

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Richard M. Samans to Gene B. Sperling re: Trade principals' meeting: Singapore and Chile FTAs (3 pages)	11/29/2000	P5 1610
002. agenda	National Economic Council Trade Policy Meeting (3 pages)	11/30/2000	P5
003. memo	For Gene Sperling from Robert Lawrence, et al., re: Notes on a Proposed Singapore-U.S. Bilateral Free Trade Agreement (4 pages)	11/15/2000	P5 1611
004. agenda	National Economic Council Trade Policy Meeting (4 pages)	11/30/2000	P5

COLLECTION:

Clinton Presidential Records
National Economic Council
William Kissenger
OA/Box Number: 24549

FOLDER TITLE:

Singapore FTA

2009-0013-F

ry1521

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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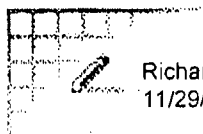
C. Closed in accordance with restrictions contained in donor's deed of gift.

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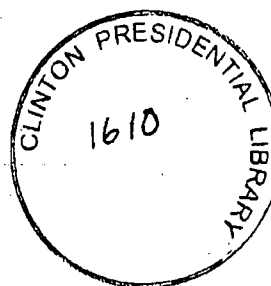
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Richard M. Samans
11/29/2000 07:52:16 PM



Record Type: Record

To: Gene B. Sperling/OPD/EOP@EOP
cc: Amy Mall/OPD/EOP@EOP, Sylvia M. Vellino/OPD/EOP@EOP, William Kissinger/OPD/EOP@EOP,
Judson L. Bruns/NSC/EOP@EOP
Subject: Trade principals' meeting: Singapore and Chile FTAs

Following is background regarding Singapore and Chile. We will also provide you separately with Corbett's latest paper on beef and bananas as well as a copy of the POTUS memo awaiting your approval on Japanese whaling in the event you want to touch on these topics at the end of the meeting. A meeting agenda and annotated agenda will follow tomorrow morning.

Singapore

Undersecretary Al Larson chaired a deputies discussion Tuesday on the Singapore FTA. Singapore is sending a team over to begin negotiations on December 5 and is committed to keeping it here until late December if need be. USTR has distributed a Trade Policy Staff Committee paper outlining an approach to the negotiations, a copy of which we will send over separately as an attachment. It has already approved a Federal Register notice seeking public comment. In addition, we and the Singaporeans will do environmental reviews; however, we may have to do ours in two steps in light of the tight negotiating timeline.

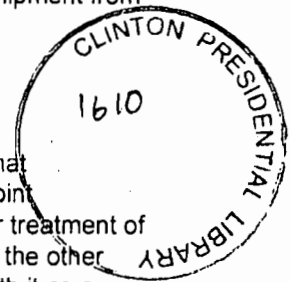
USTR will be assembling our negotiating strategy over the next few days and has been charged with coming back to deputies later this week or Monday with a proposed strategy in sensitive areas such as services, investment, rules of origin, labor and environment, dispute settlement, customs enforcement, agriculture and textiles. The following five of these areas warrant particular WH attention and could be topics of discussion during the principals' meeting:

- **Labor and environment.** Agencies agree that the Jordan agreement should be the baseline or model with respect to labor and environmental provisions. The Jordan FTA lists certain obligations in these areas but subjects only one of them (effective enforcement of domestic laws as they relate to trade) to the agreement's dispute settlement procedures. In light of the more robust nature bilateral trade and investment with Singapore, agencies agree that we should seek a NAFTA-like provision that neither country should derogate from labor/environmental policies to influence foreign investment (the Jordan agreement contains a similar principle that applies to trade flows only). In addition, all agree that we should explore opportunities for specific cooperative arrangements on labor and environment. In the deputies discussion, David Beier cautioned that there has been no deliberate decision that Jordan should serve as the model for future FTAs. He and DoL expressed concern about the effective lack of independent union bargaining in Singapore that exists not because of inadequate labor laws or enforcement but because of a political environment in which political parties and union officials often are one in the same not unlike the situation in Mexico. At bottom, the most sensitive issue on labor/environment will be dispute settlement. If we seek a tighter, NAFTA-like dispute settlement standard in the Singapore and Chile agreements for trade policy reasons (see below), there is a question as to whether it will be feasible to apply it to the labor and environment provisions of the agreement. Equal dispute settlement treatment for labor/environment has been one of organized labor's litmus tests of progress (the other being inclusion of labor/environment provisions in the main text of the agreement).

- Dispute settlement.** The standard for retaliation pursuant to dispute settlement in the US-Jordan deal, "appropriate and commensurate action," is similar to that in the US-Israel agreement. This affords wide discretion for disputes to be settled in a manner other than withdrawal or modification of trade concessions if appropriate and is thus particularly well suited for an agreement that includes binding labor and environmental obligations. In light of the more significant level of trade and investment with Singapore and South America (the Chile deal having precedential value for the FTAA), it may be desirable for trade policy reasons to have a tighter dispute settlement construction a la NAFTA and the WTO, which include language explicitly referring to "withdrawal of benefits under the agreement" in an amount proportionate to the amount of amount of affected trade. An important challenge posed by the Singapore and Chile deals will be to square our desire for tighter dispute settlement with the need to avoid discriminatory treatment for labor and environment. The Jordan/Israel dispute settlement structure explicitly provides greater room for actions other than trade sanctions. The NAFTA and WTO systems don't preclude this flexibility (parties are free to take alternative actions), but neither do they explicitly provide for it. As such, they may be a heavier diplomatic lift in a negotiation that includes binding labor and environmental obligations. One possible solution here might be to simply graft the tighter dispute settlement procedures in NAFTA and the WTO (e.g., formation of panels) onto the Jordan/Israel standard for action.
- Investment.** We do not now have a bilateral investment treaty with Singapore, and the Jordan FTA does not contain significant investment provisions. However, because of the large amount of two-way foreign investment involved with Singapore, agencies agree that it would be desirable to negotiate an investment title. This raises a number of potentially difficult issues, relating in particular to investor-state arbitration and especially the question of when a regulatory action taken in the interest of public welfare constitutes an expropriation. An NEC-CEQ interagency group has been working off and on for a year to develop a USG position on how NAFTA should be clarified in this regard (recent cases have alarmed environmental agencies). Economic and regulatory agencies have drawn closer to a compromise in recent weeks, and the prospect of using the Singapore and Chile FTA negotiations as a way to influence our discussions in the NAFTA and FTAA may help to spur the progress necessary to resolve this longstanding concern. However, there is still a distance to go.
- Services.** Singapore is a signatory to the General Agreement on Trade in Services (GATS), although Treasury is not fully satisfied with their financial services market access commitments. The key decision regarding services will be whether we seek to structure the agreement around a positive or negative list (i.e., cover only a finite set of designated sectors of the economy or have open-ended cover with designated exceptions, respectively). The positive list approach has been used in the Jordan and GATS agreements. It has the advantage of being easier, quicker, and less risky to negotiate. By contrast, NAFTA uses a negative list approach, which is generally desirable because it is conducive to greater coverage. However, because it is open-ended, the negative list approach carries a higher degree of risk for negotiators and thus requires more due diligence in the identification of exceptions --- a potential downside given our timeframe.
- Rules of Origin.** Customs has expressed concern that the standard CBI-style rules for determining when a product has been sufficiently transformed to qualify as being made in the country in question would be too weak in the context of a Singapore FTA to insure against widespread transshipment from China and SE Asia. Accordingly, the agreement may need more complex rules of origin.

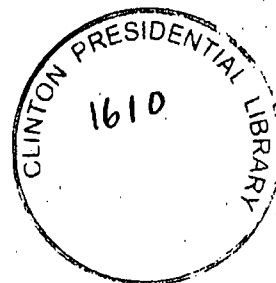
Chile

After considerable give and take, we agreed with the Chileans on Wednesday to announce that negotiations on a bilateral FTA will begin soon. In the end, we could not agree on text for a joint statement and issued separate statements. Ours referred to the Jordan FTA as the guide for treatment of labor and environment similar to way we treated this subject in the Singapore FTA statement the other week. The Chileans did not mention the Jordan FTA and appear to remain uncomfortable with it as a model for labor and environment despite the President's discussion of it in his conversation with President Lagos as well as subsequent representations by our team that the key principles here (i.e.,



labor/environment provisions included in the body of the agreement, some to be subject to same dispute settlement standard as other trade agreement provisions) are absolutely essential for us. They appear to continue to strongly prefer the Chile-Canada FTA model in which labor and environment provisions are subject only to monetary, as opposed to trade, sanctions.

USTR and Chile's trade team agreed to begin discussion within the next two weeks. The most sensitive areas for the Chile negotiation will track those at issue in the Singapore deal with one important exception: agriculture. Our wine, fruits, and vegetable producers concentrated in California and Florida have long been concerned about free trade with Chile, which is highly competitive in these areas. In addition, there is a special opportunity to engage in environmental cooperation in a way that could have a salutary effect on the FTAA process. Indeed, the Chile negotiation presents opportunities in a number of areas to prod the FTAA in the right direction given Chile's relatively open economy and progressive policies.



National Economic Council Trade Policy Meeting

Annotated Agenda -- November 30, 2000

I. Singapore and Chile Free Trade Area Negotiations

- **Process and Timing**

- Ask Charlene for an overview of the anticipated timeline of the two negotiations.
- Will we be able to manage them simultaneously (NSC is concerned that USTR may treat Chile as an afterthought)?
- Given the tight timeline and that these negotiations will be more complex than Jordan because of greater trade and investment at stake, how are we working to ensure full interagency vetting before we table paper? Will deputies have another discussion on key issues before we table negotiating proposals in key areas?
- How has the outreach to Members of Congress and constituencies gone? What is our plan for consultation with them over the next two months, as close consultation will be crucial to ensuring that quick agreements will not be criticized as insufficiently thought through and vetted with stakeholders?
- Do we feel that, like the Jordan FTA, these agreements will be viable in Congress in the absence of fast track authority? Or is it more likely that, with two or three FTAs awaiting approval in the spring, Congress will tackle them at the same time as a fast track bill?

- **Key Issues:** *Bottom line is that there needs to be interagency coordination and vetting before we table paper in the following sensitive areas. A follow up deputies discussion tomorrow or early next week would be important.*

- Labor and environment. Reiterate that Jordan is the baseline (various commitments in the text of the agreement and at least one of them – enforcement of domestic laws relating to foreign trade and investment – subject to same dispute settlement as other provisions).
 - Will this model work well (make progress on the issue and satisfy domestic constituencies) in the case of Singapore? Chile? (Beier and DoL had expressed concerns about the close relationship of unions and the government in Singapore.)
 - As for Chile, unions there are currently seeking domestic reform of labor laws, ask Karen if she's gotten feedback on whether an FTA will

help or hurt this effort).

- Dispute settlement. Ask Charlene for overview of key issues.
 - Can we tighten dispute settlement over Jordan/Israel model while keeping equal treatment for labor/environment?
 - Likely answer is that we keep Jordan/Israel flexible standard for action ("appropriate and commensurate action"), while adding superior procedural facets of WTO and NAFTA dispute settlement process (panel formation, timelines, transparency, etc.).
- Services. Ask Charlene and perhaps Mineta about positive versus negative list?
- Investment. Indicate that NEC-CEQ process on expropriation language will try to conclude efforts on an expedited basis in order to help inform Singapore/Chile strategy.
- Competition. You should note for the record that Justice has registered strong concern about USTR's plans for including a competition policy title in the agreement. There is a need for USTR to work with them.
- Rules of Origin. Customs has concerns about Singapore becoming a backdoor way for China to ship duty free through transshipment. Customs and USTR need to work together on this quickly.
- **Integration with Broad Trade Policy Objectives**
 - Ask for discussion on potential opportunities and pitfalls represented by these two bilateral FTAs for our broader trade policy objectives:
 - WTO negotiations. In what areas might good agreements spur progress in the WTO? On the other hand, might these exercises sap attention from the Round launch for the next team? And could they lead to unhelpful diversion of trade?
 - Plurilateral efforts (FTAA and APEC). What are the upsides and downsides of a Chile deal for FTAA (on the one hand could set a helpful template in sensitive areas; on the other, could alienate other FTAA countries, and decrease momentum toward consensus). Singapore and APEC?

II. Other

- US-EU (Status report on bananas, beef, FSC, etc.?)
- Whaling (some of the environmental agencies won't be at the table).

1611

November 15, 2000

MEMORANDUM FOR GENE SPERLING

FROM: ROBERT LAWRENCE, PHIL SWAGEL, AND ROBERT WESCOTT

Subject: Notes on a Proposed Singapore-U.S. Bilateral Free Trade Agreement

I. Introduction

You asked for views on whether a bilateral free trade agreement, such as between Singapore and the United States, would be a good step. Such a decision is hard to make directly on the economic evidence. The main basis for such a decision should rest mainly on strategic considerations.

- The welfare effects—either adding to welfare by creating trade, or subtracting from welfare by diverting trade—are likely to be small in this case because our tariffs against each other are so low anyway.
- Also, it appears likely that such an agreement would be "WTO-consistent."
- Therefore, the main factor behind our decision should be how this affects our strategy to achieve a more open world trading system.
 - If we think that such an agreement could demonstrate to the world that we will not sit back and wait while others dither about the next round of multilateral trade liberalization, this agreement and other like it could be good. It could send a signal to fence-sitters (India? Others?) that the more liberal trading countries will go off and make their own clubs, and that if they lay back they could get left behind.
 - If we would view such an agreement as part of a strategic plan, as above, then we would tend to favor proceeding.

II. Background on Bilateral/Regional Free Trade Agreements vs. Multilateral Trade Agreements

A. Trade Creation vs. Trade Diversion

It is a basic economic truism that multilateral trade liberalization (such as the Uruguay Round) is trade creating. When tariffs are lowered around the world trade increases, and efficient producers are able to ramp up their production and sell into new markets. Low cost production is encouraged and economic efficiency increases. All countries can move toward higher volume production of the goods in which they have comparative advantage.

One of the key economic questions economists ask about bilateral/regional free trade agreements is whether they are "trade creating" or "trade diverting."

- An example of "trade creation"—Assume that before NAFTA it costs \$6 to make a broom in Mexico and \$10 a broom in the U.S., that the U.S. has a 100% tariff on brooms, and that there is no trade between the two countries in brooms.
 - With NAFTA lowering tariffs to zero, a Mexican broom maker can sell brooms into the U.S. market at \$6 a broom.
 - The workers in the Iowa factory workers lose their jobs, but get new jobs at the Amana refrigerator factory in town making refrigerators that are exported to Mexico. Their wages go up and the wages of Mexican broom makers go up because of NAFTA.
- An example of "trade diversion"—Before MERCOSUR, Chile has a 30% tariff on wheat from all countries. Chile imports wheat from the lowest cost and most efficient producer in the world, the United States.
 - Then when the MERCOSUR regional trading block forms, the countries in the block have zero tariffs against each other, but maintain their previous tariffs against outsiders.
 - Say Chile then stops importing wheat from the U.S., but instead imports wheat from a less efficient producer in Argentina that can sell at a lower price than the U.S. producer because it does not face the 30% tariff.
 - The reduced production of low cost U.S. wheat and the increased production of less efficient Argentina wheat represents a world welfare loss.
 - An efficient Minnesota wheat farmer loses his job and has to take a lower paying job.

B. Ways that bilateral/regional free trade agreements can be "*building blocks*" for multilateral trade liberalization:

- Most regional free trade agreements are trade creating, not trade diverting.
- Often they reflect the will of small countries to "lock in" the benefits of freer trade with their larger trading partners.
- Can be a bargaining threat to encourage multilateral trade agreements.
- Allows liberalization beyond the extent that can take place multilaterally.

C. Ways that bilateral/regional free trade agreements can be "stumbling blocks" for multilateral trade liberalization:

- Countries inside a regional trade agreement cannot respond to pressures from other members of the regional trade agreement, so if trade pressures mount, they tend to use anti-dumping and other measures against the outsiders. (Eg., some academics have argued that the U.S. uses anti-dumping more against East Asian countries when imports from Mexico increase.)
- Diverts time and resources of trade ministries (probably during the negotiations for NAFTA, Mexican trade officials were fully absorbed with that activity and did not do as much as they might have on multilateral negotiations.)

III. A U.S.-Singapore Free Trade Agreement

A. Bilateral US-Singapore FTA will have small economic effects.

- A free trade agreement would be expected to result in little trade creation or trade diversion.
- This is because there are virtually no trade barriers now: Singapore has a 0.04% average import tariff, while its exports to the United States face low barriers (including a large portion of electronics that enter duty-free under the Information Technology Agreement).

B. Considerations for the United States

Pro

- *Domino effect toward free trade.* Given the likely small economic effects, the main impact is the possibility that a bilateral agreement could help create a "liberalization dynamic." This could give impetus to regional trade agreements such as APEC and broader multilateral negotiations as other countries seek do not want to be left out of trade agreements.
- *Advance U.S. trade goals.* Provisions on environment and labor standards should not cause difficulties for Singapore; their inclusion will reinforce the precedent set in the Jordan FTA.

Con

- *Too high a standard.* While Singapore might not resist environment and labor standards, this will create a difficult standard for other developing countries, such as India. These provisions could become a stumbling block for future agreements.
- *Other countries might not react.* Many developing countries are still waiting on the gains of the 1994 GATT, especially liberalization in textiles and clothing due in 2003 and 2004, and might not see new bilateral trade agreements as a reason to enter new negotiations.

Note: The CEA view is that the benefit of creating a liberalization dynamic outweighs other concerns.

C. WTO compatibility is likely not a problem.

- Under GATT Article XXIV, regional agreements must include "substantially all" trade, with protection on third countries not "on the whole" more restrictive than previously.
- Problems with other agreements involve agriculture trade, but this is not an issue with Singapore. In practice, WTO has not concluded assessment of any RTAs.

IV. Singapore Background

- Singapore is a developed economy; per-capita GDP was above \$22,000 in 1999.
- Singapore is around 10th most important U.S. trading partner. Most trade is in machinery and manufactured goods, especially electronics such as computers and parts. Singapore takes 2.75 percent of U.S. merchandise exports; supplies 2.1 percent of U.S. imports (\$3bn deficit).
- There are virtually no barriers to trade and investment in Singapore (0.04% average tariff). Some limits exist on professional services. Intellectual property rights protection improving.
- Media sector is tightly controlled: only one major newspaper company, one TV network, one pay-TV operator, and one radio network. Foreign media shareholding is limited to 3 percent.
- Singapore pushing for numerous free trade agreements: member of ASEAN Free Trade Area (AFTA), and Singapore-New Zealand FTA (signed Nov. 14). Negotiations starting with Australia and Japan. Under consideration are FTAs with Chile, Korea, and Mexico. P-5 initiative on hold between U.S., Singapore, Chile, Australia, and New Zealand.

National Economic Council Trade Policy Meeting

Annotated Agenda -- November 30, 2000

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Agenda -- November 30, 2000

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- **Process and Timing**
- **Key Issues**
- **Integration with Broad Trade Policy Objectives**

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001. memo	Albright, Madeleine K. to the President re: APEC Leaders Meeting and Your Visit to Brunei (4 pages)	11/09/2000	P1/b(1)
002. notes	APEC Deputies Committee Meeting (4 pages)	09/07/2000	P1/b(1)
003. email	Christina Lin to Economic Affairs re: APRC Deputies Meeting Summary (2 pages)	09/08/2000	P1/b(1)
004. memo	Daniel Rosen, John Duncan to Gene Sperling re: APEC Deputies Meeting (2 pages)	09/06/2000	P5 1607
005. memo	Daniel Rosen to Gene Sperling re: APEC Preparation Processes (3 pages)	09/01/2000	P5 1608
006. report	Draft Theme Paper for APEC Annual Economic Leaders Meeting (4 pages)	n.d.	P5
007. memo	Holly Hammonds to Samuel Berger and Gene Sperling re: Themes for 1999 APEC Leaders Meeting (4 pages)	07/19/1999	P5 1609
008. memo	Lieberthal, Kenneth & Huso, Ravic to Berger, Samuel R. re: Themes for the President's State Visit to New Zealand and His Bilateral Meetings/Pull-Asides on the APEC Trip (3 pages)	08/05/1999	P1/b(1)
009. memo	Greenwood, C. Lawrence, Jr. to Brainard, Lael et al. re: APEC Update: Brunei Open to Suggestions (2 pages)	05/14/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
International Economic Affairs (John Duncan)
OA/Box Number: 4024

FOLDER TITLE:

APEC [Asia-Pacific Economic Cooperation] 2000 [1]

2009-0013-F

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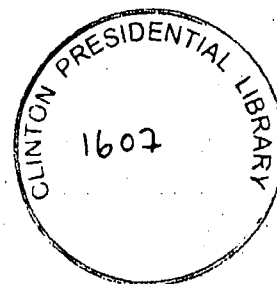
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MEMORANDUM

TO: Gene Sperling
FR: Daniel Rosen, John Duncan
DT: September 6, 2000
RE: APEC Deputies Meeting



Summary

Larry Greenwood is seeking White House sign off on the key themes for the APEC SOM on September 21-23. While we have discussed putting off an APEC Deputies until the end of September, Lael thinks that would be a mistake. She strongly suggests, and we concur, that we have the Deputies prior to the SOM. She believes a critical opportunity to assert your *ownership* over the APEC process would be missed by not having you Chair the meeting that sets in motion the overarching message and themes for the upcoming Leader's Meeting.

- Your presence at the meeting will signal your role key role in shaping the themes and priorities for APEC this year and NEC's ownership of the process.
- It will remind all participants of your being the President's plus one at APEC last year.
- It will encourage the Deputies involved to put their best thinking on the table at this early date instead of holding back and will help forge consensus early on about our message, themes, goals, objectives and deliverables.
- Having this substantial meeting now will avoid overload at the end of the month when you already have several other important matters, including the Vietnam Deputies and the G-8 Sherpa meeting in Paris.

On the assumption that you will agree with our position, we have taken the liberty of scheduling an APEC Deputies meeting for this Thursday at 2 PM. We understand that presently your schedule is open at that time. Below is further background on the context of the meeting, and attached are several documents you should review in preparation for Thursday.

First, attached is the Draft APEC themes paper that Greenwood prepared at Lael's suggestion. He suggests focusing the Summit on the successes of APEC during the Clinton Administration and on bold policy-initiatives for APEC to address in the future, such as support for "New Economy" initiatives. Participants on Thursday will likely want to suggest additional key themes/objectives, perhaps for example carrying over the key theme from last year by in some fashion addressing the launch of a new Round. We expect that you will facilitate discussion rather than identify themes per se and that you will play an arbitral role with the agencies should disputes arise.

Second, attached is the APEC Business Advisory Committee's (ABAC) draft report to the Leaders this year. It is a quick 25 page read which identifies the business community's priority theme, notably getting APEC back to business opportunity fundamentals.

COPY

Third is a consensus report compiled by Fred Bergsten from a panel of independent experts on the useful agenda for APEC 2000. The report will be transmitted to the leaders, and it contains some creative outside thinking you may find useful.

Finally, several documents are included for you background only, if you have time. These are 1) the State cable summarizing work on the built-in APEC agenda to date; 2) Holly Hammond's memo to you last year on the development of APEC themes ; and 3) The President's APEC address in Auckland.

Background

At SOM 3 and related meetings in Brunei, September 12-23, our Senior Official for APEC, Larry Greenwood of State, will hold some 19 bilateral meetings with other APEC members and will participate in the Senior Officials Retreat and Meetings. The purpose of SOM 3 is to gauge progress on the built-in and on-going work agenda for APEC and to prepare for the upcoming Leaders Summit. (See attachment 1 for the full agenda of the SOM.)

Less formally, i.e., more in bilateral meetings, there is a chance at SOM 3 to get buy-in for and to build-in a focus on key themes for this year's Leader's Summit of importance to the United States. Based on on-going consultations and pledges to carry through on themes from earlier Summits including the G7/8, the following two specific themes have been suggested by State:

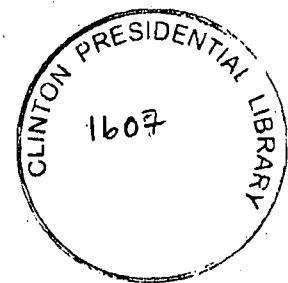
- 1) Claim credit for APEC for its role in helping achieve sustainable growth through market-oriented policies in the region (if we go with this theme it will have to be carefully nuanced to ensure it does not come across as a Clinton testimonial), and
- 2) Demonstrate APEC's continued relevance to the region through robust IT-related initiatives aimed at preparing APEC for the New Economy (we can carry over many of the G7-G/8 themes here and perhaps attempt to advance them in important areas).

The Deputies will need to ensure that these themes are consistent with – and indeed supportive of – the final priorities and deliverables for APEC 2000 and to offer alternative or additional themes/objectives as appropriate. Invited Participants:

Larry Greenwood (State – Senior Official)
Alan Larson (State/EB)
Stanley Roth (State/EAP)
Richard Fisher (USTR)
Robt LaRussa (DOC/ITA)
Stu Eizenstat (Treasury)
Ted Osius (OVP)
Martin Baily (CEA)

John Duncan, Dan Rosen (NEC), NSC rep TBD

Time Required: 1 Hour

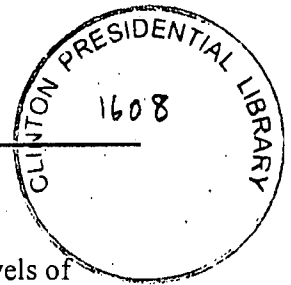


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MEMORANDUM

September 1, 2000

TO: GENE SPERLING
FROM: DANIEL ROSEN
RE: APEC PREPARATION PROCESSES



Summary

In preparation for this year's APEC Leaders Summit in Brunei November 15-16, 2 levels of process are appropriate at this time.

- First, in preparation for the 3rd Senior Officials Meeting (SOM) in Brunei September 21-23, you should chair a "**small group meeting**" with key officials most profoundly involved in preparations for APEC in order to review the preliminary US themes that our Senior Official – Larry Greenwood – will have a chance to build-in at the SOM.

Greenwood departs for Asia on Sunday, September 10. Therefore I recommending you schedule a Small Group meeting for September 7, time to be determined by your schedule. Alternatively, this discussion could be done by conference call. This only need involve you, Al Larson, Larry Greenwood, Richard Fisher and I.

NOTE: RECOMMEND YOU CALL THIS MEETING/CALL, BUT THAT IF YOU AGREE THE OBJECTIVE IS STRAIGHTFORWARD ENOUGH, YOU COULD HAND IT OVER TO HAL AND I IMMEDIATELY, OR HAVE US TAKE IT FROM THE START.

- Second, in advance of the Leaders Summit you should chair a **Deputies level meeting** to decide on the final themes and priorities the President will reflect in a "letter to the Chair" to be sent on or about October 1. This Deputies meeting will also make decisions regarding key deliverables to be pursued in advance of the Summit.

A Deputies meeting has since August 1 been scheduled for September 8. However, the decision point has not arrived for final themes and priorities or for Deputies level decisions on many deliverables. Therefore I am recommending you reschedule the Deputies meeting for the week of September 25.

Small Group Meeting

At SOM 3 and related meetings in Brunei September 12-23, our Senior Official for APEC, Larry Greenwood of State, will undertake 19 bilaterals with other APEC members, and participate in the Senior Officials Retreat and Meetings. The purpose of SOM 3 is to gauge progress on the built-in and on-going work agenda for APEC, and to prepare for the upcoming Leaders Summit. (See attachment 1 for the full agenda of the SOM.)

Less formally, i.e., more in bilateral meetings, there is a chance at SOM 3 to get buy-in for and to build-in a focus on key themes for this year's Leaders Summit of importance to the United

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States. Based on on-going consultations and pledges to carry thorough on themes from earlier Summits including the G7/8, the following 2 themes have been identified:

- 1) Claim credit for APEC for its role in helping achieve sustainable growth through market-oriented policies in the region, and
- 2) Demonstrate APEC's continued relevance to the region through robust IT-related initiatives aimed at preparing APEC for the New Economy.

The purpose of a Small Group Meeting prior to Greenwood's departure for SOM 3 is to ensure that these themes will be consistent with – and indeed supportive of – the final priorities and deliverables that the Deputies meeting will be held to determine later, and to offer further themes as appropriate.

Date: September 7

Participants: Gene Sperling (Chair), Larry Greenwood (State – Senior Official), Alan Larson (State/EB), Richard Fisher (USTR), Dan Rosen (NEC).

Time Required: 1 Hour

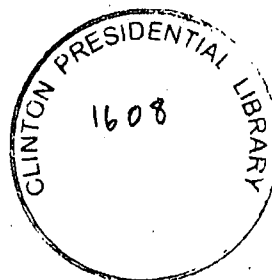
Background Materials (available for you upon return next week): Most important that you read the draft APEC Themes paper, State APEC Status Cable, and State Analysis of Brunei view of its Chairmanship. Additional background of interest includes the APEC Business Advisory Council (ABAC) draft report, Fred Bergsten's Independent Experts report to leaders, and the President's speech from last year's APEC.

Deputies Meeting

A Deputies meeting is needed well prior to the APEC Leaders Summit to make decisions about our final themes and priorities, including deliverables, for Brunei. Last year, the President transmitted a response to the APEC Chair's proposed agenda conveying these themes and priorities about 6 weeks prior to the Summit. Based on that timetable the President's letter should be sent by about October 1.

A Deputies meeting held the week of September 25 will permit the President's letter to be sent on this timetable. It will also allow the time intervening to test receptivity to preliminary themes at SOM 3, and to make progress on a long list of individual deliverables being pursued at the working level. The Deputies could review a set of more mature deliverables and determine which to highlight and showcase.

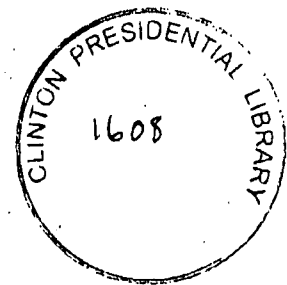
Lael had scheduled a Deputies meeting in early August for September 8. However, the decision point has not arrived for final themes and priorities or for Deputies level decisions on many deliverables. Some likely deliverables are as follows:



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- Commitments in the Leaders' Statement to accelerated reforms to take advantage of New Economy opportunities, possibly including principles a la Okinawa Charter;
- Concrete "deliverables" that show progress in linking up APEC for e-business, including a plurilateral open skies agreement and initiatives for e-commerce readiness, IT training, on-line trading in energy, and biotech research cooperation;
- A major economic policy speech by the President outlining APEC's past successes and future challenges; and
- Events and announcement involving State, USTR, Commerce, and the U.S. private sector that demonstrate the US commitment to fostering prosperity in APEC and underscoring the win-win nature of our New Economy successes.

These deliverables are maturing now, and together with a more comprehensive list will be the focus of deputies level consideration at the meeting week of September 25.



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DRAFT THEME PAPER FOR APEC ANNUAL ECONOMIC LEADERS MEETING

Objectives

The proposed objectives for the Leaders meeting in Brunei this November are:

- 1) to claim credit for APEC for its role in helping achieve sustainable growth through market-oriented policies in the region, and
- 2) to demonstrate APEC's continued relevance to the region through robust IT-related initiatives aimed at preparing APEC for the New Economy.

We would achieve those objectives through:

- Commitments in the Leaders' Statement to accelerated reforms to take advantage of new opportunities presented by the New Economy;
- Concrete "deliverables" that would show progress in linking up APEC for e-business, including a plurilateral open skies agreement and initiatives for e-commerce readiness, IT training, on-line trading in energy, and biotech research cooperation;
- A major economic policy speech by the President outlining APEC's past successes and future challenges; and
- Public diplomacy events by the Secretary, USTR, the Commerce Secretary, and the U.S. private sector.

Getting Credit

The Asian region has seen dramatic changes in the past decade since APEC was created. APEC economies have grown far faster than non-APEC countries, with lower income APEC members nearly doubling their income over that period. While *per capita* income shrank in lower income countries in other regions over the past decade, it grew in APEC lower income economies by more than 60%. Social indicators have shown similar progress. APEC economies as a whole have done a better job of reducing poverty, generating jobs, improving health, increasing life expectancy, and improving educational levels than non-APEC countries have.

APEC economies are more open than ten years ago. In 1988 more than half of APEC economies had average tariff rates of 10% and above; today only four do. Deregulation is moving -- Singapore is ending its telecom monopoly, the Philippines is setting up one of the most liberal electric power regimes in the region, China has launched a bold plan to reform state enterprises, and Japan is experiencing an unprecedented increase in incoming FDI. Moreover, thanks to the recent boom of mergers and acquisitions, American and other foreign firms are playing a more direct and significant role in Asian economies than in any time in post-war history.

Not surprisingly, the advance of liberal economic policies has brought with it progress towards more democracy as well. Political pressure from a growing urban middle class helped topple a dictator in Indonesia, elect one of the region's most dynamic leaders in Korea, and unseat long-time ruling parties in Taiwan and Mexico (with Japan perhaps not far behind).

An irreversible trend towards market-oriented policies is driving this progress. Both communism and Japanese statism have collapsed as models for development. In its place, trade and investment liberalization and pro-competitive regulatory reform have taken their place as the accepted orthodoxy of the region.

APEC, and by extension the Administration, deserves credit for much of this progress (see attachment for list of some concrete accomplishments). APEC has hammered home the free market message through literally hundreds of working groups, seminars, symposia, and workshops throughout the year. It combines dialogue, peer pressure, and competition for capital to drive good policy. At the top, the Leaders, thanks to the President's initiative in 1993, meet once a year to reaffirm their commitment to free trade and investment and push their officials to accelerate progress. The Finance Ministers process, including concrete programs aimed at enhancing financial supervisory capability and strengthening capital markets, has played a key role in the region's relatively rapid recovery from the 1997-98 crisis.

Much Work Remains

Translating the intellectual commitment to free market policies into real reform is a much harder task of course. In recent months, economic recovery has weakened enthusiasm to make the hard decision. The Philippine electricity bill is facing fierce headwinds; Korean chaebol are still resisting fundamental reform; an anti-deregulation group of Dietmen is gaining ground in Japan; and Chinese state enterprises continue to look to bank handouts to keep afloat. APEC as a region has dropped several points on overall competitiveness over the past five years according to a respected survey.

A slowdown in reform will have serious consequences as market forces if the New Economy penalize bad policies much more quickly and severely in an increasingly global economy. APEC must squarely face this challenge.

New Economy: This Year's Deliverables

The USG has urged APEC this year to address the challenges of the New Economy, focusing on three areas: market fundamentals, electronic tools, and the web of connections needed to undertake e-commerce. Brunei has incorporated that theme as one of the three areas it has chosen to emphasize this year (the other two are human resource development and SMEs). We will push to include supportive statements on these three areas in the Leaders statement.

We would make these statements credible through several "deliverables" for the meeting. These could include:

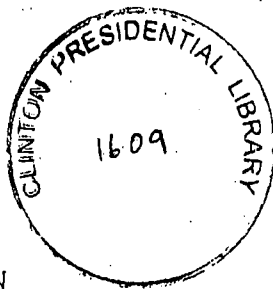
- Conclusion of a plurilateral open skies agreement, the first such agreement in the world. Negotiators hope to conclude the pact this September. We propose withholding announcement until the Leaders meeting and arrange a photo op with the Leaders and/or Ministers of Transport from the five participating economies;
- Two private-public partnership initiatives on e-commerce that would 1) follow-up on APEC's success in e-commerce readiness by partnering firms with economies to work on specific problem areas identified in the assessments, and 2) facilitate IT training, *inter alia* through an APEC.

version of the "Create Global Opportunity" compendium put out in Okinawa;

- Endorsement of the Energy Ministers' recommendations on liberalization and clean energy, a call for economies to use the APEC advisory teams for policy, and a new initiative on energy and e-commerce;
- A new initiative that would seek to share information on developments in the area of biotechnology throughout the region to better adapt new technologies to the food needs of the region, perhaps through a biotech research network and a public-private program of biotech researcher exchange; and
- A call to accelerate bank reform and work-outs of bad loans and to strengthen financial supervisory capabilities, including an initiative to train regulators and bankers on risk-based, market-oriented banking practices.

In addition, we would anticipate that the Leaders' statement would include:

- A call for early launch of the new WTO Round and more action on NTMs as a way of following up on the EVSL agenda (including the launch of the Chemical Dialogue),
- A statement welcoming regional free trade areas as long as they were consistent with Bogor goals (Japan and Singapore may announce start of FTA negotiations around the time of the Leaders Meeting);
- A call for Ministers to explore policies to facilitate the use of IT by entrepreneurs in small business, particularly women who have great potential to develop new businesses from their homes;
- Agreement to adopt a "one test one standard" regime for electronic consumer goods.



July 19, 1999

→ Holly -

Good memo. I'd like to have an internal policy meeting together w/ Gene in the next week or so, before we lose people to vacations. Who should attend?

INFORMATION

MEMORANDUM FOR SAMUEL BERGER AND GENE SPERLING

FROM: HOLLY HAMMONDS

SUBJECT: Themes for 1999 APEC Leaders Meeting

Concurrences: Ken Lieberthal/Alex Arvizu

OVERVIEW:

@
cc: Gene Sperling
Paul Brannard

The U.S. has three central goals for this year's APEC Leaders' meeting, which is scheduled to take place in Auckland, New Zealand in September: (1) to have APEC lend meaningful support both to the launch of a new Round of trade negotiations in Seattle at the end of November and to endorse Seattle Ministerial "deliverables" essential to the success of that event; (2) to mark progress the region has made since the last Leaders meeting to contain the financial crisis, but to emphasize that the region must not be complacent and must continue to work together on government and business reforms, and on broader reforms to the international financial architecture; and (3) to provide momentum to regional public/private partnership projects and continue to rebuild business support for and interest in APEC which had flagged significantly in the wake of the Kuala Lumpur meetings.

An additional overarching goal is for the United States to reassert leadership in APEC. With the President's absence from KL last year, it will be important for him to demonstrate personal leadership in pushing for the three objectives above. (John Howard echoed this theme in the working lunch July 12.) As you are well aware, many in the Asia Pacific region have a difficult time comprehending what they believe to be a growing trend toward protectionism in the U.S. at a time when our economy is still growing strong. Moreover many APEC economies are concerned that, with the 2000 election nearing, the Administration's interest in Asia (with the exception of China WTO) will wane.

I agree. How do we do this?

Bilats: The President will be able to use possible bilaterals with Chuan and Estrada to reinforce APEC and related WTO

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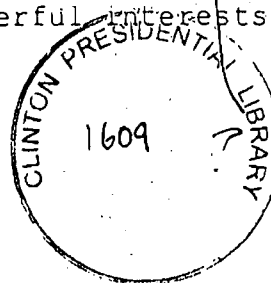
objectives, as well as his commitment to the region. Still, any APEC results will be dwarfed by a bilateral with Jiang that leads to a WTO accession deal - clearly the trip's preeminent economic objective. [Please note that the Asia team has the lead on the state visit and bilats and will provide a separate thematic memorandum on both.]

DISCUSSION:

Launch of new Trade Round: The single most important deliverable from this year's Leaders' meeting itself would be a forward-leaning Leaders' statement on the Seattle Ministerial. In particular, we hope that Leaders will endorse the launch of a broad-based Round that lasts no longer than three years - one of the central trade objectives of President Clinton's second term. Further, the credibility of both APEC and the Seattle Ministerial will be greatly enhanced if we are able to conclude agreements by Seattle in areas of joint interest, such as on procurement transparency and a permanent moratorium on e-commerce duties, and if we can make headway in the WTO on accelerated tariff liberalization (though we want to downplay any expectations of APEC deliverables in this area). Leaders should applaud APEC efforts in these areas and call for Seattle results. It would also be important for APEC Leaders to acknowledge the value of greater transparency within the WTO and make it more responsive to civil society - steps in this direction will be politically essential for us at Seattle.

With help from the New Zealand chair, as well as from Australia and Canada, we were able to make progress on all of these goals at the late June trade ministerial in Auckland. But further bilateral work will be essential to ensure success in September, especially with the ASEANs (Malaysia for example still has not agreed on a Round) and with Japan (which with the EU has undertaken a strategy to blunt U.S. calls for ambitious agricultural liberalization in the Round and to focus the Round on areas we have committed to keeping off the table, such as dumping and competition policy).

Special note on Japan: I share with the Asia team a concern that we risk facing a Japan that is potentially even more obstructionist than before - and is emboldened by its "victory" last year in keeping APEC from closing on an EVSL deal. Because the President and Obuchi have a good personal relationship, we may be able to ameliorate the worst of this (which must be a key objective), but there are many powerful interests in Japan working against us.



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is there
something
w/
can do
w/ employment
before
Sept to
avoid
the
curse
of
Lamb?

HH -
I need
more on
this and
a particular
analysis of
dispute
that WTO
resolution
is a fore
and
2) we have
suffered
disproportionately
as a result
leg banana

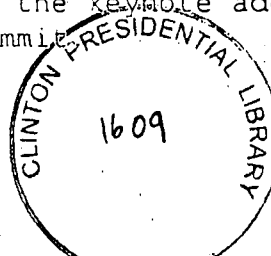
What is our
pre-sept plan
for Seattle?

Financial Reforms - avoiding complacency: We hope that Leaders at this year's meeting will be able to mark a turn-around in the region and reflect on how collective action on financial, social safety net and other reforms has helped make reinvigorated economies possible. However Leaders should also sound a cautious note, reaffirming that one sure lesson of the financial crisis is the need to have strong policies to prevent and better manage future downturns, including by continuing to improve the transparency of markets and ensuring that they are firmly based in the rule of law, strengthening domestic financial systems, developing domestic bond markets, and involving the private sector in crisis management.

Business driven initiatives: From the beginning the private sector has been very engaged in and appreciative of APEC. A key reason for this is that, working with the private sector, governments have made APEC a unique regional forum in which governments can join in close cooperation with businesses on concrete initiatives. As one part of our effort to rebuild business enthusiasm, we are working with other APEC economies to make progress on a number of projects of this type, including:

- air services liberalization: business seeks Leaders' endorsement of open cargo, code-sharing, and ground services reforms
- natural gas initiative: business seeks continued work on development of a regional natural gas network that would spur economic activity within and across borders
- Shanghai customs project: a trilateral effort (U.S. customs, China customs and U.S. private sector) that has received praise and could be a potential model for liberalizing other ports in APEC economies
- auto dialogue: the cornerstone of the EVSL "back 6" sectors, which has been partially spun off as its own initiative. Business is looking for Leaders' acknowledgement of the launch of the dialogue which U.S. industry sees as a good opportunity to develop relationships with key government officials in the region and have a more direct voice in policy decisions affecting their operations.

As you know, the APEC CEO summit will be taking place coincident with the Leaders' meeting. We are working with New Zealand to ensure that the interaction between government officials and corporate leaders works more fluidly and positively than last year. President Clinton will deliver the keynote address at the Sunday morning session of the CEO Summit.



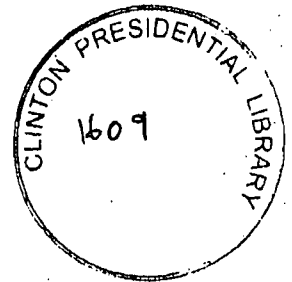
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Y2k: Given the timing just a few months before the millennium, the US and other member economies are seeking to have Leaders focus on what we can do collectively to respond to potential disruptions that could have regional consequences. The U.S. and Canada have been leading an effort to develop a tool-kit and disseminate practical information in this area, especially to developing country governments and smaller businesses.

PROCESS:

Lael Brainard led a deputies' meeting last week to begin focusing intensively on Leaders' meeting themes and deliverables, and we will do several more in the run up to Auckland. As you know, I travelled to Auckland with USTR to attend the recent trade ministerial which successfully teed up our key objectives, while underscoring powerfully the bilateral challenges we face to a successful APEC and Seattle Round launch. Accordingly deputies will focus both on regional and on bilateral strategies over the coming month, and will be providing points for the President to use with Prime Minister Obuchi and other select Leaders prior to the meeting on our key objectives.

I will take the lead on Leaders' meeting trip book preparations, in coordination with NEC and NSC principals/deputies. As noted, Ken Lieberthal has the lead on the state visit and regional bilaterals, and will coordinate trip book preparation for these events.



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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. fax cover sheet	[Transmittal of Briefing Paper] (1 page)	03/17/2000	P1/b(1)
001b. briefing paper	[APEC] (1 page)	03/17/2000	P1/b(1)
002a. fax cover sheet	[Transmittal of Briefing Paper] (1 page)	04/06/2000	P1/b(1)
002b. briefing paper	[APEC] (1 page)	04/05/2000	P1/b(1)
003. note	re: APEC Meeting (2 pages)	08/11/2000	P5
004. letter	Brunei Sultan Haji Hassanah Bolkiah to the President re: Eighth APEC Economic Leaders' Meeting on November 15 and 16 (4 pages)	06/05/2000	P1/b(1)
005. memo	Greenwood, C. Lawrence, Jr. to Brainard, Lael et al. re: APEC Update: Brunei Open to Suggestions (2 pages)	05/14/2000	P1/b(1)
006a. fax	John Kay to John Duncan, Liza Morris, Joe Damond, Brnda Fisher re: APEC SOM2 and Trade Ministerial memo from Larry Greenwood (1 page)	06/09/2000	P5
006b. mem0	Larry Greenwood to Lawl Brainard, et al. re: progress on the road to the APEC 2000 Leaders Meeting (2 pages)	06/09/2000	P5
007. fax	DOB (Partial) SSN (Partial) (1 page)	04/03/2000	P6/b(6)
008a. list	[Listing of CEOs for April 5 Meeting in Ward Room (Containing Social Security Numbers and Dates of Birth)] (1 page)	03/31/2000	P6/b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
International Economic Affairs (John Duncan)
OA/Box Number: 4024

FOLDER TITLE:

APEC [Asia-Pacific Economic Cooperation] 2000 [2]

2009-0013-F

eh657

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 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. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(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 concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008b. report	[Biography of Philip M. Condit, Chairman and Chief Executive Officer of The Boeing Company] [partial] (1 page)	04/03/2000	P6/b(6)
009. letter	Thai Prime Minister Chuan Leekpai to President Clinton re: [APEC] (2 pages)	11/14/2000	P1/b(1)
010a. letter	Japanese Prime Minister Yoshirō Mori to President Clinton re: [APEC] [translated] (4 pages)	11/10/2000	P1/b(1)
010b. letter	Japanese Prime Minister Yoshirō Mori to President Clinton re: [APEC] [written in Japanese] (3 pages)	11/10/2000	P1/b(1)
010c. letter	President Clinton to the Prime Minister of Japan, Yoshirō Mori re: [APEC] (3 pages)	11/02/2000	P1/b(1)
011a. letter	President of the People's Republic of China, Jiang Zemin to President Clinton re: [International Organizations] [translated] (2 pages)	11/14/2000	P1/b(1)
011b. letter	President of the People's Republic of China, Jiang Zemin to President Clinton re: [International Organizations] [in Chinese] (2 pages)	11/14/2000	P1/b(1)
012. memo	Albright, Madeleine K. to the President re: Your Meeting with Vladimir Putin in Brunei (4 pages)	11/09/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
International Economic Affairs (John Duncan)
OA/Box Number: 4024

FOLDER TITLE:

APEC [Asia-Pacific Economic Cooperation] 2000 [2]

2009-0013-F
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11 Aug 00

11:15 AM

APEC Meeting

Joe Demand, Dan Rosen

New Economy soon large

tee up for next year when chair news process
will help move China in our direction

Tech cert/capacity building

some discussion of principles (if possible)

Trying to get process going - WTO working group

Trade (3 areas)

1) WTO what role APEC can play

- should ~~have~~ have some sense of the direction we are moving

2) APEC's own Process - Bogor Osaka Action Agenda (tech way of meeting Bogor goals)
2010/2020

trade ministers get together twice a year (only regional forum
principles are weak and monitoring at some later that happens
time

3) Regional FTAs

Singapore - regional FTAs as building blocks

[Japanese want to discuss trade liberalization a little
or not at all]

by "voluntary" we did not mean that the goal itself was voluntary but
how each country reached the goal was up to them.

needs to be trade enhancing, not diverting

discuss at Darwin -

standards consistent w/ WTO - Japan agreed



OFFICE OF ECONOMIC POLICY
Bureau of East Asian and Pacific Affairs
EAP/EP
U.S. Department of State

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June 9, 2000

TO: John Duncan, Liza Morris, Joe Damond, Brenda Fisher

Fax: 456-9370, 622-0349, 395-3512, 482-3316

FROM: John Kay

Pages: 3

Re: APEC SOM 2 and Trade Ministerial memo from Larry Greenwood

Comments:

FYI,

This memo has been faxed to the addressees. I thought you would appreciate a copy also.





From Larry Greenwood
U.S. Senior Official for APEC
202-647-7266
usapec@yahoo.com



Friday, June 9, 2000

TO: NEC - Lael Brainard
State - Al Larson, Stanley Roth, Tony Wayne
USTR - Richard Fisher
Treasury - Ted Truman
Commerce - Robert LaRussa

SUBJECT: Progress on the Road to the APEC 2000 Leaders Meeting

We made good progress in advancing our WTO and APEC agendas at the Second APEC Senior Officials Meeting in Brunei (June 1-3) and the APEC Trade Ministers Meeting in Darwin (June 6-7). Our work supporting a new WTO trade round, advancing private sector initiatives on food, biotechnology and paperless training, and building APEC support for our "New Economy" agenda were positive steps toward a high-profile, substantive package for APEC Ministers and Leaders in November.

The most important outcomes from this series of meetings included:

WTO: At the APEC Trade Ministers' meeting, Ambassador Fisher secured a forward-leaning statement calling for early launch of a new trade round. This was backed by concrete APEC actions, including a commitment to undertake preparatory work on industrial tariffs, a first-ever APEC-wide moratorium on e-commerce duties (previously APEC had merely supported a worldwide ban), and a Japanese-sponsored program of training for trade officials to assure WTO compliance. The United States, fresh from trade victories on China and CBI/Africa, played a leadership role at the Ministerial.

Delivering for Business: There was progress on several fronts important to business, including a biotechnology work plan, a highly favorable report on the auto dialogue, some new business-friendly tools to facilitate use of APEC on-line data such as tariff schedules and import rules, and forward movement on paperless trading.

New Economy: Consensus is growing among Senior Officials on the need to incorporate the "New Economy" as a theme to guide priorities and focus APEC's work. Virtually all Senior Officials want the concept stressed in APEC activities and statements (though some preferred the term "knowledge-based economy"). Some voiced concerns about the digital divide. There was strong support for the private sector-led APEC E-Commerce Readiness Assessment initiative that is the centerpiece

of our efforts to get APEC economies talking with their private sectors about the changes they need to make to benefit from e-commerce. There is also much interest in the "web of connections" concept linking e-commerce to reform in sectors such as transportation, customs, energy and others.

Next Steps:

- Assume leadership for drafting a report on New Economy to be co-drafted by a new "Friends of the Chair on the New Economy" group. Much of this language will go into the Leaders Statement in November.
- Address digital divide concerns by coming up with ideas for APEC-endorsed information technology training programs. A public-private partnership will be essential given the high cost of training. First, we need to canvas our private sector to find out what is already taking place.
- Decide how to best harvest early results from the E-Commerce Readiness Assessments, so that we can best showcase progress in policy reform in this area at the meetings of Ministers and Leaders.
- Instruct our Embassies to push for economies to volunteer for APEC investment missions that would advise on ways to attract more investment through more open investment regimes and energy missions to advise on energy policy reform.
- Seek agreement to formally launch plurilateral air services negotiations this fall.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Kenneth Jarrett to Kenneth Jarrett re: U.S. - Singapore Free Trade Agreement (2 pages)	11/14/2000	P1/b(1)
002. email	Todd Dennett to Richard Saunders re: Singapore (2 pages)	11/17/2000	P5 6390
003. email	Judson Bruns to Michael Hammer et al re: Draft Chili Package (2 pages)	11/22/2000	P5 6391

COLLECTION:

Clinton Presidential Records

NSC Emails

Exchange-Non-Record (Mar 97-Jan 01) ([Asia Pacific Economic Cooperation and Singapore...])

OA/Box Number: 630000

FOLDER TITLE:

[11/14/2000 - 12/21/2000]

2009-0013-F

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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal-office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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RR. Document will be reviewed upon request.

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

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- 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 concerning wells [(b)(9) of the FOIA]

Exchange Mail

DATE-TIME 11/17/2000 10:27:12 AM
FROM Dennett, Todd H. (VP)
CLASSIFICATION UNCLASSIFIED
SUBJECT Singapore FTA [UNCLASSIFIED]
TO Saunders, Richard M. (VP)

CARBON_COPY

TEXT_BODY

TRANSLATED_ATTACHMENT singapore FTA.doc

November 17, 2000

MEMORANDUM FOR THE VICE PRESIDENT

FROM: LEON FUERTH & DAVID BEIER

SUBJECT: President Announces Free Trade Agreement with Singapore

Summary:

While in Brunei, the President committed the United States to enter into free trade negotiations with Singapore, with a goal of completing an agreement by year's end. This announcement was not anticipated. The decision to enter into this agreement was not the product of any interagency process and we were not consulted in advance. In fact, we learned of the agreement after the fact through press accounts. Other parts of the government - and even many White House entities - were similarly surprised.

Background:

As you will recall there has been pending for a time the promise of reaching a Free Trade Agreement with Chile. This idea has been pending for the last 7 plus years. During the last year, the idea of including other countries, including Singapore, Australia and New Zealand (creating a P-5 trade agreement) surfaced. That idea never securing a consensus within the government. We expressed serious reservations about the idea of a P 5 trade agreement.

Evidently Ambassador Barshevsky believed that a FTA with Singapore was as good idea, so she has quietly pursued this idea. We have learned after the fact that Sandy Berger was opposed to the idea and that Gene Sperling supported it. Gene Sperling was supposed to run an interagency process, but failed to do so. During the preparations for the APEC meeting Charlene continued to push for a FTA with Singapore. This agreement was apparently finalized during a golf game between the President and the Prime Minister of Singapore on the margins of the APEC meeting.

Problems:

The idea of a U.S./Singapore FTA agreement causes several problems. First, it was the product of no strategic thinking, consultation or planning. Second, it substantially complicates and negatively effects our relationships with the Chileans who honestly think they are next in line. Third, because this agreement requires Congressional approval this agreement seeks to bind a future President to the strategic, and geopolitical view of an outgoing Administration.

In addition, this agreement purports to seek as its goal the U.S./Jordan Free Trade Agreement as the model for dealing with labor and the environment. We explicitly have told the West Wing and USTR that we did not want to be bound to us the Jordan agreement as the template. Moreover, unlike the Jordan agreement there appear to have been far fewer consultations with organized labor and the Hill about this agreement that was the case with Jordan. In short, this agreement could cause a new President political problems on trade at the risk of his own trade agenda or vision.

Conclusions:

At this point, there is little that can or should be done to publicly repudiate this action. On the other hand, pursuit of this agreement by year's end ought to be discouraged. In the event that an agreement is reached a future President ought to carefully consider whether to submit or pursue it with the Congress.

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Exchange Mail

DATE-TIME 11/22/2000 5:48:14 PM

FROM Bruns, Judson L. (Jay) (INTECON)

CLASSIFICATION UNCLASSIFIED

SUBJECT Draft Chile Package [UNCLASSIFIED]

TO Valenzuela, Arturo A. (INTERAM)

CARBON_COPY Hammer, Michael A. (INTERAM)
Hanley, Timothy P. (INTERAM/INTERN)
Hollis, Caryn C. (INTERAM)
Mattingly, Amanda C. (INTERAM/Intern)
Merletti, Roger D. (INTERAM)
Snowden, Deniz (INTERAM)
Valenzuela, Arturo A. (INTERAM)
Wallace, Joanna B. (INTERAM)
Williams, Mary C. (ADMIN)
Baer, Elliott H. (NEC)
Bruns, Judson L. (Jay) (INTECON)
Duncan, John D. (INTECON)
Efros, Laura L. (NEC)
Goldberg, David B. (RECORDS/INTECON)
Kalil, Thomas A. (NEC)
Mitsler, Elaine M. (INTECON)
Rosen, Daniel H. (NEC)
Samans, Richard (INTECON)
Tseng, David C. (NEC)
Williams, Mary C. (ADMIN)

TEXT_BODY First installment. SRB memo to come. Please make better! Thanks,
Jay

TRANSLATED_ATTACHMENT POTUSmemoChileFTA.doc

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER
GENE SPERLING

SUBJECT: Call to Chilean President Lagos to Offer to Begin Negotiations on a
Bilateral Free Trade Agreement

Purpose

Offer the Chileans the option of entering negotiations with a view toward concluding a Free trade Agreement as soon as possible.

Background

In the wake of the announcement that the United States and Singapore would enter negotiations toward a free trade agreement, your advisors concur that you should make a similar offer to Chilean President Lagos. The announcement with Singapore took the Chileans aback, aggravating the bilateral relationship. If President Lagos takes you up on the offer to negotiate a Free Trade Agreement, we believe that we can make substantial progress, and perhaps even conclude an agreement by the end of the Administration. There are difficult hurdles to overcome, but our negotiators will confront these challenges anyway under the FTAA negotiations. We believe that substantial progress on a Chile FTA will provide momentum to the FTAA negotiations.

RECOMMENDATION

That you call President Lagos using the attached talking points.

Attachment
Tab I Draft talking points

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cc: Vice President
Chief of Staff