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: Trade Numbers				
Staff Office-Individual: National Economic Council-Tyson, Laura				
Original OA/ID Number: CF 716				
Row: 23	Section: 6	Shelf: 5	Position: 1	Stack: V

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	To: Tony Lake, Laura Tyson, Bo Cutter, Sandy Berger; From: Robert Kyle; Re: Small Principals Meeting on Trade Priorities (5 pages)	02/09/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Tyson, Laura
OA/Box Number: CF 716

FOLDER TITLE:

Trade Numbers

2017-0364-F
sb1636

RESTRICTION CODES

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

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

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

Rena

We need a file of memos for my NEC Principals Meetings on International Economic Policy

This should go in the file

L.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	To: Tony Lake, Laura Tyson, Bo Cutter, Sandy Berger; From: Robert Kyle; Re: Small Principals Meeting on Trade Priorities (5 pages)	02/09/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Tyson, Laura
OA/Box Number: CF 716

FOLDER TITLE:

Trade Numbers

2017-0364-F
sb1636

RESTRICTION CODES

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

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

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

DRAFT

1996 TRADE PRIORITIES

At a speech at American University in February 1993, President Clinton pronounced a simple, yet profound principle that has guided the Administration's trade policy: reciprocity. He said our trade policy "will say to our trading partners that we value their business, but none of us should expect something for nothing. We will continue to welcome foreign products and services into our markets but insist that our products and services be able to enter theirs on equal terms." He was not advocating 'free trade,' but rather a balance in rights and obligations that we achieve when we open other nations' markets and establish clear and enforceable rules by which to expand trade.

The only way we will be able to maintain an open international trading system is if the citizens of the United States have confidence that trade is fair and works for the good of all people. That means ensuring that other countries live up to their trade agreement obligations, and the Administration meets its obligations under our trade laws. If we don't have the support of the American people behind us, the entire global trading system is at risk.

The Administration has followed through on this principle of linking opportunity to responsibility, and the result has been new jobs and new opportunities for America's working families. The President has often said that the most important part of trade policy is what happens after we sign an agreement. That is why a critical feature of our trade policy must continue to be monitoring and enforcing our trade agreements and trade laws. Having concluded the NAFTA and Uruguay Round negotiations, and having negotiated more than a hundred bilateral trade agreements aimed at opening foreign markets, our trade agenda has entered a new phase this year. We are now down to the hard work of reaping the benefits of those trade agreements that we have negotiated over the past three years, and our trade agenda for the foreseeable future must be focused on **implementation**, **enforcement**, and **expansion** of those agreements.

Implementation

Our trade agreements are mere pieces of paper unless we pursue their dictates in a vigorous manner. A major priority of our monitoring and enforcement efforts is to ensure that the members of the World Trade Organization are living up to their Uruguay Round commitments. We have already seen that Japan and others have failed to enact adequate laws to protect intellectual property as required under the WTO intellectual property agreement. A disturbing number of countries has also failed to implement market access and export subsidy commitments under the WTO agriculture agreement. We are using the WTO dispute settlement process to press them to faithfully implement their WTO obligations, and we will continue to do so.

We must also continue to press for implementation of Uruguay Round commitments through regional initiatives such as the Free Trade Area of the Americas (FTAA) , the Asia-Pacific Economic Cooperation Forum (APEC), and the Trans-Atlantic Market Place (TRAMP).

Enforcement

The best way to build confidence in the trade agreements we negotiate is to enforce them -- and vigorous enforcement is critical to ensuring that we continue to get good agreements. Enforcement of both international trade agreements and U.S. trade laws underpins our entire approach to trade. Enforcement action can consist of formal dispute settlement proceedings under a multilateral trade agreement (WTO or NAFTA), consultations under the framework of a bilateral agreement, or informal consultations aimed at addressing a dispute to which no trade agreement provisions apply. The trade disputes on our current agenda can be grouped into these three categories, as is indicated in the Attachment.

Many of the foreign barriers on our current agenda involve non-compliance with the WTO agreements or NAFTA, and we are pursuing those violations under formal dispute settlement procedures. We are currently pursuing six disputes in the WTO and one in the NAFTA; there are at least ten other disputes that could be brought to the WTO this year, and at least two other NAFTA disputes (see Attachment). However, where no formal dispute settlement mechanism is available to address a problem, we continue to use every tool in our disposal -- Section 301, Super 301, Special 301, Title VII, GSP, the Telecommunications Trade Act, and WTO accession negotiations -- to break down these barriers.

Expansion

Enforcement efforts also create momentum for expanding existing trade agreements, and expanding the scope of barriers that trade agreements now cover. We need to build on the agreements already reached, and encourage higher levels of obligations, especially through the FTAA, APEC and TRAMP. U.S. exports to Latin America and the Caribbean have exploded; and by the year 2000 the East Asian economies will form the largest market in the world, surpassing Western Europe and North America. Through these important regional initiatives we can eventually build a common set of trading rules for the whole hemisphere, based on high standards of openness to match our own.

We must also expand the coverage of trade agreements to address practices that undermine all of the benefits achieved through stronger trade rules and market access commitments: trade distortions created by low labor standards, excessive regulation, the lack of transparency, bribery and corruption, barriers to environmentally sustainable development, and anti-competitive behavior causing trade effects.

Commitment of resources

As we placed greater emphasis on enforcement of trade agreements and trade laws, it became increasingly clear that we needed to devote more resources to the effort full time. That is why we recently announced the creation of a new unit at USTR, working in cooperation with the Department of Commerce, exclusively devoted to monitoring all trade agreements to which the United States is a party, determining compliance by foreign governments, pursuing actions necessary to enforce U.S. rights under those agreements, and to enforcing our trade laws.

In essence, the creation of this unit is a sign of the President's success. Our trade agreements and our efforts at enforcement to date are producing substantial benefits, but the sheer number -- and the scope -- of the agreements concluded over the last three years require a commitment of resources to enforcement, a team devoted solely to that task. In addition, many upcoming enforcement actions are extremely complicated and require staff with specialized expertise devoted to them.

Our monitoring and enforcement efforts should give priority to:

- attacking barriers which affect job creation and existing jobs, including high-wage, high-skill jobs
- promoting high dollar, high volume U.S. exports and high-growth export industries
- attacking barriers that are widespread, and which represent recurring patterns of export barriers covering many markets, especially the fastest growing and largest markets in the world
- keeping U.S. small and medium sized businesses competitive and expanding in the global marketplace.

Attachment

Matter Covered by WTO Dispute Settlement

Current proceedings:

JAPAN	Discriminatory taxes on ***distilled spirits*** Panel report expected in mid-summer (EU and Canada are co-complainants)
JAPAN	Failure to provide retroactive protection to ***sound recordings*** Panel report expected late November at the earliest (EU likely to join as co-complainant)
EU	Ban on imports of ***meat*** from animals treated with growth hormones Panel report expected early November at the earliest (Australia & New Zealand likely to join as co-complainants)
EU	Regime for importation, sale and distribution of ***bananas**** Panel report expected late November at the earliest (Ecuador, Guatemala, Honduras and Mexico are co-complainants)
KOREA	Shelf-life requirement for ***sterilized milk products*** No decision made yet to request a panel (Canada likely to join as co-complainant if we request a panel)
AUSTRALIA	Ban on imports of untreated fresh, chilled or frozen ***salmon*** Panel request to be made after new Canberra Administration takes office (Canada likely to join as co-complainant if we request a panel)

Candidates for future proceedings:

AUSTRALIA	Failure to protect ***test data for pharmaceuticals and chemicals***
CANADA	Discriminatory tax on advertising revenue from foreign ***magazines***
CANADA	Import prohibition on ***potatoes and other produce*** in bulk & via consignment
EU	PORTUGAL's failure to provide 20-year term for existing ***patents*** IRELAND's discriminatory compulsory licensing requirements for ***patents***
KOREA, TURKEY	Failure to provide retroactive protection to ***copyrighted works***
PAKISTAN	Failure to implement "mailbox provision" for ***patents***
PHILIPPINES, HUNGARY, NORWAY	Failure to implement ***commitments under WTO agriculture agreement*** (Other agricultural exporting countries likely to join in)

Matters Covered by NAFTA Dispute Settlement

Current proceedings

CANADA	Tariff-rate quotas on ***dairy, poultry and barley products*** Panel report is expected in mid-June

Candidates for future proceedings

MEXICO	Restrictions on ***small parcel delivery trucks***
MEXICO	Non-compliance with obligations on ***intellectual property protection***

Matters Covered by Bilateral Agreements

CHINA	***Textiles transshipments***
JAPAN	Implementation of agreement on ***insurance*** (life insurance market access)
JAPAN	Implementation of agreement on ***autos and auto parts***
JAPAN	Implementation of NTT agreement (***personal handyphones***)
JAPAN	Implementation of agreement on ***supercomputer*** procurement
JAPAN	Renewal of agreement on ***semiconductors***
JAPAN	Negotiation of new agreement on ***civil aviation***
KOREA	Implementation of market access commitments on ***telecommunications***
KOREA	Implementation of agreement on ***autos***
ARGENTINA, BRAZIL, CHINA, ECUADOR, ESTONIA, INDONESIA, KOREA, LATVIA, LITHUANIA, PHILIPPINES, RUSSIA AND FORMER USSR, SINGAPORE, THAILAND	Non-compliance with bilateral commitments on ***intellectual property protection***

Matters Not Covered by a Trade Agreement

CANADA	***Softwood lumber*** exports to the US
CHINA	Negotiation on terms and conditions of ***accession to WTO***
JAPAN	Market access barriers to ***film******
JAPAN	***Patent scope*** issues
TURKEY	Inadequate laws on ***intellectual property protection***
INDONESIA	Inadequate enforcement of laws on ***intellectual property protection***

* The disputes involving *EU bananas* and *Japan film* are the subject of pending *section 301 investigations.*

Trade Policy Principles

(1)

Implement, Enforce, Expand

Cons are cynical about free trade -- They are supportive of fair trade

Implementation

(a) key is telecomm negotiations at WTO

(b) UPS under the NAFTA

Enforce -

(1) dispute sett mech either available NAFTA or WTO

(2) US trade laws

Expansion

- FTAA
- Transatlantic
APEC

Focus in 1996 on toughness and strength and accomplishments

Right balance between toughness and accomplishment

DRAFT TALKING POINTS FOR RELEASE OF 1995 TRADE NUMBERS
February 28, 1996

UNPRECEDENTED EXPORT GROWTH: The Commerce Department reported today that the United States experienced the largest export growth in American history in 1995. Exports of merchandise increased by over $[75] billion in 1995, for a total of $[577] billion-- by far the largest increase in American history -- and by $[149] billion since the beginning the Administration. Today's export numbers confirm the Administration's trade policy is working. Combined exports of goods and services exceeded [$780] billion dollars in 1995.

- Merchandise exports have grown a stunning [34] percent since President Clinton entered office. In 1993, exports grew 4 percent; in 1994 10 percent; today's figures show that in 1995, exports grew [15] percent.
    - Exports to the dynamic economies in Asia (excluding Japan and China) have risen by [40] percent since the beginning of the Administration and [] this past year.
    - Exports to China have risen by [] since the beginning of the Administration and [] this past year.
    - Exports to South America have risen by [36] percent since the beginning of the Administration and [] this past year.
- The positive results we've achieved on trade stem from a tough trade policy, including over 180 trade agreements, that stands up for American workers and farmers. We have welcomed foreign products and services into our markets, but we've insisted that other countries allow our products and services into their markets on equal terms.
- **Export Growth Exceeds Import Growth:** For the first time in years, our exports are growing faster than our imports. Export growth in 1995 [15] percent, exceeded the growth of imports [13] percent.

NEW JOBS FOR THE AMERICAN PEOPLE: As a result of this unprecedented export growth, jobs associated with exports increased by over half a million in 1995.

- Overall, roughly 11 million U.S. jobs are supported by exports.
- Since President Clinton took office, over 1 million new jobs have been added in the export sector.
- And export jobs are good jobs, paying roughly 15 percent more than average wages.

OUR TRADE POLICY WITH JAPAN IS WORKING: For 15 years, American Presidents have tried to crack open the Japanese market. President Clinton has succeeded.

- The Clinton Administration has negotiated 20 trade agreements with Japan in sectors ranging from telecommunications to autos.

- U.S. exports to Japan have grown a phenomenal [20] percent in 1995 to $[64] billion, and [34] percent since the beginning of Administration. And exports in sectors covered by trade agreements have grown even faster.

- Exports to Japan are creating new American jobs: U.S. jobs supported by exports to Japan have increased by roughly one fifth percent since 1992; to over half a million jobs in 1995.

- American exports to Japan are growing at four times the rate of our imports from Japan.

- As a result, the trade deficit with Japan is falling. Japan reported last week that its global trade surplus in January declined by 83 percent from a year earlier to $467 million. Japan's trade surplus with the United States declined for the eighth consecutive month, shrinking 51 percent from a year earlier to $1.5 billion, the fastest rate of decline in 16 years. Japan's estimated 1995 surplus is 7 percent lower than 1994.

OUR TRADE POLICY HAS RESTORED U.S. COMPETITIVENESS. The United States is the world's largest exporter--surpassing Germany.

- The World Economic Forum in 1995 judged the American economy to be the most competitive in the world for two years in a row -- and up from number five in 1992.
- The U.S. has regained its position as the world's number one producer of automobiles for the first time since the 1970s, overtaking Japan. Exports of autos have risen [5] percent in 1995 and [40] percent since the beginning of the Administration. Big 3 to Japan...
- In the agriculture sector, U.S. exports surged by [24] percent in 1995 to $[54] billion, after several years of moderate to no growth. We set all time records in sectors including poultry, pork, wheat and cotton.
- Advanced technology exports grew by [14] percent in 1995 to $[137] billion and [] since the beginning of the Administration.
- Computer and software exports grew a phenomenal [one third] in 1995 and [450] percent since the beginning of the Administration.
- Exports of semiconductors rose [] percent in 1995 and [] percent since the beginning of the Administration.

DRAFT

Selling American Workers -- and Clinton Trade Policies -- Short

Professor Bhagwati alleges that the seeds of Buchanan's know nothing protectionism are contained within President Clinton's trade policy. He could not be more wrong about the Administration's trade policy or the seeds of protectionism. It is policies that allow foreign countries to shelter their markets and exclude U.S. products that create fertile grounds for protectionism. In contrast, President Clinton is the first to recognize that American workers benefit from free trade only if it is also fair trade; he is the first to enact policy that stands up for our workers' interests abroad and equips them to compete in the global economy by providing training and education opportunities at home.

Three years ago, President Clinton asserted, "We must compete not retreat." This simple but powerful mission statement reflects profound truths that both Bhagwati and Buchanan have simply misunderstood. President Clinton understands that neither a unilateral free trade approach nor alarmist protectionism are in this nation's best interests as we enter the 21st century.

U.S. workers don't need protection from foreign workers. In industry after industry -- from semiconductors to wheat, from aircraft to cars -- American workers are the most productive in the world. Indeed, they set the standard to beat. What U.S. workers need is government policies that stand up for their interests abroad, giving them a chance to compete fairly in foreign markets. U.S. workers benefit from two-way fair trade not one-way free trade.

That is why this Administration has forged 20 trade agreements with Japan, which have resulted in export growth of 34 percent since the beginning of this Administration. That is why this Administration negotiated a tough agreement with China to protect U.S. intellectual property last year and is insisting that China fulfill the terms of this agreement this year. That is why this Administration insisted that foreign agricultural subsidies be cut as part of the Uruguay Round deal, contributing to record U.S. agricultural exports this year of $50 billion. That is why this Administration negotiated a tough trade deal with Mexico that has compelled Mexico to continue cutting its tariffs on U.S. products even when it has raised tariffs on imports from other countries, contributing to increased U.S. market share.

President Clinton understands that our prosperity as a nation -- our standard of living in the 21st century -- depend centrally on our ability to compete in international markets. He understands that we can't make change go away by building walls: the wave of technological advance and the network of transportation and communications links crisscrossing the planet are here to stay. By building a tariff wall around our country, Buchanan would shut off access to 95 percent of the world's consumers, blocking tremendous sales opportunities for U.S. workers and companies. Buchanan's tariff walls would shut off access to consumers in emerging markets in Latin America and Asia that are growing 4 times faster than our traditional export markets. Such tariff walls would have deprived us of $149 billion of sales to foreign markets and 1 million high-paying export jobs since the beginning of this Administration alone. They would have deprived us of 34 percent export growth to Japan and __ percent to China. We would have foregone export opportunities that accounted for fully one third of our robust economic growth in the past few years. Semiconductors, computers...

Unlike Professor Bhagwati, this Administration is able to distinguish between legitimate and illegitimate uses of tariffs. When President Clinton took office, he vowed to use every tool in our trade toolkit to stand up for American interests, and he has. We have threatened to increase tariffs only as a last resort to pry open foreign markets -- and even then the proposed retaliation has been narrowly targeted.

The difference between a targeted reciprocal measure designed to pry open a particular foreign market and an across-the-board tariff hike could not be more clear. The sweeping increases in tariffs advocated by Buchanan amount to a huge tax hike that disproportionately burdens poorer families who are least able to afford it, and gives enormous new powers to central government bureaucrats at the expense of markets and consumers.

Take for example the automobile industry, which Bhagwati cites. When voluntary export restraints were placed on Japanese cars to protect U.S. car companies in the 1980s, car prices paid by U.S. consumers soared by $1500, and U.S. producers fell behind Japanese producers on prices, quality, and share. In contrast, President Clinton's policy of resolutely insisting that the Japanese car market be opened -- even at the expense of retaliatory tariffs -- has yielded improved access without any increase in car prices at home. And President Clinton's tough stance with Japan has already begun to pay off: Big 3 car exports to Japan rose by roughly 50 percent in 1995, and were over one third higher in January 1996 than a year earlier. At the same time, the U.S. has regained its position as the world's biggest car producer for the first time since the 1970s-- overtaking Japan for two years in a row. And U.S. auto employment has increased ______.

President Clinton also understands that opening up foreign markets by itself is not enough. We need to equip all our workers to seize the opportunities associated with rapidly growing export markets. For that reason, this Administration has combined market opening policies with domestic policies that invest in our workers and our physical and intellectual infrastructure to make sure they continue to be number one in the world. That is why the Administration has [invested in Head Start and has supported states electing to develop voluntary curriculum standards; proposed programs to computerize classrooms and to strengthen public schools by giving parents choice; and proposed college scholarships, skill grants and training programs that provide access to lifetime learning.]

President Clinton's strong economic and trade policies -- with their emphasis on opening foreign markets, investing in our workers and infrastructure, and reducing deficits -- have led to an unprecedented export surge, contributing to the creation of high wage jobs. America is back as an export powerhouse -- ranked Number One on competitiveness for two years in a row -- up from Number 5 in 1992. Do we really want to squander our hard won gains just as America is coming back?

August 8, 1995

MEMORANDUM FOR LAURA TYSON AND BO CUTTER

FROM: **LAEL BRAINARD**

SUBJECT: **Trade Releases and Message**

I have held two meetings to discuss the Administration's message on trade and how it is communicated in the monthly trade releases, in response to Mickey Kantor's memos to you on this subject. The discussion at the last meeting is summarized in the attached memo.

The group made some progress on improving the process by which the trade numbers are released, which should address some of Mickey Kantor's concerns and improve coordination of the message. It may in the future also recommend developing a common set of talking points each month in preparation for the 9:00 conference call instead of developing three sets separately (Commerce, USTR, and NEC) to further strengthen coordination. On our end, we need to reinvigorate NEC participation in the monthly trade release conference calls, which now conflict with the 9 a.m. budget meetings.

There was less enthusiasm for changing the message. Mickey Kantor's proposals for emphasizing gross trade growth and for developing a new "Economic Gain" index that includes gross trade along with the trade balance were rejected in favor of continuing our emphasis on export growth and the associated shift to high-paying jobs. This discussion is summarized below.

Work remains on several issues:

- Selling our trade policy successes against the backdrop of a large, persistent current account imbalance.
- Selling our Japan trade policy against the backdrop of a large bilateral deficit (as you know, this work is underway).
- Selling NAFTA as the bilateral trade balance deteriorates.

Attachment

CC: O'Donnell, Lane

August 8, 1995

MEMORANDUM FOR:	LEW ALEXANDER	COMMERCE
	BOB DOHNER	CEA
	EV EHRLICH	COMMERCE
	ALICIA MUNNELL	TREASURY
	DAVID WALTERS	USTR
FROM:	LAEL BRAINARD	NEC
SUBJECT:	Meeting on Monthly Trade Numbers	

Please find attached a summary of our discussion, as promised.

Attachment

cc: Baily, Cihak

Background

A variety of concerns have been raised regarding the Administration's message on trade and how it is communicated in the monthly trade releases. There is some concern that the overall deficit and our deficits with Japan and Mexico will undermine our efforts to build a case for the success of our trade policy, and in particular our achievements on NAFTA, the Uruguay Round, and the Framework. There is also concern that we do not communicate a clear or coordinated message on trade in our monthly releases of trade numbers.

Trade Release Process

The timing of the trade release process is similar to that of other monthly data:

Previous afternoon:	
	CEA reviews numbers and prepares memo for POTUS.
	Census staff briefs Associate Director.
Day of release:	
7:30 - 8:30	Press lockup: Census staff distributes release and highlights and answer questions.
	Commerce Briefing: Census officials brief Commerce officials.
8:30	Public release of data. Wire stories filed.
9:00 - 9:15	Conference call including Commerce, USTR, Treasury, NEC, and CEA.
9:30	Administration officials permitted to comment publicly on release.

Three process improvements were suggested to streamline the preparation of press talking points each month and to coordinate our message:

- USTR staff should participate in the 7:30 Commerce briefing in order to get a head start on the preparation for Ambassador Kantor's press comments later in the day.

- The 9:00 conference call should be reinvigorated with more consistent NEC participation.

- The highlights that Census distributes to the press should cover the same facts each month so as to present a more balanced explanation of the numbers, rather than focusing on particularly striking changes. Moreover, the highlights should not include detail on country and product specific data that is not included in the regular release; this information should be made available only in response to questions during the lock-up.

It was also suggested that we further strengthen coordination by developing a common set of talking points each month in preparation for the 9:00 conference call instead of developing three separate sets of talking points (Commerce, USTR, and NEC). This suggestion was put on hold for consideration after the three simpler process improvements are implemented.

Trade Message

The positive message on competitiveness and trade growth during this Administration is often obscured by the stubborn preoccupation of the press with both our overall deficit and particular bilateral trade deficits. This problem is particularly acute in the case of Japan. The Mexican trade balance numbers also pose problems for our message on NAFTA.

Overall, the group concluded that the message we have developed on trade over the last two years is good, and we should work to strengthen it rather than changing course:

- The tremendous strength of recent export growth should be highlighted, along with its contribution to overall income growth and the resurgence of U.S. competitiveness.

- With the economy at full employment, the "exports equals jobs" story should be slightly modified to emphasize the shift to better, higher-paying jobs.

- Although more emphasis should be placed on the benefits of imports (lower priced products and greater choice for working Americans, stronger competition, cheaper inputs for U.S. manufacturers), a switch in emphasis to gross trade growth and to gross trade as a share of GDP was rejected on the grounds that it highlights the sensitivity of U.S. jobs and income to foreign shocks.

    - There was concern that an emphasis on gross trade growth would be incompatible with our emphasis on export job growth because of the implicit association of import growth with job losses.

- The current account balance should always be measured relative to the size of the economy. Changes should be explained in terms of our stronger relative growth performance, while the level should be explained (only if asked) in terms of our robust investment rates. With the President's balanced budget proposal, we have a strong case that this Administration's policies will contribute to current account adjustment.

- Any linkage between bilateral deficits and trade barriers should be rejected. Although it is tempting to explain bilateral deficits in terms of trade barriers when disputes arise, this will ultimately work against us when the resolution of sectoral trade disputes fails to reduce bilateral deficits.

- The Japan story should focus on the strength of U.S. export growth despite economic weakness in Japan, especially in sectors where trade agreements have been signed. Attempts to evaluate our Japan trade policy in terms of the bilateral trade deficit should be rejected in favor of a scorecard that emphasizes market access and export growth.

USTR's proposal to construct an index incorporating trade growth along with a variety of other economic indicators was considered but ultimately rejected on the grounds that any new index constructed by the Administration would be suspect. However, we should actively reference a variety of indicators that are publicly available, which indicate a strong resurgence of U.S. competitiveness since 1992.

It was also suggested that the CEA undertake to educate selected members of the press on the causes of current account imbalances and their relation to trade barriers.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

OFFICE OF PUBLIC AFFAIRS
WASHINGTON, D.C. 20508

(202)395-3230 Phone
(202) 395-7226 Fax

Facsimile Cover Sheet

Date: 2/28/96

TO: NAME	OFFICE	FAX#
Mike McCurry	W H Press	456-6210
Laura Tyson	NEC	456-2878

FROM: Anne Luzzatto

NUMBER OF PAGES (EXCLUDNG COVER): 6

SUBJECT: USTR's Press Release on Trade Nos

IF THERE ARE ANY PROBLEMS PLEASE CALL (202) 395-3230.

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

96-20

FOR IMMEDIATE RELEASE
Wednesday, February 28, 1996

Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
(202) 395-3230

USTR Mickey Kantor Cites Unprecedented U.S. Export Growth for 1995

In commenting on the release of 1995 trade figures by the Department of Commerce, United States Trade Representative Mickey Kantor said today, "U.S. exports of merchandise increased by over $72 billion in 1995, for a total of $575 billion in yearly exports, the largest dollar increase in American history. These figures confirm the Administration's trade policy is working.

"The positive results we've achieved on trade are the direct result of a tough trade policy that stands up for American workers and farmers. The Clinton Administration has concluded over 180 trade agreements and vigorously enforced our trade laws. We have welcomed foreign products and services into our markets, but we're insisting that other countries allow our products and services into their markets on equal terms."

Exports of Goods and Services Exceeded $783 billion in 1995

According to the Commerce Department, exports of goods and services exceeded $783 billion in 1995.

- In the agriculture sector, U.S. agriculture exports surged by 22 percent in 1995 to $55 billion, after several years of moderate to no growth; and records have been set in sectors including poultry, pork, wheat and cotton.

- Advanced technology exports grew by 14 percent in 1995 to $138 billion.

- Merchandise exports have grown a stunning 31 percent since President Clinton entered office. In 1993, exports grew 4 percent, in 1994, 10 percent. Today's figures show that in 1995, United States merchandise exports grew 14 percent.

- Export growth exceeds import growth. For the first time in years, our exports are growing faster than our imports. Export growth in 1995, 14.4 percent, exceeded the growth of imports, 12.1 percent.

- In the last six months of 1995, our overall trade deficit was 12 percent lower than the first half of the year.

New jobs are being created for the American people

As a result of this unprecedented export growth, over a half million new jobs were created in 1995, for a total of 11 million U.S. jobs supported by exports. Since President Clinton took office, more than one million new jobs have been created as a direct result of increased exports.

Our trade policy with Japan is working

For thirty years American Presidents have tried to crack open the Japanese market. President Clinton is succeeding: according to Japan's own figures, the U.S. trade deficit with Japan reached it's lowest point in twelve years in January, 1996.

- U.S. exports to Japan grew 20 percent in 1995 to $64 billion; the Commerce Department reported today that the U.S. deficit with Japan in 1995 dropped 9.7 percent from 1994.

- As a result of the 1995 U.S.-Japan Auto Agreement, U.S. exports of American vehicles to Japan increased by 53 percent in 1995 to $3.2 billion. And that trend is already continuing in 1996. In January, the Automobile Manufacturers Association reported that Big Three sales to Japan rose 36 percent over January 1995. Auto parts exports to Japan increased by 11 percent in 1995 to $1.5 billion.

- Japan reported last week that its global trade surplus in January declined by 83 percent from a year earlier to $467 million. Japan's trade surplus with the United States declined for the eighth consecutive month to its lowest level in 12 years, shrinking 51 percent from a year earlier to $1.5 billion, the fastest rate of decline in 16 years. Japan's estimated 1995 surplus is 7 percent lower than 1994.

- American exports to Japan are growing at five times the rate of our imports from Japan. The Commerce Department reports that our exports to Japan in 1995 were over $64 billion dollars, 20.3 percent greater than 1994. U.S. exports to Japan are growing faster than overall U.S. exports, 20.3 percent vs. 14.4 percent. U.S. exports to Japan in 1995 have increased by 34 percent over their 1992 level.

- Exports to Japan are creating new American jobs: the 20.3 percent rise in U.S. exports to Japan increased U.S. jobs supported by goods exports to Japan in 1995 to over a half million.

<u>The U.S. is the world's largest exporter</u>

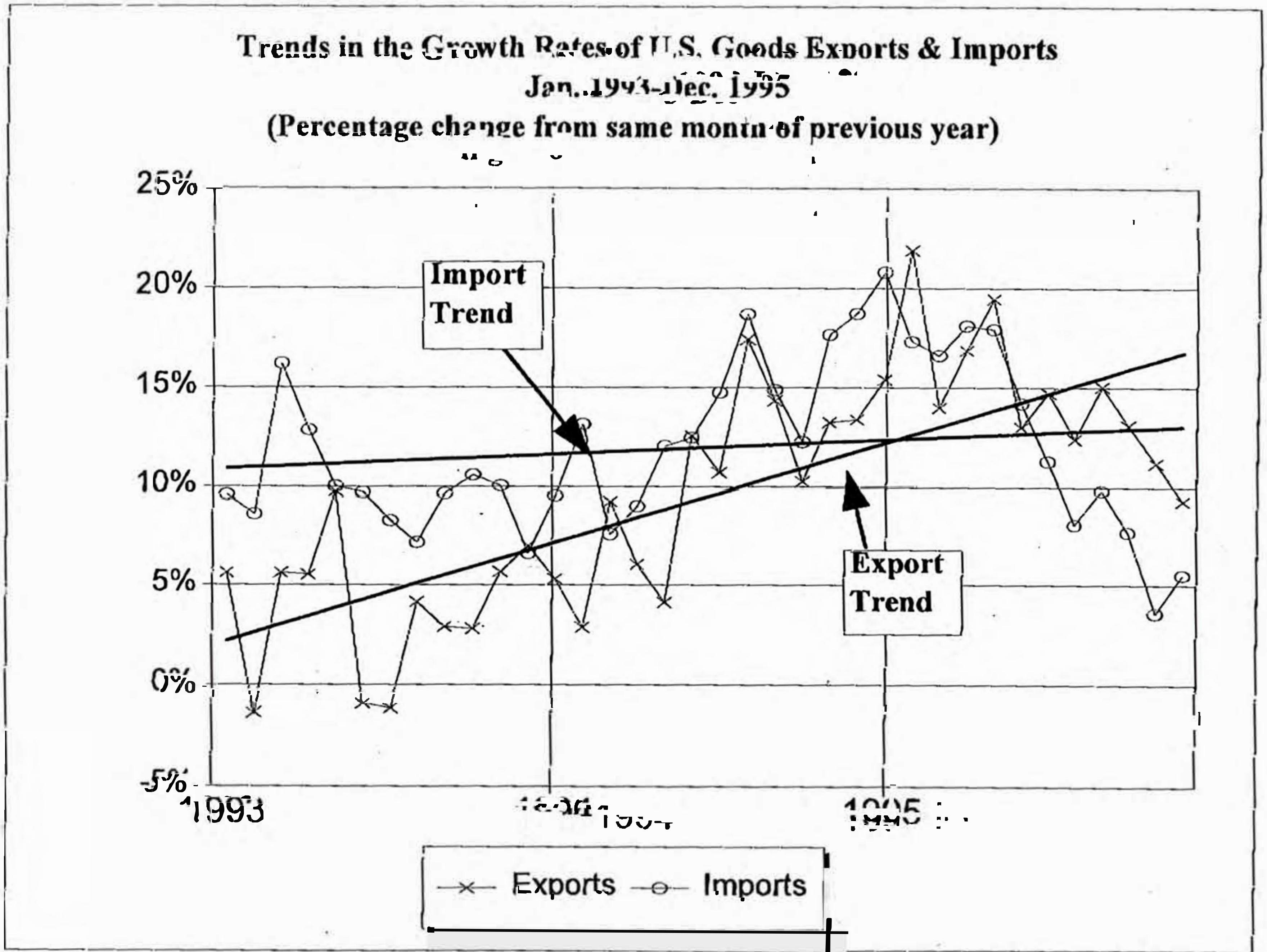
The United States has regained its position as the world's largest exporter -- surpassing Germany. And we are the world's number one producer of automobiles for the first time since the 1970s, overtaking Japan.

- The World Economic Forum in 1995 judged the American economy to be the most competitive in the world for two years in a row -- and up from number five in 1992.

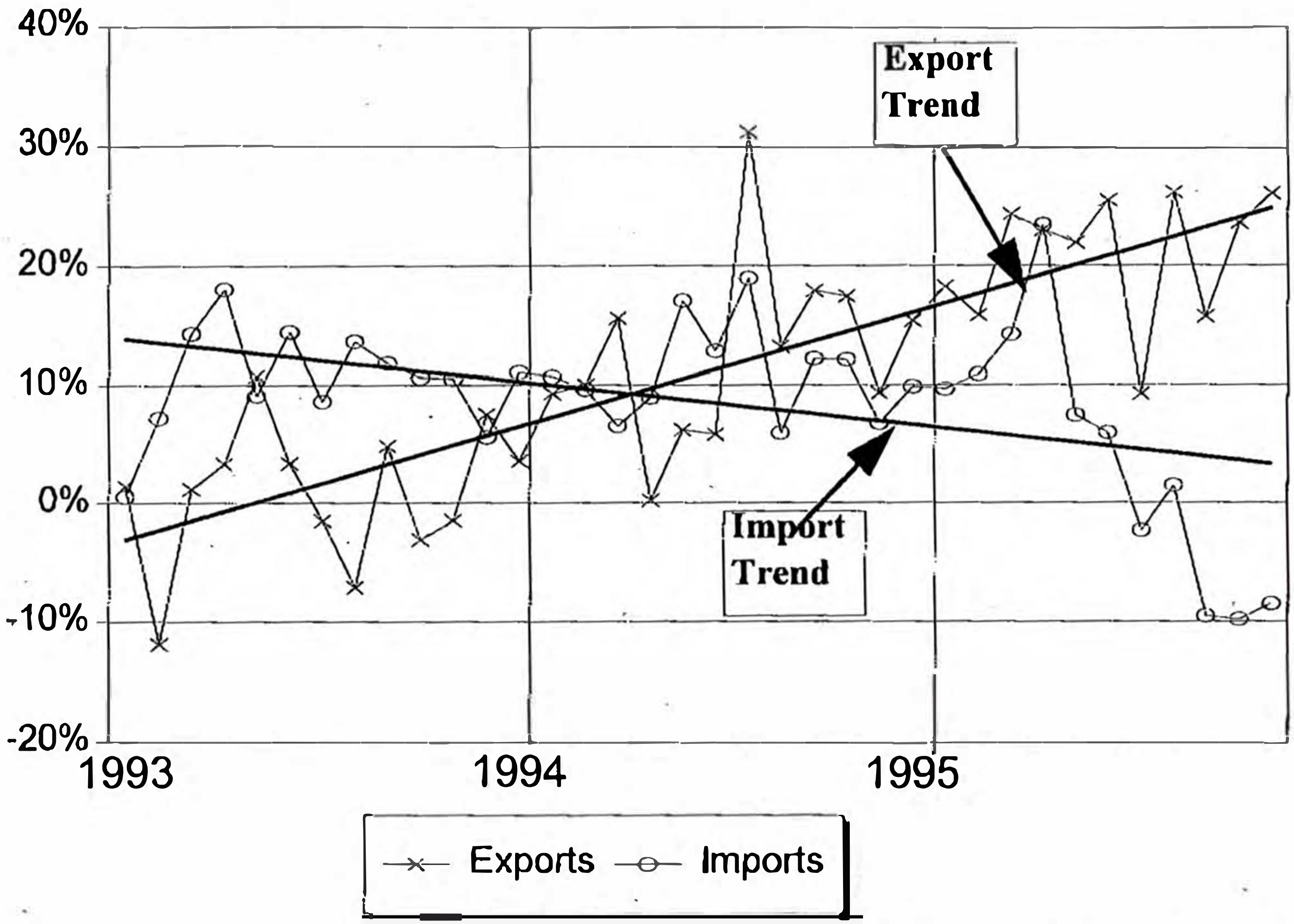
- Exports to the dynamic economies in Asia (excluding Japan) and Latin America (excluding Mexico) have risen by 39 percent and 36 percent respectively in the last 2 years (1993 to 1995).

- Even with the difficult economic situation in Mexico, U.S. exports to Mexico in 1995 were $46 billion. That's 11 percent *higher* than 1993 -- the year before NAFTA was implemented.

Two charts showing the growth rates of U.S. goods exports and imports overall, and growth rates of U.S. goods exports and imports with Japan are attached.


Trends in the Growth Rates of U.S. Goods Exports & Imports
Jan. 1993-Dec. 1995
(Percentage change from same month of previous year)
25%
20%
15%
10%
5%
0%
-5%
1993
1994
1995
Import Trend
Export Trend
Exports
Imports

Trends in the Growth Rates of U.S. Goods Exports & Imports with Japan, Jan. 1993-Dec. 1995
(Percentage change from same month of previous year)



02/28/96 WED 10:07 FAX

007

Talking Points on Trade Release

LARGEST EXPORT GROWTH IN U.S. HISTORY

- The Clinton Administration released trade figures today that show that, in 1995, the United States experienced the largest dollar increase in exports in American history. Merchandise exports increased $72 billion in 1995. This represents 31% growth since President Clinton entered office; a 14% increase in 1995 alone.

- Jobs supported by exports grew over 500,000 in 1995; over one million new export-related jobs have been created since president Clinton came to office. Export jobs pay on average 15% more than other jobs.

- Today, almost 11 million U.S. jobs are supported by exports; exports have accounted for fully one third of our economic growth the last three years.

TRADE DEFICIT COMING DOWN IN THE SECOND HALF

- The overall deficit was up for 1995, but declined sharply in the second half. The deficit narrowed significantly during the second half of 1995, and the deficit in the fourth quarter was the lowest in 2 years.

- As a percentage of GDP, the trade deficit is lower than in six of the eight years of the Reagan Administration -- and less than half that in 1987.

- Export growth exceeds import growth: for the first time in years, our exports are growing faster than our imports. The 14% merchandise export growth in 1995 exceeded the 12% import growth. Over time, this will continue to bring the deficit down.

- Moreover, the entire increase in the deficit can be explained by a slowdown in growth abroad; had our trade partners continued to grow at their 1994 rates, the deficit would not have deteriorated.

A TRADE POLICY THAT WORKS

- Japan: for 15 years, American Presidents have tried to crack open the Japanese markets. President Clinton has been tough but fair in our dealings with Japan, and his approach is succeeding:

    - Merchandise exports to Japan grew five times faster than our imports from Japan in 1995. As result, the merchandise trade deficit with Japan declined <u>for the first time in five years,</u> to $59.3 billion -- its lowest level since 1992.

- Half of the improvement in the trade deficit was a result of autos: U.S. auto exports to Japan increased by 37% while imports fell for the first time in a decade.

- Exports to Japan now stand at over 64 billion dollars -- exports were up over 20% to Japan in 1995 alone; overall, exports to Japan are up 34% since the beginning of the Administration.

- Over 500,000 U.S. jobs are supported by exports to Japan and have increased 20% in the last three years.

- U.S. exports to those sectors covered by the 20 trade agreements the Clinton Administration has negotiated with Japan grew roughly twice as fast as U.S. exports to other sectors.

- Japan reported last week that its global trade surplus declined by 83% in January 1996 from a year earlier. Japan's estimated 1995 surplus is 7% lower than 1994.

- South America: merchandise exports to South America have risen by 42% since the beginning of the Administration, 20% in 1995 alone, to $ 50 billion.

- Asia: merchandise exports to Asia (excluding Japan) have risen by 45% since the beginning of the Administration, and 25% in 1995 alone, to $86 billion.

RESTORED U.S. COMPETITIVENESS

- Autos and Auto Parts: The U.S. has regained its position as the world's number one producer of automobiles for the first time since the 1970's. U.S. auto exports have risen to $61 billion -- a 29% increase since the beginning of the Administration, 5% in 1995.

- Agriculture: agriculture exports surged by 20% in 1995 to $50 billion, with all-time highs in poultry, pork, wheat and cotton.

- Semiconductor exports have grown 113% since the beginning of the Administration and 35% in 1995 alone -- to $34 billion. We are once again the world's Number One producer of semiconductors, surpassing Japan.

- Telecommunications exports have grown 74% since the beginning of the administration and 22% in 1995 alone, to $20 billion.

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

Q&A: DEFICIT

Q: How can you claim your trade policy is working when the trade deficit is at a record high?

A: For several reasons:

- Our trade policies should be judged by their success at promoting exports. By that measure, they are a resounding success.

- Deterioration in the trade balance is often a sign of strong growth. Indeed, the entire increase in the deficit can be explained by a slowdown in growth abroad; had our trade partners continued to grow at their 1994 rate, the deficit would not have deteriorated.

- Moreover, the directional indicators are positive. Although the deficit grew 5 percent in 1994 overall, it declined 13 percent in the second half of 1995 relative to the same period in 1994. And the Clinton Administration's continued commitment to reducing the federal deficit will contribute to further reductions in the trade deficit.

- The deficit is not a record, either in absolute terms or as a share of GDP. The deficit as a share of GDP is lower than in six of the eight years of the Reagan Admiistration -- and less than half that in 1987.

Q&A: IMPORTS AND JOB LOSSES

Q: You claim that over 1 million jobs have been created by export growth. Since imports have grown by more than exports since the beginning of the Administration, doesn't that mean trade has been a net job loser?

A: The record speaks for itself. Since the beginning of the Administration, 7.7 million new jobs have been created. Unemployment is at 5.8 percent, down substantially from over 7 percent when the President took office.

- Since export jobs pay an average of 15 percent more than other jobs, an expansion of exports leads to a shift of workers into higher paying jobs.

- In fact, historically, deterioration in the trade balance has often been associated with periods of high employment growth because we demand more imports as our income grows. And improvements in the trade deficit have often been accompanied by low growth. For instance, when the U.S. trade deficit declined by half between 1987 and 1991, the unemployment rate increased from 6.1 to 6.7 percent.