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Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	Cabinet Agencies Files

OA/ID Number:	29188
Folder ID Number:	29188-006

Folder Title:
Hills (USTR) (1991)

Stack:	Row:	Section:	Shelf:	Position:
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Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
~~01. Memo~~	~~From Carla A. Hills to POTUS~~ Re: NAFTA - Third Ministerial at Zacatecas (2 pp.)	~~10/30/91~~	~~(b)(1)~~	~~C~~
02. Memo	From Carla A. Hills to POTUS Re: Trip to India and Southeast Asia (3 pp.)	10/15/91	(b)(1)	C
03a. Memo	From Carla A. Hills to POTUS Re: Trade Points for Meeting w/P.M. Major (1 pp.)	8/27/91	~~(b)(1)~~	~~C~~
03b. Talking Points	Re: Uruguay Round Talking Points (1 pp.)	n.d.	~~(b)(1)~~	~~C~~
04. Memo	From Carla A. Hills to POTUS Re: Report on Meetings w/Canada and Mexico (2 pp.)	8/27/91	(b)(1)	C
05. Memo	From Carla A. Hills to POTUS Re: Latin America Trip Report, August 5-12 (2 pp.)	8/15/91	~~(b)(1)~~	~~C~~
06. Memo	From Carla A. Hills to POTUS Re: Canadian Pork Case (2 pp.)	3/26/91	~~(b)(1)~~	~~C~~
07. Memo	From POTUS to Carla A. Hills Re: News Article on U.S. Rice Council Exhibition (1 pp.)	3/18/91	~~(b)(1)~~	
08. Memo	From Ede Holiday to Phillip D. Brady Re: Letter to Congress on Fast Track Authority (1 pp.)	2/28/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Hills (USTR) (1991)

Pinksheet Number: KO0840
OA/ID Number: 29188-006
Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
09. Memo	From Carla Hills to POTUS Re: Fast Track (1 pp.)	2/27/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Hills (USTR) (1991)

Pinksheet Number: KO0840
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Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

~~CONFIDENTIAL~~

OCT 30 19

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: NAFTA: Third Ministerial at Zacatecas

I met October 26-27 with Mexican Commerce Secretary Jaime Serra Puche and Canadian Trade Minister Michael Wilson in Zacatecas, Mexico. Our agenda covered some of the tougher issues in the NAFTA negotiations. Most importantly, we set in motion an ambitious workplan for the months ahead in an effort to finish negotiations by early April.

Both Serra and Wilson are anxious to complete an agreement and get it approved by our Congress before the election. Thus, a spirit of cooperation and a willingness to at least explore creative solutions were evident through most of our meetings.

But candidly, this is a tough negotiation. Mexico persists in taking positions on some high profile issues that are not realistic if we are to conclude by spring. We tackled some of these issues at Zacatecas:

<u>Textiles</u>: Mexico seeks immediate elimination of all quotas.

<u>Energy</u>: Serra remains opposed to offering any assurances on security of supply, or to permitting equity investment in oil exploration. He may be willing to liberalize limited areas in petrochemicals, electricity, and government procurement of energy equipment.

<u>Antidumping</u>: Serra wants to weaken our anti-dumping laws as they apply to Mexico, which even our <u>friends</u> in Congress and business adamantly oppose.

<u>Autos</u>: A genuine challenge; each market has pervasive distortions, and the Big Three have a tough period of adjustment ahead of them in any event.

<u>Duty Drawback</u>: Mexico wants to continue waiving duties on imported components that are ultimately exported to the North American market. This system increases Mexico's attractiveness as an export platform for Japanese and other third country producers. It is potentially dynamite for us.

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PER E.O. 12958,
AS AMENDED
2005-0385-MR
SCS 5/25/10

~~CONFIDENTIAL~~

Classified by: David Weiss
Declassify on: OADR

Additionally, we discussed environment and labor issues. I described the recent actions we have taken (Secretary Martin's conversations with her Mexican counterpart, the USTR release of the draft Environmental Review, EPA's draft Border Plan, and so on). There continues to be deep contention in the Congress over both the content of and the funding for these parallel activities and/or agreements.

The Road Ahead

The task now is to develop and exchange draft agreement language. At Zacatecas we set a target of November 15 for tabling initial proposals, and a goal of early December for the construction of a composite text. We have a great deal to do internally to meet this timetable, and we will have to consult closely with Congress and the private sector as we do so.

Also, we will have to keep working on the parallel issues, such as worker adjustment. I will work with my Cabinet colleagues to develop options for your review on these matters.

I anticipate that we will have a few key issues for you to take up with Salinas when you meet him at Camp David December 14. It will take his personal involvement to craft an agreement that could be approved by the Congress next year.

Withdrawal/Redaction Sheet
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Series: Sununu, John, Files
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WHORM Cat.:
File Location: Hills (USTR) (1991)

Date Closed:	12/30/2004	**OA/ID Number:**	29188-006
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Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
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(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

THE WHITE HOUSE

WASHINGTON

August 27, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY EH

SUBJECT: USTR Talking Points for Your Meeting with Prime Minister Major

Attached is a memorandum from Ambassador Hills outlining the key Uruguay Round issues that you may wish to raise during your meeting with Prime Minister Major. Also attached are suggested talking points.

Attachments

cc: General Scowcroft
Governor Sununu

~~CONFIDENTIAL~~

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

AUG 26 1991

DECLASSIFIED
PER NSC WAIVER, ISOO 2021-02
By SS NARA, Date 11/30/23

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: Trade Points for Your Meeting with P.M. Major

Prime Minister Major may want to continue the Uruguay Round discussion from the London Summit, especially on the four issues cited in the communique: agriculture, market access (tariffs), services, and intellectual property. You may assure the Prime Minister that the U.S. team will be in Geneva at the September 16 opening meeting ready to negotiate in all areas.

On agriculture, we understand that the British and Dutch want the European Council (comprising the EC heads of state) to convene a special meeting to consider reform of the EC Common Agricultural Policy (CAP). Although CAP reform and the Uruguay Round are not directly linked, the EC Commission has told us it cannot negotiate specific reductions in the Round until the general outline of CAP reform is agreed internally. Therefore, a special Council meeting could be very helpful. Normally, such ministerials occur only at the end of each six month presidency.

In addition to his efforts on agriculture, we could use the Prime Minister's assistance with his fellow heads of state to push for a strong intellectual property package which would benefit both U.S. and EC firms. The law Mexico recently enacted is proof that if we keep our sights high, we can persuade LDCs to adopt world-class protection. Also, we and the EC should insist on actual market opening measures from all parties in services, and not just a "freeze" of existing barriers.

If the Prime Minister raises the issue of tariffs, you should be aware that we have responded to EC concerns and improved our offer to lower our tariff "peaks," for instance on wool fabric, ceramics, and glassware, all of interest to the British. We hope the EC will give equal attention to our "zero-for-zero" proposal to eliminate tariffs in certain key sectors, especially in construction materials, paper, and electronics.

Major may ask your views on a timeframe for concluding the Round. We are ready to work hard this fall to make sufficient progress in all of the groups so that, when the EC is ready to negotiate the actual depth of reductions in agriculture, we can begin to wrap up each of the other areas at the same time. The final stage of negotiations will require several months of work because the developing countries have been holding back in the services, tariffs and intellectual property negotiations, pending progress on agriculture.

Classified by: Harry R. Edson
Declassified by: OADR

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URUGUAY ROUND TALKING POINTS

- o You did an excellent job chairing the London Summit; you brilliantly focussed the G-7 on the key Uruguay Round sectors: agriculture, services, tariffs and intellectual property.

- o We need to work together to maintain momentum:

  -- I applaud the notion of convening a meeting of EC heads of state early in the fall to consider reform of EC <u>agricultural</u> policies.

  -- The U.S. and the EC must stand as one to demand solid <u>intellectual property</u> protection from the LDCs. It can be done; don't lower your sights.

  -- I think we are very close on <u>services</u>. We must make sure we get as many market opening commitments from the LDCs as we can.

  -- On <u>tariffs</u>, we have gone back -- at some political risk -- and revised our offer on various tariff "peaks." Please look seriously at our zero-for-zero proposals, especially in construction materials, paper, and electronics.

- o What can the U.S. do to facilitate the process?

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 11/30/23

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

August 27, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY EH

SUBJECT: Ambassador Hills' report on Meetings with Canada and Mexico

Attached is a memorandum from Ambassador Hills' reporting on her recent meetings with Canada and Mexico.

Attachment

cc: General Scowcroft
Governor Sununu

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Carla A. Hills to POTUS Re: Report on Meetings w/Canada and Mexico (2 pp.)	8/27/91	(b)(1)	C

Collection:

Record Group: Bush Presidential Records
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THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

AUG 15 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: Latin America Trip Report, August 5-12

My recent visit to four countries in Latin America -- Chile, Colombia, Venezuela, and Costa Rica -- succeeded in advancing our trade agenda in the region. With each of the four we sought to encourage: greater involvement in all negotiating areas of the Uruguay Round; stronger protection for intellectual property rights (along the lines of the recent Mexican legislation); continued liberalization of trade and investment polices; and regional economic cooperation.

The political and business leaders in the region are enthusiastic about your Enterprise for the Americas Initiative. In general, there is a great thirst for foreign investment. We pointed out in our meetings that we cannot force our private sector to invest in the region or to transfer its technology. Rather, we emphasized that the best way for a country to attract capital and know-how is to open its investment regime and to provide world-class protection of intellectual property rights (IPR).

We had a constructive exchange in **Chile** with President Aylwin, who assured us Chile would work harder across all sectors in the GATT. He was willing to consider negotiating a Bilateral Investment Treaty with us this year, but would not commit to improving Chile's IPR regime. In reply to Aylwin's desire for an FTA with the U.S., we noted that the Mexico agreement and the Uruguay Round must come first, but added that an investment treaty and technical consultations could lay the groundwork for a future trade agreement.

In **Colombia**, I met with President Gaviria and chaired the Joint Commission on Trade and Investment. Gaviria, who is thoroughly engaged on trade issues, committed to examine the Mexican IPR law as a possible model for Colombia. On narcotics, the President emphasized his intention to keep fighting the traffickers. In turn, we reassured him that the United States was committed to pushing ahead with the Andean Trade Preference legislation.

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By SS NARA, Date 11/30/23

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My meetings in Venezuela followed the Vice President's and Secretary Mosbacher's by a few days. The Venezuelans clearly understand the linkage between economic reform and investment. However, compared with Gaviria, President Perez seemed less engaged on the issues and, unfortunately, less enthusiastic about intellectual property reform. Perez is, however, a strong proponent of regional integration and is very interested in our Andean Trade Initiative.

We concluded the trip with a productive session with President Calderon in Costa Rica, where I also attended a conference of the five Central American trade ministers. Calderon agreed to put more resources into the GATT negotiations. Both he and the trade ministers were concerned that our North America Free Trade Agreement might divert foreign investment to Mexico. We noted that the agreement would create new opportunities for the region and also urged each nation to consider entering into investment treaties with us. The ministers and I agreed to get back together on the margins of an OAS meeting in October.

In sum, there is great enthusiasm in Latin America for the Enterprise for the Americas Initiative specifically, and for economic liberalization generally. We will continue to work with our partners to translate that enthusiasm into concrete trade and investment reforms.

Classified ~~by~~ Gary R. Edson
Declassify on: OADR

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8

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

March 26, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: Canadian Pork Case

John Sununu called yesterday evening to note your interest in a countervailing duty case involving pork from Canada. In that case, the United States must decide by March 29 whether to invoke an extraordinary challenge procedure available under the U.S.-Canada Free Trade Agreement ("FTA") to examine the decision of a binational dispute settlement panel.

This is a difficult call on the merits. The agencies that administer our countervailing duty laws (Commerce and the majority of the International Trade Commission) feel strongly that fundamental errors in the panel decision warrant an extraordinary review under the high standards set out in the FTA. Others agencies feel that any errors the panel may have made are not sufficiently serious to warrant extraordinary challenge.

My judgment is that we should invoke the challenge procedure, principally for the following reasons:

1. Despite much pressure from the Canadians, I do not believe that a challenge by us would be a disaster for Canada. If the challenge is as meritless as they claim, they should win the case (heard by a panel of three retired judges from both countries), and they should have their victory promptly (normal rules require a decision within 45 days).

2. By contrast, failure to bring the challenge would have serious implications for the Administration. I have heard more from Congress about this matter than any single case since I have been USTR.

   o In the short run, a failure to bring the challenge is likely to cost us votes in the fight over fast track authority; some Members have told me so expressly. Of the 17 Senators who wrote this month urging that we proceed with the challenge, we stand a substantial chance of losing at least three. Of the 54 House Members who signed a similar letter, we count a majority as so far uncommitted on the fast track vote.

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 11/30/23

CLASSIFIED BY:
DECLASSIFIED BY: OADR

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~~CONFIDENTIAL~~

- In the longer run, a widespread view that the Administration is unwilling to pursue legitimate U.S. rights through established legal mechanisms would be very costly. Failure to pursue the challenge in this case would undermine domestic support in general for international dispute settlement, and would particularly jeopardize congressional support for an effective dispute settlement mechanism in our North American free trade negotiations.

This is a very difficult call, and perhaps worthy of a discussion.

cc: Governor Sununu
General Scowcroft

[redacted]

THE WHITE HOUSE
WASHINGTON

Trade

DATE: 3-18-91

FROM THE PRESIDENT

TO:
Ed Madigan
Jim Baker
Bob Mosbacher
Carla Hills
Brent

[redacted]

Re: Japanese banning our rice display from U.S. Rice Council Exhibition.

The attached story really burned me up. Inasmuch as it says that the Japanese Ag Minister took the action against a 'display' of our rice, I think our Ag Dept. should weigh in with Japanese Ag Ministry, but other departments should also advise their counterparts that this is a tawdry performance.

GB

[redacted]

cc: Sununu

MONDAY, MARCH 18, 1991

Japan Shuts U.S. Rice Exhibition

Latest Trade Dispute Embarrasses Some Officials in Tokyo

By DAVID E. SANGER

TOKYO, March 17 — The United States Rice Council reluctantly withdrew its exhibition here on Saturday after Japan's Agriculture Minister threatened the exhibitors with arrest for displaying 10 pounds of American rice.

This latest twist in the continuing trade disputes between the United States and Japan began as an amusing standoff, but turned serious as Japanese threats mounted during the week.

Each day, Japanese Government agents arrived at the Foodex international exhibition here and with a perfunctory bow and the look of highway patrolmen who had a speeder where they wanted him, studied the contraband: a few sealed bags of American rice and some plastic containers containing samples of different American varieties.

'Have a Rice Day'

N[illegible] the rice in plain view, but the United States Rice Council [illegible] bumper stickers [illegible] Rice Day.

E[illegible] from Japan's Food Agency demanded that the Am[illegible] the rice. Each day, the Rice Council listened politely and ignored them.

For decades, Japan has enforced a ban against selling imported rice, but to the Americans it hardly seemed a violation of the law to invite Japanese to look at rice — under glass.

Then, on Saturday morning, the Minister of Agriculture, Forestry and Fisheries, Motoji Kondo, notified the American Embassy that everyone associated with the exhibit would be arrested if the rice was not taken off

'I Think We Made Our Point'

[illegible] the Americans reluctantly removed their rice.

[illegible] under threat of arrest [illegible] I think we made our point," David Graves, the president of the United States Rice Millers Association, said Saturday. "It is ridiculous that Japan's 10-million-ton rice industry should feel threatened by 10 pounds of American rice. I hope the Japanese feel pretty foolish."

Parts of the Japanese bureaucracy are likely to feel that way. For

Continued on Page D6

Tokyo Cracks Down On U.S. Rice Exhibit

Continued From First Business Page

months Japanese politicians have been trying to come up with ways to relax the ban on imported rice without angering Japan's weekend farmers, who make up a key constituency for the ruling Liberal Democratic Party.

These farmers reap enormous tax benefits from growing rice — even on small, inefficient plots in the middle of some of Japan's most overcrowded cities.

The issue has become particularly intense in recent weeks because Japan is afraid it will receive part of the blame if efforts to revive the global trade talks collapse.

Those talks broke off in December, deadlocked by a dispute between food-exporting nations, led by the United States, Australia and Canada and the European Community. The food exporters wanted to slash farm subsidies, saying they led to closed markets and inefficiency; the Europeans refused, saying they needed to protect their farmers.

Japan's Justification

Japan came in for its share of criticism as well, and Japanese trade negotiators acknowledged that the nation's justification for the trade barrier — that its security would be imperiled if it did not produce all its own rice — was convincing no one.

So a senior official of the Ministry of International Trade and Industry, Noboru Hatakeyama, suggested Japan would be wise to ignore the Rice Council's exhibit. "It would be strange to remove something which is not dangerous to national security," he said.

But the Food Agency, which is reponsible for distributing the nation's rice at fixed prices, found the exhibit too much, especially after the Japanese press began playing up the fact

Associated Press

A U.S. embassy official removing American-grown rice from a display at an international food show in Japan, where the sale of imported rice is banned.

that consumers here pay two and a half times more for their rice than Americans do.

American officials had armed themselves with a copy of Japan's Food Control Law, which allows educational displays of rice.

"We asked the Japanese to show us the language in the law that makes it illegal to show people rice and teach them about it," Jim Parker, the minister-counselor for agricultural affairs at the United States Embassy said. "We're still waiting."

But one embassy official said this weekend, "It's not our job to ask people to subject themselves to arrest."

At the Food Agency, officials said the exhibit did not look like education to them. "This fair is for market development and sales promotion," Tetsuro Yakushiji, the deputy director of the policy division, said Saturday.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 19, 1991

EXTENSION OF FAST TRACK AUTHORITY

FACT SHEET

I. FAST TRACK PROCEDURES.

HISTORICAL BACKGROUND TO THE FAST TRACK

- For the better part of this century, Congress and the Executive have recognized that the negotiation and implementation of trade agreements require special cooperation.

- In the aftermath of the record-high rates of the Smoot-Hawley Tariff Act of 1930 and the Depression they helped fuel, both Congress and the Executive recognized that only by working closely together could the two branches effectively bring down barriers to our foreign trade and open international markets for U.S. products and services.

- This new partnership was reflected in the Reciprocal Trade Agreements Act of 1934 which gave the President authority not only to conclude tariff-cutting agreements but also to implement them without the need for subsequent legislation.

- As countries began to rely less on tariff protection and more on non-tariff trade barriers, the scope of trade negotiations broadened, and the "fast-track" procedures were created by Congress as the necessary complement to this broader trade agenda.

- Fast track procedures for approval of trade agreements were included by Congress in trade legislation in 1974, 1979 and again in the 1988 Trade Act.

FAST TRACK IS ESSENTIAL TO SUCCESSFUL TRADE NEGOTIATIONS

- While assuring Congress meaningful participation throughout the negotiation process, fast track provides two guarantees essential to the successful negotiation of trade agreements: (1) a vote on implementing legislation within a fixed period of time, and (2) no amendments to that legislation.

- o These procedures reflect the understanding that trade agreements, in which results in one area are often linked to results in others, are particularly vulnerable to multiple amendments which, while possibly small in themselves, could unravel entire agreements.

- o Whether the balance of benefits contained in any trade agreement is in the overall interest of the United States can only be determined by looking at the whole package.

- o Through the fast track, Congress gave the President the same bargaining power possessed by his counterparts: the ability to ensure that the agreement reached internationally would be the agreement voted on at home.

- o Without fast track, the President cannot assure our negotiating partners that the deal they strike is the deal that will be voted on by Congress.

- o Without that assurance, foreign governments are reluctant to negotiate with the U.S. and will not make the tough concessions necessary to reach agreements the U.S. would be willing to sign. No trading partner will give its bottom line knowing that the bargain could be re-opened.

- o Using fast track, the United States has negotiated and implemented three remarkable agreements which were each approved by an overwhelming majority in both houses of Congress. These agreements -- the results of the Tokyo Round in 1979, the FTA with Israel in 1985, and the FTA with Canada in 1988 -- have reduced barriers to trade and contributed to growth in the United States and worldwide.

- o The United States has much to gain from trade agreements that open markets and provide rules for free and fair trade. Maintaining the fast track will preserve our ability to continue our efforts to liberalize trade and open markets through the GATT, through other multilateral agreements and through bilateral agreements.

<u>CONGRESS IS AN ESSENTIAL PART OF THE FAST TRACK PROCESS</u>

- o Fast track procedures preserve Congress' role during the negotiation, approval and implementation of trade agreements.

- o To ensure congressional and private sector input, the fast track statute contains extensive notification and consultation requirements. At each step along the way, from initiation through implementation, Congress is an active partner.

- To use the fast track for any agreement, bilateral or multilateral, the President must notify Congress 90 calendar days before signature. By the time the President gives his 90-day notification, our many private sector advisory committees must report their views on the agreement both to Congress and the President. For bilateral agreements, Congress must be given advance notice of the negotiations; during the following 60 legislative working days, whether the Senate Finance or House Ways & Means Committee can vote to deny fast track treatment.

- Once an agreement is reached, Congress and the Administration work in close consultation to formulate implementing legislation. The process has involved the full participation of all committees of jurisdiction, and not only those committees traditionally consulted in setting trade negotiating objectives. If the agreement and its implementing legislation are still not acceptable, they can be rejected by a majority vote of either house.

- We are today engaged in bilateral and multilateral trade initiatives that hold unprecedented promise for the advancement of U.S. economic objectives. With such initiatives in train, it is clearly in the national interest to continue a partnership that has proved its worth for almost sixty years.

<u>USE OF FAST TRACK IF EXTENDED</u>

- In incorporating the fast track in the 1988 Trade Act, Congress expressly contemplated that an extension might be necessary and appropriate in order for the President to pursue effectively the trade policy goals set out in the law.

- If extended, the fast track would be available until June 1, 1993, and would be used to implement trade initiatives such as completing the Uruguay Round, negotiating a North America Free Trade Agreement with Mexico and Canada, and pursuing the trade objectives of the Enterprise for the Americas Initiative.

- Supporting fast track will allow these important initiatives to go forward without in any way detracting from Congress' ability to assess each agreement on its merits when presented for approval.

A VOTE AGAINST FAST TRACK DENIES FAST TRACK FOR ALL AGREEMENTS

- **Current fast track authority would have expired on June 1 if the President had not requested an extension by March 1. The requested extension is granted automatically unless either house passes a statutorily-prescribed disapproval resolution before June 1.**

- The language of the disapproval resolution, which is set out in the statute, makes clear that disapproval eliminates all fast track authority, multilateral and bilateral.

- The disapproval resolution cannot be amended to eliminate fast track for some agreements but not others because the resolution itself cannot be amended. It is not possible, for example, to vote against the fast track for the Uruguay Round agreements but preserve it for the North American FTA.

- If a disapproval resolution is passed by either house, the fast track is gone for all purposes and the President's ability to successfully negotiate <u>any</u> trade agreement requiring congressional approval, bilateral or multilateral, is severely crippled if not eliminated entirely.

- Simply put, a vote against fast track is a vote against trade.

CONTINUING FAST TRACK IS ESSENTIAL TO SECURING ECONOMIC GAINS

- As the world's largest trader, the United States has an enormous stake in the future of the global trading system. Exports have become a vital source of strength to the U.S. economy. In 1990, the nearly 8.5 percent growth in U.S. exports accounted for 88 percent of U.S. economic growth.

- In order to sustain the expansion of exports and consequent growth, we must continue our efforts to open world markets. We must maintain our active leadership role. Without an extension of fast track, those efforts are futile.

- Maintaining fast track procedures -- and the partnership between Congress and the Executive Branch which fast track represents -- will keep on course our joint efforts to liberalize trade and open markets through the GATT, through other multilateral agreements, and through bilateral agreements. No country stands more to gain from those efforts than the United States.

- **As we approach the beginning of a new century, we should not hesitate to pursue the opportunities for expanded economic growth and prosperity presented by successful trade negotiations.**

- In order to turn those opportunities into realities, Congress and the Executive must continue to work together in the manner envisioned by the fast track.

II. THE IMPORTANCE AND BENEFITS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS.

<u>THE URUGUAY ROUND IS THE MOST AMBITIOUS OF TRADE NEGOTIATIONS TO DATE</u>

- The world trading system is now vastly more complex than it was when General Agreement on Tariffs and Trade (GATT) was written in 1947.

  - -- Over one-third of world trade, more than $1 trillion, is inadequately covered by international trade rules.

- The Uruguay Round negotiations -- in which 108 countries participate -- are an ambitious effort to strengthen and expand the global trading system as well as to further lower trade barriers.

  - -- Launched in 1986 in Punta del Este, Uruguay, these negotiations are the eighth round of multilateral trade negotiations conducted under the auspices of GATT.

- The United States led the call for far-reaching agenda of issues in the Uruguay Round. Congress established negotiating objectives for the Uruguay Round in the Omnibus Trade and Competitiveness Act, passed in August of 1988.

- The negotiating agenda runs the gamut of U.S. interests, both in opening world markets, and in establishing internal rules of fair play in areas vital to U.S. competitiveness -- services, investment, agriculture, and intellectual property. The negotiations fall into four broad categories:

  - -- **market access** (tariffs and non-tariff measures, natural resource based products, tropical products and textiles);

  - -- The **"new" areas** of services, trade-related intellectual property rights (TRIPs), trade-related investment measures (TRIMs).

  - -- **agriculture**; and

- -- **GATT rules** (dispute settlement, safeguards, GATT Articles including balance of payments reform, and the non-tariff measure codes, including subsidies and antidumping);

- o Moreover, unlike previous GATT negotiating rounds, developing countries are active participants in every aspect of the negotiations.

<u>THE ADMINISTRATION IS COMMITTED TO ENSURING THAT THE URUGUAY ROUND RESULTS IN AGREEMENTS THAT TRULY MEET U.S. OBJECTIVES</u>

- o This resolve was demonstrated at Brussels in December 1990. The U.S. delegation and other important delegations determined that it was preferable to end the ministerial meeting without result rather than to lower ambitions and accept minimal Uruguay Round agreements.

- o The negotiations formally resumed in all areas on February 26, 1991 when a framework to negotiate agricultural reform was reached. The exact pace of negotiations will depend on how quickly we are able to reach an acceptable solution on agriculture.

- o The Administration is not prepared to accept an inadequate agreement for sake of an agreement; but we are prepared to continue to negotiate to obtain a good result.

<u>A SUCCESSFUL URUGUAY ROUND WOULD BRING SUBSTANTIAL BENEFITS TO THE U.S. AND WORLD ECONOMIES</u>

- o Exports have become a vital source of strength to the U.S. economy. Since the Round was launched in 1986, export expansion has been responsible for 40 percent of total growth in U.S. GNP. In 1990, export growth accounted for 88% of U.S. GNP growth.

  - -- An open multilateral trading system is the best guarantee that U.S. export opportunities continue to expand into the next century. The Uruguay Round is the most important initiative to expand these opportunities.

- o Specifically, a successful Uruguay Round would provide substantial benefits to the U.S. economy, including:

  - -- **Lower tariff and non-tariff barriers to manufactured products and other goods**, which could increase world output by $5 trillion, and U.S. output by over $1 trillion over next 10 years, meaning an additional $16, 000 for every American family of four;

- -- **Rules to protect the intellectual property of U.S. entrepreneurs**, who lose $60 billion annually through theft and counterfeiting of their ideas;

- -- **New markets for U.S. services firms**, which export $115 billion annually and generate 90% of new U.S. jobs;

- -- **An agreement opening world markets to investment**, which helps generate $240 billion, or two-thirds of total U.S.exports in goods;

- -- **Fair competition and open markets in agriculture**, creating new opportunities for American farmers, who lead the world with more than $40 billion in annual exports;

- -- **The full participation of developing countries** in the global trading system, which could increase U.S. exports by $200 billion over the next ten years; and

- -- **Strengthened rules on dispute settlement, antidumping, subsidies and trade remedy provisions**, that should provide predictability and certainty in access to foreign markets and to ensure fair trade at home.

o Conversely, failure to extend fast track authority will end the Uruguay Round negotiations, damaging prospects for world economic growth and cooperation.

- -- A collapse of the Round brought about by removal of U.S. fast track authority would increase worldwide pressures to raise trade and investment barriers. A sufficiently sharp movement away from open markets could contribute to a global recession, as it did in the 1930's.

o Although the ultimate success of the Uruguay Round cannot be guaranteed, the United States should continue negotiations because a successful Round is overwhelmingly in our long term economic interests.

III. IMPORTANCE AND BENEFITS OF A NORTH AMERICAN FREE TRADE AGREEMENT.

<u>A NAFTA WOULD CREATE ONE OF THE WORLD'S LARGEST FREE TRADE AREAS</u>

o A North American Free Trade Area (NAFTA) would create an enormous market, encompassing some 360 million consumers and total output of $6 trillion.

o The progressive elimination of barriers to the flow of goods, services and investment, and strengthened protection of intellectual property rights would benefit a broad spectrum of businesses, workers, farmers and consumers.

- Creation of a NAFTA would be a catalyst for economic growth and development in the United States, Mexico and Canada through increased trade, investment and jobs.

THE IMPORTANCE OF NORTH AMERICAN TRADE

- Canada and Mexico are America's first and third largest trading partners, respectively. In turn, the United States accounts for over two-thirds of their total trade. In 1990, three-way trade came to about $237 billion.

- Since 1980, U.S. exports to Mexico and Canada have doubled, rising from $55.3 billion to $111.4 billion. Our exports to our neighbors have grown substantially faster than those to the rest of the world.

REMOVAL OF BARRIERS WOULD CREATE NEW TRADE AND INVESTMENT OPPORTUNITIES

- Since Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986 and started its unilateral policy of lowering trade barriers, U.S. exports have more than doubled, growing from $12.4 billion to $28.4 billion.

  - U.S. agricultural exports to Mexico totalled $2.5 billion in 1990, our third largest market.

  - Consumer goods exports from the United States to Mexico have tripled since 1986, rising from $1 billion to $3 billion.

  - U.S. exports of capital goods have grown from $5 billion in 1986 to about $9.5 billion last year.

- We can do better. Mexico has greater barriers to U.S. exports than we impose on Mexican shipments to the United States. For example:

  - Mexican tariffs average 10 percent, compared to the average tariff of 4 percent we impose on Mexican exports to us.

  - Mexico still maintains a restrictive import licensing regime, one which affects 40 percent of

U.S. agricultural exports to Mexico.

- o In addition, while Mexico has liberalized its investment regime, it is still closed to many U.S. investments, both in manufacturing and in services, and performance requirements distort export opportunities for U.S. products.

- o Mexico has already pledged to improve its protection for intellectual property rights, and we expect action on those pledges in the near future. A NAFTA will make those reforms secure.

A NAFTA OFFERS BENEFITS TO U.S. PRODUCERS, WORKERS AND CONSUMERS

- o Economic analyses show that a NAFTA will have a positive impact on the U.S. economy and U.S. employment.

- o U.S. producers and workers will benefit form a NAFTA through increased sales opportunities, improved operating efficiencies and strengthened competitiveness against competitors in Asia and Europe.

- o U.S. consumers will enjoy increased access to lower-cost, higher quality products.

A NAFTA STRENGTHENS THE BROADER NORTH AMERICAN RELATIONSHIP

- o A NAFTA would help cement the extensive historical, familial, cultural and language links the United States has with both Mexico and Canada.

- o More prosperous neighbors are better neighbors and better customers for U.S. goods and services.

- o We have a broad agenda with both Mexico and Canada that goes well beyond trade, economic and investment links. By boosting economic prosperity in all three nations, a NAFTA will help us make progress on issues such as the environment, drugs and immigration.

* * *

Document No. 216454SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/28/91 **ACTION/CONCURRENCE/COMMENT DUE BY:** TODAY 3:00 p.m.

SUBJECT: LETTER TO CONGRESS ON FAST TRACK AUTHORITY

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	✓	MCCLURE	✓	☐
SUNUNU	☐	✓	NEWMAN	☐	☐
SCOWCROFT	✓	☐	PORTER	✓	☐
DARMAN	✓	☐	ROGICH	☐	☐
BRADY	☐	✓	UNTERMEYER	☐	☐
CARD	☐	✓	HUDSON	✓	☐
DEMAREST	✓	☐		☐	☐
FITZWATER	☐	✓		☐	☐
GRAY	✓	☐		☐	☐
HOLIDAY	☐	✓		☐	☐

REMARKS:

Please forward your comments directly to Holly Williamson, Rm. 230, x6630, no later than 3:00 p.m., TODAY, Thursday, February 28, with a copy to this office. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Memo	From Ede Holiday to Phillip D. Brady Re: Letter to Congress on Fast Track Authority (1 pp.)	2/28/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Hills (USTR) (1991)

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed: 12/30/2004	**OA/ID Number:** 29188-006
FOIA/SYS Case #: 1998-0004-F[2] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

THE WHITE HOUSE

WASHINGTON

91 FEB 28 AM 11:28

THE CHIEF of STAFF
has seen

February 28, 1991

MEMORANDUM FOR PHIL BRADY

FROM: EDE HOLIDAY

SUBJECT: Letter to Congress on Fast Track Authority.

Ambassador Hills has requested that the President send the attached letter to each Member of Congress on March 1. This letter is timed to coincide with transmittal of the President's formal request for fast track extension.

Organized labor has been moving very quickly to line up commitments for votes against the extension of fast track. White House Legislative Affairs and I both believe this personal request from the President at this time would be very helpful in gaining extension of the fast track. I recommend that the attached go forward to the President for signature.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Memo	From Carla Hills to POTUS Re: Fast Track (1 pp.)	2/27/91	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Hills (USTR) (1991)

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P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

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THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

February 27, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: CARLA A. HILLS CAH

SUBJECT: FAST TRACK

Your remarks yesterday to Congressional leaders on the fast track were effective and well received. Several Members, including Reps. Archer and Gradison of the Ways & Means Committee, have told me they believe it is very important for you personally to get the same message out now to all Members of Congress. They fear, I believe correctly, that organized labor's early and vigorous lobbying efforts are succeeding in obtaining commitments that will be difficult to unlock later as a vote approaches.

I therefore strongly recommend that on March 1, the day your formal request for extension of fast track will be transmitted to the Congress, you send a letter to all Members in the form of the attached. The text reflects points you made with Congressional leaders yesterday.

[March 1, 1991]

Dear Congressman: (Dear Senator:)

Today I sent to the Congress my request for an extension of the fast track procedures for the implementation of trade agreements, along with my report supporting that request. I am also writing to each Member of Congress to underscore the importance I attach to that request and to urge your support.

Events in the Gulf show how much the world continues to look to the United States for leadership. Continuation of fast track is crucial to U.S. leadership in the global economy.

Our trade policy is to open markets worldwide for U.S. goods and services. Indeed, our economic growth is hinged to the success of these market-opening initiatives. This past year alone, export expansion accounted for 88% of our GNP growth. But without the certainty the fast track guarantees -- an up-or-down vote on implementing legislation within a limited time -- we cannot complete or even negotiate trade agreements to sustain such growth.

When Congress re-enacted the fast track in the Omnibus Trade and Competitiveness Act of 1988, it anticipated that an extension beyond the upcoming expiration might be needed and important. We do need an extension of fast track to pursue important initiatives such as the completion of the Uruguay Round negotiations, the negotiation of a North American Free Trade Agreement, and the pursuit of our trade objectives in the Enterprise for the Americas Initiative.

I know that some may have concerns about these initiatives. But your support now for continuation of fast track does not commit you in advance to endorse any particular agreement. Moreover, the fast track is a partnership, and my Administration will do its part to make that partnership work. The fast track calls for, and I am committed to, close consultations to ensure that the negotiations are deliberate and that, ultimately, we achieve agreements in which we can all take pride. However, a vote against the fast track now deprives us of the prospect of negotiating <u>any</u> agreements.

I am asking for your support for our continued efforts to liberalize trade and open markets. No country stands to gain more from an open global economy than the United States. We are today engaged in trade initiatives that hold unprecedented promise for the advancement of our economic interests. With such important initiatives in the balance, we need more than ever to maintain U.S. leadership and the Congressional-Executive partnership that has endured for years.

Sincerely,

[George Bush]