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1998-0004-F[2]; 2003-1388-F

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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

OA/ID Number: 29174
Folder ID Number: 29174-003

Folder Title:
Uruguay Round 1991

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

| Doc. No. / Type | Subject/Title | Date | Restriction | Classification |
|----------------------|--|--------------------|-------------------|----------------|
| 01. Letter | From Ruud Lubbers to POTUS Re: GATT Talks [SENT FOR AGENCY REFERRAL] (3 pp.) | 11/15/91 | (b)(1) | |
| 02. Memo | From Stephen Farrar and Warren Maruyama to Roger Porter Re: Uruguay Round Subsidies Negotiations (2 pp.) | 11/18/91 | (b)(1) | C |
| 03. Memo | From Nicholas F. Brady to POTUS Re: Uruguay Round (3 pp.) | 7/3/91 | (b)(1) | S |
| 04. Memo | From Roger Porter to John Sununu Re: Timing of Uruguay Round and U.S.-Mexico Negotiations (2 pp.) | 7/1/91 | P 5 | |
| 05a. Memo | From Ede Holiday to POTUS Re: Uruguay Round [SENT FOR MANDATORY REVIEW] (1 pp.) | 6/12/91 | (b)(1) | C |
| 05b. Memo | From Carla A. Hills to POTUS Re: Last Week's Trip to Europe [SENT FOR MANDATORY REVIEW] (1 pp.) | 6/11/91 | (b)(1) | C |
| 05c. Memo | From Ede Holiday to POTUS Re: Uruguay Round [SENT FOR MANDATORY REVIEW] (1 pp.) | 6/12/91 | (b)(1) | C |

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WHORM Cat.:
File Location: Uruguay Round 1991

Pinksheet Number: KO0935
OA/ID Number: 29174-003
Date Closed: 1/5/2005
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

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|------------------------------|---|--------------------|-------------------|----------------|
| 05d. Memo | From Carla A. Hills to POTUS Re: Last Week's Trip to Europe [SENT FOR MANDATORY REVIEW] (1 pp.) | 6/11/91 | (b)(1) | C |
| 06a. Memo | From Carla Hills Re: Negotiating the NAFTA [SENT FOR MANDATORY REVIEW] (2 pp.) | 6/17/91 | (b)(1) | C |
| 06b. Outline | Negotiating Groups [SENT FOR MANDATORY REVIEW] (1 pp.) | n.d. | (b)(1) | |
| 06c. Timeline | NAFTA and Parallel Cooperation Efforts [SENT FOR MANDATORY REVIEW] (3 pp.) | n.d. | (b)(1) | |
| 07a. Outline | From Carla Hills Re: Uruguay Round Strategy [SENT FOR MANDATORY REVIEW] (4 pp.) | 6/17/91 | (b)(1) | C |
| 07b. Attachment 1 | Action Plan Uruguay Round Negotiations [SENT FOR MANDATORY REVIEW] (2 pp.) | n.d. | (b)(1) | C |
| 07c. Attachment 2 | Key Contacts [SENT FOR MANDATORY REVIEW] (4 pp.) | n.d. | (b)(1) | C |
| 08. Memo of Conversation | From Roger B. Porter Re: Meeting with European Agriculture Commissioner Ray MacSherry [SENT FOR MANDATORY REVIEW] (4 pp.) | 5/6/91 | (b)(1) | C |

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| 09a. Memo | From Ede Holiday to POTUS Re: Uruguay Round [SENT FOR MANDATORY REVIEW] (1 pp.) | 2/21/91 | (b)(1) | C |
| 09b. Memo | From Carla A. Hills to POTUS Re: Uruguay Round: Reason for Optimism [SENT FOR MANDATORY REVIEW] (1 pp.) | 2/20/91 | (b)(1) | C |
| 10. Outline | Discussion Paper: Expiration Of Fast-Track (9 pp.) | n.d. | (b)(1) | C |
| 11a. Memo | From Ede Holiday to POTUS Re: Uruguay Round (1 pp.) | 1/30/91 | (b)(1) | S |
| 11b. Memo | From Carla A. Hills to POTUS Re: Meetings with the EC on the Uruguay Round (2 pp.) | 1/28/91 | (b)(1) | S |
| 12a. Note | From Phillip D. Brady to Ede Holiday Re: attached memo (1 pp.) | 1/31/91 | (b)(1) | S |
| 12b. Memo | From Ede Holiday to POTUS Re: Uruguay Round (1 pp.) | 1/30/91 | (b)(1) | S |
| 12c. Memo | From Carla A. Hills to POTUS Re: Meetings with the EC on the Uruguay Round [with handwritten annotations] (2 pp.) | 1/28/91 | (b)(1) | S |
| 13. Notes | Handwritten notes on Uruguay Round (1 pp.) | n.d. | P-5 | |

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|--|---|-----------------|-------------------|----------------|
| 14. Paper | Uruguay Round (2 pp.) | 12/19/90 | P-5 | |
| 15. Chart | Possible Scenarios for EC Negotiations (1 pp.) | n.d. | P-5 | |
| 16a. Memo | From Brent Scowcroft Re: Meeting on the Uruguay Round, November 28, 1990 3:00 pm (3 pp.) | 11/28/90 | (b)(1) | (S) |
| 16b. Talking Points Meeting On The Uruguay Round (2 pp.) | | n.d. | (b)(1) | (S) |
| 16c. List | Participants (1 pp.) | n.d. | (b)(1) | |
| 17. Report | France: Benefits from the Uruguay Round (1 pp.) | n.d. | P-5 | |

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| Re-review Case #: 2005-0426-S | Appeal Disposition: |
| P-2/P-5 Review Case #: | Disposition Date: |
| AR Case #: 1998-0004-F (11) | MR Case #: |
| AR Disposition: Denied in Full | MR Disposition: |
| AR Disposition Date: 12/18/1998 | MR Disposition Date: |

RESTRICTION CODES

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

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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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)]

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THE WHITE HOUSE

WASHINGTON

November 18, 1991

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 12/1/23

MEMORANDUM FOR ROGER B. PORTER

FROM: STEPHEN P. FARRAR *SPF*
WARREN MARUYAMA *WM*

SUBJECT: Uruguay Round Subsidies Negotiations

As discussed, we have been working with USTR on the industrial subsidies portion of the Uruguay Round negotiations. With pushes from both President Bush and Dutch Prime Minister Lubbers to resolve differences on agriculture in the next few weeks, we can expect pressure to build rapidly to resolve other outstanding Uruguay Round issues. The subsidies issue will be a critical part of the final package.

The Fundamental Trade-Off

Since 1986, the Uruguay Round negotiators have been contemplating a fundamental trade-off in GATT subsidies discipline. The United States is attempting to restrict for the first time the ability of governments to provide domestic industrial subsidies. In return, the foreigners are seeking new constraints on U.S. countervailing duty (CVD) actions against subsidized imports.

Prospects

While major improvements in international subsidies discipline appeared unlikely five years ago, it may now be possible to reach agreement that domestic subsidies exceeding certain thresholds, e.g., 5 percent, would be presumptively GATT-illegal. This change would protect U.S. industry against subsidized foreign competition, and in addition could reduce the pressure in the U.S. for major industrial bail-outs.

In return, the foreigners want to exempt certain subsidies -- regional, research and development, environmental, and structural adjustment subsidies -- from CVD actions, subject to agreed terms and conditions. For example, environmental subsidies that qualify for exemption must be generally available to all firms, non-recurring, provide no production benefit, and not exceed 20 percent of cost.

This proposal for exempting certain categories of permitted subsidies involves risks: There will be opposition to weakening our CVD law; and permitting certain subsidies in GATT could generate pressure in the U.S. for matching

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assistance. In our view, however, a significant improvement in GATT subsidy disciplines is worth pursuing, even if it involves certain risks. The alternative is to steer toward a minimalist agreement that involves modest changes in the current GATT rules.

Proposed Next Steps

If we decide to explore a far-reaching GATT trade-off, USTR needs guidance on categories of subsidies that could be exempted from CVDs. We believe that the U.S. should show some flexibility on three types of subsidies: regional, R&D, and environmental.

- Since the U.S. already provides certain regional and R&D subsidies, these categories are logical candidates for exemptions, particularly if there is agreement on credible conditions and a cap on the maximum level of subsidy, e.g., 2 percent.
- We should consider exempting certain environmental subsidies by less developed countries (LDCs). This change could help win support of environmentalists for Congressional approval of the Uruguay Round package. It could also win the U.S. some credit internationally (notably at the UNCED Rio meeting in June) at a minimal price. Since most LDCs are far behind on environmental protection, the change is unlikely to pose much of a threat to U.S. industry.

In our view, a significant improvement in the international discipline on industrial subsidies can be obtained in exchange for modest flexibility in some areas. We recommend that USTR be authorized to begin exploring possible outcomes to the subsidies negotiations based on the concepts outlined above. We will continue to work closely with USTR throughout the negotiations to ensure that each potential area for exemption is appropriately constrained.



RECEIVED

'JUL - 8 1991

Send copies
F.Y.I. to
Gov. Sumner
Gen. Secour

Andy
7/8/91

July 2, 1991

Dear Andy;

Your respective bosses are about to take off for the London Economic Summit. I think it is going to be an interesting occasion.

France is becoming an increasing problem for the United States, mainly in the trade arena, but also in the regional defense issue. Mitterrand's party has an election coming along next year or so, and his narrow political instincts will argue for a typical "to hell with you" posture. If he manages to play this game successfully, you can kiss the Uruguay Round good by, say hello to an independent European defense force unconnected to the existing broader defense arrangements, and start the ball rolling toward a new multi polar economic and defense arrangement that will sow the seeds for major turmoil in the next century.

In years past, I have had some experience in dealing with the French on issues where they have taken an independent and anti U.S. position. I have discovered that the French do not respond to polite requests. Neither do they respond to public demands. They respond only to a quiet but very firm and very concrete threat that impacts an interest that they care about. Right now, France wants to have its cake and eat it too on the trade front. They wish to appear to be the friend of the third world but at the same time torpedo the trade round that would be helpful to that same constituency. Take Taiwan. Right now, there are two massive projects that the French are interested in: a high speed rail system, and a nuclear power plant. The French say that they are in favor of having Taiwan enter GATT, and are acting as Taiwan's most visible sponsor. In return, they are claiming political rights to these two big projects.

We are not without clout in Taiwan, if we choose to exercise it. Nor are we without reach in other third world markets of interest to the French. The French do not hesitate to paint us with dark colors in their efforts to expand their commercial interests in individual countries. Perhaps the time has come to have STR carefully review current major French trade interests, and then map a U.S. campaign to deprive France of some very important contracts. Perhaps the President should tell Mitterrand at a private meeting that if France successfully obstructs a Uruguay Round, that he can expect from the United States a major response that will cost France in the end more than France will gain by killing the round. He will want to be prepared to talk about potential U.S. steps, or perhaps better, dispatch a surrogate to deliver the more detailed message, after he delivers the general message.

THE WOODROW WILSON CENTER



We have very big fish to fry at this point. You will find many of my former colleagues at the French desk arguing against such measures because they know that the dust will fly, and State always likes to avoid confrontations when it can.

The truth is that I don't much like confrontations either. But sometimes they are unavoidable. If we don't have a successful confrontation with the French now, we will all regret it ten or twenty years from now when we have to live with the consequences of today's drift.

Sincerely;

A handwritten signature in black ink, appearing to read 'Dick', written in a cursive style.

Richard McCormack

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

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THE WHITE HOUSE

WASHINGTON

July 1, 1991

AC/ER

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: Timing of Uruguay Round and U.S.-Mexico
Negotiations

The recent meetings chaired by Secretary Brady have left open the question of whether to push to complete the Uruguay Round and/or the North American free trade agreement (NAFTA) during 1992. The resolution of this question has important political and trade policy implications. We should attempt to resolve it before the London Economic Summit.

USTR wants to finish the Uruguay Round by the end of the year, although much depends on the European Community's ability to move on agriculture. We have tentatively agreed with Canada and Mexico to aim to finish the NAFTA by the end of the year. However, we also committed during the fast track debate to take the time necessary to reach a good agreement.

The extension of the fast track procedures gives us until June 1, 1993 to finish both the Uruguay Round and the NAFTA negotiations. Under the fast track, Congress has 90 legislative days to vote up-or-down on an Administration implementing bill. This translates into about 6 months in real time. This means that, if a NAFTA or Uruguay Round agreement is reached in December 1991 or in the first few months of next year, Congressional consideration of the implementing bill would take place during the 1992 Presidential and Congressional campaigns. We need to consider the timing and sequence of the two negotiations:

- Uruguay Round. With bipartisan cooperation from the leadership, it should be possible to secure Congressional approval of a solid Uruguay Round agreement during 1992, assuming the Europeans come through on agriculture. The fast track debate showed that the Uruguay Round has broad support. From a political perspective, the principal opponent of a GATT agreement is the textile industry. (The President opposed textile quotas in 1988.) The other important consideration is import-sensitive farm commodities (dairy, sugar, and peanuts).
- NAFTA. In contrast, seeking Congressional approval of the NAFTA during an election campaign could be extremely risky. While we won the fast track extension, the margins

were relatively close, particularly in the House. The agreement will face strong labor union opposition. Proximity to the elections will complicate the task of securing cooperation from the Democratic leadership.

Before a decision is made on timing, it might be useful for the President to seek the advice of Senator Bentsen and Chairman Rostenkowski, perhaps in a small Oval Office meeting. If there is bipartisan agreement that the Congress is prepared to consider a solid Uruguay Round agreement, the President would be in a strong position at the London Summit. He could tell the Europeans that he has consulted Congressional leaders and obtained agreement that a good package is more important than timing. This would help persuade those in the EC who persist in believing that the United States will accept a minimalist package in order to finish the Uruguay Round by the end of the year and keep the issue out of the 1992 election.

I believe we can avoid the Uruguay Round becoming a partisan issue. From a political perspective, the President has been highly successful on trade policy. He has defused the trade issue and in fact converted it into a positive for the Republican Party. There is increasing appreciation that U.S. exports are rising, that we are internationally competitive, and that open markets are important for future U.S. economic growth. It is difficult to see how Gephardt or any other Democrat could gain politically next year by advocating protectionism and opposing a solid agreement in the Uruguay Round.

6-23-91

Brent/John S/EDE

Re: Meeting on Trade 'rounds'

Yes, I think we should have the kind of meeting visualized here.

GB

cc: Sec Brady

GEORGE BUSH

THE CHIEF of STAFF
has seen

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THE WHITE HOUSE

WASHINGTON

91 JUN 12 PM 12:12

June 12, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY *EH*

SUBJECT: Uruguay Round

CH
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Ambassador Hills is sending you the attached report on her Uruguay Round discussions at the OECD Ministerial in Paris last week.

Secretary Brady has discussed with Ambassador Hills the need for Cabinet-level consideration of our Uruguay Round strategy. Secretary Brady has indicated to me that once you have heard from Carla on the OECD he would like in the next several weeks to convene a small meeting with her and other Cabinet colleagues to discuss our approach in the Uruguay Round.

Attachment

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2008-0213-MR
7/21/09 *JK*

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

MEMORANDUM FOR THE PRESIDENT

JUN 11 1991

FROM: Carla A. Hills *CAH*
SUBJECT: Last Week's Trip to Europe

On Saturday, I returned from a week in Europe. In Paris I attended the OECD Ministerial, where our delegation was very ably led by Nick Brady, and I met with government and business leaders. I also met with government and business leaders in London and Bonn. The primary focus of all my meetings was the Uruguay Round.

At the OECD Ministerial, the general tone of discussions on the Round was positive. We made clear that the successful conclusion of the Round remains a top U.S. priority. We declined to set an explicit deadline for the Round that could force inadequate results, stressing that real results should create the deadline. Toward that end, we proposed an action plan whereby the technical work in key areas of the Round would be completed by the end of July. Our aim is to achieve tangible benefits in terms of increased market access for manufactured goods, services, government procurement, and agriculture, in order to ensure the participation of a broad range of countries and political support at home. We persuaded Canada, Australia, New Zealand, Switzerland, and the Netherlands to exert pressure in the coming weeks on the EC, the Latins, and the Southeast Asians to move the negotiations.

The LDCs still will not negotiate in all areas of the Uruguay Round unless there is progress in agriculture. In part, this progress hinges on the EC's internal reform of the Common Agricultural Policy (CAP). The EC Commission plans to have a first draft of CAP reform available for discussion by the end of June. In addition, GATT Director-General Dunkel plans by late June to table a paper designed to narrow the options for achieving agricultural reform in the Round. Despite this activity, German officials cautioned us that the EC may not be in a position to deal constructively with agriculture until September or October.

It may be useful for a small group of us to discuss with you the prospects for the Round before the Economic Summit in July.

Classified by: *CAH*
Declassify on: OADR

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PER E.O. 12958,
AS AMENDED
2008-0213-MR
① 5/25/10

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THE WHITE HOUSE

WASHINGTON

91 JUN 12 PM 12:12

June 12, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY *EA*

SUBJECT: Uruguay Round

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Secretary Brady has discussed with Ambassador Hills the need for Cabinet-level consideration of our Uruguay Round strategy. Secretary Brady has indicated to me that once you have heard from Carla on the OECD he would like in the next several weeks to convene a small meeting with her and other Cabinet colleagues to discuss our approach in the Uruguay Round.

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AS AMENDED
2008-0213-MR
7/21/09 *32*

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

MEMORANDUM FOR THE PRESIDENT

JUN 11 1991

FROM: Carla A. Hills *CAH*
SUBJECT: Last Week's Trip to Europe

On Saturday, I returned from a week in Europe. In Paris I attended the OECD Ministerial, where our delegation was very ably led by Nick Brady, and I met with government and business leaders. I also met with government and business leaders in London and Bonn. The primary focus of all my meetings was the Uruguay Round.

At the OECD Ministerial, the general tone of discussions on the Round was positive. We made clear that the successful conclusion of the Round remains a top U.S. priority. We declined to set an explicit deadline for the Round that could force inadequate results, stressing that real results should create the deadline. Toward that end, we proposed an action plan whereby the technical work in key areas of the Round would be completed by the end of July. Our aim is to achieve tangible benefits in terms of increased market access for manufactured goods, services, government procurement, and agriculture, in order to ensure the participation of a broad range of countries and political support at home. We persuaded Canada, Australia, New Zealand, Switzerland, and the Netherlands to exert pressure in the coming weeks on the EC, the Latins, and the Southeast Asians to move the negotiations.

The LDCs still will not negotiate in all areas of the Uruguay Round unless there is progress in agriculture. In part, this progress hinges on the EC's internal reform of the Common Agricultural Policy (CAP). The EC Commission plans to have a first draft of CAP reform available for discussion by the end of June. In addition, GATT Director-General Dunkel plans by late June to table a paper designed to narrow the options for achieving agricultural reform in the Round. Despite this activity, German officials cautioned us that the EC may not be in a position to deal constructively with agriculture until September or October.

It may be useful for a small group of us to discuss with you the prospects for the Round before the Economic Summit in July.

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

JUN 17 1991

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SUBJECT: Negotiating the North American Free Trade Agreement

FROM: Carla A. Hills *CAH*

I met Wednesday in Toronto with Jaime Serra Puche and Michael Wilson. We agreed on a structure for negotiation of the North American Free Trade Agreement (NAFTA) and a timetable that could allow us to complete these talks by the end of the year. Within the USG, we have put in place a mechanism to ensure that the negotiations are coordinated and our collaborative efforts on environment and labor issues are moving on the same timetable.

Summarized below are the key elements of our strategy. Attached is a preliminary timeline tracing a six month program to complete the NAFTA.

Organization of the Negotiations: We have agreed to negotiate in 16 areas that fall in 6 broad categories: market access; trade rules; services; investment; intellectual property and dispute settlement (attached as Tab 1 is the full list of negotiating groups). The Mexicans remain highly sensitive about energy which is disguised under the heading "other industrial sectors."

The work of the negotiating groups will be stitched together at periodic plenary meetings, chaired on the U.S. side by my deputy, Ambassador Julius Katz.

Serra, Wilson and I have agreed to hold a bimonthly conference call to review progress and resolve issues as they arise. We have also agreed to meet on August 20 to review the initial progress in the negotiations. In the fall, we will likely meet monthly.

Schedule: All three parties negotiating the NAFTA have a strong political interest in completing the negotiations soon. However, we have agreed that we will take "all the time necessary to conclude a good agreement." We have developed a schedule that would allow us to finish the agreement by the end of the year,

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should we choose to do so. Attached as Tab 2 is a timeline of how this might be accomplished, dividing the negotiating process into three phases: identification of issues; exchange of negotiating texts; and conclusion of the agreement.

While we and the Canadians have the technical ability to make this schedule work, we have some worries about whether Mexico has enough depth on its negotiating team. For us the real challenge will be to bring along the Congress and worried domestic constituencies. This may take time and a great deal of missionary work at all levels.

A Coordinating Structure Within the U.S. Government: We are establishing a NAFTA Policy Coordinating Group (PCG) to be chaired by Jules Katz. Membership would be at the Under Secretary level from all the agencies involved.

The NAFTA PCG will coordinate the development of policy options for the NAFTA negotiations; oversee the process of consultation with the Hill and important interest groups that will be vital to obtaining Congressional approval of an agreement; and coordinate parallel efforts to make progress on the environmental and labor action plans. The NAFTA PCG will report to the Economic Policy Council.

In the case of environment, issues will be considered through the Domestic Policy Council's Environmental Policy Review Group, chaired by Roger Porter. The NAFTA PCG will monitor the pace of implementation of our action plan commitments (for example, the very important Border Environmental Plan).

Attachments:

1. NAFTA Negotiating Groups
2. Timeline - NAFTA and Parallel Cooperation Efforts

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NEGOTIATING GROUPS

I Market Access

- a) tariffs/non tariff barriers
- b) rules of origin
- c) government procurement
- d) agriculture
- e) automobiles
- f) other industrial sectors

II Trade Rules

- a) safeguards, subsidies and trade remedies
- b) standards

III Services

- a) principles for services
- b) financial
- c) insurance
- d) land transportation
- e) telecommunications
- f) other services

IV Investment (principles and restrictions)

V Intellectual Property

VI Dispute Settlement

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Tab 2

TIMELINE

NAFTA and Parallel Cooperation Efforts

| <u>Target Date</u> | <u>Event</u> | <u>Purpose</u> |
|--|--|--|
| PHASE 1 -- ORGANIZE NEGOTIATING GROUPS, IDENTIFY MAJOR ISSUES | | |
| June 12 | Trilateral Ministerial, Toronto | Reach agreement on organization of negotiations and schedule. |
| June 18-21 | EPA and Mexican counterparts meet in Mexico | Develop agreed draft of Border Environmental Plan |
| June 17-30 | Negotiating Groups hold first meetings | Organize work identify issues |
| June 24 | Drafting of Environmental Review begins within USG | Action Plan item |
| Early July | Plenary Meeting | Chief negotiators and agency leads review work of groups |
| mid July | Labor Statistics meetings; Mexico | Action plan item |
| July 8-19 | Negotiating groups hold second meetings | Further refine basic principles of negotiation |
| July 26 | Negotiating groups report back to plenary | Identify issues that must be resolved before agreement drafting begins |
| July 29 | Draft Border Environmental Plan released | 30 day public comment period begins |
| Early August | Second Plenary Meeting | Resolve issues or frame them for ministerial consideration |

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|--------------|--|--|
| August 5-9 | EPA-USPS Public Health Workshop in Texas | Action Plan item |
| August 15 | Draft Environmental Review completed, distributed for public comment | Action Plan item |
| August 15-30 | TPSC public hearings on NAFTA in Washington and 1 or 2 cities | Allows interested industries and other groups to provide comment on NAFTA to USG |
| August 20 | Second Trilateral Ministerial Meeting, Seattle | Set guidelines for agreement drafting phase |

PHASE 2 -- EXCHANGE OF NEGOTIATING TEXTS

| | | |
|---------------|---|--|
| Sept.-Oct. | Negotiating groups meet | Draft agreement texts are exchanged and differences identified |
| September 9 | Secretary Baker leads US del to U.S.-Mexico Binational Commission | Anticipate adoption of Border Environmental Plan and signing of agreement allowing OSHA to test Mexican industrial samples |
| Sept.-Nov. | U.S. provides training in labor statistics to Mexicans | Action Plan item |
| Early October | Third Trilateral Ministerial Mexico | First review of composite negotiating text |

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PHASE 3 -- CONCLUSION OF AGREEMENT

| | | |
|----------|--|---|
| Oct-Dec | Monthly Trilateral Ministerials, bimonthly Plenaries and continuing meetings of negotiating groups | Development of agreement text and resolution of differences |
| December | High Hazard Industry Conference (OSHA) | Action Plan item |

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THE WHITE HOUSE

WASHINGTON

Meeting on Uruguay Round and NAFTA

June 19, 1991

The Roosevelt Room

ISSUES FOR DISCUSSION

Uruguay Round

- What are the realistic prospects for achieving our objectives in the Uruguay Round by the end of this year?
 - Will the EC agree on reform of its Common Agricultural Policy in time to move the Round?
 - In what other areas do we face substantial negotiating problems?
 - Do we need to reformulate or scale back any of our substantive objectives?
- Does the London Economic Summit represent the last chance for a political commitment to complete the Round by the end of this year?
- What should be our political strategy for building support within the EC for agricultural reform and a meaningful outcome to the Uruguay Round?

North American Free Trade Agreement

- Based on discussions at Toronto on June 12, what will be the key negotiating problems?
- How long are negotiations likely to take and how will Congressional views be accounted for?
- How will the Administration address U.S.-Mexico issues that are not part of the trade negotiations, e.g., environmental and labor issues?

Fast Track Implications

- Can and should we conclude negotiations on both the Uruguay Round and NAFTA by the end of 1991 in order to complete the fast track process before the 1992 election cycle?
- If not, what are the implications of slippage into the post-election period?

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THE WHITE HOUSE

WASHINGTON

June 18, 1991

MEMORANDUM FOR GOVERNOR SUNUNU
CHIEF OF STAFF

FROM: OLIN L. WETHINGTON, EXECUTIVE SECRETARY
ECONOMIC POLICY COUNCIL

SUBJECT: Meeting on June 19, 1991, 3:45 p.m.
Room 180, Old Executive Office Building
Uruguay Round and NAFTA

Secretary Brady will convene a meeting on Wednesday, June 19, 1991, 3:45 p.m.-4:45 p.m. in Room 180, OE0B to discuss Uruguay Round and North America Free Trade Agreement strategy.

Enclosed please find two background papers prepared by USTR.

Enclosures

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

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JUN 17 1991

SUBJECT: Uruguay Round Strategy

FROM: Carla A. Hills *CHH*

I. STATUS OF NEGOTIATIONS

At this time, it is difficult to assess the prospects for successfully completing the Uruguay Round by year end. Both our domestic experience in obtaining the extension of "fast track" and our experience at Brussels demonstrate that agreement on a critical mass of Uruguay Round issues is required if the Round is to obtain domestic and international support.

For the United States, a broad package focusing on market access for goods (including the "zero-for-zero" initiative) and services, as well as a solid agreement on intellectual property are essential for building the necessary domestic support for the Round.

Yet Brussels made it clear that developing countries will not sign on to agreements in these areas absent an agreement in agriculture giving them market access, and for some an agreement giving improved access on textiles. Agriculture, however, remains the linchpin of a successful Round.

The EC remains the key obstacle to progress on agriculture. Since Brussels, the EC has begun the internal process of reforming its Common Agricultural Policy. In addition, in the three areas of agriculture negotiations it has agreed to negotiate specific commitments to reduce internal supports, market access, and export subsidies.

Based on recent soundings in key EC capitals, we do not believe that it is necessary for the EC to finish its internal CAP reform before it negotiates constructively on agriculture in the Round. However, it is believed that the EC needs to be making progress on CAP reform if it is to have the internal flexibility necessary to move in the Round.

We expect that a first draft of a CAP reform proposal will surface in the Commission some time in late June or early July, with final adoption probably not occurring before year-end. The Germans and others have indicated that we will probably not know if the Commission is willing to move on agriculture in the Round until some time in September or October. To show movement, the

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EC does not need to commit to precise numbers for the reduction of agricultural barriers, but it must be able to give credible assurances that those numbers will be large enough to obtain LDC support.

II. STRATEGY

Once the EC is ready to move on agriculture, it should take about six months to wrap up Uruguay Round negotiations. To be ready to complete the negotiation of a broad package in that timeframe, the United States has proposed an action plan for making progress on key issues in the Round (see attachment 1). This action plan focuses on accelerating the pace and number of negotiations in market access and services, and of having virtually complete negotiating texts in all areas, particularly intellectual property.

However, the key question remains how to maximize the probability that the EC will move on agriculture by this fall. It will not work to "chase after" the EC, or promise to "pay" it for movement on agriculture; we are simply too close to our bottom line in the Round to offer more inducement. Moreover, public confrontation over agriculture will only fray our relations with the EC. Instead, (in addition to continuing to engage the EC in Geneva negotiations) we need to apply quiet pressure on the Community, and particularly on France, which is the major obstacle to movement on agriculture. This should continue to be done in three ways.

First, with the EC Commission: We are working quietly with the EC Commission in capitals to narrow our differences in areas other than agriculture. With respect to agriculture, we should continue to engage both EC President Delors and Agriculture Commissioner MacSharry on a regular basis, as they are the crucial players.

Second, with EC Member States: We are working directly with the member states to persuade them to move President Mitterand on agriculture, and to urge them to pressure the Commission to move on non-agricultural issues. At the political level, this means that U.S. officials need to persuade member states to pressure the French government in general and Mitterand in particular (see attachment 2 for contacts). Convincing Chancellor Kohl to pressure Mitterand will be essential to this effort. Clearly, there is little point in President Bush inveighing upon Mitterand if Kohl is not. Our other key allies in the EC are the UK and the Netherlands.

In addition, we should continue to urge key individuals in the ministries and the private sectors of the member states of the stake that their industrial sectors have in a successful Round. We also need to urge both groups to persuade the Commission not

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to sacrifice the industrial sector for the sake of agriculture. Senior level interagency teams are being sent to key member states -- Germany, France, Italy, the UK and the Netherlands -- during the next several months to build support for U.S. positions on specific issues in the Round.

Third, with non-EC States: We are in regular contact at the Ministerial and senior official level with other interested countries, particularly the Latin and ASEAN members of the Cairns Group (see attachment 2), to maintain the pressure on the EC in agriculture, and to secure progress on non-agricultural issues of interest to us and the EC.

The London Economic Summit provides an opportunity to work directly on Mitterand, Kohl, and Major, and to convince Delors that he must intervene if we are to achieve sufficient progress by July. The focus at the Summit should be on obtaining political support for meaningful results in the Round as opposed to an explicit deadline. Setting a deadline risks a repeat of Brussels or, even worse, it could encourage the negotiation of an inadequate package that we could not sell domestically. Focusing on results in the Round's key areas will enable us to generate progress in negotiations, and helps ensure that when the Round is completed, the package is broad enough to be domestically salable.

III. RELATIONSHIP TO U.S. TRADE POLICY

The successful completion of multilateral trade negotiations should not be abandoned, even if it cannot be accomplished this year. There is simply no substitute for the economic gains that can be obtained through multilateral negotiations, both from our point of view, and particularly from the point of view of the LDCs, who cannot hope to see liberalization of world agriculture or textiles outside of the Round. In short, the Round provides irreplaceable leverage for obtaining trade liberalization in the developing world.

At the same time, for domestic political reasons we cannot afford a Uruguay Round conclusion at any cost. And, we know, based on the reaction to Brussels, that if the United States should decide to walk away from the negotiating table due to insufficient results, it would bolster the President's political credibility on trade issues.

While we are pursuing the above strategy, it is not incompatible to continue the aggressive pursuit of bilateral and regional market-opening initiatives with our key trading partners and groups of trading partners. Thus, we should, for example:

- o Complete the North American Free Trade Agreement;

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- o Continue the full pursuit of the Enterprise for the Americas Initiative;
- o Pursue the accession of Taiwan as a developed country into the GATT;
- o Work to have Korea join the OECD; and
- o Develop closer trade ties with the ASEAN countries, building upon the ASEAN-U.S. Initiative.

Progress in these market-opening initiatives positions us to more quickly complete the Round when the EC is able to move forward, or failing that, at least lock in market liberalization with key partners. In short, pursuing both multilateral and bilateral initiatives leaves us in a "win-win" situation, whatever the immediate outcome of the Uruguay Round.

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Attachment 1

Action Plan

Uruguay Round Negotiations

The Uruguay Round negotiating issues are all not at the same stage of negotiation or agreement. To assure successful conclusion of the Round by year end, the following near-term results are being pursued.

Services:

- The United States has secured bilateral market access offers to in services from 31 countries. We are now engaged in multilateral negotiations with these countries, in order to broaden their offers and to improve them qualitatively.
- We are working to complete and ad ref text on the services framework.

Market Access:

- We are working to complete the interim steel (MSA) text;
- We are working to develop a "large" market access package by addressing tariff peaks and building support for our "zero for zero" initiatives; and
 - Negotiators are conducting an intensive series of bilateral and plurilateral negotiating sessions.

Agriculture:

- Building on the technical work accomplished under Dunkel's chairmanship, we are seeking agreement on:
 - a text outlining agreement on the mechanisms to be used to implement commitments in each of the three areas (market access, export subsidies and domestic supports);
 - the range of annual reduction commitments in each of the three areas and the base period from which the reductions start--to set the stage for the final negotiations on the exact numbers in the fall; and
 - an ad ref text on sanitary and phytosanitary measures.

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Government Procurement:

- We are working to complete an ad ref text of the renegotiated code, recognizing that coverage may remain in brackets.

TRIPs:

- We are negotiating improvements to existing text, including resolution of all remaining technical issues and,
 - seeking agreement on the political issues to be forwarded to the political level for resolution (e.g., GATTability).

Rules:

- We are working for ad ref or nearly complete texts in all rules areas; and
 - seeking agreement that OECD countries will press for draft texts on BOP and TRIMs to be developed as quickly as possible.

(Note: Ad ref agreements sent for legal drafting as a result of Brussels for PSI and Origin)

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Attachment 2

Key Contacts

The following are the principal countries and persons we have targeted for approaches, and with whom we continue to build relationships.

EC Commission

- **President Delors** is the key member of the Commission especially in view of the ineffectiveness of **Andriessen vis-a-vis MacSharry**. **President Bush** and **Secretary Baker** have engaged **Delors** on the issues, and should do so again, particularly at the Summit.
- **Ray MacSharry** is dogged in defense of the EC's agricultural proposal but, in the end, will not wish to bear responsibility for failure of the negotiations. **Ambassador Hills'** continuing relationship with **MacSharry** should be buttressed by **Secretary Madigan's** involvement with him. **Hills** and **Secretary Mosbacher** can also press **Commissioner Bangemann** to move the EC on industrial issues (e.g., zero-for-zero).

Member States

- **France**
 - No one less than **President Mitterand** will, ultimately, alter **France's** position on agriculture. While approaches by **President Bush** may later be necessary, we need to continue to encourage **Chancellor Kohl** and non-EC heads of government (**Latins** and **Aseans**) to make approaches.
 - We should also seek to maintain and build upon Ministerial level relations, such as those like **Ambassador Hills** with **PM Cresson** and **Minister Strauss-Kahn**, **Secretary Mosbacher** with **Strauss-Kahn**, and **Secretary Madigan** with **Minister Mermaz**.
 - **Super Minister Beregovoy** reportedly will have an important voice in the decision making process and **Secretary Brady** and **Baker** could be helpful here.

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-- Germany

-- **Chancellor Kohl** has evidently been more active since his visit to Washington last month, in contacts with Mitterand and other heads of government. **President Bush** and **Secretary Baker** can keep Kohl's feet to the fire. Contacts with senior advisors (Ludwig and Feiter) in the Chancellor's office made by **Ambassador Hills** in Bonn should be maintained as channels of communication to Kohl.

-- **Minister Moellemann**, the aggressive new Minister of Economy appears committed to a successful agreement. **Ambassador Hills'** and **Secretary Mosbacher's** relationship with him should be further developed.

-- United Kingdom

-- While generally supportive of our goals in the negotiations, the Brits tend to be minimalists and not very effective either with the French or in EC deliberations. Nonetheless, because of their role as G-7 hosts we need to assure that they are on board the strategy. Thus, **President Bush** should engage **PM Major** at the Summit, and **Secretaries Baker** and **Brady** can press the case with their counterparts **Foreign Secretary Douglas Hurd** and **Chancellor Lamont**, respectively. **Ambassador Hills** will continue her contacts with **Peter Lilley**, **Tristan Garel-Jones** and **John Gummer**, while **Secretary Madigan** and **Secretary Mosbacher** should work on Gummer and Lilley respectively as well.

-- The Netherlands

-- Because they will hold the Presidency in the second semester of the year, and thus G-7 participants, and because they generally support our views in the negotiations, the Dutch are important players. **Ambassador Hills** met with **Minister Van Rooy** at the OECD Ministerial and will meet her again in Washington in June.

-- Non-EC States

-- **Australia** is the coordinator of the Cairns Group and an important ally of the U.S. on the agricultural issue. **Ambassador Hills** will continue her regular contact with **Neil Blewett**.

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- New Zealand is also a member of the Cairns Group and an important ally of the U.S. in agriculture. **Ambassador Hills** will continue regular contact with **Philip Burdon**.
- Argentina is not only an important member of the Cairns Group by a leader of Latin American countries. **Ambassador Hills** will continue her regular contact with Minister of Economy **Domingo Cavallo**.
- Uruguay Foreign Minister **Gros-Espiel** is Chairman of the Trade Negotiations Committee of the UR and influential among the Latins. He is reportedly seeking to organize a multi-state, heads of government delegation to visit President **Mitterand**. **Ambassador Hills** will maintain contact with **Gros-Espiel**.
- Brazil is also a member of the Cairns Group, however it continues to advocate special and differential treatment and blocks negotiations on reform of balance of payment provisions. President **Bush** should press for Brazilian cooperation in the Round with President **Collor** during his State visit, June 18 -20. Secretary **Baker/Ambassador Hills** should continue contacts with Foreign Minister **Francisco Rezek** and Minister of Economy **Marcilio Moreira**, and Secretary **Brady** as well with **Moreira**.
- ASEAN: Indonesia is the spokesman for the 18 member coalition of textile exporters (ITCB). With the exception of Singapore and Brunei, the ASEANs are active members of the Cairns group, focusing most particularly on improved market access for their agricultural products. To date they have been reluctant to advance serious negotiations in market access negotiations for goods and services in the absence of progress in agriculture.

Ambassador Hills should maintain regular contact with **Siregar** (Indonesia), **BG Lee** (Singapore), **Rafidah** (Malaysia), **Amaret Sila-on** (Thailand), and **Garrucho** (Philippines). Secretary **Mosbacher** should continue contact with the ASEANs as well, particularly on IPR.
- Canada has been working closely with the United States in the Quad process. **Ambassador Hills** maintains regular contact with Minister **Wilson**.

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- Japan has been constructive in the Quad process also. **President Bush** should continue to stress the Round's importance with **Kaifu**, particularly at the Summit, while **Secretary Baker**, **Ambassador Hills**, and **Secretary Mosbacher** continue their contacts with **MITI Minister Nakao** and **MOFA Minister Nakayama**.

The Summit:

- The Summit offers a unique opportunity to try to influence **Mitterand**, both in direct talks and by working on the **British** and **Germans**. It is also important to convince **Delors** that he must intervene to assure sufficient progress by July. The efforts of **President Bush**, **Secretary Brady**, and **Secretary Baker** will be key in this regard.

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THE WHITE HOUSE

WASHINGTON

May 7, 1991

GATT
MEMORANDUM FOR JAMES A. BAKER III
NICHOLAS F. BRADY
EDWARD F. MADIGAN
ROBERT A. MOSBACHER
CARLA A. HILLS
✓ JOHN H. SUNUNU
BRENT SCOWCROFT
RICHARD G. DARMAN
MICHAEL J. BOSKIN

THE CHIEF of STAFF
has seen

FROM: ROGER B. PORTER *RBP*
SUBJECT: Meeting with EC Agriculture Commissioner Ray
MacSharry

I met on May 2 with EC Agriculture Commissioner Ray
MacSharry. A copy of the memorandum of conversation is attached.

Attachment

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|--------------------------|---|--------|-------------|--------|
| 08. Memo of Conversation | From Roger B. Porter Re: Meeting with European Agriculture Commissioner Ray MacSherry [SENT FOR MANDATORY REVIEW] (4 pp.) | 5/6/91 | (b)(1) | C |

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: Uruguay Round 1991

Document Partially Declassified
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 By (NLGB) on 11/17/10

| | |
|--|---|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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 #: 2008-0213-MR (503) |
| AR Disposition: | MR Disposition: Released in Part |
| AR Disposition Date: | MR Disposition Date: 7/21/2009 |

RESTRICTION CODES

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

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

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]

(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

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

PRM. Removed as a personal record misfile.

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THE WHITE HOUSE
WASHINGTON

May 6, 1991

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MEMORANDUM OF CONVERSATION

FROM: ROGER B. PORTER

SUBJECT: Meeting with European Agriculture Commissioner
Ray MacSharry

This memorandum reports on a May 2 meeting with European Agricultural Commissioner Ray MacSharry.

MacSharry opened the meeting by saying that the European Community (EC) supports accelerating completion of the Uruguay Round. As a result of his conversations this week with U.S. officials, he believes there is tentative agreement to move forward with technical talks in June and July, with the aim of finishing the GATT negotiations by the end of the year.

(b) (1)



I responded that the President is very interested in trade policy and strongly committed to an open world trading system. It was the President's decision to make the Uruguay Round the key issue at the Houston Economic Summit. In recent weeks, the President has invested a great deal of his time and political capital to secure an extension of the fast track procedures. He would not be doing this unless he thought that an Uruguay Round agreement is possible. The President, moreover, views the Uruguay Round very much as a win-win situation and a pivotal opportunity to expand trade in agriculture, services, and intellectual property.

In fashioning a GATT agreement, U.S. political realities must be taken into account as well. From the standpoint of the United States, it is essential that any Uruguay Round package include fundamental agricultural reform. The Administration is not going to negotiate a Uruguay Round agreement only to have it repudiated by the Congress. There is no chance that

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Congress will approve a GATT agreement that does not deal with agriculture.

I said that the U.S. appreciates the political sensitivity of farm policy in Europe. Change is always difficult to sell politically. Consequently, a GATT agreement must include adequate transition mechanisms, so that the adjustment occurs gradually over time and people are taken care of. Nevertheless, strong political leadership is needed to push for change and give a clear direction to future global farm policy.

MacSharry said that he didn't disagree. He noted that it was nice to hear again about the President's commitment to the Uruguay Round. Most Europeans accept the need for fundamental reform of the Common Agricultural Policy (CAP). But we should not mix up internal European policies with the GATT.

I noted that we are sympathetic to the EC's political constraints and understand the need to avoid any appearance that CAP reform is being imposed externally.

MacSharry responded that he did not want to mislead. The Uruguay Round has to be finished soon, since there is a perception that we are "falling down on it." (b)(1)

(b)(1)

MacSharry said he is equally committed to farm reform. (b)(1)

(b)(1)

MacSharry expressed the hope that "the necessary solutions can be found." (b)(1)

(b)(1)

MacSharry argued that there has been a sharp change in European farm policies. In the 1970s and 1980s, the debate was over how much farm supports would increase. He served as

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Ireland's Agriculture Minister during this period and was a hero because he always brought back big increases in dairy and meat prices. As EC Agriculture Commissioner, his job is to slash supports. (b)(1)

(b)(1)

I said that in the 1970s the U.S. had experienced a farm export boom that drove up farm incomes and land values. Technology, however, has transformed agricultural production. China and India have shifted from being major food importers to major food exporters. The world has structural overcapacity in the agricultural sector. The U.S. was forced to recognize in the 1980s that we were not going to export our way out of a surplus situation. It will be equally hard to get the global situation into balance, but we need to get the policies and fundamentals right, so that there is momentum in the right direction. The longer that change is put off, the harder the adjustments will be.

MacSharry said that the psychology of the CAP has shifted dramatically. The EC has begun to convince the politicians of the need for change. Within the EC, there is extensive discussion of fundamental agricultural reform. This is important, since, unlike other European policies, agriculture is controlled by Brussels. People are beginning to understand that the majority of CAP benefits should not go to a minority of European farmers.

MacSharry said that he appreciates that the EC internal reforms are "delicately linked" with the Community's international obligations under the GATT. He personally wants to see progress in the Uruguay Round. The price package should be finished in the next few months. This will "clear the decks" for agreement on fundamental CAP reform by the end of the year.

He said that he doesn't want a "small deal." In his view, 30 percent is a "big deal." If the U.S. keeps raising the stakes, it will be making the same mistake that was made in Brussels. And, if the Uruguay Round cannot be completed by the end of the year, "we will all look rather foolish."

I said that what is large and what is small often depends on where one is looking from. Thus, 30 percent can be large or small depending on the baseline. The U.S. saw the Hellstrom proposal as a constructive effort to bridge the gap, so that each participant could portray the agreement as a win.

MacSharry said that this was not the EC's impression of Hellstrom, although the proposal was positive in many respects. His personal view is that the talks should have continued in

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(b)(1)

He concluded by saying that a political assessment should be made at the London Economic Summit. If it appears possible to finish, the Summit can set a deadline. It would be a fiasco, however, to set an artificial deadline and fail. During his discussions with U.S. officials, the atmosphere has been friendly and cordial. It is important to avoid confrontations as we work to reach an agreement.

(b)(1)

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Congress of the United States
House of Representatives
Office of the Majority Leader
Washington, DC 20515-6502

March 27, 1991

President George Bush
The White House
Washington, D.C.

Dear Mr. President:

I am writing to respond to your letter seeking my support for renewal of authority to speed Congressional approval of future trade agreements, the so-called fast track procedures. Congressman Rostenkowski and Senator Bentsen have already provided you with the benefit of their expertise on this issue. But, as Majority Leader in the House, I am designated under the law to introduce the implementing legislation for the GATT Uruguay Round and a possible U.S.-Mexico agreement. Consequently, I thought it might be useful to share with you some of my own views on this important issue.

I am prepared to lend my full support to a North American Free Trade Zone if the agreement fights for American jobs and exports, preserves the world's environment, and defends the rights of Mexican workers. As one who cares deeply about the effect of trade policies on working Americans, my concern is that our trade negotiators keep uppermost in their minds the impact of this Agreement on American jobs, American companies and American exports.

Therefore, my support for the Administration's proposed North American Free Trade Area is contingent upon the inclusion of assurances that American jobs will not be lost in droves.

Like you, I want the Mexican economy to flourish and grow. Relying on low wages and unsafe working conditions as comparative advantages to lure away high-paying American jobs will not save the Mexican economy -- but it will further weaken the American economy. In order for Mexico to prosper, America must prosper. So for a free trade agreement to be a meaningful benefit to both nations, it must contain provisions that will stem any hemorrhage of American jobs across the border.

For that reason I request that you not limit the talks to what used to be traditionally known as "trade issues" -- tariffs, trade-related investment restrictions, dispute resolution and the like -- but rather that we address North American Free Trade systematically.

President Bush
March 27, 1991
Page 2

To do so will require discussing issues like transition measures, wage disparity, environmental protection and worker rights. Neither Mexico nor Canada nor America is benefitted by a system that benignly looks on massive air pollution, poisonous pesticides and child labor as "comparative advantages." And I cannot imagine that Congress would approve an agreement that did.

The grant of authority to proceed with negotiations under the fast track procedure is an extremely important one for Congress to make. I understand the increased complexity and difficulty of negotiating an agreement with a trading partner or a number of trading partners without the ability to proceed under the fast track procedure. At the same time, I am unwilling to support an extension of fast track without assurances that Congress and the Administration are true partners in these negotiations rather than adversaries.

Thus, I am writing to outline what I believe we should be seeking to achieve both in the current GATT Uruguay Round as well as the possibly upcoming U.S.-Mexico-Canada North American Free Trade Agreement (NAFTA) negotiations. Negotiated properly, these agreements will enhance economic opportunity and growth in this country and around the world. But negotiated poorly, they could cause U.S. workers and exporters to suffer grievously in economic terms.

I am hopeful that you will respond specifically to the issues outlined in my letter so that we can work together towards a GATT and North American Free Trade Agreement.

GATT Uruguay Round

I believe, as you do, that the GATT Uruguay Round could provide the U.S. and the world with a vastly improved international trading system. The possibility of achieving more uniform rules of trade in each of the negotiating areas could provide enormous benefits to U.S. workers, farmers and businesses.

The 1988 Omnibus Trade Act outlined 16 negotiating objectives for the Uruguay Round [19 U.S.C. 2901] and requires the Administration to report on your progress in achieving them. Despite the assurances in reports that your Administration has forwarded to Congress, I cannot now determine what progress has been made on many of these objectives.

President Bush
March 27, 1991
Page 3

And, based on press reports, discussions with Administration officials and representatives of our trading partners, I cannot now define what specific actions your Administration is contemplating in the GATT Uruguay Round to fulfill the Congressional objectives.

Indeed, in several areas, progress within the GATT Uruguay Round has been less than anticipated by Congress when it stated its objectives in the 1988 Act. For example, little or no progress has been made as part of the GATT Uruguay Round in expanding worker rights or in gaining access to markets for our high-technology products.

We must judge a GATT Agreement as a whole. At the same time, we must be unwilling to settle for an Agreement that does not enhance the international competitiveness of our economy, ranging from agriculture to services to manufacturing. We must reject any efforts to diminish the effectiveness of those U.S. trade laws that are already on the books.

Upon its completion, we must look at how an Agreement is to be implemented and enforced based on the possibility of new dispute resolution provisions. In the past, there has been a dramatic difference between the way that Congress and the Administration view our trade laws: The Administration views the U.S. as a defendant while the Congress views the U.S. as a plaintiff.

As a result of these different views, we should be wary of a strong dispute resolution mechanism if the underlying agreements in each of the 14 negotiating areas aren't completely acceptable. If a strong dispute resolution mechanism is combined with weak agreements, a lower standard is locked-in which, in essence, thereby diminishes our ability to protect the rights of American workers, farmers and businesses.

Finally, I must emphasize that the U.S. should not trade away any provision of our trade law such as dumping/countervail, Section 301 or the other vital tools that Congress has provided to work for a more level playing field.

North American Free Trade Agreement

I believe a negotiation with Mexico and Canada that will result in a North American Free Trade Agreement could be in our country's best interests. At the same time, I am deeply concerned about what the possible effects of an agreement could be.

The economic studies that have been published on a possible agreement not only are tentative in their conclusions but are based on assumptions that may have no connection with reality. It is disturbing that the Administration has yet to produce an economic impact analysis and, it appears from a number of discussions, has no intention of producing an impact analysis.

President Bush
March 27, 1991
Page 4

An official analysis by the Administration is really the only way we can truly judge what the effects of an agreement might be. Unless a study is based on the assumptions of those who are in fact negotiating the Agreement, the study will not assist us in our debates.

One of the most comprehensive studies done to date was published recently by the International Trade Commission. In its study, the ITC indicated:

"(T)he Commission analysis suggests that an FTA with Mexico will benefit the U.S. economy overall by expanding trade opportunities, lowering prices, increasing competition, and improving the ability of U.S. firms to exploit economies of scale. Since these gains are likely to outweigh the costs, the U.S. economy will probably gain on net."

This is not exactly a ringing endorsement of the idea of proceeding with an agreement. I truly want to assist Mexico and the Mexican people in terms of expanding economic growth and opportunity. But I refuse to accept the notion that the American worker should shoulder the burden of reaching an agreement. For this reason, I respectfully request that you direct the appropriate officials to provide me with the economic analysis on which you based your decision to proceed with the negotiations of a NAFTA. Congress and the American people have a right to know what is at stake before entering into negotiations under the limitations of the fast track.

I understand that your present intention is to proceed with a negotiation with as limited an agenda as possible. But, we must not exclude those issues which will help determine the competitive nature of our future relations or that will help to improve the quality of life in our countries.

Those issues that appear to be on the agenda are tariffs, intellectual property, trade-related investment restrictions and dispute resolution. While we must have the best possible provisions in a final agreement in each of these areas, this list is simply not sufficiently comprehensive to address the issues that are most important to our bilateral economic future.

Let me also share with you my thoughts on which issues should be addressed as part of a negotiation:

Escape Clause:

The prospect for potential job loss exists in a number of important industrial sectors. Because there has been no officially released Administration study of the impact of a proposed NAFTA, it is difficult to project what impact on jobs and our industrial base there will be.

Accordingly, it is important that a comprehensive escape clause provision be included as part of the negotiating framework that can act as a stop-gap measure to stem the loss of jobs and business opportunities if there is a hemorrhaging in any one sector. This provision should have an effective trigger that will allow us to ameliorate any negative impact on a sector and reassess what course of action to take.

I cannot stress strongly enough how important this issue is. We must be prepared to continuously examine and reexamine the progress of a NAFTA to ensure that the interests of American farmers and workers are protected.

Rules of Origin:

I assume that the discussion of rules of origin would be included as part of the NAFTA negotiations. I want to comment specifically, however, on how important I believe a strict standard for any rule of origin proposal is to a successful agreement.

Our nation faces an historic trade deficit. Industry after industry has faced the onslaught of fierce foreign competition that has forced many firms to close or request government help in opening markets and fighting unfair competition at home.

As we enter into negotiations on a NAFTA we must not allow Mexico to become an export platform for the products of third countries to flood our markets. Development of business opportunities by third countries that is designed to aid the Mexican economy rather than fill the coffers of the foreign parent company should be our goal.

Accordingly, I believe that we must have a very strict rule of origin standard regarding production in Mexico.

Transition:

Every study that has been done on the effects of a NAFTA recognizes that there will be dislocations in our labor market resulting from an agreement. I do not believe that the American worker should have to shoulder the cost of providing economic growth and opportunity to Mexico and its people.

Even in the absence of economic analysis, it is implausible that transition relief will not be needed by workers in industries harmed by the NAFTA. Accordingly, I believe that you must make a commitment to providing help to those who might be disadvantaged as a result of an agreement. This includes not only a commitment to expanded unemployment insurance for these individuals, but also appropriate training and retraining programs.

Additionally, transition relief measures should be examined that will allow companies adversely affected by a NAFTA to receive government help in finding new markets for their products and converting to new lines of business.

This must be a commitment not only to providing the governmental support mechanisms that are necessary, but also to funding these programs as well. American workers and American firms deserve no less.

Additionally, we must recognize that the US-Canada FTA will be phased in over a ten-year period. It is possible that we may need to allow for as long, if not longer, a phase in period in the case of Mexico. We may also want to examine the possibility of phasing in the provisions of a final agreement based on increasing standards of living in Mexico. This will provide the Mexican government with the incentives to continue with their liberalization programs as well as providing U.S. workers with a greater protection against a competitive policy based on wage differentials alone. At the same time, if we see substantial benefits, as in the US-Canada FTA, we may wish to accelerate the phase in process.

Wage Disparity:

One of the principal issues that is raised by the NAFTA is the question of how we address the substantial wage and standard of living disparity that exists between our two countries. Our goal must be to raise the wages and standard of living of Mexicans, not lower our own.

I am interested as to what steps might be taken to address this issue -- perhaps the most important issue involved in these negotiations.

Environment:

Without a provision on environmental controls, this agreement is likely to increase pollutants in and from Mexico and drain jobs from the U.S. needlessly.

President Bush
March 27, 1991
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Last year, with your help, Congress passed an historic Clean Air Act. In this legislation we committed ourselves to increasing environmental quality in this country while striking a balance between environmental quality and economic growth. Similar legislative action has occurred in the areas of water quality and pesticide residues, and in many other important areas.

In discussions with members of your Administration as well as Mexican authorities, I have noted a reluctance on the part of these officials to address important environmental concerns as part of the scope of these negotiations. I believe that these concerns must be part of the negotiating agenda. The more than 1700 businesses currently operating in the maquiladora program are threatening both the environment as well as the health of countless people on both sides of the border. Additionally, studies have shown that emissions from industries in other parts of Mexico have affected areas far beyond our common border.

The Clean Air Act and other U.S. environmental laws do add to the cost of doing business. In addition to the health and quality of life impact of Mexico's more lax environmental standards and enforcement, I am concerned that many American companies may relocate their operations because of this "comparative advantage." We must not allow this to happen. It would not be in the United States' or Mexico's best interest.

Indeed, it is tough for U.S. companies to compete against firms that operate under more lax environmental enforcement schemes. This laxity can, in fact, operate as a subsidy.

A number of Members of Congress have requested that an environmental assessment of a NAFTA be conducted. I would also ask that environmental issues be included on the negotiating agenda.

As part of this, I would hope that the question of pesticide use by Mexican farmers be given appropriate attention. While our farmers can compete against the best any country has to offer, they can not and should not have to compete against farmers who use pesticides that fail to meet U.S. standards. While we certainly can reduce the risks to our citizens through inspection of all agricultural products crossing our border, a better approach would be to agree to eliminate the use of these pesticides and harmful chemicals, thereby protecting the health and safety of our consumers and allowing for a freer flow of goods. This will help protect the health of the Mexican people as well.

Worker Rights:

A final agreement must include provisions that protect the fundamental rights of workers. Parties to the NAFTA must recognize that all countries have a common interest in respecting the fundamental rights of workers, in the achievement and maintenance of fair labor standards, and in the improvement of wages and working conditions. Among the provisions that a NAFTA should include are:

- * Respect for freedom of association.
- * Respect for the right to organize and bargain collectively, including on a regional basis across national boundaries.
- * Prohibition of the use of any form of forced or compulsory labor.
- * Establishment of a minimum age for the employment of children.
- * Acceptable conditions with respect to wages and hours of work.

We must recognize the role that the NAFTA can play in promoting worker rights. We must refuse to accept an agreement that fails to provide real economic opportunity to the Mexican people. We must address both the substantive law and the procedural safeguards in this important area.

As part of this negotiation, we must also include the provision of proper health and safety standards for workers. We should seek to establish appropriate health and safety provisions that will prohibit accelerated development from occurring at the cost of worker's health and safety.

Labor Mobility:

I believe that the issue of labor mobility must be carefully considered. As we look to the future, we must understand the pressure that may be exerted on the wages of lower-skilled workers in this country if the issue of labor mobility is not critically addressed.

More specifically, I am very concerned about the prospect of substantial numbers of Mexican workers entering the U.S. labor market, even if only on a temporary basis. As you know, the U.S.-Canada FTA established procedures for temporary entry of Canadian citizen business persons into the United States and to facilitate temporary entry on a reciprocal basis between the U.S. and Canada.

Since the regulations were first issued in this area, there has been a considerable liberalization of the regulations to allow for new classes of entrants under the agreement. While the impact has been marginal, the possible impact under a NAFTA is much greater, if similar rules are applied to Mexico.

Indeed, as part of Mexico's submission in the GATT Uruguay Round, the government stated "The expansion of the service exports of developing countries and their increased participation in world trade in services depends on the liberalization of cross border movements of personnel covering unskilled, semi-skilled, and skilled labor, and that effective access to markets for their service exports can mainly be realized through this mode of delivery."

Human Rights:

The Salinas government has begun to move against police and government officials accused of human rights violations. We must commend the Salinas government. But, we must also use the NAFTA negotiations as a means of support for the Salinas government to make further efforts to curb human rights abuses.

Conclusion

In conclusion, I believe strongly in the goal of assisting Mexico and its people in terms of economic development and opportunity. But, we must not be willing to sacrifice the jobs and livelihood of American workers.

I believe an agreement can be reached that is in all of our best interests. We must not rush -- the stakes are too high. But, we must not be reluctant to accept the challenges.

If the areas I have outlined above are among the issues included in North American Free Trade Agreement negotiations, I believe that we should proceed. We must, however, be flexible and recognize that issues such as governmental ownership, debt relief, transportation regulation, exchange rates, subsidies and many others may arise that need to be addressed as well.

Ambassador Hills has raised the question of whether it would be acceptable for certain issues to be raised on a parallel track to the "core" negotiations. This depends on the commitment and intentions of your Administration and the Mexican Government. If the intention is simply to allow these negotiations to occur on a parallel track and allow them to die on the vine, that is unacceptable. If there is a true commitment to address these issues, then I am open to discussion as to the format under which the negotiations should occur. While certain issues might be addressed on a parallel track, Congress must be presented with a single piece of implementing legislation at the end of the process incorporating final agreements in all areas. We will also be looking for assurances as to what commitments the Mexican government will undertake. When Congress votes at the end of this process, it must see tangible results.

President Bush
March 27, 1991
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Roughly two-thirds of all Mexican exports are purchased in the United States. Conversely, Mexico purchases only about six percent of our exported products. We must understand the power of this fact as we enter into negotiations. We both have a great deal to gain, but we must not rush blindly towards an agreement.

Congress must be a partner in these negotiations. If we are able to agree on the scope of the negotiations, that will only start, not end the process. I look forward to working with you and members of your Administration throughout this period and beyond with the goal of reaching a final agreement.

Yours very truly,



Richard A. Gephardt

RAG:mrw

THE WHITE HOUSE
WASHINGTON

02/22/91

 **TO:** THE CHIEF OF STAFF

FROM: PHILLIP D. BRADY
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President

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THE WHITE HOUSE

WASHINGTON

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February 21, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: EDE HOLIDAY *EH*

SUBJECT: Uruguay Round

The attached memorandum from Carla Hills describes the announcement yesterday by GATT Director General Dunkel with respect to the Uruguay Round. The Dunkel announcement may be helpful to the Administration in its effort to obtain from Congress an extension of the so-called "fast-track" authority for congressional consideration of trade agreements which may be negotiated by the Administration.

The Trade Act of 1988 requires that the President must transmit to the Congress, by March 1, 1991, a request for a two-year extension of this authority which expires on June 1, 1991. Yesterday, the Economic Policy Council met to consider its advice to you with respect to the fast-track authority and the Administration's approach to the Congress with respect to the Uruguay Round. A decision memorandum on fast-track will be coming to you in the next several days.

The sense of yesterday's EPC meeting was that the Dunkel statement is encouraging and that there are reasons for optimism, but, at the same time, the Administration should be somewhat cautious in its public characterizations of the Dunkel statement. There is some concern within the Administration that various European states or members of the European Commission might undercut the Dunkel announcement. It is important that the Administration maintain its credibility with the Hill in characterizing the state of negotiations.

Attachment

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PER E.O. 12958,
AS AMENDED
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JR 7/21/09

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DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2008-0213-MR
@ 5/25/10

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

FEB 20 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills *CH*

SUBJECT: Uruguay Round: Reason for Optimism

The impasse over agriculture that occurred at the Uruguay Round Ministerial in Brussels was apparently resolved today in Geneva, when GATT Director-General Dunkel announced that all participants had agreed "to conduct negotiations to achieve specific binding commitments on each of the following areas: domestic support; market access; export competition...." We now have the framework for agricultural negotiations we have been seeking steadily since the OECD meeting in Paris in May, the Houston Economic Summit in July, and the Brussels meeting in December.

Director-General Dunkel is expected to announce formally on Tuesday, February 26 his plan for resuming the stalled Uruguay Round negotiations in all areas. Technical talks in agriculture could begin as early as next week; other negotiations will follow.

The breaking of the impasse on agriculture should help us with the difficult battle to extend fast-track authority. Thereafter, months of hard bargaining lie ahead in agriculture, as well as in several other areas of the negotiations. There is, however, reason to believe that the internal agricultural reform program recently initiated by the EC will ultimately make possible the kind of agricultural agreement we need in the Round. It is too early to determine precisely how long this will take, but we now believe time is on our side.

Dunkel's agriculture agreement was developed in close cooperation with our allies, particularly the Cairns group and its Latin members. As for the EC, it was only this morning that the Commission, chaired by Jacques Delors, finally overrode objections by Agriculture Commissioner MacSharry and permitted the Geneva statement to be made without contradiction. While the Commission showed its leadership, member states may criticize this action.

I understand that President Delors is expected to call you on Friday to discuss the Uruguay Round. I recommend that you welcome this latest development and emphasize that by working together we can achieve our common objectives. We will work with the NSC to provide talking points for the Delors call.

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DECLASSIFIED BY: OADR

UNCLASSIFIED WITH CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE

WASHINGTON

February 6, 1991

MEMORANDUM FOR GOVERNOR SUNUNU
CHIEF OF STAFF

FROM: OLIN L. WETHINGTON, EXECUTIVE SECRETARY
ECONOMIC POLICY COUNCIL

SUBJECT: Meeting on Uruguay Round and Fast-track Extension
Secretary's Conference Room, Main Treasury
February 7, 1991 - 2:30-3:30 p.m.

The meeting on Thursday, February 7, 1991, 2:30-3:30 p.m., is to discuss the status of the Uruguay Round talks and the issue of extending the "fast track" authority. This meeting is not intended for decision, but is preliminary to decisions that will be required by March 1, with respect to the "fast track."

Attached is a paper prepared by USTR dealing with the "fast track" issue.

Please note that because the usual conference rooms at the White House are not available at the time of this meeting, the session will be held at Main Treasury in the Secretary's Conference Room (which is across the hall from the Secretary's Office, Room 3330).

Attachment

UNCLASSIFIED WITH CONFIDENTIAL ATTACHMENT

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DISCUSSION PAPER: EXPIRATION OF FAST-TRACK

Several important issues surround the impending expiration of the President's fast-track authority for implementation of trade agreements. The following summarizes that authority and highlights some key issues. This memo is intended only as a discussion paper.

I. BACKGROUND

A. What is Fast-Track?

Most recently re-enacted in the Trade Act of 1988, fast-track authority is, in essence, a guarantee from Congress that, if the notice and consultation requirements of the statute are met, the Congress will provide the President two key protections to legislation implementing multilateral or bilateral trade agreements: (1) a vote within a fixed period of time; and (2) no amendments to that legislation permitted. Some key features:

1. In order for legislation implementing a bilateral (but not multilateral) trade agreement to qualify for fast-track treatment, the President must give the Congress notice of intent to negotiate. During the next 60 legislative working days, if either the Finance or the Ways & Means Committee passes a resolution of disapproval, the implementing legislation, when ultimately presented, will not be entitled to fast-track treatment.
 - a. The President gave such notice on a Mexico FTA on September 25, 1990; we expect the full 60 legislative days to expire by the end of February.
 - b. It is possible but unlikely that either Chairman Bentsen or Chairman Rostenkowski will hold a vote on a disapproval resolution during the balance of the 60 legislative day period. Finance, however, will hold hearings on February 6; Ways & Means Trade Subcommittee will probably hold hearings later in the month.
2. The fast-track statute also requires that the President notify Congress 90 calendar days before entering into (signing) any agreement, multilateral or bilateral.

B. Can Congress Revoke or Change the Fast-Track?

Yes, relatively easily. Although embodied in statute, the fast-track authority is expressly an exercise of the Congress' internal rulemaking authority. Each house is free to change its

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own rules, at any time, by majority vote -- without the concurrence of the other house or the signature of the President.

1. Thus, the fast-track can be revoked at any time by passage of a simple resolution in only one house. For example, a Conrad/Hollings resolution, revoking the fast-track for the Uruguay Round and introduced at the end of the last Congress with 37 cosponsors, would have been effective in killing the fast-track if passed by a simple majority in the Senate. Hollings is believed to be collecting cosponsors again.
2. While significant, the jeopardy to fast-track from such resolutions is limited by the difficulty proponents would have in obtaining a vote (through threat of filibuster in the Senate and through leadership power to control matters voted on in the House). The jeopardy is also somewhat limited by some Members' view that the fast-track represents a longstanding commitment by the Congress to the Administration that should be honored -- at least through its expiration on June 1, 1991.

C. Expiration of Current Authority

The statutory June 1, 1991 expiration date for the current fast-track authority means that in order for legislation implementing a trade agreement to be eligible for fast-track treatment, that trade agreement must be signed before June 1.

1. Because of the 90-day advance notice requirement, the President must notify Congress of his intent to enter into any agreement eligible for the current fast-track by March 1, 1991.
2. The statute does not technically require that Congress be given final text of an agreement at the time of the 90-day advance notice. However, Congress plainly expects final text at the time of the advance notice.
 - a. Chairmen Rostenkowski and Bentsen have written that "it is imperative that the full text" be provided Congress at the time of the advance notice.
 - b. Moreover, the statute now includes a requirement that our many private sector advisory groups report to the President and Congress their views of the agreement prior to the President's notification of intent; without final (or near final) text, such private sector reports are unlikely to be possible.

Thus, while it is legally possible for a Uruguay Round agreement to be notified to Congress without final (or near

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final) text on March 1, it would be extremely difficult to do so without jeopardizing congressional support, even from our friends.

D. Extension

The 1988 Trade Act contains a provision permitting the President to request, by March 1, 1991, a two-year extension of the fast-track authority, through June 1, 1993. Such an extension will be necessary at least for legislation implementing a Mexico FTA.

1. The President's extension request must be accompanied by a report that includes:
 - a. a description of the progress made in trade negotiations to achieve the purposes of the trade law;
 - b. a statement that such progress justifies the continuation of negotiations; and
 - c. a statement of the reasons why the extension is needed to complete the negotiations.
2. A similar report is required by March 1 from the Advisory Committee for Trade Policy and Negotiations.
3. Once requested, the extension is automatically granted -- unless either house passes a disapproval resolution between March 1 and June 1, 1991. The statute provides a special fast-track mechanism for such disapproval:
 - a. Once reported by Finance or Ways & Means, a disapproval resolution is itself entitled to fast-track treatment (time limits and no amendments) on the floor. Thus, unlike a normal resolution changing a house's rules, floor consideration could not be blocked by filibuster threat in the Senate or cooperation of the leadership in the House.
 - b. Although Finance or Ways & Means consideration of a disapproval resolution are not themselves on a fast-track, we should not expect either committee chairman to prevent a floor vote by refusing to report a disapproval resolution. Neither is likely to feel comfortable denying his full house an opportunity to consider the issue. (Indeed, we might not even want them to bottle up a statutory disapproval resolution, since that would make it more difficult to keep a Conrad/Hollings type resolution -- which is more dangerous because amendable -- off the floors.)

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In short, fast-track authority will be in greatest jeopardy between March 1 and June 1. Although we are likely to have the support of the two key chairmen and a majority of their committee members, we will nevertheless probably face floor fights in both houses on extension disapproval resolutions by late April or May. We should expect those fights to be difficult -- especially since our opponents will include not only some who oppose elements of the agreements for which the authority might be used, but also those who simply don't like the fast-track because of the substantial cession of individual prerogative (especially in the Senate) that the procedure entails.

II. KEY ISSUE: EXTENSION FOR WHAT PURPOSES?

A. Specifying the Uses for Extended Authority

1. In permitting the President to request a two-year extension of fast-track authority, the statute does not appear to contemplate any new limitation on the purposes for which extended authority might be used.
 - a. The nature of the report required of the President justifying the extension suggests that the Congress really had in mind only finishing negotiations already initiated (e.g., report requires description of progress in negotiations and "statement of the reasons why the extension is needed to complete the negotiations").
 - b. However, no such limitation appears in the statute. Unless disapproved by the Congress, the President would appear to have all the authority after a successful extension request that he does now.
 - c. The language of a fast-track disapproval resolution, which is set out in the statute, eliminates all fast-track authority, multilateral or bilateral. The resolution could not be amended to eliminate fast-track for only some purposes (e.g., the Uruguay Round), since the resolution itself is unamendable.
2. Thus, our view of the statute (shared by counsel to both Finance and Ways & Means) is that:
 - a. as a legal matter, the President's request probably cannot limit the purposes for which extended authority might be used -- but the President could of course make political commitments;

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- b. because of the statutorily prescribed disapproval resolution, the Congress' decision is strictly binary: if a resolution is passed, the authority is disapproved for all purposes; otherwise it remains for all purposes presently permitted.
3. Although the President's request need not specify (and probably legally cannot limit) the purposes for which extended authority might be used, the Administration will certainly be asked what it has in mind. It is likely to be very useful to work out, by March 1, the Administration's precise response (and perhaps even include the answer in the President's report). The Administration's plans will certainly have to include the Mexico agreement. The issue is what to say about the Uruguay Round and possible agreements arising from the Enterprise for the Americas Initiative (EAI).
 - a. Note again that, because the Congress' vote on a statutory disapproval resolution is binary, a vote to kill the authority for any purpose (e.g., the Round or EAI) would kill it for all purposes (including Mexico).
 - b. Agencies are likely to agree that we should seek to avoid any limitation (self-imposed or otherwise) on the purposes for which extended fast-track might be used. However, extending fast-track -- even only for Mexico -- is likely to be a tough fight. Attracting Uruguay Round or EAI opponents to the fight could seriously jeopardize the entire authority.
 - c. Therefore, set out in the succeeding two sections of this memo (on the Round and EAI) are continua of some possible self-imposed limitations, listed in rough order from least to most restrictive. Agencies are likely to agree that we should strive for the least restrictive point on each continuum that does not seriously threaten the disapproval vote.
 - d. We have already begun an interagency effort on the Hill to highlight the merits of fast-track extension in general. Over the next few weeks, key agencies will promote the notion of authority with as few limits as possible -- and gauge as precisely as possible the position of maximum flexibility for the President that would not seriously jeopardize the disapproval vote.

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B. Extension for the Uruguay Round?

1. Continuum. If, as now appears virtually certain, we do not have even near-final texts of Uruguay Round agreements ready to send to the Hill by March 1, there will be several possible expressions of Administration intent regarding the Round, including:
 - a. A statement that, in light of substantial progress, the Administration plans to use extended authority to finish and implement the Round.
 - b. A statement that the Administration is maintaining its position that serious negotiations cannot resume until conditions warrant; and that the Administration will consult closely with Congress if those conditions (especially an improved EC position on agriculture) appear to exist and warrant use of fast-track; or
 - c. A statement that, under no circumstances, would the Administration use extended authority for the Round.
2. Because the status of Round negotiations is uncertain, it probably does not make sense to choose an expression of intent until mid-February or so. However, here are some factors that should bear on the decision:
 - a. Anything less than an unambiguous commitment that the authority would not be used for the Round is likely to excite opposition to extension from key opponents of the Round. Although such opposition may overlap broadly with opposition to a Mexico FTA (and thus not result in significantly more votes against fast-track extension), there are powerful groups (such as textiles and certain agricultural interests) that consider themselves much more threatened by a Uruguay Round agreement than a Mexico agreement.
 - b. Conversely, including the Uruguay Round in extension plans should also excite at least somewhat more support for extension from business groups who view themselves as winners from a Uruguay Round result. Our ability to count on such business community support is likely to depend heavily on their continuing perception that the United States is unwilling to sacrifice basic principles and objectives merely for the sake of concluding a deal.
 - c. Several key members of Congress have said they believe that persuading Congress to accept an extension for purposes of the Uruguay Round will be extremely

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difficult without some substantial progress in the negotiations between now and March 1.

- d. The ideal situation for extension consideration, then, would be one in which there is a breakthrough and substantial progress in the negotiations -- without the U.S. having signalled any significant concessions that would weaken U.S. business community support.
3. If the Administration does decide to identify the Uruguay Round as one of the purposes for which extended fast-track authority would be used, we will also face a decision on whether to try to create a new deadline for conclusion of Uruguay Round negotiations short of the next expiration of authority in two years.
 - a. The statute contemplates only a full two-year extension of the authority, without any legal mechanism for shortening that period. However, just as with the purposes for which fast-track authority might be used, the President could make a political commitment concerning deadlines.
 - i. For example, in requesting an extension, the President could state that he would not use the authority for any agreement signed after June 1992.
 - b. While a decision on timing may not be ripe yet, several factors should bear on the decision, including:
 - i. Without a new deadline, talks could well drag on until the authority expires again in 1993.
 - ii. A self-imposed political deadline may not prove entirely credible internationally.
 - iii. We may need a year or more to complete some of the difficult lagging negotiations, such as market access in services and government procurement.
 - iv. The European Community may need a year or more to produce a substantial proposal in agriculture.
 - v. Current planning calls for legislation implementing the Mexico FTA to be before Congress early in 1992. Unless we want the Uruguay Round agreement before Congress near the same time or during campaign season, we are likely to have to either finish the Round negotiations within a few months of extension or wait until early 1993.

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C. Extension for EAI?

1. Indicating that extended fast-track authority could be used for Latin FTAs in addition to Mexico could likewise engender support for a disapproval resolution that otherwise would not have existed.
 - a. One of the principal arguments likely to be used by opponents of a Mexico FTA is the threat of 87 million people willing to work for a fraction of U.S. labor's wages. With EAI included, opponents of extending fast-track are likely to raise the more threatening specter of 350 million cheap laborers competing with U.S. workers.
 - b. While a high priority for the Administration, there is at this point only limited business community support for pursuing FTAs beyond Mexico.
 - c. Unlike the Uruguay Round and, to some degree, a Mexico FTA, most members of Congress probably did not have in mind hemispheric free trade negotiations at the time they approved the current fast-track authority in 1988. Chairman Bentsen and others have urged that the Congress be given an opportunity to consider the Administration's new hemispheric policy.
2. Continuum. Possible Administration expressions of intent regarding EAI that might ameliorate some of the concerns outlined above include:
 - a. An assurance to Finance and Ways & means that no negotiations of any EAI free trade agreements would begin before the full running of the 60-legislative-day advance notice period. [Note that this has been Administration practice anyway.]
 - b. An assurance to Finance and Ways & Means that any plurilateral negotiations with a group of EAI partners would be notified to Finance and Ways & Means as though they were bilateral agreements. This would give the committees an opportunity to veto the negotiations during the 60-legislative-day advance notice period.
 - c. An assurance to Congress that, prior to notifying Finance and Ways & Means of our intent to enter any EAI negotiations, we would present a general statement of objectives and strategy for EAI trade negotiations and participate in a comprehensive review of the policy before any interested committee.

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~~CONFIDENTIAL~~

- d. An assurance to Congress that we would negotiate under extended authority with only those EAI countries that meet the strict eligibility criteria contained in our statement of objectives.
 - i. We might add that, at this time, we foresee only Chile actually meeting the criteria before June 1993, when the extended authority would expire.
 - e. An assurance to Congress that while the Administration might begin negotiations with EAI countries meeting our eligibility criteria under extended fast-track, only a Chile agreement might actually be signed before expiration of the authority in June 1993.
 - f. An assurance to Congress that extended fast-track authority would be used only for a Chile agreement.
 - g. An assurance to Congress that extended fast-track authority would not be used for any EAI agreements. Rather, the Administration will at some point present new legislation laying out the policy and objectives of EAI and seeking an extension of fast-track authority for that purpose well beyond 1993.
3. Assurances (a)-(c) involve little more than commitments to consult closely with the Congress, as we probably would anyway. While Finance and Ways & Means may be comforted by such assurances, the rest of the Congress may not -- since it is only the two committees that actually have the statutory privilege of vetoing negotiations during the 60-legislative-day advance notice period.
 4. It should be recognized that, should we be forced to make commitments like those in (f) or (g) above, we will be viewed in Latin America as having walked back from the President's initiative.
 5. Note finally that, even on an optimistic schedule, very few EAI negotiations could be concluded by March 1993. Thus, new legislation extending the fast-track beyond 1993 will in any event be necessary at some point for the Administration fully to pursue the EAI objective of hemispheric negotiations. Presenting a live legislative proposal during congressional consideration of fast-track extension, however, poses the risk that members might use the possibility of new legislation as a reason to oppose the Administration's statutory extension request.

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Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|---------|-------------|--------|
| 11a. Memo | From Ede Holiday to POTUS Re: Uruguay Round (1 pp.) | 1/30/91 | (b)(1) | S |

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: Uruguay Round 1991

| | |
|--|--------------------------------|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|---|---------|-------------|--------|
| 11b. Memo | From Carla A. Hills to POTUS Re: Meetings with the EC on the Uruguay Round (2 pp.) | 1/28/91 | (b)(1) | S |

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: Uruguay Round 1991

| | |
|--|--------------------------------|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

DATE: 1/31/91

NOTE FOR: EDE HOLIDAY

The President has reviewed the attached, and it is
forwarded to you for your:

Information

Action

Thank you.

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
(x2702)

cc: Chief of Staff -- FYI ✓
General Scowcroft -- FYI

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

SLS 7/19/15

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|---------|-------------|--------|
| 12b. Memo | From Ede Holiday to POTUS Re: Uruguay Round (1 pp.) | 1/30/91 | (b)(1) | S |

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: Uruguay Round 1991

| | |
|--|--------------------------------|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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]
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Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|---------|-------------|--------|
| 12c. Memo | From Carla A. Hills to POTUS Re: Meetings with the EC on the Uruguay Round [with handwritten annotations] (2 pp.) | 1/28/91 | (b)(1) | S |

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: Uruguay Round 1991

| | |
|--|--------------------------------|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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)]

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- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

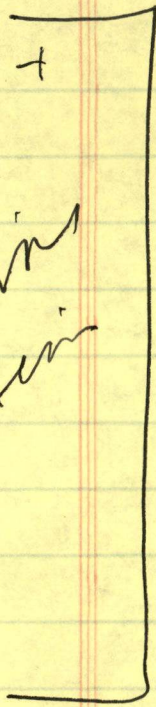
C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

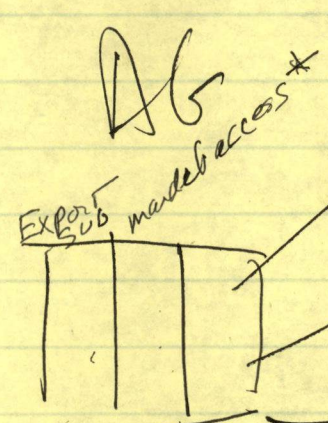
Freedom of Information Act - [5 U.S.C. 552(b)]

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- (b)(9) Release would disclose geological or geophysical information

Carrin
Raxini



103 - 37 paper
EC
Korea



Services
- telecom
- aviation
- maritime
- marine
- investment (-)

IPR (+)
- Pharmaceuticals
- Chemicals

Access
- o f a o. (26)

Textiles

37
50

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|------|----------------|--------|
| 13. Notes | Handwritten notes on Uruguay Round (1 pp.) | n.d. | 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: Uruguay Round 1991

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

| | |
|--|--------------------------------|
| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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)]

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

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Double summary on the 15th

Andriessen / Mac Sherry & here 27th

Bartsen / confirmation if needed -
but not good to ask Now

3. Scenario

1) Send out a "good luck" letter
they come to us 1/10th

2) Begin to negotiate take back to Bartsen
Continue to consult
Have by May 1

"Must give intention by 5/1 send down 50 boys etc"
Don't need text in hand.

But

Canada PTA -

negotiated after

3) Get something going -
Get expansion

- Babo View -

If going I can persuade

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|---------------------------|----------|----------------|--------|
| 14. Paper | Uruguay Round (2 pp.) | 12/19/90 | 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: Uruguay Round 1991

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

| | |
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| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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: |
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RESTRICTION CODES

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URUGUAY ROUND

- f
- o Note: Useful to ensure GB understands the framework we want for the agriculture result.
 - He knows the three "boxes" or categories:
 - (1) internal support; (2) market access; and
 - (3) export subsidies.
 - Needs to know there are also three variables for each box: (1) amount; (2) over what time period; (3) from what starting point.
 - Also, can't be offset by "rebalancing" or other takebacks.
 - o To get Kohl and Mitterrand to move to this framework, we can say we'll be flexible on the three variables. But they need more because ag is a loss for them.
 - o So what can the President tell them they'll get, especially Mitterrand, in simple terms, in exchange for movement on agriculture (other than avoiding a failure)?
 - * * * / This is the critical point we need to develop if POTUS contacts are going to be useful.
 - o Make the point that our bottom line numbers for each of the three boxes depends on the other two variables (over what time period and from what starting point), as well as what we get in other areas.
 - * * * o What's the political strategy to get: (1) Germans to move French on agriculture; (2) French to move; (3) Japanese to move, and (4) resume negotiations with positive momentum.
 - You can note conversation with Genscher; German coalition talks; Kohl's election on January 17 (close-hold).
 - Press UK Prime Minister Major, at least to get info to guide negotiating strategy; he didn't do much at the EC Summit.
 - o Relay Delors conversation.
 - Delors is going to have private meetings with Kohl and Mitterrand; he sounds like he wants to make a case to them on the need for the EC to move in agriculture.
 - He asked for two brief papers: (1) Facts on the reduction in US ag supports over the past five years; (2) Best examples we have on our flexibility in areas that matter to France -- in particular services, textiles, market access.

-- We should also do a third: (3) How changes in agriculture can help the LDCs -- and be worth much more than aid.

o What other points of indirect influence can we use?

-- Francophone nation leaders who support our ag position and who might call Mitterrand?

o | Can we get the Japanese to flush out the EC by offering a
+ Δ | move (e.g., accepting Hellstrom paper as basis for
negotiation)?

o May want to get a feel for under what conditions Congress would accept an extension in our negotiating authority (although I think this is a dead end unless a good deal is almost complete).

AGRICULTURE IN THE URUGUAY ROUND

| | <i>Domestic Supports</i> | <i>Export Subsidies</i> | <i>Market Access Barriers</i> |
|--|---|---|---|
| <i>Houston Summit Goal</i> | "Substantial, Progressive Reductions" | "Substantial, Progressive Reductions" | "Substantial, Progressive Reductions" |
| <i>United States Proposal</i> | 75% Reduction Over 10 years | 90% Reduction Over 10 Years | 75% Reduction Over 10 Years |
| <i>European Community Proposal</i> | 30% Reduction From 1986 Baseline (Effective Cut: 15%) | No Proposal | No Proposal |

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|------|----------------|--------|
| 15. Chart | Possible Scenarios for EC Negotiations (1 pp.) | n.d. | P/S | |

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: Uruguay Round 1991

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 By JL (NLGB) on 10/28/05

| | |
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| Date Closed: 1/5/2005 | OA/ID Number: 29174-003 |
| 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: |
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| AR Disposition: | MR Disposition: |
| AR Disposition Date: | MR Disposition Date: |

RESTRICTION CODES

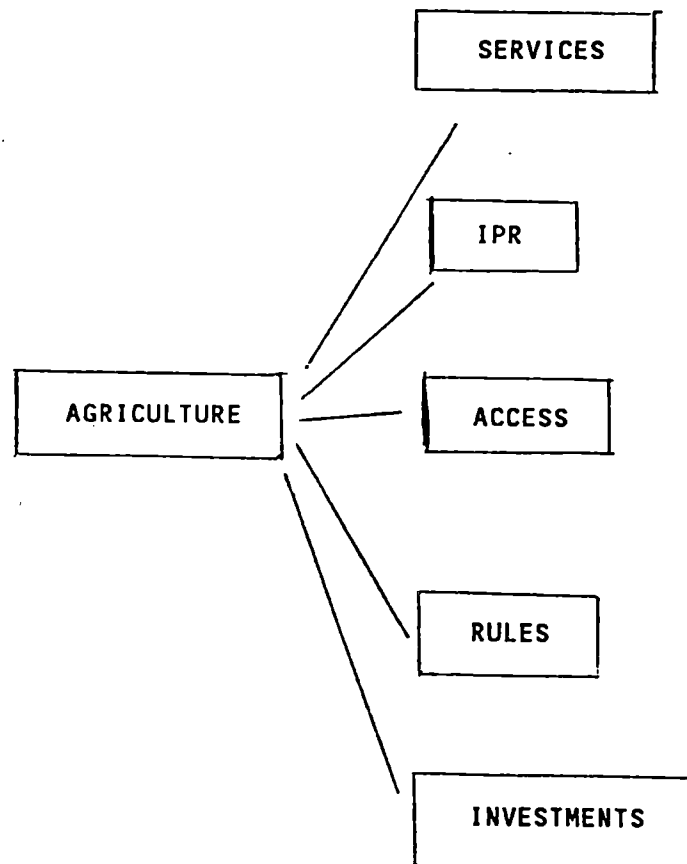
| | |
|--|--|
| <p>Presidential Records Act - [44 U.S.C. 2204(a)]</p> <p>P-1 National Security Classified Information [(a)(1) of the PRA] P-2 Relating to the appointment to Federal office [(a)(2) of the PRA] P-3 Release would violate a Federal statute [(a)(3) of the PRA] P-4 Release would disclose trade 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]</p> <p>C. Closed in accordance with restrictions contained in donor's deed of gift.</p> <p>PRM. Removed as a personal record misfile.</p> | <p>Freedom of Information Act - [5 U.S.C. 552(b)]</p> <p>(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</p> |
|--|--|

POSSIBLE SCENARIO

CONTENT

1. EC STONEWALL ON AGRICULTURE

2. REAL NEGOTIATION



3. MINIMAL PACKAGE

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9358

THE WHITE HOUSE

WASHINGTON

November 28, 1990

*Barbara not going
independent
[Miley]
Branley!!!!!!*

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 12/1/23

MEETING ON THE URUGUAY ROUND

DATE: November 28, 1990
LOCATION: Oval Office
TIME: 3:00 p.m.

FROM: BRENT SCOWCROFT *BS*

I. PURPOSE

To review U.S. strategy for bringing the Uruguay Round to a successful conclusion.

II. BACKGROUND

Trade Ministers from the 96 GATT Contracting Parties will meet December 3-7 in Brussels with the intention of concluding the Uruguay Round of Trade Negotiations. Carla Hills will lead our delegation, which will include Clayton Yeutter, Bob Mosbacher, Roger Porter and representatives from State, Treasury, Labor and the CEA.

No one is confident that success can be achieved next week. Given the important domestic and international ramifications of a failed Round, we should have a strategy for either concluding the Round next week with the best deal we can get or extending the talks to achieve a better deal. A critical element will be whether we can get the final GATT package through Congress. Failure to do so would severely tarnish the Administration's standing on economic and trade issues. Consequently, our negotiators need your guidance.

Agriculture remains the key sticking point and the obstacle to concluding agreements in the other important areas such as textiles, services, investment and intellectual property rights.

I believe Delors woke up after hearing your strong dissatisfaction with the EC's agriculture proposal. Jim Baker hit him hard a few days later during the U.S.-EC Ministerial. As a result, Delors may clarify the EC offer to provide for a 30% reduction in each of the three areas (i.e., internal support, export subsidies and market access) over five years. If pressed, he might even be willing to move the base year up from 1986 closer to 1990 (our proposal), which would make the 30% figure more meaningful.

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cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

However, even such a concession, which the EC would see as a major move, would be very far from what we and the Cairns Group are seeking (i.e., 90% cut in export subsidies and 75% cut in internal supports and market access over ten years). You need to press Carla Hills and Clayton Yeutter to give you their best estimate on the minimum agriculture deal we need (a) to get Cairns and other developing countries to agree to a comprehensive Uruguay Round package; and (b) to get the deal through Congress. This assessment will need to take into account the overall package -- not just agriculture. Specifically, we must know whether, in the final analysis, a modest agreement is better than none at all.

A major unknown is how forthcoming Kohl will be after his election and how much time he would need to bring other EC members, especially France, around. You should raise this again with Kohl when you call him on the election results. If Kohl wants some additional time to work over his EC colleagues to bring about a positive agriculture deal, we should accommodate him as long as you believe he can deliver. You should ask Hills and Yeutter whether, under this scenario, it would be possible to have an interim result in the other GATT sectors (i.e. textiles, services, etc.), postponing the agriculture deal for several weeks. The understanding, of course, would be that nothing was decided until everything was decided.

Two other areas remain contentious -- services and textiles.

On services, several countries have accused us of not being forthcoming enough on maritime, aviation and banking, which we want to exclude from GATT disciplines. This is contrary to our overall approach in these negotiations. You should press Carla Hills and Nick Brady to see whether we can improve our offer.

On textiles, we have put forward a proposal to integrate textiles into the GATT, removing quotas over a number of years. But some in the Administration believe that our approach is a step backwards. Developing countries, which are very competitive in this sector, would like a faster phase out of quotas. You should ask Carla Hills whether there is anything more than can be done in this area.

You have invested your personal prestige and time in getting a significant Uruguay Round result. While the EC would probably get the blame internationally for a failed Round, you would feel the heat domestically as protectionist forces in industry and Congress would maneuver to defend their interests. Such actions would inevitably affect adversely our relations with Western Europe, Japan, and key LDCs, particularly if Congress mandates retaliation in an effort to achieve by feat what we could not accomplish through negotiations.

Suggested points to be made are attached at Tab A.

III. PARTICIPANTS

A list of participants is at Tab B.

IV. PRESS PLAN

White House photo only.

V. SEQUENCE

You should make introductory remarks and then ask the participants some pointed questions to draw out their frank views on the outlook for the Round and next steps.

Attachment

Tab A Points to be Made
Tab B List of Participants

TAB A

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A
B
A

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POINTS TO BE MADE FOR MEETING
ON THE URUGUAY ROUND

- Before Carla, Clayton, Bob and the rest of the team leave for Brussels, I want to get your assessment of where we stand and what might happen next week.
- As you know, I have pushed our views with Andreotti, Delors, Mitterrand and Kohl recently. I will be speaking with Kohl again on Sunday to congratulate him on his expected victory.
- Even though the EC understands our position on agriculture better now, I doubt that they are prepared to move as far as we and the Cairns Group would like.
- I have several questions on which I would appreciate your frank views:
 - o Agriculture is key, as we have all made abundantly clear. But what is our bottom line on agriculture? What are the prospects for achieving it given the EC's position to date? What do we need to bring the Cairns Group, our Congress and others on board?
 - o On services, I understand we are being criticized for our stand on maritime, aviation and banking. Are we being protectionist in these areas? Can't we do better?
 - o On textiles, how forthcoming are we in opening our markets to the competitive products of developing countries?
- If negotiations stall next week, what do we do? Do we reconvene after Kohl has worked over his EC colleagues

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By SS NARA, Date 12/1/23

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(assuming he is willing)? In short, what is our strategy for managing the negotiations after next week's Ministerial?

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TAB B

PARTICIPANTS

The President

The Vice President

Nicholas F. Brady, Secretary of the Treasury

Clayton K. Yeutter, Secretary of Agriculture

Richard G. Darman, Director, Office of Management and Budget

Carla Hills, United States Trade Representative

John Sununu, Chief of Staff

Michael Boskin, Chairman of the Council of Economic Advisers

Brent Scowcroft, Assistant to the President for National
Security Affairs

Roger Porter, Assistant to the President for Economic and
Domestic Policy

Ede Holiday, Assistant to the President and Secretary to the
Cabinet

Lawrence Eagleburger, Deputy Secretary of State

Rodrick DeArment, Deputy Secretary of Labor

3:00

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

November 27, 1990

MEMORANDUM FOR SECRETARY YEUTTER
SECRETARY MOSBACHER
ACTING SECRETARY DEARMENT
ROGER PORTER, SPECIAL ASSISTANT TO THE PRESIDENT
FOR ECONOMIC AND DOMESTIC POLICY
UNDER SECRETARY MCCORMACK
JOHN TAYLOR, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT SECRETARY DALLARA
ASSISTANT SECRETARY SHANE

FROM: CARLA A. HILLS *CH*

SUBJECT: Uruguay Round Brussels Ministerial

I am delighted that you are going to be joining the U.S. delegation to the Uruguay Round Ministerial in Brussels. The purpose of this memorandum is to share with you how we intend to organize the meeting and how we can maximize our resources.

The meeting will be hectic. We have tough negotiating ahead in nearly all of the 15 areas, and we will have to manage the vast number of official and unofficial delegates (the full official U.S. delegation totals some 280 participants).

The format of the Ministerial will require us to maintain an intensive process of simultaneous meetings on all subjects, with the inevitable problems of coordination and communication. The Ministerial formally opens on Monday, and the senior delegation will participate in a number of events over the weekend with our official private sector and Congressional delegation.

GATT Director General Dunkel has advised me that he intends to run the Brussels meeting on the same basis as earlier meetings in Punta del Este and Montreal. The plenary will meet most of the week to hear statements of heads of national delegations. At the same time, selected Ministers and officials will be asked to assist the Chairman of the Trade Negotiations Committee, Uruguayan Foreign Minister Gros Espiel, in chairing working groups (green rooms) at the official or Ministerial level on outstanding issues.

Final negotiations on all the issues will culminate in the heads of delegation green room, which initially will meet concurrently with issue-specific green rooms and, towards the end of the week, around the clock.

In addition to the green room sessions, there will be regular briefings with the press and private sector and bilateral meetings with foreign representatives requiring the participation of senior members of the delegation.

At the Cabinet-level, I have already asked Secretary Yeutter and Secretary Mosbacher initially to lead the U.S. efforts on agriculture and subsidies and antidumping, respectively. In addition, I am asking Acting Secretary DeArment to pitch-in with our team on the services negotiations, and Roger Porter to do the same on balance of payments and safeguards. Other issues and assignments will be handled at the subcabinet level according to my designation. My senior Deputy, Julius Katz and Ambassador Lavorel will help me to coordinate these arrangements, including eventual green room participation.

In all areas, I have designated subcabinet-level teams to support the U.S. effort, and ask your support and cooperation in handling these assignments. Each of the teams includes one senior negotiator at ambassadorial or subcabinet level, and will be supported by the negotiating team (primary interagency staff are noted on the teams). When issues are finally sent to the heads of delegation green room, I will ask the appropriate Cabinet or subcabinet officer or the relevant negotiator to assist me.

We will meet as a senior delegation every morning to review previous day's events and our strategy for the day, including the countries and representatives that need attention at high levels. Ambassador Katz or Lavorel will conduct a daily briefing for the remainder of the delegation immediately following our sessions. I also will make assignments of senior USTR officials to lead and coordinate Congressional, private sector and press briefings.

I look forward to seeing you in Brussels, and very much appreciate your time and participation.

Attachment

bcc: Governor Sununu ✓
Ambassador Niles

Uruguay Round Teams for Brussels Ministerial

o Agriculture: Ambassador Katz/Under Secretary Crowder

Joe O'Mara
Suzy Early

o TRIPs: Ambassador Warren Lavorel

Bruce Wilson
Mike Kirk
Cathy Field
Emery Simon
Steve Arlinghaus

o Services: Ambassador Rufus Yerxa

Assistant Secretary McAllister
Dick Self
Ken Freiberg
Bonnie Richardson

o for financial services:
Assistant Secretary Dallara
Jerry Newman

o for transportation:
Assistant Secretary Shane

o for labor issues:
Shellyn McCaffery

o Safeguards: Ambassador Warren Lavorel

Joseph Papovich
Jorge Perez-Lopez

o Subsidies: Assistant Secretary Eric Garfinkel/ USTR
General Counsel Joshua Bolten

Chris Parlin
Mary Pat Michel

o Antidumping: Assistant Secretary Eric Garfinkel/ USTR
General Counsel Joshua Bolten

Tim Reif
Chris Parlin

o TRIMS: Assistant Secretary Charles Dallara

Deputy Assistant Secretary Barreda
Dave Shark

o Market Access: Under Secretary Mike Farren

CEA Member, John Taylor
Doug Newkirk
Melissa Coyle
Marjorie Searing

o Rules of Origin
& PSI: Ambassador Rufus Yerxa

Andy Stoler
Wendy Silberman

o Govt. Procurement: Ambassador Warren Lavorel

Bev Vaughn
Josh Bolten

o Dispute Settlement: Ambassador Warren Lavorel

A. Jane Bradley
Chris Parlin

o Textiles: Ambassador Ron Sorini

Robert Shepherd
Augustine Tantillo
Caroyl Miller

o GATT Articles (BOP): Assistant Secretary Charles Dallara

Doug Newkirk
Jim Wallar

o Implementation of
UR Results: Ambassador Lavorel/Ambassador Yerxa

Andy Stoler
Jane Bradley

o Global Coherence: Assistant Secretary Dallara/ CEA Member,
John Taylor

Jim Waller
Andy Stoler

o Foreign Bilateral
Meeting Requests: Under Secretary McCormack

Ambassador Niles
Other members of the senior delegation as appropriate and as
determined by needs.

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|---|------|----------------|--------|
| 17. Report | France: Benefits from the Uruguay Round (1 pp.) | n.d. | P/5 | |

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FRANCE: Benefits from the Uruguay Round

o France's Geopolitical Interest

- Mitterand -- vocal proponent of aid to LDCs in French West Africa, Eastern Europe and Latin America.
- But OECD trade barriers cost LDCs 2 1/2 times all aid received.

o France's Stake in World Trade: France is the 4th largest world exporter. (1988 exports = \$230 billion)

o Market Access

- Uruguay Round target of 33% in barriers would increase French output by \$300 billion over the next ten years (\$19,000 per family of four).
- U.S. offer -- average depth of tariff cut to French imports is 57%, covering \$8 billion.

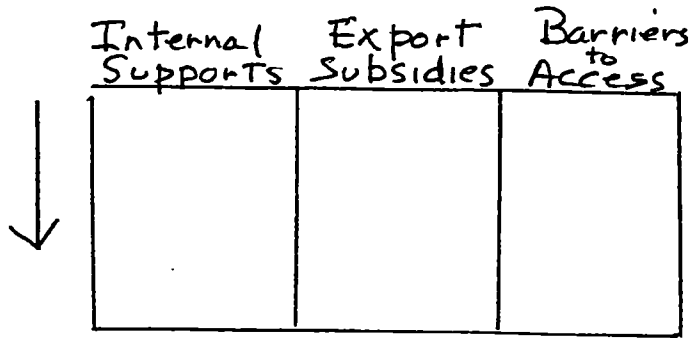
o Services

- France is the 2nd largest exporter of services, exporting nearly \$60 billion last year.
- Major French focus:
 - Financial services: interested in U.S. (repeal of Glass-Steagall and restrictions on interstate banking) and Japanese markets.
 - Enhanced telecommunications and engineering services.

o Intellectual Property

- France benefits from stronger intellectual property (patent, trademark, and copyright) protection, as a major exporter of high-technology and brand name goods.
- Major French focus:
 - o Appellations of Origin: prospective protection would benefit French wine industry (though it would prefer rollback.)
 - o Trademarks: Would protect French designer label industry (Louis Vuitton, etc.).

Agriculture



Variables

- Size of Cut
- Length of term
- Base Year

HERSTROM 30/5/80 START '90...
'86-'87-'88

Domestic Scorecard

37 votes against Round

PEANUTS
DAIRY
TOBACCO
SUGAR
TEXTILES



Services

- Telecommunications
- Maritime
- Aviation
- Broadcast-T.V.
- Financial Services

Intellectual Property Protection

- Pharmaceuticals

Market Access (33% Target)

Investment

Textiles

AGRICULTURE IN THE URUGUAY ROUND

| | <i>Domestic Supports</i> | <i>Export Subsidies</i> | <i>Market Access Barriers</i> |
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| <i>European Community Proposal</i> | 30% Reduction From 1986 Baseline (Effective Cut: 15%) | No Proposal | No Proposal |

Agricultural Support

Internal Supports

o What the U.S. has done:

- From 1986-1990: cut agricultural support for major commodities (grains and dairy) by nearly 50%.
- From 1991-1995: plan to cut an additional 25%. (except for dairy).

o What the EC has done:

- From 1986-1990: cut support for grains by about 15%.
- Future: no additional cuts planned.

Export Subsidies and Barriers to Market Access

- o Cuts in these two areas are essential to the creation of new opportunities for agricultural exporters.