues.
- To accomplish this, the Labor Department will report annually on each NAFTA partner's labor laws, practices, and conditions covered by the NAALC, the relevant proceedings in the NAALC, and the steps the countries are taking to conform to the findings in any NAALC cases.

International Financial Institutions

- We will undertake a series of specific measures to increase the focus on and priority given to worker rights issues in the IFIs, and to ensure program countries take all steps possible to guarantee the protection of core labor standards.
- These include calling for a new World Bank office dedicated to analyzing labor issues and with direct input into program and lending activities, pressing for a screening mechanism to ensure these issues are taken into account systematically in planning and programming, urging more direct lending and technical assistance to improve adherence to core labor standards, and working to convene a World Bank-IMF conference to advance progress on core labor standards as well as a summit meeting of the presidents of the IFIs and ILO Director General to strengthen cooperation here.

Export Processing Zones

- We remain concerned about special tariff-free export processing zones in certain countries where there are lower labor standards and less adequate worker protections than exist in the rest of the country.
- To explore how best to address this issue, the Labor Department will update its earlier study on different rules in such zones, and we will also encourage further work in the ILO on the extent of these practices and means for addressing them with member states.

Child Labor

- Addressing exploitative child labor practices has been a longstanding priority; our initiatives here have included cooperative efforts with the private sector, technical assistance to developing countries, use of U.S. laws in response to persistent child labor practices, and reports and workshops to increase attention to this issue.
- Building on these efforts, the Labor Department will be issuing a report on actions being taken internationally to combat exploitative child labor. We will also establish an Administration task force, chaired by the Treasury Department, to implement a recent change to U.S. trade law that permits the exclusion from the United States of products made with forced or bonded child labor.

TB's At Sandy Beach 11/6
(+ summary of HR 2621)

TALKING POINTS ON FAST TRACK AND AMERICAN LEADERSHIP

Introduction

- **I think you know the economic arguments for fast track.** One-third of our growth since 1993 has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must export. It's that simple. And that's all we are seeking under fast track: the opportunity to negotiate new agreements that break down foreign trade barriers, level the playing field, and increase our ability to export our world-class goods and services.
- **We are in a perfect position to compete.** Our economy is the envy of the world. We are once again the world's most competitive economy, the world's largest exporter, the leading producer of automobiles, semiconductors, and pharmaceuticals. It makes no sense to sideline ourselves now.

Fast Track and American Leadership

- **But the fast track debate is about much more than trade alone: it is about American leadership in the world.** Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.
- **A failure of U.S. leadership would be a huge mistake.** For over 50 years, we have led the world toward freer markets -- reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefited the U.S. We must not turn our back on that progress.
- **American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas.** The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted -- by the United States defaulting on our leadership -- to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with those countries. Rejecting fast track would also send a terrible signal to emerging markets around the world about our commitment to their progress toward free market policies and democracy.
- **We cannot afford to take our economic leadership for granted.** Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process--or watch it proceed without us:
 - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in the hemisphere has a preferential trade deal with Chile, except the U.S.

- The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding \$1 trillion. President Chirac has declared “the future of the region rests with Europe, not the United States.”

Fast Track and American Foreign Policy

- **Fast track is a test of our foreign policy.** As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post Cold-War world, trade agreements serve some of the same purposes security pacts played during the Cold War: They bind nations together through a set of shared interests and common objectives.
- **If the U.S. fails to lead, we risk losing influence by default.** The trade patterns set in coming decades will have enormous strategic importance, too. That is part of the strategy behind the FTAA and APEC processes. They are not just economic initiatives: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy strategic and security interests are deeply implicated. Rejecting fast track would signal retreat from these initiatives.
- **Rejecting fast track would clearly undermine broader U.S. interests.** Latin America sees trade as the linchpin of a stronger hemispheric relations. Our failure to engage on trade would undermine cooperation on a range of other important issues, including drug interdiction, immigration, environmental protection and anti-corruption efforts. In Asia, the industrialization of 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America’s economic and security interests that we be deeply engaged in that transformation. Without fast track, we will be crippled in that effort.
- **The cause of democracy and free markets would also suffer.** After decades of failed experiments and anti-Americanism, many of the world’s emerging markets today are embracing free markets, democracy, and other American values. Today -- for the first time in history -- one half of the world’s population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes, and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

Conclusion

- **The United States faces a critical choice.** We can continue to make our economy the model for the rest of the world, open foreign markets, and reaffirm our global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important. That’s why I am asking for your support in tomorrow’s fast track vote.

POSSIBLE FAST TRACK QUESTIONS AND PROPOSED RESPONSES

Labor and the Environment (from Democrats)

Q: Why have you embraced a fast track bill that treats labor and the environment as second-tier concerns, not fundamental parts of trade agreements?

- Your characterization of the Ways and Means bill is wrong. It contains principal negotiating objectives aimed specifically at worker rights and the environment. That's more than has ever been contained in fast track legislation before. Under the bill, we will be able to use trade agreements to keep other governments from weakening their labor, environmental, or health and safety laws to gain an advantage in trade or investment.
- The President also retains ample authority to address these issues in a variety of international fora, as my Administration has been doing for the past 4 ½ years. And with fast track, the President also will be able to pursue labor and environmental side agreements where appropriate, including with Chile. Our goal should be to work with other countries to help them better protect the rights of their workers and improve their environments -- whether or not we are engaged in trade negotiations with them.

Labor and the Environment (from Republicans)

Q: Aren't the "Executive Initiatives" announced this week at odds with the Ways and Means bill's limits on how labor and environmental issues can be addressed in trade negotiations?

- The initiatives announced on Monday complement the provisions in the fast track bill on labor and the environment; they, too, are fully consistent with our objective of expanding international trade. The package was "vetted" thoroughly with the staffs of both Republican and Democratic leaders. It is designed to address important issues raised by Senator Daschle and other Members in a manner that should attract bipartisan support.
- These initiatives demonstrate that we need to work for stronger protection of the environment and promotion of worker rights in a variety of ways through a variety of fora. Indeed, they reveal that trade negotiations may not always provide the best means for achieving these important objectives.

Helping Workers and Communities

Q: Why should I support fast track without guarantees that trade-impacted workers and communities will be helped adequately?

- President Clinton has done more than any other President to ensure that American workers benefit from expanded trade. And for those who may not share in the benefits of our strong economy, this Administration has fought successfully for increased training

and educational opportunities. Just as one example, we have doubled the funding for dislocated workers since 1993 to nearly \$1.3 billion.

- Yesterday, the President announced a series of major initiatives that build on our efforts to help both individuals and communities affected by trade. Our plan (1) expands the resources available to workers who lose their jobs, including through a series of improvements to the Trade Adjustment Assistance program and a further increase in funding to help dislocated workers; (2) helps trade-impacted communities through expanded community adjustment funding and increased assistance for infrastructure and environmental projects; and (3) focuses on the untapped potential of our poor urban and rural areas through a series of expanded initiatives to assist disadvantaged Americans.
- With these new initiatives, no one can doubt the commitment of this Administration to help all Americans take advantage of the opportunities created by expanded trade. This is a progressive strategy for growth -- one which embraces economic change but does not ask workers and communities to simply fend for themselves.

The Need for Fast Track

Q: How can you claim fast track is needed for trade agreements, when you have concluded over 200 such agreements without it?

- Fast track is needed only when we intend to make changes to U.S. law. Many agreements we negotiate with Japan and other countries include changes only by the foreign government, not us -- usually in response to our pressure. But the largest and most important agreements -- like NAFTA and the Uruguay Round, and the future agreements on agriculture, services, and in other areas -- require that all countries involved make some changes to their laws. We need fast track for those agreements.
- If we don't have fast track, other countries simply will not negotiate with us. They won't enter into one negotiation with the President, then let Congress unilaterally change the terms of the deal -- in effect, a second negotiation. Either the foreign country won't give the Administration their bottom line best offer -- fearing they'll have to make additional concessions to Congress -- or they will simply refuse to negotiate in the first place. That's Chile's position; they have refused to negotiate with us unless we have fast track.
- History bears this out. In the late 1960s, the Administration brought back a GATT trade agreement that Congress amended unilaterally. After that, other countries simply refused to negotiate with us for several years. That's precisely why fast track procedures were enacted by Congress in 1974 -- to get us back in the game and leading again on trade.

Effects of NAFTA

Q: Why should we support fast track when we see such negative effects from NAFTA?

- First, I reject the critics' claims about NAFTA. The best available information shows that NAFTA has had a *positive* job impact -- creating 90,000 to 160,000 U.S. jobs, despite the 1995 peso crisis and its effect on Mexico's economy. And thanks to NAFTA, our exports to Mexico are already recovering from that temporary setback -- whereas we needed seven years for our exports to rebound after Mexico's last major financial crisis in the early 1980s. NAFTA has given us the chance to sell more to Mexico -- and to work more closely than ever before on other issues, including labor and the environment.
- But regardless what you think, this fast track debate is not about NAFTA. It is about our global trade agenda, our ability to negotiate new international agreements on agriculture and services and in those sectors in which we are the most competitive nation in the world. And it is about our ability to go after foreign trade barriers that remain much higher than our own -- to work to level the playing field for our workers and firms.

The U.S. Trade Deficit

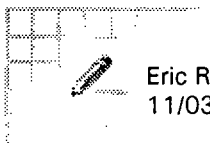
Q: Why should we move ahead with fast track for new trade agreements when our trade deficit continues to balloon?

- The trade deficit is the result of a range of complex factors, and is not the sign of a weak economy. It is hard to argue this is harming us when we have been growing at about 3% annually for five years, have the lowest unemployment in 23 years, rising income levels, a rapidly shrinking budget deficit, high consumer demand, and record exports.
- And we are seeing some very positive signs: our exports are up 10% this year, despite sluggish growth in many other countries and a strong U.S. dollar. In any event, the best way to attack the deficit is to increase our exports -- and the best way to do that is through trade agreements that break down foreign barriers. If you are concerned about the trade deficit, you should support giving the President the authority to attack remaining trade barriers and negotiate tough new trade agreements.

Trade Agreements with Developing Countries

Q: Why should we negotiate trade agreements with countries where workers earn a fraction of U.S. wages?

- The truth is we are competing quite successfully with low-wage countries. Over the past decade, our exports to those countries are up 240% -- nearly double the increase to richer countries and more than three times the gain in domestic sales. Today, they account for 42% of our total exports -- creating jobs that pay about 15% more than non-export related jobs.
- We remain the strongest economy in the world, with the most productive workers. And we will gain through trade agreements with developing countries, whose existing barriers are several times higher than our own.



Eric R. Biel
11/03/97 12:24:08 PM

Record Type: Record

To: Michael W. Williams/WHO/EOP
cc: Jeffrey A. Forbes/WHO/EOP, Victoria Radd/WHO/EOP
Subject: POTUS talking points for Dem. Senators

Attached are TPs for calls and/or meetings today with Dem. Senators on fast track. This has been reviewed/approved by Bob Kyle. It includes mention of key Daschle components as well as a short mention of TAA initiative, which Jon Orszag reviewed and okayed.

Note that I shrunk typeface by one notch to keep this to two pages. If that makes it too small for a document going to the President, we can go back to 12-point size -- in which case it will be closer



to three pages rather than two. Let me know on that front. EBPotus113.do

TALKING POINTS FOR FAST TRACK DISCUSSION WITH DEMOCRATIC SENATORS

Introduction

- I am asking for your support for the fast track legislation when it comes up for a vote this week. A strong, bipartisan Senate vote -- just as we achieved in the Finance Committee last month -- will be critical to getting work on fast track completed this year.
- I think you know the basic arguments for fast track. One-third of our economic growth since I became President has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must export. And to open foreign markets, we need fast track authority to negotiate tough, fair trade agreements. It's that simple.
- We are in a perfect position to compete. Our economy is the envy of the world. We are once again the world's most competitive economy, the world's largest exporter, the leading producer of automobiles, semiconductors, and pharmaceuticals. It makes no sense to sideline ourselves now.
- We also must understand that the importance of fast track extends beyond trade alone; it is about American leadership in the world today. Defaulting on our leadership role would be a terrible mistake. Under our lead, average tariffs have fallen from 40% at the end of World War II to about 5% today. This has led to a 90-fold increase in trade, which has benefited us enormously. We must not turn our back on those achievements.
- Let's face it: American leadership is not divisible. If we do not lead on trade, our influence is bound to suffer in other areas as well. Trade agreements can bind us together through shared interests and institutions. If by default in our leadership we permit Latin America to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with them in other areas as well -- from drug interdiction to immigration to environmental protection to fighting corruption.

New Initiatives to Address Members' Concerns

- I believe that as we expand trade, we should ensure that everyone shares in the benefits. That not only is the right thing to do -- it is also essential if we want to keep public support for our trade policy. To accomplish that, and ensure that Democratic concerns are addressed, I have been working closely over the past several weeks with Senator Daschle to respond to issues many of you have raised on labor, the environment, and agriculture. Today, we are announcing a set of new initiatives on these fronts. These include: Need more work!!
 - Each time a free trade agreement is brought back to Congress, we will submit a review of the broader relevant conditions in the other FTA countries -- including their enforcement of labor and environmental laws, the integrity and effectiveness of their legal system, and their overall macroeconomic policies and practices (including exchange rate system). This will ensure that Members of Congress and the American public can evaluate thoroughly the merits of future free trade agreements.
 - We will propose a series of specific steps to strengthen how the international financial institutions, such as the World Bank and IMF, incorporate labor and environmental issues into their operations -- including by calling for a screening mechanism to ensure these issues are taken into account in any planning and programming activities.

- To promote a greater understanding of the labor conditions in our NAFTA partners, the Labor Department will report annually on each country's labor laws, practices, and conditions -- and how they are responding to cases brought under the NAFTA labor side agreement.
- We will build on our existing efforts to address child labor practices in other countries, including by establishing an Administration task force to implement the recent change to U.S. trade law that permits us to keep out products made with forced or bonded child labor.
- We will pursue a number of steps to promote greater openness and transparency in the operations of the World Trade Organization (WTO), including in its dispute settlement proceedings. We also will propose that the WTO establish an "eminent persons group" to examine and report on the relationship between trade and environmental principles. Both of these initiatives have been major priorities of U.S. environmental organizations, and we are pleased to be responsive to them.
- I am also committed to doing more to help both workers and communities who have not shared in the benefits from expanded trade. That begins with extending the Trade Adjustment Assistance program -- as the Finance Committee did with bipartisan support.
- Later this week, we also will be announcing a packages of additional initiatives to help both workers and communities affected by trade, and which expand on our broader efforts to tap the full potential of our inner cities and poorer rural communities -- those areas that have not shared in our overall economic prosperity.
- That's all part of our Democratic growth plan -- which means that when we balance the budget we also invest in our people, and when we work to open markets we also make certain we don't leave anyone behind.
- The bottom line is that our critics have it wrong on labor and the environment. I am convinced we can break down foreign trade barriers and advance worker rights and environmental protection at the same time -- and the initiatives we are announcing today will help us do just that. And look at it this way: if we have fast track, Chile will conclude labor and environmental agreements with us -- in fact, they already have agreed to do so. If we don't, they won't. Rejecting fast track won't clean up a single toxic waste site or keep a single child out of a sweat shop overseas -- it will simply ensure that our legitimate labor and environmental concerns are ignored in the years ahead.

Conclusion

- This is a very important vote. We face a critical choice. We can continue to make our economy the model for the rest of the world, open foreign markets, and exert global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important. That's why I feel so strongly about fast track, and why I ask for your support.

TALKING POINTS ON FAST TRACK AND FOREIGN POLICY

Fast Track and American Leadership – Overview

- The fast track debate is about much more than trade. It is about American leadership in the world. Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.
- A failure of U.S. leadership would be a huge mistake. For over 50 years, we have led the world toward freer markets – reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefited the U.S. We must not turn our back on that progress.
- American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas. The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted – by default in our leadership – to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy.

Exports and U.S. Growth

- For the U.S., the case for fast track is clear: if we are to sustain our economic growth, we must export. Since 1993, one-third of our growth has come from exports. Over the next decade, the economies of Latin America and Asia are expected to grow at three times the rate of the U.S. economy. In a world where 96% of the world's consumers live outside our borders, we must export to grow. It's that simple.
- We are in a perfect position to compete. Our economy is the envy of the world. We are once again the world's most competitive economy, the world's largest exporter, the leading producer in key industries like automobiles, semiconductors and pharmaceuticals. It makes no sense to sideline ourselves now.
- But we cannot afford to take our economic leadership for granted. Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process – or watch it proceed without us:
 - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in this hemisphere has a preferential trade deal with Chile, except the U.S.
 - The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding \$1 trillion. President Chirac has declared “the future of the region rests with Europe, not the United States.”

Fast Track and American Foreign Policy

- Fast track is a test of our foreign policy. As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post-Cold War world, trade agreements serve some of the same purposes security pacts played during the Cold War: they bind nations together through a set of shared interests and common objectives.
- If the U.S. fails to lead, we risk losing influence by default. The trade patterns set in coming decades will have enormous strategic importance too. That is part of the strategy behind the FTAA and APEC processes. They are not just economic: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy, strategic and security interests are deeply implicated. Rejecting fast track would signal a retreat from these initiatives.
- That would clearly undermine broader U.S. interests. Latin America sees trade as the linchpin of stronger hemispheric relations -- our failure to engage would undermine cooperation on a range of issues including drug interdiction, immigration, environmental protection and corruption. In Asia, the industrialization of the 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America's economic and security interests that we be deeply engaged in that transformation. Without fast track, we are crippled in that effort.
- The cause of democracy and free markets would also suffer. After decades of failed experiments and anti-Americanism, many of the world's emerging markets today are embracing free markets, democracy and other American values. Today - for the first time in history - half of the world's population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

Conclusion

- The United States faces a critical choice. We can continue to make our economy the model for the rest of the world, open foreign markets, and reaffirm our global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important.

Say Yes to Fast Track

10/19/97

Washington is preoccupied with an intense debate over whether Congress should grant the president fast-track authority to negotiate trade agreements with other countries. Fast-track authority commits Congress to vote on proposed trade agreements without permitting amendments. Congress has provided every president since Gerald Ford such authority, recognizing that other countries are unlikely to negotiate without the assurance that agreements will not be changed during the ratification process.

Largely because of differences within his own party, the president has delayed until now seeking to renew the authority that expired with the approval of the Uruguay Round agreement in 1994. The trade and economic arguments for and against fast track are being debated vigorously. But let us not kid ourselves. The debate is essentially between those in favor of expanding trade opportunities for America and those desirous of protecting America from international competition.

For me, and for most Americans, the economic choice is clear and easy, as it was for our Founding Fathers. If the arguments of the protectionists were valid, Bangladesh and the Congo would be economic powerhouses, for they have low wages and few environmental or labor standards. Furthermore, if the protectionists were correct, we ourselves might not have drawn up a constitution, a primary impetus for which was to ban the tariff barriers that were springing up between the states under the Articles of Confederation. And we would be looking back to the golden age of the Smoot-Hawley tariff, which was instrumental in turning the 1929 stock market crash into the worst depression in history.

Important foreign policy considerations in the fast-track debate need to be acknowledged. In my time in public service, there has never been a sharp line between America's security, foreign policy and economic interests. One or the other may have been more visible at any particular time, but all interacted and complemented each other. If America does not lead on international trade, it will be harder to lead on security and political issues.

America has a privileged place among nations. It is a place we have earned through the power and appeal of our vision for a safer, better, more prosperous world. We have been willing to commit precious resources, on the battlefield and at the negotiating table, to achieve this vision. And, perhaps unique in history, we have led through the clarity of vision rather than acquisition of foreign domains. This gives us unique credibility and opportunity. We should not take this lightly, nor assume we can maintain it without investment and leadership.

We cannot say we will lead on NATO and regional security but not on trade. We cannot say we will lead on democracy and human rights but not on trade. And we cannot say we will lead on the environment but not on trade. These and other issues are all interrelated, often in complex, invisible ways. Fast-track

authority is essential to being able to lead on trade. We must recognize that there will be a price if we decide to seek a la carte leadership. I am convinced it is a price we neither will want, nor can afford, to pay.

If America does not lead on international trade, either others will try to replace us, or there will be a vacuum. Neither is attractive for American workers or American policymakers. It would be naive to expect others to keep our interests paramount. Indeed, in this hemisphere, other countries already seek to supplant us. The European Union wishes to conclude a free-trade agreement with the leading economies of Latin America by 1999. European leaders tell attentive audiences in Latin America that their future is with Europe, not America. Fast-track authority is necessary to fulfill economic and foreign policy commitments made to Latin America leaders by both Presidents Bush and Clinton. Without fast-track authority, the United States will be crippled in its ability to pursue its critical agenda with our Latin neighbors.

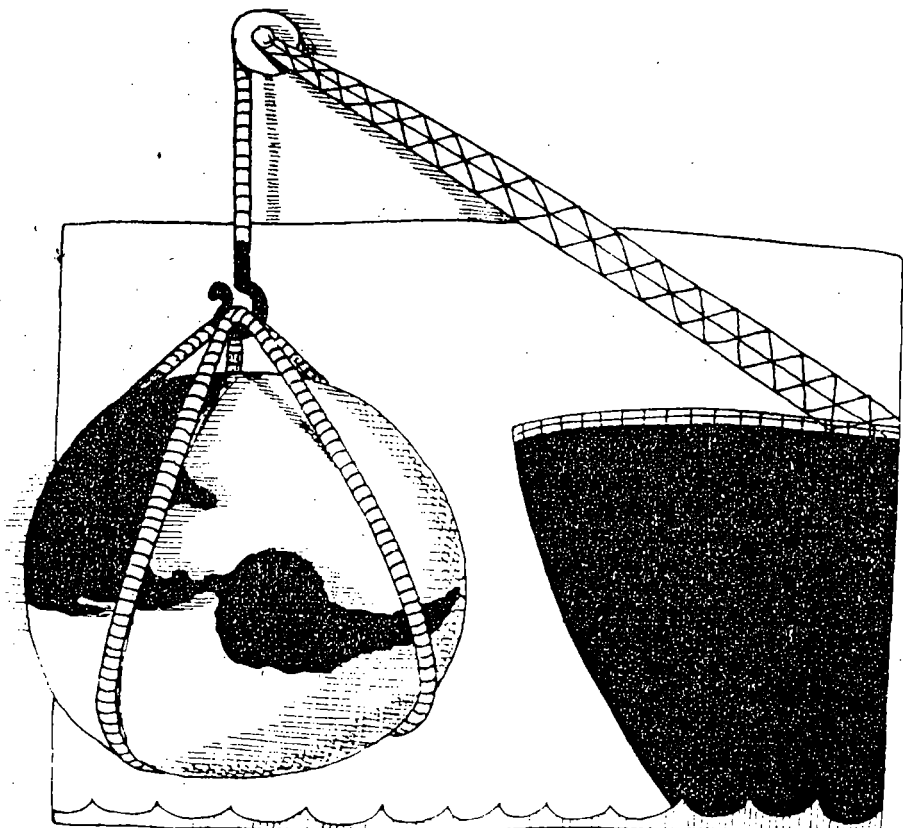
As members of Congress debate the president's request, they need to be aware that what they say and do is watched closely overseas. Americans may tune out congressional proceedings; the opposite is true for opinion leaders watching from abroad. They listen to what is said, and they know how to count votes. Thanks to modern communications, which bring CNN to the remotest corner of the globe, a member of Congress can no longer make a constituency speech. The member is speaking, directly or

indirectly, to the world. And the world is listening.

When the House and the Senate vote on fast track, our friends and allies—and our adversaries—will be watching closely. A positive vote, embracing a strong majority of Democrats and Republicans in both houses, will send an unmistakable signal about American resolve to continue to lead on international economic issues. It will also be seen as a vote of confidence in the ability of the American worker to compete globally. A weak vote or, worse, a rejection, will be read for what it is: a lack of confidence in the American worker and an unwillingness to lead on trade. This is not a vote for or against a particular president and his trade policy. It is fundamentally a vote on our capacity to continue to shape a rapidly changing global environment, not just in the economic domain but also in broader areas of politics, security, the environment, narcotics, terrorism and weapons of mass destruction.

If we fail to set the terms of debate on international trade, we cannot expect to lead on the full range of our other national interests. The financial markets may well judge Congress harshly if it rejects fast track. America's real penalty, however, will be a muted voice on everything else that matters.

The writer, a former White House national security adviser, runs an international consultancy advising, among others, Pennzoil Co.



BY MARGARET SCOTT

TALKING POINTS ON FAST TRACK AND FOREIGN POLICY

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- American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas. The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted – by default in our leadership – to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy. ~~The costs far exceed lost exports.~~⁹

Exports and U.S. Growth

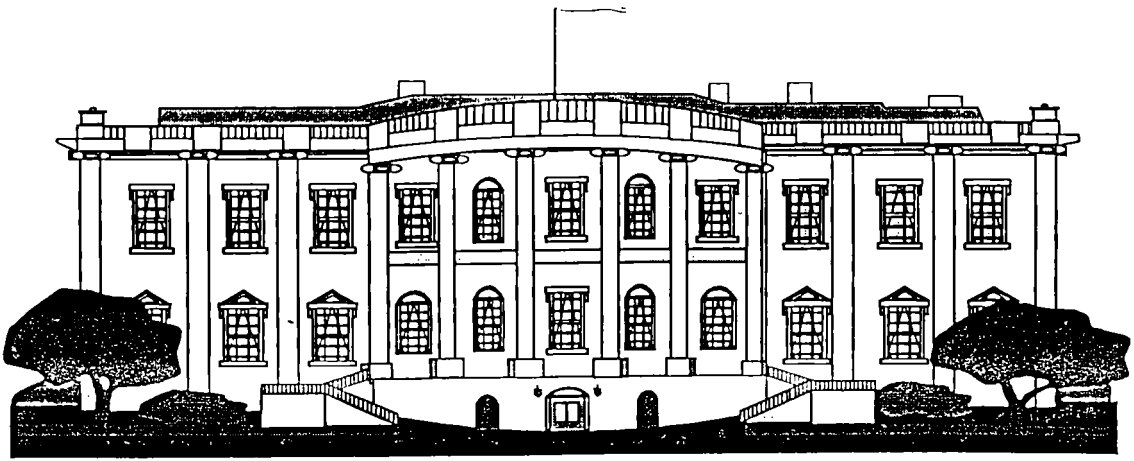
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The White House

National Economic Council

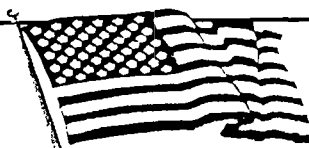
To: Dave Markoff - BOS

Phone: 647-2532 Fax: 647-1537

From: Eric Aiel

Phone: (202) 456-⁵³¹⁰~~6630~~ Fax: (202) 456-2223

Pages including cover sheet: 3
Comments: Thanks for the help/materials
here!



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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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COLLECTION:

Clinton Presidential Records
Policy Development
Eric Biel
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FOLDER TITLE:

Talking Points/Fact Sheets: Policy/Leadership [Fast Track]

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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

From: Leavy, David C.
Sent: Thursday, October 09, 1997 3:27 PM
To: @PLANNING - Strat Plan & Comm; @PRESS - Public Affairs; @INTERAM - Inter-American;
@EXECSEC - Executive Secretary; @INTECON - Economic Affairs; @NSA - Natl Security Advisor
Subject: Fast Track and South America [UNCLASSIFIED]

Vicki Radd tells me that the President told a group of people this morning that he wants to highlight fast track more aggressively on the trip. The *President suggested* several options:

- He would like us to set up a series of press tongs with members of the Cabinet and members of the press corps for dinners on the trip to discuss and push fast track.
- He wants to do a fast track event in Brazil. Vicki says that in this meeting the President suggested he go to a Mercedes-Benz plant in Brazil to highlight the European Union's activities. He would speak with the cars as the backdrop.
- The President also wants us to develop fact sheets on "Fast Track and Venezuela; Fast Track and Argentina, etc" to push the issue more aggressively.
- He also said he will be more personally accessible to the press to talk about fast track, i.e. he wants to do "fast track" interviews on the trip.

I don't know what the best way to proceed is, but least we know the President is qualified to be a Director in Strategic Planning when his term is over.

DEPARTMENT OF STATE

TRADE POLICY AND PROGRAMS

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FAX TRANSMISSION

Date: October 10, 1997

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<u>DAVID LEAVY</u>	<u>456-9370</u>	<u>395-3230</u>
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<u>BOB KYLE</u>	<u>456-9280</u>	

Pages including cover sheet: 8

From: David Marchick

Subject: _____

Comments: _____

October 9, 1997

TO: Al Larson
Vicki Radd
David Leavy
Jay Ziegler
Peter Bass
Eric Biel
Bob Kyle

FR: David Marchick

RE: "Strategic Imperative of Fast Track" paper

Attached is a very rough draft of a paper on the strategic rationale for Fast Track. It lays out many of the positive and negative (costs of inaction) arguments. We will add to it several boxes with quotes by former Presidents, Sec. States, etc. and by foreign officials like Chirac and Leon Brittan on Europe moving in to Latin America. We will also add charts showing the trade trends.

We'll work to clean it up over the weekend with a view to releasing it during the Albright-Rubin speech. If you have comments, please fax them to me at 647-1537. I'll be out tomorrow (Friday); if you need anything, please call Robin White at 647-4017.

The Foreign Policy Case for Fast Track

Economic Policy is Foreign Policy

U.S. foreign policy and economic policy are not separate interests -- fast track is a key component of our foreign policy as we move into the next century. Fast Track is critical to America's overall global leadership. As Congress debates fast track, our competitors and partners are watching to see if the U.S. will take the lead in crafting a shared future of open markets, economic reform and rising prosperity -- or if the U.S. will retreat because of fear of competition.

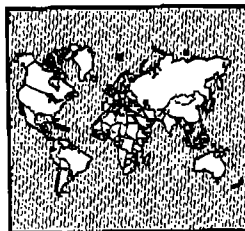
Fast Track sends a message to reformers throughout the world. For decades, on a bipartisan basis, we have encouraged economic and political reform. Now, countries are finally making tough decisions in Eastern Europe, Africa, Latin America and Asia. Failure to move forward on Fast Track would empower opponents of economic reform throughout the world. Failure to gain Fast Track authority would be perceived as a signal of retreat -- a dangerous signal to the countries which we have encouraged for several decades to liberalize trade and become part of the global economic system. If the United States signals that market freedom is to be feared and avoided, we can expect that progress in areas such as deregulation and privatization will slow considerably. If reformers see us retreating from the very principles we have so long espoused, it will have a devastating effect on their own willingness to sustain the hard march to reform and greater openness.

This has political as well as economic implications. It is in our national interest for the developing countries to prosper, to build strong democratic institutions, and to be capable of resisting threats like those posed by international crime. Sustained economic growth abroad and the

opening of markets contribute to job growth, rising incomes, growing middle classes, and stronger democratic institutions. Market-opening trade pacts reinforce our efforts to create a common global stake in freedom, stability, and prosperity. They knit together countries whose prosperity depends upon each other, creating a direct stake in peace and stability.

Stable economies and international cooperation are critical foreign policy goals for the United States. Expanding economic ties benefit the United States not only for economic reasons, but also because it supports our efforts on other fronts. Without Fast Track, we cannot lead on trade. And if we cannot lead on trade issues -- especially with developing countries -- our political and security agenda will be hampered.

For example, Fast Track is essential for creating the Free Trade Area of the Americas starting with Chile, but it will also help generate new momentum in areas of cooperation that emerged from the historic Miami Summit. These include our efforts to fight drug trafficking, transnational crime and environmental degradation -- threats that touch the lives of every American.



lives of

World

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As the sole remaining superpower, the United States has a fundamental national interest in contributing to security and stability around the world. The trade agreements of the post-Cold War era will be equivalent to the security pacts of the Cold War -- binding nations together in a virtuous circle of mutual prosperity and providing the new frontline of defense against instability. A more integrated and more prosperous world will be a more

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peaceful world -- a world more hospitable to American interests and ideals.

For these reasons, as Secretary Albright said last week in a major speech, Fast Track is a "foreign policy imperative" of the United States.

U.S. Leadership is Essential

For the past half century, the United States has been the champion of open trade and economic liberalization. We have led the world in creating an integrated trading system, with global tariffs of about 40% at the end of World War II coming down to an average of 5% today. Now we must continue to lead the world in shaping an increasingly open trading system for the next century. We all have profited from this open trading system, and it has helped us to achieve the highest level of prosperity ever in our history, while raising living standards around the globe.

If the United States fails to lead, others could fill the vacuum. If we fail to shape events, others will shape events for us -- often to our disadvantage. In the past four years alone, more than 20 trade agreements have been reached in Latin America and Asia without the United States. Every major economy in the hemisphere has concluded a trade deal with Chile except for the United States. While we debate, Europe is negotiating free trade agreements in our own hemisphere while we are not. That is a bad deal for the United States.

Alternatively, if the United States fails to lead, no one will succeed, at least not on a broad market opening path. America is the indispensable nation in the world. No one can take our place. Without U.S. leadership, there will be an enormous void and lack of positive direction in the accelerating process of globalization.

For decades, the United States has stood for open markets and open trade. Now, in this decade, openness is ascendant as nations around the world have begun to liberalize trade and investment and move forward with privatization and deregulation.

The U.S. Economy is Strong and Competitive

Our economy -- now blessed with the lowest combined rates of unemployment and inflation we have enjoyed since the 1960s -- is the most competitive in the world. American workers can -- and do -- out-compete anyone in the world. The President,

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working with the Congress on a bipartisan basis, has put the American economy on its strongest footing in three decades. At home, we have cut the deficit and put a balanced budget within reach -- while preparing Americans to adapt to change by investing in education and training.

We have worked aggressively to open markets abroad, above all, by concluding the Uruguay Round -- the most far-reaching trade agreement in history. During the past four years, one-third of our economic growth has come from increased exports as we have enjoyed an unprecedented boom in trade. At the same time, imports have helped the economy by providing choice and good prices to consumers, holding down inflation, and ensuring that our domestic manufacturers remain competitive.

The United States is not only the number one exporting nation in the world, but the global leader in key sectors such as automobiles, agriculture, semiconductors, and services. An increasing number of U.S. jobs now depend on exports (approximately 11 million). These jobs tend to be higher paying than those not

related to exports. Over the past four years exports have created 1.7 million new American jobs. We expect this positive trend to continue. But to ensure it does we must have the tools to negotiate further market-opening trade deals.

The President seeks to further open foreign markets to our goods and services -- and it is in our overwhelming interest to do so. The simple truth that is often lost in debates over trade is that our market is already the most open major market in the world. Too many other markets remain closed to our products. We stand to gain enormously from concluding new market-opening trade agreements, which will require far more from our partners than from us. Already under the North American Free Trade Agreement (NAFTA), Mexico's tariff cuts have been five times greater than our own. Latin America's tariffs on industrial goods, on average, are four times higher than ours.

We Need Fast Track

The President has developed an ambitious trade agenda to advance U.S. economic interests. Moving this agenda forward depends on regaining Fast Track authority in three key areas:

-- The "built-in" agenda of the World Trade Organization (WTO) calls for negotiations on intellectual property in 1998; agriculture in 1999; and trade in services in 2000. In each of these sectors, the United States is the most competitive nation in the world and stands to benefit the most from writing the rules of trade. We cannot complete this agenda without Fast Track.

4

-- Sectoral agreements will open huge markets. The President wants to build on the success of the Information Technology Agreement (ITA). This \$5

billion tariff cut on products for which the United States is the world's leading producer was achieved by the use of residual tariff-cutting authority. Within the context of the Asian Pacific Economic Cooperation (APEC) forum -- known as APEC -- the Administration has identified eight additional sectors for future negotiations: ITA II, chemicals, automotive, oilseeds, energy equipment and services, environmental technology and services, medical equipment and services, and wood and paper products. Other APEC members have submitted their "wish lists" and there is overlapping support for many of the U.S. recommendations. Without fast track, it is unlikely that this process will go forward.

-- The President intends to move forward within APEC toward the goal of open trade by the year 2010 and with a Free Trade Area of the Americas (FTAA) by the year 2005. Our first step in this regard is to conclude a comprehensive FTA with Chile. U.S. exports to these fast-growing regions have increased rapidly over the past five years, but tariff and other barriers remain high. Tariff reductions and greater market access will have a very positive effect on our exports. Without the active participation of the United States in each process, neither of these goals will be attainable.

Emerging Nations

Opening foreign markets is a win-win scenario for us and the rest of our trading partners, particularly developing countries whose economies are projected to grow more rapidly than our own.

In Latin America, Asia, and Africa, country after country is opening its economy, cutting tariffs, dismantling barriers, and searching for new markets abroad. Eighty-five percent of the world's consumers reside in these developing countries.

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Many are growing rapidly; Latin America and Asia are projected to grow at two to three times the U.S. rate. For example, Latin America and the Caribbean represent a market of more than 500 million consumers, with growing middle classes whose rising incomes are often spent on U.S. goods and services -- sometimes in spite of high tariffs or other trade barriers.

If we can help create middle classes like those with growing purchasing power in Argentina, Brazil, Korea and the Asian Tigers, they can become the consumers of tomorrow. They buy U.S. products -- they want the kinds of products we take for granted. We have quality and price that can compete and outperform anybody in the world if we can only open those markets and lower those tariffs. But we cannot compete unless a bipartisan coalition gives us the authority to tear these barriers down.

5

The developing countries, especially those approaching developed country status, are extraordinary areas of export opportunity. For example, they imported over one trillion dollars of manufactured goods from the industrialized countries last year alone. American workers and companies stand to benefit the most if we are successful in further lowering tariffs and trade barriers in sectors which we are the most competitive worldwide.

For decades the United States pursued a policy of opening its own market to the less developed countries without demanding reciprocal access for our own products. As more of these countries approach fully developed country status, this approach has become less appropriate. To reach new agreements to liberalize trade in key sectors of the world economy, we need to obtain the participation of a critical mass of developing countries.

Achieving this "critical mass" of countries to come forward in this way was essential to the success of the Information Technology Agreement (ITA) and the WTO Basic Telecommunications Agreement.

We will continue a more two-way street approach -- both because it is fair and because it is the best means to open up global markets further and faster to the benefit of nations everywhere.

Emerging markets are the future of growth in information technology -- the sector in which American companies are the most competitive in the world. Asia and Latin America technology markets in particular will continue to experience double digit growth rates, at least twice the rate of U.S. and European markets.

Emerging markets are also the fastest growing export markets for trade in services. U.S. exports to emerging markets have grown at impressive rates: nearly 30 percent to China, Taiwan, and Korea; and over 20 percent to Hong Kong and Argentina. Opportunities abound for U.S. environmental technology, agriculture, automotive, telecommunications, and energy sectors among others. Fast Track will strengthen our efforts to dismantle trade barriers and open international markets, which will be key to maintain our nation's competitiveness and innovation in these critical sectors.

Costs of Inaction

Further delay in granting Fast Track authority will cost us abroad -- and ultimately here at home. There is a real danger in U.S. inaction. The rest of the world will not wait for us, and trading pacts will be concluded without our imprint.

6

PLAY UP MORE

The EU recently announced its intent to negotiate by 1999 a free trade agreement with Mercosur, the growing regional bloc of four nations in South America, including the two largest economies -- Brazil and Argentina. Our negotiations will not even start until 1998 -- without Fast Track we will stand back and watch while Europe gains greater access in our hemisphere at our expense.

Between 1993 and 1996, U.S. exports to Mercosur increased by an impressive 51 percent -- but the EU's exports grew even faster at 62 percent. This has been a tough competitive battle, but without an FTAA it may soon be all but over -- not because of the quality of our products or the competitive edge of our firms, but simply because of a failure of our political resolve. A top Brazilian official quoted last week in the Wall Street Journal said: "No Fast Track -- no concrete negotiations."

In some important areas, the Europeans have simply been quicker to understand the calculus of the new global marketplace. Rather than agonize over the risks posed by expanded trade, they have recognized that a reciprocal free trade agreement with Mercosur will give European firms a decisive leg up on their American competitors and will strengthen the EU's geopolitical influence in the region. Passing Fast Track would send a strong signal that in this hemisphere we will pursue our commercial and foreign policy interests.

The current situation in Chile should serve as a warning as to what could lie ahead for our general competitive position in Latin America if we cannot enter into meaningful negotiations. We are already beginning to feel the effects of not having Fast Track authority. Every major economy in this hemisphere -- with the exception of the United States

-- has gained duty-free access to Chilean markets.

U.S. firms conducting business in Chile operate at a competitive disadvantage, as they are subject to an 11-percent tariff on U.S. goods entering the country. As the President has stated, that is a bad deal for America. For example, U.S. telecommunications companies are now competing for contracts in Chile at a significant disadvantage because the trade agreement between Canada and Chile eliminated Chile's across-the-board tariff on Canadian goods.

In another example, the Massachusetts-based Quaker Fabric Company -- a \$200 million-per-year corporation with 1,750 employees -- recently was informed by its sales representative in Chile that it had lost a bid for a \$1.8 million-per-year account to a competitor from Mexico solely because of the 11-percent tariff Quaker must pay, while its competitor can export tariff-free to Chile.

7

Our global competitors are focused on the fastest growing markets in the world in Latin America and the Asia-Pacific Rim, as well as additional markets of great promise such as Central Europe and Africa. We must be too. America's place is not on the sidelines -- it is on the frontline, battling to open markets so our companies and workers can compete everywhere.

Labor, the Environment and Trade

Further delay in granting Fast Track will not only diminish our global economic opportunities and leadership, but it will also deny the President a tool that can help improve environmental and labor standards around the world.

It is a fallacious argument that expanded trade threatens worker rights and the environment. Trade is fully compatible with both of these important objectives. At home jobs related to exports pay more than others. Abroad, expanded trade helps develop higher living standards and wages, creating middle class consumers more able to buy U.S. products and more sensitive to environmental degradation.

There is no doubt that addressing labor and environmental issues in the trade context has been complex and controversial. We cannot negotiate another country's wage levels or environmental standards anymore then we would permit them to dictate ours. Nor does the President's bill permit this.

Raising the world's consciousness about the environment and good labor practices is a gradual process, requiring perseverance and commitment. But our influence on labor and environmental issues will certainly be greater if we can build economic partnerships where our partners have a stake -- a vested interest in a strong economic relationship with the United States. Furthermore, by helping build middle classes and enhancing prosperity in every region, labor and environmental standards will be lifted worldwide.

Despite difficult obstacles, the Administration has made significant progress in obtaining commitments on core labor standards in international trade organizations and improving the standards of living for workers around the world. No one has ever explained how labor and environmental standards will rise if the United States refuses to be a player in shaping the world trading system.

President Clinton negotiated the first trade agreement to include explicit environmental provisions. These

provisions are generating unprecedented cooperation among U.S., Canadian, and Mexican officials on a broad range of environmental issues and improving enforcement of Mexico's environmental laws. Under NAFTA, environmental institutions are certifying and financing infrastructure projects designed to improve the environment along the 2,000-mile U.S.-Mexico border.

8

The President has fought for and won important advances on the environment in the WTO, including the establishment of a permanent WTO forum to address the link between trade and the environment. The Administration has also effectively implemented U.S. environmental laws to encourage improvements in other countries' environmental practices.

We are committed to working, in consultation with Congress, to further strengthen the recognition of core labor standards and enhance the protection of the global environment. This is a campaign that can have a major effect on the world in the 21st century. Trade and economic growth can lead the nations of Latin America, Asia, Africa and the former communist states to a higher level of development in both the economic and political spheres. As economies grow, we find that civil rights and human rights improve, as citizens demand -- and get -- a voice in the decision-making process.

Fast Track is about the economic future of the American people -- and it is about American leadership in the world.

SEBTA279
White/Stater 9/23

QUOTE
BY
LEE
HAMMILL
DICK
WOLFE

DEPARTMENT OF STATE

TRADE POLICY AND PROGRAMS

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Washington, DC
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FAX TRANSMISSION

Date: 10/9/97

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Pages including cover sheet:

From: David Marchick

Subject:

Comments:

DOCT 2

Fast Track: The Cost of Inaction in Foreign Policy

- Fast track is a critical decision that will determine our ability to open markets and shape international trade and investment patterns to America's advantage. We must sustain our half century of leadership on behalf of an increasingly open global trading system because it is in our clear economic interest to do so.
- But fast track is also a foreign policy imperative for the United States. As the sole remaining superpower, we have a fundamental national interest in contributing to security and prosperity around the world. The trade agreements of the post-Cold War era will be equivalent to the security pacts of the Cold War -- binding nations together in a virtuous circle of mutual prosperity with a common stake in stability.
- The shape of the global economy of the next century is still being determined. Trade patterns are shifting rapidly as, for example, Latin America trades more with Europe and Asia. We will be placed at a serious competitive disadvantage if we just sit on the sidelines and watch as others move forward without us.
- Already trading pacts are being concluded without our imprint -- with more than 20 trade agreements signed in our hemisphere and in Asia since 1992 excluding us.
- The EU has already announced plans to negotiate by 1999 a free trade pact with Mercosur. We cannot afford to stand back while Europe gains greater access in our hemisphere at our expense. Passing fast track will send a strong signal that we will pursue our economic and foreign policy interests across the Americas.
- By contrast, defeating fast track would undermine American leadership and interests in this hemisphere -- at a time when our opportunities are greater than ever. Failure to pass fast track would undermine our ability to strengthen cooperation with our partners in areas such as narcotics, law enforcement, corruption, and the environment.
- American influence is not divisible. If we fail to lead on trade, our influence and ability to strengthen cooperation with key countries and regions around the world -- especially with developing countries -- would be diminished across the board.
- Defeating fast track authority would also send a signal of retreat to the countries which we have encouraged for several decades to liberalize trade and integrate fully into the global economic system.
- At stake with fast track is America's continuing willingness to engage and lead. Passing fast track will reaffirm America's global leadership -- political and economic -- and it will reinforce post-Cold War progress toward global prosperity and stability.

Cost of Inaction

Further delay in granting Fast Track authority will cost us abroad -- and ultimately here at home. There is a real danger in U.S. inaction. The rest of the world will not wait for us, and trading pacts will be concluded without our imprint. As I indicated earlier, already more than 20 trade agreements have been signed in our hemisphere and in Asia since 1992 without our participation.

Last week, the EU announced its intent to negotiate by 1999 a free trade agreement with Mercosur, the growing regional bloc among four nations in South America, including the two largest economies -- Brazil and Argentina. Our negotiations will not even start until 1998. This begs the question -- do we want to stand back and watch while Europe gains greater access in our hemisphere at our expense? I do not believe we do.

Between 1993 and 1996, U.S. exports to Mercosur increased by an impressive 51 percent -- but the EU's exports grew even faster at 62 percent. This has been a tough competitive battle, but without an FTAA it may soon be all but over -- not because of the quality of our products or the competitive edge of our firms, but simply because of a failure of our political resolve. A top Brazilian official quoted last week in the Wall Street Journal said: "No Fast Track -- no concrete negotiations."

In some areas, the Europeans have been more aggressive in capitalizing on the dynamics of the new global marketplace. Rather than agonize over the risks posed by expanded trade, they have recognized that a reciprocal free trade agreement with Mercosur will give European firms a decisive leg up on their American competitors and will strengthen the EU's geopolitical influence in the region. Passing Fast Track would send a strong signal that in this hemisphere we will pursue our commercial and foreign policy interests.

The current situation in Chile should serve as a warning as to what could lie ahead, without Fast Track, for our general competitive position in Latin America. We are already beginning to feel the effects of not having Fast Track authority. Every major economy in this hemisphere -- with the exception of the United States -- has gained duty-free access to Chilean markets.

U.S. firms conducting business in Chile operate at a competitive disadvantage, as they are subject to an 11-percent tariff on U.S. goods entering the country. As the President said last week, that is a bad deal for America. For example, U.S. telecommunications companies are now competing for contracts in Chile at a significant disadvantage because the trade agreement between Canada and Chile eliminated Chile's across-the-board tariff on Canadian goods.

-2-

In another example, the Massachusetts-based Quaker Fabric Company -- a \$200 million-per-year corporation with 1,750 employees -- recently was informed by its sales representative in Chile that it had lost a bid for a \$1.8 million-per-year account to a competitor from Mexico solely because of the 11-percent tariff Quaker must pay, while its competitor can import tariff-free.

Our global competitors are focused on the fastest growing markets in the world in Latin America and the Asia-Pacific Rim, as well as additional markets of great promise such as Central Europe and Africa. We must be too. American's place is not on the sidelines -- it is on the frontline, battling to open markets so our companies and workers can compete everywhere.

10/08/97

16:20

NO. 306

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Doct 3

Hills & Company

INTERNATIONAL CONSULTANTS

FACSIMILE TRANSMITTAL SHEET

TO:

Dave Marchick

FROM:

Erin M. Endean

COMPANY:

DATE:

October 8, 1997

FAX NUMBER:

647-1537

TOTAL NO. OF PAGES INCLUDING COVER:

3

PHONE NUMBER:

647-2532

RE:

☐ URGENT ☒ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Carla has returned from New York, and taken a look at the draft op-ed. She thinks it is fine, with the very minor edits we have suggested. She is sending it on to President Ford, with her "endorsement."

Call with any questions --



10/08/97 16:20

10/07/97 TUE 14:25 FAX 202 647 0892

STATE DEPT

ERIN SUOZAN
FAX- 922-4710

✓ In 1974, a Democratic Congress gave me Fast Track authority, enabling my administration to negotiate tough new trade agreements to open markets for U.S. goods and services. ~~exporters~~ Today, the Republican Congress should give that same authority to President Clinton.

✓ One may wonder why a former Republican President is calling for new negotiating authority for a Democratic President. The answer is quite simple: it ^{is} the right thing to do for America.

✓ ~~First~~ For over 60 years, U.S. trade policy has enjoyed strong bipartisan support -- as it should. Indeed, most trade agreements have won solid Congressional majorities. The so-called Tokyo Round of the GATT, which started during my administration and concluded during President Carter's, passed the Congress with only 11 votes opposed. The U.S.-Canada Free Trade Agreement, negotiated during the Reagan Administration, passed by nine-to-one margins in both the House and the Senate. And the Uruguay Round of the GATT, negotiated by the Reagan, Bush and Clinton Administrations, passed both houses with majorities from both parties. Congressional approval of the NAFTA was a closer call -- but this was the exception rather than the rule. ~~Almost every other trade agreement over the last twenty-five years~~ has had solid bipartisan support because open trade is deeply in our national interest. Trade policy has been and should continue to be bipartisan -- Fast Track should be no exception.

our
trade
policy

✓ Second, The United States, more than any other nation, will benefit from new market-opening trade agreements. We are already the world's largest exporter, with more than 11 million American jobs supported by exports. Exports have consistently accounted for more than one-third of U.S. economic growth over the last several years. Yet while the U.S. market is open to foreign products, foreign markets remain closed to ours -- putting U.S. companies at a disadvantage. Fast Track will allow the United States to tear down trade barriers and expand economic opportunities for U.S. companies and workers. Tough new trade agreements will level the playing field for U.S. exports.

Moreover,

✓ Third, as we debate Fast Track in the United States, other countries are negotiating their own trade agreements without the United States. Since 1992, over 20 preferential agreements have been signed in this hemisphere and in Asia without the United States. Every major country in this hemisphere has a trade agreement with Chile except for the United States. Each one of these agreements allows other countries to pay lower tariffs than we do, putting U.S. companies at a disadvantage. Just recently, Europe announced their intention to negotiate a free trade agreement with key countries in Latin America -- again, without the United States. The United States should be at the center of these trade agreements, not on the periphery. But without Fast Track, we don't even have a seat at the table.

10/08/97 15:21

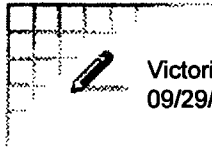
10/07/97 TUE 14:26 FAX 202 647 0892

STATE DEPT

Fourth, Fast Track is essential for continued American leadership on all issues. As the world's only economic and military superpower, the United States must lead the world on issues ranging from narcotics to nuclear proliferation. But if we can not deal with other countries on economic and trade issues, they ~~will not~~ deal with us on issues like drugs and immigration that are so vital to U.S. interests. The U.S. must lead the world toward a more open, prosperous global economy. But without Fast Track, the United States ~~will be~~ ^{is} relegated to the sidelines.

As President, I spent countless hours pressing leaders from Eastern Europe, Latin America and Asia to privatize state-run economies, open markets to foreign investment and undertake democratic reforms. My successors have consistently pursued similar goals. ~~Yet now, more than ever,~~ Other countries are beginning to practice what we have for so long preached. Democracy and open markets are flourishing in Eastern Europe, Asia and our own hemisphere. It would be tragic if -- precisely at the moment countries are making these bold reforms -- the United States turned inward and withdrew from the world.

Congress's decision on Fast Track is about more than just trade. It is really a question about the direction this country will take in the future. Will we continue to lead the world, or will we hide behind our fears and let others take our place. The world is watching. It is time for Congress to stand and deliver.



Victoria Radd
09/29/97 11:39:03 AM

Record Type: Record

To: Eric R. Biel/WHO/EOP, LEAVY_D @ A1 @ CD @ LNGTWY, Antony J. Blinken/NSC/EOP

cc:

Subject: American Leadership Argument

In meeting with the Cabinet on Friday, Sandy made some very useful points about the necessity of fast track to America's leadership in the world. The group that met in Erskine's office thought that the President should make these points with the Congressional members on Tuesday. The following are my notes:

1. Although the economic argument is strong, we cannot overstate the importance of fast track to America's leadership in the world. It is now clear with the end of the Cold War, that the US is the world's only superpower. The world is very sensitive to any appearance that the US is about to retreat from its leadership role. The world is only now beginning to believe that Clinton intends to maintain its leadership (against America's own history).
2. The fast track debate has taken on enormously important symbolic significance. This is an issue that has gone far beyond discussion by trade ministers. All are waiting to see whether Congress empowers the President to do trade -- or whether they will take away his license to negotiate. If fast track is defeated, it will be viewed as a manifestation of our turning inward, becoming more insular and protectionist.
3. We must remember that patterns of trade are not simply economic -- they have political and security consequences. If Latin America begins to turn not to the US, but to Europe, Japan and China. . . .
4. Nor is this a zero sum game. As lesser developed countries increase their trade and their prosperity, they become more stable and more hospitable to American values. There continues to be an important relationship between global trade and stability.
5. With this vote, members of Congress must see the national interest at stake. They cannot vote to disarm the President by taking away his capacity to negotiate trade agreements in the world. Should the President not have fast track authority, . . . (list of specific adverse consequences from Berger's shop).

Fast Track: An Imperative for American Leadership

U.S. Department of State

Bureau of Economic and Business Affairs

&

The Policy Planning Staff

October 1997

The upcoming Congressional decision on Fast Track authority will determine whether the United States will be able to continue to open markets and shape international trade patterns to America's advantage. The United States must sustain its half century of leadership on behalf of an increasingly open global trading system because it is in our clear economic interest to do so.

Exports are an increasingly important component of U.S. job growth. In the last four years, exports have accounted for one out of every three jobs created in the U.S. economy. The United States must continue to open markets and expand export opportunities abroad in order to create jobs and sustain prosperity at home.

Fast Track: More than Dollars and Cents...

Fast Track is also a foreign policy imperative for the United States. As the sole remaining superpower, the United States has a fundamental interest in enhancing security and prosperity around the world. The trade agreements of the post-Cold War era will be equivalent to the security pacts of the Cold

War -- binding nations together in a virtuous circle of prosperity with a common stake in stability.

Following the Second World War, a generation of American leaders from both parties recognized the need to contain Soviet expansionism and to recast a world economy which had

"...Fast Track is about more than dollars and cents; it is a foreign policy imperative. It is indispensable to U.S. economic leadership and that leadership is indispensable to U.S. influence around the globe..."

Secretary of State Madeleine Albright

been shattered by two decades of depression and war.

They had the foresight and political courage to forge alliances such as NATO, institutions such as the

World Bank, and initiatives such as the Marshall Plan to defend freedom and build prosperity. Their determination set the stage for an unprecedented era of economic growth which has raised living standards in the United States and around the world.

The choices we make today have the same potential to

Fast Track: What is it? the authority which Congress grants the President to negotiate trade agreements. Congress may accept or reject a trade pact but not amend it; that's important because our trading partners won't negotiate twice, first with the President and then with the Congress.

Why do we need it? to pursue market opening agreements in the WTO, to open up key sectors globally in which we're competitive, to enter into regional agreements with emerging economies.

determine our future in the next half-century. Passing Fast Track will signal to the world that the United States will continue to exert leadership on behalf of an open global economy while defending its basic national interests. The alternative course would be to cower, not compete; to withdraw, not engage. Even if we fail to participate in shaping the global trading system, we will nevertheless be shaped by it -- and on behalf of our interests, it is in our clear interest to lead.

The United States: Well-Positioned for the New Global Economy

The United States is well-positioned to succeed in a more economically integrated world. Our economy -- now blessed with the lowest combined rates of unemployment and inflation since the 1960s -- is the most productive and competitive in the world. The President, working with the Congress on a bipartisan basis, has helped to put the U.S. economy on its strongest footing in three decades. We have cut the deficit and put a balanced budget within reach, while preparing Americans to adapt to change by investing in education and training.

The President also has worked aggressively to open markets abroad, concluding 230 trade agreements including the NAFTA, the world's largest regional free trade area, and the Uruguay Round, the most far-reaching trade agreement in history. During the past four years, one-third of our economic growth has come from increased exports as we have enjoyed

an unprecedented boom in trade. At the same time, imports have contributed to the economy by holding down inflation, providing greater choice to consumers, and imposing a constant incentive to raise our productivity and enhance our competitiveness.

For the sixth year in a row, the United States has been the number one exporting nation in the world, and continues to strengthen its position as the global leader in key sectors such as

**"...No Fast Track -- No Negotiations...
(for a Free Trade Area of the
America)..."**

**Jose Botelho, Brazilian Foreign Ministry Undersecretary for
Economic, Trade, and Integration Affairs**

agriculture, services, and high technology. Over the past four years, exports have created 1.7 million new American jobs; the jobs of about 11 million Americans now depend on exports of goods and services. These jobs tend to be higher paying than those not related to exports. But to continue this trend, the United States must open even ^{more} markets abroad. Without Fast Track our negotiators' hands will be tied, our options limited, and our opportunities diminished.

The United States Needs the Right Tools to Open Markets

To continue creating good jobs from exports the United States must have the tools to negotiate further market-opening trade deals.

The United States needs Fast Track authority to be effective in upcoming major World Trade Organization (WTO) negotiations on agriculture, intellectual property rights, and services -- areas where the United States is a world leader. Fast Track is indispensable if this nation is to be instrumental in helping write these rules of trade.

The United States also stands to make considerable gains by pursuing sectoral initiatives that open up or create new opportunities for U.S. companies, workers and consumers. The most recent example is the Information Technology Agreement (ITA), which will produce an estimated \$5 billion annual reduction in tariffs on American computers and related equipment.

Despite the openness of our own market to imports, too many other markets still remain closed to our exports. American workers stand to gain from new market-opening trade agreements, which will require far more from our trading partners than from us.

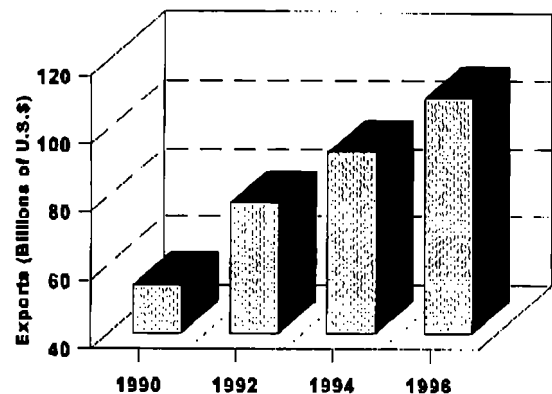
For example, under NAFTA, Mexico has lowered its tariffs five times as much as we have had to lower our own. Similarly, a Free Trade Area of the Americas would give a major boost to U.S. exports to Latin America, where average tariffs on industrial goods are four times higher than ours.

Latin America represents a market of more than half a billion consumers, with growing middle

classes whose rising incomes are increasingly spent on U.S. goods and services -- despite high tariffs or other trade barriers.

If we are successful in creating a free trade area, billions of dollars in tariffs as well as barriers on U.S. exports will be removed. As Latins purchase more from the United States,

U.S. Exports to Latin America (including Mexico)



our economic growth will be enhanced, and more high-paying jobs will be created.

As we move closer to the Asia Pacific Economic Cooperation (APEC) forum goal of establishing free and open trade, market-opening agreements with key economies and sectors of the Asian Pacific Rim would help U.S. exporters gain further access in this highly competitive and fast growing market.

Cost of Inaction

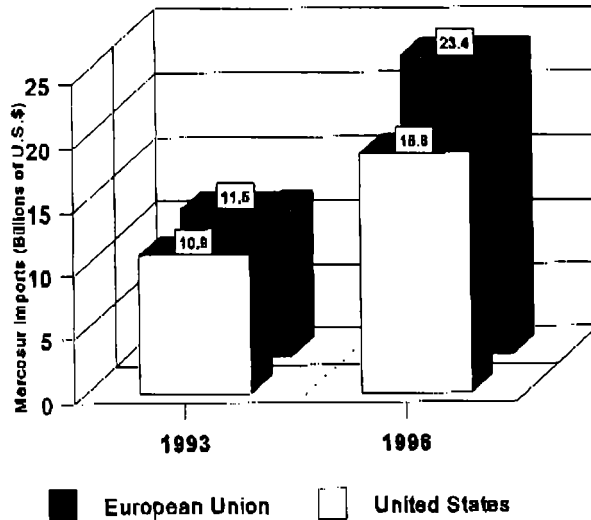
Failure to move ahead on Fast Track would not only eliminate our

most effective tool for opening foreign markets, but would have damaging consequences for U.S. interests as other nations move forward with plans for preferential trade agreements while the United States sits on the sidelines.

Already trade agreements are being concluded without our imprint or involvement -- more than 20 trade agreements signed in the Western Hemisphere and in Asia since 1992 have excluded the United States. The European Union recently announced its intent to negotiate, by 1999, a free trade agreement with Mercosur, the growing regional bloc of four nations in South America, including the two largest economies -- Brazil and Argentina. *Our negotiations will not even begin until 1998.* *with whom?*

Between 1993 and 1996, Mercosur imports from the United

Mercosur Imports from U.S. & EU



Source: International Monetary Fund

EU Outpaces U.S. in Mercosur Market

States increased by an impressive 72 percent, but the imports from the EU grew even faster at 104 percent.

Rejecting Fast Track would be the equivalent of raising a white flag in this battle. The United States would

"We are stomping all over their backyard just as they have done over ours for the last 50 years..."

Peter Guilford, European Union trade spokesman, quoted in the *Wall Street Journal* about Europe's forays in Latin American markets

concede important markets to others -- not because of the quality of our products nor because of the competitive edge of our firms, but simply because of the failure of our political resolve. Without the authority to negotiate, American exporters will have to pay higher tariffs, and thus lose their competitive edge.

European countries have been quick to understand the dynamics of the new global marketplace. Rather than agonize over the risks posed by expanded trade, they have recognized that a reciprocal free trade agreement with Mercosur would give their firms a decisive leg up on their American competitors.

Fast Track permits the President to advance our commercial and foreign policy interests across the Americas, enabling U.S. workers to compete in the global economy. The current situation in Chile serves as a warning

of what might happen to the U.S. competitive position in Latin America if the United States does not enter into meaningful negotiations.

Every major economy in this hemisphere -- with the exception of the United States -- has gained duty free access to the Chilean market. This is putting U.S. workers at a competitive disadvantage as American companies in textiles, construction equipment, and other sectors have lost sales. Fast Track will level the playing field for U.S. exporters in that growth market and in many others in this hemisphere.

Fast Track: In Support of U.S. Goals Abroad

For decades, U.S. Presidents from both parties have encouraged leaders around the world to open markets, to privatize state-run enterprises, and to unleash the entrepreneurial spirit of their citizens. During the past decade, more and more countries have begun to follow the path toward economic and political openness.

Today, for the first time ever, every Latin American country except Cuba is democratic. In Eastern Europe, countries once under Soviet control have made considerable progress toward establishing

democratic government and market economies. Similar trends toward democracy also are occurring in East Asia.

The United States cannot take for granted the current trend toward democratic governments and free market economics in these emerging market countries. If the United States fails to pass Fast Track, it will embolden opponents of economic reform throughout the world who believe that market freedom is to be feared and avoided. We would be seen as abandoning the very principles we have so long espoused, undermining the ability of governments to sustain the difficult march toward reforms and greater openness.

It is in America's interest for developing countries and countries-in-transition to prosper and build strong democratic institutions. Sustained economic growth and the opening of markets abroad contribute to rising incomes, growing middle classes, and stronger democratic institutions.

Market-opening trade pacts reinforce our efforts to create a common global stake in freedom, stability, and prosperity. They knit

The Cost of Inaction: Massachusetts-based Quaker Fabric Company -- which employs 1750 workers -- recently lost an opportunity for new sales of \$1.8 million annually in Chile. Because of Chile's trade pact with Mexico, a Mexican competitor was able to supply a Chilean customer tariff-free. Quaker's goods are assessed Chile's 11% tariff because the United States -- without Fast Track -- has not been able to reach such a deal with Chile.

together countries whose prosperity depends upon each other, creating a mutual commitment to preserving peace and stability.

American Leadership is not Divisible

If we fail to lead on trade, our influence with key countries and regions around the world -- especially those with rapidly emerging markets -- will be diminished. The United States has strong national interests in working with other countries to eradicate drugs, stop the spread of weapons of mass destruction, and clean up environmental pollution around the world. If the United States fails to engage with other countries as a leader on economic issues, it will not be able to lead in other critical areas. Thus, strong economic ties are the foundation for cooperation on other matters of direct importance to America's interests.

In the Asia-Pacific region, our efforts to expand investment and trade have helped to deepen understanding among our partners of their shared stake in security.

In Europe, economic integration is a major contributor to our strategic goal of a continent that is becoming -- for the first time in history -- wholly united, wholly at peace and fully free.

In Latin America and the Caribbean, U.S. trade initiatives are a vital part of a larger process of cooperation that includes working together to fight narcotics trafficking, crime, environmental destruction,

illegal immigration and other threats to the well-being of our citizens.

Defeating Fast Track would undermine American leadership and interests in this hemisphere -- at a time when opportunities for progress are greater than ever. By contrast,

"...Congressional passage of Fast Track is deeply in our national interest...I was the first president to have this negotiating authority and every president since me has used Fast Track to open markets for American products. Congress should expeditiously approve Fast Track on a bipartisan basis..."

Former President Gerald R. Ford

successful negotiations for a Free Trade Area of the Americas would bring us much closer to realizing President Clinton's vision of a hemisphere united by shared values and interests from Alaska to Patagonia.

Labor, the Environment and Trade

Further delay in granting Fast Track authority not only will diminish our global economic opportunities and leadership, but it also will deny the President a tool that can help improve labor and environmental standards around the world.

Expanded trade is fully compatible with improving worker rights and increasing environmental

protection. At home, jobs related to exports pay more than others. Abroad, expanded trade helps develop higher living standards and wages, creating middle class consumers more able to buy U.S. products and more sensitive to environmental degradation.

Trade and economic growth also promote good governance in the developing world and the former Communist states. As economies prosper, respect for civil and human rights improves, and citizens demand a greater voice in making decisions.

Addressing labor and environmental issues in a trade context has been complex and controversial. The United States cannot negotiate another country's wage levels or environmental standards anymore than the United States would permit them to determine our own. Raising the world's consciousness about the environment and good labor practices is a gradual process, requiring perseverance and commitment, and one to which the United States remains committed.

U.S. influence on labor and environmental issues certainly will be greater if the United States can build economic relationships where our partners have a vested stake in close cooperation with the United States. Furthermore, by helping build middle classes and enhancing prosperity in every region, trade agreements can help lift labor and environmental standards worldwide.

Despite difficult obstacles, the

Administration has made significant progress in obtaining commitments on core labor standards in international trade organizations and improving living standards for workers around the world. If the United States refuses to sit down at the table when international trading rules are being negotiated, the United States will have less -- rather than more -- influence in setting international standards in other areas; thereby diminishing our ability to make positive change.

President Clinton negotiated the first trade agreement to include explicit environmental provisions. The NAFTA environmental side agreement has strengthened cooperation among U.S., Canadian, and Mexican officials on a broad range of environmental issues and has helped improve enforcement of Mexico's domestic environmental laws. The President has also fought for and won important advances on the environment on the World Trade Organization (WTO), including the establishment of a permanent WTO forum to address the link between trade and the environment.

Preserving America's Global Leadership

At stake in the vote on Fast Track is nothing less than America's continuing willingness to engage and lead. Passing Fast Track will reaffirm America's global leadership -- political and economic -- and it will reinforce post-Cold War progress toward peace and stability. That is why all former Secretaries of State, as well as Presidents Carter, Ford, and Bush,

support Fast Track.

When the United States progresses on the international economic front, it progresses on all fronts. A growing, prosperous world is less prone to conflict and thus more likely to cooperate on numerous issues.

"...It (Fast Track) is about more than economics. It's about whether other countries will continue to look to the United States to lead to a future of peace and freedom and prosperity..."

President William J. Clinton

"...Renewal of Fast Track Authority is seen as a litmus test by leaders around the world of the United States' intention to maintain its leadership role. Should we falter, other countries would be quick to fill the void..."

Former Secretaries of State Christopher Baker, Eagleburger, Shultz, Haig, Kissinger, Vance

Nations that have embraced economic reform are more likely to move ahead with political reform. And as history informs us, prosperity is a parent to peace.

With Fast Track negotiating authority and continued American leadership, the United States can shape the global economy and support basic principles of democracy, open markets, law, and a commitment to peace. In doing so, the United States can ensure that our economy will continue to grow, our workers will have access to better jobs, and our influence will be felt wherever U.S. interests are at stake.



Eric R. Biel
10/21/97 07:35:42 PM

*attached-genl. to
Vicki Rabb*

Record Type: Record

To: DAVIS_W @ A1 @ CD @ LNGTWY

(RM 375)

cc:

Subject: Attached Fast Track Talking Points/Q&As

Attached are the materials for Sandy Berger. I will also leave you a disk, and am delivering a hard

copy right now to Rob in the West Wing per his request. EB  [bergrpts.do](#)

7 to B. R. A. C.

THE WHITE HOUSE
WASHINGTON

Eric -

These look good for

SRB. He will also need
some Q+A's. I'd include
some of the Q+A's I've
done defending the lead
env. provisions in the bill
(Senate/House?), plus some
of the main NASTA, low
wage etc Q+A's.

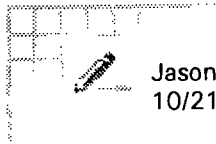
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Jason Berman
10/21/97 07:29:56 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Talking Points

Under "Fast Track and American Leadership," the phrase "fast track is about more than just trade" needs to be rephrased. It sounds terrible to say just trade.

On page 2, in regard to Chile, I would point out that the side agreements do have civil penalties associated with them and it could run into the millions of dollars.

On page 4, the low wage argument could also include the fact that the overwhelming majority of our imports are not from low wage countries. For the next few years, in addition, we are not likely to negotiate an fta with any low wage countries.

On page 6, the question of why is fast track needed if so many agreements have been concluded is that most of these are un

TALKING POINTS ON FAST TRACK AND FOREIGN POLICY

Introduction

- **I think you know the economic arguments for fast track.** One-third of our growth since 1993 has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must export. It's that simple. And that's all we are seeking under fast track: the opportunity to negotiate new agreements that break down foreign trade barriers, level the playing field, and increase our ability to export our world-class goods and services.
- **We are in a perfect position to compete. Our economy is the envy of the world.** We are once again the world's most competitive economy, the world's largest exporter, the leading producer of automobiles, semiconductors, and pharmaceuticals. It makes no sense to sideline ourselves now.

Fast Track and American Leadership

- **But the fast track debate is about much more than trade alone. It is about American leadership in the world.** Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.
- **A failure of U.S. leadership would be a huge mistake.** For over 50 years, we have led the world toward freer markets -- reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefited the U.S. We must not turn our back on that progress.
- **American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas.** The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted -- by default in our leadership -- to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy.
- **We cannot afford to take our economic leadership for granted.** Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process--or watch it proceed without us:
 - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in the hemisphere has a preferential trade deal with Chile, except the U.S.

- The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding \$1 trillion. President Chirac has declared “the future of the region rests with Europe, not the United States.”

Fast Track and American Foreign Policy

- **Fast track is a test of our foreign policy.** As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post Cold-War world, trade agreements serve some of the same purposes security pacts played during the Cold War: They bind nations together through a set of shared interests and common objectives.
- **If the U.S. fails to lead, we risk losing influence by default.** The trade patterns set in coming decades will have enormous strategic importance, too. That is part of the strategy behind the FTAA and APEC processes. They are not just economic initiatives: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy strategic and security interests are deeply implicated. Rejecting fast track would signal retreat from these initiatives.
- **Rejecting fast track would clearly undermine broader U.S. interests.** Latin America sees trade as the linchpin of a stronger hemispheric relations. Our failure to engage on trade would undermine cooperation on a range of other important issues, including drug interdiction, immigration, environmental protection and anti-corruption efforts. In Asia, the industrialization of 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America's economic and security interests that we be deeply engaged in that transformation. Without fast track, we will be crippled in that effort.
- **The cause of democracy and free markets would also suffer.** After decades of failed experiments and anti-Americanism, many of the world's emerging markets today are embracing free markets, democracy, and other American values. Today -- for the first time in history -- one half of the world's population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes, and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

Conclusion

- **The United States faces a critical choice.** We can continue to make our economy the model for the rest of the world, open foreign markets, and reaffirm our global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important.

POSSIBLE FAST TRACK QUESTIONS AND PROPOSED RESPONSES

Labor and the Environment

Q: Why have you embraced fast track bills in both the Senate and House that treat labor and the environment as second-tier concerns, not fundamental parts of trade agreements?

- Your characterization of these bills is wrong. They contain principal negotiating objectives aimed specifically at worker rights and the environment. That's more than has ever been contained in fast track legislation before. Under the bills, we will be able to use trade agreements to keep other governments from weakening their labor, environmental, or health and safety laws to gain an advantage in trade or investment (House bill)/to attract investment or inhibit U.S. exports (Senate bill).
- The President also retains ample authority to address these issues in a variety of international fora, as my Administration has been doing for the past 4 ½ years. And with fast track, the President also will be able to pursue labor and environmental side agreements where appropriate, including with Chile. Our goal should be to work with other countries to help them better protect the rights of their workers and improve their environments -- whether or not we are engaged in trade negotiations with them.

The Need for Fast Track

Q: How can you claim fast track is needed for trade agreements, when you have concluded over 200 such agreements without it?

- Fast track is needed only when we intend to make changes to U.S. law. Many agreements we negotiate with Japan and other countries include changes only by the foreign government, not us -- usually in response to our pressure to open their markets. But the largest and most important agreements -- like NAFTA and the Uruguay Round, and the future agreements we are seeking on agriculture, services, and in other areas -- require that all countries involved make some changes to their laws. We need fast track for those agreements.
- If we don't have fast track, other countries simply will not negotiate with us. They won't enter into one negotiation with the President, then let Congress unilaterally change the terms of the deal -- in effect, a second negotiation. Either the foreign country won't give the Administration their bottom line best offer -- fearing they'll have to make additional concessions to Congress -- or they will simply refuse to negotiate in the first place. That's Chile's position; they have refused to negotiate with us unless we have fast track.
- History bears this out. In the late 1960s, the Administration brought back a GATT trade agreement that Congress amended unilaterally. After that, other countries simply refused to negotiate with us for several years. That's precisely why fast track procedures were enacted by Congress in 1974 -- to get us back in the game and leading again on trade.

Effects of NAFTA

Q: Why should we support fast track when we see such negative effects from NAFTA?

- First, I reject the critics' claims about NAFTA. The best available information shows that NAFTA has had a *positive* job impact -- creating 90,000 to 160,000 U.S. jobs, despite the 1995 peso crisis and its effect on Mexico's economy. And thanks to NAFTA, our exports to Mexico are already recovering from that temporary setback -- whereas we needed seven years for our exports to rebound after Mexico's last major financial crisis in the early 1980s. NAFTA has given us the chance to sell more to Mexico -- and to work more closely than ever before on other issues, including labor and the environment.
- But regardless what you think, this fast track debate is not about NAFTA. It is about our global trade agenda, our ability to negotiate new international agreements on agriculture and services and in those sectors in which we are the most competitive nation in the world. And it is about our ability to go after foreign trade barriers that remain much higher than our own -- to work to level the playing field for our workers and firms.

Helping Workers and Communities

Q: Why should I support fast track without guarantees that trade-impacted workers and communities will be helped adequately?

- President Clinton has done more than any other President to ensure that American workers benefit from expanded trade. And for those who may not share in the benefits of our strong economy, this Administration has fought successfully for increased training and educational opportunities. We have doubled the funding for dislocated workers since 1993 to nearly \$1.3 billion; have fought to ensure that 13 million children from low-income families benefit from the child tax credit; have made college more affordable with the Hope Scholarship and tuition tax credit programs; and have pushed successfully for a variety of other measures.
- And the President is committed to doing even more to build on this strong record. The Administration has been working on a set of additional initiatives to help both individuals and communities that may be affected by trade flows, and President Clinton will be announcing the details of those plans in just a few more days.

The U.S. Trade Deficit

Q: Why should we move ahead with fast track and new trade agreements when our trade deficit continues to balloon?

- The trade deficit is the result of a range of complex factors, and is not the sign of a weak economy. It is hard to argue that this is harming us when we have been growing at about 3% annually over the past five years, have the lowest unemployment in 23 years, rising

income levels, a rapidly shrinking budget deficit, high consumer demand, and record exports.

- And we are seeing some very positive signs: our exports are up 10% this year, despite sluggish growth in many other countries and a strong U.S. dollar. And our trade balances with our NAFTA partners -- now our two largest export markets -- have improved greatly this year; we have cut the deficit with Canada 24%, with Mexico 15%.
- In any event, the best way to attack the deficit is to increase our exports -- and the best way to do that is through fast track trade agreements that break down foreign barriers. If you are concerned about the trade deficit, you should support giving the President the authority to attack the remaining trade barriers and negotiate tough new agreements to help our exporters.

Trade Agreements with Developing Countries

Q: Why should we negotiate trade agreements with countries where workers earn a fraction of U.S. wages?

- The truth is we are competing quite successfully with low-wage countries. Over the past decade, our exports to those countries are up 240% -- nearly double the increase to richer countries and more than three times the gain in domestic sales. Today, they account for 42% of our total exports -- creating jobs that pay about 15% more than non-export related jobs.
- We remain the strongest economy in the world, with the most productive workers. And we will gain through trade agreements with developing countries, whose existing barriers are several times higher than our own.