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COLLECTION:

Clinton Presidential Records
National Economic Council
Laura D'Andrea Tyson
OA/Box Number: 8933

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International Trade Message

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P1 National Security Classified Information [(a)(1) of the PRA]
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PUF

International Trade

– Message

draft 2/14 **COMMUNICATIONS PLAN FOR INTERNATIONAL TRADE**

OVERVIEW

Despite the Clinton Administration's major successes in trade over the past three years, and despite our efforts to show how those successes benefit American workers and companies, most Americans still have a negative perception about the costs of international trade.

Most Americans feel that trade hurts American workers by costing jobs and lowering wages. They generally believe the arguments of the economic nationalists -- that jobs are being exported to third-world countries where labor is abominably cheap, and as a result, American wages drop in order to be competitive. NAFTA, in particular, is considered very harmful to workers.

The President's record on trade is consistent and strong, and we have the facts to back it up. Despite impressive accomplishments, however, we must anticipate that our opponents will use the issue of trade against us, appealing to the insecurities that American workers are feeling. Given the primary season and upcoming visible events, such as China MFN and the Japan Summit, the Clinton Administration's trade policy will inevitably be called into question.

RECOMMENDATION

We recommend that the Administration wage *a modest, proactive communications effort* to inoculate ourselves against the claims of the economic nationalists.

While realistically we may not be able to "win" on this issue, we want to at least "break even," and not let the economic nationalists "win." In fact, we would do a disservice to the President and his accomplishments if we did anything less.

OBJECTIVES

To this end, the primary objectives of this communications plan are:

o *to be prepared for a debate on trade should we chose to engage in it;*

o *to inoculate ourselves by demonstrating the success of President Clinton's overall economic policy, one component of which is his international trade agenda. This includes showing how average Americans have benefitted through increased jobs and better wages, and how the Clinton Administration has stood up for American workers against unfair foreign competition;*

o *to manage issues and events that have trade overtones.*

Secondary objectives include:

- *to highlight the increasing competitiveness of high-growth sectors*
- *to highlight economic gains made by key exporting states*

ROLL-OUT

This effort includes three key components: *preparation, inoculation, and issues management*. After these elements have been implemented, we will then reassess how aggressive, if at all, we want to be on this issue in the following months. This plan is based on a high-low approach. Focus will be placed both on the elite media and on grassroots constituencies around the country.

Preparation

We must be prepared for the debate on trade, regardless of what role we ultimately choose to play in it. To that end, we recommend the following:

- *Track Issues:* We must know when key events, like the President's visit to Japan, are taking place and when key issues, like China MFN, will be on the radar screen and in the news. To this end, we are currently tracking trade-related issues on a daily basis, including press reports, speeches, trade actions, trade numbers, etc. All relevant events and issues will be compiled on a calendar which will serve as a working document throughout this process.

- *Develop Materials:* We must have appropriate background materials, for both public and internal use, on the shelf. We are currently developing the following materials:

  -- "Accomplishments" document
  -- NAFTA/Mexico Update
  -- Point/counterpoint on economic nationalism
  -- Talking points and message document
  -- Issue papers (for editorial mailings, see below)
  -- State and industry specific data (see below)

- *Interagency Consultations:* This must be an interagency effort, and all relevant Cabinet and sub-Cabinet officials must be actively involved and speaking from the same page. To this end, we are implementing a regular interagency process through which ideas will be sought and outreach will be coordinated. Dr. Tyson will continue to convene occasional NEC Deputies and Principals meetings. Chris Dorval will hold bi-weekly interagency communications meetings with NEC, NSC, USTR, DoC, Treasury, State, DoL, & USDA.

- *Gather State and Sector-Specific Data:* It is critical that we have data and anecdotes that apply to specific states and sectors. This information will be key to the grassroots outreach effort.

Inoculation

We must inoculate ourselves against the false assertions of the economic nationalists, which unfortunately have gained some credibility in the eyes of average Americans. We have the facts to back up our arguments and to demonstrate that the President's international economic and trade agenda is a success. Now we just need to get the word out.

- *Briefings:* As part of our "high" strategy to reach the elite media and opinion leaders, we should conduct a series of briefings for key groups, such as trade and economic press; validators; business community; trade associations; state and local officials; members of Congress; constituency groups. Briefings should take place in March and April.

  Briefings should be conducted with a team approach. A team of Cabinet officials and senior White House officials should together present the briefing. This gives a sense that the Clinton Administration is united on trade, and that everyone is speaking from the same page. A sample team would include Tyson, Brown, Kantor, and Christopher.

- *Editorial Mailings:* We will also produce a series of weekly editorial mailings throughout March, April, & May. Weekly themes will include competitiveness, jobs, leveling the playing field, small business, agricultural exports, manufacturing, high tech, etc.

- *Speeches:* We recommend that each relevant Cabinet/agency head make at least one major speech between March 1 and May 1, preferably outside of Washington, DC and in one of key exporting states (see below).

  Suggested themes and speakers include: overall economic agenda (Tyson); workers & job training (Reich); economic leadership & political security (Christopher); agricultural exports (Glickman); the case for NAFTA (Rubin); business & job growth (Brown); trade pacts/new markets/standing up to Japan (Kantor); small business boost from trade (Lader); trade finance (Kamarck/Harkin/Grandmaison).

  Cabinet/agency heads should also be prepared to make speech on similar theme during World Trade Week (May 20-24).

- *Presidential Activity:* It is important that the President give at least one major speech on trade that clearly lays out his economic vision for the future and how increased exports benefit the American people and the American economy.

  A possible venue for this speech would be to the Pacific Basin Economic Council (PBEC) on May 20 in Washington, DC. This is particularly appropriate as it is the first day of World Trade Week.

- *State Visits:* Grassroots outreach -- the centerpiece of the "low" strategy -- is critical, and Cabinet and agency officials must be actively involved. Trade & economic officials at the U/S and A/S level should plan to do low visibility grassroots outreach between March 1 and June 1. Trips will be organized by department involved, and should be coordinated through Chris Dorval and Carola McGiffert. Each stop should include speech, ed-boards, press, constituency group meetings, and should target specific sectors.

Key exporting states include: California, Connecticut, Florida, Georgia, Illinois, Iowa, Kentucky, Michigan, New Jersey, Ohio, Pennsylvania, Tennessee, Washington, and Wisconsin.

Issues Management

In addition to being proactive through speeches and state visits, we must also develop an appropriate communications strategy for issues that will have trade overtones, such as the upcoming Hashimoto visit (2/23); POTUS Japan visit (April); MFN (now until June); G-7 (June); WTO actions; USTR enforcements; congressional actions, and the release of trade figures, among others. These events, which we are tracking, will most likely raise issues on trade that we must be prepared to address.

Reassessment

Once we have implemented the above three steps, we will need to reassess how proactively to proceed in the following months -- whether to continue on a modest track or whether to heighten or lower our profile on this issue.

IMMEDIATE NEXT STEPS

- Week of 2/12: WH/Tyson call for formal interagency structure with detailed staff
- Week of 2/12: NEC Principals meet, sign off on plan
- Week of 2/12: WH political and communications review plan
- Bi-monthly: Interagency communications meetings (next mtg 2/20)

Clinton Administration Trade Accomplishments
At-A-Glance

Created 1.6 Million High-Wage Jobs through an Unprecedented Export-Boom

- *Exports have grown 34 percent since President Clinton took office. In 1995, exports were up 15 percent.*

- *Exports accounted for one-third of overall U.S. economic growth.*

- *1.6 million high-quality, high-wage jobs have been created as a direct result of increased exports. One out of every ten American workers depend on exports for their jobs.*

- *Export-related jobs pay an average of 15 percent better than other jobs.*

- *Agricultural exports are projected to reach an all time high of $50 billion. One out of every three acres that is farmed in the U.S. is exported.*

Restored U.S. Competitiveness and Put America First

- *The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992.*

- *The United States has regained its position as the world's largest exporter -- surpassing Germany.*

- *The United States has regained dominance of the semiconductor market: U.S. market share has risen to 43 percent in 1994 -- surpassing Japan.*

- *The United States is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan.*

Stood Up for American Workers and Companies against Unfair Competition

- *The Clinton Administration stood up to the Japanese and opened 15 market sectors in Japan, ranging from telecommunications procurement to autos to rice. U.S. exports to those sectors have grown by more than 80 percent.*

- *More foreign markets have been opened in the past three years of the Clinton Administration than in any previous administration. NAFTA and GATT, in particular, reduce tariffs and level the playing field against unfair foreign competition.*

- *The Clinton Administration stood up for American safety by postponing a provision of NAFTA that would allow U.S. and Mexican trucks to move freely across the border after determining that Mexican trucks were not up to safety standards.*

A Fair Trade Policy That Works

PRESIDENT CLINTON'S TRADE POLICY HAS FOUR KEY GOALS:

* ***TO RESTORE U.S. COMPETITIVENESS;***
* ***TO STAND UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION;***
* ***TO CREATE NEW, HIGH-WAGE JOBS BY SELLING U.S. GOODS AND SERVICES TO NEW MARKETS; AND***
* ***TO BUILD A STRONGER ECONOMY AT HOME.***

OVERVIEW
Today, the United States is the world's only economic superpower. This was not the case just a few years ago. Just a few years ago, the United States was in a deep recession. Unemployment was x%; inflation, at x, was at its highest in x years; manufacturing jobs were being lost. We were losing to the Japanese in autos.

Since President Clinton entered office, the American economy has become stronger than ever. Unemployment is down. Inflation is down. Interest rates are down. And productivity and competitiveness are up. In addition, over the past three years, more foreign markets have been opened for U.S. goods and services than in any similar period in history.

Over the past three years, President Clinton has worked to provide a sound macroeconomic environment to ensure sustained economic growth and economic opportunity for all Americans. He has worked to keep interest rates, unemployment, and inflation low, while stimulating economic growth through increased exports.

As a result, since January 1993, the United States has enjoyed a low-inflation, broad-based, investment-led economic expansion. Nearly 7.8 million new jobs have been created; home ownership is at a 15 year high; almost two million new businesses have been started -- an all-time high; and the combined rate of inflation and unemployment is the lowest in 27 years. Unemployment has been below six percent for 15 straight months.

President Clinton recognizes that, as we enter the 21st century, America's economic well-being and prosperity will depend in large part on how competitive we are in the global economy. That is why he has developed the most dynamic, aggressive, and coherent international economic policy in recent history. The result: the United States has been ranked the most competitive nation in the world for two years in a row by the World Economic Forum.

President Clinton's trade policy has four key goals: to restore U.S. competitiveness; to level the playing field for American workers and companies against unfair competitions; to create high-quality, high-paying jobs through increased exports; and to build an economic architecture for the 21st century. This paper reviews highlights of the Clinton Administration's trade policy over the past three years.

RESTORING U.S. COMPETITIVENESS

The U.S. economy is more dependent on international trade than ever. In 1970, trade accounted for only 13 percent of U.S. GDP. In 1995, the value of trade exceeded $2 trillion, more than 30 percent of GDP. American exports have grown by 33 percent in three years, and we are once again the world's largest exporter, surpassing Germany.

The United States is also the most competitive nation in the world. A major international study by the World Economic Forum has placed the United States as the most economically competitive nation in the world for two years in a row. From semiconductors to autos to agriculture to services, the U.S. is in the lead, and on the move.

The United States has regained dominance of the semiconductor market: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.

The U.S. automobile industry has been ranked number one for two years in a row -- for the first time since the 1970's.

U.S. aircraft industry dominates the world market -- supplying 65 percent of sales to Asia alone.

Exports are up 33 percent over the past three years.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

LEVELING THE PLAYING FIELD FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION

American workers are the most skilled and productive in the world and American products are of the highest quality. Yet too frequently our businesses face unfair competition, and are therefore at a disadvantage that can cost them important international contracts and, as a result, American jobs. That is why President Clinton has worked to ensure that American workers and companies are treated fairly in the global marketplace.

Japan

President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

Traditionally, the U.S.-Japan trading relationship has been one of imbalance. Over the past 25 years, four million vehicles have been shipped from Japan to the United States, while only 400,000 U.S. vehicles have been sold to Japan. Today, U.S. automobile industry has greater access to the Japanese market -- for the first time.

Big Three exports of vehicles to Japan increased significantly between January to November 1995 -- 49 percent over 1994.

Only three years ago, U.S. apples were banned from Japan. Today, exports of Washington state apples to Japan were worth approximately $15 million in 1995.

U.S. sales of medical equipment to Japan have increased about 20 percent since a medical technology agreement was signed in 1994.

NAFTA & GATT

NAFTA eliminates tariffs among the United States, Canada, and Mexico; in its first year alone, trade among the NAFTA partners grew by 17 percent, an increase of more than $50 billion. Tariffs reduced as a result of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) have similarly helped level the playing field. For example, agricultural subsidies have been slashed under GATT, allowing U.S. farmers access to the traditionally closed international agriculture market.

U.S. service exports to Canada were valued at more than $15 billion in 1995, up from nearly $10 billion in 1993 -- a 33 percent increase over two years.

U.S. agricultural exports overall reached a record $58 billion in 1995, up almost 30% from the previous year. Today, one out of every three acres that is farmed is exported.

Export Promotion

For years, foreign companies have had the active support of their companies when competing for international contracts. President Clinton believes that U.S. firms are the best and most competitive in the world, yet they often face unfair competition from foreign firms. That is why President Clinton developed a national export strategy that aggressively supported U.S. companies doing business abroad.

The Export-Import Bank of the United States has agreed to match more than 30 instances where other countries have promised low-cost financing to obtain contracts -- just in the past two years.

Since 1993, the Clinton Administration has helped U.S. companies win over $57 billion in foreign deals. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported over 370,000 jobs.

CREATING HIGH-QUALITY, HIGH-PAYING JOBS THROUGH INCREASED U.S. EXPORTS

The President's leadership on trade has contributed to an unprecedented export boom and, as a result, hundreds of thousands of high-quality, high-wage jobs have been created in the United States. Over the past three years, 1.6 million jobs were created as a direct result of increased exports. Today, at least 12 million American jobs depend on export trade.

In 1994, almost a million Californians held jobs that depended on the export of manufactured goods. In Michigan, over 500,000 workers depended on manufacturing exports for their employment.

Exports to Canada and Mexico -- our NAFTA partners -- have created nearly 340,000 American jobs -- all despite Mexico's financial crisis. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs.

The majority of these new, export-related jobs have been created not by big corporations, but because of the explosive expansion of smaller firms doing business abroad. In fact, small companies produced an estimated 62 percent of the 3.3 million new jobs created in 1994 alone.

Small companies -- the heart and soul of the American economy -- employ more than half of the U.S. workforce, are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S. Small and medium sized enterprises are exporting more and are a growing source of U.S. exports. These businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.

Aquatics Unlimited, a small environmental technology company, recently signed an agreement with the Indonesian government to provide dredging equipment. This deal is expected to be worth $10 million over the next five years, and has enabled Aquatics Unlimited to more than double its staff from 20 to 50 people.

Goulston Technologies, a small, North Carolina-based company employing approximately 150 people, manufactures lubricants for the fiber producer and textile industries. After the passage of NAFTA, tariffs on most of Goulston's products dropped from 15 percent to zero, giving Goulston a distinct advantage over non-NAFTA competitors. Not only have tariff reductions opened up new business opportunities for Goulston in Mexico, but have also created new employment opportunities in North Carolina. Since the passage of NAFTA, Goulston has hired 15 new employees.

Since the June 1995 agreement on Autos and Auto Parts, the Japanese government has begun to deregulate the $60 billion auto replacement parts market. For more than 25 years, Tennaco was unable to gain access to the Japanese distribution system. Recently, however, Tennaco announced that Japan Energy Corporation, a major oil distributor, will distribute shock absorbers and other U.S. auto parts in over 1000 gas stations in Japan.

President Clinton recognizes that small and medium sized companies are "the engine that will drive us into the 21st century."[1] That is why he designed a National Export Strategy that places special emphasis on small and medium-sized firms. The Clinton Administration has worked hard to provide much-needed information and capital to small firms seeking to expand abroad.

In 1995, the U.S. Small Business Administration and the Export Import Bank of the U.S. jointly guaranteed well over 300 export working capital guarantees to U.S. exporters, worth approximately $279 million -- a 33 percent increase over 1994.

The Overseas Private Investment Corporation created a $20 million small business fund that provides growth capital to international projects.

Eighty percent of business for Interworld Engineering, Inc., a five-employee industrial engineering firm in Greenville, Michigan, comes as a result of exporting. Interworld designed, produced and exported an automotive manufacturing line to be used in the largest truck plant in China, backed by a $1.9 million Ex-Im Bank guaranteed working capital loan.

C.S. Johnson Company, a designer and manufacturer of concrete mixing equipment in Illinois, received an SBA loan that helped the company complete a large dam project in China. The company now expects sales overseas to increase over the next few years as they compete to supply other projects in Asia, and they have hired x number of employees as a result.

CONCLUSION: BUILDING A STRONGER ECONOMY FOR THE 21ST CENTURY

U.S. leadership in trade is replacing old alliances based on fear with new ones based on mutual prosperity. With the fall of communism and the rise of free market capitalism, President Clinton has led the world in establishing important new multilateral structures for the post-Cold War era. From NAFTA to GATT to APEC to the Free Trade Area of the Americas, the President has developed an international economic infrastructure that serves to deepen democratic reforms, increase stability, and solidify a rules-based system under which American interests can flourish. In short, he has built an economic architecture for the future.

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[1]President Bill Clinton, "National Export Strategy Report," 10/95

The expanding role of emerging markets in the global economy makes such an architecture even more critical. Emerging markets -- such as China, the nations of ASEAN, Mexico, Brazil, Poland -- are the fastest-growing and most dynamic markets in the world. They are also, by nature, volatile. As such, we must prepare -- and help them prepare -- for inevitable bumps in the road. Our economic, political and military interests are inextricably linked with those of countries with emerging economies, and therefore we must help ensure their stability.

For example, the 2000-mile border we share with Mexico dictates that we will inevitably be affected by developments in our large, populous neighbor to the south and that America has a vital stake in a sound democratic government and an open and prosperous economic system in Mexico.

By strengthening our ties with our traditional trading partners and promoting new regional economic structures around the world, President Clinton has led the call for more cooperation and fairness in the global economy. He has established an international economic infrastructure that will help ensure economic and political stability throughout the world and into the 21st century; that serves the interests of U.S. workers and companies; and that has made the United States Number One once again.

NAFTA: ASSESSING THE RECORD

January 30, 1996

NAFTA expands access for U.S. products in the markets of two of our top three trading partners, creates jobs, and raises standards of living. Mexico's current economic problems make NAFTA more important than ever in safeguarding U.S. jobs and income. Without NAFTA, the current trade situation with Mexico would be far worse for both the United States and Mexico.

NAFTA has been a success.

Since NAFTA began, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created nearly 310,000 jobs, despite Mexico's financial crisis. In NAFTA's first year alone, trade among the NAFTA partners grew by 17 percent -- an increase in trade of more than $50 billion.

U.S. merchandise exports to Mexico and Canada grew by 16 percent in NAFTA's first year -- over twice as fast as U.S. exports to the rest of the world. And over the first ten months of 1995, our NAFTA exports grew nearly 24 percent over the same period for 1993. U.S. exports of autos, semiconductors, machine tools, and even apples surged as Mexican trade barriers came down.

NAFTA gives U.S. farmers preferred access to an enormous and rapidly growing market. In 1994, agricultural exports to Canada and Mexico reached a record $4.5 billion, up 25 percent from the previous year.

NAFTA means better jobs for American workers. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs. These export-related jobs pay 13 to 17 percent more than the average wage.

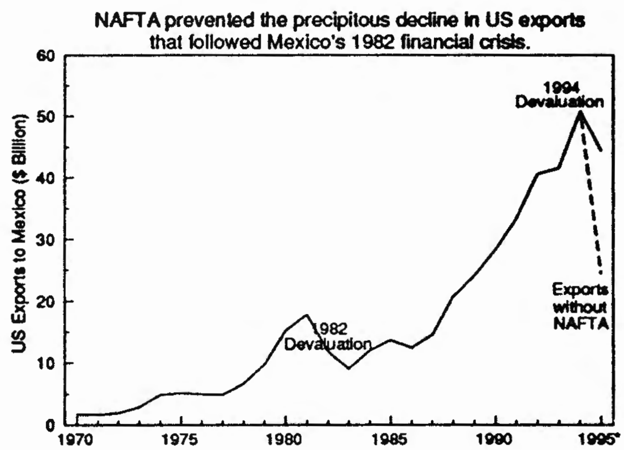
NAFTA's tariff cuts have expanded opportunities for U.S. exporters in Mexico. In 1992, 12 U.S. corporations formed a business consortium -- *AGC Affiliated* -- to promote the development and international sales of mobile cogeneration units (MCUs), an innovative energy device that is used by industries ranging from textiles to automobiles. NAFTA has cut Mexican tariffs on MCUs by 50 percent, leading to a twofold increase in sales for AGC to Mexico and a tenfold increase in employment in Tulsa, Oklahoma.

NAFTA's services provisions have also helped to fuel increased U.S. exports. U.S. services exports to Canada have grown by one third since before NAFTA was signed, to more than $15 billion.

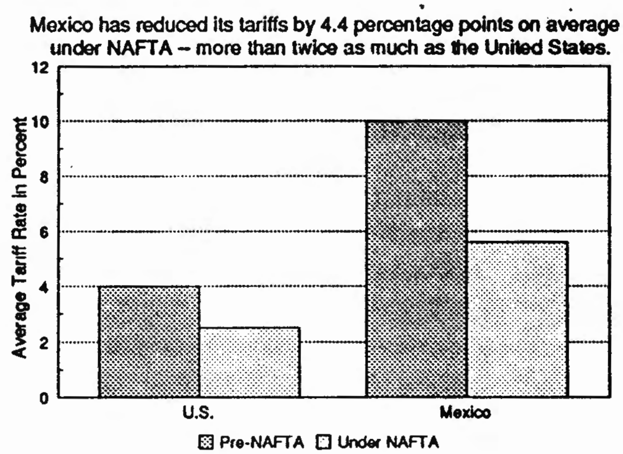
Without NAFTA, the impact of Mexico's financial crisis on U.S. jobs and income would be much worse.

NAFTA has helped to protect the over 700,000 American jobs that are supported by exports to Mexico.

The best test of an agreement is how it works in bad times. Because of NAFTA, U.S. exports have fared much better this year than after the last Mexican financial crisis in 1982. In 1982, the Mexicans imposed 100 percent duties on American products, a move that cut our exports to Mexico in half. It took 6 years to recover. If the same thing had happened this year, U.S. exporters would have lost $25 billion in sales and not recovered until the year 2000.

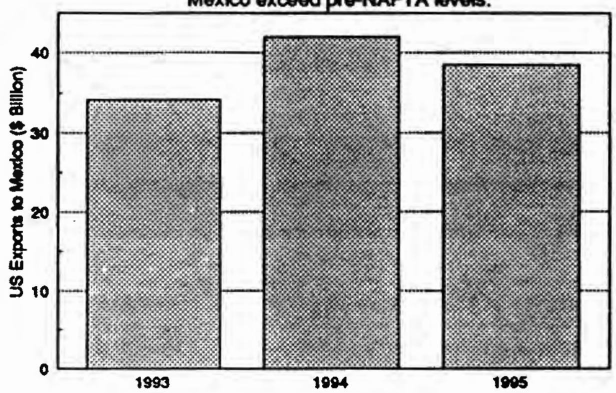


Instead of retreating into protectionism, Mexico is honoring its NAFTA commitments: it actually cut its tariffs on U.S. products in January 1995 in accordance with NAFTA provisions, and maintained existing NAFTA tariff cuts. In contrast, Mexico raised tariffs on some goods from non-NAFTA partners by 15 percentage points.



That is why U.S. exports have grown as a share of the Mexican market -- from 70 percent in 1994 to 73 percent in 1995, according to Mexican government statistics -- while the export share of other countries has fallen. That is also why, despite the recession in Mexico, U.S. merchandise exports to Mexico in the first ten months of this year were 13 percent greater than in the first ten months of 1993, before NAFTA was adopted.

Despite Mexico's recession, US exports to Mexico exceed pre-NAFTA levels.



Data are for January through October.

Take the example of *Goulston Technologies* in North Carolina. Under NAFTA, tariffs on Goulston's lubricant products have fallen from 15 percent to zero. Far from losing sales during Mexico's recession, Goulston has gained *more* business because it now enjoys lower tariffs on its exports to Mexico relative to its foreign competitors. Increased business has led to an 8 percent increase in employment in this North Carolina-based company of 215 since NAFTA took effect.

The California-based *Panamax* company has seen its exports of surge protectors to Mexico increase *tenfold* over the last three years. The company's president, Henry Moody, reports that he expects NAFTA-generated sales alone to require an extra shift of production workers -- or 15 to 18 new U.S. jobs.

Despite the crisis, Mexico is going beyond its NAFTA obligations by liberalizing financial services and embarking on a round of further privatization in the transportation, telecommunications, and petrochemicals markets. This will create new opportunities for U.S. businesses and workers.

Independent forecasters predict a resumption of growth in Mexico as early as next year, which should restore strong export growth.

Because of Mexico's market reforms and the measures it has adopted under NAFTA, Mexico's improved economic fundamentals promise a faster recovery than in 1982. Private analysts forecast GDP growth of 2 to 3 percent next year. Since the U.S. supplies over two-thirds of Mexico's imports, the resumption of Mexican growth will translate into additional higher-paying export jobs for Americans.

Through NAFTA, U.S. interests in protecting workers' rights and cleaning up the environment in North America are addressed in an open and constructive manner. Without NAFTA, there would be no mechanism for addressing these issues.

NAFTA is the first comprehensive trade agreement to include provisions on labor and environmental issues related to trade. These provisions ensure that expanded trade fully supports the improvement of labor and environmental conditions and the enforcement of national labor and environmental laws.

As a result of the NAFTA labor agreement, the Ministers of Labor of the three NAFTA countries have had two council meetings in which they discussed a broad range of issues, including union registration, health and safety, and wage and compensation issues. In addition, 5 submissions related to the enforcement of labor law in Mexico and the United States have been reviewed. This review process provides an important mechanism for Mexican and American workers to raise concerns about labor law enforcement.

In the past two years, the United States and Mexico have made enormous progress in protecting our environment and our public health -- thanks to efforts set in motion by NAFTA's environmental agreement. Our nations are cooperating to build a stronger infrastructure to protect public health and the environment. The institutions established by NAFTA are working with affected state and local governments and the public to develop solutions to environmental problems such as unsafe drinking water and inadequate municipal waste disposal and sewage treatment affecting border communities in Texas, New Mexico, California, and Arizona.

NAFTA makes both economic and environmental sense. For example, Mexico's much-strengthened pollution controls have resulted in an increased need for U.S. technology and expertise. Last May, Mexican officials joined with executives from the California company, *U.S. Filter*, to inaugurate a 13.8 million-gallons-per-day wastewater treatment plant for the Mexican city of Cuernevaca. Construction of the plant was spurred by a combination of stepped-up enforcement of Mexican water pollution control regulations and liberalized foreign investment rules under NAFTA. This project supports 50 jobs back home in the United States.

NAFTA makes an essential investment in our future by promoting vital U.S. interests in Mexico and throughout the hemisphere.

America has a vital stake in a sound democratic government and an open and prosperous economic system in Mexico. The shared 2000-mile border dictates that we will inevitably be affected by developments in our large, populous neighbor to the south. Our challenge is to help shape change in Mexico in ways that benefit both Mexicans and Americans. By raising growth and living standards south of the border, NAFTA will help to reduce immigration pressures and improve cooperation on a wide range of other issues, such as counternarcotics.

The United States and Mexico have a historic relationship. We cooperate on issues ranging from law enforcement to the environment and from trade to education. The United States and Mexico have a common interest in ensuring stability and economic prosperity throughout the hemisphere.

The continued success of our commercial and political relationship with Mexico is pivotal for the success of our relationships with countries further south. NAFTA helps to assure that the forces of economic liberalization and market opening prevail into the next century throughout the hemisphere. The emergence of rapidly growing, market-oriented economies in Mexico and further south will make an important contribution in ensuring a fully employed, high-wage, and prosperous economy at home. The rapidly growing middle class population of Latin America generates demand for the types of goods and services the United States makes best.

draft 2/13
10:30 am

KEEPING AMERICA FIRST

President Clinton believes in the strength of the American economy and the character and productivity of the American worker.

President Clinton will not give into the pessimists who say that America can't compete. He believes that America is the greatest nation in the world and should compete, not retreat. President Clinton will not give away our future to those who want to return to the past.

America is back. The United States has never been better prepared for a new century as it is today. Our military might is matched by no one; our democratic institutions an inspiration to billions; our economy the envy of the industrialized world.

Not only have we regained our role as the most competitive nation in the world, but are consistently beating the Japanese and Germans in overall exports, especially in sectors critical to increasing high-wage jobs here at home, like automobiles, semiconductors, and medical equipment.

- *The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992;*

- *The U.S. has regained its position as the world's largest exporter -- surpassing Germany;*

- *The U.S. is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan;*

- *And we have regained our dominance of the semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.*

President Clinton's vision of a strong U.S. economy and expanded opportunity for all Americans is paying off for American workers, American businesses, American farmers, and the American economy. By enhancing U.S. competitiveness through increased exports, the President has kept America Number One -- and U.S. workers have benefitted.

- *More than 1.6 million new high-quality jobs have been created through exports;*

- *One out of every ten American workers depend on exports for their jobs;*

- *Export-related jobs pay an average of 15 percent better than other jobs;*

- *Exports accounted for one-third of overall U.S. economic growth;*

o *Agricultural exports are projected to reach an all-time high of $50 billion. One out of every three acres that is farmed in the U.S. is exported.*

Ninety-five percent of the world's consumers live outside of the United States. If we cede those markets to the Germans and Japanese, U.S. jobs will be lost, U.S. wages will drop, American workers will suffer and the United States will no longer be Number One. The Clinton Administration will not sell America short by running scared, by retreating and throwing up barriers to opportunity and a better life.

That is why this administration has stood up for American workers against unfair competition.

o *The Clinton Administration stood up to the Japanese and opened 15 market sectors in Japan, ranging from telecommunications to autos to rice. U.S. exports to those sectors have grown by more than 80 percent.*

o *More foreign markets have opened, with hundreds of millions of new consumers, to U.S. goods and services in the past three years that in any previous administration. NAFTA and GATT, in particular, reduce tariffs and level the playing field against unfair competition;*

o *The Clinton Administration stood up for American safety by postponing ~~an~~ provision of NAFTA that would allow U.S. and Mexican trucks to move freely across the border after determining that Mexican trucks were not up to safety standards.*

We are ready to compete, not retreat, in the new economic and political world order that we have worked so hard as a nation to establish.

The Clinton Administration has worked from day one to institute economic policies that will benefit all Americans for decades to come. President Clinton's vision has been built on an America that is fully engaged in the world and Americans that are fully prepared to take advantage of the economic opportunities that are part of the new economy.

To that end, the President has focused on making sure that our workers get the best training and education they need to compete and win; that U.S. businesses have a fair advantage in the global marketplace; and that we have a national export strategy that creates new, high-paying jobs for American workers as we boost our sales to new markets with hundreds of millions of new consumers.

The Clinton Administration will continue to fight for America's interests overseas in order to expand job opportunities and increase the quality of life for every American worker here at home. A policy that requires anything less of America and its citizens -- a policy of isolation and retreat -- will diminish our standard of living, threaten our economic security, and stifle economic opportunity for generations to come.

draft 2/13

Keeping America First: A Response to Economic Nationalism

***The Assertion:** Economic nationalists want to put "America First."*

***The Truth:** President Clinton wants to keep America First.* The United States is the most competitive nation in the world, and the world's only economic superpower. We are already Number One; President Clinton wants to keep it that way.

> *The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992.*
>
> *The United States leads the world in almost every technology critical to economic prosperity and job creation. For example, the U.S. has regained dominance of the semiconductor market: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.*
>
> *The United States is the world's Number One producer of automobiles for the first time in almost two decades -- overtaking Japan.*

***The Assertion:** Foreigners -- at home and abroad -- are taking American jobs.* Some people say that we are giving away American jobs to foreign workers: increased immigration results in fewer jobs for Americans here at home and heightened international trade exports American jobs to third world nations where labor is appailingly cheap. To support this assertion, some cite the fact that Fortune 500 firms used to employ 22 percent of American workers, and now they employ approximately 10 percent.

***The Truth #1:** Exports create jobs.* Ninety-five percent of the world's consumers live outside the United States. If we close our doors to foreign trade, we limit our businesses and farmers to a domestic market of 260 million consumers, only five percent of the world's population. In contrast, if we engage in fair trade, our firms and farmers will have access to 95 percent of the world's consumers, will expand their businesses, and will create jobs.

> *1.6 million high-quality, high-wage jobs have been created over the past three years as a direct result of increased exports.*
>
> *Today, one out of ten American jobs depend on export trade.*
>
> *Export-related jobs pay an average wage of 15 percent better than other jobs.*

***The Truth #2*: Small and medium-sized businesses are expanding rapidly.** While Fortune 500 companies may have downsized in recent years, small and medium sized companies are expanding rapidly. Furthermore, small and medium sized enterprises depend a great deal on trade; they are exporting more and are a growing source of U.S. exports.

Small firms are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S.

More than half of the U.S. workforce is employed by smaller companies.

Small businesses produced an estimated 62 percent of the 3.3 million new jobs created in 1994.

Small and medium sized businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.

***The Truth #3*: President Clinton has made change benefit the American people.** President Clinton saw how the world was changing, and in 1993 he set out to harness that change for the benefit of the American worker. It is true that some sectors of the economy fare better than others in the new global economy. That is why President Clinton has made education and training a centerpiece of his overall economic agenda: to help American workers and companies equip themselves with the skills and technology for the 21st century.

In the early 1900's, thousands of buggy-whip workers lost their jobs because of the introduction of the automobile. Yet far more high-wage jobs were created by the auto industry that were lost in the buggy-whip industry.

***The Assertion*: Cheap labor abroad means jobs are exported and U.S. wages fall.**

***The Truth*: Cheap labor is not a substitute for technology and productivity.** U.S. wages have grown steadily over the past three years, and export-related jobs in the U.S. pay approximately 15 percent better than the average wage.

Furthermore, wages are a small part of the cost of doing business. Other factors -- such as quality infrastructure (especially telecommunications, energy, and transportation), technology, business services, skilled and productive workforce, and environmental quality -- are significantly more important when deciding where to open an office or build a factory.

The United States is the world's technological leader; American workers are the most skilled and productive in the world; and American products and services are of the highest quality.

American companies therefore have a competitive <u>advantage</u> when they locate their factories in the U.S.

When NAFTA talks were underway, BMW decided to open a plant in South Carolina rather than Mexico, citing a highly skilled workforce, better infrastructure, and a hospitable business climate as more important than low wages.

<u>The Assertion</u>: Farmers suffer due to international trade agreements.

<u>The Truth</u>: Foreign agricultural subsidies have been slashed, and agricultural exports are booming. The Clinton Administration has opened foreign markets for U.S. farmers. For example, NAFTA gives U.S. farmers preferred access to an enormous, and rapidly growing, market. And, under the GATT, farm subsidies that have traditionally given our competitors an unfair advantage, were slashed.

Agricultural exports are projected to reach an all-time high of $50 billion.

Today, one out of every three acres that is farmed is exported.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

<u>The Assertion</u>: NAFTA is a sham -- and the Mexican financial crisis proved that.

<u>The Truth</u>: U.S. exports to Mexico in the year since the peso crisis remain at higher levels than before the implementation of NAFTA. Exports are up; U.S. jobs are being created; U.S. wages are up; and U.S. market share is almost 75 percent.

What is more, NAFTA has protected exports and jobs. During Mexico's last crisis in 1982, U.S. exports dropped by half due to the imposition of new barriers to trade by Mexico's government -- 100 percent tariffs. Following that crisis, exports to Mexico took six years to recover.

Since NAFTA went into effect, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created approximately 340,000 high-wage jobs in the U.S.

In just two years, NAFTA has proven that in good times, as in 1994, it enables significant export growth and in bad times, as in 1995, it protects the over 700,000 American workers who depend on our exports to Mexico for their jobs.

__The Assertion__: Foreign markets are closed to U.S. goods.

__The Truth__: The Clinton Administration has done more to stand up against unfair foreign competition than any other administration in history. President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

Since 1993, the Clinton Administration has helped U.S. companies win over $57 billion in foreign deals. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported over 370,000 jobs.

Big Three exports of vehicles to Japan increased significantly between January to November 1995 -- 49 percent over 1994.

Only three years ago, U.S. apples were banned from Japan. Today, exports of Washington state apples to Japan were worth approximately $15 million in 1995.

In its first year alone, trade among the NAFTA partners grew by 17 percent, an increase of more than $50 billion. U.S. service exports to Canada alone were valued at more than $15 billion in 1995, up from nearly $10 billion in 1993 -- a 33 percent increase over two years.

The Clinton Administration has established an enforcement office that will monitor trade agreements and ensure that our trading partners are playing by the rules.

__The Assertion__: Trade deals help Wall Street and hurt average Americans. Economic nationalists assert that free trade policies are designed to help big business and Wall Street.

__The Truth:__ The Clinton Administration's economic agenda helps average Americans. President Clinton's overall economic strategy seeks to increase U.S. jobs and wages, and create economic opportunity, prosperity, and growth. International economic policy, including trade, is one component of this strategy.

Under the President's economic leadership, nearly 7.8 million jobs have been created, one and a half million of them due to increased exports; home ownership is at a 15 year high; almost 2 million new businesses have been created -- an all-time high; and the combined rate of inflation and unemployment is the lowest in 27 years. Real wages have grown, and unemployment has been below 6 percent for 15 straight months.

It was during a period of high tariffs and protectionist trade policies in which Wall Street moguls benefitted the most. During the late 1800's, most of the United States' economic growth was concentrated in the hands of a few wealthy men -- the "Robber Barons" --

who held monopolies on the railroads and banks, and, with the help of government subsidies and graft, frauded the U.S. government out of millions of dollars. Prices during this period were artificially high, wages abominably low, and competition was all but prohibited. The rich got richer -- at the expense of the American workers.

<u>The Assertion</u>: Countries such as Japan that have practiced protectionist trade policies have enjoyed sustained economic growth.

<u>The Truth</u>: Protectionism stifles economic growth. In recent years, the United States -- the most open economy in the world -- has reclaimed its role as the most competitive nation, surpassing Japan -- one of the most closed and protectionist economies in the world.

The U.S. has surpassed Japan as the world's Number One producer of automobiles.

The U.S. dominates the world's semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- overtaking Japan.

Japanese services industries are trailing due to high regulation; U.S. services are booming.

<u>The Assertion</u>: Trade agreements like NAFTA and GATT cede U.S. sovereignty. Economic nationalists try to depict multilateral trade agreements as ceding American sovereignty to a world government. GATT, in particular, allows a powerful, multinational bureaucracy to control U.S. trade law.

<u>The Truth</u>: WTO rules and regulations do not supersede U.S. laws. <u>In signing onto the WTO, the U.S. did not cede its sovereignty, and in fact reserved the right to use its trade laws</u>. The World Trade Organization is not an international governing unit. It is simply an agreement among nations to lower tariffs and trade barriers.

Despite the WTO, the U.S. government has stood up to the Japanese against unfair trade practices: in June 1995, USTR threatened to use Section 301 sanctions against Japan if it did not open its automobile market to American industry. The U.S. and Japan signed an auto agreement late that month that has opened the Japanese auto market to American products.

The fact of the matter is that the United States has the most open economy in the world. Therefore, the WTO dispute settlement system should benefit us the majority of the time. It is those countries with closed markets and protectionist policies who will have to answer to the WTO and open their doors to foreign goods and services.

***The Assertion*: The WTO is toothless.** If WTO participants can ignore WTO rules and regulations, isn't the WTO powerless to enforce its trade laws?

***The Truth*: The WTO serves U.S. interests well.** The WTO was established to institutionalize agreements reached in the Uruguay Round of the GATT, and to ensure that these agreements were followed.

> *According to OECD estimates, lower tariffs in the new GATT rules will add $1 trillion to the U.S. economy and create two million new jobs in the next decade.*
>
> *Without an international trade group that monitors the fairness of the trading system, trade blocs would emerge and trade wars would be likely.*

***The Assertion*: Export-Import Bank loans have helped factories leave the United States.**

***The Truth*: The Export-Import Bank of the United States is prohibited by law to lend money to any project that will result in a loss of American jobs.** By law, the Export-Import Bank is prohibited from loaning money to projects that result in loss of American jobs. As a result, the Export-Import bank finances only capital goods and equipment -- not factories.

February 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Kantor: China Speech Subsidies/CVD Report This Month: China IPR Review	2	3
4	5	6	7	8	9 Kantor: Japan Sound Recordings	10
11	12	13	14	15 Canada Lumber	16	17 Brown: Africa (thru 2/26)
18	19	20	21	22	23 Hashimoto bilat	24
25	26	27	28	29		

January

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March

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31						

March 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Report to Congress on WTO This month: Export Admin Act Mark Up (tent) USTR Annual Report	2
3 Muenster Conference (Baltimore/DoC)	4 Muenster	5 Muenster Tyson: International Agenda Speech	6	7	8	9
10	11	12	13	14	15	16
17	18	19 Hemispheric Ministerial/ Forum (Cartegena)	20 Hemispheric Ministerial/ Forum	21	22	23
24	25	26	27	28	29	30
31 National Trade Estimate Report (USTR) Section 1377 Report (USTR)						

February

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April 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 G-7 Jobs Conference (Lille, France) This month: Trade Barriers Report	2 G-7 Jobs Conference	3	4	5	6
7	8	9	10	11	12	13
14	15	16 POTUS State Visit to Japan	17 POTUS - Japan	18 POTUS - Japan	19	20
21	22	23	24 Best Practices Conference (DoC)	25	26	27
28	29	30 Special 301 Report (USTR) Title VII Report (USTR)				

March

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May 1996

Monthly Planner

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5	6	7	8	9	10	11 G-7 Telecom Conference (SAfrica)
12 G-7 Telecom	13 G-7 Telecom	14 G-7 Telecom	15 G-7 Telecom	16	17	18
19	20 OECD Meeting (Paris) POTUS: PBEC Speech (tent) World Trade Week	21 OECD World Trade Week	22 OECD World Trade Week	23 World Trade Week	24 World Trade Week	25
26	27	28	29	30	31	

June 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 This month: EU Summit This month: Mexico Border Conference (San Antonio)
2	3 China MFN Deadline	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19 Brown: India, Pakistan, Turkey (thru 6/30)	20	21	22
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30 OECD Shipbuilding Agreement Expires						

May

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July 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 This month: Japan Autos Review This month: Japan Kodak This month: Japan Semiconductor	2	3	4	5	6
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August 1996

Monthly Planner

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September 1996

Monthly Planner

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1 This month: National Export Strategy This month: Super 301	*2*	*3*	*4*	*5*	*6*	*7*
8	*9*	*10*	*11*	*12*	*13*	*14*
15	*16*	*17*	*18*	*19*	*20*	*21*
22	*23*	*24*	*25*	*26*	*27*	*28*
29	*30*					

August

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October 1996

Monthly Planner

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		1 This month: Cairo Summit	2	3	4	5
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November 1996

Monthly Planner

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3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 APEC Ministerial (Manila)	29 APEC Ministerial	30 APEC Leaders Meeting

December 1996

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 This month: EU Summit (Ireland?) This month: WTO Meeting	*2*	*3*	*4*	*5*	*6*	*7*
8	*9*	*10*	*11*	*12*	*13*	*14*
15	*16*	*17*	*18*	*19*	*20*	*21*
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29	*30*	*31*				

November 96

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DRAFT

A Fair Trade Policy That Works

PRESIDENT CLINTON'S TRADE POLICY HAS FOUR KEY GOALS:

- ***TO RESTORE U.S. COMPETITIVENESS;***
- ***TO STAND UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION;***
- ***TO CREATE NEW, HIGH-WAGE JOBS BY SELLING U.S. GOODS AND SERVICES TO NEW MARKETS; AND***
- ***TO BUILD A STRONGER ECONOMY AT HOME.***

OVERVIEW

Today, the United States is the world's only economic superpower. This was not the case just a few years ago. Just a few years ago, the United States was in a deep recession. Unemployment hovered around seven percent, reaching 7.4 percent in 1992. Inflation reached 5.4 percent in 1990 -- the highest since 1982. Median family income was stagnant between 1990 and 1992. And three million manufacturing jobs had been lost in just over a decade. Our industries were less productive and competitive, and we were losing to the Japanese in autos.[1]

Since President Clinton entered office, the American economy has become stronger than ever. Unemployment is down. Inflation is down. Interest rates are down. And productivity and competitiveness are up. In addition, over the past three years, more foreign markets have been opened for U.S. goods and services than in any similar period in history.

Over the past three years, President Clinton has worked to provide a sound macroeconomic environment to ensure sustained economic growth and economic opportunity for all Americans. He has worked to keep interest rates, unemployment, and inflation low, while stimulating economic growth through increased exports.

As a result, since January 1993, the United States has enjoyed a low-inflation, broad-based, investment-led economic expansion. Nearly 7.8 million new jobs have been created; home ownership is at a 15 year high; almost two million new businesses have been started -- an all-time high; and the combined rate of inflation and unemployment is the lowest in 27 years. Unemployment has been below six percent for 15 straight months.

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[1]Statistical Abstract of the United States, Bureau of the Census, U.S. Department of Commerce, 1995

DRAFT

President Clinton recognizes that, as we enter the 21st century, America's economic well-being and prosperity will depend in large part on how competitive we are in the global economy. That is why he has developed the most dynamic, aggressive, and coherent international economic policy in recent history. The result: the United States has been ranked the most competitive nation in the world for two years in a row by the World Economic Forum.

President Clinton's trade policy has four key goals: to restore U.S. competitiveness; to stand up for American workers and companies against unfair competition; to create new, high-wage jobs by selling U.S. goods and services to new markets; and to build a stronger economy at home. This paper reviews highlights of the Clinton Administration's trade policy over the past three years.

RESTORING U.S. COMPETITIVENESS

The U.S. economy is more dependent on international trade than ever. In 1970, trade accounted for only 13 percent of U.S. GDP. In 1995, the value of trade exceeded $2 trillion, more than 30 percent of GDP. American exports have grown by 33 percent in three years, and we are once again the world's largest exporter, surpassing Germany.

The United States is also the most competitive nation in the world. A major international study by the World Economic Forum has placed the United States as the most economically competitive nation in the world for two years in a row. From semiconductors to autos to agriculture to services, the U.S. is in the lead, and on the move.

The United States has regained its position as the world's largest exporter -- surpassing Germany. Over the past three years, exports have grown 34 percent.

The U.S. automobile industry has overtaken Japan and has been ranked Number One for two years in a row -- for the first time since the 1970's.

U.S. aircraft industry dominates the world market -- supplying 65 percent of sales to Asia alone.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

The United States has regained dominance of the semiconductor market: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.

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STANDING UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION

American workers are the most skilled and productive in the world and American products are of the highest quality. Yet too frequently our businesses face unfair competition, and are therefore at a disadvantage that can cost them important international contracts and, as a result, American jobs. That is why President Clinton has worked to ensure that American workers and companies are treated fairly in the global marketplace.

Japan

President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

Traditionally, the U.S.-Japan trading relationship has been one of imbalance. Over the past 25 years, four million vehicles have been shipped from Japan to the United States, while only 400,000 U.S. vehicles have been sold to Japan. Today, U.S. automobile industry has greater access to the Japanese market -- for the first time.

Big Three exports of vehicles to Japan increased significantly in 1995 -- almost 50 percent. And the positive trend is continuing: in January 1996 alone, Chrysler, Ford and GM sales in Japan rose 36 percent over January 1995.

Since the June 1995 agreement on Autos and Auto Parts, the Japanese government has begun to deregulate the $60 billion auto replacement parts market. For more than 25 years, Tenneco was unable to gain access to the Japanese distribution system. Recently, however, Tenneco announced that Japan Energy Corporation, a major oil distributor, will distribute shock absorbers and other U.S. auto parts in over 1000 gas stations in Japan.

Only three years ago, U.S. apples were banned from Japan. Exports of Washington state apples to Japan were worth approximately $15 million in 1995.

U.S. sales of medical equipment to Japan have increased about 20 percent since a medical technology agreement was signed in 1994.

NAFTA & GATT

NAFTA eliminates tariffs among the United States, Canada, and Mexico; in its first year alone, trade among the NAFTA partners grew by 17 percent, an increase of more than $50 billion. Tariffs reduced as a result of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) have similarly helped level the playing field. For example, agricultural subsidies have been slashed under GATT, allowing U.S. farmers access to the traditionally closed international agriculture market.

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<u>U.S. service exports to Canada</u> were valued at more than $15 billion in 1995, up from nearly $10 billion in 1993 -- a <u>33 percent increase</u> over two years.

In 1994, agricultural exports to Canada and Mexico reached an all-time high of $4.5 billion, <u>up 25 percent</u> from the previous year.

U.S. agricultural exports overall reached <u>a record $58 billion</u> in 1995, up almost 30% from the previous year. Today, one out of every three acres that is farmed is exported.

In 1992, 12 U.S. corporations formed a business consortium -- AGC Affiliated -- to promote the development and international sales of mobile cogeneration units (MCUs), an innovative energy device that is used by industries ranging from textiles to automobiles. <u>NAFTA cut Mexican tariffs</u> on MCUs by 50 percent, leading to a twofold increase in sales for AGC to Mexico and a <u>tenfold increase in employment</u> in Tulsa, Oklahoma.

<u>Export Promotion</u>

For years, foreign companies have had the active support of their governments when competing for international contracts. President Clinton believes that U.S. firms are the best and most competitive in the world, yet they often face unfair competition from foreign firms. That is why President Clinton developed a National Export Strategy that aggressively supports U.S. companies doing business abroad. From providing high-level advocacy to appropriate financing and risk insurance, the Clinton Administration is committed to supporting U.S. firms abroad.

Since 1993, the Clinton Administration has helped U.S. companies win over <u>$57 billion in foreign deals</u>. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported <u>over 370,000 jobs</u>.

The Export-Import Bank of the United States has agreed to match more than 30 instances where other countries have promised <u>low-cost financing to obtain contracts</u> -- just in the past two years.

The Clinton Administration has set up a national network of U.S. Export Assistant Centers (USEACs) that serve as <u>one-stop-shops</u> for small and medium size companies. Results have been impressive: in 1995, the Chicago USEAC helped at least <u>56 percent more companies enter new markets</u> than in previous years, while the Baltimore USEAC assisted at least <u>60 percent more companies increase their exports</u>.

CREATING HIGH-WAGE JOBS THROUGH AN UNPRECEDENTED EXPORT BOOM

The President's leadership on trade has contributed to an unprecedented export boom and, as a result, hundreds of thousands of high-quality, high-wage jobs have been created in the United States. Over the past three years, 1.6 million jobs were created as a direct result of increased exports. Today, at least 12 million American jobs depend on export trade.

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In 1994, almost a million Californians held jobs that depended on the export of manufactured goods. In Michigan, over 500,000 workers depended on manufacturing exports for their employment.

Exports to Canada and Mexico -- our NAFTA partners -- have created 310,000 American jobs -- all despite Mexico's financial crisis. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs.

The majority of export-related jobs have been created not by big corporations, but because of the explosive expansion of smaller firms doing business abroad. In fact, small companies produced an estimated 62 percent of the 3.3 million new jobs created in 1994 alone.

Small companies -- the heart and soul of the American economy -- employ more than half of the U.S. workforce, are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S. Small and medium sized enterprises are exporting more and are a growing source of U.S. exports. These businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.

Aquatics Unlimited, a small environmental technology company in Martinez, California, recently signed an agreement with the Indonesian government to provide dredging equipment. This deal is expected to be worth $10 million over the next five years, and has enabled Aquatics Unlimited to more than double its staff from 20 to 50 people.

Goulston Technologies, a small, North Carolina-based company employing approximately 150 people, manufactures lubricants for the fiber producer and textile industries. After the passage of NAFTA, tariffs on most of Goulston's products dropped from 15 percent to zero, giving Goulston a distinct advantage over non-NAFTA competitors. Not only have tariff reductions opened up new business opportunities for Goulston in Mexico, but have also created new employment opportunities in North Carolina. Since the passage of NAFTA, Goulston has hired 15 new employees.

President Clinton recognizes that small and medium sized companies are "the engine that will drive us into the 21st century."[2] That is why he designed a National Export Strategy that places special emphasis on small and medium-sized firms. The Clinton Administration has worked hard to provide much-needed information and capital to small firms seeking to expand abroad.

In 1995, the U.S. Small Business Administration and the Export Import Bank of the U.S. jointly guaranteed well over 300 export working capital guarantees to U.S. exporters, worth approximately $279 million -- a 33 percent increase over 1994.

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[2]President Bill Clinton, "National Export Strategy Report," 10/95

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The Overseas Private Investment Corporation created a $20 million small business fund that provides growth capital to international projects.

Eighty percent of business for Interworld Engineering, Inc., a five-employee industrial engineering firm in Greenville, Michigan, comes as a result of exporting. Interworld designed, produced and exported an automotive manufacturing line to be used in the largest-truck plant in China, backed by a $1.9 million Ex-Im Bank guaranteed working capital loan.

C.S. Johnson Company, a designer and manufacturer of concrete mixing equipment in Illinois, received an SBA loan that helped the company complete a large dam project in China. The company now expects sales overseas to increase over the next few years as they compete to supply other projects in Asia.

CONCLUSION: BUILDING A STRONGER ECONOMY AT HOME

President Clinton has a clear vision of America's economic future: one of economic growth and opportunity for all Americans. Since the outset of his Administration, President Clinton has viewed global change not as a threat, but as an enormous opportunity for American workers and businesses to take advantage of the new opportunities that the global economy offers.

95 percent of the world's consumers live outside the United States. China's population, already the largest in the world, grows by the size of one Canada every year. Emerging markets -- such as China, the nations of ASEAN, Mexico, Brazil, Poland -- are the fastest-growing and most dynamic markets in the world, accounting for 40 percent of total world economic growth. Regions of emerging markets -- particularly in southeast Asia and Latin America -- are becoming increasingly integrated economically.

U.S. leadership in trade is replacing old alliances based on fear with new ones based on mutual prosperity. With the fall of communism and the rise of free market capitalism, President Clinton has led the world in establishing important new multilateral structures for the post-Cold War era. From NAFTA to GATT to APEC to the Free Trade Area of the Americas, the President has developed an international economic infrastructure that serves to deepen democratic reforms, increase stability, and solidify a rules-based system under which American interests can flourish. In short, he has built an economic architecture for the future.

By strengthening our ties with our traditional trading partners and promoting new regional economic structures around the world, President Clinton has led the call for more cooperation and fairness in the global economy. He has established an international economic infrastructure that will help ensure economic and political stability throughout the world and into the 21st century; that serves the interests of U.S. workers and companies; and that has made the United States Number One once again.

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NAFTA: ASSESSING THE RECORD

January 30, 1996

NAFTA expands access for U.S. products in the markets of two of our top three trading partners, creates jobs, and raises standards of living. Mexico's current economic problems make NAFTA more important than ever in safeguarding U.S. jobs and income. Without NAFTA, the current trade situation with Mexico would be far worse for both the United States and Mexico.

NAFTA has been a success.

Since NAFTA began, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created nearly 310,000 jobs, despite Mexico's financial crisis. In NAFTA's first year alone, trade among the NAFTA partners grew by 17 percent -- an increase in trade of more than $50 billion.

U.S. merchandise exports to Mexico and Canada grew by 16 percent in NAFTA's first year -- over twice as fast as U.S. exports to the rest of the world. And over the first ten months of 1995, our NAFTA exports grew nearly 24 percent over the same period for 1993. U.S. exports of autos, semiconductors, machine tools, and even apples surged as Mexican trade barriers came down.

NAFTA gives U.S. farmers preferred access to an enormous and rapidly growing market. In 1994, agricultural exports to Canada and Mexico reached a record $4.5 billion, up 25 percent from the previous year.

NAFTA means better jobs for American workers. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs. These export-related jobs pay 13 to 17 percent more than the average wage.

NAFTA's tariff cuts have expanded opportunities for U.S. exporters in Mexico. In 1992, 12 U.S. corporations formed a business consortium -- *AGC Affiliated* -- to promote the development and international sales of mobile cogeneration units (MCUs), an innovative energy device that is used by industries ranging from textiles to automobiles. NAFTA has cut Mexican tariffs on MCUs by 50 percent, leading to a twofold increase in sales for AGC to Mexico and a tenfold increase in employment in Tulsa, Oklahoma.

NAFTA's services provisions have also helped to fuel increased U.S. exports. U.S. services exports to Canada have grown by one third since before NAFTA was signed, to more than $15 billion.

Without NAFTA, the impact of Mexico's financial crisis on U.S. jobs and income would be much worse.

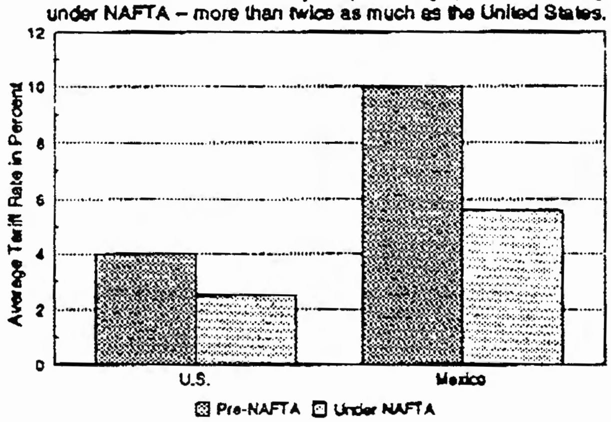
NAFTA has helped to protect the over 700,000 American jobs that are supported by exports to Mexico.

The best test of an agreement is how it works in bad times. Because of NAFTA, U.S. exports have fared much better this year than after the last Mexican financial crisis in 1982. In 1982, the Mexicans imposed 100 percent duties on American products, a move that cut our exports to Mexico in half. It took 6 years to recover. If the same thing had happened this year, U.S. exporters would have lost $25 billion in sales and not recovered until the year 2000.

NAFTA prevented the precipitous decline in US exports that followed Mexico's 1982 financial crisis.

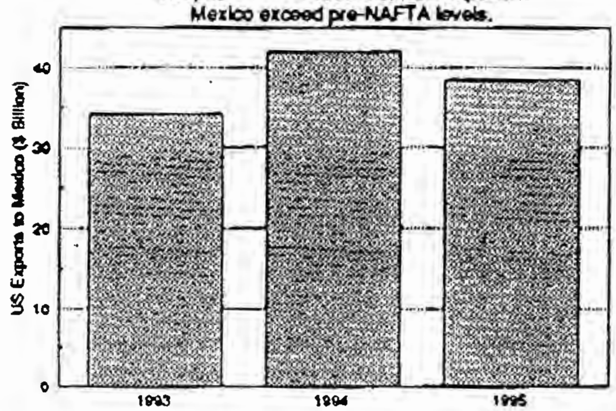
Instead of retreating into protectionism, Mexico is honoring its NAFTA commitments: it actually cut its tariffs on U.S. products in January 1995 in accordance with NAFTA provisions, and maintained existing NAFTA tariff cuts. In contrast, Mexico raised tariffs on some goods from non-NAFTA partners by 15 percentage points.

Mexico has reduced its tariffs by 4.4 percentage points on average under NAFTA – more than twice as much as the United States.



That is why U.S. exports have grown as a share of the Mexican market -- from 70 percent in 1994 to 73 percent in 1995, according to Mexican government statistics -- while the export share of other countries has fallen. That is also why, despite the recession in Mexico, U.S. merchandise exports to Mexico in the first ten months of this year were 13 percent greater than in the first ten months of 1993, before NAFTA was adopted.

Despite Mexico's recession, US exports to Mexico exceed pre-NAFTA levels.



Data are for January through October.

Take the example of *Goulston Technologies* in North Carolina. Under NAFTA, tariffs on Goulston's lubricant products have fallen from 15 percent to zero. Far from losing sales during Mexico's recession, Goulston has gained *more* business because it now enjoys lower tariffs on its exports to Mexico relative to its foreign competitors. Increased business has led to an 8 percent increase in employment in this North Carolina-based company of 215 since NAFTA took effect.

The California-based *Panamax* company has seen its exports of surge protectors to Mexico increase *tenfold* over the last three years. The company's president, Henry Moody, reports that he expects NAFTA-generated sales alone to require an extra shift of production workers -- or 15 to 18 new U.S. jobs.

Despite the crisis, Mexico is going beyond its NAFTA obligations by liberalizing financial services and embarking on a round of further privatization in the transportation, telecommunications, and petrochemicals markets. This will create new opportunities for U.S. businesses and workers.

Independent forecasters predict a resumption of growth in Mexico as early as next year, which should restore strong export growth.

Because of Mexico's market reforms and the measures it has adopted under NAFTA, Mexico's improved economic fundamentals promise a faster recovery than in 1982. Private analysts forecast GDP growth of 2 to 3 percent next year. Since the U.S. supplies over two-thirds of Mexico's imports, the resumption of Mexican growth will translate into additional higher-paying export jobs for Americans.

Through NAFTA, U.S. interests in protecting workers' rights and cleaning up the environment in North America are addressed in an open and constructive manner. Without NAFTA, there would be no mechanism for addressing these issues.

NAFTA is the first comprehensive trade agreement to include provisions on labor and environmental issues related to trade. These provisions ensure that expanded trade fully supports the improvement of labor and environmental conditions and the enforcement of national labor and environmental laws.

As a result of the NAFTA labor agreement, the Ministers of Labor of the three NAFTA countries have had two council meetings in which they discussed a broad range of issues, including union registration, health and safety, and wage and compensation issues. In addition, 5 submissions related to the enforcement of labor law in Mexico and the United States have been reviewed. This review process provides an important mechanism for Mexican and American workers to raise concerns about labor law enforcement.

In the past two years, the United States and Mexico have made enormous progress in protecting our environment and our public health -- thanks to efforts set in motion by NAFTA's environmental agreement. Our nations are cooperating to build a stronger infrastructure to protect public health and the environment. The institutions established by NAFTA are working with affected state and local governments and the public to develop solutions to environmental problems such as unsafe drinking water and inadequate municipal waste disposal and sewage treatment affecting border communities in Texas, New Mexico, California, and Arizona.

NAFTA makes both economic and environmental sense. For example, Mexico's much-strengthened pollution controls have resulted in an increased need for U.S. technology and expertise. Last May, Mexican officials joined with executives from the California company, *U.S. Filter*, to inaugurate a 13.8 million-gallons-per-day wastewater treatment plant for the Mexican city of Cuernevaca. Construction of the plant was spurred by a combination of stepped-up enforcement of Mexican water pollution control regulations and liberalized foreign investment rules under NAFTA. This project supports 50 jobs back home in the United States.

NAFTA makes an essential investment in our future by promoting vital U.S. interests in Mexico and throughout the hemisphere.

America has a vital stake in a sound democratic government and an open and prosperous economic system in Mexico. The shared 2000-mile border dictates that we will inevitably be affected by developments in our large, populous neighbor to the south. Our challenge is to help shape change in Mexico in ways that benefit both Mexicans and Americans. By raising growth and living standards south of the border, NAFTA will help to reduce immigration pressures and improve cooperation on a wide range of other issues, such as counternarcotics.

The United States and Mexico have a historic relationship. We cooperate on issues ranging from law enforcement to the environment and from trade to education. The United States and Mexico have a common interest in ensuring stability and economic prosperity throughout the hemisphere.

The continued success of our commercial and political relationship with Mexico is pivotal for the success of our relationships with countries further south. NAFTA helps to assure that the forces of economic liberalization and market opening prevail into the next century throughout the hemisphere. The emergence of rapidly growing, market-oriented economies in Mexico and further south will make an important contribution in ensuring a fully employed, high-wage, and prosperous economy at home. The rapidly growing middle class population of Latin America generates demand for the types of goods and services the United States makes best.

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KEEPING AMERICA FIRST

President Clinton believes in the strength of the American economy and the character and productivity of the American worker.

President Clinton will not give into the pessimists who say that America can't win against foreign competition. He believes that America is the greatest nation in the world and should compete, not retreat. President Clinton will not give away our future to those who want to return to the past.

America is back. The United States has never been better prepared for a new century as it is today. Our military might is matched by no one; our democratic institutions an inspiration to billions; our economy the envy of the industrialized world.

Not only have we regained our role as the most competitive nation in the world, but are consistently beating the Japanese and Germans in overall exports, especially in sectors critical to increasing high-wage jobs here at home, like automobiles, semiconductors, and medical equipment.

- *The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992;*
- *The U.S. has regained its position as the world's largest exporter -- surpassing Germany;*
- *The U.S. is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan;*
- *And we have regained our dominance of the semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.*

President Clinton's vision of a strong U.S. economy and expanded opportunity for all Americans is paying off for American workers, American businesses, American farmers, and the American economy. By enhancing U.S. competitiveness through increased exports, the President has kept America Number One -- and U.S. workers have benefitted.

- *More than 1.6 million new high-quality jobs have been created through exports;*
- *One out of every ten American workers depend on exports for their jobs;*
- *Export-related jobs pay an average of 15 percent better than other jobs;*
- *Exports accounted for one-third of overall U.S. economic growth;*

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- *Agricultural exports are projected to reach an all-time high of $50 billion. One out of every three acres that is farmed in the U.S. is exported.*

Ninety-five percent of the world's consumers live outside of the United States. If we cede those markets to the Germans and Japanese, U.S. jobs will be lost, U.S. wages will drop, American workers will suffer and the United States will no longer be Number One. The Clinton Administration will not sell America short by running scared, by retreating and throwing up barriers to opportunity and a better life.

That is why this administration has stood up for American workers against unfair competition.

- *The Clinton Administration stood up to the Japanese and opened 15 market sectors in Japan, ranging from telecommunications to autos to rice. U.S. exports to those sectors have grown by more than 80 percent.*

- *More foreign markets have opened, with hundreds of millions of new consumers, to U.S. goods and services in the past three years that in any previous administration. NAFTA and GATT, in particular, reduce tariffs and level the playing field against unfair competition;*

- *The Clinton Administration stood up for American safety by postponing an provision of NAFTA that would allow U.S. and Mexican trucks to move freely across the border after determining that Mexican trucks were not up to safety standards.*

We are ready to compete, not retreat, in the new economic and political world order that we have worked so hard as a nation to establish.

The Clinton Administration has worked from day one to institute economic policies that will benefit all Americans for decades to come. President Clinton's vision has been built on an America that is fully engaged in the world and Americans that are fully prepared to take advantage of the economic opportunities that are part of the new economy.

To that end, the President has focused on making sure that our workers get the best training and education they need to compete and win; that U.S. businesses have a fair advantage in the global marketplace; and that we have a national export strategy that creates new, high-paying jobs for American workers as we boost our sales to new markets with hundreds of millions of new consumers.

The Clinton Administration will continue to fight for America's interests overseas in order to expand job opportunities and increase the quality of life for every American worker here at home. A policy that requires anything less of America and its citizens -- a policy of isolation and retreat -- will diminish our standard of living, threaten our economic security, and stifle economic opportunity for generations to come.

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Keeping America First:
A Response to Protectionism

<u>The Assertion</u>: Protectionists want to put "America First."

<u>The Truth</u>: President Clinton wants to <u>keep</u> America First. The United States is the most competitive nation in the world, and the world's only economic superpower. We are already Number One; President Clinton wants to keep it that way.

> *The United States has been ranked <u>Number One in competitiveness</u> for two years in a row -- up from Number Five in 1992.*
>
> *The United States leads the world in almost every technology critical to economic prosperity and job creation. For example, the U.S. has regained <u>dominance of the semiconductor market</u>: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.*
>
> *The United States is the world's <u>Number One producer of automobiles</u> for the first time in almost two decades -- overtaking Japan.*

<u>The Assertion</u>: Foreigners -- at home and abroad -- are taking American jobs. Some people say that we are giving away American jobs to foreign workers: increased immigration results in fewer jobs for Americans here at home and heightened international trade exports American jobs to third world nations where labor is appallingly cheap. To support this assertion, some cite the fact that Fortune 500 firms used to employ 22 percent of American workers, and now they employ approximately 10 percent.

<u>The Truth #1</u>: Exports create jobs. <u>Ninety-five percent of the world's consumers live outside the United States</u>. If we close our doors to foreign trade, we limit our businesses and farmers to a domestic market of 260 million consumers, only five percent of the world's population. In contrast, if we engage in fair trade, our firms and farmers will have access to 95 percent of the world's consumers, will expand their businesses, and will create jobs.

> *<u>1.6 million high-quality, high-wage jobs</u> have been created over the past three years as a direct result of increased exports.*
>
> *Today, <u>one out of ten American jobs</u> depend on export trade.*
>
> *Export-related jobs pay an average wage of <u>15 percent better</u> than other jobs.*

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*The Truth #2: **Small and medium-sized businesses are expanding rapidly.*** While Fortune 500 companies may have downsized in recent years, small and medium sized companies are expanding rapidly. Furthermore, small and medium sized enterprises depend a great deal on trade; they are exporting more and are a growing source of U.S. exports.

> *Small firms are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S.*
>
> *More than half of the U.S. workforce is employed by smaller companies.*
>
> *Small businesses produced an estimated 62 percent of the 3.3 million new jobs created in 1994.*
>
> *Small and medium sized businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.*

*The Truth #3: **President Clinton has made change benefit the American people.*** President Clinton saw how the world was changing, and in 1993 he set out to harness that change for the benefit of the American worker. It is true that some sectors of the economy fare better than others in the new global economy. That is why President Clinton has made education and training a centerpiece of his overall economic agenda: to help American workers and companies equip themselves with the skills and technology for the 21st century.

> *In the early 1900's, thousands of buggy-whip workers lost their jobs because of the introduction of the automobile. Yet far more high-wage jobs were created by the auto industry than were lost in the buggy-whip industry.*

The Assertion: Cheap labor abroad means jobs are exported and U.S. wages fall.

*The Truth: **Cheap labor is not a substitute for technology and productivity.*** U.S. wages have grown steadily over the past three years, and export-related jobs in the U.S. pay approximately 15 percent better than the average wage.

Furthermore, wages are a small part of the cost of doing business. Other factors -- such as quality infrastructure (especially telecommunications, energy, and transportation), technology, business services, skilled and productive workforce, and environmental quality -- are significantly more important when deciding where to open an office or build a factory.

The United States is the world's technological leader; American workers are the most skilled and productive in the world; and American products and services are of the highest quality. American companies therefore have a competitive advantage when they locate their factories in the U.S.

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When NAFTA talks were underway, BMW decided to open a plant in South Carolina rather than Mexico, citing a highly skilled workforce, better infrastructure, and a hospitable business climate as more important than low wages.

***The Assertion*: Farmers suffer due to international trade agreements.**

***The Truth*: Foreign agricultural subsidies have been slashed, and agricultural exports are booming.** The Clinton Administration has opened foreign markets for U.S. farmers. For example, NAFTA gives U.S. farmers preferred access to an enormous, and rapidly growing, market. And, under the GATT, farm subsidies that have traditionally given our competitors an unfair advantage, were slashed.

Agricultural exports are projected to reach an all-time high of $50 billion.

Today, one out of every three acres that is farmed in the U.S. is exported.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

***The Assertion*: NAFTA is a sham -- and the Mexican financial crisis proved that.**

***The Truth*:** U.S. exports to Mexico in the year since the peso crisis remain at higher levels than before the implementation of NAFTA. Exports are up; U.S. jobs are being created; U.S. wages are up; and U.S. market share is almost 75 percent.

What is more, NAFTA has protected exports and jobs. During Mexico's last crisis in 1982, U.S. exports dropped by half due to the imposition of new barriers to trade by Mexico's government -- 100 percent tariffs. Following that crisis, exports to Mexico took six years to recover.

Since NAFTA went into effect, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created approximately 310,000 high-wage jobs in the U.S.

In just two years, NAFTA has proven that in good times, as in 1994, it enables significant export growth and in bad times, as in 1995, it protects the over 700,000 American workers who depend on our exports to Mexico for their jobs.

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<u>The Assertion</u>: Foreign markets are closed to U.S. goods.

<u>The Truth</u>: The Clinton Administration has done more to stand up against unfair foreign competition than any other administration in history. President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

Since 1993, the Clinton Administration has helped U.S. companies win <u>over $57 billion in foreign deals</u>. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported over <u>370,000 jobs</u>.

Big Three exports of vehicles to Japan increased significantly between January to November 1995 -- 49 percent over 1994. In January 1995 alone, <u>Big Three sales were up 36 percent</u> over January 1995.

Only three years ago, U.S. apples were banned from Japan. Exports of Washington state apples to Japan were <u>worth approximately $15 million</u> in 1995.

In its first year alone, <u>trade among the NAFTA partners grew by 17 percent</u>, an increase of more than $50 billion. U.S. service exports to Canada alone were valued at more than
$15 billion in 1995, up from nearly $10 billion in 1993 -- a 33 percent increase over two years.

The Clinton Administration has established <u>an enforcement office</u> that will monitor trade agreements and ensure that our trading partners are playing by the rules.

*<u>The Assertion</u>: **Trade deals help Wall Street and hurt average Americans.*** Protectionists assert that free trade policies are designed to help big business and Wall Street.

<u>The Truth:</u> The Clinton Administration's economic agenda helps average Americans. President Clinton's overall economic strategy seeks to increase U.S. jobs and wages, and create economic opportunity, prosperity, and growth. International economic policy, including trade, is one component of this strategy.

Under the President's economic leadership, nearly 7.8 million jobs have been created, one and a half million of them due to increased exports; home ownership is at a 15 year high; almost 2 million new businesses have been created -- an all-time high; and the combined rate of inflation and unemployment is the lowest in 27 years. Real wages have grown, and unemployment has been below 6 percent for 15 straight months.

It was during a period of high tariffs and protectionist trade policies in which Wall Street moguls benefitted the most. During the late 1800's, most of the United States'

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economic growth was concentrated in the hands of a few wealthy men -- the "Robber Barons" -- who held monopolies on the railroads and banks, and, with the help of government subsidies and graft, frauded the U.S. government out of millions of dollars. Prices during this period were artificially high, wages abominably low, and competition was all but prohibited. The rich got richer -- at the expense of the American workers.

***The Assertion:* Countries that have practiced protectionist trade policies have enjoyed sustained economic growth.**

***The Truth:* Protectionism stifles economic growth.** In recent years, the United States -- the most open economy in the world -- has reclaimed its role as the most competitive nation, surpassing Japan -- one of the most closed and protectionist economies in the world. Other nations, such as Chile and Brazil, also suffered under protectionist policies.

The U.S. has surpassed Japan as the world's Number One producer of automobiles.

The U.S. dominates the world's semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- overtaking Japan.

Japanese services industries are trailing due to high regulation; U.S. services are booming.

***The Assertion:* Trade agreements like NAFTA and GATT cede U.S. sovereignty.** Economic nationalists try to depict multilateral trade agreements as ceding American sovereignty to a world government. GATT, in particular, allows a powerful, multinational bureaucracy to control U.S. trade law.

***The Truth:* WTO rules and regulations do not supersede U.S. laws.** In signing onto the WTO, the U.S. did not cede its sovereignty, and in fact reserved the right to use its trade laws. The World Trade Organization is not an international governing unit. It is simply an agreement among nations to lower tariffs and trade barriers.

Despite the WTO, the U.S. government has stood up to the Japanese against unfair trade practices: in June 1995, USTR threatened to use Section 301 sanctions against Japan if it did not open its automobile market to American industry. The U.S. and Japan signed an auto agreement late that month that has opened the Japanese auto market to American products.

The fact of the matter is that the United States has the most open economy in the world. Therefore, the WTO dispute settlement system should benefit us the majority of the

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time. It is those countries with closed markets and protectionist policies who will have to answer to the WTO and open their doors to foreign goods and services.

The Assertion: ***The WTO is toothless.*** If WTO participants can ignore WTO rules and regulations, isn't the WTO powerless to enforce its trade laws?

The Truth: ***The WTO serves U.S. interests well.*** The WTO was established to institutionalize agreements reached in the Uruguay Round of the GATT, and to ensure that these agreements were followed.

> *According to OECD estimates, lower tariffs in the new GATT rules will add $1 trillion to the U.S. economy and create two million new jobs in the next decade.*
>
> *Without an international trade group that monitors the fairness of the trading system, trade blocs would emerge and trade wars would be likely.*

The Assertion: ***Export-Import Bank loans have helped factories leave the United States.***

The Truth: ***The Export-Import Bank of the United States is prohibited by law to lend money to any project that will result in a loss of American jobs.*** By law, the Export-Import Bank is prohibited from loaning money to projects that result in loss of American jobs. As a result, the Export-Import bank finances only capital goods and equipment -- not factories.

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Revised.
CTD

INTERNATIONAL TRADE COMMUNICATIONS STRATEGY (Internal Draft Only)

I. The Audience, The Targets

The Clinton Administration has invested considerable time and political capital to establish a comprehensive international trade agenda.

Success of our policies has largely been validated among the business, academic and media elite. Yet there remains a deep skepticism among most ordinary Americans about the real benefits of trade to the lives of hard-working men and women of this country. Polls bear out the unease and outright dislike most people have to the global economy.

This is particularly so of blue-collar, union households -- the "Reagan Democrats" who have seen their paychecks stagnate over the last 15 years as the economy has grown, and feel left behind by the changes in the global economy.

While the fear of global trade is widespread in the country, it is probably fair to say that it is also more important in several key regions, notably the midwest, south and southeast. Key states include Illinois, Michigan, Ohio, Kentucky, New Jersey, Georgia, Pennsylvania and Wisconsin, possibly Washington, to name a few.

II. The Current Political Context

President Clinton has made trade a centerpiece of his economic agenda from the beginning. It is vital to drive home the message that our aggressive trade policies are designed ~~to increase~~ the quality of life for Americans -- and that real results such as U.S. competitiveness and a boom in exports, have been attained.

It is equally important to make clear that the hard-fought gains in opening up foreign markets to U.S. goods will not be allowed to close; that the Clinton Administration will be vigilant when it comes to enforcing its new trade agreements.

The political context is ripe for the issue to be played out. The forces of election year -- from the right and the left -- are beginning to seriously examine and attack the Administration's international trade and economic agenda. While there is a clear danger in the attacks, the attention afforded the issue by the onslaught of the primaries and presidential election cannot be ignored. Doing nothing is not an option.

this is not a result - increase trade is a result of increased competition - which can be enhanced by trade (agreements, lessons, etc.)

How aggressive the Administation should be -- take the issue to the country, or wait and respond -- are not yet determined. At a minimum, we must be prepared for fending off attacks; promoting success with a clear message; provide ancedotal proof of our success in helping real workers and businesses; have a targeted plan of action ready to be implemented rapidly.

The forces of opposition are in the field, and we must be prepared in substance, positioning and message and in a very targeted way to turn back the isolationist extremists, establish the benefits of our farsighted policies and capture the populist high ground on the "economic nationalism" front.

III. The Message

The President's trade agenda has:

CREATED OVER 1.5 MILLION NEW HIGH-PAYING JOBS THROUGH AN ENORMOUS INCREASE IN U.S. EXPORTS TO FOREIGN MARKETS

* Overall exports are up 33% since the President took office. Since that time, the growth in merchandise exports has been stunning. In 1993, exports grew 4%; in '95, 10.2%; and this year, exports are up more than 16%.

* In 1995, the value of trade will exceed $2 trillion, more than 30% of U.S. GDP. In 1970, it was less than 13%.

* In the first three years of this administration, 1.6 million jobs will have been created by exports. On average, these jobs pay 13-17% more than non-trade jobs.

* Agriculture exports this year are projected to set an all time record of over $50. The product of one out of every three U.S. farm acres is exported.

* In part because of trade, the U.S. economy is far healthier than the economies of our major competitors. Export growth has accounted for XXX % of our economic growth since xxxx. Of course, were the economies of our trading partners growing faster, U.S., exports would be growing at an even faster rate.

RESTORED U.S. COMPETITIVENESS AND PUT AMERICA FIRST AGAIN AS THE MAJOR ECONOMIC POWER IN THE WORLD

* For two years in a row, a major international study has placed the United States as the most economically competitive nation in the world.

* When markets have opened, American products have surged: in those sectors covered by recent trade agreements with Japan, for instance, exports have grown by more than 80%

* U.S. auto manufacturers regained their historic role as the world's largest and most successful manufacturers

* The United States has surpassed Germany as the world's largest exporter. Exports now account for 12% or our economy and are growing

STOOD UP TO COUNTRIES LIKE JAPAN AND LEVELED THE PLAYING FIELD AGAINST UNFAIR COMPETITION FROM OUR FOREIGN COMPETITORS

* U.S. markets are open to foreign goods; foreign markets should be open to ours. U.S. workers and businesses can compete with any nation on earth -- as long as the rules are fair.

* Unfair tariffs -- a tax on U.S. consumers -- are tumbling down. Nafta slashed Mexican and Canadian tariffs to allow in more U.S. goods to be exported. The Uruguay round allowed no free riders for the first time ever; the FTAA and APEC will lead to great liberalization in the two fastest growing regions of the world.

* New markets are being forged open. The U.S.-Japan auto and auto parts agreement gave U.S. manufacturers real access -- for the first time ever -- to the second largest auto market in the world.

ENHANCED U.S. GLOBAL LEADERSHIP AND STATURE AS THE WORLD'S ONLY REMAINING ECONOMIC AND MILITARY SUPERPOWER

* The United States has the world to greater trade liberalization than in any other period in history (GATT, Nafta, APEC, FTAA and over 170 other trade agreements). Be leading, we ensured that these agreements were shaped on our terms to benefit our people.

* The President has stood up for American interests -- with Japan, the European Union, Canada and other countries. He has not listened to so-called "experts" who want to blame America first whenever the issue is trade.

* U. S. leadership in trade is replacing old alliances based on fear with new alliances based on mutual economic prosperity. With the fall of communism and the rise of free market capitalism, President Clinton has expanded rade to deepen democratic reforms, increase stability and solidify a rules-based system under which American interests can flourish.

IV. The Opposition: Economic Nationalism and the Buchanan Baseline

It is clear that trade will remain a high profile issue through the 1996 election and beyond. With the onrush of the campaign, the populist arguments forwarded by Pat Buchanan and Ross Perot will find a fertile audience among certain economic groups and regions.

In addition to the Perot and Buchanan elements, it should be anticipated that even a more likely mainstream, free trade Republican nominee might open up some differences with President Clinton on issues of trade, as each side battles for the economic populists.

To complement our efforts to present the positive affects of our trade policies, we need to be prepared to effectively rebut the arguments of critics. Pat Buchanan is currently the public figure with the clearest stake and point of view on these issues.

As the Wall Street Journal said, "With international communism destroyed, Patrick J. Buchanan's new target is international trade and and economics."

Buchanan and others exploit economic fear with simplistic answers to complex questions. These fundamental questions, which we need to rebut, include:

Is your standard of living falling because we cannot compete against cheap foreign wages?

Is America less powerful than before because we have ceded our sovereignty to international institutions?

Are our neighborhoods decaying and families falling apart from from cold hearted American corporations pursuing profits and sending jobs overseas?

Why is Bob Rubin defending Wall Street and abandoning Main Street?

Are our jobs and way of life at home threatened by a mass of immigrants that undercut our wages, take our jobs and unweave the social fabric of our communities?

Why are the same countries that are allowed to flood our country with their products and that produce jobs for their workers not allowing American goods that produce American jobs into their country?

Why have we bailed out Mexico but not bailed out the working men and women who are losing their jobs, their homes, Medicare?

If NAFTA was so good, then why have we lost jobs to Mexico, now run a trade deficit with Mexico, and are more Mexicans crossing the border illegally to take away U.S. jobs?

IMPLEMENTATION AGENDA

-- Working Group. Establish a permanent communications working group to include but not limited to the NEC, NSC, USTR, DOC, Treasury, Labor and State.

-- Materials. At least half dozen documents have been identified that are needed ASAP:

* Accomplishments piece
* NAFTA
* Mexico
* Rebut to Buchanan
* Administration talking points
* Message points

-- Research. Extensive ancedotal information needed, both by industry, for national elite press, but also for targeted, state specific use.

-- Communication. Working group must ascertain, with WH communications director Baer and with principals, the extent of surrogate activity on behalf of these issues. The issue could take off as the political spotlight becomes hotter in February.

A TRADE POLICY THAT WORKS

PRESIDENT CLINTON'S TRADE POLICY HAS THREE GOALS: CREATING HIGH PAYING JOBS, ENHANCING U.S. LEADERSHIP, AND LEVELING THE PLAYING FIELD FOR AMERICAN WORKERS AND COMPANIES

President Clinton understands that America's well-being and prosperity as we enter the 21st century will depend on our success in the global economy. Three years ago he articulated a trade policy that empowers America's workers and companies to compete and win.

The President's trade policy is working for American workers and businesses, farmers and ranchers.

The President's leadership on trade has contributed to an unprecedented export boom and created hundreds of thousands of high-paying jobs. Merchandise exports have grown at a stunning pace since President Clinton entered office. In 1993, exports grew 4%; in 1994, 10%. This year, exports are up by more than 16%. In the first three years of this Administration, 1.6 million jobs will have been created by exports. Today, 12 million American jobs depend on export trade. On average, jobs associated with goods exports pay 13 - 17% more than other jobs in the economy.

In the past thirty-three months, more foreign markets have been opened for U.S. goods and services than in any similar period in history. The President led a bipartisan coalition to pass NAFTA, creating the largest free trade agreement in the world. Three weeks later, the United States led the world to complete the Uruguay Round of the GATT after seven years of negotiations. The Uruguay Round enjoyed overwhelming bipartisan support in the Congress. More than 170 trade agreements -- multilateral, regional, and bilateral -- have been completed since January 1993.

WHAT THEY SAY

"...the resolutely commerce-oriented Clinton Administration has pushed a dramatic free-trade agenda that included the ratification of the General Agreement on Tariffs and Trade, a gradual dismantling of regional barriers among Asian Pacific Economic Council members and...a landmark agreement among 34 Western Hemisphere nations to create the world's largest free-trade zone.

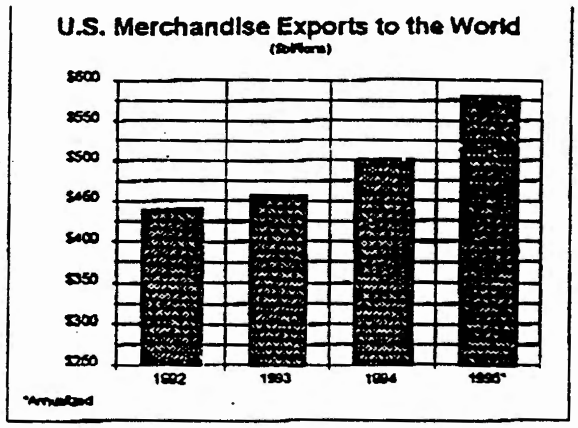
Rememeber President Clinton's famous campaign slogan, "It's the economy, stupid." Clinton has...taken that domestic slogan international."

Los Angeles Times, December 13, 1994

At the same time, the President has worked to ensure that American workers and companies are treated fairly in the global economy. The United States market remains open to foreign products. Foreign markets should be open to our products. President Clinton has used every tool at his disposal -- from Section 301 to Title VII -- to work towards reciprocity in the global marketplace.

In June 1995, the United States and Japan concluded an historic agreement to open Japan's market to foreign competitive autos and auto parts. Over the past 25 years, four million vehicles have been shipped from Japan to the United States; only 400,000 have been sold to Japan. This auto and auto parts agreement will help rectify this imbalance. Similarly, the Clinton Administration has used U.S. trade laws to reach the largest government procurement agreement in history with Europe, to stop illegal textile transhipments, and to protect intellectual property rights throughout the world.

The United States has led the world in this unprecedented period of trade liberalization. By leading, the President ensured that these agreements were shaped on our terms. U.S. leadership in trade is replacing old alliances based on fear with new alliances based on mutual prosperity. Expanded trade deepens democratic reforms, increases stability, and solidifies a rules-based system under which American interests flourish.



This paper reviews the highlights of President Clinton's trade policy over the last three years.

NAFTA

During the 1992 Presidential campaign, then Governor Clinton made a bold decision to embrace NAFTA and called for improvements in the agreement on the environment and labor. The President supported NAFTA despite the fact that many in his party and in key states opposed the agreement. NAFTA eliminates tariffs between the United States, Mexico and Canada, protects intellectual property and investment, and levels the playing field between the three nations.

After the conclusion of negotiations on side agreements to protect the environment and labor, President Clinton led a vigorous campaign to pass the NAFTA. The coalition he built, which included Republican and Democratic Members of Congress, three former Presidents, [five] major environmental groups, every living Nobel Prize winning American economist, and thousands of business groups provided the support needed to ensure Congressional passage of the historic agreement.

Since NAFTA became effective on January 1, 1994, U.S. exports to Mexico have increased and exports to our NAFTA partners have created nearly 340,000 jobs. In NAFTA's first year alone, trade among the United States, Canada and Mexico grew by 17 percent -- an increase in trade of more than $50 billion.

[ANECDOTES]

CHART SHOWING EXPORT GROWTH TO NAFTA PARTNERS (22%) FROM 1993 - 1995

Despite Mexico's current economic difficulties, trade with our NAFTA partners continues to expand. Exports for the first [seven months] of 1995 have increased by nearly [22] percent over the same period for 1993. Moreover, NAFTA -- by locking in economic reforms and tariff cuts in Mexico -- has helped protect the more than 700,000 American jobs that are supported by exports to Mexico. Mexico has undergone similar economic crises before. During the last one, Mexico imposed 100 percent duties on American products, a move that cut our exports in half. NAFTA ensured that similar tariff increases were prohibited.

THE URUGUAY ROUND AGREEMENT

Less than one month after the Congressional vote on NAFTA, President Clinton led the world to conclude the Uruguay Round negotiations of the General Agreement on Tariffs and Trade. These negotiations, which lasted more than seven years, were launched by President Reagan, continued by President Bush, and concluded by President Clinton. One year later, the Congress implemented the Uruguay Round agreement by overwhelming, bipartisan majorities.

The Uruguay Round agreement is the largest, most comprehensive trade agreement in history. It cuts foreign tariffs on manufactured products by over one-third overall and eliminates tariffs in ten large economic sectors. It also slashed agricultural subsidies, protects intellectual property, and creates a dispute settlement system that works.

MORE

CHART?

Already, the Uruguay Round agreement is producing results. The average first year tariff cut in the ten "zero for zero" sectors (sectors in which tariffs will be totally eliminated) was ___. In those sectors, U.S. exports have increased by ___ in the first nine months of 1995, ___ as much as the increase in total. In pharmaceuticals, where tariffs were completely eliminated in the first year, U.S. exports have increased by ___. Computer exports, where tariffs dropped by ___, are up ___. Compaq computer, for example [Joe Tasker 962-3830].

Agricultural exports have also received a boost from the Uruguay Round agreement.

JAPAN

President Clinton developed a new approach to trade policy with Japan -- one that was anchored in the concept of fairness. The U.S. market is open to Japanese products and services. Japan's market should be open to ours. In pursuing this goal, the President's strategy has utilized the multilateral process of the World Trade Organization, regional arrangements such as APEC, and bilateral negotiations. This strategy has begun to produce important results.

The Administration's strategy differs from previous administrations' strategies in several respects. First, our approach has been results-oriented. In each agreement, the U.S. and Japan have agreed on objective quantitative and qualitative criteria to measure success. Second, the Framework focuses on all three aspects of the economic relationship: macroeconomic, structural and sectoral. In the past, the focus has been on one aspect at a time. Third, this Administration has sustained its interest in and commitment to opening Japanese markets. Other administrations often have relaxed their efforts after initial attempts. Finally, the President has provided the necessary leadership and vision so the U.S. and Japan could confront difficult issues directly.

The President's strategy is starting to show positive results. In 33 months, the Administration has reached 20 trade agreements with Japan; twelve of these came under the Framework. While many challenges remain, U.S. workers and companies are starting to benefit from the expanded opportunities that have resulted from these agreements.

U.S. exports to Japan are growing even faster than overall U.S. exports and twice as fast as U.S. exports to Europe. U.S. exports to Japan are up 19 percent for the first eight months of this year, and 46 percent in the last three years. In those sectors covered by recent trade agreements with Japan, exports have grown by more than 80 percent since the President took office. Exports in these sectors have grown nearly 2.5 times as fast as other U.S. exports to Japan.

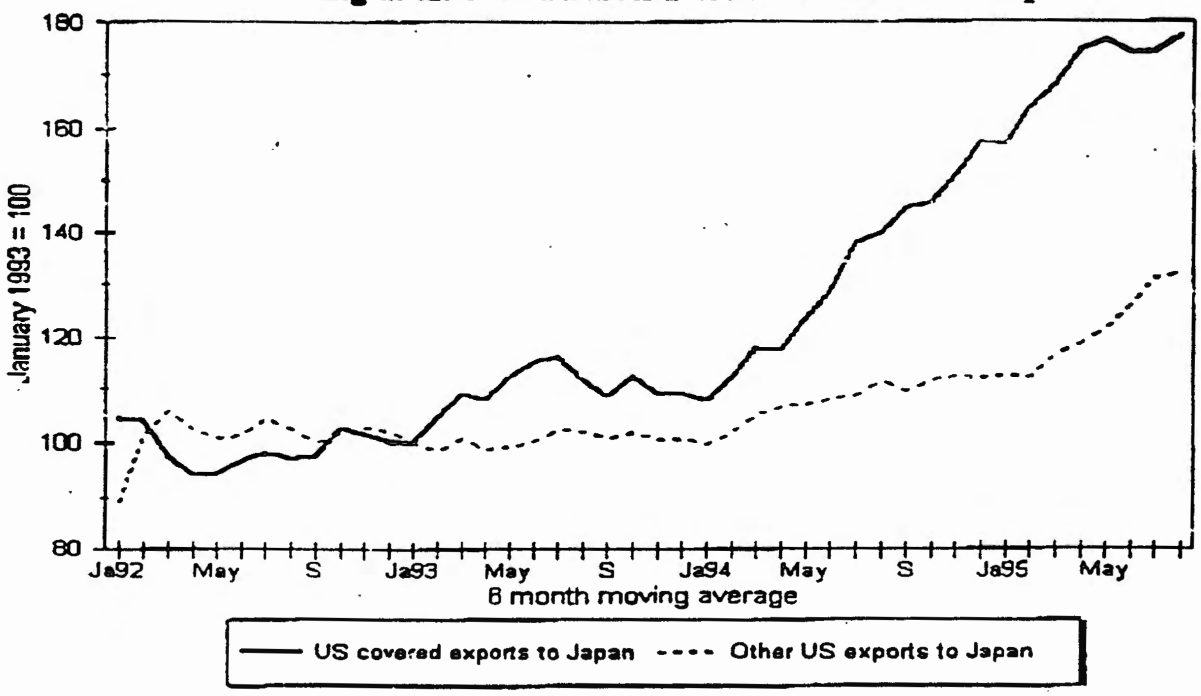
ELIMINATE SPACE

In most sectors, progress is being made. U.S. sales of medical equipment to Japan have grown by more than 50 percent since the Medical Technology Government Procurement Agreement was signed. Exports of Washington state apples are expected to reach $15 million in 1995. Only three years ago, U.S. apples were banned from Japan. And after years of stalled negotiations, the Clinton Administration concluded an agreement in March 1994 with Japan to open the cellular telephone market in the Tokyo-Nagoya area, the largest population center in Japan. Since that agreement was signed, subscriptions to the North American designed system grew from 22,000 to over 500,000 in September 1995.

Initial evidence indicates the June 28, 1995 agreement on Autos and Auto Parts is producing results. The Japanese government has begun to deregulate the $60 billion auto replacement parts market. For more than 25 years, Tenneco was unable to gain access to the Japanese distribution network. Just recently, however, Tenneco announced that Japan Energy Corporation, a major oil distributor, will distribute shock absorbers and other U.S. auto parts in over 1,000 gas stations in Japan.

While the Administration is encouraged by the initial results of these agreements, much work remains. Japan still remains the most closed major industrialized market in the world. Even in the sectors where agreements have been reached, more progress is needed. In the

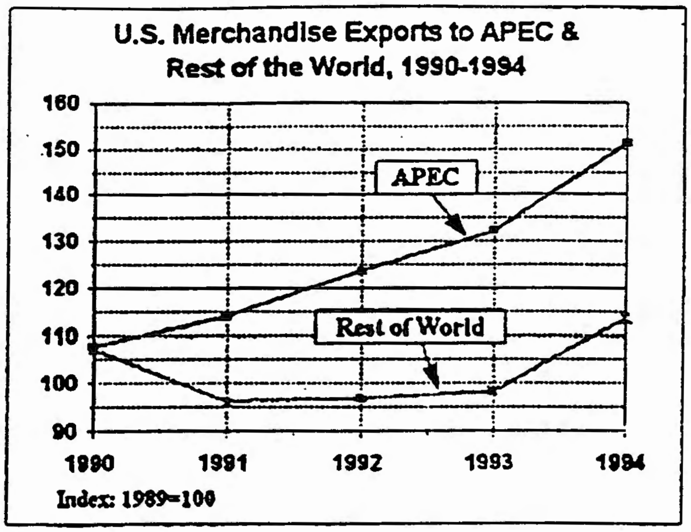
US Exports to Japan in Sectors Covered by Trade Agreements are Growing at an even a Faster Pace than our Other Exports



telecommunications sector, for example, foreign sales to Nippon Telephone and Telegraph Corporation (NTT), Japan's phone company, have been growing at a very slow pace. This lack of progress is occurring at a time when U.S. telecommunications suppliers are among the most competitive in the world.

(APEC Section)

FTAA



A centerpiece of the President's strategy has been to target and seek opportunities for American workers and businesses in the fastest growing, most dynamic regions of the world. To this end, in December 1994, President Clinton convened the Summit of the Americas, an histroci meeting of the 34 democratically-elected heads of state from throughout the hemisphere. At the Summit, leaders announced the creation of a Free Trade Area of the Americas by 2005.

CHART SHOWING EXPORT GROWTH TO LATIN AMERICA, 1986 - 1994

Latin America is the fastest growing economic region in the world -- and the U.S. is the major supplier to that region. U.S. exports to Latin America have soared from $30 billion in the mid-1980s to over $78 billion in 1993, creating 600,000 new U.S. jobs. U.S. exports to Latin America no approximate our exports to the European Union and are expected to reach $232 billion by 2010, greater than our combined exports to the E.U. and Japan. Already, Latin Americans spend 40 cents of every dollar spent on trade on U.S. goods -- and that number is growing. The U.S. supplies over 70 percent of some countries' imports and often three times as much as a country's next trading partner.

The United States hosted the first follow-up meeting of trade ministers from the region in June 1995 in Denver, Colorado. At this meeting, Ministers clarified key principals to guide the discussions and launched seven working groups to focus on the market access, investment, customs procedures and other details of the FTAA. The next Ministerial meeting will be held in March 1996 in Cartagena, Columbia. Four additional working groups will be launched at this meting.

APEC

[To be filled in from why APEC matters to Americans]

Agriculture

The importance of exports to American farmers and ranchers continues to grow. As a result, President Clinton has focused on opening up closed agricultural markets. Today the U.S. export the product of one out of every three farm acres in America. That includes 67% of our wheat, 42% of our rice, 34% of our soybeans, 21% of our corn, and 38% of our cotton. These percentages should continue to increase due to the Presidents' market opening initiatives.

This Administration has taken tough action to opening markets for U.S. farmers -- in big and small ways. For example, The Uruguay Round brought agriculture under GATT/WTO disciplines for the first time ever. It helps level the playing field for U.S. farmers by attacking the subsidies that have given our competition an unfair advantage: export subsidies to be reduced 36% in terms of budgetary outlays and 21% by volume within six years. Internal farm programs will be cut 20% over six years. Just as important, the United States, which gets credit for past cuts, will not have to change its support mechanisms. The Uruguay Round also eliminates the most pernicious market barriers. All WTO members must convert all nontariff trade barriers to tariff equivalents and then reduce them by 36% over six years.

BAR CHART SHOWING PERCENTAGE INCREASES BY COMMODITIES FROM 1993 - 1995

NAFTA gives U.S. farmers preferred access to an enormously important market. We got a taste of Mexico's potential before the peso crisis: In the first year of NAFTA, U.S. agriculture exports reached a record $4.5 billion -- up 25% from the previous year. Beef and corn were the biggest winners. But other significant gains were made in pork, poultry, fresh and processed fruit, vegetables and oilseed products.

QUOTE BY AMERICAN FARMER ie. "My export business has never been better"

The President has also used bilateral negotiations to open markets and fight protectionist measures abroad. Take China as an example. Earlier this year, negotiators from USTR reached new protocols with China that will allow the export -- for the first time -- of cherries from Washington state and apples from Oregon and Idaho. We also agreed to a time line for scientific tests that we hope will pave the way for the export of tobacco, stone-fruit and California citrus[Fill in detail]. Similarly, when the E.U. announced a new system for valuing agricultural products -- one that would harm U.S. exports -- the Administration filed a case in the World Trade Organization. As a result, the European Union agreed to [implement a system which actually reduces the tariffs U.S. producers will pay.]

The U.S. gained access for [$] billion in agricultural products to the European Union due to expansion of the E.U. to include Sweden, Finland and Austria. This agreement will be especially beneficial for the U.S. rice, almond and seafood industries.

These efforts are beginning to produce results. The Department of Agriculture estimates that U.S. exports of agricultural goods will reach a record level of [$58.] billion this year. That's an increase of almost [$15] billion over last year -- and despite an expected drop in sales to Mexico. Estimates project an expansion of farm exports to almost every region in the world this year. Moreover, U.S. farmers and related industry this year will create an estimated $20 billion trade surplus -- the largest since 1982.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Robert D. Kyle, Lael Brainard, & Helen Walsh to Laura Tyson, Tony Lake, Sandy Berger, & W. Bowman Cutter; re: Looking Ahead to 1996 (6 pages)	01/17/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Laura D'Andrea Tyson
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FOLDER TITLE:

International Trade Message

2017-0364-F
jp3837

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]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
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]