

FOIA MARKER

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Folder Title:

NAFTA [North American Free Trade Agreement]

Staff Office-Individual:

National Economic Council-Tyson, Laura

Original OA/ID Number:

CF 716

Row:	Section:	Shelf:	Position:	Stack:
23	6	5	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	To: Laura Tyson, Sandy Berger, Bo Cutter; From: Lael Brainard; Re: Meeting on NAFTA Trucking Provisions (4 pages)	01/04/1996	P1/b(1)
002. memo	To: Laura Tyson, Sandy Berger, Bo Cutter; From: Bob Kyle; Re: Meeting on Delay of NAFTA Trucking Provisions (4 pages)	12/19/1995	P1/b(1)
003a. memo	To: Laura Tyson, Sandy Berger; From: Lael Brainard; Re: Principals Rump Group Meeting on NAFTA Trucking Provisions (3 pages)	05/23/1996	P1/b(1)
003b. report	Suggested US Edits: Agreement between the Government of the United Mexican States and the Government of the United States of America Regarding Cross Border Truck Services (2 pages)	03/19/1996	P1/b(1)
004a. memo	Copy of 003a (3 pages)	05/23/1996	P1/b(1)
004b. report	copy of 003b (2 pages)	03/19/1996	P1/b(1)

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2017-0364-F
sb1635

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

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To: Laura Tyson

From: Mack McLarty

THE WHITE HOUSE
WASHINGTON

June 5, 1995

MEMORANDUM FOR MACK MCLARTY

FROM: KATHRYN MACK *km*

RE: Meeting with Members of the Canadian Business
Council on National Issues (BCNI)

Pursuant to your request, this memorandum provides a brief overview of the economic relationship between the U.S. and Canada for your meeting on June 7 with members of BCNI. Attachment A provides greater detail of the individual trade disputes between the two countries. I would be pleased to meet with you on June 7 at your convenience to answer any questions.

Our trade relationship with Canada, enhanced by NAFTA, on the whole runs smoothly. U.S.-Canadian two-way trade, the largest in the world, grew by \$40 billion and topped \$270 billion in 1994. (The U.S. exported over \$114 billion, or 17 percent of its total exports, to Canada in 1994. Canada sent 80 percent of its exports to the U.S. in 1994.) U.S. exports to Canada last year exceeded by 15 percent our exports to the entire European Union and were twice as large as our exports to Japan. Nonetheless, in the face of a strong recovery in the Canadian economy, the U.S. trade deficit with Canada widened last year to \$14.4 billion.

With such a large trade relationship, disputes are bound to arise, although they never touch more than 5 percent of our bilateral trade. We recently resolved disputes on beer, wheat and softwood lumber, although the wheat agreement expires in September and the lumber agreement must yield near-term results to satisfy the U.S. industry. Two currently contentious issues, agriculture tariffs and antidumping and countervailing duty laws, are being effectively managed through NAFTA procedures. The most pressing issue for the U.S. is increasing Canadian protectionism of communications/culture industries. (See Attachment A for greater detail on these disputes.)

Since the Liberal Party took office in November 1993, the Canadian economy has gathered strength. In spite of weakness in the Canadian dollar linked to rising U.S. interest rates, the

WAT Hay
Lunchtime remarks
Went well as did
Q & A responses I
Believe (you seldom
know for sure). I
really appreciated your
support. You made
me feel much more
comfortable & easier
meeting with

cc: Laura
Tish

file

Safe

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AGENDA

NAFTA TRUCKING PROVISIONS

January 4, 1996

5 p.m.

Room 180, OEOB

1. Update
2. Consideration of Options

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DECLASSIFIED E.O. 13526
White House Guidelines,
September 11, 2006

By. DEB NARA, Date 6/15/17
2017-0364-F

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A

Divider Title: _____

JOINT SAFETY COMPLIANCE REVIEW BOARD

Purpose

1. To agree on elements of and standards for motor carrier safety compliance reviews applicable to companies desiring to operate into the interior of border states.
2. To verify that applicants have undergone and "passed" such a review prior to authority being granted, and that they maintain safe operations.

Composition

Three members from each country representing federal and/or state governments, as appropriate.

Suggested Compliance Elements

1. Driver records, training, performance
2. Vehicle records, inspection and maintenance procedures
3. Hours of service records and performance
4. Three-year accident history
5. Operational management and control systems
6. Hazardous materials records, equipment, training

REMAINING ISSUES

1. Strategy would be reciprocal, but not necessarily resolve national treatment and most-favored-nation issues
2. How do the Canadians fit in?
3. If the Review Board cannot be operational in 45-day timeframe, how do we deal with Chapter 20 consultations?

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B

Divider Title: _____

ANTI-NARCOTICS INITIATIVES

Now Underway

Operation HARD LINE - Operation HARD LINE started in February 1995. We have intensified anti-narcotics inspections and are now fully inspecting 10% of commercial trucks carrying merchandise and 33% of empty trucks. The goal is to increase the numbers of inspections as the volume of trucks grows with NAFTA and to improve the targeting and quality of inspections of high risk trucks. Narcotics seizures in commercial cargo and conveyances in FY 1995 increased from 9 in FY 1994 to 26. Seizure in the first three months of FY 1996 in commercial cargo and conveyances are already reached 18.

Intelligence Centers - Six integrated intelligence centers are operating and two more have been identified for California ports of entry.

Special Agent Relocations - Under Operation HARD LINE 90 special agents are now being relocated to the Southwest Border, and an additional 72 will be relocated later this year.

Carrier Initiative - An initiative went into effect on January 1, 1995, to work with Mexican and U.S. truckers that operate cross-border to gain their support in improving security precautions and doing background checks on drivers and companies. Over 250 trucking companies have signed agreements to participate and 15 companies have been accepted into the program by Customs.

National Guard Support - We now have 160 National Guardsmen assisting in anti-narcotics efforts at Southwest Border ports of entry and the Department of Defense has agreed to increase National Guard support on the Southwest Border by 130 this year. This will assist Customs in increasing commercial inspections by approximately 5 percent.

Truck X-Ray Systems - The large scale truck X-ray is now operating in Otay Mesa, California, and two more (El Paso and Calexico) will be in place by the end of 1996.

Technology - Customs is also expanding its technological capabilities by testing license plate readers, handheld ADP look-out devices, pneumatic vehicle barriers, mobile truck x-rays, and prototype rail car inspection systems by mid-1996.

New Initiatives

National Guard Support - The quickest way to make a dramatic difference in Southwest Border narcotics interdiction efforts on truck and commercial cargo is to add 500 National Guardsmen to our

- 2 -

ports of entry. These people, working along side Customs inspectors, could be deployed by DoD fairly quickly to increase truck and cargo examinations by 20-25%.

Border Automation - Department of Transportation is testing new transponder technology that will automatically provide conveyance, cargo, and driver data and imagery at border inspection points to improve enforcement screening and facilitation of legitimate traffic. Customs is seeking to fund a \$1.9 million automation system that complements the DOT test and links data from all three NAFTA countries to further enhance enforcement screening and faster processing.

Truck X-Ray Systems - Four more truck x-rays are funded in the Customs FY 1996 budget (Laredo, El Paso, Brownsville and Hidalgo) and are scheduled for installation between May and November of 1997. If Customs were provided funding for eight additional systems, and were able to make a commitment to procure all eight at the same time, the delivery schedule could be shortened but would still require at least 12-18 months for delivery of the final system. These systems would make a significant difference in reducing the smuggling threat in commercial cargo and conveyances in our high risk ports of entry on the SW Border.

FY 1997 Budget Commitment - If the Administration wants to present a short and long-term commitment to the narcotics threat from Mexican trucks, one option would be to offer the additional National Guardsmen as a stopgap solution to allow the NAFTA truck provision to begin within the next few months but then support the Customs FY 1997 budget proposal at the levels currently approved by the Treasury Department which would provide for 657 permanent additional positions plus significant technology enhancements (for a total cost of \$75 million). This would have a dramatic impact on our ability to deal long term with the smuggling threat, additional workload due to NAFTA, and have a measurable result on the Southwest Border's narcotics threat.

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AGENDA

NAFTA TRUCKING PROVISIONS

December 19, 1995

5:45 p.m.

Room 476, OEOB

1. Guidance for Upcoming Negotiations with the Mexicans
2. Fallback Options
3. Interim Communications Plan

DECLASSIFIED E.O. 13526
White House Guidelines,
September 11, 2006

By ADS NARA, Date 6/15/17
2017-0364-F

~~CONFIDENTIAL~~

FAX

February 8, 1996

To: Chris Dorval
NEC press office
Ph: 456-5358
Fax: 456-2223

From: Scott Dykema
U.S. Transportation Department
Ph: (202) 366-5563
Fax: (202) 366-7270 or 366-6337

Re: Peña op-ed on nafta and trucking

I understand you are a new face. Welcome!. Now to business.

The attached is part of our effort to get the word out about the decision to delay Mexican trucks full access to the border states under NAFTA. It will be shopped beginning Monday to regional newspapers along the border. Each is targetted with state specific info to make it an easier sell.

Please contact my colleague, Ilene Zeldin (Ph: 366-9789), by 12 noon Friday, Feb 9 with any comments. I'll be out of town for a few days.

lad / Bob-

Problem with anything here?

CD

to: Brainard
Kyle
cc: Tyson
Cutter

OP-ED ON CROSS BORDER TRUCKING UNDER NAFTA**By Federico Peña
February 12, 1996**

(535 words)

Last December I ordered a delay in granting permission to Mexican trucks to operate throughout the border states for one simple reason: Safety.

I grew up in South Texas along the border. I know Mexican trucks allowed into designated commercial zones along the border have had safety problems in the past. I've seen trucks with inadequate brakes and worn tires that had no business operating on our highways.

So we worked long and hard since the North American Free Trade Agreement was signed in 1993 to prepare for the further opening of the border last December. Working with the states and localities as well as our Mexican counterparts, we beefed up our border inspection centers and toughened safety standards.

We provided \$4.2 million in the last three fiscal years for enforcement and NAFTA-related activities along the border.

In California we're building a new \$13 million high-tech safety inspection and weight enforcement facility at Otay Mesa and a similar facility is being built at Calexico. Both will enhance NAFTA-related enforcement efforts.

NAFTA gives the United States a right, and an obligation, to ensure the safety and security of our borders before we increase truck access.

After careful review, I concluded that more needed to be done. Even today, six weeks after my decision, inspectors

Dec 18

-2-

continue to find Mexican trucks violating our safety standards at unacceptably high rates.

Half the trucks we've inspected have been taken out of service because of safety violations. That's double the national average of one in four trucks. In California, 35 percent of Mexican trucks inspected are being taken out of service.

We're working with Mexico to are being taken out of service. | ?
tackle this challenge. I've talked directly with Mexican Transport Minister Carlos Ruiz and our top experts met in December and will be meeting again soon to find ways to ensure that all trucks -- U.S. and Mexican -- meet our safety standards while travelling throughout the four border states. I believe there are additional steps we must take to ensure the safety and security ^{✓OK} our highways.

Once we're ready to fully open the border, Americans and Mexicans will benefit from the increased efficiency of a more liberal cross border trucking regime for international commerce. California alone exports nearly \$8 billion in products to Mexico annually, with approximately 75 percent shipped by trucks.

Does this mean we'll never have an accident? Of course not. But our roads will be safe, and laws will be enforced. No responsible trucking company should object to any of this, because for them it gets the irresponsible drivers and motor carriers off the road. And no responsible shipper should object either, since we will be implementing this strategy in a way that will not disrupt the smooth flow of commerce.

-3-

Mexico and the United States have a common interest in making sure the new trucking rules work. Every time I see a truck crossing the border, I think of the Americans who have new jobs producing goods that need to be transported, some 340,000 since NAFTA was signed.

As the Mexican economy starts to grow again, we'll see more goods traded both ways. And we are committed to making certain that those goods are transported both safely and efficiently.

-30-

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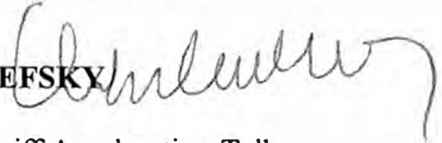
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

October 21, 1996

MEMORANDUM FOR: ASSISTANT TO THE PRESIDENT FOR ECONOMIC
POLICY LAURA TYSON

FROM: AMBASSADOR CHARLENE BARSHEFSKY 

SUBJECT: Concluding the First Round of NAFTA Tariff Acceleration Talks

ISSUE

In November 1993, the United States obtained agreement from Mexico and Canada to begin and quickly conclude a round of "tariff acceleration" talks, as provided for in the NAFTA. The process was begun in December 1993, and was scheduled to conclude in May 1994. However, the United States has not agreed to conclude this first round because Mexico has not agreed to reduce its tariffs more quickly on our priority interests, which include wine and brandy, flat glass and major home appliances. With a decision more than two years late, Mexico and Canada are now pressing us to finish the first exercise. Should we decline, they plan to announce a bilateral agreement. An Administration decision must be made by the end of the month if we are to prevent Mexico and Canada from announcing they are moving ahead without us.

Background

To address concerns of a few industries about perceived inequities of the North American Free Trade Agreement (NAFTA), USTR agreed to pursue negotiations with Mexico to "accelerate" its reduction of import tariffs on products of particular interest to the United States. While Mexico agreed to participate in the negotiations, it did not promise it would be able to accelerate tariff elimination on any specific products. Mexico also asked the United States to reduce tariffs on an equivalent number of products, but the trade value of those we can agree to is very modest.

Despite a substantial effort over the last 30 months, we have not been able to obtain concessions from Mexico on our priority products. We were successful last year, however, in reaching agreement with both Mexico and Canada to eliminate duties on a small number of other, non-controversial products. U.S. exports of photographic film, pharmaceuticals, industrial machinery, clothes dryers and dishwashers will benefit, with an estimated export value of \$220 million.

Nonetheless, we have not agreed to conclude this round because we have little to show for the wine, glass and appliance industries. Mexico did offer to reduce duties on all wines, but only if brandy was not touched. Our industry rejected this offer, so no wine items are in the package.

PHOTOCOPY PRESERVATION

Two minor appliance items are included, but no flat glass products.

Mexico and Canada are pressing to conclude the the first round now, and are ready to begin a second round. The second round could consider a much larger number of products with substantial potential benefit to firms and workers in all three countries. Mexico and Canada very much want the United States to participate in the announcement, but, if we are unable to confirm our participation, they have told us they will go ahead with a bilateral agreement very soon.

I believe it is not in the interests of the United States to stand aside and let a bilateral agreement be announced by Mexico and Canada. While the economic stakes are not high, the image of the United States as the leader in this process would be tarnished. Further, we would be denying the benefit of tariff reductions to U.S. exports and importers which unanimously supported such action.

I am, therefore, prepared to conclude a trilateral first round, and plan to inform Mexico and Canada of my decision. However, I wanted your concurrence before doing so. The decision may result in some criticism from the disappointed U.S. industries. We have kept industry informed of developments, and their expectations are quite minimal. However, one or two vocal industry figures could take the opportunity to reproach the Administration.

If we agree to participate in the tariff acceleration package, we would be required to notify Congress of the changes 60 days before they are implemented. Since it would require approximately 3 to 5 weeks to prepare the documentation, we would be in a position to announce the agreement about mid-November, with implementation 60 days later (i.e., mid-January or February 1, 1997).

Attachment: *Ad ref* list of agreed acceleration products

ITEMS WHICH THE U.S. ACCELERATES:

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
20059080	Processed artichokes	MEX	
29339087	Hexamethylenetetramine	MEX	
44219040X	Wooden venetian blinds	MEX/CAN	x out
54041080X	Spandex monofilaments	CAN	x out: "Elastomeric monofilaments of polyurethanes".
56050000	Metallized yarn	MEX	
59039025	Textile fabrics coated with man-made fibers.	MEX	
63029100X	Printed towels	MEX	x out
69149000	Barbecue briquettes	CAN	
73181520X 73181540X 73181550X 73181560X 73181580X	Aircraft fasteners, of steel	MEX/CAN	x out
75080010 75080050	Aircraft fasteners, of nickel	CAN	x out
81089030	Aircraft fasteners, of titanium	CAN	x out
85365080	Electric switches, other than motor starter switches	MEX	x out: ?
87149190	Bicycle frames and forks	MEX	U.S. 10 6
91070040 91070080	Appliance timers	CAN CAN	
91149030 91149050	Parts for appliance timers	CAN	
96035000	Brushes constituting parts of machines	CAN	

ITEMS WHICH MEXICO ACCELERATES:

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
20059099X	Processed artichokes	U.S.	x out: "Alcachofas"
28371101	Sodium cyanide	U.S./CAN	
29051602	2-Ethyl-hexanol	U.S./CAN	
29322999X	Lovastatin and simvastatin	U.S./CAN	x out: "Lovastatina / simvastatina"
29335908	Trimethoprim	U.S./CAN	Mexico to B
29339057	Enalapril maleate	U.S./CAN	
29350028	Sulphamethoxazole	U.S./CAN	Mexico to B
29350099X	Sulphamerazine	U.S./CAN	x out: "Sulfamerazina"
29362701	Vitamin C	U.S./CAN	
29379909	Dexamethasone	U.S./CAN	
29413001	Tetracycline chlorohydrate	U.S./CAN	
29419016	Gentamycin	U.S./CAN	
37023101	Film	U.S./CAN	
37024101	Film	U.S./CAN	
37025301	Film	U.S./CAN	
37025401	Film	U.S./CAN	
37025501	Film	U.S./CAN	
37029201	Film	U.S./CAN	
37029401	Film	U.S./CAN	
39219008X	Polyethylene plastic tape	U.S./CAN	x out: "Cinta plástica termocontráctil de polietileno radiado, con espesor igual o superior a 200 micrones, laminada con adhesivo termoplástico reconocible como utilizable exclusivamente para el recubrimiento de tuberías".
44219099X	Wooden venetian blinds	U.S./CAN	x out: "Persianas venecianas de madera".
48083002	Paper for making masking tape	U.S./CAN	
54041099X	Spandex monofilaments	CAN	x out: "De poliuretanos, elastanos".
55050001	Metallized yarn	U.S./CAN	
59039002	Textile fabrics coated with man-made fibers.	U.S.	
63029101X	Printed towels	U.S.	x out: "toallas estampadas"
69120001	Ceramic tableware, other than	CAN	
69120099	porcelain or china.		
75080099X	Aircraft fasteners of nickel	U.S./CAN	x out: "reconocibles para ser utilizados exclusivamente en naves aéreas"
81089099X	Aircraft fasteners of titanium	U.S./CAN	x out: "reconocibles para ser utilizados exclusivamente en naves aéreas"
84193199X	Tobacco drying machines	U.S./CAN	x out: "Máquinas secadoras de tabaco"
84199099X	Parts of tobacco drying machines	U.S./CAN	x out: "Partes para máquinas secadoras de tabaco"
84243001	Machines for cleaning by pressure	U.S./CAN	
84295901	Excavating machines	U.S./CAN	

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
84314101X	Parts for excavating machines	J.S./CAN	x out: "Partes para zanjadoras"
84314102X		U.S./CAN	x out: "Partes para zanjadoras"
84314103X		U.S./CAN	x out: "Partes para zanjadoras"
84314193X		U.S./CAN	x out: "Partes para zanjadoras"
84314901X		U.S./CAN	x out: "Partes para zanjadoras"
84314902X		U.S./CAN	x out: "Partes para zanjadoras"
84314999X		U.S./CAN	x out: "Partes para zanjadoras"
84543001	Metal casting machines	U.S./CAN	
84798101	Metal processing machines	U.S./CAN	

NOTE: Since Mexican tariff item 56049003 was never published in the "Diario Oficial" or consultation with the private sector, it is not possible for Mexico to include this product in the first round of negotiations as the U.S. requested. In view of this development, Mexico withdraws its proposal to accelerate "imitations of catgut", assuming that the U.S. and Canada have no interest in NAFTA acceleration on this product.

ITEMS WHICH MEXICO OFFERED TO ACCELERATE ON A CONDITIONAL BASIS:

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
84221101	Dish washers	U.S./CAN	
84229004	Parts for dish washers	U.S./CAN	
84229005			
84229006			
84512107	Clothes dryers	U.S./CAN	
84512199			

ITEMS IN WHICH MEXICO IS INTERESTED IN THE RESULTS OF INTERNAL CONSULTATIONS IN THE U.S.

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
06031060	Roses	MEX	90% of total U.S. world imports are already duty-free
08045060	Mangoes	MEX	"B" phase-out
08053004	Limes	MEX	U.S. recently included this product in GSP.
20019035	Peppers	MEX	
20059050			
69111080	Porcelain tableware	MEX	Mexico can agree to accelerate porcelain tableware not for hotel use. Mexico is already duty free for U.S. imports.
79011210	Zinc	MEX	Acceleration for casting-grade zinc only.
82130090	Scissors	MEX	Mexican industry under impression that some in U.S. industry could lower acceleration.

ITEMS IN WHICH MEXICO IS INTERESTED IN THE RESULTS OF INTERNAL CONSULTATIONS IN CANADA.

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
732111	Gas ranges	MEX	Mexico can offer unilateral acceleration in dishwashers, parts for dishwashers & clothes dryers imported from Canada, in exchange for unilateral acceleration by Canada on gas ranges imported from Mexico.

ITEMS WHICH CANADA ACCELERATES:

ITEM NUMBER	DESCRIPTION	FOR TRADE WITH	OBSERVATIONS
29051600X	2-Ethyl-hexanol	MEX	x out
29322900X	Lovastatin & simvastatin	MEX	x out
29339000X	Enalapril maleate	MEX	x out
29339000	Hexamethylenetetramine	MEX	x out
29350000X	Sulphamerazine	MEX	x out
29413000X	Tetracycline chlorohydrate	MEX	x out
29419000X	Gentamicyn	MEX	x out
39219090X	Polyethylene plastic tape	MEX (US?)	x out: "Heat-shrinkable plastic tape made of irradiated polyethylene, at least 200 microns thick, laminated with thermoplastic adhesive and recognizable as designed exclusively for covering pipes".
44219040X	Wooden venetian blinds	US/MEX	x out
54041090X	Spandex monofilaments	US/MEX	x out: "Elastomeric monofilaments of polyurethanes".
56049000X	Imitations of catgut	US/MEX	x out
56050000	Metallized yarn	MEX	
69149000X	Barbecue briquettes	US/MEX	x out
69120000	Ceramic tableware, other than of porcelain or china	MEX	
73181500X	Aircraft fasteners, of steel	US/MEX	x out
75080020X	Aircraft fasteners of nickel	US/MEX	x out
75080090X			
81089000X	Aircraft fasteners of titanium	US/MEX	x out
82130020	blanks and blades	US	
82130030			
84199080	Parts of tobacco drying machines	MEX	
84243000	Machines for cleaning by pressure	MEX	
84314190X	Parts for excavating machines	MEX	x out
84314990X	Other parts for excavating machines	MEX	x out
87149300	Bicycle components	MEX	
87149920			
91070010	Appliance timers	US/MEX	
91070020			
91070090			
91149020	Parts for appliance timers	US	
91149030			
91149090			
96035090	Brushes constituting parts of machines	US/MEX	