

**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
PUBLIC AFFAIRS**

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1993**

**(End of the Clinton Administration - January 20, 1997 )**

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**REMARKS BY AMBASSADOR MICHAEL KANTOR  
SEMICONDUCTOR INDUSTRY ASSOCIATION**

**WASHINGTON, DC  
March 3, 1993**

I want to thank you for inviting me here this evening to join you in honoring Lloyd Bentsen and my fellow Californian Norm Mineta. They are both friends and colleagues: leaders who recognize the imperative of maintaining American leadership in the face of massive global change.

Two hours ago I had the opportunity to meet with Jim Norling, Pat Weber, and other members of SIA's leadership. Our discussion was open, frank, and constructive. That's trade talk for getting down to business quickly. We dealt with issues that are high on our agenda -- continuing to open the Japanese semiconductor market -- eliminating the 14% European Community tariff -- and concluding the Uruguay Round so that we can boost American interests and stimulate global growth.

The semiconductor industry is a building block of our high-tech future. It is a leader in demonstrating what Americans can do when the crunch comes, when you have to compete. In the last four years you have completed a remarkable turnaround, closing an enormous gap in global market share.

This achievement came about because of your willingness to invest in new technologies, to accept new challenges and to foster a growing partnership with the U.S. government.

Sematech is a case in point, a demonstration of how joint and strategic economic decisions pay off. The President has every intention of making this partnership stronger.

I want to talk to you about trade. It's a complex topic. Just look at today's newspapers: Nissan is reporting its first annual pretax loss since 1951. Coca-Cola is going to build ten bottling plants in China. Russia is competing with us to sell fighter planes in Malaysia and has agreed to accept payment in palm oil, fabrics, and other goods. An archaic steel mill in eastern Germany is struggling to find a place in a glutted steel market. The European Community is asking for talks on steel.

I'm here to tell you that in the midst of all this complexity, we have a clear direction. And it goes without saying that we have, in Bill Clinton, a President who understands the connection of our domestic economy to the global marketplace.

You will not be shocked that I intend to say good things about President Clinton's economic policies. As his campaign chair I did everything I could to put him into the White House. So I am not shy in stating my belief that the President has the country headed in the right direction.

The President's economic program is comprehensive. We need every part of this package. Some people are going to tell you that we just don't need the short-term stimulus, that the economy is back on track and let's just save the money. Well, don't listen to them.

Unemployment is still at 7% and has been so for over 14 months. More than one in ten Americans are now on food stamps -- the largest number of persons to use this program since its inception. Sixteen million Americans are looking for full-time work. The recovery is profoundly uneven, and too many industries are still shedding workers. California's economy, as we all know, has yet to see the light of day. The short-term stimulus package is as important to this President as every budget cut and commitment to long-term investment. We want this recovery to kick in for every American, and we want it to be broad-based and lasting.

I am asking you to support our President's policy, and to work with us to break the gridlock. This Administration is committed to real spending cuts -- a relentless attack on the deficit -- and an investment policy that is vital to our ability to compete globally. We want people back on the job soon, 2 million kids working this summer and new investment dollars to retrain our work force.

We recognize there is real pain involved in passing this economic program. But there is no going back. If we don't seize this opportunity to get America's economy back on track, all your efforts to be globally competitive will be meaningless. We must all be committed to change.

Our commitment to change reflects our awareness that America's economic and trading interests can no longer take a back seat to traditional definitions of foreign policy and national security concerns. Now, that may seem entirely sensible to you and long overdue. But let's recognize what is being done here. We are overturning four decades of fixed assumptions about how this government looks at the world. The new reality is that our national security is completely interwoven with our economic security.

Trade policy in this Administration isn't going to be an add-on or an economic filler to compensate for the lack of a domestic policy agenda. It totally integrated with the rest of the President's economic program. This President is determined to create a new framework for how we think and act economically.

**This is a President who has already made it clear that we will "compete, not retreat." The United States has led the world in creating the global market system that is now emerging. We do not intend to go backwards.**

**We are committed to opening markets, determined to increase opportunities for American corporations. We have every intention of creating a new framework of shared responsibility with our trading partners.**

**Above all we want a global trading system that fits the 1990s, that recognizes the world as it is rather than as it once was. We are in a period of massive, global transition. We need new rules of engagement to ensure global economic growth. We want shared responsibility, no free riders and a new set of standards about what is productive behavior.**

The President summed it up best in a speech last Friday at American University. He said our trade policy "will not be a policy of blame, but one of responsibility. It will say to our trading partners that we value their business, but none of us should expect something for nothing."

We intend to carry out a trade policy that meets the President's standard. We are asking our trading partners to work with us to establish clear and enforceable rules that expand trade and abide by those rules. Our question is: are you willing to accept new responsibilities in return for the opportunity to compete in the new world economy -- and act to fulfill them?

Let me make it clear: we expect the markets of other nations to be comparably open to U.S. goods and services.

Shared responsibility also means that we will not blame our trading partners for our own failures. Our deficit, our lack of a long-term investment strategy, our failure to invest in our own people -- these are not the fault of others. They were Made in America, and they can be Changed in America.

Most importantly, shared responsibility means that our trading partners must carry their own weight. The U.S.-Japan Semiconductor Arrangement is a case in point. The American semiconductor industry is a global leader, number one in every market around the world except Japan. Specifically, not counting Japan, the U.S. share of the world market is a whopping 53 %, and the Japanese share is half that. That's competitive. But in the Japanese market, we still haven't cracked 20%.

To be sure, our sales in the Japanese market have climbed somewhat. But the results to date are not sufficient. We have made it abundantly clear to our Japanese counterparts that we expect substantial progress. Like you, we will be paying particular attention to the fourth quarter number that will be issued in about two weeks.

As called for by your Board today, we will work with you to ensure that this agreement is fulfilled. This is what the President means when he says that our trade policy is one of "responsibility." A bargain struck is a bargain made.

This Arrangement remains in force through 1996. We expect to use it as a vehicle for steadily improving market access. We are resolute and determined to get results. USTR will be vigilant in monitoring the progress of this Arrangement. We fully expect Japan to live up to the letter of the agreement.

We also seek results in Europe, and in a successful conclusion to the Uruguay Round, which is a particular concern of this industry. Frankly, we find it unacceptable that the EC remains reluctant to eliminate its 14% tariff on semiconductors. We have already made it clear to our counterparts in the EC that this is a U.S. priority.

President Clinton is fully committed to a successful conclusion of the Uruguay Round. We will seek renewal of the fast-track authority to conclude the Round. But we will determine the timing of that request and the duration of the authority only after extensive consultations with Congress and the private sector.

3/9/93  
PWT

United States Senate  
COMMITTEE ON FINANCE

MEMORANDUM

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1 STATEMENT OF HON. MICKEY KANTOR, UNITED STATES TRADE  
2 REPRESENTATIVE, WASHINGTON, DC  
3  
4

5 Mr. Kantor. Thank you very much, Mr. Chairman.  
6 I will submit my full statement for the record.

7 The Chairman. It will be placed in the record.

8 [The prepared statement of Mr. Kantor appears  
9 in the appendix.]

10 Mr. Kantor. And I will go through it, not with  
11 repetivity, but certainly in a way that gives you  
12 the outline without taking too much of the  
13 committee's time so we can have more time for  
14 questions and to respond to the many and varied and  
15 frankly very serious questions that were raised here  
16 today.

17 Let me just note before I begin, Senator  
18 Rockefeller, I couldn't agree with you more and the  
19 President could not agree with you more.

20 The reason I asked the chairman for the  
21 courtesy of delay for this hearing for one week was  
22 to allow the President to speak at American  
23 University and to lay in broad, but, I think, very  
24 vivid terms that he agreed with much, if not all of  
25 what you just said, especially connecting trade

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1 policy which is after all a process to an integrated  
2 economic policy, and that, number two, our national  
3 security is strictly tied to our economic security  
4 here at home.

5 As you know, that was in the American  
6 University speech. It is in my statement. I will  
7 not take the committee's time to reiterate that, but  
8 I think it is something on which we agree on across  
9 partisan lines frankly that is long overdue.

10 And everything I do in serving this President  
11 and working with this Congress and representing the  
12 American people will be in that light.

13 I welcome the opportunity to appear before the  
14 committee today to discuss the approach and  
15 direction of trade policy in this Administration.

16 This is my first public appearance before a  
17 congressional committee since I assumed my  
18 responsibilities, but, of course, we have had two  
19 private sessions. And I have had numerous personal  
20 contacts with each of you, which I have found  
21 extremely valuable and very helpful to me.

22 I am delighted that I can appear first before  
23 this committee which recommended me for confirmation  
24 to the United States Senate for which I am very  
25 grateful.

1           In the President's February 26th speech at  
2           American University, he set forth his vision of  
3           America's role in the global economy, confronting  
4           the third, as he called it, defining moment of the  
5           twentieth century.

6           The United States will be fully engaged  
7           internationally, not turning inward. In fact, it  
8           was just said earlier, we will compete not retreat.

9           We see our prosperity bound up with the  
10          prosperity of our trading partners. Where trade  
11          policy is concerned, the United States will continue  
12          to champion open markets and expanded trade, but we  
13          will insist that the markets of other Nations be  
14          open to our products and services, as Senator  
15          Rockefeller has just referred.

16          As the President said and I repeat, we will  
17          compete, not retreat.

18          Let me start with the principles that will  
19          guide the Administration's Trade Policy as  
20          articulated in President Clinton's speech at  
21          American University.

22          In this Administration, trade policy is part of  
23          an integrated economic policy. And the fundamental  
24          goal is economic growth and the creation of high-  
25          wage jobs for American workers.

1           Nothing is more important to our economic  
2 prosperity, our competitive success, and our trade  
3 policy than the adoption of the President's economic  
4 package.

5           President Clinton was elected to get the  
6 economy back on track. The lack of investment and  
7 the deficits have crippled our economic performance.  
8 And certainly, all of you know that better than I.  
9 If unaddressed, they could consign this country and  
10 its children to a diminished economic future.

11           A real attack on the budget deficits will  
12 reduce long-term interest rates which we are seeing  
13 today, lead to increased investment and job growth.  
14 Moreover, the link between the President's program  
15 and our ability to promote global growth is  
16 inescapable.

17           Growth will resume through concerted action by  
18 the leading economic powers, our attack on budget  
19 deficits, frankly, Germany's willingness to lower  
20 interest rates, and Japan's readiness to stimulate  
21 its own domestic economy.

22           President Clinton's call to arms makes it  
23 possible for him to enlist other Nations in joining  
24 us in a concerted effort to promote global growth.

25           Two, past Administrations have often neglected

1 U.S. economic and trading interests because of  
2 foreign policy and defense concerns. And they may  
3 have been legitimate at points. The days when we  
4 could afford to do so are long past. In the post-  
5 cold-war world, our national security depends on our  
6 economic strength.

7 In the immediate aftermath of World War II, the  
8 United States led the free world in creating a free  
9 and open trading system. The Bretton Woods  
10 Agreement, the Marshall Plan, the creation of GATT  
11 and the IMF are all testimony to the vitality of the  
12 free world in creating a post-war economic system.

13 Our foreign and economic policy in the post-war  
14 era deserves credit for its historic  
15 accomplishments. By the early 1970s, however, our  
16 trading partners had begun to come of age. And  
17 external shocks, such as the oil embargo of 1973,  
18 jolted this economy, the trust in the steady,  
19 economic growth, and a secure domestic market.

20 American businesses and workers had difficulty  
21 adjusting to the new dynamics of world trade.  
22 Equally important, government policy did not change.  
23 American jobs and economic interests continued to  
24 take a back seat to foreign policy concerns.

25 We will continue to play our part in making the

1 international trading system work, but we will  
2 insist on our trading partners bearing their share  
3 of the responsibility as well.

4 We will compete. And we have proven that we  
5 can. Because of failed government policies and the  
6 difficulties in adjusting to a new global economy,  
7 the United States has had serious competitor  
8 problems in many areas of the economy.

9 I have no doubt of our ability, of our  
10 corporations, our farmers, and our workers to  
11 compete. In many sectors, computers, aircraft,  
12 machinery, agriculture, motion pictures, financial  
13 services, American companies and American workers  
14 set the standard of excellence in the world.

15 Export expansion has been the bright spot in an  
16 otherwise dismal economic picture over the past few  
17 years. From 1985 through 1992, U.S. merchandise  
18 exports increased from \$222 billion to \$445 billion,  
19 in current dollars, a doubling, a virtual doubling.

20 We will seek to expand trade by opening foreign  
21 markets. And we will enforce our laws here at home.  
22 One of my principle responsibilities as USTR is to  
23 open foreign markets and break down barriers to  
24 manufactured goods, agricultural products, and  
25 services.

1           We are not a perfectly open market, Mr.  
2           Chairman, of course, but because of history,  
3           practice, and our concern for maximizing consumer  
4           choice, this market will always be basically open.  
5           And let me note, we are the largest economy in the  
6           world with an open market. And that is not even a  
7           close question.

8           There are some smaller economies with markets  
9           that are somewhat more open, but this is the largest  
10          open market in the world.

11          Consequently, we need to use every tool at our  
12          disposal, multilaterally where possible and  
13          bilaterally where necessary to make sure that other  
14          markets are comparatively open to our own.

15          In today's global economy, allowing other  
16          Nations to promote and protect their industries,  
17          building profits from secured home markets while  
18          targeting our open market is a formula for  
19          competitive suicide.

20          President Clinton has consistently affirmed his  
21          support for NAFTA, the North American Free Trade  
22          Agreement, provided it is accompanied by effective  
23          U.S. domestic economic policies and supplemented by  
24          additional agreements and domestic actions to  
25          address concerns regarding labor, the environment,

1 and safeguards against import surges. I know it is  
2 a subject Senator Chafee wants to talk about today.

3 Our goal is rather to negotiate the necessary  
4 supplemental agreements and to work with Congress to  
5 develop implementing legislation so that the NAFTA  
6 and the supplemental agreements and domestic  
7 measures can be in place by January 1, 1994.

8 On March 17, we will begin negotiations of  
9 supplemental agreements on labor standards and  
10 safety, the environment, and import surges, which  
11 the President called for during his campaign, in  
12 fact, on October 4, 1992 in North Carolina. We  
13 reiterated it on December 17, 1992 upon the signing  
14 of the NAFTA.

15 We will pursue these agreements vigorously.  
16 Let me assure you that we will not sacrifice  
17 substance for speed nor will we delay our efforts in  
18 the name of an artificial timetable.

19 These will be done and done in proper fashion  
20 and done in time for the implementation date of  
21 January 1, 1994, Senator Bradley.

22 We want the agreements to have mechanisms and  
23 provisions to help raise standards where they are  
24 deficient, strengthen national enforcement of  
25 national laws, improve the U.S.-Mexico border

1 environment, and ensure as far as possible that the  
2 NAFTA promotes prosperity and improved social  
3 conditions in all three countries.

4 I am optimistic that we are going to achieve  
5 these goals. My Mexican counterpart, Minister Serra  
6 Puche, has told me that he would like to view these  
7 talks not as negotiation, but collaboration.

8 Mexico has excellent labor and environmental  
9 standards on its books. And President Salinas has  
10 repeatedly recognized the need to strengthen  
11 enforcement.

12 And these negotiations will be breaking new  
13 ground for the United States and for our continent.  
14 We want to promote the strongest possible  
15 improvement in all areas. At the same time, we have  
16 to bear in mind that the agreements will apply to  
17 us, as well as to our neighbors.

18 My staff and I will be looking to you and to  
19 our experts in the labor and environmental  
20 communities to find ways to address these problems  
21 as the negotiations progress.

22 The Uruguay Round, it is clear that President  
23 Clinton is committed to the successful completion of  
24 this round of multilateral trade negotiations, which  
25 has been ongoing since 1986.

1           Sir Leon Brittain, the EC Trade Minister, was  
2 here on February 11. And I announced the  
3 President's decision to seek the renewal of fast  
4 track procedures to complete the round.

5           Ambassador Urksa was just in Europe. And I  
6 will go on the 28th of this month to meet with Sir  
7 Leon Brittain and his colleagues, by the way, Mr.  
8 Chairman, to continue these discussions.

9           We are in the midst of that process, as I have  
10 indicated. And no final decision on time or  
11 duration of fast track has been made, but obviously,  
12 I am willing to discuss that here today with the  
13 committee.

14           I think that we can complete the round in a way  
15 that will benefit the United States and the world  
16 economy. But based on our discussions to date, I do  
17 not believe that we were as close to completion as  
18 someone reported in early January.

19           I told Sir Leon that our goal was a good  
20 agreement, not just a quick one. The question of  
21 whether we can reach an agreement depends very much  
22 on the market access commitments for goods and  
23 services, which are still being negotiated.

24           If we reach ambitious agreements on market  
25 access, cutting tariffs, breaking down non-tariff

1 barriers, the round will hold out potential benefits  
2 of a magnitude that will inspire enthusiasm  
3 throughout the entire American community.

4 The round depends in the first instance on the  
5 U.S. and European community leadership in setting  
6 out the ambitious objectives to be achieved in areas  
7 such as market access for goods and services.

8 As far as the European community is concerned  
9 in a bilateral relationship, Mr. Chairman, we have  
10 our share of current difficult issues.

11 Despite this, our trading relationship with the  
12 European community is one of the most important in  
13 the world. And it is critical to the integrity and  
14 vitality of a multilateral trading system.

15 We have welcomed the European project for its  
16 elimination of trade barriers between 12 of our most  
17 important trading partners, bringing a single  
18 market, comparable in size to our own, but we insist  
19 that European integration, legislation, and policies  
20 treat U.S. firms fairly.

21 As far as the relationship with our Japanese  
22 trading partners are concerned, the U.S.-Japan trade  
23 relationship needs immediate and serious attention.  
24 Numerous barriers remain in Japan which prevent or  
25 frankly dramatically reduce the sale of U.S.

1 products and services which are highly sought after  
2 in other countries around the world. And none is  
3 more apparent than in the semiconductor area.

4 We must insist that Japan fully implements the  
5 range of agreements already negotiated, and  
6 implement them in such a way that they provide  
7 important, concrete benefits to our country and  
8 other non-Japanese suppliers.

9 We will be reviewing the progress on the  
10 Semiconductor Agreement to monitor the progress  
11 being made towards the expectation of a 20 percent  
12 market share in Japan for foreign semiconductors.

13 Obviously, we will also be looking at autos and  
14 auto parts, procurement, services, and other areas.

15 Let me close on a personal note, Mr. Chairman,  
16 which I mentioned in my confirmation hearing. There  
17 is nothing theoretical about the job I have or the  
18 work that we will do together.

19 I traveled around the country during the last  
20 campaign. I have seen the pain inflicted on people  
21 and communities from jobs lost as a result of the  
22 changing global economy.

23 In fact, Senator Riegle, I have just returned  
24 from Michigan, as you know.

25 I have spoken with many of you. And through

1 you, I have heard the concerns of those you  
2 represent. Together we need to find the mix of  
3 policies to rebuild the U.S. economy so that our  
4 children have the opportunities that we were  
5 fortunate enough to have.

6 Thank you very much, Mr. Chairman.

7 The Chairman. Thank you, Ambassador.

8 And can I take the occasion for the committee  
9 to welcome back Ambassador Urksa from Geneva?

10 It is nice to have you with us. You have  
11 always been on our side.

12 [Laughter]

13 Mr. Kantor. He is even more on our side now,  
14 Mr. Chairman.

15 Let me also, if I might, introduce my new  
16 General Counsel, Ira Shapiro, who some of you know  
17 very well.

18 The Chairman. Mr. Shapiro, we welcome you.

19 Mr. Kantor. And Nancy Lamont who heads  
20 Congressional Relations who also all of you, I  
21 think, know very well.

22 The Chairman. Ms. Lamont, we will be seeing  
23 much of you.

24 Mr. Kantor. And part of the best, I think,  
25 professional staffs in Washington, if not the best,

1 I believe it to be the best, Assistant USTR, Chip  
2 Rowe. Chip is right here.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you again, sir.

5 Ambassador, you spoke first of all and properly  
6 about the North American Free Trade Agreement. And  
7 you said the agreement has been concluded. It was  
8 signed simultaneously in Ottawa and Mexico City and  
9 here in Washington in November.

10 You said that our goal -- and during the  
11 campaign, then Governor Clinton indicated he would  
12 want to have three side agreements, not amending the  
13 agreement itself, but having the force of  
14 intergovernmental agreements. And they were to have  
15 to do with labor standards and environmental  
16 standards and with the question of import surges.

17 And you say in your written statement and you  
18 did take the trouble to read this out, "Our goal is  
19 rather to negotiate the necessary supplemental  
20 agreements and go to work with Congress to develop  
21 implementing legislation so that the NAFTA and the  
22 supplemental agreements and domestic measures can be  
23 in place by January 1, 1994."

24 And yet, a little later, you spoke of not  
25 wanting to commit yourself to an artificial

1 timetable. Those were your words.

2 Now, there is a timetable here. You said  
3 January 1, 1994. And I just have to ask you, sir,  
4 and I think I do so on behalf of the committee, as  
5 much as we want this agreement, we also want the  
6 side agreements.

7 Can we understand that you are prepared to walk  
8 away from the table if you cannot get the  
9 satisfactory set of agreements?

10 Mr. Kantor. Yes, Mr. Chairman. Let me make  
11 that clear. One, the President is committed to the  
12 goal of implementation 1-1-94. He is committed not  
13 to reopen the NAFTA itself, but he will not send the  
14 NAFTA to this Congress without these supplemental  
15 agreements.

16 And I, as a member of the cabinet and as USTR,  
17 am prepared to, as you say, walk away from the table  
18 if we can't get satisfactory supplemental  
19 agreements.

20 The Chairman. Fine. I think that is a great  
21 opening statement and a necessary one, but it needs  
22 to be understood on all sides, not at least ours.  
23 And thank you very much for that.

24 Senator Packwood.

25 Senator Packwood. One of the things you want

1 in the side agreements is the North American  
2 Commission on the Environment, as I understand it.

3 What is your goal? What do you want this  
4 commission to be able to do? What powers do you  
5 want it to have because I assume it will have the  
6 same powers in all countries? What is your goal?

7 Mr. Kantor. Yes. It will. And that is  
8 something, Senator, I think, that we need to be not  
9 only cautious, but properly respectful of, not to  
10 tread on, not only the sovereignty of our neighbors,  
11 but our own sovereignty.

12 This agreement works both ways. I guess the  
13 saying is, what is sauce for the goose is sauce for  
14 the gander in this situation.

15 Sovereignty and the exercise of the  
16 supernational powers are two concerns that we are  
17 going to address as we look at these supplemental  
18 agreements.

19 You mentioned the environmental agreement.  
20 Let's take the potential authority without revealing  
21 the negotiating position, which I know you do not  
22 want me to do, the potential for a commission to  
23 review in the environmental area a potential  
24 concern, whether it be a concern that was raised by  
25 a country or raised by a nongovernmental

1 organization or raised by an individual under proper  
2 circumstances.

3 One, the commission could rely on exclusively  
4 public information. That would be one thing the  
5 commission could do. If it did not go any further  
6 than that, the commission, of course, would not have  
7 probably the access to information that was  
8 necessary to reach a proper conclusion.

9 You could add to that the ability for the  
10 commission to request additional information or to  
11 request an investigation by the country in question,  
12 whether it be the U.S., Mexico, or Canada.

13 Third, of course, you could add to it, the  
14 authority on the part of the commission to demand  
15 additional information or to demand investigation by  
16 governmental authorities.

17 Now, you might say, "Well, Ambassador Kantor,"  
18 let me just anticipate what I think may be a natural  
19 question, "how would you enforce that demand?"

20 As you know, in the many international  
21 agreements, there is an authority to ask for or even  
22 demand certain material, make that public. And  
23 there is no enforcement mechanism that is put in  
24 place. The mere fact of making that public usually  
25 persuades a government to react properly in those

1 circumstances.

2 We are looking at certain national, not  
3 supernational, enforcement mechanisms under the  
4 present NAFTA that might be available in connection  
5 with these commissions in order to make the powers--  
6 as I have spoken with Senator Baucus before--to  
7 review. I think investigate is the wrong word.  
8 Review certain policies helpful in the environmental  
9 area.

10 Senator Packwood. Let's just take a for  
11 instance. Let's say on some kind of air quality  
12 standard, we have 50 parts per million and Mexico  
13 has 10. And that's their law. And they are  
14 enforcing their law.

15 Let me put it the other way around. Ours is 10  
16 and theirs is 50. They are enforcing their law, but  
17 it is not as stringent as ours. You do not picture  
18 this commission of being able to compel Mexico to  
19 try to change their law?

20 Mr. Kantor. Not to compel. No.

21 Senator Packwood. No?

22 Mr. Kantor. Not at all.

23 Senator Packwood. If you give them the  
24 information, they say, "Ours is 50 per million. We  
25 are meeting those standards." You publicize that.

1 And the commission says, "We don't think this is  
2 very good for the air." and would suggest that  
3 perhaps you might want to do better, but that would  
4 basically be the end of it. We are not --

5 Mr. Kantor. It might not be the end. Let me  
6 just say, the one thing, another potential, and let  
7 me be very careful.

8 Potential authority this commission might have  
9 is to review in the long-term what standards might  
10 be helpful because the environmental concerns are  
11 not transnational. They are not national. We all  
12 know that now. And we are all sensitive to it. And  
13 I know you are, Senator.

14 The fact is that to review that, to come up  
15 with recommendations, to submit those  
16 recommendations to the particular country--let's use  
17 our country for purposes of the discussion--and  
18 allow us to consider that in terms of changing our  
19 laws as a result of these recommendations would, I  
20 think, be perfectly proper and even helpful, both in  
21 the labor standards and environmental area.

22 No. We are not looking to give the commission  
23 power to impose on any particular country changes in  
24 their law.

25 Senator Packwood. If Mexico--let's use Mexico

1 as an example--does not change. They continue with  
2 their 50 parts per million. And the commission  
3 thinks 10 is more satisfactory. Are you suggesting  
4 that the United States could then take retaliatory  
5 trade action against Mexico because of that?

6 Mr. Kantor. For not changing their laws?

7 Senator Packwood. Yes.

8 Mr. Kantor. I think that would be subject to  
9 grave consideration and very serious thought. I  
10 have not heard that suggested anywhere that there  
11 will be sanctions imposed for not changing their  
12 laws on the basis of a commission recommendation. I  
13 would be very skeptical of that approach.

14 Senator Packwood. But basically the authority  
15 of this commission, it may have rather extensive  
16 investigative powers, but in the final analysis, its  
17 recommendations are more a moral force than a legal  
18 force?

19 Mr. Kantor. Well, let me suggest without being  
20 too explicit, there is potential to address  
21 enforcement concerns without getting outside of the  
22 NAFTA itself.

23 The Chairman. Could I make the point, Mr.  
24 Ambassador and Senator Packwood, that the United  
25 States has a long history of bilateral, binational

1 agreements in this area.

2 The executive agreement with Canada on  
3 migratory birds was reached early in this century.  
4 The Supreme Court upheld it as law. Congress took  
5 the precaution of passing an act making it law, but  
6 it has since been agreed that executive agreements  
7 of that kind have the force of law.

8 The international labor conventions which we  
9 have been involved with since the late nineteenth  
10 century and which are formalized in the  
11 International Labor Organization defined countries,  
12 such as the United States and Mexico.

13 And, indeed, right now, the General Agreement  
14 on Tariffs and Trade occupies the original  
15 headquarters of the International Labor  
16 Organization.

17 So you are building on a tradition that is a  
18 century old and essentially very valuable.

19 Senator Baucus.

20 Senator Baucus. Thank you, Mr. Chairman.

21 Mr. Ambassador, I would like to follow up on  
22 NAFTA in particular, the environmental side  
23 agreements.

24 As we know, this agreement, NAFTA, is breaking  
25 new ground insofar as this is the first time the

1 United States has negotiated a free trade agreement  
2 with a developing country.

3 The prior two agreements, the Israeli-U.S. Free  
4 Trade Agreement and the U.S.-Canadian, were with  
5 developed countries. Therefore, it is easier for us  
6 to reach an agreement with those two countries.

7 It is far more difficult with Canada. Canada's  
8 median age is 18. The U.S. is 33. The population  
9 -- excuse me. Mexico's median age is 18. The U.S.  
10 is about 33.

11 The population of Mexico is 80 and some  
12 million. America, what? 250--whatever it is--  
13 million. The average wage rate in Mexico is between  
14 one-tenth and one-fifth of that of the U.S.

15 This is a very difficult effort to put together  
16 an agreement between a developing and a developed  
17 country.

18 It is also true that there are immense  
19 environmental problems along the border and also in  
20 Mexico that will have an adverse environmental  
21 effect and also an adverse economic effect with  
22 respect to trade between the United States and  
23 Mexico.

24 It is also true that the environmental laws in  
25 Mexico, the laws themselves are very similar to the

1 environmental laws in the U.S. The problem is  
2 enforcement, enforcing the environmental laws in  
3 Mexico.

4 It seems only obvious to me anyway that now  
5 that we have NAFTA, we have an extraordinary  
6 opportunity to try to address the environmental  
7 concerns between our two countries from both an  
8 environmental perspective and also an economic  
9 perspective so that we Americans and Mexicans enjoy  
10 both the benefits of that environment and also an  
11 even economic playing field.

12 I think therefore that it is critical. It is  
13 crucial. It is imperative that you negotiate a side  
14 agreement that goes as far as you possibly can and  
15 reasonably can to enforce those environmental  
16 concerns and at the same time respect our respective  
17 national sovereignties.

18 And I think there is a way to do that. And you  
19 know the proposal I sent to you. And I think we can  
20 also address some of the reciprocity concerns that  
21 have legitimately been raised by various people,  
22 that is, "Gee, we ask Mexico to enforce its  
23 environmental laws. What happens when they ask us  
24 to enforce ours?"

25 That's a legitimate question. And I think what

1 is sauce for the goose is sauce for the gander.  
2 Let's recall here now. With respect to every  
3 environmental law in America, any American has  
4 individual standing to sue, whether it is the  
5 Endangered Species Act, whether it is the Clean Air  
6 Act, whether it is the Clean Water Act, whether it  
7 is NEPA, whatever it is. The only exception is  
8 different for the Fungicide or the Insecticide--  
9 whatever it is--Act.

10 Second, we can write an environmental side  
11 agreement that first deals with different standing  
12 to sue so that non-individual Mexicans would have  
13 standing to sue. There can be very definite ways to  
14 limit standing.

15 The second point is the burden of proof. With  
16 respect to American environmental laws--and again,  
17 any American has standing to sue to try to enforce  
18 American environmental laws--the burden of proof is  
19 basically the preponderance of the evidence.

20 We can provide for a burden of proof which is  
21 more difficult, harder to meet. And third, it is  
22 important to realize that frankly some of the  
23 problems that Mexico faces are problems that should  
24 be dealt with anyway.

25 And so my basic point here is we have to move

1 forward. We have the obligation to move forward to  
2 reach an agreement with respect to enforcement of  
3 Mexican and American and Canadian environmental  
4 laws. We can do it in a way that does not  
5 unnecessarily intrude upon or approach upon  
6 legitimate American business interests.

7 And let's not forget. There is a third  
8 difference here, that is, we are only talking about  
9 failure to enforce environmental standards in  
10 another country which has an adverse, competitive  
11 effect on the same American company.

12 So I am really trying to put to rest some of  
13 the concerns about reciprocity, that is, there are  
14 ways to deal with reciprocity, that we have an  
15 obligation to do our best to try to do that.

16 And I would just like your reaction, please.

17 Mr. Kantor. Well, I agree with that. Let me  
18 just say that this is the greatest disparity in  
19 income and wages between two countries that have  
20 ever joined into a free trade agreement.

21 And I think -- unless the chairman corrects me  
22 with his vast knowledge of history, I think that is  
23 correct, a much greater disparity than between  
24 Spain, Portugal, and Greece and their European  
25 partners when they joined the European community.

1 And that causes an obvious difficulty that we are  
2 wrestling with here today.

3 Number two, we have some things that we have to  
4 do even in advance of or along with these  
5 commissions. Let's not forget. First of all, we  
6 have to do something about any dislocations that  
7 might occur here in this country. And Secretary  
8 Reich is working very hard on that.

9 Dislocation, I found a Washington word, Mr.  
10 Chairman, to mean unemployment. That means when  
11 people lose their jobs, we have to do something  
12 about that and whether it is a defense base that is  
13 closing or as a result of NAFTA.

14 And hopefully, there will be very little. We  
15 are going to address that issue and address it in an  
16 overall and comprehensive manner. And Secretary  
17 Reich is working on that.

18 We also have border and environmental problems  
19 which have to be addressed. And we all know that.  
20 And this is no partisan issue. This is something  
21 that must be done.

22 In terms of environmental laws in Mexico, you  
23 are absolutely correct, Senator. They are, in fact,  
24 as good as ours in most instances, as are the worker  
25 standards and worker rights.

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1 Frankly, in worker rights, let me say, they  
2 have gone beyond this country, at least on paper in  
3 their constitution and in their laws. The question  
4 is one of enforcement.

5 And I would only recommend and commend to the  
6 committee and its staff something we have discussed  
7 in private. In the intellectual property rights  
8 section of the NAFTA itself, Mexico has agreed to  
9 certain fundamental changes in their legal system  
10 dealing with intellectual property rights.

11 Let me suggest not to subtle that I believe  
12 worker rights and environmental rights are similarly  
13 important and that we might be able to discuss  
14 profitably with the Mexican Government in these side  
15 agreements the implementation of similar procedural  
16 changes in their court system to ensure better  
17 enforcement of laws, including but not limited to  
18 something that I am intrigued by as someone who used  
19 to practice law administrative decisions being able  
20 to be appealed to the court system for review.

21 I believe that the model in the agreement  
22 itself on intellectual property is a very fine  
23 starting point frankly, Senator Baucus, for looking  
24 at enforcement of these laws which are currently on  
25 the books in Mexico at this time.

1           And let me just end. I am sorry to take so  
2 much time, but it was a very important question. It  
3 is just not the competitive effect of implementing  
4 these side agreements. It is also the effect the  
5 environment has on both of our countries, which  
6 needs to be dealt with.

7           And the fact of not lowering standards and  
8 worker standards, not lowering, but raising  
9 standards for the whole continent, it not only is  
10 good in humane terms, more important, let me -- I am  
11 the USTR. It is good in trade terms and economic  
12 terms.

13           We are going to have 100-million person  
14 consumer market in Mexico. We want their standard  
15 of living raised. We want workers to profit by  
16 their productivity in Mexico in order to help U.S.  
17 companies and U.S. workers.

18           The Chairman. And the specific provision in  
19 the NAFTA agreement now with respect to intellectual  
20 properties, administrative decisions may be appealed  
21 to courts?

22           Mr. Kantor. Yes. And let me read you this,  
23 "To be reviewed by judicial authority." And that is  
24 very, very important. In fact, I will submit for  
25 the record a review of the section on intellectual

1 property, which has some very significant changes in  
2 Mexican court procedures, judicial procedures which  
3 I think will be very helpful in these other areas in  
4 which I indicated.

5 The Chairman. I wish you would do that. And  
6 thank you.

7 [The information appears in the appendix.]

8 The Chairman. Senator Roth.

9 Thank you, Senator Baucus.

10 Senator Roth. Thank you, Mr. Chairman.

11 Mr. Ambassador, in your opening statement, if I  
12 understood you, you indicated that in the case of  
13 the Uruguay Round that substance was more important  
14 than an early agreement, particular in respect to  
15 market access.

16 Now, in the case of NAFTA, you said you would  
17 not reopen that agreement because it had been agreed  
18 upon.

19 My first question to you is, in the case of the  
20 Uruguay Round, are you saying you are willing to  
21 open questions that tentatively had been agreed  
22 upon? Or are you taking the same position?

23 Mr. Kantor. In the Uruguay Round, there is so  
24 many open questions on the table, I think I would be  
25 very cautious in reopening questions that have been

1 settled, at least those questions that we can live  
2 with.

3 I have had grave concerns, as I have expressed  
4 to this committee, about the Blair House Agreement,  
5 especially in terms of base year in agriculture and  
6 how it affects export subsidies and the fact that we  
7 filled an advantage for European farmers, as Senator  
8 Daschle knows very well and Senator Conrad who is  
9 now here knows very well. I have also raised the  
10 issue on the oil seeds portion of that agreement.

11 The U.S. agricultural interests are willing  
12 to -- and let me be very careful here -- are at  
13 least willing to look at the market access  
14 provisions we are able to negotiate and then be  
15 willing to say, if that is good enough, if that  
16 really opens up markets, not only in Europe, but  
17 around the world to U.S. agricultural interests, and  
18 we don't start at a lower base as the Europeans  
19 wanted in January than we are right now, and if we  
20 can disaggregate, as they say, commodities and  
21 really open up market access to this area, then, in  
22 fact, the Blair House Agreement might be acceptable  
23 because as a total package, it would be helpful to  
24 our agricultural interests. I am using that as an  
25 example, Senator, of something we have raised.

*Blair  
House*

1           But we have so many other issues that are open  
2           on market access and industrial products and  
3           services, on intellectual property rights, on  
4           services, on audio/visual, on the language on  
5           antidumping that is currently in the draft final  
6           agreement, that we have enough on our plate, that if  
7           we can have satisfactory arrangements as soon as  
8           possible, not delaying, with the European community,  
9           then, multilateralize that, then, I think we would  
10          have been successful.

11           Senator Roth. Do I understand you to be saying  
12          then, as a matter of policy, you will not want to  
13          reopen areas on which there have been reached  
14          agreement?

15           Mr. Kantor. As a matter of good sense and  
16          strategy, Senator, I am trying -- what I will try to  
17          do is get what we need and want and what I think is  
18          productive, not only for this country, but for  
19          opening world markets.

20           And I am willing at that point, as I think you  
21          would be and you would advise me to, maybe swallow  
22          something in other areas that have been agreed to  
23          that we might not have negotiated in the first  
24          instance, but are in the agreement as it presently  
25          exists.

1           Senator Roth. The Economist, the respected  
2           British magazine, in a recent article makes the  
3           statement that if there are undue delays in the  
4           Uruguay Round and a lot of issues brought back up,  
5           they see that the Uruguay Round could die.

6           As a matter of fact, quotes the Prime Minister  
7           of France, calling for the GATT talks, "start again  
8           from scratch".

9           How much of a problem do you see? Do you think  
10          the Uruguay Round is in danger of failing?

11          Mr. Kantor. I do not think it is in danger of  
12          failing. I think that it needs to be resuscitated  
13          in the sense of momentum needs to be created. I  
14          think there is a balance to be struck, Senator, if I  
15          might, not avoiding your question, but trying to be  
16          realistic.

17          Between acting too fast and not fully reviewing  
18          and having a good agreement in these many areas that  
19          I mentioned versus going too long and having the  
20          Europeans and others believe that we are not  
21          committed to the round, somewhere in between those  
22          two extremes -- and I set them up obviously for  
23          rhetorical purposes.

24          Somewhere between those two extremes is a time  
25          that we can reach agreement where we can get a good

1 agreement, one that is successful, one that will  
2 open markets and expand trade, but will not be one  
3 in which we leave a lot on the table and therefore  
4 cannot frankly come here on a bipartisan basis and  
5 sell it to the Congress because you are going to  
6 say, "Kantor, what are you doing here? You did not  
7 get what we needed for a successful world trading  
8 system."

9 And so therefore, there is a timing. It cannot  
10 go too long. I agree with the economist on that. I  
11 have not agreed with much that they have said  
12 lately, especially about me, but that is okay.

13 [Laughter]

14 Mr. Kantor. But the fact is, they are right  
15 about that. We are very sensitive to it. I talked  
16 to Sir Leon Brittain yesterday by phone. And I  
17 think he thinks that we are on the right track in  
18 terms of timing.

19 Senator Roth. One final question, Mr.  
20 Chairman, in the opening remarks, some comments were  
21 made about the importance of integrating trade  
22 policy with the domestic economy, something I think  
23 we can all agree.

24 The difficulty is when you begin to apply that  
25 policy. For example, so often trade is used as a

1 means of trying to force certain conduct. Take  
2 China, for example, most favored Nation. Some  
3 people think that we should not grant them most  
4 favored Nation because of their human rights  
5 conduct.

China

6 Agriculture, many cases in the past by both  
7 Republican and Democratic Administrations, there has  
8 been a sanction on agricultural policies.

9 My question is, how do we reconcile? How will  
10 this Administration reconcile the desire to put  
11 trade as part of the domestic policy as improving  
12 our opportunity export vis-a-vis foreign policy and  
13 other kinds of conduct that we think is desirable?

14 Mr. Kantor. I think in two ways this  
15 Administration has made it clear that it will do so.  
16 And we are currently, by the way, reviewing our  
17 policy towards China. As you know, it is quite  
18 complicated and has many implications beyond trade,  
19 but not really beyond trade.

20 The President has made clear two things: one,  
21 that our international security is based upon our  
22 domestic economic strength.

23 And if we are going to provide world  
24 leadership, number two, we must be strong at home.  
25 And therefore, we must have a trading system or a

1 trading regime or a trading policy that is part and  
2 parcel of this domestic economic concern.

3 And I think the President laid that out quite  
4 carefully in his American University speech and  
5 quite successfully. And we are trying to carry that  
6 out.

7 As we try to implement that, it means you just  
8 frankly, Senator, do not react all the time to  
9 things that come to you. You try to reach out and  
10 do things that are positive in nature and, if I  
11 might to be euphemistic or colloquial I guess, to  
12 get ahead of the curve.

13 We have chaired this year the Asian-Pacific  
14 Economic Cooperation Forum. That is the first time  
15 I think that we have chaired that, if I am not  
16 mistaken. It may not be the first, but it is  
17 certainly the first in this Administration.

18 We are going to try to use that to really open  
19 up and put a framework around this conference which  
20 includes China, by the way, includes Australia, New  
21 Zealand, and all the Asian Nations, and begin to  
22 look at that as a way to build a much broader  
23 network trading regime with the largest and fastest  
24 growing market in the world.

25 It is something that has not been done. And we

1 are going to look forward to trying to do that as we  
2 go forward into the fall.

3 The Chairman. Very well. Thank you, Senator  
4 Roth.

5 Senator Bradley.

6 Senator Bradley. Thank you very much, Mr.  
7 Chairman.

8 Mr. Ambassador, you would say that it is fair  
9 to say that without the NAFTA, the North American  
10 environment would be worse. Is that not correct?

11 Mr. Kantor. That is correct.

12 Senator Bradley. So that when we talk about --

13 Mr. Kantor. With the supplemental agreement.

14 Let me add that.

15 Senator Bradley. Put the supplemental  
16 agreement aside. If we did not have the NAFTA,  
17 would the environment be worse or better?

18 Mr. Kantor. It would not get better.

19 Senator Bradley. It would not get better.

20 Mr. Kantor. I think I would be a little more  
21 cautious, but it would not get better.

22 Senator Bradley. So the NAFTA itself improves  
23 the environment for all the obvious reasons?

24 Mr. Kantor. yes.

25 Senator Bradley. Income rises, interaction

1 with another society?

2 Mr. Kantor. I have to agree with that.

3 Senator Bradley. Pressures to improve, shared  
4 commitment to border clean up.

5 So the point is that the NAFTA as it now stands  
6 will create a dynamic that will improve the  
7 environment in North America. Now, your point is  
8 that you would like to try to do a little better on  
9 the environment and on labor standards.

10 Could you share with us succinctly your  
11 specific objectives in each of those negotiations?  
12 What would you like to see, not in all of the  
13 procedures, but what do you want to achieve?

14 Mr. Kantor. Let me try to be as succinct as  
15 possible. And some would say that is difficult for  
16 me, but I will try, Senator.

17 One is these will be mechanisms, these  
18 commissions or other actions we take to do four  
19 things: one, improve environmental and labor  
20 standards and conditions; now, two, enforce  
21 environmental protection measures and labor  
22 standards as we were speaking about earlier; three,  
23 improve the U.S.-Mexico border environment; and  
24 four, ensure that this NAFTA package to the extent  
25 possible supports increased income and prosperity

1 and improved social conditions in all three  
2 countries.

3 Now, let me just add very quickly to that an  
4 overview of how strategically to go about that.  
5 Without getting too detailed again, I find this job  
6 very interesting. On one hand, I have a real  
7 obligation to be here and be as open as possible and  
8 speak to you and speak to the American people and  
9 the people who pay my salary. On the other hand, I  
10 have to go out and negotiate this thing.

11 One, to look at measures or standards of how  
12 these commissions or how we will go about it; two,  
13 to look at the review powers of the commission;  
14 three, to look at what role private citizens,  
15 nongovernmental organizations might play in this;  
16 four, what oversight or enforcement powers might be  
17 exercised?

18 And I want to be a little careful there because  
19 that is where you get into sovereignty and  
20 supernational concerns.

21 And last, what structure these commissions  
22 should take. And I think that is exactly what we  
23 are trying to achieve. I know that is what we are  
24 trying to achieve. Without getting into any greater  
25 detail as to what options are on the table, I would

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1 like to stop at that point.

2 Senator Bradley. All right. Your first two  
3 points are improve and enforcement. We are talking  
4 in our respective countries?

5 Mr. Kantor. Yes. We are, Senator.

6 Senator Bradley. We are talking about laws  
7 being enforced in Mexico that are in the book and  
8 laws being enforced in the United States that are in  
9 the book.

10 Now, let's say a Mexican environmental group  
11 does not like the pace of toxic waste cleanup in New  
12 Jersey or mine rehabilitation in West Virginia or  
13 Wyoming or clean air enforcement in Los Angeles or  
14 whatever, how are we going to prevent them from kind  
15 of messing around in every law that we have on the  
16 book?

17 Mr. Kantor. Well, first of, Senator, they  
18 would have a standing problem in U.S. courts is my  
19 first answer to that question.

20 Number two, as Senator Baucus said, U.S. groups  
21 can, of course, bring and do bring those suits all  
22 the time.

23 Number three, what would be available to  
24 Mexican citizens groups, as you are referring to,  
25 would be a commission on environment where they

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1 could petition the commission theoretically. Let me  
2 be a little careful. Theoretically, ask them to  
3 look at a particular issue, review it, give a  
4 recommendation, and go back to the government in  
5 question, in this case the United States, and  
6 recommend changes or enforcement.

7 Beyond that, we would have to deal with some  
8 enforcement powers in the NAFTA itself.

9 Senator Bradley. So that, as I hear you  
10 describe the commission, they primarily would  
11 spotlight problems. They would have no authority to  
12 require changes in domestic law of the respective  
13 countries or no power to effect enforcement if that  
14 enforcement was lax in New Jersey or Mexico?

15 Mr. Kantor. Let me take your second. The  
16 first is clearly -- no, they would not have the  
17 power to go and enforce laws in the United States or  
18 to go in and enforce laws in Mexico.

19 But let me take a step backward on your second,  
20 after petition, review, consideration,  
21 recommendation, submission -- which I know Senator  
22 Baucus has talked about in his speech last month  
23 -- let's say on the environment, submission to the  
24 government in question, failure to act on the part  
25 of the government, there, at least discussions

1 within the Administration of what might be done in  
2 enforcement.

3 Beyond that, not by the commission, but by the  
4 governments themselves, under the NAFTA, if you look  
5 at the present arrangements for trade violations,  
6 now --

7 Senator Bradley. So that --

8 Mr. Kantor. Let me be quick to add. These are  
9 only discussions.

10 Senator Bradley. Yes.

11 Mr. Kantor. No one has gone any further. It  
12 is just on the table right now for discussion.

13 Senator Bradley. Well, let me suggest that  
14 giving Mexico the opportunity to block exports of  
15 U.S. goods to Mexico for some failure of  
16 implementation of a domestic law here would, I  
17 think, not be a recipe for either good cooperation  
18 or for achieving the objectives.

19 Mr. Kantor. Yes.

20 Senator Bradley. My time us up.

21 The Chairman. Thank you, Senator Bradley.

22 Ambassador Kantor, you are going to be very  
23 close, in weekly consultation with this committee as  
24 Senator Bradley's issues are developed in your own  
25 mind. I mean, it will help us surely. And I hope

*Airbus*

1 it might help you.

2 Senator Danforth.

3 Senator Danforth. I simply want to point out  
4 at the outset, Mr. Ambassador, that I share the  
5 concern that some other Senators have expressed  
6 about the side agreements and about the quagmire  
7 that these side agreements might create, but that is  
8 not what I want to talk to you about this morning.

9 Let me get back to the subject of the Airbus.  
10 Do you have any real doubt that Airbus has received  
11 huge subsidies from the European governments maybe  
12 in the neighborhood of \$26 billion and that Airbus  
13 would not even be in existence but for those  
14 subsidies?

15 Mr. Kantor. Let me take your first question.  
16 Now, the Gelman Study done by the Department of  
17 Commerce in the previous Administration, I think,  
18 made it quite clear that the subsidies probably  
19 indirectly may have gone up now to \$17 or \$18  
20 billion. And if you apply the proper market  
21 interest rates, it would be about a \$26 billion, I  
22 think is the figure, subsidy.

23 No, I have no doubt that has been done, number  
24 one.

25 And number two, if you just look at what has

1 happened to market share frankly, it has gone up to  
2 what? Thirty or 35 percent as a result of this  
3 financing.

4 Senator Danforth. I think it is 28 percent  
5 worldwide.

6 Mr. Kantor. Right.

7 Senator Danforth. And 44 percent in the U.S.

8 Mr. Kantor. I think that this is one of those  
9 issues that is fairly clear, that without the  
10 subsidies, without the -- let's call it unusual  
11 financing, that it would not be available to a  
12 private company in this country. They would not  
13 have been able to obtain the market share they  
14 obtained.

15 Senator Danforth. It should be a good  
16 countervailing duty case, shouldn't it?

17 Mr. Kantor. Let me not play or jury here. Let  
18 me just say that if any particular company wanted to  
19 bring an action, they would have every right under  
20 CV laws to do so.

21 Under the agreement that was reached in the  
22 prior Administration, which you referred to you in  
23 your opening statement, we cannot initiate as a  
24 government, we agreed not to initiate as a  
25 government a CVD action in this area.

*Airbus*