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1998-0004-F[2]

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# FOIA MARKER

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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:** | Issues Files |

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| **OA/ID Number:** | 29156 |
| **Folder ID Number:** | 29156-001 |

**Folder Title:**
Fast Track 1991 [1]

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# Withdrawal/Redaction Sheet
# (George Bush Library)

| Doc. No. / Type | Subject/Title | Date | Restriction | Classification |
|---|---|---|---|---|
| 01. Memo | From Nicholas F. Brady to POTUS<br>Re: Extension of Fast-Track Authority (3 pp.) | 2/22/91 | ~~(b)(1)~~ | ~~C~~ |
| 02a. Memo | From C. Boyden Gray to POTUS<br>Re: Congressional Authority in Negotiating Trade Agreements<br>(1 pp.) | 5/21/91 | ~~P-5~~ | |
| 02b. Note | From POTUS to C. Boyden Gray<br>Re: Congressional Authority in Negotiating Trade Agreements<br>(1 pp.) | 5/16/91 | ~~P-5~~ | |
| 03. Memo | From Senator Packwood to John Sununu<br>Re: Fast Track - D'Amato<br>[FOIA RESTRICTIONS REDACTED] (1 pp.) | 5/9/91 | ~~P-5~~, (b)(6) | |
| 04. Note | From Shiree Sanchez to John Sununu<br>Re: Attached Material from Duncan Hunter (1 pp.) | 5/21/91 | ~~P-5~~ | |
| 05. Note | From Manuel Lujan to John Sununu<br>Re: Letter from Doug Bereuter (1 pp.) | 5/14/91 | ~~P-5~~ | |
| 06. Memo | From Roger Porter to POTUS<br>Re: Assessing Our Trade Strategy (4 pp.) | 5/7/91 | ~~(b)(1)~~ | |



**Collection:**

**Record Group:** Bush Presidential Records
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**WHORM Cat.:**
**File Location:** Fast Track 1991 [1]

**Pinksheet Number:** KO0888
**OA/ID Number:** 29156-001
**Date Closed:** 1/4/2005
**FOIA/Sys Case #:** 1998-0004-F[2]
**Re-review Case #:** 2005-0426-S
**P-2/P-5 Review Case #:**

THE WHITE HOUSE
WASHINGTON

**DATE:** March 19, 1991

**TO:** FRED MCCLURE

**FROM:** **GOVERNOR JOHN H. SUNUNU**

SUBJ: Letter supporting Fast Track

I think the attached could be very helpful in garnering support for our position.

cc: Nick Calio
Ede Holiday

INDIVIDUALLY ADDRESSED TO ALL MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES AND THE UNITED STATES SENATE

**U.S. AGRICULTURE**
***FOR TRADE NEGOTIATIONS***

March 14, 1991

The Honorable Dan Rostenkowski
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Rostenkowski:

The undersigned organizations support continued efforts to reduce remaining agricultural trade barriers in the current Uruguay Round of GATT trade negotiations. We therefore urge you not to co-sponsor or support resolutions disapproving the President's request for an extension of his "fast track" negotiating authority.

American farmers and other agricultural interests have long supported international efforts to achieve more open markets and fairer trading rules for agriculture through multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). The progress made in opening markets for agricultural exports in previous GATT negotiations has been of tremendous importance to the U.S. agricultural sector and the national economy as a whole.

"Fast track" authority is essential to a successful and acceptable Uruguay Round trade agreement. Without an agreement, American agriculture will be faced with the very real threat of escalating and damaging trade conflicts in agriculture.

As you know, a vote on the "fast track" authority is not a vote for a GATT agreement, or for a North American Free Trade Agreement. A vote for "fast track" is a vote to enable the talks to proceed. Eventual support for either agreement brought back to Congress for approval would be conditioned upon the terms of that agreement. The "fast track" procedure also enables Congress and other interested parties to have their concerns fully considered throughout the negotiating process.

We believe that the opportunity for seeking trade agreements that provide net benefits for our national interests should not be foreclosed by denying "fast track" authority to our negotiators, and we strongly urge your support for its extension.

Sincerely,

American Farm Bureau Federation
National Grange
Ag Processing, Inc.
American Feed Industry Association
American Hardwood Export Council
American Meat Institute
American Oat Association
American Rice, Inc.
American Seed Trade Association
American Soybean Association
Biscuit and Cracker Manufacturers' Association
Blue Diamond Growers, Inc.
California-Arizona Citrus League
Cargill, Inc.
Chocolate Manufacturers Association
ConAgra, Inc.
Continental Grain Company
Corn Refiners Association
Farmers Rice Cooperative
Farmland Industries, Inc.
International Apple Institute
International Dairy Foods Association
Millers' National Federation
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Association
National Confectioners Association
National Corn Growers Association
National Food Processors Association
National Forest Products Association
National Grain and Feed Association
National Grain Sorghum Producers Association
National Grain Trade Council
National Meat Canners Association
National Oilseed Processors Association
National Pork Producers Council
National Sunflower Association
National Turkey Federation
North American Export Grain Association, Inc.
Riceland Foods, Inc.
Rice Growers Association of California
Rice Millers' Association
R.J.R. Nabisco, Inc.
Southeastern Poultry & Egg Association
Sun-Diamond Growers of California
Sunkist Growers, Inc.
Sweetener Users Association
Tobacco Associates, Inc.
Tri Valley Growers
Union Equity Cooperative Exchange
United Fresh Fruit and Vegetable Association

Copies to:

Ambassador Carla Hills, U.S. Trade Representative
Secretary Edward Madigan, U.S. Department of Agriculture
Secretary Robert A. Mosbacher, U.S. Department of Commerce
Secretary James A. Baker, III, U.S. Department of State
Secretary Nicholas Brady, U.S. Department of Treasury
Chief of Staff John Sununu, The White House

2/23
okay w/ JHS

THE WHITE HOUSE

WASHINGTON

February 22, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: EDE HOLIDAY EH

SUBJECT: Extension of the Fast Track Authority

Please see the attached decision memorandum on the Extension of the Fast Track Authority forwarded to Phil Brady this evening. I understand that the decision memo will be placed into West Wing clearance on Monday morning. The President's report must be transmitted to the Hill on Friday, March 1. If you would like a copy of the complete report, please let me know.

Thank you.

Attachment

THE WHITE HOUSE

WASHINGTON

February 22, 1991

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Extension of the Fast-Track Authority

Issue

March 1, 1991 is the statutory deadline by which the President must transmit to Congress a request for an extension of the fast-track procedure for Congressional review of trade agreements. Once requested, a two-year extension to June 1, 1993 is automatically granted -- unless either house of Congress passes a disapproval resolution before June 1, 1991. This memorandum requests your approval for seeking the extension of fast-track authority.

Discussion

The Economic Policy Council (EPC), which met on Wednesday, February 20 to discuss the fast-track issue, unanimously recommends that you transmit to Congress a request for extension of the fast-track authority. Fast-track authority is essential to your ability to negotiate international trade agreements and to U.S. leadership in the world economy. The credibility of U.S. negotiators would be undercut without the fast track's guarantee that trade agreements negotiated by the United States will receive an up-or-down vote by the Congress within a fixed time period.

More specifically, the continued availability of the fast-track procedure over the next two years will enable the United States to continue to pursue three major trade objectives:

- A North America Free Trade Agreement (NAFTA), including Mexico and Canada, which will be negotiated over the last half of this year;
- The Uruguay Round, which requires additional time to achieve our negotiating objectives; and
- The Enterprise for the Americas Initiative (EAI), which contemplates a long-term vision of a Hemispheric free trade area.

The attached report to the Congress provides details on the progress of negotiations and an explanation of why the fast-track extension is necessary.

The members of the EPC all believe that obtaining Congressional support for fast-track extension will be an extremely tough fight, although it can be won. Opponents of the NAFTA are already working hard to defeat a fast-track extension. Raising the specter of low-wage imports from Mexico, organized labor has made defeat of the fast track its top legislative priority. Labor has found at least temporary allies in the environmental community, who see the free trade agreement as leverage to obtain higher environmental standards in Mexico. In addition, there is concern in some quarters that the Administration may be moving too fast to conclude an agreement.

There is also in the Congress opposition to extension of the fast-track for Uruguay Round purposes, particularly from the textile industry and certain parts of the agricultural community. The recent announcement by GATT Director General Dunkel that there is a basis for resuming Uruguay Round talks will help. Nonetheless, members of the EPC believe that, although the Dunkel announcement is encouraging, the Administration must be realistic about the important differences that remain with some of our major trading partners. Our public characterization must be credible regarding the extent of progress in the Round. Much depends on the European Community's willingness significantly to reform its Common Agricultural Policy. Internal EC debate on agricultural reform is only beginning, and may last for a year.

The NAFTA agreement, if completed on schedule, would be sent to Congress in spring 1992. Our hope is that Congressional review could be completed by mid-year. The Uruguay Round agreement may take longer, although it is too early to predict a schedule for completion or to set a new deadline. In any case, the Administration should be prepared to negotiate for another two years if necessary to get a good result.

The availability of fast-track authority for free trade agreements negotiated with Latin American countries will encourage reform and liberalization in Latin America and will further the objectives of the EAI. While Chile could be a candidate for the negotiation of a free trade agreement within the period of fast-track extension, few, if any, other Latin countries would be ready to negotiate free trade agreements with the United States within this timeframe.

If fast-track is to be extended by the Congress, a major Administration effort will be required between now and June 1. Your personal involvement in persuading Congress will be important. Because issues involved in this Congressional fight cut across many agency interests, the EPC has created an interagency group of senior legislative and policy officials to assess legislative strategy options and identify major issues for White House decision. The group is chaired by USTR General Counsel Joshua Bolten, and includes representatives from the White House, OMB, Treasury, State, Commerce, Agriculture, and Labor.

Recommendation

That you approve extension of the fast-track authority, and sign the attached transmittal letters to the Congress and to the chairman of USTR's private sector advisory committee, as required by statute.

Approve______ Disapprove________ Let's Discuss______

Nick F. Brady

NICHOLAS F. BRADY
Chairman Pro Tempore
Economic Policy Council

Attachments

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FEB 22 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: Extension of Fast Track Procedures

Issue

The fast track authority for bilateral and multilateral trade agreements expires on June 1, 1991, unless you request an extension by March 1 and neither House of Congress disapproves the request by June 1. If you decide to request an extension, you must advise the Chairman of the private sector Advisory Committee for Trade Policy and Negotiations, which is required by statute to submit its own views to Congress concerning the extension request.

Request for Extension and Report

Attached is a proposed report to Congress concerning fast track extension that has been cleared by all agencies. As required by section 1103(b) of the 1988 Act, the report contains a request for extension of fast track procedures, a description of progress made in trade negotiations to date, and a statement of the reasons supporting the extension request.

The key elements of the report are as follows:

- Fast track authority is essential to the President's ability to negotiate international trade agreements. It provides two key guarantees to legislation implementing trade agreements: (1) a vote within a fixed time period; and (2) no amendments to the legislation. Disapproval of the fast track authority would reverse the long-standing bipartisan consensus favoring negotiation of agreements expanding world trade.

- Specifically, the continued availability of fast track procedures over the next two years -- during which we expect to negotiate a North American Free Trade Agreement with Mexico and Canada, complete the Uruguay Round, and pursue the trade objectives of the Enterprise for the Americas Initiative ("EAI") -- will enable our negotiators to bring to Congress for its consideration trade agreements that will enhance the ability of the United States to compete internationally. Support for fast track extension relates only to the availability of the fast track procedures; it is not a vote of approval on any individual trade agreement.

- As to a North American Free Trade Agreement, including Mexico and Canada, the Administration expects formal negotiations to begin in June 1991.

- As to the Uruguay Round, the significant progress achieved to date in these complex negotiations with 107 nations justifies the continuation of the fast track authority. The Administration believes that the United States should continue to pursue our trade objectives in the Uruguay Round because a successful Round is in the long-term best economic interests of the United States.

Tough Legislative Fight

Although most of the general business community will likely be supportive of extending fast track, the request will have a number of powerful opponents on the Hill. Among the opponents: organized labor; the textile industry; and several agricultural sectors.

We will have a very tough fight on the Hill between now and April or May, when we are likely to face floor votes in both houses. The jeopardy is substantial, because if we lose a vote in either house, the fast track is defeated. I believe the fight is winnable but will require a major Administration effort. I am gratified by the interest of so many EPC colleagues in joining in a coordinated, aggressive interagency effort.

Private Sector Report

Section 1103(b) of the 1988 Act requires the you inform the Advisory Committee for Trade Policy and Negotiations ("ACTPN") promptly of the decision to submit an extension request to Congress. The ACTPN is then required to submit a report to Congress setting forth its views concerning the extension request no later than March 1, 1991.

Under the chairmanship of James D. Robinson, III, Chairman and CEO of American Express, the ACTPN has prepared a balanced report that discusses the status of the Uruguay Round and strongly endorses an extension of fast track. (Organized labor representatives on the ACTPN have prepared dissenting views that they plan to append to the ACTPN report.)

I have attached a draft letter from you to Jim Robinson formally advising the ACTPN of your decision to request an extension of fast track, as required by the 1988 Act. I recommend that you also make a brief telephone call to Jim (1) advising him of your decision and (2) expressing your appreciation for his important work on the ACTPN. Jim Robinson has been an outspoken and influential supporter of your trade policy in general and our efforts in the Uruguay Round in particular. His support and that of the business community he represents will be instrumental during the fight for fast track extension.

Recommendation

That you decide to submit to Congress the attached report containing the request for the extension of fast track procedures and sign the accompanying transmittal letter; and that you advise Jim Robinson, Chairman of the ACTPN, by telephone of your decision and sign the attached formal letter of notification.

[February 28, 1991]

Dear Mr. Chairman:

I hereby inform you, as Chairman of the Advisory Committee for Trade Policy and Negotiations (ACTPN), that I have decided to submit a report to the Congress containing a request for the extension of the fast track procedures for the negotiation and implementation of bilateral and multilateral trade agreements, pursuant to section 1103(b) of the Omnibus Trade and Competitiveness Act of 1988 ("1988 Act").

It is my understanding that, pursuant to section 1103(b)(3) of the 1988 Act, the ACTPN is required to submit to the Congress no later than March 1, 1991, a written report that contains its views on the extension request.

I greatly appreciate your leadership and the ACTPN's continued contributions to the formulation of U.S. trade policy.

Sincerely,

James D. Robinson, III
Chairman
American Express Company
American Express Tower
World Financial Center
New York, NY 10285-5100

[March 1, 1991]

Dear Mr. Speaker: (Dear Mr. President:)

Pursuant to section 1103(b)(2) of the Omnibus Trade and Competitiveness Act of 1988, I hereby transmit to the Congress a report that includes my request for the extension of fast track procedures for the consideration of implementing legislation with respect to trade agreements entered into after May 31, 1991, and before June 1, 1993, together with a description of the progress made to date in bilateral and multilateral trade negotiations, the anticipated schedule for transmitting such agreements to Congress and a statement of the reasons supporting my request for an extension of fast track procedures.

The fast track mechanism has played a vital role in U.S. trade policy for many years. It strengthens the hand of our trade negotiators and preserves the important role of Congress in the shaping of U.S. trade policy. The continued availability of the fast track procedures over the next two years will ensure that our negotiators can bring to Congress for its consideration trade agreements that will truly enhance the ability of the United States to compete internationally.

At a time when world events have reconfirmed the importance of U.S. leadership in multilateral efforts, maintaining fast track is essential to our leadership in the global trading system.

My request reflects my strong desire to continue the partnership between the Congress and the Executive Branch that the fast track represents. This partnership is essential if we are successfully to meet the world's growing economic challenges into the next century.

Sincerely,

[George Bush]

Enclosure

Fast Track

# RESPONSES BY THE PRESIDENT TO QUESTIONS SUBMITTED BY EL UNIVERSAL (MEXICO)

Q. A year ago, Mexico and the United States initiated the procedures to negotiate a Free Trade Agreement. Last month, after a tough political debate, the U.S. Congress extended the Fast Track authority. The negotiations for a North American Free Trade agreement will start next week. The economic goals are clear, but there is a political dimension for the three countries involved: What impact do you expect for the U.S. and in U.S.-Mexico relations? What does the U.S. hope to gain from an FTA, beyond a growing trade partnership?

THE PRESIDENT: It's hard to believe that a full year has passed since President Salinas and I met to launch us on this endeavor. My sense is that we've used the time wisely, however. Canada has joined the process. We have had a full and healthy debate and discussion of this in our Congress, and shown that NAFTA negotiations have good bipartisan support. Our trade ministries have had a lot of time to get to know each other, consult, and do preparatory work.

These negotiations represent an important political message -- that we can strengthen our economic cooperation without sacrificing our national identity or independence. My firm belief is that NAFTA will produce more economic growth and more jobs in all three countries. As a consequence, we will be more competitive in the world market. NAFTA will contribute to an open world trading system; we remain committed to a successful Uruguay Round, and we are determined that NAFTA will be compatible with our GATT obligations.

Q. The political opposition to the Fast Track authority is organizing now to be at least a very thorough overseer in the negotiations and in the approval of an eventual NAFTA. How will you face that situation? What is the political value for you in the NAFTA?

THE PRESIDENT: In a democracy, there is always room for dissenting voices. There were some in Mexico, and there were some in the U.S. We don't fear close scrutiny of our NAFTA agreement; we welcome it. Our responsibility is to negotiate the best possible agreement, working in close consultation with Congress, the private sector, and others. We will not rush, but neither will we delay. When we complete a good agreement, I will present it to the Congress for approval as required under the fast-track rules. My administration will be fully prepared to defend the agreement we finally conclude, and I am confident that the Congress will look favorably on the result.

Q. Some U.S. officials have said that just the negotiation of an FTA represents an important change in the political relations of both countries. A U.S. official has defined it as an historical opportunity for reconciliation and even the possibility of a political and economic alliance, in a framework of National Security policies. What is your view? What are you looking for? Would it be possible without President Salinas de Gortari in Mexico and you in the U.S.?

THE PRESIDENT: As you know, I have the highest respect and admiration for President Carlos Salinas -- as an outstanding leader of a sovereign Mexico, but also as a personal friend. I am certain that without the vision of President Salinas and Prime Minister Mulroney to create a NAFTA, we would not be where we are today, preparing to take on this historic task of economic integration.

We should not go overboard on our rhetoric, however. At the end of the negotiations, there will still be three sovereign and very independent countries in existence. Furthermore, NAFTA is not going to solve all our problems by magic. In diplomacy, it is not possible to solve all problems for all time with one agreement. What we are trying to do is to make our economic relations smoother and more fruitful, to generate economic growth and additional jobs and trade for the benefit of all.

Our three countries are already linked by strong ties of culture, language, and family. We enjoy relatively open borders which are thousands of miles long. We represent a huge market, of over 360 million people. The purpose of NAFTA is to take advantage of the things which unite us to make us stronger competitors in the world market.

Q. The negotiations by themselves -- and even more if there is an FTA -- will have an impact on the foreign policy of both governments. Would you expect a closer relationship and consultation -- both ways? What would you ask from Mexico and what would you be willing to give? What kind of impact and advantages do you expect to obtain in domestic policy? And with the U.S. Hispanic community?

THE PRESIDENT: Your question is very perceptive in regard to consultations. To make the NAFTA work, the top leaders of the three countries will have to stay in close touch, and they will have to insure that their Administration teams devote the necessary time and resources to NAFTA issues.

Fortunately, that is already the case. Close consultations with Mexico are an established fact of our diplomatic relations. For example, we have the Binational Commission, which meets every year at the Cabinet level to review our agenda. President Salinas, Prime Minister Mulroney and I are in constant touch.

Each of us knows that we can pick up the phone and talk to the other whenever we need to. That's not going to change. I can't get into details on what specific proposals we will make in the negotiations. That's Ambassador Hills' job, and she is a vigorous and effective negotiator. What I can tell you is that my team will be seeking an agreement that is broad in scope, that brings down barriers to the flow of goods, services and investment, protects intellectual property rights, and has effective dispute settlement provisions. We must also be very sensitive to environmental issues and worker rights.

As for the domestic political impact, that may be hard to judge. I personally am pleased with the support that so many Hispanic organizations, such as the Hispanic Alliance for Free Trade, gave us during the debate over fast-track extension. My impression is that the Hispanic community now realizes that this President and this Administration is working hard to maintain fruitful relations within this hemisphere. We are doing so because it is the right thing for the whole country, however, and not for some temporary partisan advantage.

Q. It has been almost a year since the presentation of your Enterprise for the Americas Initiative, and the hopes in Latin America are high. But the success of that initiative and the NAFTA depend on the continuation of your administration. It would not be the first time that U.S. initiatives to improve relations with Latin America would fail at the last moment because of U.S. domestic political changes or problems. What assurances can you give that the initiative is here to stay?

THE PRESIDENT: From your question, it sounds like you are ready for me to announce my candidacy for a second term. That is an issue for another occasion.

On a more serious note, I can tell you categorically that I am personally committed to maintaining excellent relations with Mexico and the rest of this hemisphere. I set this as one of my earliest goals for my Presidency, and it was in that spirit that President Salinas and I met in Houston in late 1988, before we took office. The same inspiration lies behind the Enterprise for the Americas Initiative (EAI) which I announced a year ago.

All the members of my Administration know the importance I attach to our relations with this hemisphere, and my commitment to vigorous and respectful cooperation with you. I take great personal satisfaction in the improvement of the tone and content of our relations with this hemisphere. As you are probably aware, I have made four trips to the region since becoming President, including a delightful and productive visit to Monterrey last November. In addition, last year I met with nineteen different leaders of this hemisphere.

Naturally, I expect to be around for a while more to work on these issues with you. But it is important to remember two things: first, and most important, good relations with our hemisphere is an issue that enjoys bipartisan support. We could not have gotten the fast-track authority extended without the bipartisan example showed by Senator Bentsen and Chairman Rostenkowski.

Second, my goal is to build on our bipartisan consensus to insure that the progress we've made in this hemisphere is translated into legislative action. That is why I am urging the Congress to complete legislation that we need to develop the EAI to the fullest. A portion of the legislation was passed last year, with the assistance of Chairman Dante Fascell and Chairman Kika de la Garza.

Because this is a cooperative effort, the nations of Latin America also need to do their share, sticking to the path of economic reform, regional integration, and open investment regimes. We are close to having a hemisphere of democracy; we want it to be a hemisphere of prosperity as well.

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Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 4/21/08

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| **Date Closed:** 1/4/2005 | **OA/ID Number:** 29156-001 |
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| **AR Case #:**<br>**AR Disposition:**<br>**AR Disposition Date:** | **MR Case #:**<br>**MR Disposition:**<br>**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 MAY 21 AM 10:48

May 21, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY CBG

SUBJECT: Congressional Authority in Negotiating Trade Agreements

This responds to your note about Cong. Glickman's theory that Congress has the full say in negotiating trade agreements.

I should first emphasize that the President has the sole authority to determine the form and manner in which negotiations with foreign nations are conducted. As the Supreme Court said in 1936: "[T]he President alone has the power to speak or listen as a representative of the nation." This applies in the context of trade agreements as much as in any other. Congress absolutely cannot negotiate trade agreements or dictate to the President the terms on which he must negotiate.

In a practical sense, however, the power of the President in the trade area is severely restricted by the fact that the Congress has the constitutional authority to "regulate Commerce with Foreign Nations." Under this power, Congress is free to establish tariff rates and trade regulations by statute, whether or not they are consistent with agreements that the President has negotiated.

In effect, therefore, the President's power is only to negotiate proposals that will then be presented to Congress. Consequently, Presidents have found that they must consult with Congress while negotiating trade agreements in order to assure that the agreements can actually be put into effect. There is, however, no constitutional obligation to do so, and Congress could not displace the President by negotiating agreements on its own behalf.

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| **AR Disposition:** | | **MR Disposition:** | |
| **AR Disposition Date:** | | **MR Disposition Date:** | |

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**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**

TO: Boyden

From : GB

Rep Glickman gave us a little lecture today on the Congress' role in negotiation all trade agreements. I realize they have a special role here. He went back to the Federalist papers and concluded that Congress has the full say. AT least that's how he explained it to us.

Please give me a short paper on this question. Who does what to whom??

GB

GB

5-16-91

cc: Sununu
McClure

FROM THE PRESIDENT

VALIS ASSOCIATES
1747 Pennsylvania Avenue, N.W.
Suite 850
Washington, D.C. 20006
202 833-5055 • FAX 202 833-9265

Governor —
we're helping
on "Fast Track"
Wayne

THE CHIEF of STAFF
has seen

For your information *from*

WAYNE H. VALIS

May 1, 1991

MEMORANDUM FOR: Business and Trade Association Members

FROM: Red Cavaney, American Paper Institute
Dave Parker, the Aluminum Association, Inc.
Wayne Valis, Valis Associates

SUBJECT: **Urgent** Support Activities on Fast Track

At a meeting at the White House last week, President Bush and Governor Sununu urged members of the business community to support the President's Fast Track negotiating authority.

In response to this request, we want to suggest that we increase our efforts on behalf of the President in the following ways:

- o Sign the attached letter to be sent to very member of Congress on May 13, 1991;
- o Individual letters to Senators and Congressmen supporting Fast Track;
- o Increased individual visits to key Members of Congress (see enclosed target list);
- o Request companies and employees to contact their Senators and Representatives;
- o News releases and advertisements emphasizing the vital need for Fast Track;
- o Report back on Congressional reactions to your communications.

Thank you very much for your help and support.

May 14, 1991

Honorable George J. Mitchell
Senate Majority Leader
The United States Senate
Washington, D.C. 20510

Dear Senator:

We, the undersigned, fully support the President's Fast Track negotiating authority and believe the Fast Track procedure best guarantees the opportunity to pursue a competitive market for American businesses in international markets. The President must have the ability to negotiate comprehensive and workable agreements with America's trading partners and the authority to assure them that such agreements will be given every opportunity to succeed.

A vote against Fast Track could weaken our economy, our standing in both foreign and domestic trade, and America's position as a vital world power. Open international trade promotes national economic well-being and growth, encourages lower prices, more jobs, and expanded export opportunities for American businesses.

If Fast Track is denied, the pending Uruguay Round of trade negotiations, as well as the Mexico free trade agreement now being discussed, will be years away from final realization--and so will expanded American exports so vital to our nation's economy. We cannot afford to lose this opportunity. We must act now.

We urge you to vote against a disapproval resolution on Fast Track and to maintain the President's negotiating authority.

Respectfully,

(See Attached. Titles used for identification purposes only.)

cc: Members of Congress

Paul Abenante
American Bakers Association

Joe M. Baker, Jr.
Assoc. of the Wall & Ceiling Industries

J. Carter Beese, Jr.
Alex Brown & Sons

John R. Block
National-American Wholesale Grocers' Association

J. Patrick Boyle
American Meat Institute

Red Cavaney
American Paper Institute

William B. Cherkasky
International Franchise Association

Phillip R. Chisholm
Petroleum Marketers Association of America

Sara F. Clary
Alliance of American Insurers

W. Dewey Clower
National Association of Truck Stop Operators

James D. Cope
Nonprescription Drug Manufacturers Association

Regis J. Delmontagne
National Printing Equipment and Supply Association, Inc.

Bernard Falk
National Electrical Manufacturers Association

Robert Fay
American Amusement Machine Association

Don Fuqua
Aerospace Industries Association

Philip J. James
National Glass Association

Jerry J. Jasinowski
National Association of Manufacturers

Susan E. Johnson
Coldwell Banker

John A. Knebel
American Mining Congress

Thomas R. Kuhn
Edison Electric Institute

Richard Lawson
National Coal Association

John M. Martin
Dairy & Food Industries Supply Association

Philip Nowers
Association of Reproduction Materials Manufacturers, Inc.

David N. Parker
the Alumnium Association

Robert Roland
Chemical Manufacturers Association

Ray Roper
Printing Industries of America

Ronald A. Sarasin
National Beer Wholesalers Association

Harold A. Shoup
American Association of Advertising Agencies

Robert H. Spiro, Jr.
RHS Imprinted Products, Inc.

William Steponkus
Texans for Trade Expansion

James H. Stollenwerk
Construction Industry Manufacturer Association

C. Richard Titus
Kitchen Cabinet Manufacturers Assoc.

Larry L. Thomas
Society of Plastics Industry

Wayne H. Valis
Coalition for Open Markets & Expanded Trade

Dirk Van Dongen
National Association of Wholesaler-Distributors

Robert J. Verdisco
International Mass Retail Association

Joseph Volpe, Jr.
The Parsons Corporation

Herbert C. Wamsley
Intellectual Property Owners Association

Richard S. Ward
ITT Corporation

John Paul Galles
National Small Business United

Joseph G. Gerard
American Furniture Manufacturers Association

Andy Doyle
National Paint and Coatings Association

Peter McCloskey
Electronic Industries Association

Allen Moore
National Solid Wastes Management Association

Barry Rogstad
American Business Conference

James Sanders
The Beer Institute

David Stahl
Urban Land Institute

Ronald Ziegler
National Association of Chain Drug Stores

# C.O.M.E.T.
## COALITION FOR OPEN MARKETS AND EXPANDED TRADE

c/o VALIS ASSOCIATES, 1747 PENNYSLVANIA AVENUE, N.W., SUITE 850, WASHINGTON, D.C. 20006 • (202) 833-5055

April 24, 1991

MEMORANDUM FOR: COMET Members

FROM: Wayne Valis Wayne

SUBJECT: Urgent Support Activities on Fast Track

Today President Bush and Governor Sununu met with members of the business community, including several COMET members and asked our support on fast track. In response to this request, I urge you to increase your efforts on this important issue in the following ways:

- o individual letters to Senators and Congressmen supporting fast track and the NAFTA;
- o increased individual visits to key Members (see enclosed lobbying report which indicates each Member's reported position as of April 22);
- o request to member companies to contact their Representative and Senators;
- o continued news releases and advertisements emphasizing vital need for fast track;
- o report back to us the Congressional responses to your communications.

COMET will be sending a strong letter to the entire Hill closer to the time of the actual vote. We are also working on a one page "COMET Comment" addressing fast track that will accompany the letter.

Elise Kilpatrick and I will be in contact with you to discuss all of these projects.

Enclosures

**C.O.M.E.T.**
**COALITION FOR OPEN MARKETS AND EXPANDED TRADE**
c/o VALIS ASSOCIATES, 1747 PENNYSLVANIA AVENUE, N.W., SUITE 850, WASHINGTON, D.C. 20006 • (202) 833-5055

May 17, 1991

The Honorable Richard Gephardt
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

In the wake of action this week by the Senate Finance and House Ways and Means Committees, you will be voting within a few days on a resolution to revoke the President's fast track negotiating authority. We urge you to vote against the disapproval resolution.

Fast track negotiating authority is essential if the United States is to achieve strong agreements multilaterally at the GATT and bilaterally with Mexico. At stake is the prospect of lower prices for the American consumer, vital export and investment opportunities for American business, and more jobs for American workers.

At the GATT and in the preliminary talks with the Mexican government, President Bush and Ambassador Hills have demonstrated their resolve to further American economic interests.

o At the GATT, the United States walked away from the table last year when the European Community refused to lower its barriers to agricultural trade.

o Regarding Mexico, the Bush Administration took the extraordinary step of releasing a detailed action plan addressing the economic, labor, and environmental concerns raised by critics of a bilateral free trade agreement.

Overall, the President's commitment to bipartisan consultation with Congress on trade negotiations has been exemplary.

The time has come to put our trade negotiators back to work defending and expanding America's economic interest through market-opening trade negotiations. Support fast track.

Sincerely,

The Attached

cc: Members of The House of Representatives
Enclosure

Paul Beckner
Citizens for a Sound Economy

Kent Colton
National Association of Home Builders

Regis Delmontagne
National Printing Equipment and Supply Association

Ron Docksai
Marion Merrell Dow, Inc.

Andy Doyle
National Paint and Coatings Association

Bernard Falk
National Electrical Manufacturers Association

Peter Finnerty
Sea-Land Service, Inc.

Mike Frischkorn
Telecommunications Industry Association

John Paul Galles
National Small Business Association

Joseph Gerard
American Furniture Manufacturers Association

Dick Iverson
American Electronics Association

Peter McCloskey
Electronic Industries Association

Allen Moore
National Solid Wastes Management Association

Gerarld Mossinghoff
Pharmaceutical Manufacturers Association

Don Nelson
Philip Morris, U.S.A.

Barry Rogstad
American Business Conference

James Sanders
The Beer Institute

Neil Simon
International Franchise Association

David Stahl
Urban Land Institute

Wayne Valis
Executive Director
COMET

Bob Verdisco
International Mass Retail Association

Ron Ziegler
National Association of Chain Drug Stores

# C.O.M.E.T.
## Coalition for Open Markets and Expanded Trade

c/o VALIS ASSOCIATES, 1747 PENNYSLVANIA AVENUE, N.W., SUITE 850, WASHINGTON, D.C. 20006 • (202) 833-5055

MEMBERSHIP

AMERICAN BUSINESS CONFERENCE

AMERICAN ELECTRONICS ASSOCIATION

CITIZENS FOR A SOUND ECONOMY

INTERNATIONAL FRANCHISE ASSOCIATION

INTERNATIONAL MASS RETAIL ASSOCIATION

MARION MERRELL DOW, INC.

NATIONAL ASSOCIATION OF HOME BUILDERS

NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION

NATIONAL PAINT & COATINGS ASSOCIATION

NATIONAL PRINTING EQUIPMENT & SUPPLY ASSOCIATION

PHILIP MORRIS, U.S.A.

SEA-LAND SERVICES, INC.

TELECOMMUNICATIONS INDUSTRY ASSOCIATION

COMET is a broad-based, grassroots coalition dedicated to the promotion of open markets and expanded international trade. COMET is made up of organizations representing millions of American consumers, manufacturers, exporters and retailers. These organizations have banded together to support pro-trade economic policies, and work closely with senior Administration officials and Members of Congress to achieve these ends.

COMET advocates the elimination of barriers to exports and imports, and urges international marketing-opening agreements. International markets must be allowed to work in order to secure the benefits of comparative advantage for all countries.

COMET was founded in 1985 and is co-chaired by the American Business Conference, Barry Rogstad, President; and Citizens for a Sound Economy, Paul Beckner, President. Wayne Valis is Executive Director.

1991

# C.O.M.E.T.
## Coalition for Open Markets and Expanded Trade

c/o VALIS ASSOCIATES, 1747 PENNYSLVANIA AVENUE, N.W., SUITE 850, WASHINGTON, D.C. 20006 • (202) 833-5055

**COMET Comment**

Keep U. S. Trade on the Fast Track

Congress will shortly decide whether the United States will continue to be a player in world trade negotiations. By rejecting a resolution of disapproval on fast track trade negotiating authority, Congress can allow the President to continue tearing down foreign barriers to U.S. exports.

Many congressmen have expressed concerns about how different segments of America's economy will be affected by either a North American Free Trade Agreement (NAFTA) or the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Extending fast track will not cut off their ability to address those concerns, though, since they will still be permitted to later judge NAFTA and GATT on their merits.

Critics also note that fast track limits congressional input into trade agreements. But even under the limits imposed by fast track, Congress retains considerable power to influence negotiations due to its ability to ultimately "veto" any agreement it decides is not in the country's best interest.

This congressional "veto power" over trade agreements is similar to the President's veto power over legislation. When the President opposes legislation that Congress is considering, he simply lets members know that unless they take his views into account when drafting their bill, he will veto it.

Congress has shown that it can exercise similar authority over trade agreements. In October, it signaled President Bush that a GATT agreement that didn't contain adequate agricultural concessions from the European Community would be dead on arrival on Capitol Hill. It also exerted such authority in recent months by holding hearings on fast track, GATT, and NAFTA and by forcing the President to submit a comprehensive "action plan" addressing a number of specific concerns.

Fast track authority represents a middle ground that gives Congress enough authority to oversee the process while allowing a workable negotiating framework to be established. The alternative freezes the United States out of world trade negotiations. As a practical matter, other countries will refuse to negotiate trade agreements that Congress can rewrite.

The months of debate and input from around the country have demonstrated that President Bush must take into account the concerns of congressmen and their constituents, or else Congress will not approve the trade agreements he negotiates. By that measure, fast track is an unqualified success in opening up trade negotiations to diverse views.

Bryan Riley
Citizens for a Sound Economy

HALEY BARBOUR

5/23

Katie —

THE CHIEF of STAFF
has seen

Thought the Governor & President would like to see AGC's letter to the Business Roundtable folks on their civil rights negotiations —

Thanks —

Haley

**THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA**

1957 E Street, N.W. • Washington, D.C. 20006 • (202) 393-2040 • FAX (202) 347-4004



May 10, 1991

Mr. Robert E. Allen
Chairman
AT&T
550 Madison Avenue
New York, NY 10022

**SUBJECTS:**
- Alleged Civil Rights Legislation
- Fast Track . . . U.S. - Mexico Free Trade
- Striker Replacement Legislation
- Wetlands
- Impact of Declining Construction Markets

Dear Mr. Allen:

A purpose of this letter is to bring to your attention the views of the Associated General Contractors of America (AGC) on a number of controversial issues.

As background, AGC is a construction trade association established in 1918 that now has approximately 33,000 firms in 101 Chapters nationwide, including 8,000 of America's leading general contracting firms. They are engaged in the construction of America's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, water works facilities, waste treatment facilities, dams, water conservation projects, defense facilities, multi-family housing projects and site preparation/utilities installation for housing developments.

Most AGC members are small family-owned businesses. While some are very substantial enterprises, only a minuscule number of them are publicly owned.

As further background for you, and the CEO's of other large corporations to whom similar letters are being sent, we point out such corporations are either the clients, or potential clients, of AGC member firms while at the same time, AGC members are the customers for the products and services of America's corporations.

We provide that information to clearly delineate that we bring our concerns to you as business interests and with full respect for your views on all issues, including the following:

**Alleged Civil Rights Legislation**

Last year, AGC strongly opposed the Kennedy/Hawkins Quota Bill. We appreciated President Bush's veto of it, and we worked hard to sustain that veto.

We are also adamantly opposed to this year's Quota proposal which is known primarily to date as H.R. 1.

During the past 20 years, the construction industry has been subjected to extraordinary bureaucratic abuse under Executive Order 11246 which mandates that a construction employer's workforce must have a fixed percentage of minority employees in **each** of the numerous crafts that can be employed on a construction site. The bureaucracy dictates the percentage, which can be as high as 87.3%, depending on the location of the project.

It is unacceptable to Executive Order 11246 enforcers when the quota requirement is met for the entire workforce, or even when it is substantially exceeded in several crafts. Thus, construction contractors' workforces, the composition of which changes at each phase of the work, must have the right number of minority employees in all crafts, even when employing only a few of a particular craft.

Such contractors are at the mercy of the Office of Federal Contract Compliance Programs (OFCCP) regulators who can bar them from government construction procurement.

Faced with signing consent decrees with OFCCP in effect "acknowledging the error of their ways" even when they made every effort to comply with OFCCP regulations, and often at remote jobsites where it is **impossible** to recruit in accordance with OFCCP formulas, their only alternative was to undertake litigation a small business just cannot afford. So, they were forced to "admit" bureaucratic allegations and resort to efforts to hire by quota in order to stay in business.

Since 1977, when federal law mandated that 10% of the construction contracts awarded in Round II of the Local Public Works Act be awarded to Minority Business Enterprises (MBE's), the construction industry has also been used as an instrument of discrimination, which AGC continues to battle in the courts. A prime contractor obliged to subcontract 10% of its work to MBE's becomes, in effect, the government's instrument of discrimination against subcontractors to which it can no longer award subcontracts on a competitive basis. That such subcontractors have minority employees, too, does not appear to be of much concern to either government or Congress.

State and local government too frequently not only copied the federal example, they exceeded it to the point that quotas of 20%, 25% and even 30% became commonplace for the award of contracts to Disadvantaged Business Enterprises (DBE's). That process was slowed by the Supreme Court's 1989 J.A. Croson Case decision. However, state and local "special preferences" continue to be rampant.

In the context of H.R. 1, we hope you will appreciate why the construction industry remains so adamantly opposed to **any** legislation that would subject construction employers to penalties of $100,000 or $150,000 if their workforces are not reflective of mandated numerical percentages on the basis of race or sex.

Under H.R. 1 and other proposals, the typical construction contractor will have to hire by quotas because the **prospect** of either uncapped awards or of one or ten penalties of $100,000 or $150,000 will oblige quota hiring. Failure to hire by quota will result in unaffordable penalties. Acquiescence to hiring by quota will, most assuredly, also result in litigation being initiated by some of those who would have been otherwise hired.

Some realities of what special preferences are doing to the construction industry are:

- Small, non-minority prime contractors, and their employees, regardless of race or sex, are being systematically eliminated from opportunities in government construction as that work is increasingly reserved for DBE's.

- Subcontractors, and their employees, regardless of race or sex, are denied equal opportunities based on their capabilities, merit and skills every time they are denied opportunity in favor of a preferred class.

We seek your understanding of these severe problems when you consider alleged Civil Rights legislation.

<u>Fast Track approach to a U.S. - Mexico Free Trade Agreement</u>

The essence of AGC's support of President Bush on this issue is: 1) President Bush has earned and deserves the trust of Congress to have a trade agreement negotiated subject to an up or down vote by Congress on the agreement as distinct from having Congress instruct him in advance on its terms and conditions; 2) Concerns that free trade with Mexico would damage the environment are misplaced because increasing living standards in Mexico will automatically increase environmental standards, too; and 3) It is in the national interest that our Southern neighbors be economically strong, as is our Canadian neighbor.

<u>Striker Replacement Legislation</u>

AGC is opposing such legislation for reasons listed in the enclosed article by nationally known labor attorney and former U.S. Chamber of Commerce Chairman Robert Thompson.

**Wetlands**

The enclosed copy of an April 17 *Wall Street Journal* editorial accurately reflects what the bureaucracy is doing and some of what needs to be done to stop abuse alike of the public interest and business interests.

In the absence of needed change, necessary economic development will be either slowed, halted or become so exorbitantly expensive that it will not occur.

**Impact of Declining Construction Markets**

We believe that excessive optimism continues to exist that economic recovery is in sight.

Enclosed is our September 5, 1990 alert to Congress and the Administration on this subject when construction unemployment was 9%. **It now exceeds 22% and is worsening.**

Concurrently, the U.S. continues to lag other industrialized nations in the percentage of investment in the nation's deteriorating stock of public works infrastructure facilities. AGC is supporting an increase in highway user fees now so that essential capital investment can now be made in the nation's highways and bridges that are so vital to our international competitiveness.

We have no doubt that such investments will have to be ultimately made. Doing so now will be less expensive because that which is not repaired now will have to be replaced later, and such essential investment will have a favorable ripple impact throughout the economy by also increasing employment in the multiplicity of industries whose health is dependent on a construction industry.

Your consideration of our views will be appreciated.

Sincerely,

Marvin M. Black

Marvin M. Black
President

Enclosures

**MARTIN MARIETTA CORPORATION**

**NORMAN R. AUGUSTINE**
**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

6801 ROCKLEDGE DRIVE
BETHESDA, MARYLAND 20817
TELEPHONE (301) 897-6196

May 16, 1991

The Honorable Timothy E. Wirth
United States Senate
Washington, DC 20510

Dear Senator Wirth:

I am writing you to express Martin Marietta's strong support for extension of Fast Track Authority for trade negotiations. In our opinion, the successful conclusion to the Uruguay Round of trade negotiations and the pursuit of a North American Free Trade Agreement are in the best economic and security interests of the United States.

I share the view that the vitality of our nation's economy is explicitly linked to our participation in the international market. In turn, our ability to maintain our nation's security is explicitly linked to the health of our nation's economy. The increasing competition in the international marketplace makes it imperative that we move forward as quickly as possible to conclude those treaties which will provide a more equitable international market for U.S. business, while at the same time expanding our trading opportunities throughout the world. Fast Track Authority is essential to ensure that such occurs.

Sincerely,

Norman R. Augustine

Handed me 5-23
by Lee Nadeau 7 50 AM

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

DUNCAN L. HUNTER
45TH DISTRICT
CALIFORNIA

THE CHIEF of STAFF
has seen

Dear Mr. President,

Because of my esteem for your leadership, I feel it is necessary to explain personally my opposition to "fast track and free trade".

The high productivity of Mexican workers in U.S.-owned plants (80% of that of U.S. workers in automobile plants) combined with enormous disparity in wages (10-1 in automobile plants) will certainly result in large parcels of American production facilities moving to Mexico. I have reviewed reams of material from the administration, talked at length with Carla Hills and her able assistants, and have seen nothing that would indicate that this investment and production shift will be outweighed by anticipated benefits.

Secondly, the American worker, who pays an average of $1,000.00 per year from his wages for national defense, bears a burden that renders the "playing field" permanently tilted in favor of his foreign counter-part. Can Americans compete? Yes, of course they can, but not without lowering their wages, or reducing the burdens of defense, the environment, and the unfair trade practices of foreign governments.

Finally, it is clear that the one commodity Mexico needs most is a good shot of freedom...the freedom of small businessmen to buy, sell, produce or not produce, hire or not hire, without having to know someone powerful.

Mr. President, Mexico will have prosperity when Mexico has freedom. Not before.

Finally, let me tell you that Oscar Padilla and Tony Valencia have lobbied me ruthlessly on your behalf. With Respect. Duncan

Typed by DLH

May 22, 1991 Duncan

Post
Fed. Page
5/23

# ...ying on a Treaty Not Yet Written

By Gary Lee
Washington Post Staff Writer

For weeks the calls have gone out every day from the U.S. Chamber of Commerce to every House member's office: which way is the congressman leaning on "fast track"? Yesterday the answers were changing so fast that within one hour, according to Willard A. Workman, a chamber official, three switched from opposing fast track to favoring it, two who had been in favor decided to oppose it and a sixth shifted from a "yes" vote to "undecided."

Other lobbyists were working just as hard compiling their own tallies because today, after months of private discussion, the House is scheduled to debate and vote whether to grant the Bush administration the authority to negotiate a free-trade treaty with Mexico and submit it to Congress without any amendments. The administration considers the authority an essential tool in the negotiations.

While the vote on fast track is in a technical sense simply a procedural one, it is in fact an early referendum on a treaty, which—though not yet negotiated—will have enormous economic implications for industry and workers and a significant impact on myriad different interests.

Supporting the treaty are business groups like the chamber. Opposing it are organized labor and environmentalists worried about a wholesale departure of U.S. jobs to lower wages and slacker pollution enforcement south of the border.

Both sides predicted yesterday that the vote would be close, but several opposition groups conceded they would probably lose. "We have succeeded in influencing the debate, but chances are very slim for a final victory," said Alex Hittle, a spokesman for the environmental group Friends of the Earth, a key member of the anti-fast-track coalition.

Opponents still weren't giving up hope that they can influence the shape of the final treaty. In a rash of news conferences and news releases this week, they have reiterated the ecological and health risks of a treaty.

On Tuesday, Public Citizen lobbyist Lori Wallach and her colleagues blanketed Capitol Hill with jars bearing a DDT label and the insignia of death. Unless Congress votes against fast track, an accompanying letter warned, "you could see your fruits and vegetables slathered" with the deadly stuff.

Proponents have used more traditional methods. The chamber's lobbying has emphasized local business groups making their views known to their representatives. "Most congressmen and senators don't want to hear from people in Washington anymore," said William T. Archey, a chamber vice president.

***The Mexican trade treaty will have enormous implications for U.S. industry and workers, and the vote is expected to be close.***

Since late last month, when the battle over fast track was considered neck and neck, the administration has waged what even an opponent of the provision, Rep. Dan Glickman (D-Kan.), conceded was "a very effective job lobbying this thing."

President Bush, who personally contacted scores of lawmakers, said yesterday as he returned from a trip to St. Paul, Minn., that "I think we're going to win."

Even if the fast track fails, opponents say they already have succeeded in influencing the debate. "As a result of bringing home the fact that fast track would mean lowering food standards," Wallach said, "we have focused a brighter light on what the administration is doing."

Even before the vote, however, acrimony has broken out within the circle of labor, environmentalist and consumer groups opposing fast track. After leaders from the Nature Conservancy, the Natural Resources Defense Council and other environmental groups met with Bush two weeks ago, for instance, consumer advocate Ralph Nader fired off a letter accusing them of selling out.

An op-ed piece supporting fast track by National Wildlife Federation director Jay Hair further enraged the leaders of environmental groups who continue to oppose the treaty, such as the Sierra Club and Greenpeace. "At the very least," said Hittle, "we expected the big environmental groups to stay on the fence. Hair's endorsement was strong enough to hurt our position."

Other fast track opponents have complained privately that lobbyists for the AFL-CIO, the main component of the anti-fast track coalition, conceded defeat several weeks ago and left the nuts and bolts of knocking on congressional doors to others. "Their pessimism has not been helpful to the cause," said one lobbyist opposing fast track who asked not to be identified.

But labor groups have not hidden their scorn for House Majority Leader Richard A. Gephardt (Mo.), and other key Democrats who are supporting fast track.

"I sympathize with labor's concerns," Gephardt said in an interview. "But I think we should try to do a treaty. We retain the right to amend or reject it, if it's not agreeable to us."

A group of pitchfork-bearing farmers picketed his St. Louis office. Electrical workers have put up a candidate to oppose him in the next election. A third group was stopped by House security from delivering a bag of manure to his office, according to a story circulating on Capitol Hill.

In spite of the acrimony and partisan politics affecting the debate over fast track, observers on both sides acknowledge that it has succeeded in popularizing the trade issue.

"For the first time," said Rick Swarz, a fast track advocate, "different social groups have been brought into the negotiations over a trade pact. That puts pressure on the administration to come up with a treaty that is acceptable to all sides. Trade has become a public issue."

Minutes before she was crowned Miss Universe last Friday, Lupita Jones dramatized the point. Stepping before 600 million television viewers, the 23-year-old Miss Mexico said her most heartfelt wish for 1991 was a free-trade agreement between her country and the United States.

*Staff writer Stuart Auerbach contributed to this report.*

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 03. Memo | From Senator Packwood to John Sununu<br>Re: Fast Track - D'Amato<br>[FOIA RESTRICTIONS REDACTED] (1 pp.) | 5/9/91 | ~~P~~5, (b)(6) | |

**Collection:**

**Record Group:** Bush Presidential Records
**Office:** Chief of Staff, White House Office of
**Series:** Sununu, John, Files
**Subseries:** Issues Files
**WHORM Cat.:**
**File Location:** Fast Track 1991 [1]

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

| | | | |
|---|---|---|---|
| **Date Closed:** | 1/4/2005 | **OA/ID Number:** | 29156-001 |
| **FOIA/SYS Case #:** | 1998-0004-F[2] | **Appeal Case #:** | |
| **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]
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

May 9, 1991

MEMO

FROM: SENATOR PACKWOOD

TO: JOHN SUNUNU

SUBJECT: <u>FAST TRACK -- D'AMATO</u>

THE CHIEF of STAFF has seen

He hasn't decided what he's going to do. I said, "What will decide you." He said, "I want to talk to Sununu." I said, "About what." He said:

(b)(6)

[redacted]

1. Is he going to appoint the circuit court judge I want.

2. Will he guarantee that the President will come up for a fundraiser for me in New York after I'm cleared.

*Political Affairs has received a number of requests for a date and they have responded that the White House cannot make commitments for 1992 campaigns yet.*

K

Addendum from Packwood. <u>My</u> fundraiser in Oregon also! <u>BUT</u> no vote is dependent on it. BP

SENT BY:Xerox Telecopier 7020 ; 5-19-91 ; 4:18PM ; 12024561647→ 2024562397;# 2
RCV BY:Xerox Telecopier 7020 ; 5-18-91 ; 3:04PM ; [illegible] [illegible]


BILL RICHARDSON
3D DISTRICT, NEW MEXICO

COMMITTEES:
ENERGY AND COMMERCE
INTERIOR AND INSULAR AFFAIRS
HELSINKI COMMISSION ON HUMAN RIGHTS
SELECT COMMITTEE ON INTELLIGENCE
SELECT COMMITTEE ON AGING


# Congress of the United States
## House of Representatives
Washington, DC 20515


WASHINGTON:
[illegible] CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) [illegible]

SANTA FE:
[illegible]
SANTA FE, NM 87501
(505) [illegible]

GALLUP:
GALLUP CITY HALL
GALLUP, NM 87301
(505) [illegible]

LAS VEGAS:
SAN MIGUEL COUNTY COURTHOUSE
P.O. BOX [illegible]
LAS VEGAS, NM 87701
(505) [illegible]


May 17, 1991

This letter serves to confirm your participation in a Washington press conference on Tuesday, May 21, 1991 highlighting Hispanic support for a U.S.-Mexico free trade agreement.

As you know, we have invited a small and select group of individuals who are recognized leaders of the Hispanic community to take part in this event. As such a leader, we believe your participation will be critical to a successful press conference.

The press conference is scheduled for Tuesday, May 21 at 9:30 a.m. in Room 2218 of the Rayburn House Office Building.

In addition, the Embassy of Mexico is hosting a reception for press conference participants at the Instituto Cultural de Mexico on Monday, May 20 at 7:00 p.m., located at 2829 16th Street, N.W., Washington, D.C.

You will also have the opportunity to visit with members of the House and Senate to underscore your interest in fast-track authority and the FTA.

We look forward to having you join other Hispanic leaders next week for what promises to be a very productive effort.

With warm regards,

Bill

Bill Richardson
MEMBER OF CONGRESS

# NEWS RELEASE

## from Congressman Bill Richardson, 3rd District, New Mexico

For Immediate Release
May 17, 1991

Contact: Stu Nagurka
202-225-6190

# PRESS CONFERENCE

**Tuesday, May 21**
**9:30 AM**
**2218 Rayburn House Office Building**

## *Hispanic Americans for U.S. - Mexico Free Trade*

A bipartisan group of

*** leading Hispanics from around the country

*** national Hispanic organizations

*** Hispanic Members of Congress

will participate in a press conference Tuesday, May 21 to demonstrate wide support in the Hispanic-American community for Congressional approval of fast-track authority necessary to begin negotiating the proposed Free Trade Agreement (FTA) between the U.S., Mexico and Canada.

### Participants

Rep. Bill Richardson, D-NM (host)
Rep. Solomon Ortiz, D-TX (Chairman, Cong. Hispanic Caucus)
Rep. Albert Bustamante, D-TX
Gov. Rafael Hernandez Colon, D-PR
Frank Herrera, Chairman, MALDEF
Dr. Tirso del Junco, Vice-Chairman, Republican Party of CA
Jorge Mas, Sr., Chairman, Cuban-American National Foundation

Officials from LULAC, LA RAZA, COSSHMO, Hispanic Alliance for Free Trade, Inc., private citizens from around the country and other political leaders will attend.

THE WHITE HOUSE
WASHINGTON

Date 5/20/91

POTUS will call Sloan 5/22/91

**TO:** Governor Sununu

**FROM:** JEFF VOGT
[redacted]
Office of Public Liaison
Room 129 OEOB, Ext. 7983

The attached is for:

- [x] Information
- [ ] Review & Comment
- [ ] Direct Response
- [ ] Appropriate Action
- [ ] Draft Reply
- [ ] Signature
- [ ] File
- [ ] Other
- [ ] Please Return By ____________

COMMENTS:

NFIB is helping on Fast Track. The President is scheduled to address their annual conference on June 3 @ Noon.

# NFIB

## NATIONAL FEDERATION OF INDEPENDENT BUSINESS

JOHN SLOAN JR.
President and
Chief Executive Officer

May 9, 1991

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the over 500,000 members of the National Federation of Independent Business (NFIB), I am writing to offer my support of your efforts to gain extension of fast track negotiating authority.

Over a number of years, NFIB members have expressed support for principles of open trade and for broad Presidential discretion. While small business owners may have differing views on the wisdom of entering into any particular trade agreement, there is an understanding that our negotiators must be able to enter into binding agreements without concern that the process will be negated by later amendments.

Current fast track authority assures consultation and a final vote for or against any agreement. These are important components to guarantee that an agreement receives appropriate consideration from those who will be affected.

While there is a broad array of concern in the area of trade, NFIB supports your efforts to reduce unwarranted barriers to trade and improve mechanisms for fair trade.

I will be happy to discuss more specific small business trade concerns at any time.

Sincerely,

John Sloan, Jr.
President and CEO

## THE WHITE HOUSE

## EXECUTIVE OFFICE OF THE PRESIDENT

FACSIMILE TRANSMITTAL SHEET

DATE: May 22, 1991

TO: Congressman Gingrich

FROM: Governor Sununu

PHONE: 456-6797

COMMENTS: Further to our conversation yesterday -- .

NUMBER OF PAGES, EXCLUDING COVER SHEET 3

# Hispanic Alliance for Free Trade, Inc.

NATIONAL ORGANIZATIONS SUPPORTING FAST TRACK

Hispanic Alliance for Free Trade Coalition
Umbrella of national & state organizations, business and community leaders nationwide
representing **1 million** Hispanics

U.S. Hispanic Chamber of Commerce
200 Chambers in 38 states
Serving **500,000** Hispanic business owners

Mexican & American Legal Defense & Education Fund
Major Hispanic advocacy organization

National Council of La Raza
134 local affiliates, community based organizations,
in 32 States providing services to **2 million** Hispanics

League of United Latin American Citizens
400 LULAC Councils in 46 states / 112,000 members
Serving **2 million** Hispanics through LULAC projects

Cuban American National Foundation
50,000 members

National Coalition of Hispanic Health & Human Services Organizations
200 Affiliate Organizations in 20 states
Serving **1 million** Hispanics

Mexican American National Womens Organizations (MANA)
14 chapters in 20 states

National Association of Hispanic Publications
350 publications, readership of 7-10 million

Society of Hispanic Professional Engineers
120 chapters / 26 states / 6000 members

Latin American Management Association
representing 600 Hispanic manufacturing & high technology firms

National IMAGE
78 chapters / 3000 members
programs serving 800,000 Hispanics

National Hispanic Bar Association
9,000 members nationwide

National Association of Bilingual Education
12,000 members / 34 states

601 Pennsylvania Avenue NW, South Building - Suite #900, Washington DC 20004 (202) 737 HAFT 4238

* This Bi-partisan list represents **all** existing **major**, national Hispanic organizations. Historically, this is the first time these groups have shown solidarity in support of one issue.

STATE LEVEL

The East Los Angeles Assoc. of Community Union (TELACU), CA
Latin Business Association, CA
U.S.- Mexico Chamber of Commerce, CA & D.C.
Mexican American Bar Association, CA
Hemispheric Congress of Latin Chambers of Commerce & Industry (CAMACOL), FL
Texas Association of Mexican Chambers of Commerce, TX
Mexican American Grocers Association, CA
Miami Chamber of Commerce, FL
Hispanic Chamber of New Jersey, NJ
Hispanic Chamber of Virginia, VA
Hispanic Chamber of Commerce Long Beach, CA
San Antonio Hispanic Chamber of Commerce, TX
Greater Houston Partnership, Houston, TX
San Diego Hispanic Chamber of Commerce, San Diego, CA
Latin American Pacific Trade Association, CA
Iberio-American Chamber of Commerce, Washington, D.C.
Hispanic American Builders Association, Miami, FL
U.S. - Mexico Development Fund, TX
Houston Inter-American Chamber of Commerce, TX
Latin American Chamber of Commerce, IL
Puerto Rican Chamber of Commerce, IL
Hispanic American Contractors, IL
Mexican American Chamber of Commerce, IL
Cuban American Chamber of Commerce, IL
Hispanic American Construction Industry Assoc., IL
La Plaza International Hispana, KS
La Raza Lawyers, LA
The East Los Angeles Community Union (TELACU), CA
Mexico-United States Institute, D.C.
Minnesota Latin America Initiative, MN
New Mexico Hispanic Chamber of Commerce, NM
Society of Hispanic MBA's, CA, TX, IL

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 04. Note | From Shiree Sanchez to John Sununu<br>Re: Attached Material from Duncan Hunter (1 pp.) | 5/21/91 | ~~P~~5 | |

**Collection:**

**Record Group:** Bush Presidential Records
**Office:** Chief of Staff, White House Office of
**Series:** Sununu, John, Files
**Subseries:** Issues Files
**WHORM Cat.:**
**File Location:** Fast Track 1991 [1]

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

| | | | |
|---|---|---|---|
| **Date Closed:** | 1/4/2005 | **OA/ID Number:** | 29156-001 |
| **FOIA/SYS Case #:** | 1998-0004-F[2] | **Appeal Case #:** | |
| **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]
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]
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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

Date 5-21

TO: GOV. SUNUNU

FROM: SHIREE SANCHEZ
Associate Director
Office of Public Liaison

FYI - DUNCAN HUNTER
POLL ATTACHED -

QUESTIONS ASKED ARE
OBVIOUSLY SKEWED -
HISPANICS IN SAN DIEGO HAVE
MOBILIZED - CALLING HIS OFFICE -
PRESS CONFERENCE ETC...

THANKS!

To Yvette Sanchez
~~639-8238~~
456-1647

CONGRESSMAN
# DUNCAN HUNTER
NEWS

133 CANNON BUILDING
WASHINGTON, D.C. 20515
(202) 225-5672

HOUSE COMMITTEE ON ARMED SERVICES
CHAIRMAN, HOUSE REPUBLICAN RESEARCH COMMITTEE

366 S. PIERCE STREET
EL CAJON, CALIFORNIA 92020
(619) 579-3001

<u>FOR IMMEDIATE RELEASE</u>

May 21, 1991

Contact: John Palafoutas
202-225-5672

## SURVEY SHOWS MEXICAN - AMERICANS OPPOSE FREE TRADE AGREEMENT

Representative Duncan Hunter (R-CA) and William Gill, President of the American Coalition for Competitive Trade, released a study today indicating that a majority of Americans of Mexican decent surveyed in a recent poll are not in favor of the proposed Mexican Free Trade Agreement. The survey was completed Friday, May 17.

Arthur J. Finkelstein & Associates, a highly regarded political polling firm, concluded as a result of the national survey that there is no significant support for the proposed Mexican Free Trade Agreement by Americans of Mexican decent. When told that goods produced in the U.S. could be exported and sold in Mexico without tariff, that goods produced in Mexico could be sold in the U.S. without restrictions, that opponents of the Agreement say that U.S. companies will move to Mexico, that M will move to Mexico, that Mexican workers will be exploited, and that there will be increased pollution because of fewer environmental protection laws in Mexico, and that the U.S. will lose jobs, 46.1 percent of Americans of Mexican decent stated their opposition to the Free Trade Agreement.

The 36.1 percent who stated they favor the Free Trade Agreement were asked three follow-up questions. Those who favored the Agreement were

-more-asked that if the Agreement did not include strong environmental laws like those in the U.S., would they still favor it, opposition to the Agreement rose to 63.1 percent of all surveyed. Recent articles from *Time Magazine* and *U.S. News and World Report* describe the environmental situation on the border as "Love Canals in the making."

Those who favored the Agreement were asked if the Free Trade Agreement did not include the enforcement of labor laws and practices like those in the U.S., opposition rose to 64.1 percent. A recent *Wall Street Journal* article reported that the Mexico City Assembly stated between five and ten million children under 14 are employed in Mexican factories.

Those who originally favored the Free Trade Agreement were asked that if the U.S. International Trade Commission said that unskilled workers in the U.S. would suffer a slight decline in real income as a result of the Agreement, opposition grew to 60.6 percent. A U.S.I.T.C. report states that there will be a decline in real income for unskilled workers as a result of the Agreement.

Rep. Hunter, Chairman of the Republican Research Committee, a House leadership position, opposes Fast Track. Rep. Hunter's congressional district includes the entire California - Mexico border.

Survey results and supporting documents are attached.

Arthur J. Finkelstein & Associates
16 North Astor
Irvington, N.Y. 10533
(914) 591-8142

To: Hon. Duncan Hunter
From: Arthur J. Finkelstein & Associates, Inc.
Re: Summary of Survey of Mexican Americans
Date: May 20, 1991

---

Following is a summary of the findings of a national telephone survey of 400 randomly selected Mexican Americans. The survey was administered over a two day period, on the evenings of Thursday, May 16, and Friday, May 17, 1991.

A national sample of persons with Hispanic surnames was purchased from Marketing Systems Group. Contacted individuals were screened to ensure that only Hispanics of Mexican origin were interviewed.

The accuracy of a simple random sample of size 400 is calculated to be $\pm$ 5.0% at the 95 percent confidence level. This means that 95 out of 100 times, the results would fall within a range of plus or minus 5.0 percentage points of the results one would get from interviewing all Mexican Americans.

The purpose of the survey was to measure, specifically among Mexican Americans, awareness of, and opinion regarding, the proposed Free Trade Agreement between the United States and Mexico.

In brief, the survey found that there is no significant support for the proposed Free Trade Agreement among Mexican Americans.

The basis of this conclusion is as follows.

Respondents were asked:

HAVE YOU HEARD OR READ ANYTHING RECENTLY ABOUT THE UNITED STATES AND MEXICO SIGNING A FREE TRADE AGREEMENT?

| | Number | Percent |
|---|---|---|
| YES | 241 | 60.1 |
| NO | 151 | 37.7 |
| D.K. | 9 | 2.2 |
| Total | 401 | 100.0 |

Overall, six out of ten respondents reported having heard or read something about the Free Trade Agreement. The level of awareness in California tended to be somewhat lower than in Texas or throughout the rest of the country. Level of awareness was directly related to educational level, ranging from 51 percent among those with less than a high school diploma least likely to be aware. Finally, awareness was found to be inversely related to length of time in the U.S. The longer the respondent has been in the U.S., the less likely to have heard of the Free Trade Agreement.

Regardless of whether they said they were aware or unaware of the issue, respondents were read the following explanation and asked:

A FREE TRADE AGREEMENT BETWEEN THE UNITED STATES AND MEXICO WOULD MEAN THAT GOODS PRODUCED IN THIS COUNTRY COULD BE EXPORTED AND SOLD IN MEXICO WITHOUT U.S. COMPANIES PAYING A TARIFF, AND GOODS PRODUCED IN MEXICO COULD BE SOLD IN THE U.S. WITHOUT RESTRICTIONS. PEOPLE WHO FAVOR THE FREE TRADE AGREEMENT SAY CONSUMERS WILL BENEFIT FROM LOWER PRICES BECAUSE OF INCREASED COMPETITION AND THAT THE ECONOMIES OF BOTH THE U.S. AND MEXICO WILL BENEFIT. PEOPLE WHO OPPOSE THE AGREEMENT SAY THAT U.S. COMPANIES WILL MOVE TO MEXICO, MEXICAN WORKERS WILL BE EXPLOITED, THERE WILL BE INCREASED POLLUTION BECAUSE OF FEWER ENVIRONMENTAL PROTECTION LAWS IN MEXICO, AND THE U.S. WILL LOSE JOBS. BASED ON THIS, DO YOU FAVOR OR OPPOSE THE U.S. SIGNING A FREE TRADE AGREEMENT WITH MEXICO?

| | Number | Percent |
|---|---|---|
| FAVOR | 147 | 36.7 |
| OPPOSE | 185 | 46.1 |
| D.K. | 69 | 17.2 |
| Total | 401 | 100.0 |

As can be seen from the above table, based on this presentation of the issue, Mexican Americans are more likely to oppose than to favor the Free Trade Agreement. Among those who indicated they had heard of the proposed agreement, 40% said they favor it versus 47% opposed. Among those who had not heard anything about the agreement, 32% said they favored it, based on the explanation provided, compared to 45% opposed.

Opinion was related to political party with Republicans in favor 54% to 41%, Democrats opposed 55% to 31%, and Independents and non voters about evenly split. Length of time in this country is also strongly related to opinion on this issue. Those here less than ten years say they favor the agreement (49% to 28%) while those born in this country are strongly opposed (55% to 30%). Overall, male respondents were evenly split while females were found to be opposed.

Those who said they favor the Free Trade Agreement were asked three follow-up questions. These questions were asked in random order to enable a fair comparison of the relative effect of each of the hypothetical situations presented. The purpose of this series of questions was to determine the degree of knowledge as well as to gauge the strenth of support.

IF THE FREE TRADE AGREEMENT DID NOT INCLUDE STRONG ENVIRONMENTAL LAWS LIKE THOSE IN THE UNITED STATES, WOULD YOU STILL BE IN FAVOR OF THE FREE TRADE AGREEMENT?
(ASKED OF THOSE WHO FAVOR FREE TRADE AGREEMENT)

| | Number | Percentage of Total Sample |
|---|---|---|
| ORIGINALLY FAVOR | 147 | 36.7 |
| STILL FAVOR | 70 | 17.5 |

| | | |
|---|---|---|
| [illegible] | [illegible] | [illegible] |
| ORIGINALLY OPPOSE | 185 | 46.1 |
| NOW OPPOSE | 253 | 63.1 |
| D.K. | 78 | 19.5 |
| [illegible] | [illegible] | [illegible] |

IF THE FREE TRADE AGREEMENT DID NOT INCLUDE THE ENFORCEMENT OF LABOR LAWS AND PRACTICES LIKE THOSE IN THE UNITED STATES, WOULD YOU STILL BE IN FAVOR OF THE FREE TRADE AGREEMENT?
(ASKED OF THOSE WHO FAVOR FREE TRADE AGREEMENT)

| | Number | Percentage of Total Sample |
|---|---|---|
| ORIGINALLY FAVOR | 147 | 36.7 |
| STILL FAVOR | 60 | 15.0 |
| ORIGINALLY OPPOSE | 185 | 46.1 |
| NOW OPPOSE | 257 | 64.1 |
| D.K. | 84 | 21.0 |
| Total | 401 | 100.0 |

IF THE UNITED STATE INTERNATIONAL TRADE COMMISSION SAID THAT UNSKILLED WORKERS IN THE UNITED STATES WOULD SUFFER A SLIGHT DECLINE IN REAL INCOME IF THERE IS A FREE TRADE AGREEMENT WITH MEXICO, WOULD YOU STILL BE IN FAVOR OF THE FREE TRADE AGREEMENT?
(ASKED OF THOSE WHO FAVOR FREE TRADE AGREEMENT)

| | Number | Percentage of Total Sample |
|---|---|---|
| ORIGINALLY FAVOR | 147 | 36.7 |
| STILL FAVOR | 76 | 19.0 |
| ORIGINALLY OPPOSE | 185 | 46.1 |
| NOW OPPOSE | 243 | 60.6 |
| D.K. | 82 | 20.4 |
| Total | 401 | 100.0 |

It is apparent that among the minority of Mexican Americans who say they support the Free Trade Agreement, there is no strong committment to this position. The articulation of each of the three hypothetical potentially adverse consequences of the agreement results in about half of those originally supporting the agreement, changing their respective positions. Furthermore, since each of these three potentially negative consequences has been expressed and discussed in the media, it is safe to conclude that as a group, most of those Mexican Americans who ostensibly are in favor of the Free Trade Agreement, are not well informed on the issue.

It is very clear that there is no strong backing for the Free Trade Agreement among Mexican Americans.

Following is a summary of the composition of the sample.

WITH WHICH POLITICAL PARTY ARE YOU AFFILIATED? IF YOU ARE NOT A REGISTERED VOTER, JUST SAY SO.

| | | |
|---|---|---|
| - 401 | | Total |
| - 61 | 15.2 | REPUBLICAN |
| - 159 | 39.7 | DEMOCRAT |

| | | | |
|---|---|---|---|
| - | 30 | 7.5 | INDEPENDENT |
| - | 3 | 0.7 | OTHER |
| - | 138 | 34.4 | NOT REGISTERED VOTER |

IF YOU WERE TO LABEL YOURSELF, WOULD YOU SAY YOU ARE A LIBERAL, A MODERATE, OR A CONSERVATIVE IN YOUR POLITICAL BELIEFS?

| | | |
|---|---|---|
| - 401 | | Total |
| - 90 | 22.4 | LIBERAL |
| - 130 | 32.4 | MODERATE |
| - 110 | 27.4 | CONSERVATIVE |
| - 71 | 17.7 | DON'T KNOW/REFUSED |

WHAT IS THE LAST GRADE OF FORMAL EDUCATION YOU HAVE COMPLETED?

| | | |
|---|---|---|
| - 401 | | Total |
| - 96 | 23.9 | LESS THAN HIGH SCHOOL |
| 163 | 40.6 | HIGH SCHOOL GRADUATE |
| - 90 | 22.4 | SOME COLLEGE |
| - 33 | 8.2 | COLLEGE GRADUATE |
| - 17 | 4.2 | POST GRADUATE |
| - 2 | 0.5 | REFUSED |

FOR HOW MANY YEARS HAVE YOU LIVED IN THE UNITED STATES?

| | | |
|---|---|---|
| - 401 | | Total |
| - 5 | 1.2 | LESS THAN 3 |
| - 15 | 3.7 | 3 - 5 |
| - 31 | 7.7 | 6 - 10 |
| - 65 | 16.2 | 11 - 20 |
| - 78 | 19.5 | MORE THAN 20 |
| - 205 | 51.1 | WHOLE LIFE |
| - 2 | 0.5 | REFUSED |

WHAT IS YOUR ANNUAL FAMILY INCOME?

| | | |
|---|---|---|
| - 401 | | Total |
| - 56 | 14.0 | UNDER $10,000 |
| - 91 | 22.7 | $10,000 - $20,000 |
| - 77 | 19.2 | $20,001 - $30,000 |
| 66 | 16.5 | $30,001 - $40,000 |
| - 16 | 4.0 | $40,001 - $50,000 |
| - 33 | 8.2 | OVER $50,000 |
| - 62 | 15.5 | REFUSED |

WHAT IS YOUR AGE?

| | | |
|---|---|---|
| - 401 | | Total |
| - 99 | 24.7 | 18 - 25 |
| - 164 | 40.9 | 26 - 40 |
| - 74 | 18.5 | 41 - 55 |
| - 28 | 7.0 | 56 - 65 |
| - 33 | 8.2 | OVER 65 |
| - 3 | 0.7 | REFUSED |

GENDER:

| | | |
|---|---|---|
| - 401 | | Total |
| - 195 | 48.6 | MALE |
| - 206 | 51.4 | FEMALE |

REGION:

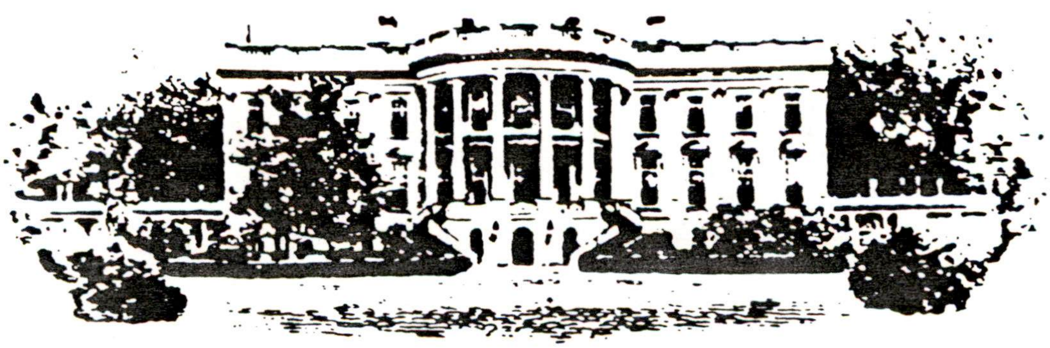
| | | |
|---|---|---|
| - 401 | | Total |
| - 11 | 2.7 | NORTHEAST |
| - 45 | 11.2 | MIDWEST |
| - 152 | 37.9 | SOUTH |
| - 193 | 48.1 | WEST |

STATE:

| | | |
|---|---|---|
| - 401 | | Total |
| - 143 | 35.7 | CALIFORNIA |
| - 138 | 34.4 | TEXAS |
| - 120 | 29.9 | REST |

**THE WHITE HOUSE**

**EXECUTIVE OFFICE OF THE PRESIDENT**



FACSIMILE TRANSMITTAL SHEET

DATE: May 21 -- 11:15am

TO: Congressman Gingrich

FROM: Governor Sununu

PHONE:

COMMENTS: Per our conversation --

NUMBER OF PAGES, EXCLUDING COVER SHEET 4

National Hispanic Leader
Press Conference
May 21, 1991

Scheduled Attendees

U.S. Rep. Bill Richardson, New Mexico
U.S. Rep. Solomon Ortiz, Texas (Chairman, Congressional Hispanic Caucus)
U.S. Rep. Kika de la Garza, Texas
U.S. Rep. Albert Bustamante, Texas
U.S. Rep. Jaime Fuster, Puerto Rico
Governor Rafael Hernandez Colon, Puerto Rico

Frank Herrera, Chairman, MALDEF (Mexican-American Legal Defense and Educational Fund)
Jorge Mas, Sr., Chairman, Cuban-American National Foundation
Dr. Tirso del Junco, Vice-Chairman, California Republican Party
Antonio Sanchez, Sr., Chairman of the Board of International Bancshares and International Bank of Commerce
Toney Anaya, former Governor of New Mexico
* Tony Salazar, Chairman of the board, National Council of LaRaza
* Jose Nino, President, U.S. Hispanic Chamber of Commerce
Jane Delgado, President, COSSHMO (National Coalition of Hispanic Health & Human Services Organizations)
Judy Canales, President, MANA (Mexican American Womens National Association)
* Elaine Coronado, President, Hispanic Alliance for Free Trade
Tino Duran, President, National Association of Hispanic Publications
Ambassador Abelardo Valdez, former Director, AID/Latin America
Texas State Representative Edward Cavazos
Tony Torres, National Society of Hispanic MBA's
Cesar Collantes, special assistant to the President, LULAC (League of United Latin American Citizens)
Jorge Haynes, Laredo, Texas banker
Ignacio Urrabazo, Laredo, Texas banker
Jose Berrocal, Counselor to the Governor of Puerto Rico
Jose Roberto Martinez, Director, Government of Puerto Rico Washington, D.C. office

California
LATIN BUSINESS ASSOC. - CA
MEXICAN & AMERICAN FOUNDATION - SAN DIEGO, CA
TELACU - LOS ANGELES
MEXICAN & AMERICAN BAR ASSOC. - CA
MEXICAN & AMERICAN GROCERS ASSOC. - CA
G.F. FORUM OF THE U.S.

225-5337

LA OPINION
The Leading Spanish Language Daily Newspaper

May 8, 1991

LARGEST SPANISH DAILY NEWSPAPER in CALIF.

VIA FAX - Original mailed

Ms. Shiree Sanchez
Associate Director, Office of Public Liason
THE WHITE HOUSE
Old Executive Office Building, Room 129
Washington D.C., 20500

Dear Shiree:

As promised, you are the first to share the results of our latest La Opinion /Univision joint poll. This data will not be released to the public until Monday evening.

I'd like to review some background info with you before going into the actual results of the poll. 506 interviews were conducted from May 1 through May 4. Hispanic-Americans were polled in the following states: Texas, Colorado New Mexico, Arizona and (Southern) California. 30% of the 506 interviews were conducted in Texas; 54% in Southern California and 16% in the other states. These particular states were chosen because they are border states and likely to be most affected by a free trade agreement with Mexico. Ethnic breakdown was as follows: 86% Mexican; 14% Central/South American (primarily from El Salvador and Guatemala).

We included numerous questions on the Free Trade Agreement for the purpose of gathering information on the perspective of the Latino community. One of our most significant findings is that 62% of those polled supported the Free Trade Agreement. These numbers were accross the board, regardless of demographics. In addition, 65% of those polled were American citizens and 76% were interested in the FTA. However, a strong 30% of those polled claimed to have received "no information at all" on the proposed free trade agreement; and 57% stated only "some information". This leads me to believe that it's more important now than ever to attempt to finalize an interview with Sergio Muñoz, our Executive Editor, and President Bush.

Let me share briefly with you our conclusions from this survey:

**Conclusion 1: A Free Trade Agreement with Mexico has strong support nationally from Hispanic Americans residing in the border states.** (Q. #23). A majority feel that the FTA will mean economic prosperity for Mexico (Q. 10); and the closer to the border they live, the more they support the FTA (Q. 9



:LA OPINION MARKETING 05-08-91 02:29PM 2138962144→ 12024561647 # 2

crosstabs). Most Hispanics feel the U.S. would benefit from the FTA (Q. 12 & 15) and an even greater number feel Mexico would profit (Q. 10 & 25).

**Conclusion 2: Ecological problems are far and away the greatest barrier to the FTA.** (Questions 18 - 21).
66% feel Mexico is courting ecological catastrophe because it doesn't have the environmental controls necessary to regulate its accelerated economic growth. 56% feel that Mexico must follow the same environmental rules as the U.S. in the event of an FTA. 68% feel the FTA would encourage Mexico to improve its environment.

**Conclusion 3: The FTA would have positive effects on U.S. border communities and the Mexican-American community as a whole.** (Q. 7, 8, 10, 11).
66% feel the Mexican-American community will experience significant change with the FTA. (Q. 7) While this change is interpreted as positive, many feel that they may be in danger of losing their jobs (Q. 11). Crosstabs showed that this concern was highest in Texas and greater among women. This may be due to the current economic situation in Texas and the fact that the jobs most affected would most likely be held by women.

I am enclosing a complete copy of the questionnaire for your perusal. I haven't included the separate Los Angeles County information, as it closely parallels that of the rest of the nation. I've also enclosed a copy of Sergio Muñoz' bio, in order to provide further information on his credentials.

Shiree, I hope this information is valuable to you. If you have any questions, or there is anything further I can do, please don't hesitate to call. I realize the procedures to get an interview with President Bush are arduous and I appreciate everything you're doing in that respect.

I hope to be able to take you up on your offer to visit the White House soon. Perhaps in early June? Let me know how your schedule looks.

Sincerely,

Marti Buscaglia
Marketing Manager

MB:mac
Enclosures

# SAN DIEGO TRIBUNE

HELEN K. COPLEY, *Publisher and Chairman, Editorial Board*

*A Copley Newspaper*

NEIL MORGAN, *Editor*
ROBERT M. WITTY, *Deputy Editor*
GEORGE W. DISSINGER, *Managing Editor*
JAMES O. GOLDSBOROUGH, *Editor/Editorial Pages*

San Diego, California, Thursday, May 16, 1991 Telephone 299-3131 Page B-12

## Editorials

# Free trade comes closer

### *Issue is vital for city, state and nation*

Tuesday's votes by two congressional committees to extend the president's authority to negotiate a free-trade agreement with Mexico were solid victories. Now the battle moves to the floors of both houses of Congress for votes, perhaps as early as next week.

No economic issue faced by the United States and by California in years is as important as this one. From California's point of view, the health of the economy and society for decades to come are at stake. Any member of the state congressional delegation who opposes the vote on the floor should be seen as opposing California's vital interests.

Californians can be grateful that a national consensus is taking shape. The votes in the House Ways and Means Committee (27-9) and the Senate Finance Commitee (15-3) to give President Bush fast track authority for the negotiations were landslides.

The votes were somewhat unexpected because, nationally, some states will clearly do less well under free trade with Mexico than California.

More than other Americans, Californians know that Mexico is a seething cauldron of problems. More than other Californians, San Diegans know that these problems — among them, immigration, education, pollution, employment, social welfare, population increase, crime — already bubble over the border.

A free-trade treaty will give us a handle for solving these problems, to the benefit of both countries.

Yes, free trade will do some shifting of lower value-added jobs from the United States to Mexico, which will affect workers in some labor-intensive U.S. industries such as textiles, shoes, perhaps even high-tech assembly work such as semi-conductors. But the relevant studies show that, overall, the U.S. economy will benefit tremendously from creating a free-trade area of 350 million people from the Yukon to the Yucatan.

For California, there can be no mistaking the economic benefits from opening up the country that already is the state's third-largest export market, after Japan and Canada. Already, an estimated 92,500 California jobs are tied to exports to Mexico.

Some congressmen (Rep. Tom Lantos, D-San Mateo, is the most visible) are more concerned about their prerogatives than about doing what is best for the country and the state.

Those congressmen should be reassured. Fast-tracking, a procedure adopted in 1934 to undo the damage of the 1930 Smoot-Hawley tariff act, which pushed tariffs to an all-time high and the nation into depression, is good partnership policy: The president negotiates with Mexico, free of Congress' logrolling; and Congress gets the final say — aye or nay.

National Hispanic Leader
Press Conference
May 21, 1991

Scheduled Attendees

U.S. Rep. Bill Richardson, New Mexico
U.S. Rep. Solomon Ortiz, Texas (Chairman, Congressional Hispanic Caucus)
U.S. Rep. Kika de la Garza, Texas
U.S. Rep. Albert Bustamante, Texas
U.S. Rep. Jaime Fuster, Puerto Rico
Governor Rafael Hernandez Colon, Puerto Rico

Frank Herrera, Chairman, MALDEF (Mexican-American Legal Defense and Educational Fund)
Jorge Mas, Sr., Chairman, Cuban-American National Foundation
Dr. Tirso del Junco, Vice-Chairman, California Republican Party
Antonio Sanchez, Sr., Chairman of the Board of International Bancshares and International Bank of Commerce
Toney Anaya, former Governor of New Mexico
* Tony Salazar, Chairman of the board, National Council of LaRaza
* Jose Nino, President, U.S. Hispanic Chamber of Commerce
Jane Delgado, President, COSSHMO (National Coalition of Hispanic Health & Human Services Organizations)
Judy Canales, President, MANA (Mexican American Womens National Association)
* Elaine Coronado, President, Hispanic Alliance for Free Trade
Tino Duran, President, National Association of Hispanic Publications
Ambassador Abelardo Valdez, former Director, AID/Latin America
Texas State Representative Edward Cavazos
Tony Torres, National Society of Hispanic MBA's
Cesar Collantes, special assistant to the President, LULAC (League of United Latin American Citizens)
Jorge Haynes, Laredo, Texas banker
Ignacio Urrabazo, Laredo, Texas banker
Jose Berrocal, Counselor to the Governor of Puerto Rico
Jose Roberto Martinez, Director, Government of Puerto Rico Washington, D.C. office

LATIN BUSINESS ASSOC. - CA
MEXICAN + AMERICAN FOUNDATION - SAN DIEGO, CA
TELACU - LOS ANGELES
MEXICAN + AMERICAN BAR ASSOC. - CA
MEXICAN + AMERICAN GROCERS ASSOC. - CA
G.I. FORUM OF THE U.S.

# NEWS RELEASE

**From Congressman Bill Richardson. 3rd District, New Mexico**

For Immediate Release:
Tuesday, May 21, 1991

Contact:
Stu Nagurka
(202) 225-6190

**HISPANIC-AMERICAN LEADERS TRAVEL TO WASHINGTON TO SUPPORT FREE TRADE AGREEMENT WITH MEXICO ON EVE OF 'FAST TRACK' VOTE**

Washington, D.C. -- A bipartisan group of prominent Hispanic leaders from across the U.S. participated in a press conference today to demonstrate the widespread support in the Hispanic-American community for Congressional approval of fast-track authority necessary to begin negotiating the proposed Free Trade Agreement (FTA) between the U.S., Mexico and Canada.

"Hispanic Americans nationwide support a Free Trade Agreement with Mexico because they know it will mean increased jobs and economic growth for citizens in both our countries. Extension of fast track authority is crucial for beginning negotiations on this historic trade partnership," said Congressman Bill Richardson, D-NM, who hosted the press conference.

"The Hispanic leaders gathered here today -- from both sides of the political aisle -- all agree: an FTA will be good for Hispanics and the rest of America. The positive consequences of an FTA with Mexico will far exceed the negatives. U.S. exports to the growing Mexican market will rise, and the North American countries will become increasingly competitive with the trading blocs in Europe and the Far East," said Richardson.

-more-

A recent poll by Telemundo, a Spanish-language television network, found that a majority of Hispanics throughout the U.S. support the FTA. The National Council of La Raza, the U.S. Hispanic Chamber of Commerce, and the Hispanic Alliance for Free Trade, among others, have also declared their support for fast track and the FTA, citing the potential benefits for the Hispanic community.

In addition to Congressman Richardson, the following Hispanic leaders and organizations also attended the press conference:

- Congressman Solomon Ortiz, D-TX (Chairman, Congressional Hispanic Caucus)
- Congressman Kika de la Garza, D-TX (Chairman, House Agriculture Committee)
- Congressman Albert Bustamante, D-TX
- Governor Rafael Hernandez Colon, D-Puerto Rico
- Governor Tony Anaya (former Gov. of New Mexico)
- Dr. Tirso del Junco, Vice-Chairman, Calif. Republican Party
- Jorge Mas, Sr., Chairman, Cuban-American National Foundation
- Ambassador Abelardo Valdez (former Director of AID/Latin America, from Texas)
- Frank Herrera, Chairman, MALDEF (Mexican-American Legal Defense and Educational Fund)
- Officials from LULAC, LA RAZA, COSSHMO, the Hispanic Alliance for Free Trade, Inc., and other political leaders and private citizens from around the country also attended.

The full House and Senate are expected to vote on extension of Presidential fast-track authority later this week. The House Ways and Means and Senate Finance committees voted to approve the measure on Tuesday, May 14.

###

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 05. Note | From Manuel Lujan to John Sununu<br>Re: Letter from Doug Bereuter (1 pp.) | 5/14/91 | P-5 | |

**Collection:**

**Record Group:** Bush Presidential Records
**Office:** Chief of Staff, White House Office of
**Series:** Sununu, John, Files
**Subseries:** Issues Files
**WHORM Cat.:**
**File Location:** Fast Track 1991 [1]

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

| | |
|---|---|
| **Date Closed:** 1/4/2005 | **OA/ID Number:** 29156-001 |
| **FOIA/SYS Case #:** 1998-0004-F[2]<br>**Re-review Case #:** 2005-0426-S<br>**P-2/P-5 Review Case #:** | **Appeal Case #:**<br>**Appeal Disposition:**<br>**Disposition Date:** |
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**P-2 Relating to the appointment to Federal office [(a)(2) 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]**
**(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]**
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**(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 Secretary

THE CHIEF of STAFF
has seen and Calio will handl

5/14/91

Governor,

As I told you, Doug Bereuter will support Fast track.

The last paragraph, highlighted in yellow says he will take an active role if asked.

I've asked him to, but I believe someone from the White House should call him.

Manuel

DOUG BEREUTER
1ST DISTRICT, NEBRASKA

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
SUBCOMMITTEES:
FINANCIAL INSTITUTIONS
HOUSING AND COMMUNITY DEVELOPMENT
POLICY RESEARCH AND INSURANCE
INTERNATIONAL DEVELOPMENT, FINANCE, TRADE AND MONETARY POLICY
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SUBCOMMITTEES:
INTERNATIONAL ECONOMIC POLICY AND TRADE
HUMAN RIGHTS AND INTERNATIONAL ORGANIZATIONS
SELECT COMMITTEE ON INTELLIGENCE
SELECT COMMITTEE ON HUNGER

# Congress of the United States
## House of Representatives
### Washington, DC 20515

WASHINGTON OFFICE:
2348 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4806

DISTRICT OFFICE:
1045 K STREET
P.O. BOX 82887
LINCOLN, NE 68501
(402) 438-1598

EXPORT TASK FORCE
CO-CHAIRMAN
RURAL CAUCUS
ENVIRONMENTAL AND ENERGY STUDY CONFERENCE
RURAL HEALTH CARE COALITION

May 13, 1991

The Honorable Manuel Lujan
Secretary
U.S. Department of Interior
1800 "C" Street, N.W.
Washington, D.C. 20240

Dear Manuel:

SUBJECT: Extension of Fast Track Authority for NAFTA

Thank you for so generously giving me your time by visiting my office on Friday, May 10th. I really appreciated your willingness to listen to me and to assist me on matters within the Interior jurisdiction that are extremely important to me.

Secondly, I was pleased to listen to your persuasive arguments about the importance of the Fast Track Extension for negotiations on a North America Free Trade Area. You heard my concerns about tying the Fast Track Extension for NAFTA to the absolutely crucial Uruguay Round of GATT; I think that was a tactical error, but, nevertheless, that was the Administration's decision. Now my primary concern is that any NAFTA agreement which is subsequently approved by the Congress be <u>speedily</u> and <u>effectively</u> enforced when Mexican violations are apparent. The track record of the Executive Branch over the last decade in speedily and effectively enforcing our trade agreements has not been reassuring, but Ambassador Carla Hills can reassure me and many other Members of Congress, and the citizens we represent, by continuing her current aggressive actions against violators of our existing trade treaties while these NAFTA negotiations are underway.

Therefore, as I told you Friday, since I realize very well how crucial a successful conclusion to the Uruguay Round really is, and how much importance President Bush attaches to NAFTA, I will set aside my concerns and doubts for the moment and support the extension of the Fast Track authority. Since I am the Co-chairman of the House Export Task Force and very active over the years on trade issues, and since I have been perhaps notable on raising questions about the long-term benefits of NAFTA to the U.S., the Administration and the House Republican Leadership can decide whether they want me to take a highly visible role in working for the approval of the extension of the Fast Track. If they do, I will.

The Honorable Manuel Lujan
May 13, 1991
Page 2

Again, Manuel, it's always a pleasure to see you and to share information and concerns with you. I always place a lot of faith in your good and practical judgment.

Best wishes,

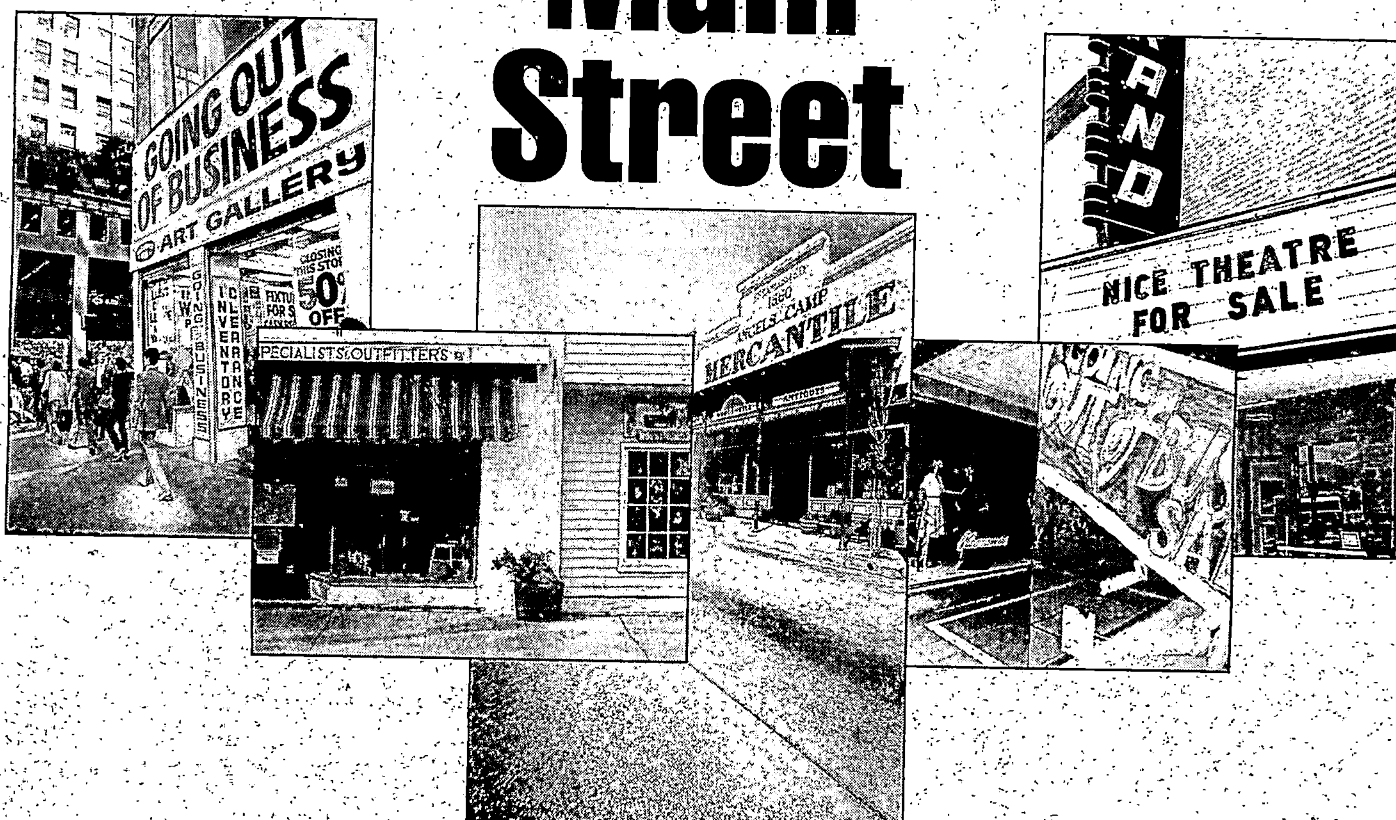
Doug

DOUG BEREUTER
Member of Congress

DB/s

cc: Honorable George Bush
Honorable Robert Michel
Honorable Carla Hills

# Fast-Track Doesn't Run Down Main Street




## How Does Fast-Track Help Small Business Back Home? It Doesn't.

A recession is raging on Main Street. Business is terrible. The folks on Main Street feel forgotten and ignored by their government's push for a "free" trade pact with Mexico and in the Uruguay Round.

Doc's Pharmacy. Acme Widgets. Oakridge Dairy Co-op. Southside Auto Parts. Lynne's Gifts 'n Gadgets. Bob's Bowl-a-Rama. Universal Tool and Die.

The names may be different where you live, but businesses in your district – the ones built and supported by local people and families over years and even generations – are hurting. They don't want a hand-out, they want to stay in business!

And in Washington, the big name lobbying groups pushing Fast-Track say it will help "business". Whose business? Not Main Street's.

Fast-Track won't help the folks back home. Fast-Track will give them "the business" while passing their business off-shore. Just check with your constituents on Main Street.

## Vote **YES** for Main Street, U.S.A. Vote **NO** to Fast-Track.

**American Alliance for Fair Trade**

LABOR, INDUSTRY AND AGRICULTURE WORKING TOGETHER TO SAVE AMERICAN JOBS.

1801 K Street, N.W. Suite 900
Washington, D.C. 20006
202 862-0517

IT'S TIME TO STOP TRADING AWAY THE U.S.A.

# REALITY!

## For People And The Environment, Fast Track Fails


Given the complexity of economic and political relationships between countries like the United States and Mexico, the reality is that trade involves much more than simply moving goods across borders.

One need only look at the U.S.-Mexico border to understand that trade—in today's terms—means environment, jobs, health and labor standards and much more. That's why these issues should be part of trade negotiations between these two countries.

If these issues aren't integral to the trade process, how do you explain an explosion of plants along the U.S.-Mexican border that exploit cheap wages and child labor and threaten the environment of the entire region ... a region TIME magazine recently reported to be "Love Canals in the Making."

There's a lot at stake here. And a lot of important issues are getting pushed aside in the fast track rhetoric.

This issue—and its long-term economic and political ramifications—deserves a lot more than a simple up or down vote by Congress.

Congress should reject fast track ... it's a shortcut to disaster.

AFL-CIO • 815 SIXTEENTH STREET, N.W. • WASHINGTON, D.C. 20006

U.S. - MEXICO TRADE NEGOTIATIONS

# PAIN!

## A Fast Track To Local Economic Hardship

What would fast track trade negotiations between the U.S. and Mexico really mean?

For local communities, the outlook could be bleak. Fast track would mean an acceleration of what we've already seen with the maquiladora plants—a stampede south to Mexico by employers enticed by hourly wages of less than $1 an hour.

The trend is already frightening. Two decades ago, 120 maquiladora plants employed 19,000 Mexican workers. Today there are 1,800 maquiladoras, with a workforce that has swollen to 500,000. American jobs are being soaked up at an alarming rate.

There's more to it than jobs heading south when corporate giants decide to pull up stakes in search of cheap labor. It's the economic pain left behind in local communities when the independent suppliers that once served those larger companies, and the small businesses that once served the local wage earners are caught in a fast track squeeze. In short, the whole community suffers.

There's a lot at stake here. And a lot of important considerations are getting glazed over in the fast track rhetoric. The reality is that there is going to be a lot of pain and hurt in an agreement between two countries whose economies are so radically different.

Doesn't Congress have an obligation to minimize the pain back home? Why not ask the small or independent businesses who would feel the pinch?

This issue—and its long-term political and economic ramifications—deserves a lot more than a simple up or down vote.

Congress should reject fast track... it's a shortcut to disaster.


AFL-CIO • 815 SIXTEENTH STREET, N.W. • WASHINGTON, D.C. 20006

World Wildlife Fund

News Release

FOR RELEASE: 1 May 1991
CONTACT: Lou Bayard
(202) 861-8312

THE CHIEF of STAFF
has seen

STATEMENT FROM KATHRYN S. FULLER

PRESIDENT OF WORLD WILDLIFE FUND

World Wildlife Fund (WWF) is encouraged by the Administration's environmental action plan, released today in connection with the U.S.- Mexico free trade negotiations. The plan's commitment to preserving and enhancing environmental protections in Mexico and at home, ensuring public participation, and its assurance that environmental issues will be integral to the trade negotiations reflect, we believe, the administration's recognition of the central importance of ecological well-being to the economic welfare of both nations.

The effective integration of trade and conservation policy promises to be as complex and time consuming as it is critical. WWF applauds this important first step and looks forward to working with trade negotiators in the months ahead.

1250 Twenty-Fourth Street, NW
Washington, DC 20037 USA
202/293-4800
Telex: 64505 PANDA
Cable: PANDA FUND

NATIONAL AUDUBON SOCIETY

For Immediate Release

NATIONAL AUDUBON HAS CAUTIOUS WELCOME FOR ENVIRONMENT ACTION PLAN AS PART OF U.S.- MEXICO FREE TRADE AGREEMENT

New York, May 1, 1991 -- National Audubon Society President Peter A.A. Berle today gave a cautious welcome to the environmental proposals made by the Bush Administration in conjunction with the North American Free Trade Agreement, a draft agreement being negotiated between the United States and Mexico.

"From our preliminary review of the environment action plan, it appears to cover Audubon's major concerns. We welcome the commitments made by the Bush Administration to strengthen environmental protection on both sides of the international border. Comprehensive implementation is now essential. We do not want to see U.S. companies set up business in Mexico to escape U.S. pollution laws and simply export air and water pollution.

"The Administration proposals are responsive to these concerns and embody a commitment that will not allow a weakening of U.S. environmental protection in favor of free trade. At the same time, we need to be sure that Mexican laws and standards are adequate to protect the health of the Mexican workers and the general health of the people and the environment there," Berle said.

The environment action plan lays out a framework to deal with environmental law enforcement, conservation and pollution and also commits the Administration to full public involvement in the review of the agreement.

"If the details of the agreement and the Administration's commitment confirm our initial review, then we would see no objection to "fast tracking" this agreement when the Administration goes to Congress for approval," Berle said.

"We will continue to push for strong measures to protect and conserve wildlife, forests and wetlands in Mexico. Furthermore, we want to see in the environmental review of this agreement a real and meaningful role for the non-governmental organizations in both countries. NGOs have the expertise to contribute to a workable and lasting agreement that protects the people and environment on both sides of the international border. We will do all we can to encourage NGOs in Mexico to work with their government to critically review the agreement, and we will be meeting with them this summer to exchange ideas."

For more information, contact:

Brooks Yeager or Fran Spivy-Weber in Audubon's Washington office at (202) 547-9009, or Graham Cox or Susan DeVico in the Public Affairs Office, New York at (212) 546-9200.

NRDC

Natural Resources Defense Council

# News Release

FOR IMMEDIATE RELEASE:
May 1, 1991

CONTACT: Justin Ward (202)624-9333
Glenn Prickett (202)624-9369

**NRDC Urges Environmental Protection Within North American Free Trade Agreement**

**Administration Proposal Called Positive Step in Need of Additional Environmental Enforcement and Review Measures**

The Natural Resources Defense Council (NRDC) today responded favorably to the Bush Administration's "action plan" for a North American Free Trade Agreement. The plan addresses environmental and social issues arising from proposed negotiations that could lead to greater economic integration between the United States, Mexico and Canada.

"The connection between trade and the environment is gaining long-overdue recognition," said NRDC Senior Resource Specialist Justin Ward. "We look forward to an agreement that embodies strong environmental protection measures."

Central to the Administration's plan are cooperative measures to combat pollution along the U.S.- Mexico border. Rapid, unplanned industrial development throughout the border region has caused extensive problems of air quality degradation, improper hazardous waste disposal, and contamination and depletion of water supplies. Economic development from a well-

(MORE)

1350 New York Ave., N.W.
Washington, DC 20005
202 783-7800

crafted free trade agreement could help provide Mexico the resources it needs to enforce environmental laws.

"The Administration's strategy represents a positive first step," said NRDC International Program Associate Glenn Prickett. "But a final agreement must contain stronger mechanisms to ensure that no country gains trade advantages through environmental abuse."

A forthcoming NRDC position paper will recommend creation of a multilateral environmental commission that would, among other functions, administer trade sanctions for environmental enforcement lapses, set requirements for emissions reporting and monitoring by polluting industry, enable citizen enforcement of pollution standards, ensure public participation, and conduct environmental impact assessment. NRDC has urged the U.S. government, pursuant to the National Environmental Policy Act (NEPA), to initiate comprehensive environmental impact analysis of the North American agreement.

"The time has come for trade agreements to follow the same environmental analysis and public participation requirements that govern other major federal actions," said NRDC Associate Elizabeth Barratt-Brown. "The NEPA process provides a valuable planning tool that will be critical to the success of the free trade agreement."

The action plan appears to foreclose weakening of U.S. standards for toxic substances. Environmental Protection Agency officials have stated that this country "will not agree to any

(MORE)

provisions that will inhibit our ability to protect the public health, food safety, and U.S. environmental standards."

"We are encouraged to see an expressed commitment to protecting this country's hard-fought pesticide standards, as well as some movement toward closing the 'circle of poison' that has enabled international trade in fruits and vegetables with hazardous toxic residues," said NRDC Senior Attorney Al Meyerhoff. "However, we will closely monitor future developments to guard against attempts at using the trade agreement as a means to preempt or weaken any state's or nation's pesticide laws."

###

The Nature Conservancy

1815 North Lynn Street
Arlington, Virginia 22209
(703) 841-5300
Telex: 510600 2960
Fax: (703) 841-1283

*John C. Sawhill*
*President and Chief Executive Officer*

DATE: 5/10/91

TO: Mike Deland

FROM: John Sawhill

We are transmitting 1 page(s) and this cover sheet. If you do not receive all the pages or need a retransmission please call 703/841-5332.

SPECIAL INSTRUCTIONS:

The Nature Conservancy believes strongly that economic growth is not incompatible with protection of our environment. We are happy that both the U.S. and Mexico are pledging to make an effort to promote both environmental and economic goals. We are particularly satisfied that the U.S. intends to include provisions to protect borderlands areas, to undertake conservation initiatives in Mexico, and to consult about environmental issues with non-governmental organizations.

GEPHAR14A

Resolution O.K.?
- Response to Resolution
unnecessary
not helpful - H.S.

FT

HLC

102D CONGRESS
1ST SESSION

H. RES. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. GEPHARDT (for himself and ______________________________ ______________) submitted the following resolution; which was referred to the Committee on ______________

RESOLUTION

Expressing the sense of the House of Representatives with respect to the United States objectives that should be achieved in the negotiation of ~~a North American Free Trade Agreement.~~ future trade agreements.

Whereas, a Uruguay Round outcome that achieves the negotiating objectives set forth by Congress in the 1988 Trade Act would be in the best interests of the United States;

Whereas a North American Free Trade Agreement (hereinafter in this resolution referred to as ``NAFTA'') that promotes economic growth would be in the best interests of the United States if it increases employment and enhances the international competitiveness of United States industries and workers;

Whereas serious concerns have been raised about the potentially adverse effects of a NAFTA unless it is accompanied by--

(1) adequate safeguards and protections for United States industries, farmers, and workers facing potentially increased competition from imported products, and

(2) a vigorous program of environmental protection and enforcement to ensure that trade liberalization takes place in a manner that enhances environmental protection;

Whereas it is essential to ensure the existence of an effective and adequately funded program which provides adjustment assistance to all dislocated United States workers who may lose their jobs as a result of a NAFTA;

Whereas through an exchange of letters, the President submitted to the Congress on May 1, 1991, an action plan (hereinafter in this resolution referred to as the ``Presidential response of May 1'') describing in detail the objectives the President will seek to achieve, within the NAFTA ~~basic agreement~~ itself and in parallel actions, in order to ensure that such industry, labor, and environmental concerns are ~~fully~~ addressed;

Whereas the congressional fast track procedures set forth in section 151 of the Trade Act of 1974 (providing for expedited consideration in the House and Senate of bills to implement trade agreements entered into under section 1102(b) or (c) of the Omnibus Trade and Competitiveness Act of 1988) will be extended so as to apply with respect to trade agreements entered into during the 2-year period occurring after May 31, 1991, and before June 1, 1993, unless a resolution disapproving the extension is adopted by either the House of Representatives or the Senate before June 1, 1991;

From '74 Act

Whereas the extension of such fast track procedures depends upon the existence of a cooperative, bipartisan working relationship between the Congress and the executive branch in which the full range of interests and concerns relating to the negotiation and implementation of trade agreements can be considered and resolved in a manner that best serves the national economic interest; and

Whereas such fast track procedures were enacted by the Congress as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such are deemed a part of the rules of each House, with the full recognition of the right of either House to change the rules (so far as relating to the procedures of that House) at any

From Trade Act of 74

time, in the same manner and to the same extent as any other rule of that House: Now, therefore, be it

*Resolved*, That it is the sense of the House that--

(1) on the basis of the Presidential response of May 1, including the commitments therein to address issues relating to environmental protection, health and safety standards, labor and industry adjustment (including worker adjustment assistance), and worker rights, and on the expectation that the commitments set forth in that response will be carried out, the fast track procedures, as set forth in section 151 of the Trade Act of 1974, should be extended;

(2) in order to implement fully the Presidential response of May 1, and to maximize the potential for reaching agreements in the overall best economic interests of the United States--

(A) the United States Trade Representative and other appropriate officials in the executive branch shall consult closely ~~on a regular basis~~ throughout the course of the negotiations on a NAFTA as w/ the U.R., with Members of Congress, including the Committee on Ways and Means in the House, the Committee on Finance in the Senate, any other appropriate committee of jurisdiction in the House and the Senate, and with the Speaker-appointed Chairmen's Advisory Group on

regarding the status of the negotiations and progress in achieving the objectives set forth in the President's response of May 1 trade negotiations,

(B) the United States Trade Representative and other appropriate officials in the executive branch shall consult extensively with, and seek the views and advice of, ~~all~~ interested parties in the private sector throughout the course of the negotiations,

(C) the President shall--

redundant (A)

reservation

~~(i) report to the Congress periodically on progress being made to achieve the objectives set forth in the President's response of May 1, and~~

(ii) as early as practicable, but no later than the date of his notice of intention to enter into a NAFTA, submit a full report to the Congress indicating the extent to which satisfactory progress has been made in achieving such objectives, and

(D) the reports required under section 135(e)(1)(2) of the Trade Act of 1974 of the Labor Policy Advisory Committee, the Industry Policy Advisory Committee, and other ~~appropriate~~ policy, sectoral and functional advisory committees where appropriate with respect to a NAFTA shall include an assessment as to whether and to what extent satisfactory progress has been made in achieving the objectives set forth in the Presidential response of May 1;

(3) ~~a NAFTA~~ Any trade agreement negotiated by the Administration should seek to achieve the applicable negotiating objectives set forth in section 1101 of the

Omnibus Trade and Competitiveness Act of 1988, in particular--

(A) to eliminate tariff and nontariff barriers and other trade distorting measures, including the barriers cited in the ~~1991~~ National Trade Estimates Report on Foreign Trade Barriers,

(B) to ensure adequate and effective intellectual property rights protection and enforcement, ~~in Mexico,~~

(C) to eliminate barriers to trade in services, ~~in Mexico,~~

(D) to liberalize conditions for investment ~~in Mexico~~, and

(E) to include effective mechanisms for the periodic review of the operation of the agreement and for consultations and dispute settlement;

(4) a NAFTA must provide strict rules of origin and enforcement measures to ensure that the benefits of the agreement accrue only to the parties thereof, foster job creation within North America, and effectively preclude the granting of benefits to articles transshipped from, or subject merely to minor operations in, third countries;

(5) a NAFTA must permit the United States--

(A) to maintain strict health and safety standards and their enforcement with respect to imports of agricultural commodities ~~from Mexico,~~

(B) to provide sufficiently lengthy transitional and adequate safeguard measures to minimize industry and worker dislocations and to remedy the effects of injurious increases in imports, and

(C) to maintain United States laws against injurious subsidies, dumping, and other unfair trade practices;

(6) implementation of a NAFTA must be accompanied by an effective worker adjustment program, developed by the Administration and the Congress, that is adequately funded and ensures that workers who may lose their jobs as a result of ~~NAFTA~~ such agreement will receive prompt, comprehensive, and effective services, either through a new program or improvement or expansion of an existing program;

~~[Insert A — see attache~~

(7) in ~~carrying out~~ the objectives of the

(7) in carrying out the objectives of the Presidential response of May 1 relating to environmental protection, the President should seek to develop, ~~in consultation with the Mexican Government~~--

(A) a joint program to address border environmental problems related to air and water pollution, hazardous waste, chemical spills, and pesticides, and

~~(B)~~ enforcement ~~mechanisms to carry out such program~~.

Mexican Government to ensure that the progress made by that government in curbing human rights abuses is continued; and

and its trading partners

(9) cooperation between the United States and ~~Mexico~~ and its trading partners on antinarcotics efforts should continue to improve as a high policy priority of both countries.

– Do we want to keep this

FT

THE WHITE HOUSE

WASHINGTON

May 7, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER B. PORTER RBP

SUBJECT: Assessing our Trade Strategy

With transmittal of your action plan last week, the struggle for fast track extension is fully engaged. While we must guard against overconfidence, there are encouraging signs that we will prevail. Under these circumstances, it is appropriate to begin to consider how the Administration should pursue its long-term trade strategy and objectives, using the perspective of the fast track.

Assessing our Trade Strategy to Date

Your Administration's trade strategy has embodied three principal themes:

1. The multilateral trading system is key to U.S. and global economic prosperity.

The centerpiece of our strategy has been strengthening and broadening the GATT through a successful Uruguay Round. It is beyond question that an open multilateral trading system has been one of the engines of post-War global economic prosperity. A strong multilateral system will also help to maintain U.S. access to key growth markets in Europe and Asia.

While the Uruguay Round is now deadlocked, the United States has won respect in the world trading community by insisting on a substantive outcome. We have forced the European Community to reassess its approach to agriculture reform, and built credibility among many third world countries and U.S. farm and business groups.

2. Regional trade initiatives can constructively support the multilateral system.

Some trade experts are concerned that the current trend toward regional trading arrangements threatens the multilateral trading system. These experts fear that regional blocs will raise barriers against outsiders, inhibiting the worldwide flow of goods and services.

While you have begun North American free trade agreement (NAFTA) negotiations, launched the Enterprise for the Americas Initiative, and supported the European Community's 1992 initiative, our key premise is that these regional arrangements can complement the multilateral system by reducing trade barriers at a faster pace among participants and creating new opportunities for outsiders. To realize these benefits, however, it is important to ensure that regional arrangements in the Americas, Europe, and Asia remain non-discriminatory and open to outsiders.

3. <u>The Administration is committed to aggressively challenging unfair trade barriers</u>.

Using the leverage provided in existing trade laws, such as Super 301, you have aggressively challenged unfair foreign barriers to American goods, services, and investment.

Ambassador Hills has worked skillfully to open markets without damaging our broader multilateral trade objectives or our bilateral relationships with Japan, the EC, Korea, and other key allies and trading partners. Bilateral negotiating processes, such as the U.S.-Japan Structural Impediments Initiative (SII), have also been fashioned to resolve sensitive trade complaints. Your success in implementing U.S. trade law and dealing resolutely with unfair trade barriers has given you credibility with Congress and the U.S. business community, and scope to pursue your long-term multilateral and regional trade agenda.

<u>Perceptions</u>

Your Administration is perceived, both in the United States and abroad, as firmly committed to open markets, but also capable of finding practical solutions to trade problems. Your decision in September 1989 to seek an end to special rules for steel trade represented a careful blending of principle and practicality. Our credibility was greatly increased last December by your decision to end the GATT Ministerial meeting in Brussels when it became clear that the basis for a meaningful outcome of the Uruguay Round did not yet exist.

You have also gained support in the Congress because of your efforts to revive and strengthen the tradition of bipartisan cooperation on trade issues. In the process, your clear personal commitment to our trade strategy has been a major asset.

Future Directions

Assuming that we prevail on fast track extension, it is important to fashion a strategy for using our negotiating authority over the next two years.

1. There are two windows during which Congress may be more likely to approve the results of the Uruguay Round and NAFTA negotiations.

It may be counterproductive to seek Congressional approval of a controversial trade agreement during the months immediately preceding the 1992 elections. Thus, there are two windows for concluding agreements that will be subject to the fast track procedures. The first window closes at or soon after the end of this year. The second window opens in mid-November 1992 and closes on June 1, 1993, when the fast track expires.

Ideally, we can complete the Uruguay Round by the end of this year. This depends largely on whether the European Community is prepared to make sufficient reforms in its Common Agricultural Policy (CAP). My meeting last week with EC Agriculture Commissioner MacSharry was ambiguous on this score. He argued that political realism requires the U.S. to accept the minimalist agricultural package that the EC offered in Brussels, although he also indicated that the EC will shortly begin considering fundamental reform of the CAP. By the London Economic Summit, it should be clear whether there is the basis for a political commitment to complete the Round by the end of this year. If not, it may be difficult to sustain interest in the GATT talks. The terms of EC President Delors and Commissioners Andriessen and MacSharry end on December 31, 1992, an additional reason for finishing this year.

During the fast track debate, our position on the timing of the NAFTA negotiations has shifted. Instead of our earlier goal of completing negotiations by the end of this year, we have agreed to take the time needed to reach a good agreement. We need to decide soon on the best timeframe for finishing NAFTA negotiations and seeking Congressional approval of the results. Based on the diversity and intensity of views during the fast track debate, these negotiations will not be quick or simple. They also are likely to remain politically charged.

Over the next eighteen months, we need to respond to interest from Chile, Venezuela, and others in negotiating free trade agreements under the Enterprise for the Americas Initiative (EAI). Latin America's interest in EAI is encouraging. As a practical matter, however, we may need to complete the NAFTA before beginning additional free trade talks.

2. <u>Support for our trade strategy will depend importantly on continued successful handling of bilateral concerns</u>.

By June 3, a decision must be made on extension of MFN treatment for the Soviet Union and China. While the U.S. business community supports MFN and would prefer to separate trade and human rights, there is discomfort with the lack of progress on intellectual property and efforts by the Chinese Government to improve its trade balance by restricting imports. Our large ($11 billion) and growing bilateral trade deficit with China is sure to be a factor in Congress' debate over MFN.

Bilateral issues with Japan continue to need steady attention. U.S. pressure on SII must be maintained, despite Japan's inclination to let it fade away. It is important for the Administration's credibility on U.S.-Japan trade that SII yield concrete and identifiable improvements in U.S. access to Japan's market.

The European Community (EC) is likely to become even more preoccupied with internal affairs as 1992 approaches. During this period, we must be alert to preserving U.S. access to the EC market. At the same time, we must ensure that the EC recognizes and fulfills its broader international economic responsibilities, especially with respect to the Uruguay Round and support for Eastern European recovery.

3. <u>We must aggressively link our trade strategy to our growth agenda</u>.

In your May 1 remarks to the Society of Business Editors and Writers, you put our trade strategy in the context of "our vision for a strong and vibrant American economy". It is important that Americans see open markets as part of our strategy of investing in the future to assure higher incomes and better jobs for their children and grandchildren in the next century.

The Heritage Foundation
214 MASSACHUSETTS AVENUE, N.E.
WASHINGTON, D.C. 20002
Telephone: (202) 546-4400
Fax: (202) 544-2260

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5/9/91 Number 160

# THE CASE FOR RENEWING CHINA'S TRADE STATUS

(Updating Asian Studies Center *Backgrounder* No.104, "Washington's Agonizing Decision: To Extend or Revoke China's Most-Favored-Nation Status," May 8, 1990.)

The Washington-Beijing relationship is beset by problems. The People's Republic of China's 1990 trade surplus with the United States was $10.4 billion, up $4.2 billion from 1989, and could leap to $15 billion by the end of this year. This would make the U.S. deficit with China greater than with any country except Japan. The trouble with the mushrooming trade deficit with China is that there is a growing feeling that it is caused in part by Beijing's refusal to open China's markets fully to American goods. To make matters worse, the Chinese refuse to protect U.S. patents and copyrights, and apparently use prison labor to lower the price of their exports. Then there is significant evidence that the Chinese are peddling missiles and nuclear technology to Algeria, Pakistan and other Third World customers in defiance of multilateral efforts to ban such sales. And Beijing has yet to make a full accounting of what has happened to the pro-democracy demonstrators arrested after the 1989 Tiananmen Square massacre.

It is in this environment that George Bush will be challenged to decide by June 3 whether to renew China's most-favored-nation (MFN) trading status. Such status, granted to China in 1980 and approved annually since then, gives Chinese goods exported to the U.S. the same tariff treatment as that received by the some 180 other nations to which Washington accords MFN status, including Iraq and Syria and a host of other unpleasant regimes.

Equal Treatment. Although the expression "most-favored-nation" suggests that a country is accorded special trading privileges, the term actually means something quite different. Specifically, a country that receives MFN status merely is entitled to those trade benefits and concessions granted to any other MFN country. MFN thus confers no special trading status; it simply treats all MFN recipients equally.

Generally, MFN is a permanent status. The only exceptions are communist countries which, under the Trade Act of 1974, either annually or semi-annually must seek renewal. Specifically, Title 4 of the Act, known as the Jackson-Vanik Amendment, named after the late Senator Henry M. Jackson of Washington and former Representative Charles A. Vanik of Ohio, both Democrats, states that MFN status can be given to "non-market economies" if their countries permit substantially free emigration of their citizens. The law works like this: If the President wants to extend MFN status he must either certify to Congress that the country under consideration is not in violation of the Amendment's human rights criteria or waive the criteria for the country involved on an annual basis because such a move would "substantially promote the objectives" of Jackson-Vanik. Once George Bush certifies that China over the past year has allowed free emigration, Congress effectively has ninety days to approve or disapprove China's MFN status. Their vote is then subject to presidential veto.

America's problems with China thus fall into two categories -- the economic and the political. Washington should deal with them accordingly: economic problems should be addressed with economic mechanisms; political problems with political ones.

**Trade Retaliation.** If Beijing refuses to assure copyright, patent and trademark protection to American business, for instance, then China should be identified under the 1988 Omnibus Trade and Competitiveness Act as a so-called "priority" country that has established "systematic" barriers to U.S. exports. This law sets procedures for dealing with unfair "priority" foreign trade practices through trade retaliation. The Bush Administration, in fact, on April 26 cited China as a "priority" nation for pirating U.S. copyrights and patents.

Conversely, the current political problems in the Sino-American relationship should be addressed through political mechanisms. China's continuing human rights abuses in Tibet, its likely use of some prison labor to manufacture goods for export and its sales of advanced weapons to dangerous nations should elicit vigorous condemnation from the highest levels of the U.S. government. Under Secretary Robert Kimmitt, the State Department's third-ranking official, traveled to China this week to convey U.S. dismay over Beijing's trade practices and human rights violations. Even tougher American political and diplomatic actions against China may be warranted by Beijing's transgressions.

What is not warranted is mixing the economic and political issues. China no more should be punished economically for its unacceptable political actions than Japan should be exempted for political reasons from economic punishment for its unacceptable economic actions against American products.

If Beijing violates the Jackson-Vanik amendment's "freedom-of-emigration" provision, then China's MFN status should be revoked. Otherwise, the issue should be subject to the same considerations by which Washington has deemed it proper to extend MFN to 180 other nations.

Other factors also argue against ending China's MFN status. To do so would:

- Dramatically raise duties on Chinese exports to America and thus hike the prices that working class and other Americans pay for these goods. Products from China now account for one-third of the American toy market, 10 percent of the American footwear market and 15 percent of the imported American apparel market.
- Cost the export industries of South China up to two million jobs. It is this area in which the free market and pro-democratic forces are strongest. Ending MFN thus would penalize those Chinese whom American policy ostensibly seeks to help.
- Reduce China's access to hard currency, further squeezing Beijing's ability to service its $45.8 billion international debt.
- Close Chinese markets to American exporters. Last year, U.S. exports to China totaled $4.8 billion. Among the biggest American losers would be wheat growers, whose 1990 sales approached $1 billion; commercial aircraft manufacturers, for whom China has become a dependable $500 million a year market; and phosphate fertilizer manufacturers, who consistently sell one-sixth of their entire annual output to China.
- Create enormous new problems for Hong Kong at a time when the colony can least afford anything that undermines confidence in its future. Some 70 percent of American imports from China are shipped through Hong Kong. As Hong Kong's largest foreign market and one of its principal investors, U.S. interests lie in a politically assured and economically healthy

Hong Kong. Uncertain about their future, 60,000 Hong Kong citizens leave the territory each year. Denying China MFN status may well speed the exodus.

- Increase Beijing's dependence on arms sales for cash. Cutting off American markets to Chinese goods could force Beijing to rely even more on the international weapons market for hard currency.
- Threaten to abandon the China market to the Japanese, the Europeans and others who automatically give China MFN status.

Almost two years after the violence in Beijing, Washington policy makers confront a recalcitrant, unapologetic and defiant China. A long and potent list of U.S. grievances daily increases. In such light, it is emotionally easy to make a case for punishing Beijing. If so, then appropriate punishment should be sought, and inflicted. Yet ending China's MFN status is not appropriate. If it is, then Washington must review the domestic political behavior of scores of other countries and prepare to revoke their U.S. MFN status. To end MFN for mainland China, moreover, barely will pinch Beijing's aging leaders who are the authors of the repression. Instead, it will hurt reformers in China, consumers in America and deal a heavy blow to Hong Kong.

Washington should recognize this. It should separate the economic and political issues at stake. And then it should conclude that there are no grounds for revoking U.S. MFN trade status for China.

Andrew B. Brick
Policy Analyst