Case Number: 2017-0364-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:
NAFTA [North American Free Trade Agreement] Jobs

Staff Office-Individual:
National Economic Council-Tyson, Laura

Original OA/ID Number:
CF 718

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

Dr. Tyson

Laura -

These are the Nafta job numbers that need your intervention. There are three options 1 no numbers 2 these numbers 3 another set of commerce #s. Need a decision in order to proceed with my documents next week. —Chris

THE NORTH AMERICAN FREE TRADE AGREEMENT: AT-A-GLANCE

U.S. Exports Have Increased Under NAFTA

- *In 1995, U.S. exports to Canada and Mexico were up 22 percent over 1993 -- the year before NAFTA was implemented. U.S. exports to Mexico alone were $46 billion in 1995 -- 11 percent higher than in 1993.*

- *In sectors from services to semiconductors to autos to agriculture, NAFTA is benefitting U.S. companies, workers, and farmers. For example, in 1995, agricultural exports to Canada and Mexico reached an all-time high of $9.5 billion -- up more than 50 percent over 1994.*

- *NAFTA protects U.S. exports. Because of NAFTA, U.S. exports have fared significantly better than after the last Mexican financial crisis in 1982. In 1982, Mexico imposed 100 percent duties on some American products and took other measures to close the Mexican market to U.S. exporters. As a result, our exports were cut in half. Without NAFTA, Mexico could have imposed similar tariffs in 1995, and U.S. exporters would have lost $25 billion in sales.*

- Indeed, even while Mexico raised tariffs on its non-NAFTA partners, *74 cents of every dollar that Mexicans spend on imported goods go to buy U.S. goods. And while U.S. market share in Mexico has risen since 1993, Japan, Europe and other non-NAFTA competitors, have lost market share in Mexico.*

- *The future looks even brighter. As the Mexican economy rebounds, Mexican imports are expected to increase strongly. Since U.S. products account for almost three-fourths of all Mexican imports, Mexico's recovery translates into increased U.S. exports and high-wage American jobs.*

NAFTA Creates and Protects Hundreds of Thousands of American Jobs

- *Because of strong export growth to our NAFTA partners, export-supported jobs in the United States have increased by an estimated [185,000] in the past two years. Approximately [13,000] of these jobs are attributable to our trade with Mexico -- all despite Mexico's severe financial crisis and resulting recession.*

- *Goods exports alone to Canada and Mexico currently support an estimated [2.2] million American jobs. These export-related jobs generally pay 13-16 percent better than the average U.S. wage.*

- *Despite the financial crisis, NAFTA locked in Mexico's economic reforms, safeguarding our exports. In doing so, NAFTA protected over half a million American jobs. In contrast, in 1982 Mexico raised tariffs on U.S. products, resulting in a 50 percent drop in U.S. exports and a loss of [230,000] American jobs.*

Contact: Chris Dorval (456-5358) 4/1
Carola McGiffert (395-9650)

An Export and Market-Opening Policy That Works

"I refuse to be part of a generation of Americans that fails to compete in the global economy and so condemns hard working, middle class Americans to a lifetime of struggle without reward or security."

Bill Clinton
October 1991

"We need not be afraid of the world toward which we are moving if we keep our mission in mind, if we stay true to our values, and above all, if we remember -- when we are divided we defeat ourselves; when we are together, America always wins."

Bill Clinton
March 1996

PRESIDENT CLINTON'S TRADE POLICY HAS FOUR KEY GOALS, TO:

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

OVERVIEW

America is back. Under President Clinton's leadership over the last three years, America has come a long way in facing her challenges.

Upon taking office, President Clinton inherited a weak economy in which jobs were being lost, family incomes were falling, prices were going up, and economic growth was negligible. Unemployment hovered around seven percent, reaching 7.4 percent in 1992. Inflation reached 5.4 percent in 1990 -- the highest since 1982. GDP grew only 1.5 percent a year between 1989 and 1992. Median family income was stagnant between 1986 and 1992. And three million manufacturing jobs had been lost in just over a decade. Our industries were less productive and less competitive, and we were losing to the Japanese and Germans in sectors ranging from autos to computer chips.

Today, the United States has regained its position as an economic superpower. 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.

Making the American Dream a Reality: President Clinton's Vision for the Future

President Clinton came to office to help ensure that the American dream is a reality for every family as we move into the next century. As President, he has implemented a vision to set this nation on a course to strengthen the United States economy, to create new American jobs, and to expand opportunities for all Americans. His vision for ensuring our nation's strength in the challenging and competitive global economy has essentially three parts.

First, he has fought to *restore the domestic economy* through sound macroeconomic policies such as a smart and tough deficit reduction plan and smaller government.

Second, his Presidency is dedicated to *giving the American people the tools they need to prosper in the new economy* -- tools like a decent education, safe streets, a government that creates opportunity, not bureaucracy,

Finally, he has sought to *grow our economy by opening up more opportunities to sell our goods and services in foreign markets* to the five billion potential consumers that live outside the United States.

As a result, our nation has the highest growth of any major economy in the world over the last three years. The economy has created 8.4 million jobs -- 93 percent of which have been in the private sector. Unemployment is 5.5 percent. The combination of unemployment plus inflation is the lowest in 25 years.

We have added nearly one million new jobs in construction, manufacturing, and automobiles. Since the start of the Clinton Administration, we have had the fastest growth of new businesses since the World War II. Home ownership is at its highest level in 15 years.

The federal budget deficit has been reduced three years in a row -- for the first time since Harry Truman was President -- the largest three-year reduction in history. We're building a smaller, smarter government. We've eliminated over 200,000 jobs from the federal government and we are eliminating 16,000 pages of obsolete regulations.

Opening Markets Abroad to Create Jobs at Home

President Clinton knows 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.

The President has stood up for American interests by implementing a new trade policy. He has sought to open new markets to U.S. exports; to monitor our trade agreements to ensure our trading partners are living up to their obligations; and to enforce our trade laws.

There were times during the Cold War when we sometimes looked the other way when our trading partners failed to live up to their obligations. Those days are over.

First, we live in *a new globalized economy*. Today, business is truly an international affair. A new business these days will use start-up capital from New York and London, parts from one plant in the Midwest and one plant in Taiwan, and advertising from a firm based in Los Angeles. And then that business will try to sell their product around the world. Nations of the world, inextricably linked by trade, are now truly interdependent.

Second, *trade is more important than ever to the U.S. economy*. In 1970, the value of trade equaled just 13 percent of the U.S. GDP. In 1995, trade accounted for 30 percent of GDP. Almost eleven million workers in this country owe their jobs to exports. On average, jobs supported by exports pay 13-16 percent more than other jobs. Clearly, expanding trade is critical to creating good, high-wage jobs.

Finally, we live in *a world of opportunities*. Ninety-five percent of the world's consumers -- over five billion people -- 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, Latin America, Eastern Europe -- are the fastest-growing and most dynamic markets in the world, accounting for 40 percent of total world economic growth. To grow and prosper at home we must open the most lucrative markets in the world to U.S. exports -- in both our traditional trading partners like Europe and Japan, as well as the dynamic emerging countries in Asia and Latin America.

The United States today can not afford to cut itself off from the rest of the world. Expanding -- not limiting -- trade is critical to our efforts to create high wage jobs and raise standards of living.

President Clinton's trade policy has four key goals: 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; to restore U.S. competitiveness; and to build a stronger economy at home. This paper reviews highlights of the Clinton Administration's trade policy over the past three years.

STANDING UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION

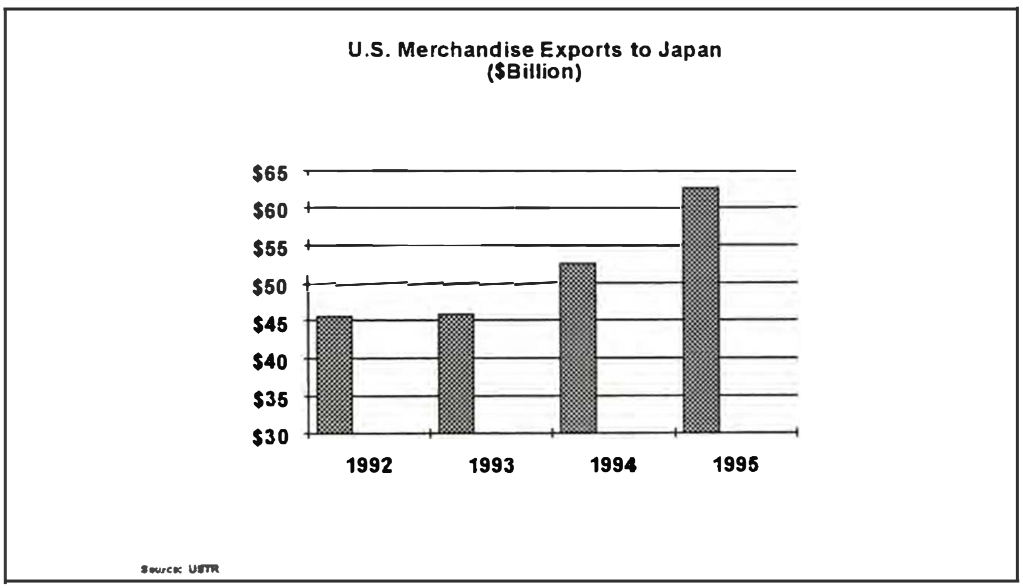
American workers are the most skilled and productive in the world and American products are of the highest quality. For too long our businesses have faced unfair competition, and have therefore been at a disadvantage that has cost them important international contracts and, as a result, American jobs.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

For a generation, American Presidents have unsuccessfully tried to crack open the Japanese market. President Clinton has stood up to Japan on behalf of American workers and businesses, and his approach is working.

- *The Clinton Administration stood up to the Japanese and opened markets for U.S. goods and services -- and the results are impressive. Total U.S. exports to Japan reached $64 billion in 1995, supporting over 500,000 American jobs. Exports to Japan are up 34 percent since 1993.*

- *Merchandise exports to Japan grew five times faster than our imports from Japan in 1995. As a result, the merchandise trade deficit with Japan declined for the first time in five years Half of the improvement in the trade deficit was a result of autos: in 1995, U.S. auto exports to Japan increased by 37 percent while imports fell for the first time in a decade.*

- *U.S. manufacturing firms increased their share of the Japanese market over the past three years -- up 20 percent in 1995 over 1992.*



- *The Clinton Administration has reached 20 agreements with Japan since 1993, covering 15 market sectors: autos and auto parts, medical technology, flat glass, insurance, financial services, telecommunications, supercomputers, construction, cellular phones, chemicals, rice, apples, investment, copper, and civil aviation.*

- *According to the Council of Economic Advisers, U.S. exports in those sectors covered by these 20 market-opening agreements, have grown more than twice as fast as other U.S. exports to Japan since January 1993. For example:*

  -- *U.S. exports of medical instruments to Japan have grown over 50 percent, reaching over $1 billion in 1995;*

  -- *U.S. exports of apples to Japan -- which were once banned -- reached almost $15 million in 1995;*

  -- *U.S. sales of film and television programs to Japan reached $9 billion in 1994, a six-fold increase over 1980;*

  -- *U.S. exports of rice to Japan were once banned. U.S. farmers have exported $185 million of rice to Japan since an agreement went into effect in April 1994.*

- *Traditionally, the U.S.-Japan trading relationship has been one of imbalance. Between 1970 and 1995, four million vehicles have been shipped from Japan to the United States, while only 400,000 U.S. vehicles have been sold to Japan. Partly as a result of the 1995 U.S.-Japan Auto Agreement, however, U.S. auto exports to Japan were up 37 percent in 1995. And the trend is continuing: in January 1996 alone, Big Three sales to Japan rose 36 percent over January 1995, according to the American Automobile Manufacturers Association.*

- *U.S. automobile production has overtaken Japan and has been ranked Number One for two years in a row -- for the first time in almost two decades. Overall U.S. auto exports have risen to $61 billion -- a 29 percent increase since the beginning of the Administration, 5 percent in 1995 alone.*

NAFTA & the World Trade Organization

NAFTA eliminates tariffs, breaks down barriers, and opens markets across a range of trade and economic activities among the U.S., Canada and Mexico -- and the results are clear: in 1995, U.S. exports to Canada and Mexico were up more than 10 percent over 1993, the year before NAFTA was implemented.

The Uruguay Round, which established the World Trade Organization, has reduced tariffs and put in place new, tough rules that have similarly helped level the playing field for U.S. workers and producers. For example, foreign agricultural export subsidies that robbed U.S. producers of market share are being slashed.

- *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. As a result of GATT, overall U.S. exports of services reached $208 billion in 1995, up 5 percent.*

- *U.S. goods exports to Mexico were $46 billion in 1995 -- 11 percent higher than 1993, the year before NAFTA was implemented. And U.S. market share in Mexico has risen to 74 percent -- while our competitors have lost market share.*

- NAFTA and *GATT benefit American farmers. In 1995, U.S. agricultural exports overall surged 22 percent to $56 billion, with all-time highs in poultry, pork, wheat and cotton. In 1995, agricultural exports to Canada and Mexico reached an all-time high of $9.5, up more than 50 percent over 1994. Today, produce from one out of every three acres that is farmed is exported.*

- *This agreement gives U.S. business access to dynamic new markets in Latin America and Asia. Merchandise exports to Latin America (excluding Mexico) have risen by 36 percent since 1993, 20 percent in 1995 alone, to $50 billion. Merchandise exports to the Pacific Rim (excluding Japan and China) have risen by 39 percent since 1993, 23 percent in 1995, to $104 billion.*

- *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. As a direct result of NAFTA, which cut Mexican tariffs on MCUs by 50 percent, AGC's sales to Mexico have doubled and AGC is employing ten times as many workers in Tulsa, Oklahoma.*

- *NAFTA has helped reduce illegal immigration across our southwestern border. Because of enhanced cooperation by Mexican officials on immigration, in 1995, the U.S. Border Patrol apprehended over one million illegal immigrants at our southwestern border.*

- *NAFTA served as a buffer when Mexico suffered a financial crisis in 1995. While it is true that we recorded a deficit with Mexico in 1995, it would have been significantly worse without NAFTA in place. NAFTA safeguarded our exports -- and therefore American jobs -- because Mexico could not impose tariffs on U.S. goods. In fact, because of NAFTA, the United States actually gained market share in 1995 -- up to 74 percent -- while Mexico imposed higher tariffs on its non-NAFTA partners.*

Export Promotion

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.

- *In order to compete with financing packages of our competitors, the Export-Import Bank of the United States offers matching financing to U.S. firms vying for international contracts against foreign competitors -- 30 times in just the past two years.*

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

Standing Up For American Workers: Enforcing Fair Trade

Americans can compete and win anywhere in the world as long as the playing field is level and the competition is fair. That is why the Clinton Administration is standing tough to ensure that our trading partners play by the rules. Almost one-tenth of our anti-dumping cases deal with Japanese imports and one-fifth of all new anti-dumping cases filed deal with imports from China.

Aggressive enforcement of fair trade laws means jobs for American workers. For example, as a result of cases filed in recent years:

- thousands of jobs in steel mills have been preserved;
- thousands of jobs in the cellular phone and pager industry were saved;
- employment in the ball bearings industry has increased;
- the number of U.S. computer chips producers tripled; and
- U.S. machine tool plants are being saved -- and even reopened.

Import Story –
We could either highlight how imports support U.S. jobs (Port of New Orleans) or than imports [Keep consumer prices down (Payless Shoe Source imports shoes from China; average ~~pr.~~ shoe price is $11.00)]

Laura –

[Your judgement on imports also important. Discuss them at all? Jobs benefits or consumer benefits?]

Chris

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, over one million jobs have been created through increased exports. Today, nearly 11 million American jobs are supported by exports.

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 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.*

The Benefits of Imports: Imports have received a bad reputation over the past few years. But imports, especially of goods not indigenous to the United States, actually help support American jobs. For example, the Port of New Orleans is one of the busiest ports in America. Over 37 million tons of cargo -- imports and exports -- moved through the Port in 1995. Port-related activities supported *over 94,000 jobs* in 1994.

The bulk of imports that come into the Port of New Orleans are raw materials, such as rubber and coffee -- products the United States generally does not produce. The rubber that comes into the Port goes to U.S. tire manufacturers; the coffee beans go to U.S. coffee refineries. And *American workers* turn those raw materials into finished products for sale in the United States or for export to other countries.

- *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.*

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, over one million jobs have been created through increased exports. Today, nearly 11 million American jobs are supported by exports.

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 -- emplo
than half of the U.S. workforce, ar
responsible for about half of all U.
and generate more than half of all
U.S. Small and medium sized ente
a growing source of U.S. exports.
businesses were responsible for m
one-third of total merchandise exp
-- $150 billion -- which was a 150
increase over 1987.

- *Aquatics Unlimited, a sm*
environmental technolog
Martinez, California, rec
an agreement with the In
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.

...f Imports: Imports have...

Import Story —
We could either highlight how imports support U.S. jobs (Port of New Orleans) or that imports keep consumer prices down (Payless Shoe Source imports shoes from China; average shoe price is $11.00)

...rubber that ...
tire manufacturers; the coffee beans go to U.S. coffee refineries. And *American workers* turn those raw materials into finished products for sale in the United States or for export to other countries.

Laura -
Your judgement on imports also important. Discuss them at all? Jobs benefits or consumer benefits?
Chris

ny employing
er producer and textile
ulston's products dropped
over non-NAFTA
usiness opportunities for
pportunities in North
5 new employees.

President Clinton knows that small and medium sized companies are "the engine that will drive us into the 21st century." 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 working capital guarantees to small U.S. exporters, worth approximately $279 million — a 33 percent increase over 1994.*

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

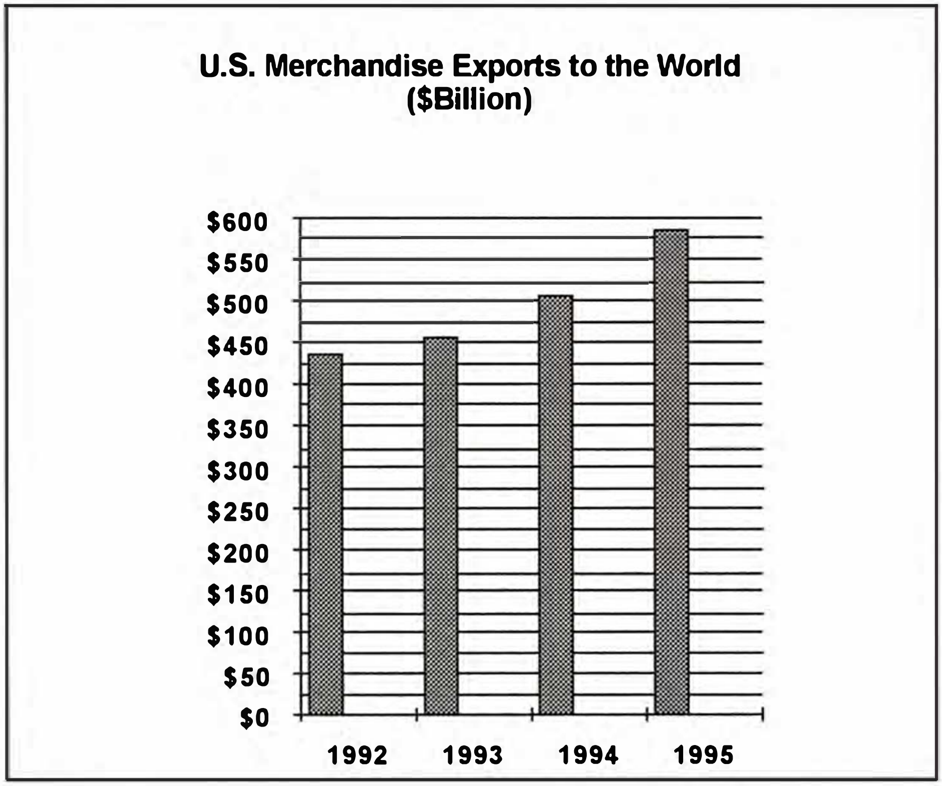
Helping Workers Adjust: Economic insecurity is a painful reality in today's global economy. President Clinton believes that every American deserves the opportunity to succeed in the new economy and that the federal government has an important role to play by opening the door to real educational opportunities for all Americans throughout their lifetimes. That is why The Clinton Administration established the NAFTA Transitional Adjustment Assistance Program (NAFTA-TAA) to help U.S. workers who have lost their jobs in part because of NAFTA. Through NAFTA-TAA, workers can receive benefits and training to help them get back on their feet and get a new job. From January 1994 through January 31, 1996, NAFTA-TAA has helped over 55,000 American workers make a new start.

- *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.*

RESTORING U.S. COMPETITIVENESS

The Clinton Administration has laid the groundwork for an explosion of global trade that is creating jobs here at home and promoting economic opportunities around the world.



The United States is the world's largest exporter. American exports have grown by 31 percent in three years, and 14 percent in 1995 alone. We have turned an important corner: for the first time in years, our exports are growing faster than our imports -- 14 percent versus 12 percent. And our exports are more diversified than ever -- from manufacturing goods to high tech to services to agricultural products.

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 is* *the world's largest exporter.* *Over the past three years, exports have grown 31 percent.*

- *U.S. automobile production 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 Asia's imports.*

- *Agriculture exports surged by 22 percent in 1995 to $56 billion, with all-time highs in poultry, pork, wheat and cotton. U.S. farmers and related industry created a trade surplus of approximately $27 billion in 1995 -- the largest surplus since 1982.*

- *The United States is once again the world's Number One producer of semiconductors, surpassing Japan. Semiconductor exports have grown 113 percent since the beginning of the Clinton Administration and 35 percent in 1995 alone, to $34 billion.*

- *Telecommunications exports have grown 74 percent since 1993 and 22 percent in 1995 alone, to $20 billion.*

- *Computers and accessories exports have grown 38 percent since 1993 and 19 percent in 1995, to $40 billion.*

CONCLUSION: GROWING A STRONGER ECONOMY AT HOME

President Clinton came to office with 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 aggressively pursued this goal. He has viewed global change not as a threat, but as an enormous -- and unique -- chance for American workers and businesses to take advantage of the new opportunities that the global economy offers.

President Clinton believes in the strength of the American economy and in the skill and character of the American worker. Not only can the United States compete -- and win -- in the global economy, but if we are to continue strong economic growth we must compete. If we truly seek economic opportunity and prosperity for all Americans -- as President Clinton does -- retreating is simply not an option.