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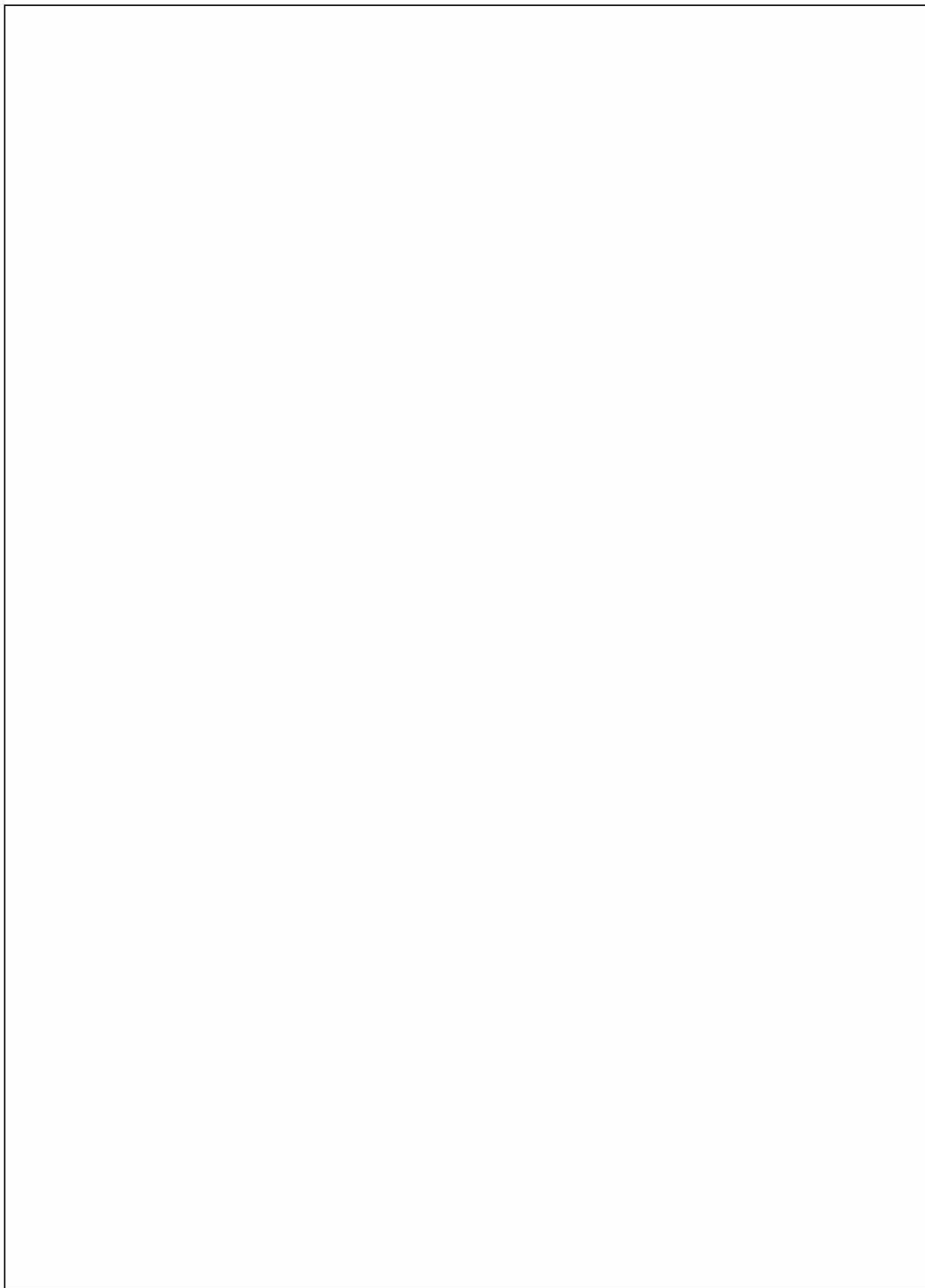
To: Daniel J. Bartlett (CN=Daniel J. Bartlett/OU=WHO/O=EOP [WHO 1]), Karen Hughes (

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Subject: : President Submits His Trade Agenda to Congress
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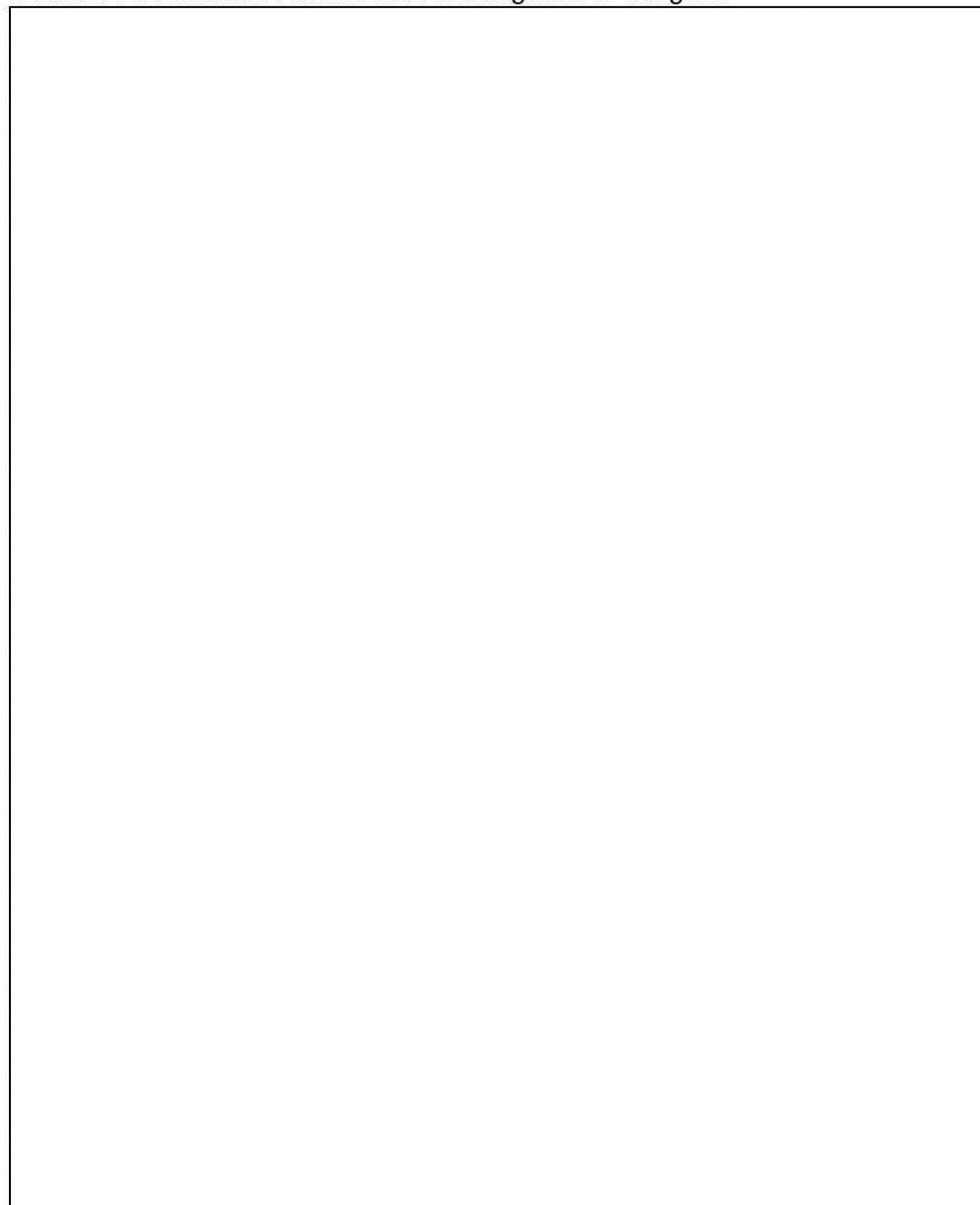
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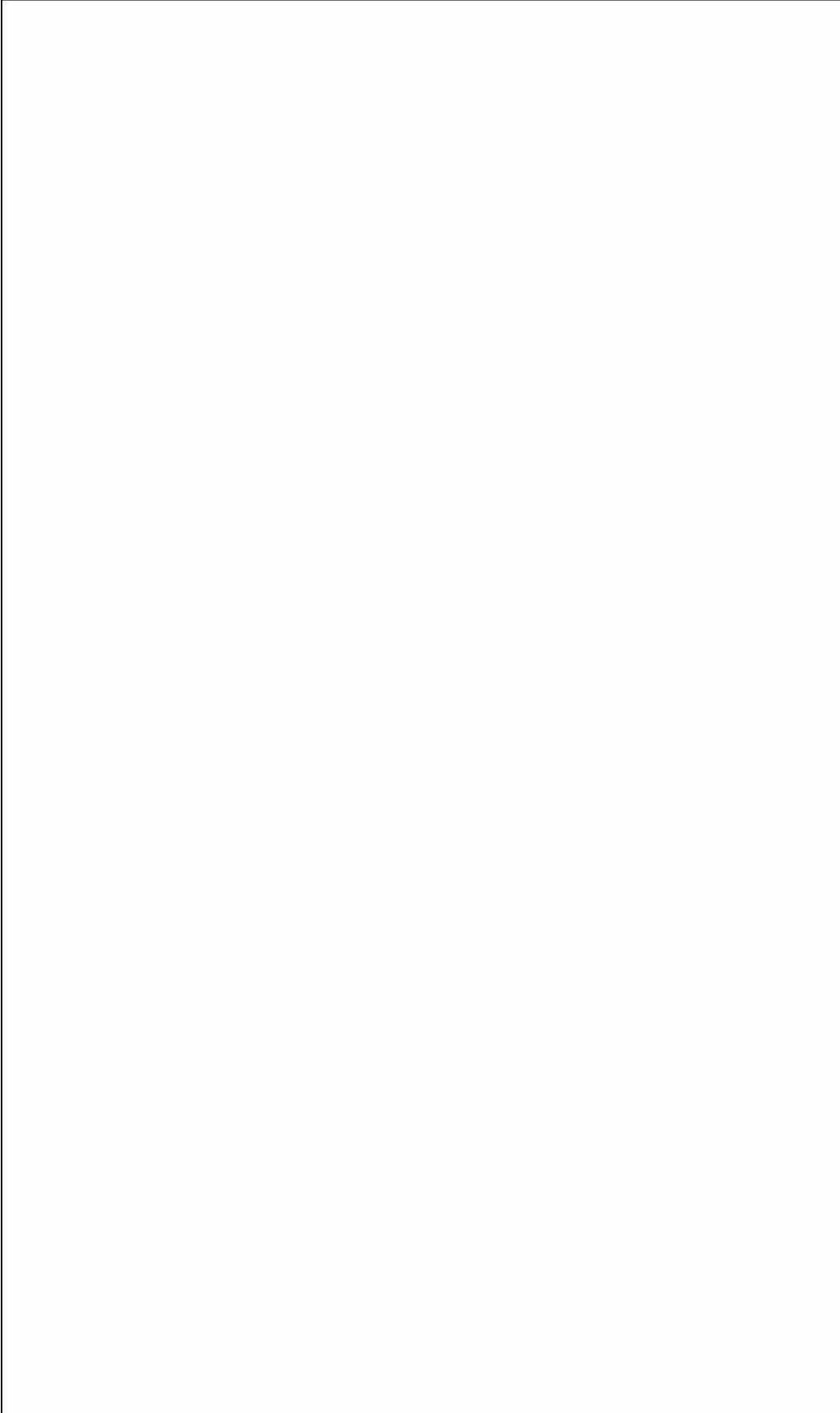
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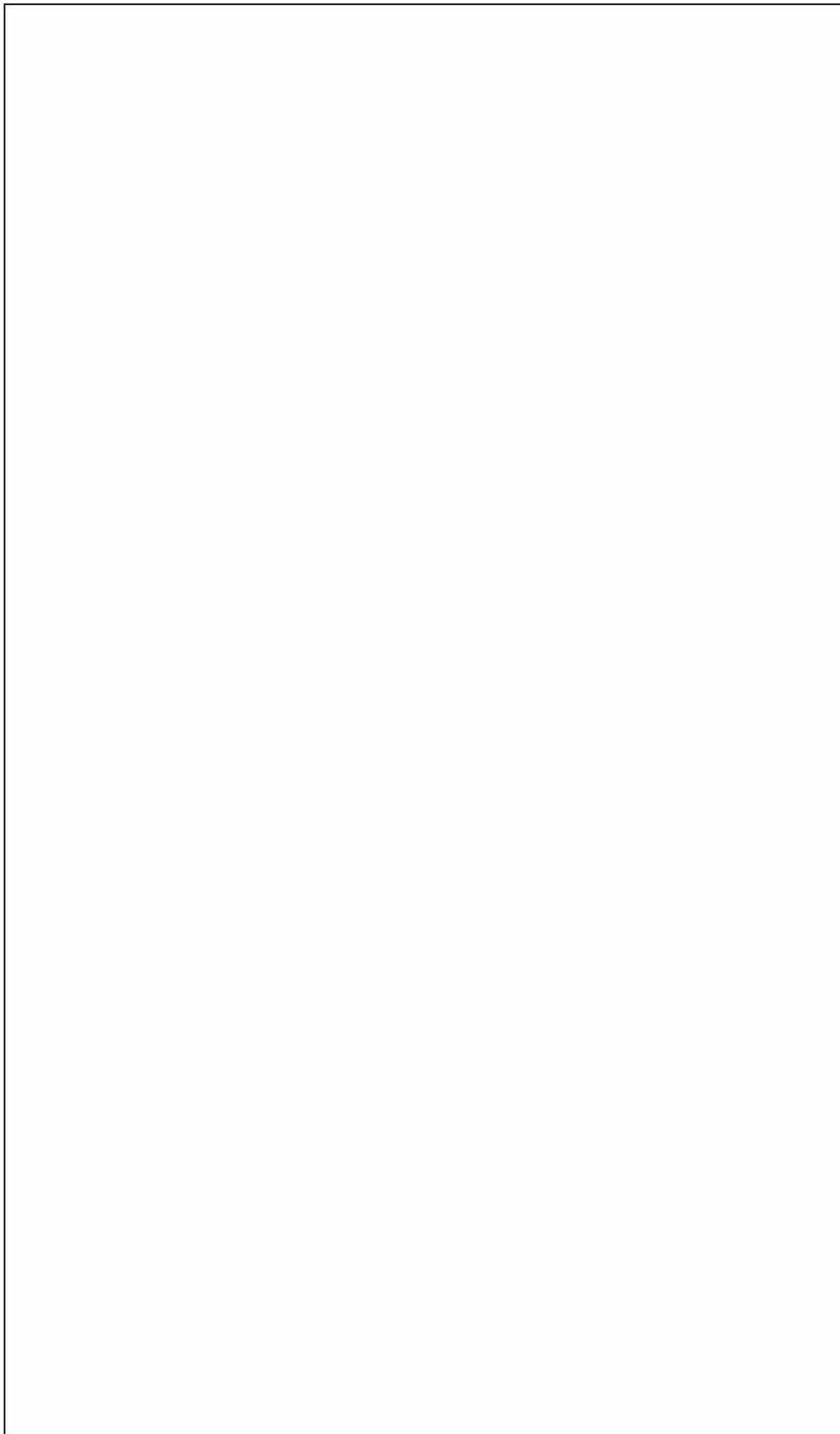
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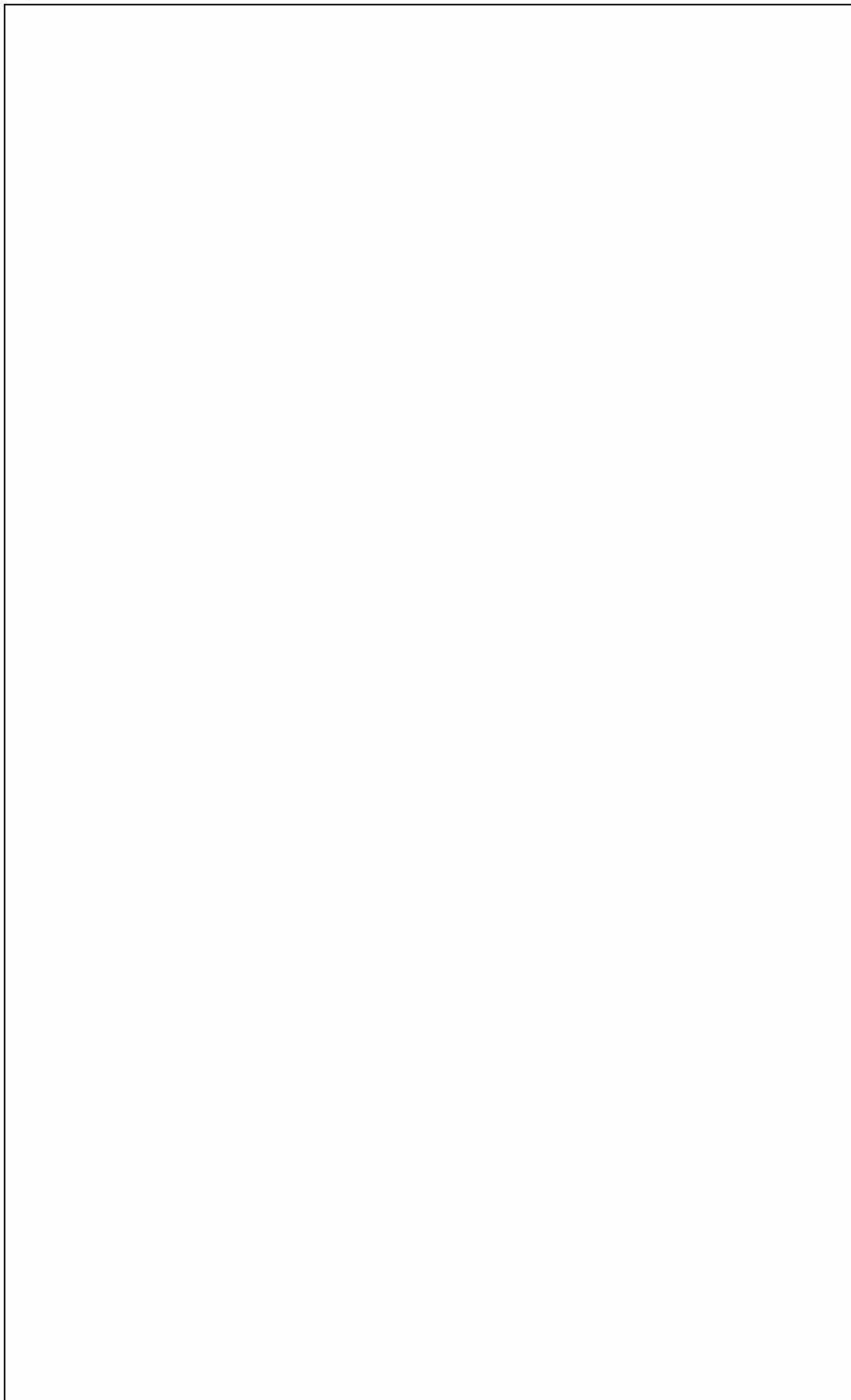
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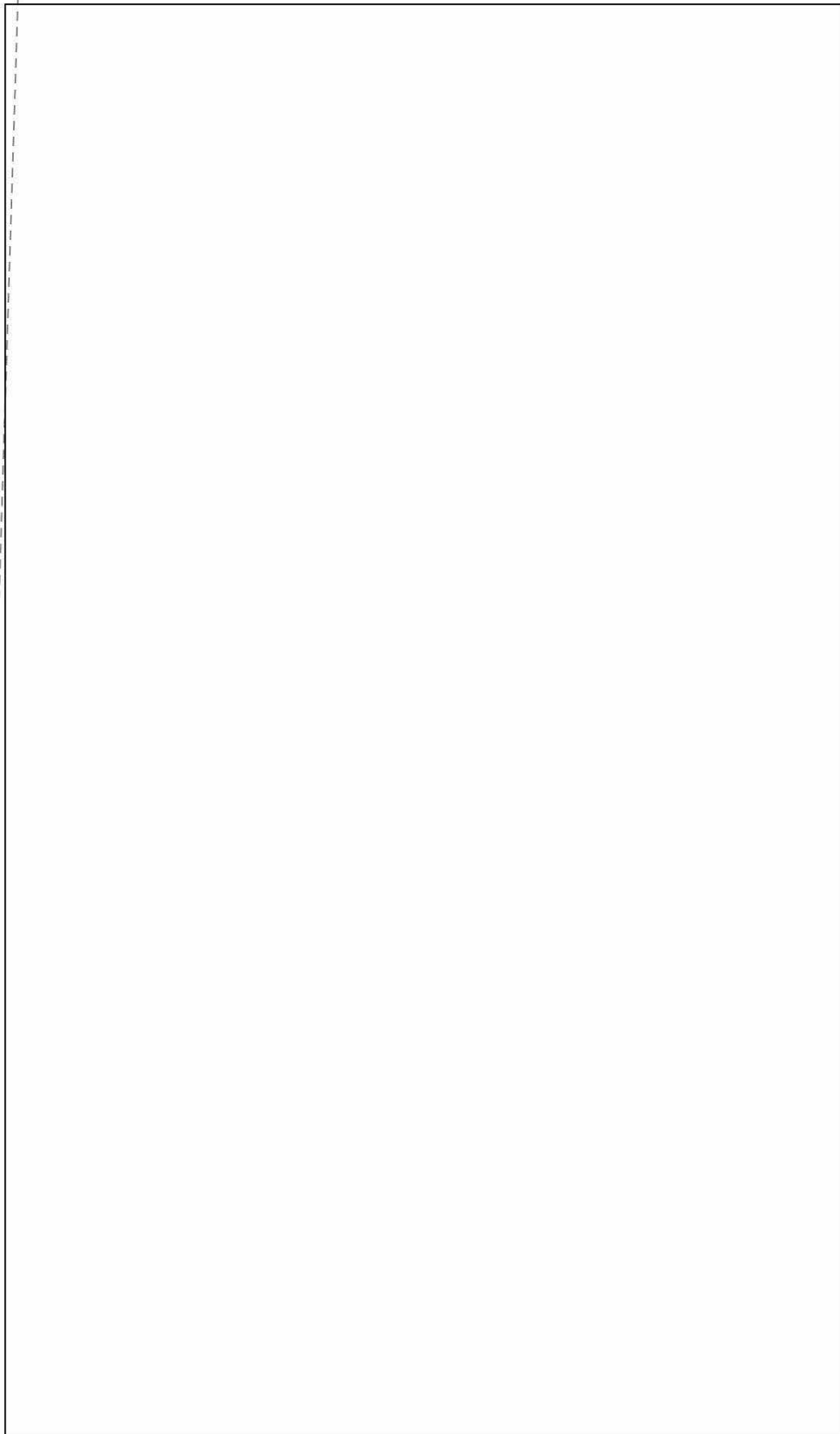
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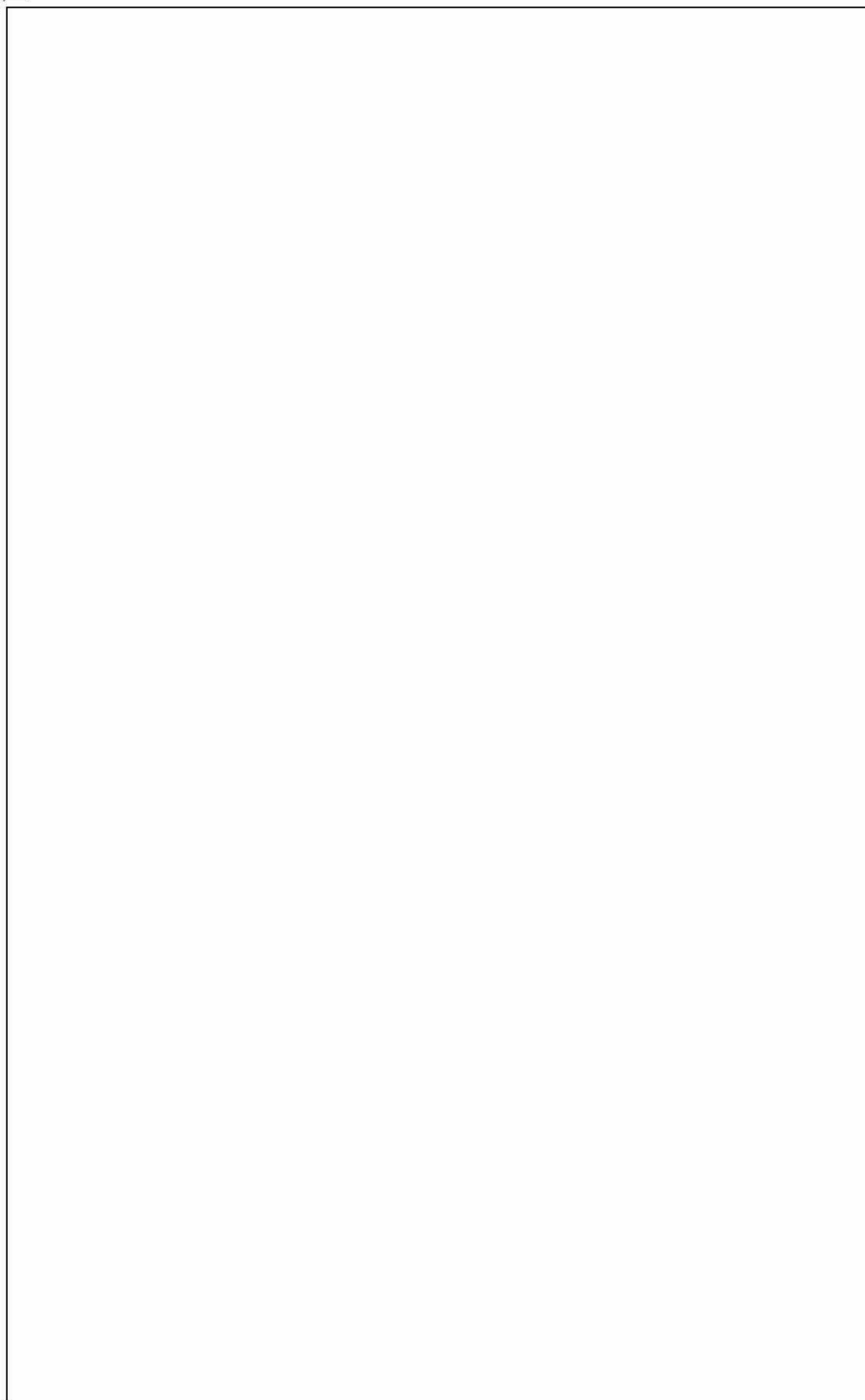
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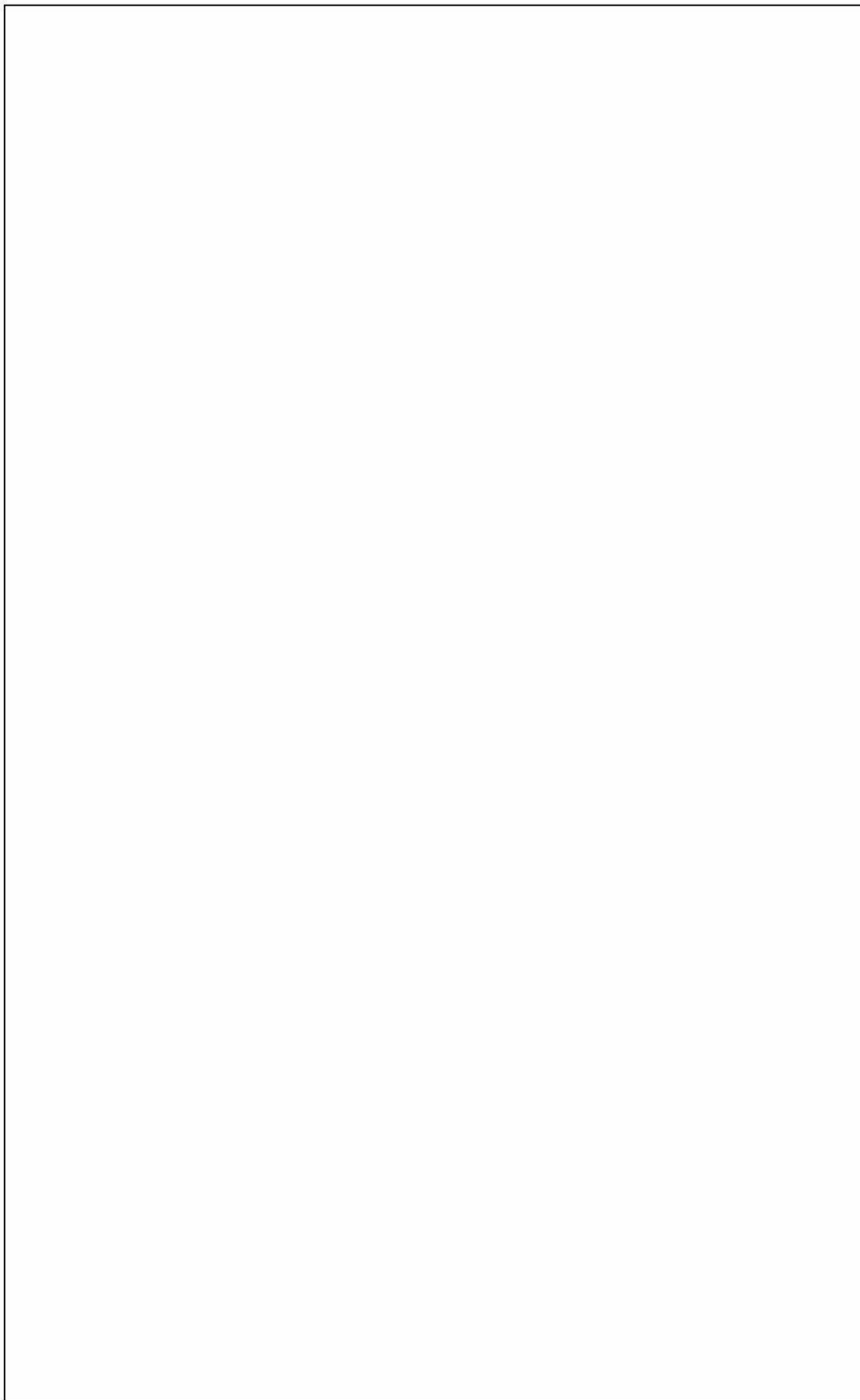
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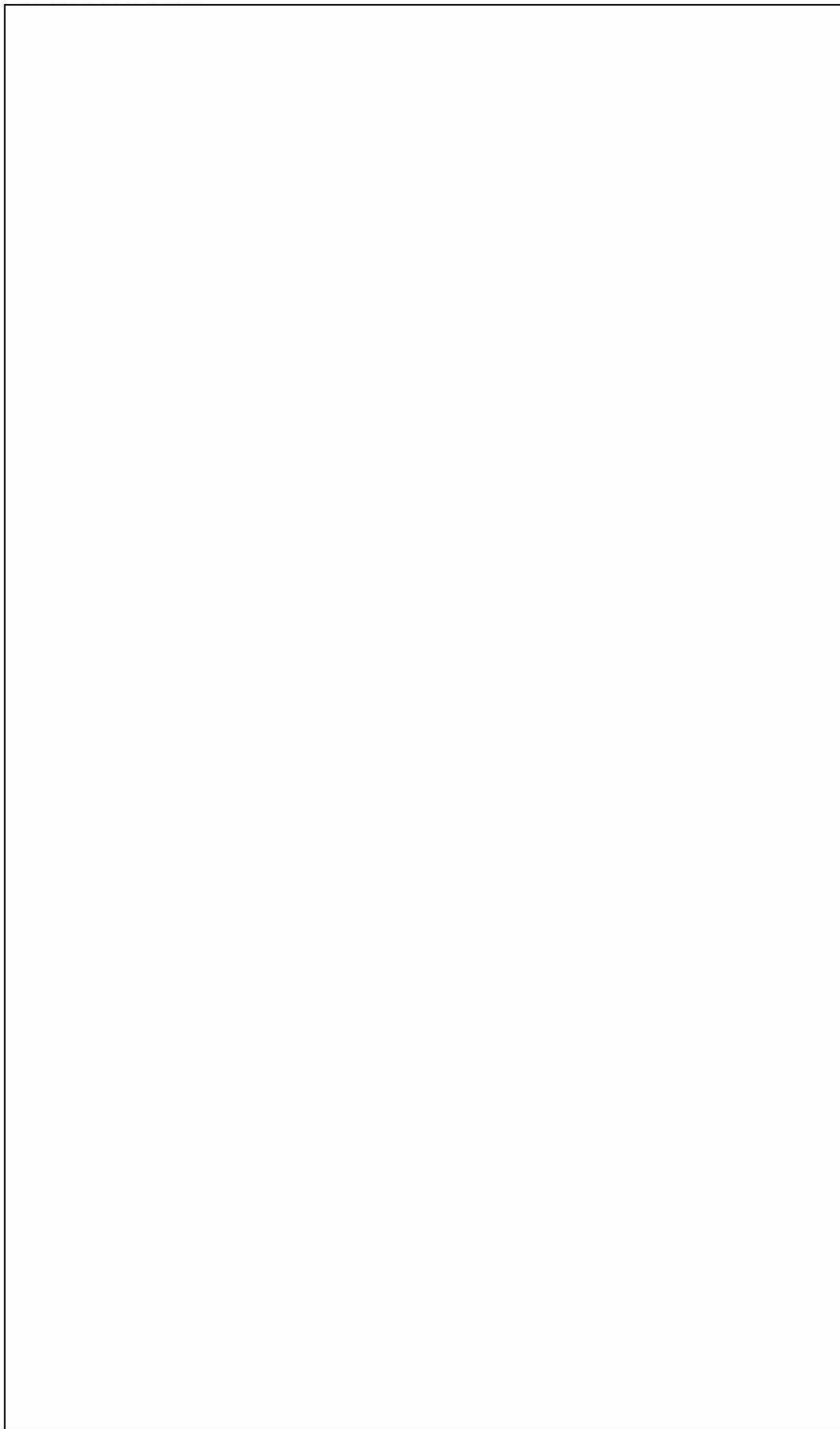
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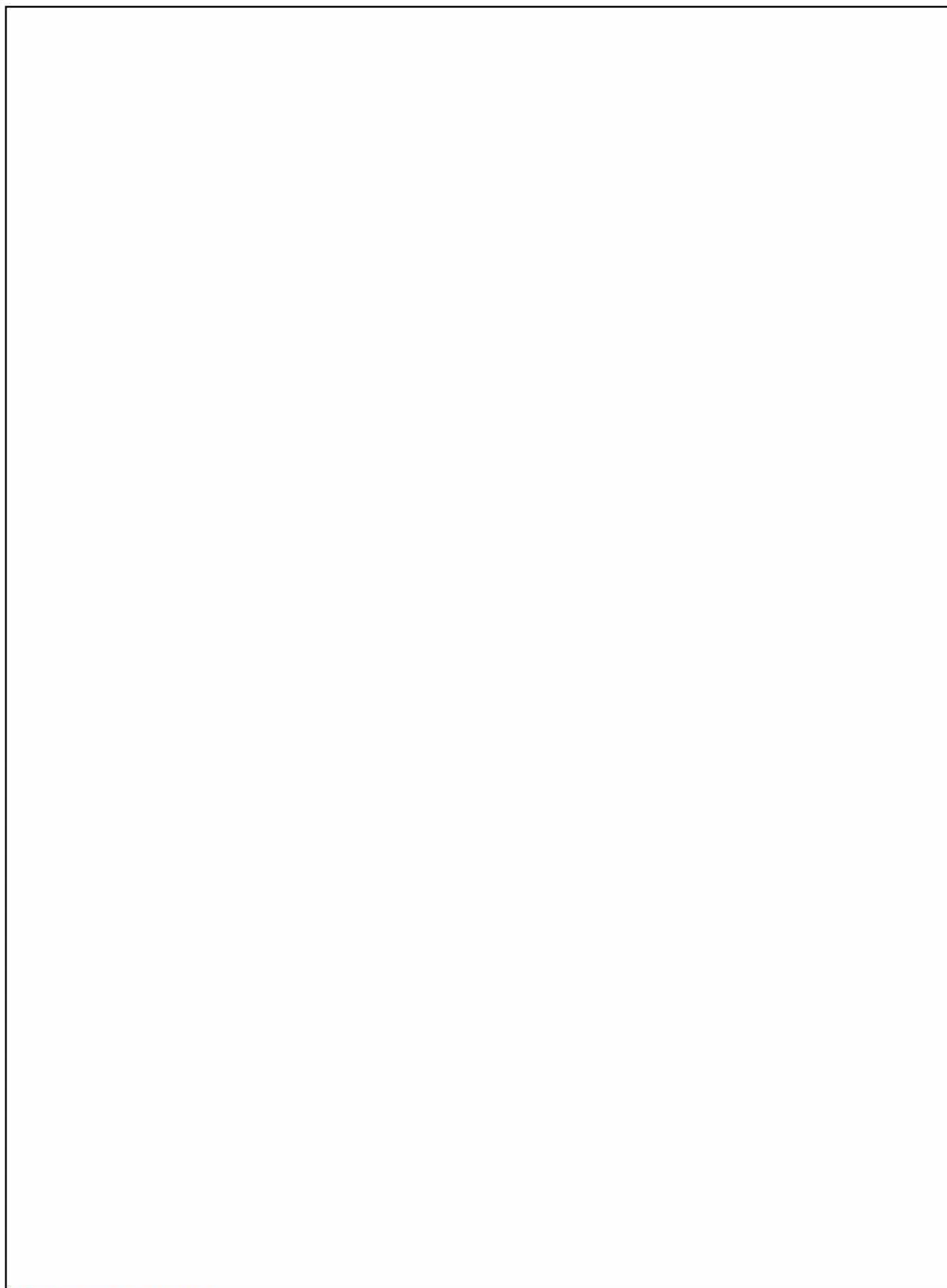


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Attached is the President's trade agenda which he submitted to Congress this afternoon.

(See attached file: Trade Agenda Submission.doc)

- Trade Agenda Submission.doc

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2001 International Trade Legislative Agenda

“Open trade fuels the engines of economic growth that create new jobs and new income. It applies the power of markets to the needs of the poor. It spurs the process of economic and legal reform. It helps dismantle protectionist bureaucracies that stifle incentive and invite corruption. And open trade reinforces the habits of liberty that sustain democracy over the long term.”

--President George W. Bush, April 17, 2001

Introduction & Background

For some 60 years, Presidents and Congresses of both parties worked together to open markets around the globe. This successful collaboration is among the main reasons for 17 years of economic growth, peace and freedom that we know today.

But since 1994, the Executive Branch has not had the authority it needs from the Congress to negotiate agreements to continue this prosperity. The bill has now come due. The European Union has 27 preferential or special customs agreements with other countries and is negotiating 15 more. Japan is negotiating a free trade agreement with Singapore and considering agreements with Mexico, Korea and Chile. There are over 130 preferential trade agreements in the world today -- and the United States is a party to only two of them.

Now, more than ever, U.S. leadership is essential to reinvigorating the international trading system, including launching a new round of global negotiations, as well as regional and bilateral negotiations.

History has shown that expanded trade -- imports as well as exports -- leads to more prosperous U.S. businesses, more choices of goods and lower prices for consumers, and more opportunities for American farmers and workers leading to higher wages, more jobs and economic growth. Expanding trade brings particular benefits to lower-income Americans who are squeezed both as consumers and taxpayers.

Expanding trade also has many benefits abroad. Open markets promote economic and political freedom around the world; economic and political freedom in turn creates competition, opportunity and independent thinking that strengthen democracy; and greater political freedom and democracy across the globe substantially enhance U.S. national security. As we dismantle trade barriers around the world, especially in the developing world, we help create the economic and social conditions necessary for countries to make progress on the environment, observance of labor standards, the protection of children, and other critical issues.

The President's trade agenda for 2001 is intended to further each of these benefits of expanding markets for American consumers, farmers and workers, *and* to advance a forward strategy for freedom, economic development and increased living standards around the world by pursuing a new round of global trade negotiations, a Free Trade Area of the Americas, and other important regional and bilateral agreements.

The President's 2001 International Trade Agenda

President Bush's 2001 legislative agenda for international trade, outlined below, reflects his commitment to open markets around the world for American workers, farmers, and businesses and to provide lower prices and greater choices for U.S. consumers and industries. It also reflects the President's commitment to work with the Congress to rebuild the bipartisan consensus for American leadership in the trade arena. It serves no one's interest for the United States to remain on the sidelines.

For that reason, the President has placed enactment of U.S. Trade Promotion Authority at the top of his trade legislative agenda. The attached outline presents a conceptual framework that distills those principles the President believes should shape a renewed grant of trade negotiating authority. Central to this approach is flexibility for the President to take full advantage of the market-opening opportunities that present themselves in the coming years while maintaining the closest possible consultation and collaboration with the Congress.

The President seeks to build an American trade agenda from the ground up, reflecting the views and interests of American farmers, workers, businesses, and the American people. Our negotiating objectives -- to open foreign markets for U.S. goods, services, farm products, and intellectual property, combat unfair trade practices, protect American businesses abroad from discriminatory treatment to name but a few -- must represent an agenda that serves the interests of all Americans.

An important part of that agenda is addressing trade-related labor and environmental concerns. As President Bush said last month in Quebec City: "Our commitment to open trade must be matched by a strong commitment to protecting our environment and improving labor standards."

The conceptual framework for U.S. Trade Promotion Authority set out below recognizes that there are many ways to carry out this commitment. The TPA framework makes clear that these goals must be pursued in a way that respects U.S. sovereignty and avoids self-defeating protectionism.

Enclosed with this agenda is an illustrative "toolbox" of actions that the United States can take in combination with trade negotiations to promote these important goals. The President has expressed his desire to work with the Congress to refine these ideas as well as the other concepts included in the framework for U.S. Trade Promotion Authority.

The outline that follows also describes the other key components of the President's 2001 trade legislative agenda. As an important complement to the grant of U.S. Trade Promotion Authority, the President seeks to improve this country's trade adjustment assistance programs for workers by emphasizing improvements in skills training. To rebuild a national consensus in support of trade, American workers must have the tools that allow them to compete in new jobs and new industries when job transitions occur. Consistent with the President's overall goals for training and education, these programs should increasingly be geared toward helping American workers meet the challenges of the 21st century.

The President's agenda also asks the Congress to implement three important commercial agreements to help bolster security and promote open markets in vital regions of the world -- a bilateral free-trade agreement with Jordan and bilateral trade agreements with Vietnam and Laos. In addition, the President urges the Congress to re-authorize the Generalized System of Preferences program and

Andean Trade Preferences Act, and pass legislation providing similar trade benefits for the nations of southeast Europe, a region that has been beset by conflict in recent years. These programs are important because they allow us to help developing countries and emerging markets begin the process of integrating themselves into the world trading system.

Last year, the Congress enacted the African Growth and Opportunity Act to encourage and promote economic growth and reform in sub-Saharan Africa. This legislation holds real promise for helping to integrate African economies into the world trading system. The Congress should consider whether more progress can be made along these lines.

In conclusion, the President has developed a broad trade legislative agenda that serves America's best interests. The Administration is committed to working with the Congress, the states, and interested groups to shape the agenda and build the consensus needed to pass trade legislation with overwhelming bipartisan support. From the President's perspective, now is the time to roll up our sleeves and get to work on behalf of American workers, farmers, businesses, and a brighter American future.

Outline of the President's International Trade Agenda

I. U.S. Trade Promotion Authority

A. Statement of Purposes

1. To achieve:

- a. Economic growth, higher living standards, higher wages and full employment in the United States;
- b. Economic growth, development, reduction of poverty, and increased democratization around the world;
- c. Mutually supportive trade and environment, and trade and labor, policies;
- d. More open, equitable and reciprocal market access for U.S. goods, services and investment;
- e. The reduction or elimination of barriers and other trade-distorting policies and practices that decrease market opportunities for U.S. exports;
- f. The reduction or elimination of unfair trading practices; and
- g. A more open, transparent, and effective system of international trade disciplines and procedures.

2. **To pursue:**

- a. A new round of global trade negotiations under the auspices of the WTO to promote global economic growth and reinvigorate the international trading system;
- b. A Free Trade Area of the Americas agreement to expand economic cooperation and opportunity in the Western Hemisphere; and
- c. Other regional and bilateral trade negotiations, including free trade agreements with Chile and Singapore, to advance our national interests.

B. Negotiating Objectives to Advance U.S. Priorities

Expand market opportunities for U.S. goods, services and intellectual property by:

- 1. Reducing or eliminating tariffs and other barriers that impede *U.S. exports* from competing in foreign markets.
- 2. Enhancing market opportunities for *U.S. agriculture*.
- 3. Dismantling barriers to exports of *U.S. services*.
- 4. Keeping *electronic commerce* free from trade barriers.
- 5. Reducing or eliminating artificial or trade-distorting barriers to *U.S. foreign investment*.
- 6. Encouraging protection for U.S.-created *intellectual property* and creating export opportunities for goods embodying U.S. intellectual property.
- 7. Preserving our ability to combat *unfair trade practices*.
- 8. Encouraging *the protection of children* and adherence to *core labor standards* in connection with international trade in a manner consistent with U.S. sovereignty and trade expansion.
- 9. Encouraging mutually supportive *trade and environmental protection* policies, in accordance with the objective of sustainable development and in a manner consistent with U.S. sovereignty and trade expansion.
- 10. Ensuring that *U.S. rights under trade agreements* are secured through rapid, effective, and transparent enforcement procedures appropriate to the parties, nature, and subject matter of the agreements.
- 11. Improving the *transparency and management* of international trade organizations and agreements.

12. Helping *developing countries* realize the benefits of the international trading system.
13. Encouraging governments to observe *procedural due process* in adopting rules and regulations and to combat *corruption* affecting international trade.

C. Additional Measures in Support of Negotiations

1. In determining whether to initiate negotiations, take into account whether the country has implemented its Uruguay Round obligations.
2. Work to ensure that provisions in trade agreements are compatible with important domestic policy objectives, such as health, safety, environmental protection, and improved employment opportunities.
3. Consider environmental effects when formulating negotiating positions, take into account the results of environmental reviews performed, and encourage trading partners to conduct environmental reviews of trade agreements.

D. Strengthening Congressional Consultation

1. In order for TPA to apply to negotiated agreements, each agreement must make progress toward achieving applicable negotiating objectives.
2. In addition to seeking input from the public, the Administration will also notify and consult with the Congress and advisory committees at key stages of each negotiation and after the agreement is concluded, including by:
 - a. Notifying the Congress before beginning negotiations and consulting on specific objectives.
 - b. Keeping relevant Congressional committees and Congressional trade advisors informed of negotiations on a timely basis at all stages of the negotiations.
 - c. Notifying and consulting with the Congress and trade advisory committees well in advance of signing any agreement regarding how the agreement meets applicable negotiating objectives.
 - d. Consulting with relevant Congressional committees on how an agreement affects issues within their jurisdiction, on plans for implementing the agreement, and on any related agreements the President plans to conclude.

E. Duration of Authority

The President needs U.S. Trade Promotion Authority for a sufficient time to allow completion of several regional and bilateral agreements, and to begin and possibly complete global trade negotiations. An extension mechanism would also allow the Congress to determine whether to continue this authority.

F. Tariff Authority

The President will need the appropriate authority to reduce tariffs, including the authority to fulfill the objectives of WTO zero-for-zero and harmonization agreements.

II. Improve Worker Training, Education and Adjustment

Re-authorize and improve Trade Adjustment Assistance programs to promote worker re-training necessitated by sudden economic dislocation.

III. Implement the U.S.-Jordan Free Trade Agreement

- A.** To create a free trade area between the United States and Jordan in order to support Jordan's domestic economic reforms, encourage efforts by other Middle East countries to open their economies, and enhance regional stability.
- B.** To provide benefits to consumers and businesses in the United States and Jordan by increasing choices and lowering prices of goods and services.
- C.** To encourage bilateral business ties and thereby increase employment opportunities in Jordan.

IV. Implement Vietnam Bilateral Trade Agreement

- A.** To promote economic stability and openness in Vietnam through enhanced trade and investment, advancing the bipartisan normalization process.
- B.** To open the Vietnamese market to U.S. goods and services, and provide strong intellectual property rights protection through comprehensive trade and investment liberalization by Vietnam.
- C.** To provide benefits to consumers in the United States and Vietnam by increasing choices and lowering prices of goods and services.
- D.** To provide authority for the President to apply normal trade relations duties to Vietnamese goods and to put the agreement into effect.

V. Renew Andean Trade Preference Act

- A. To renew and expand the ATPA program to promote export diversification and broad-based economic development that provides sustainable economic alternatives to drug-crop production in the Andean region.
- B. To bolster democracy and the rule of law in the region.
- C. To complement U.S. aid programs by providing trade opportunities for private firms in Andean countries.
- D. To support the promotion of core labor standards by making the program's eligibility criteria conform to those in existing preferential trade programs.

VI. Enact the Southeast Europe Trade Preference Act

- A. To promote stability and economic development in Southeast Europe through increased access to the U.S. market and the facilitation of regional investment and to encourage a broader opening of markets in Europe and elsewhere to goods from within the region.
- B. To support the promotion of core labor standards by adopting criteria that conform to those in existing preferential trade programs.
- C. To encourage governments in the region to eliminate trade in persons.

VII. Re-authorize the General System of Preferences Program

- A. To assist developing countries move from dependency on foreign aid towards opportunity, growth, reform, and openness.
- B. To promote the integration of least developed countries into the global trading system.
- C. To provide trade incentives that promote economic growth and alleviate poverty in beneficiary developing countries.
- D. To promote stronger economic and political ties between the United States and developing countries.
- E. To provide benefits to U.S. consumers by increasing choices and lowering prices.
- F. To encourage the protection of intellectual property rights, assist in promoting market access for U.S. exports, and promote observance of core labor standards.

VIII. Implement Laos Bilateral Trade Agreement

- A.** To promote economic stability and openness in Laos through enhanced trade and investment, advancing the bipartisan normalization process.
- B.** To open the Lao market to U.S. goods and services, and provide strong intellectual property rights protection.
- C.** To provide benefits to consumers in the United States and Laos by increasing choices and lowering prices of goods and services.
- D.** To provide authority for the President to apply normal trade relations duties to Lao goods and to put the agreement into effect.

Labor and Environment “Toolbox”

The following illustrative list identifies a “toolbox” of actions the United States could take in combination with trade negotiations to promote the protection of children, adherence to core labor standards, and mutually supportive trade and environmental protection policies.

Labor:

- Use labor standards in existing and proposed preferential trade programs -- *e.g.*, the Generalized System of Preferences program and programs under the African Growth and Opportunity Act, the Andean Trade Preference Act, the Caribbean Basin Trade Partnership Act, and the Southeast Europe Trade Preference Act -- to build respect for, adherence to, and enforcement of core labor standards.
- Employ U.S. Agency for International Development (USAID) and other assistance programs to encourage acceptance of, adherence to, and national enforcement of core labor standards.
- Urge the World Bank and the regional development banks to encourage borrowing countries to guarantee core labor standards and to collaborate in international efforts to reduce child labor. The multilateral and regional development banks also should try to ensure that in consultations on their country operations with civil society, unions are represented.
- Encourage the World Trade Organization (WTO) to cooperate with international financial institutions to examine the interrelationships between social issues and global economic integration, including between labor standards and trade.
- Strengthen and raise the profile of the International Labor Organization (ILO) and provide strong support for ILO initiatives aimed at fostering member countries’ adherence to core labor standards, such as the ILO Declaration on Fundamental Principles and Rights at Work and the new Convention on the Worst Forms of Child Labor.

- Strengthen and raise the profile of the ILO by improving the ILO's ability to fact-find, spotlight, and hold member countries accountable for violations of core labor standards by strengthening the ILO's existing mechanisms for enforcing member countries' adherence to the conventions they have ratified.
- Encourage cooperative arrangements (joint work programs) between the WTO and the World Health Organization and the ILO.
- Use the labor standards adopted by the Overseas Private Investment Corporation (OPIC) to build respect for, and adherence to, core labor standards.

Environment:

- Improve the effectiveness of United Nations environmental programs, in particular those focused on environmental capacity-building.
- Work to increase the extent to which key environmental concerns are included in multilateral and regional development bank lending and structural adjustment strategies, *e.g.*, by bolstering efforts to strengthen environmental and related safeguards built into lending programs, by supporting initiatives to enhance the capacity of borrowing governments to protect the environment, or by giving consideration to augmenting funding for debt-for-nature swaps.
- As appropriate, highlight in National Trade Estimate country reports, and work to address, measures that both negatively affect the environment and distort trade and investment flows.
- Improve the effectiveness of the North American Development Bank's activity on environmental infrastructure projects.
- Propose the inclusion in WTO Trade Policy Reviews and in APEC Individual Action Plans of discussion of ways in which a country's or a member economy's trade and environment policies mutually reinforce each other.
- Expand environmental elements in USAID's country plans.
- Use the environmental policies of the U.S. Export Import Bank to build respect for, adherence to, and enforcement of environmental protection laws and regulations.
- Promote adherence to environmental guidelines by foreign export credit agencies.
- Use the environment standards adopted by OPIC to build respect for, and adherence to, environmental protection laws and regulations.