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# **The Record on Deals for Trade Votes: Don't Get Fooled Again**

*Lessons from NAFTA and China PNTR Deal-for-Vote Swapmeets*

**Public Citizen's Global Trade Watch**

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# The Record on Deals for Trade Votes: Don't Get Fooled Again

## *Lessons from NAFTA and China PNTR Deal-for-Vote Swapmeets*

In this report, we follow up on the status of the NAFTA promises and the China Permanent Normal Relations (PNTR) promises which still had the possibility of being kept. (For instance, a promised fund-raiser is irrelevant once the Member is out of Congress.)

Nearly eight years after the NAFTA deals were made and eighteen months after PNTR and promises for domestic programs remained unfunded. The special deals promised to obtain NAFTA and PNTR votes remain unfulfilled. Promises remain unmet even though the Members of Congress involved kept their end of the bargain and voted for NAFTA — some incurring long-lasting political ire at home.

Many of the Administration's promises were delivered in formal letters to the target Members by Cabinet Secretaries or the President. Other deals were added into the NAFTA legislation in the House Rules Committee on the eve of the vote. While the letters of "commitment" have made tracking the deals somewhat easier, the letters proved to be worth less than the paper on which they were written. Promises in the NAFTA implementing legislation either were not funded or, in the case of safeguards for Florida fruits and vegetables, were not implemented.

Over eight years, the Clinton Administration failed to deliver on the NAFTA vote-deals' special funding for in-district projects and the policy-related promises to change U.S. regulation. Now, the Bush Administration is trying desperately to gin up support for the controversial Fast Track trade negotiating authority, bill H.R. 3005. Days before the vote, the measure is 40-plus votes short of passage, as critics of corporate managed trade have successfully demonstrated the woefully inadequate track record of NAFTA and the substantial failures of trade agreements to generate jobs, economic growth or protect the environment.

The examination of the actual follow through of the deal-making necessary to secure NAFTA and PNTR votes reveals that promises on Fast Track also are unlikely to come to fruition. The Bush Administration's capacity to press Democrats on any spending plan after bailouts of the airlines, additional safeguards for insurers against terrorism losses and huge corporate tax breaks is rapidly eroding, making special pork barrel deals for Fast Track votes less likely to be fulfilled.

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In 1993, the controversial North American Free Trade Agreement (NAFTA) narrowly passed Congress. Even a week before the NAFTA vote, the Clinton Administration and the corporations supporting NAFTA were unsure the measure would pass. To obtain the missing votes, the Clinton

White House offered an array of special deals to the few Members still publicly undecided on NAFTA.

The Administration offered a wide range of giveaways which included “traditional” horse-trading for votes with promises of federal funding for bridges, freeways, and pet projects in Members districts. The White House also offered special “side agreements,” changes to U.S. regulations, and promises of tough trade law enforcement to soften the anticipated damage NAFTA would have on specific industrial sectors and workers.

These deals were first comprehensively catalogued in a groundbreaking expose by Public Citizen titled “*NAFTA’s Bizarre Bazaar.*” Critics of NAFTA were highly skeptical about the side agreements, scornful about the special deals, but felt certain that the downsides of NAFTA would become depressingly apparent. They committed to monitoring both NAFTA’s outcomes and the fruition of the promised special deals.

In 1997, Public Citizen released two reports which tracked the outcomes of the deals: “*Deals for NAFTA Votes: Trick or Treat?*” and “*Deals for NAFTA Votes II: “Bait and Switch.”*” We found that systematically, the White House promises of special safeguards for U.S. farm commodities, bridges and more remained unfulfilled. Exceptions were several meaningless promises, such as photographs with the president, and one campaign fund-raising event. (Other promises for the president to attend fund-raisers were not fulfilled.)

We found that the failure to deliver on promises applies to both pork barrel deals and important policy changes. For instance, in an October 1993 letter to Rep. Nancy Pelosi, President Clinton promised that the Administration would use existing trade law to take action “if Mexico’s action or policies deny internationally recognized workers’ rights....”<sup>1</sup> This direct policy promise is much stronger than the negotiating objective language the GOP are now considering on issues such as human rights. Specifically, the Administration promised to issue an Executive Order adding labor rights violations as an explicit cause of action which could trigger trade sanctions under Section 301 of the U.S. trade law. This policy promise easily could be fulfilled by the Administration alone and, unlike appropriations-related promises, did not require gambling on the congressional budget process. The promise covered a major concern Rep. Pelosi had about NAFTA and she announced support for NAFTA, stating that she had secured a means for addressing her labor rights concerns.<sup>2</sup> Yet, seven years later, the promised Executive Order has never been issued and the promised use of trade policy mechanisms to enforce labor rights in Mexico was never forthcoming despite well-documented evidence of violations.

The Clinton Administration made similar efforts during the debate over China Permanent Normal Trade Relations. During the China PNTR fight, there were fewer pork barrel deals-for-vote trades for less money, appearing almost as an afterthought by the White House. In part, this occurred because of the bad faith the President generated in failing to come through with the NAFTA promises.

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<sup>1</sup> “Pelosi Supports NAFTA,” *San Francisco Chronicle*, Nov. 3, 1993

<sup>2</sup> *Id.*

The Clinton-Gore administration made at least 10 deals with a few dozen Members of Congress. The China PNTR horsetrading played a different role than the NAFTA pork. With the heavy lifting on the China PNTR effort privatized to corporate cash — and a Clinton Administration severely hindered on its bad record of delivering on NAFTA deals — pork barrel deals served more as political cover for corporate compliant Congresspeople than as a decision maker.<sup>3</sup>

Indeed, an analysis which Members voted for China PNTR pork in exchange for deals is revealing. Senior House Members who voted for NAFTA after obtaining a policy promise or pork barrel goodie did not go for PNTR deals and many voted against China PNTR. They had never obtained their promised deals and faced years of voter wrath for their NAFTA vote. For instance, Rep. Sam Farr (D-CA) was promised that cut flower import surges from Mexico would be monitored and protected against. Given this was a key NAFTA concern in his district, he then voted for NAFTA. However, four years later — after 10% of flower producers in his district had been driven out of business each year because of imports chiefly from Mexico — Farr voted against Fast Track to expand NAFTA in 1998 and against China PNTR in 2000.

However, since NAFTA and its political fallout, many new House Members have arrived. Several of these new Members of Congress did rely on deals to provide political cover for unpopular pro-PNTR votes. When the Administration reopened the trade candy store, seasoned Members of Congress who were undecided on China PNTR demanded that their “deals” be completely fulfilled *before* the China PNTR vote. For instance, Rep. James Oberstar (D-MN) announced broadly that he would oppose China PNTR unless the Administration *funded* Trade Adjustment Assistance for trade-injured mining workers in his district not now covered by the program *and* changed current trade law to deal with import surges of slab steel. Oberstar told the *New York Times*: “I’ll take the heat if I can get something for the people I represent.”<sup>4</sup> Yet, in a repeat of its past conduct on trade vote promises that should have served as a lesson for newer Members, the Administration failed to push the trade law changes early on when it most needed Oberstar’s vote and then ran out of time. Oberstar opposed PNTR. Indeed, the China PNTR promises also languish unfulfilled.

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<sup>3</sup> Soon after NAFTA’s passage, Public Citizen found more than 20 deals that helped the administration move its agenda. (NAFTA’s Bizarre Bazaar: the Deal making that Bought Congressional Votes on the North American Free Trade Agreement, Public Citizen’s Global Trade Watch, Nov. 1993). Four years later, Public Citizen identified additional deals that never surfaced during the fallout immediately following NAFTA (Deals for NAFTA Votes: Trick No Treat, Public Citizen’s Global Trade Watch, Oct. 1997). Public Citizen also has repeatedly analyzed the outcomes of these promises and found that in the majority of cases, the administration failed to keep its word. Now, with less than nine months remaining in this administration and a short, busy legislative calendar, China PNTR promises from the White House are even less likely to come to pass. The next president is under no obligation to keep these promises. *See* Deals for NAFTA Votes II: Bait and Switch, Public Citizen’s Global Trade Watch, Nov. 1997; and The Clinton Record on Trade-Vote Deal Making: High Infidelity, Public Citizen’s Global Trade Watch, May 15, 2000.

<sup>4</sup> “Horse-Trading (and Pork) on Trade Bill,” *New York Times*, May 11, 2000.

## Deals for Fast Track Votes?

Now, in the most intense trade fight since NAFTA, the U.S. House of Representatives takes up Fast Track Trade negotiating authority. House GOP leadership and the Bush Administration remain 40-plus votes short of passage of the controversial H.R. 3005, the Thomas Fast Track bill days before a vote was scheduled.<sup>5</sup>

The strongest evidence of the White House's Fast Track vote shortfall is the Administration's recent foray into deal-making negotiations with undecided House Members over federal monies or programs and assorted side agreements and policy changes. As the Administration pushes to break the logjam over the stimulus package and remaining appropriations measures, it is also attempting to generate support for Fast Track by trying to attract a block of votes with possible deals.

USTR Zoellick, Commerce Secretary Evans and Ways and Means Chair Thomas have been seeking to move blocs of votes in favor of Fast Track by offering potential modifications in the Rules Committee to the Fast Track bill. Their initial focus was on Republican blocs. But the Administration and GOP House leaders have been unwilling to agree to meaningful changes or additions, so now the focus is shifting to moderate Democrats.

The Republican blocs aimed for have been:

**FLORIDA FRUITS AND VEGETABLES:** The press has focused on Florida citrus interests, but in fact the Florida Members opposing Fast Track who are targeted with this deal are concerned with an array of Florida winter vegetables and citrus. As noted in Public Citizen's Florida NAFTA at 7 Agriculture report, the United States Department of Agriculture notes that if the Free Trade for the Americans (FTAA) NAFTA expansion authorized in the Thomas Fast Track bill is implemented, Florida vegetables and fruits would face massive Chilean and Brazilian imports. The USTR's decision to put anti-dumping on the negotiating table at the recent Doha WTO Ministerial only adds to the threat. Currently, significant anti-dumping orders are what keep U.S. citrus producers from being drowned by a flood of Brazilian citrus concentrate.

Representatives from citrus producing Florida districts are seeking: a carve out for citrus and vegetables from Fast Track (meaning any terms agreed in these areas would have regular congressional procedures applied if considered by Congress); an agreement to only negotiate on these sectors in the multilateral WTO context (so that all producers would be covered, not only hemispheric ones); and an automatic seasonal countervailing duty applied to keep supply down during U.S. harvest times. The Administration and GOP House leaders have rejected these demands and instead have counter-offered to add to the Fast Track bill the same "safeguard" measures (special monitoring and expedited ITC determinations) that have utterly failed the Florida tomato and pepper sectors. As noted in the report, these ITC promises proved useless because even when the ITC finds serious damage, there is not

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<sup>5</sup> "Negotiations Continue on TPA Bill," *Bureau of National Affairs*, Dec. 4, 2001.

guarantee of countervailing tariffs as a remedy. Year after year the ITC either avoided finding injury (for instance by questioning the sectoral category of “winter vegetable”) or found injury but ruled against remedy. Moreover, given the recent Administration decision to put anti-dumping policy on the WTO negotiating table, even if citrus was carved out of future negotiations, future WTO talks could gut the current anti-dumping order that are vital to the U.S. industry. The Administration has been unwilling to make the meaningful changes to the Fast Track legislation that would provide real safeguards for Florida agricultural producers, which is one reason the Florida Farm Bureau opposed Fast Track.

**TEXTILES AND APPAREL:** Amazingly, the White House and GOP House leaders are still attempting to reach out to GOP textile caucus Members even after a WTO agreement in Doha agreeing to slash U.S. textile tariff peaks and the recent doubling of quota levels in textile and apparel U.S. market access grants in the recently-passed Andean trade bill. Given how much damage has just been done to this sector, which has been wracked with jobs losses and major bankruptcies (such as Burlington last month), a major paid-up rescue plan is what is being demanded by Members of Congress in the Carolinas, Georgia and Tennessee who care about this sector. Additionally, they seek inclusion of language in the Fast Track bill that the U.S. will not secure Pakistan’s allegiance to the war effort with textile concessions. The Administration and GOP House leaders have rejected all of the meaningful elements of the demanded rescue plan, noting that the tens of thousands of newly unemployed in the sector should be satisfied with the expected two-year extension of Trade Adjustment Assistance (TAA.) Yet, current TAA funding levels cannot cover existing needs (much less those newly unemployed in the recession) and current TAA qualification terms rule out TAA benefits for many injured workers. Ways and Means Chair Thomas has floated legislation that would authorize more TAA funding, but given the controversial nature of this proposal language in the Fast Track bill, APPROPRIATING the extra aid is necessary even if a Member is willing to settle for continuation of TAA (rather than directed, special assistance) as a solution for a growing problem. In addition, recent reports in the Pakistani press indicate that the Bush Administration intends to extend new market access to Pakistan *after* the Fast Track vote.<sup>6</sup>

## **Lessons of the Past**

As this report documents, past such deals given for trade votes have proved economically disastrous to vital constituencies and politically damaging to Members who swapped votes for deals. The only target for greater wrath and cynicism at home than horse-trading generally is FAILED vote deals.

Given this vote is not an actual agreement, but rather a procedure for future negotiations, promises to add non-mandatory negotiating objectives - such as to permit negotiations of an appeals process for investor-to-state cases - are meaningless. USTR Zoellick, at a recent NAM breakfast, called on industry to get into gear to avoid Chapter 11 procedures from being watered down. A non-

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<sup>6</sup> “Fast Track Boosters Offer Deals, Bill Changes to Boost Votes,” *Inside US Trade*, Nov. 30, 2001; “No ‘Concrete’ Headway in Trade Talks with US: Razak for Washington Next Week,” *Dawn* (Pakistan English daily), Dec. 1, 2001.

mandatory call for Zoellick to change NAFTA Chapter 11 terms is worthless. Key tactical lessons from this study of the outcome of deals granted to obtain votes for NAFTA and PNTR are:

- ! **Do not take a future pledge, get it 100% done in the bill in question: if the program is not fully APPROPRIATED (not just authorized) in the trade bill or the “other” legislative change is not passed and SIGNED before the vote, it won’t happen. Promises on future negotiating positions have been systematically disregarded (ie. 1999: “we will not increase textile/apparel quotas with China”).**
- ! **Do not settle on “special safeguards” or “expedited ITC action” for your key sector, commodity or product: Florida Members backed off a demand to “carve out” winter vegetables from NAFTA and agreed to safeguards and special winter-vegi-specific ITC terms and were left with no meaningful assistance (even if ITC finds injury, no further action is guaranteed) and have been decimated.**
- ! **Make sure it’s not WTO or NAFTA illegal: Several manufacturing sectors hung out to dry on NAFTA deals learned it’s easy to promise assistance knowing that a WTO or NAFTA tribunal will make fulfilment impossible. Items being discussed with Steel Caucus GOP are examples currently.**
- ! **Make sure it is not already promised: During NAFTA, Members agreed to items already agreed in appropriations. Current promises regarding more customs inspections for textiles and apparel are examples of this with more customs spending already covered in 9/11 bills and in appropriations.**

Given the previous Administration’s record of fulfilling deals-for-votes on trade legislation and the current Administration’s increasing budgetary shortfall, one would expect that Members of Congress would no longer be susceptible to this approach.

Indeed, when the prizes offered in the NAFTA deals never materialized after several years passed, many Representatives became leery of Clinton’s ability to deliver. In 1997 and 1998, the President failed twice in his attempt to win approval for Fast Track trade authority, in part because his record on not following through on the NAFTA vote-deal promises severely undermined his ability to fall back on deal making when he failed on the merits.

While congressional veterans of these bait and switch deals during trade votes are not easily swayed, but more junior Members of the House, especially in the Republican party eager to support their wartime president, may be more open to Administration offers. The House of Representatives has many new Members since NAFTA, including freshmen GOP lawmakers from regions that are highly sensitive to the impact of trade on the local economy, such as Shelley Capito (R-WV) and Melissa Hart (R-PA) who represent districts suffering from surging steel imports.

Many Americans turn a cynical eye towards pork barrel politics. Members of Congress face even greater peril than usual by trading their Fast Track vote for pork or programs which are unlikely to

materialize.

Trade has become a politically dangerous issue in American politics. In 1994, the Democrats lost control of the House after turnout amongst labor households and non-unionized working class families declined. Polling found that anger about NAFTA's passage and specifically about local representative's support of NAFTA moved many traditional Democratic party voters to stay home on election day. The 1994 elections were remarkable in that low turnout -- not swings from Democratic to Republican party support — decided many of the seats which switched parties on margins of fewer than 1000 votes.

Political fall out from trade votes and trade deals continues. In March 2000, 10-term veteran House Member Matthew Martinez (D-CA) lost his southern California seat in a primary challenge by Democrat Hilda Solis. Ms. Solis was recruited by labor and community activists in Martinez' congressional district who were furious about his support of President Clinton's "free" trade policies, such as Fast Track, which would cost the district jobs. Solis ran her campaign on trade, promising that unlike Martinez, she would represent the district's interests. Martinez had traded his Fast Track vote in exchange for Clinton Administration support for an exit ramp off a freeway running through his district. Three years later, the ramp is not under construction and indeed the project remains stuck over the same environmental and community impact issues that halted it in 1997. Now, the cautionary tale of vote-trading and supporting unpopular trade votes circulating Congress is one of Democrats facing primary challenges and losing.

**Examples of the hollow NAFTA and China PNTR promises now haunting Fast Track include:**

- C **No Enforcement of Tomato Surge Protection Promised Florida and California Reps.**  
The Administration convinced many in the California and Florida delegations to support NAFTA by including language in NAFTA's enabling legislation to monitor for import surges from Mexico and to recommend remedies under NAFTA and U.S. trade law to protect American growers. The International Trade Commission monitored tomato imports and found: declining tomato acreage in Florida and California, Mexican imports have nearly doubled between 1995 and 1999, and U.S. exports to Canada (formerly the biggest U.S. tomato market) and Mexico have declined significantly. Yet, despite the dramatic findings, no recommendation was made to safeguard U.S. growers. The number of Florida farms has fallen from 320 before NAFTA to 100 in 1999. This example provides a cautionary tale to members who might believe that the Levin side deal which contains surge protection terms, could provide them with cover politically or policy-wise.
  
- C **No Funding for Plutonium Lab in Amarillo for former Rep. Sarpalius (D-TX)** Funding promised for a new lab to expand a Dept. of Energy nuclear weapons site never materialized. Later, funding for an academic research lab earmarked in 1999 was shifted over to the weapons site and then canceled in 2000. Now, ironically, the entire facility is getting downsized with DOE cutting funding that will require elimination of 70% of the facility's work force over the next few years. Examples such as this one has led senior House Members who observed their former colleagues tribulations on NAFTA deals who now are being offered Fast Track

deals by the White House to demand delivery *in full before* the imminent vote.

- C **Massachusetts Maritime Disaster for former Rep. Studds (D-MA)** Senior Democrat Studds was targeted by both sides. Pres. Clinton intervened to get the Maritime Administration to finance a loan to re-open a Massachusetts shipyard. The pork laden project never was completed. Not one ship was built or one job created. In early May 2000, the Maritime Administration began bankruptcy proceedings to recapture the more than \$50 million in federal funds that have been lost. Meanwhile, the state of Massachusetts has suffered significant NAFTA job loss.
  
- C **China PNTR Deal Fails to Secure Factory for Rep. Martin Frost (D-TX)** Rep. Martin Frost agreed to vote for China PNTR after the Clinton Administration committed to funding an environmental cleanup of an aircraft manufacturing plant in Frost's district. The day after the vote, Northrup Grumman announced it was liquidating its aircraft manufacturing business.

### **Methodology**

Public Citizen has conducted extensive monitoring of many aspects of U.S. trade policy and policy-making. We began tracking White House trade-vote deal-making after the 1993 NAFTA vote. In three studies since 1993, we have documented the promises and deals offered by the Clinton White House to secure votes for NAFTA. This work is an update of these ground-breaking studies.

In conducting this analysis we examined archived Administration letters of commitment to Members, media coverage, House floor statements, and press releases to determine and define the original NAFTA deals. We then conducted a systematic examination of the media accounts and primary source federal documentation, and conducted interviews to discern whether the promises were kept.

## NAFTA Textile and Apparel Deal

**Terms of the Unfulfilled Deal:** Textile and apparel concessions promised in a letter from President Clinton

**Target Votes:** Representative Herbert H. Bateman (R-VA), Representative Howard Coble (R-NC), Representative George Darden (D-GA), Representative Nathan Deal (D-GA), Representative E.G. Hefner (D-NC), Representative Don Johnson (D-GA), Representative Blanche Lambert (D-AR), Representative Marilyn Lloyd (D-TN), Representative J. Roy Rowland (D-GA), Representative John Spratt (D-SC), and Representative John S. Tanner (D-TN)

**Cost to Taxpayers:** \$15 million to enforce

To garner as much support as possible from Members of Congress representing states with strong textile and apparel industries, President Clinton promised to deliver a slower phase-out of quotas at the negotiations that were in progress for the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Instead of a 10-year phase out of quotas, U.S. negotiators at the Uruguay Round talks were to deliver a 15-year phase out the President pledged before the NAFTA vote.<sup>1</sup> One month later, however, U.S. negotiators accepted the 10-year phase out of textile and apparel quotas.<sup>2</sup>

The domestic textile and apparel industry has been one of the hardest hit by low-wage imports in recent years. After NAFTA, these jobs have been eliminated at an alarming rate, faster than NAFTA lay-offs in other industries and accounting for 41% of all NAFTA job loss certifications. According to the Economic Policy Institute, 83, 258 textile and apparel jobs or job opportunities have been eliminated as a result of NAFTA.<sup>3</sup>

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<sup>1</sup> Letter from President Clinton to Representative John M. Spratt, Nov. 16, 1993

<sup>2</sup> "Trade Pact Negotiations Come to End," *Washington Post*, Dec. 17, 1993

<sup>3</sup> "Distorting the Record: NAFTA's Promoters Play Fast and Loose with Facts," Economic Policy Institute, Issue Brief #158, Jul. 13, 2001.

## NAFTA Tomato Promise

**Terms of the Unfulfilled Deal:** The Clinton Administration promised that the ITC would monitor imports of tomatoes and peppers and guard against import surges

**Target Votes:** Florida Representatives

Florida vegetable growers were concerned that imports of Mexican-grown crops would devastate state farmers. In a letter from the Clinton Administration to the Florida Fruit and Vegetable Association, then U.S. Trade Representative Mickey Kantor promised the International Trade Commission would monitor imports of Mexican vegetables and “*expedite* any request for relief under the fast track provisional relief procedures,” which could provide safeguards to domestic farmers through tariffs.<sup>1</sup>

Eight years later, the Administration has not acted on this promise. The ITC has studied the imports of tomatoes extensively. In its investigation titled “Monitoring U.S. Imports of Tomatoes,” from September of 1999, it describes the state of the tomato market over time in nearly thirty tables crowded with data.

The ITC’s study data describes a market where U.S. farmers are facing tremendous pressures from Mexican imports and diminished markets for exports. Domestic production declined 17% between 1994 and 1998 and the harvested tomato farm area “fell steadily” in Florida between 1994 and 1997. The U.S. export of tomatoes to Canada, the largest U.S. market, fell 8% between 1994 and 1998. Exports to Mexico dropped off 78%. Over the same period, imported tomatoes from Mexico nearly doubled, up 95% to 734 million kilograms in 1998. Even Canadian imports grew — more than 700% to 62 million kilos.<sup>2</sup>

The ITC study recommended provisional relief under NAFTA Section 302 “if appropriate.” But for all the extensive monitoring, the ITC made no actual recommendations for action, let alone recommendations to provide safeguards for American growers.

The NAFTA import surges of tomatoes have devastated growers in Florida. Tomato imports into the U.S. grew by 19% from 1995 to 1999, and Mexico has been the leading source of these imports, accounting for 83% of imported tomatoes in 1999.<sup>3</sup> Florida’s cultivated tomato acreage fell from 5,600 acres in 1992 to 2,000 in 2000 — a 64% decline.<sup>4</sup> Florida’s tomato growers lost \$112 million during the 1999-2000 growing season alone.<sup>5</sup> Before NAFTA, Florida’s tomato industry consisted of more than 300 major farms, but by 2001 there were only 15 remaining — with hundreds of farm workers laid off at each farm that folded.<sup>6</sup> Homestead, Florida farmer Robert Borek stated that because of NAFTA, “My only two choices are to quit or stay in this thing ‘til I go bankrupt.”<sup>7</sup>

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<sup>1</sup> Letter from U.S. Trade Representative Mickey Kantor to Florida Fruit and Vegetable Association, Nov. 10, 1993, reprinted in *Inside U.S. Trade*, Nov. 19, 1993 (emphasis added)

<sup>2</sup> “Monitoring U.S. Imports of Tomatoes,” U.S. International Trade Commission, Sep. 1999

<sup>3</sup> “Monitoring of U.S. Imports of Peppers,” U.S. I.T.C., Nov. 2000.

<sup>4</sup> “Miami-Area Foliage Growers See Success, Vegetable Farmers See Decline,” *Miami Herald*, Dec. 30, 2000.

<sup>5</sup> Letter from Florida Farmers & Suppliers Coalition Chairman Paul DiMare to Representative Adam Putnam, Apr. 12, 2001.

<sup>6</sup> “Summit to Tackle Expanded Free Trade,” *Palm Beach Post*, Apr. 20, 2001.

<sup>7</sup> “Tomato Glut Making Things Worse for Farmers,” *Salt Lake Tribune*, Mar. 26, 1999

## NAFTA Cut Flowers Deal

**Terms of the Unfulfilled Deal:** The Clinton Administration promised to monitor cut flower import surges from Mexico

**Target Vote:** Representative Sam Farr (D-CA)

The Clinton Administration added language to the NAFTA implementing legislation that directed the Agriculture Department to monitor Mexican flower import volumes, prices and quality.<sup>1</sup> The deal was aimed at mollifying Representatives from flower-growing districts.

The cut flower industry had been struggling for years trying to compete against unfair imports, but according to Lee Murphy of the California Cut Flowers Council, instead of establishing prompt safeguards “NAFTA was like rubbing salt in the wound.”<sup>2</sup> Each year, 10% of American producers are driven out of business by low-wage foreign competitors, especially with the importation of Mexican roses, according to the California Cut Flowers Council and the Floral Trade Council.<sup>3</sup> In September 1999, The Clinton administration terminated the five year review of imports from Chile, Ecuador, Mexico and Peru.<sup>4</sup> Mexico’s exports of cut flowers to the U.S. more than doubled between 1993 (before NAFTA went into effect) and 2000, growing from \$13.9 million in 1993 to \$29.6 million in 2000.<sup>5</sup>

Representative Sam Farr, who voted for NAFTA after receiving assurances that cut flower imports would be monitored and surges protected against, voted against the President’s Fast Track proposal in 1998.

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<sup>1</sup> NAFTA implementing legislation Subtitle B section 321(e)

<sup>2</sup> Interview by Public Citizen’s Global Trade Watch with Lee Murphy, California Cut Flowers Council, May 11, 2000

<sup>3</sup> Interview by Public Citizen’s Global Trade Watch with Betty Stone, California Cut Flowers Council. Oct. 16, 1997

<sup>4</sup> Fed. Reg. Vol. 64 No. 178, Sep. 15, 1999, at 50106.

<sup>5</sup> U.S. Department of Agriculture, FATUS database, 2001.

## NAFTA Durum Wheat Deal

**Terms of the Unfulfilled Deal**      Promise from the Administration to crackdown on Canadian wheat subsidies

**Targeted Votes:**                      Representative Bill Sarpalius (D-TX) and Representative Glenn English (D-OK)

In order to obtain votes from several Representatives in wheat-growing districts, the White House offered to investigate transportation and other subsidies that Canadian wheat growers enjoy to the detriment of competitors in America. In a letter to Representative English (D-OK), President Clinton promised to send the Secretary of Agriculture to negotiate remedies with the Canadian government and have the ITC investigate the impact the subsidies have on American growers.<sup>1</sup> The letter did not impress some agriculture officials from wheat growing states, who had similar concerns when the U.S. negotiated a bilateral trade agreement with Canada in the 1980s which included wheat provisions.

When a dispute arose between the U.S. and Canada over these subsidies, the provisions of the existing bilateral pact were not used or followed. “What we had thought was protection was simply a series of hollow promises. The hortatory language in the Statement of Administrative Action and Implementing Act ended up as meaningless words on paper,”<sup>2</sup> North Dakota Agriculture Commissioner Sarah Vogel wrote before the NAFTA vote, warning against new “promises.” Her prediction was that President Clinton’s promise would be equally hollow, and she was right.

The Clinton Administration did perform an investigation which found that “Canadian imports did cause material interference” with domestic production, according to a Congressional staffer.<sup>3</sup> After negotiations, Canada voluntarily entered into a one-year agreement to limit its wheat exports to the U.S. However, five years after the limit ended, U.S. wheat imports from Canada climbed 17% by 1999, but U.S. exports to Canada declined by 51% over the same period.<sup>4</sup> The level of outrage by wheat farmers over the situation has resulted in electoral turmoil and physical blockades of the U.S.-Canada border. However, no remedy has been provided by the Clinton Administration.

In September 2000, the North Dakota Wheat Commission (NDWC) filed a section 301 petition with USTR against the Canadian Wheat Board for anti-competitive practices that hurt U.S. wheat growers at home and depress worldwide wheat prices, hurting U.S. export sales.<sup>5</sup> While USTR considered its decision, the NDWC sought a limitation on Canadian wheat imports either through a tariff or tariff rate quota or a voluntary moratorium by the CWB.<sup>6</sup>

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<sup>1</sup> Letter from President Clinton to Representative Glenn English, Nov. 15, 1993.

<sup>2</sup> Letter from Sarah Vogel, Commissioner of Agriculture, State of North Dakota, to Karen Lehman, Institute for Trade and Agriculture Policy, Nov. 17, 1993.

<sup>3</sup> Interview by Public Citizen’s Global Trade Watch with Congressional Legislative Director to Representative Pomeroy, Oct. 16, 1997

<sup>4</sup> U.S. Imports of Agricultural Products from Canada and Exports to Canada, from USDA BICO data

<sup>5</sup> “Petition Filed Today: USTR Receives Complaint Against Canadian Trade Practices,” North Dakota Wheat Commission press release, Sep. 8, 2000.

<sup>6</sup> “North Dakota Wheat Commission to File Section 301 against Canada,” *Inside U.S. Trade*, Sep. 1, 2000.

In October 2000, USTR accepted the North Dakota Wheat Commission's section 301 market-opening petition and initiated an investigation into the Canadian Wheat Board's practices and its impact on competition.<sup>1</sup> Despite Canada's changes to the operation of the Canadian Wheat Board, including the elimination of one of the transportation subsidies in 1995 and the planned privatization of the railcar fleet in 2002,<sup>2</sup> USTR continued to criticize the "government-sanctioned monopoly status" and other "privileges that restrict competition."<sup>3</sup>

Canada maintains that the Canadian Wheat Board complies with NAFTA and WTO guidelines. The CWB and its operations have survived eight U.S. investigations since 1990 (which Agriculture and AgriFood Canada catalogued: a 1990 section 332 U.S. ITC competitiveness investigation, 1992 GAO study on wheat marketing boards in Canada and Australia, a 1993 Canada-U.S. Free Trade Agreement dispute settlement panel on durum wheat sales, a 1994 audit of CWB durum wheat sales pursuant to the CUFTA dispute, an 1994 U.S. ITC section 22 investigation of whether Canadian wheat imports undermined U.S. farm policy and the Memorandum of Understanding on Wheat, a 1996 GAO report on state trading enterprises and a 1998 GAO report on the CWB<sup>4</sup>) that confirmed the CWB operates in compliance with international trade rules.<sup>5</sup> Canada contends that the CWB legitimately pursues the best possible return for western Canadian wheat farmers.<sup>6</sup> However, the U.S. has responded that repeated attempts by the U.S. ITC, the U.S. Department of Commerce, the General Accounting Office and the World Trade Organization have failed to get sufficient information to reach final conclusions on how the CWB operates, but that these bodies believe that the CWB operations have trade distorting effects.<sup>7</sup> Although these many investigations and disputes have identified some of the trade distorting effects of the CWB, none of the trade panels or commissions have acted either to require changes in the CWB or to impose countervailing duties or tariffs. In April 2001, U.S. ITC launched another section 332 competition fact finding investigation at the request of USTR in its efforts to complete its section 301 anti-competitive investigation.<sup>8</sup>

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<sup>1</sup> "USTR Accepts Section 301 Petition on Canadian Wheat," USTR press release, Oct. 23, 2000.

<sup>2</sup> "U.S. Agricultural Trade: Canadian Wheat Issues," General Accounting Office, GAO/NSIAD-99-21, October 1998, at 5.

<sup>3</sup> 2001 National Trade Estimate, Foreign Trade Barriers, U.S. Trade Representative, 2001, at 31.

<sup>4</sup> "Backgrounder: List of Investigations of the Canadian Wheat Board" Agriculture and Agri-Food Canada, included with "Government of Canada Opposes Further Harassment of Canadian Wheat Board" press release, Sep. 8, 2000.

<sup>5</sup> Canadian Agriculture and Agri-Food Canada press release, Oct. 23, 2000.

<sup>6</sup> Canadian Agriculture and Agri-Food Canada press release, Oct. 23, 2000.

<sup>7</sup> Testimony of Neal Fisher, Administrator of the North Dakota Wheat Commission before the U.S. House of Representatives Committee on Agriculture, May 23, 2001, at 3.

<sup>8</sup> "ITC to Investigate Conditions of Competition Between U.S. and Canadian Wheat Industries," U.S. ITC press release, Apr. 13, 2001.

## NAFTA Plutonium Project Deal

**Terms of Unfulfilled Deal:** Government-funded plutonium research laboratory announced by Energy Secretary Hazel O'Leary

**Target Vote:** Representative Bill Sarpalius (D-TX)

To secure Rep. Bill Sarpalius' NAFTA vote in 1993, the Clinton Administration promised a new government funded laboratory to complement and expand the Pantex nuclear weapons facility in Amarillo, Texas. Rep. Sarpalius boasted to the Lubbock *Avalanche-Journal* that the future lab would explore the "positive side of plutonium," one of the most toxic substances on earth.<sup>1</sup>

The Pantex lab deal never materialized. Instead, rather than adding to the Pantex facility, the Department of Energy has been shrinking it. In 1996, 350 jobs were trimmed when the Department started phasing out the site's weapons dismantling work.<sup>2</sup> Estimated total job losses were as high as 2,100 out of a total workforce of 2,950 — 71%.<sup>3</sup> An effort in 1998 to shore up the Pantex operations by converting it to a nuclear fuel-rod plant (saving hundreds of jobs) panned out when the Energy Department chose a South Carolina plant over the Amarillo location.<sup>4</sup>

The Amarillo National Research Center, a consortium of local universities which provides graduate-level research in nuclear sciences, might have counted as the research laboratory that Rep. Sarpalius was looking to fund, but it *never* received federal funding. Federal funds earmarked for the center in the 1999 budget were transferred to Pantex, and in 2000 the Energy Department withdrew funding for the research center altogether.<sup>5</sup> Throughout 2000, Pantex maintained its core mission to assemble, disassemble and repair nuclear weapons without expanding its research mission.<sup>6</sup>

The Pantex facility has been mired in local controversy — it is on the EPA's superfund National Priorities List. Waste from the site has contaminated 900 acres of soil and 1.5 billion gallons of groundwater.<sup>7</sup>

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<sup>1</sup> "Sarpalius to Exchange Vote for Panhandle Research Lab," *Lubbock Avalanche-Journal*, Nov. 11, 1993

<sup>2</sup> "Pantex to Eliminate 350 Jobs in Voluntary Separation Plan," *Amarillo Globe-News*, Dec. 7, 1996; "DOE Makes Plutonium Plans," *Amarillo Globe News*, Dec. 9, 1996

<sup>3</sup> "Plant Could Lose Between 1,700 and 2,170 Jobs," *Amarillo Globe-News*, Dec. 21, 1996; "Supporters Want New Jobs for Pantex," *Amarillo Globe-News*, Jun. 1, 1997.

<sup>4</sup> "Leaders Disappointed with DOE's Decision," *Amarillo Globe-News*, Jun. 24, 1998

<sup>5</sup> "DOE Halts Center's Funding," *Amarillo Globe-News*, Jan. 19, 2000

<sup>6</sup> Pantex, "2000 Site Environmental Report," May 2001, at 1-5.

<sup>7</sup> EPA Region 6 Superfund Site Status Summaries, Pantex Plant EPA ID TX4890110527, May 1, 2000

## NAFTA Shipyard Deal

<b>Terms of the Unfulfilled Deal:</b>	Administration support of Maritime subsidy program
<b>Target Vote:</b>	Representative Gerry Studds (D-MA)
<b>Cost to Taxpayers:</b>	\$1.2 billion for Maritime subsidy, \$50 million in defaulted loans

Representative Gerry Studds was a key undecided vote on NAFTA. As Chairman of the House Subcommittee on Merchant Marine and Fisheries, Studds had the responsibility for oversight of numerous environmental laws environmental groups thought could be hurt by NAFTA.

President Clinton personally intervened to convince the House of Representatives to pass a \$1.2 billion subsidy for the ship-building industry. The bill explicitly benefitted Representative Studds' district by providing federal financing for an abandoned shipyard in Quincy, Massachusetts. The yard had employed 7,000 workers until the General Dynamics facility closed its doors in 1986 because of a lack of orders.<sup>1</sup>

Less than a week later, Representative Studds announced he would vote in favor of NAFTA, despite intense pressure from environmental and consumer groups. Representative Studds denied that his support for NAFTA was the result of the President's assistance in securing funding for the Quincy Shipyard, but a senior Administration official admitted to the *Boston Globe* that President Clinton approached Studds to secure his NAFTA vote at the fortuitous time when he pushed for the maritime funding.<sup>2</sup>

But seven years later, the shipyard is still not operational, and no one is employed at the facility making ships. Indeed, the project has fallen under harsh criticism by federal authorities and legislators. In 1997, the Massachusetts Water Resources Authority sold the shipyard land to Massachusetts Heavy Industries for \$10 million, even though conservative estimates put the value of the land, drydocks, cranes and equipment at \$35 million.<sup>3</sup> MHI, in turn, was to secure the financing of the U.S. Maritime Administration that President Clinton had pushed through Congress. MHI has imperiled the entire project by failing to repay interest on its financing, delaying the project for over a year and failing to find any building contracts.<sup>4</sup> In February 2000, the federal government seized the shipyard from MHI after it defaulted on the loan. MHI owes federal and local taxpayers at least \$24.5 million. U.S. Senator John McCain has stated that he has "grown increasingly concerned that the federal government will be unable to recover any of the roughly \$50 million it has paid" for the project.<sup>5</sup> In 2001, MHI defaulted and filed a bankruptcy order to repay Quincy and the federal government, but the yard was never completed.<sup>6</sup> The collapse of the Quincy shipyard redevelopment has become a key focus of the Quincy mayoral election in the Fall of 2001.<sup>7</sup>

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<sup>1</sup>"Emmanouil to the Rescue: Saving Fore River Shipyard," *Boston Business Journal*, Week of May 26, 1997

<sup>2</sup> "Foes See Link in Studds' 'Yes,' Shipyard Aid," *Boston Globe*, Nov. 14, 1993

<sup>3</sup> "Emmanouil to the Rescue: Saving Fore River Shipyard," *Boston Business Journal*, Week of May 26, 1997

<sup>4</sup> Maritime Administration, Office of Inspector General, Report on MHI Title XI Loan Guarantee, Jul. 20, 1999

<sup>5</sup> "Quincy, MWRA Hit Hard on Shipyard," *Boston Globe*, May 5, 2000.

<sup>6</sup> "Shipyard's Revamp Plan Set for Filing Today," *Boston Globe*, May 9, 2001.

<sup>7</sup> "Mayoral Candidates Turning Up the Heat In Quincy Mayoral Race Growing Heated," *Boston Globe*, Oct. 25, 2001.

## NAFTA Prisoner Transfer Deal

**Terms of the unfulfilled Deal:** Commitment from Justice Department to deport Mexican immigrants held in U.S. prisons

**Target Votes:** Representative Jay Kim (R-CA), Representative Carlos Moorhead (R-CA), other California representatives

In an effort to secure votes from undecided California Members, the Clinton Administration agreed to increase enforcement of an existing prisoner transfer treaty with Mexico and begin negotiations on a new one.

The existing treaty allowed the U.S. to transfer Mexican immigrants with improper immigration status and serving U.S. prison terms to Mexican prisons. Participation was voluntary: only immigrants who consented to be returned could be transferred to Mexico. The Administration promise was delivered by Attorney General Janet Reno in a letter to Representative Jay Kim, according to a press release issued by Kim on November 16, 1993.

Although the Administration promised to increase the number of inmates without proper immigration status to be returned to their country of origin, action was not forthcoming. Three years later, Congress took action by authorizing the Immigrations and Naturalization Services (INS) to initiate removal hearings for incarcerated “criminal aliens” and deport them.<sup>1</sup>

Yet, even after congressional action, Administration implementation failed. In a 1998 study, the General Accounting Office (GAO) found that there was “limited improvement since 1995” in deporting “criminal aliens.” Avoidable costs to the taxpayer associated with housing these deportable prisoners were \$40 million in 1997. Analysis of California’s deportable prisoners found that only 46% received final orders of deportation, the lowest of any state examined, and 14% still had not been through INS’ deportation program nine months after being released from prison.<sup>2</sup>

Additionally, while Representative Kim’s statement indicated that the Administration agreed it would negotiate a new prisoner transfer treaty with Mexico, seven years later, the U.S. has not negotiated a new treaty. The 1977 prisoner exchange treaty has repatriated about 2,100 Mexicans and returned about 1,500 Americans as of 1998 -- or about 200 a year.<sup>3</sup> An exhaustive search of media accounts found no prisoner exchanges with Mexico since late 1999.<sup>4</sup>

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<sup>1</sup> Immigrant Responsibility Act of 1996, Public Law 104-208

<sup>2</sup> “Criminal Aliens: INS’ Efforts to Remove Imprisoned Aliens Continue to Need Improvement,” General Accounting Office study, Oct. 1998.

<sup>3</sup> “Mexico to Free 14 Americans as Part of Routine Prisoner Exchange,” *Orange County Register*, Sep. 22, 1999.

<sup>4</sup> Public Citizen’s Global Trade Watch media survey on Westlaw, Nov. 2001.

## NAFTA Peanut Butter and Peanut Paste Deal

**Terms of the Unfulfilled Deal:** Commitment from the President to investigate peanut import problems

**Target votes:** Representative Glenn English (D-OK) and Representative Bill Sarpalius (D-TX)

In a typical promise letter from the White House, this one sent to Representative Glenn English (D-OK), President Clinton gave assurances that the government would investigate peanut import problems. Another target on peanuts was Representative Bill Sarpalius (D-TX).

Specifically, President Clinton promised he would request that the U.S. International Trade Commission (ITC) investigate the peanut import situation. The ITC was to investigate whether “imports are being or are practically certain to be imported into the United States under such conditions, and in such quantities interfere with, the peanut program of the Department of Agriculture.”<sup>1</sup>

But this promise never came to fruition, and the situation for American peanut producers has gotten worse because of NAFTA and other trade deals.

Indeed, the importation of peanut paste from Canada, made from some of the 11 million tons of peanuts grown in China, is “expanding,” according to the National Peanut Growers Group. U.S. peanut exports have been cut in half between 1991 and 1998.<sup>2</sup> Of the hundreds of countervailing duty and import surge investigations performed by the ITC since 1993 when President Clinton promised peanuts from Canada would be examined, no peanut investigation was performed though there have been investigations of aluminum horseshoes, bicycle speedometers, and kiwi fruits.<sup>3</sup>

According to an ITC commodity analyst, a peanut report was initiated by the ITC but then it was suspended at the request of President Clinton before the ITC could issue a final report or make recommendations.<sup>4</sup> The NAFTA promise languished unfulfilled: despite an astounding 1400% increase in imported Mexican peanuts and a 10% increase in imported Canadian peanuts, no efforts were ever made to utilize U.S. trade law to protect domestic peanut growers from unfair competition.<sup>5</sup>

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<sup>1</sup> Letter from President Clinton to Representative Glenn English, Nov. 15, 1993

<sup>2</sup> Testimony of Dan Hunter, National Peanut Growers Group, before the WTO Listening Session, Austin, Texas, July 8, 1999

<sup>3</sup> ITC Final Results of Administrative Reviews, 1980 to Present, data through Jan 1, 2000

<sup>4</sup> Interview by Public Citizen’s Global Trade Watch, with ITC commodity analyst Steven Burkitt, Nov. 16, 1997

<sup>5</sup> U.S. Department of Agriculture, FATUS Database, 2001.

## NAFTA Broomcorn Deal

**Terms of the Unfulfilled Deal:** Commitment from Clinton Administration to protect the broomcorn broom industry if the U.S. was swamped by Mexican imports.

**Target Vote:** Representative Hobson (R-OH)

The Clinton Administration put language into the NAFTA implementing legislation stating it would monitor Mexican imports of broomcorn brooms once the tariffs were eliminated under NAFTA and take necessary action to protect the small U.S. industry from surging imports.<sup>1</sup> This promise was designed to secure the vote of only one House member, Representative Hobson, who represented the 500 U.S. workers in the entire broomcorn industry, many of whom are blind craftsmen.

In March 1996, the U.S. Cornbroom Task Force, representing the U.S. industry, filed a petition with the U.S. International Trade Commission to start NAFTA Article 302 protections. The ITC ruled that the U.S. cornbroom industry had indeed suffered serious injury sufficient to trigger the NAFTA safeguards and other U.S. trade laws. However, despite the promises to the contrary, the Administration opted not to use the more protective safeguards available under the 1974 Trade Act,<sup>2</sup> and instead used the “snap back” protections in NAFTA to restore the broomcorn broom tariffs to their pre-NAFTA levels.<sup>3</sup> This NAFTA provision offers as a remedy modest tariff increases on broomcorn goods (frequently under a few dollars) which can be in place for no more than three years.

Two weeks after the tariffs were raised in November 1996 in response to the ITC’s report, however, Mexico responded with a retaliatory tariff on eight products. Ironically, one of them was flat glass and another was on wine, which the President had made separate NAFTA deals to corner different Members of Congress.<sup>4</sup>

Then Mexico filed a formal NAFTA challenge to the U.S. imposition of NAFTA safeguards.<sup>5</sup> The NAFTA Tribunal ruled against the U.S. The U.S. 1998 Trade Estimate Report stated that the U.S. lost the NAFTA dispute because “of a technical flaw” in the ITC’s finding of injury.<sup>6</sup> The *Journal of Commerce* noted that “The broom case, incidentally, demonstrates the limited relief that Section 302 of the NAFTA” provides.<sup>7</sup> The protection provided in 1996 phased the tariff down every year between 1996 and 1998 (limited by Mexico’s challenge) was set to expire November 1999.<sup>8</sup> Between 1995 and 1997, U.S. broom corn broom production fell by 25%.<sup>9</sup> Yet, despite a promise to the contrary, the Clinton Administration never initiated action under the U.S. trade law since the original 1996 order.<sup>10</sup>

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<sup>1</sup> NAFTA Statement of Administrative Action, Chapter 3 (B)(2)(d)

<sup>2</sup> Trade Act of 1974 section 202, as amended; the U.S. Cornbroom Task Force filed for relief under both the 1974 law and NAFTA

<sup>3</sup> NAFTA section 201

<sup>4</sup> National Trade Estimate Report, Mexico, 1997

<sup>5</sup> NAFTA Final Panel Report in the Matter of the U.S. Safeguard Action Taken on Broom Corn Brooms from Mexico, Jan. 30, 1998, p. 7

<sup>6</sup> National Trade Estimate Report, Mexico, 1998

<sup>7</sup> “Swept Away by Corn Brooms,” *Journal of Commerce*, Sep. 5, 1996

<sup>8</sup> “Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition,” U.S. International Trade Commission, Investigation No. 332-394, Publication 3122, Aug. 1998, at 5, 7.

<sup>9</sup> *Ibid*, at 14.

<sup>10</sup> Public Citizen survey of all U.S. ITC docket of investigations, Nov. 2001.

## NAFTA Promise to Extradite Mexican Rapist

**Terms of Unfulfilled Deal:** Promise by Mexican Attorney General to extradite a suspected rapist to the U.S. if caught by Mexican authorities

**Target Vote:** Representative E. Clay Shaw (R-FL)

In November of 1993, Representative Shaw announced he would vote for NAFTA on the basis of assurances that the Mexican government would extradite suspected rapist Serapio Zuniga-Rios to the U.S. if he was caught.

Rios had been accused of raping the young niece of one of the Representative's staffers. Negotiations were conducted with the Mexican government to get assurances that Rios would be returned. That promise came in a letter to U.S. Attorney General Janet Reno from Mexican Attorney General Jorge Carpizo. Shaw had stated that he would vote against NAFTA without Mexico's promise to abide by its extradition treaty with the U.S.<sup>1</sup>

In 1996, the Mexican government quietly announced it would send Zuniga-Rios to America. He had been held in a Mexican prison since 1993 for the U.S. rape, but the Mexican constitution prohibits extradition except in exceptional circumstances. Mexican officials were willing to define those circumstances as applying to Rios because of his "heinous crimes," U.S. State Department officials said.<sup>2</sup>

Yet a year and a half later, Mexico had not followed through on its agreement to return Zuniga-Rios<sup>3</sup> and as of May 2000, according to staff at Representative Shaw's office, Zuniga-Rios is still in prison in Mexico.<sup>4</sup> A year and a half later, Representative Shaw's office confirmed that Zuniga-Rios has not been extradited to the U.S.<sup>5</sup>

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<sup>1</sup> Press Release from Congressman E. Clay Shaw, Nov. 15, 1993

<sup>2</sup> "Mexico to Allow Extradition to U.S.," *Dallas Morning News*, Mar. 29, 1996

<sup>3</sup> Interview by Public Citizen's Global Trade Watch with Representative Shaw's Press Secretary, Nov. 22, 1997

<sup>4</sup> Interview by Public Citizen's Global Trade Watch with Representative Shaw's Trade Legislative Assistant, May 10, 2000

<sup>5</sup> Interview by Public Citizen's Global Trade Watch with Representative Shaw's Press Secretary, Nov. 8, 2001.

## PNTR Deal to Refurbish Northrup Grumman Plant

**Terms of the Unfulfilled Deal:** \$100-\$200 million for environmental cleanup of factory.

**Target Vote:** Representative Martin Frost (D-TX)

Rep. Martin Frost (D-TX) had told labor leaders that he would follow Minority Leader Rep. Richard Gephardt's (D-MO) lead on China PNTR, which was to vote against it but not to pressure his colleagues too strongly to vote against it. Frost had voted for NAFTA, but was one of the prominent representatives who switched to oppose the President on Fast Track in 1998. The Northrup Grumman aircraft manufacturing plant is the largest employer in Frost's district, employing 5,000 workers. Northrup Grumman had announced that unless the government paid for environmental cleanup costs at the plant, it would close the facility. Former Governor Ann Richards had tried to secure funding for the cleanup before which is estimated at as much as \$100 million.<sup>1</sup> Some congressional sources put the costs of cleanup and upgrading the plant as high as \$200 million.<sup>2</sup> Rep. Frost informed lobbyists that he would use his PNTR vote to pressure the Clinton administration to commit to having the Navy pay for the plant cleanup and upgrade. Even with the funding, the plant's future was uncertain. However, even after receiving \$153,250 in political donations from members of the Business Roundtable, Rep. Frost solicited Motorola to host an additional fund raiser. After the Administration committed to support Frost on refurbishing the plant, Northrup Grumman announced that it would stay at the Grand Prairie assembly plant but it did not rule out selling the plant.<sup>3</sup> Frost then announced he would vote for PNTR. The day after the vote, Northrup Grumman announced that it might sell the entire division that manufactures aircraft, which would shutter the plant in question.<sup>4</sup> The sale of the commercial aerostructures division was completed in July 2000, and Northrup Grumman's list of its plants in its current Securities and Exchange Commission filing do not list the Grand Prairie plant.<sup>5</sup>

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<sup>1</sup> "Art of the Deal," *The National Journal*, May 19, 2000.

<sup>2</sup> "Northrup Decision to Stay Put Played Role in China Trade Vote," *Dallas Morning News*, May 29, 2000.

<sup>3</sup> "House OKs Easing China Trade Limits, Vote Called a Victory for U.S. Exports," *Dallas Morning News*, May 25, 2000.

<sup>4</sup> "Under a Cloud; Northrup Grumman May Sell Division that Includes Dallas and Grand Prairie Plants," *Fort Worth Star Telegram*, May 26, 2000.

<sup>5</sup> Northrup Grumman Securities and Exchange 10K filing, for fiscal year ending Dec. 31, 2000 at 3 and 52.

## China PNTR Deal for Federal Study of Job Losses Due to Imports

**Terms of the Unfulfilled Deal:** The Clinton Administration promised to monitor the effects of imports on the U.S. Workforce

**Target Vote:** Representative Ken Bentsen (D-TX)

The approach of Rep. Ken Bentsen (D-TX) typified the reaction of even the most reliably pro-corporate-managed trade to the broad public opposition to China PNTR. Even though he was listed as a pro-PNTR vote from early on by both PNTR opponents and supporters, he only formally announced his support for the China legislation after the Clinton administration promised to issue an executive order to create a commission to study the government program that monitors job losses related to imports. The promise was extracted after two meetings with the President and several other meetings with Cabinet Members which Bentsen played up in his district to provide the appearance that pro-PNTR Bentsen had only decided to vote for the unpopular measure after obtaining something from the Administration.<sup>1</sup> On October 6, 2000, President Clinton issued an executive order which requires the Secretary Labor to “report annually on the employment effects of the establishment of permanent normal trade relations with the People’s Republic of China.”<sup>2</sup> To date, no study has been released by the Labor Department.

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<sup>1</sup> “Art of the Deal,” *The National Journal*, May 20, 2000.

<sup>2</sup> Executive Order 13169 of Oct. 6, 2000.

## China PNTR Longhorn Pipeline Deal

<b>Terms of the Unfulfilled Deal:</b>	The Clinton Administration promised to finalize EPA study of a proposed pipeline
<b>Target Vote:</b>	Representatives Solomon Ortiz (D-TX) and Silvestre Reyes (D-TX)

In exchange for voting for PNTR, two Texas members, Reps. Solomon Ortiz and Silvestre Reyes, asked the Clinton administration to come to a prompt decision about re-opening a fifty year old oil pipeline that links Corpus Christie with El Paso and then goes on to Arizona and New Mexico. More than half of the pipeline was built in 1950. Before it was left idle in 1995, it had a higher than average incidence of oil spills.<sup>1</sup> BP, Amoco and Exxon proposed to re-open the crude oil pipeline to pump gasoline westward from Houston. Residential and environmental opposition to this proposal was high because the pipeline runs through heavily-populated Harris County, and the Lower Colorado River Authority found that a leak could contaminate 20 drinking water supplies serving 750,000 people.<sup>2</sup> The Texas Land Commissioner has refused to grant the pipeline the necessary easements to operate because of past spills and leaks and a 1998 explosion when the pipeline was being tested that injured one worker.<sup>3</sup> The city of Austin and independent landowners sued to stop the pipeline from being re-opened.<sup>4</sup>

An initial Environmental Protection Agency environmental impact study found no significant impact, but was criticized as flawed by the Lower Colorado River Authority and Rep. Lloyd Doggett (D-TX). They asked for a new study to assess contamination and safety issues.<sup>5</sup> Despite assurances that the pipeline supporters only wanted the Environmental Protection Agency to make a final *determination* about the Longhorn Pipeline, Rep. Reyes announced the week before the vote that in exchange for supporting China PNTR he had asked that the EPA to cancel its planned study of the environmental impact of the Longhorn Pipeline, essentially guaranteeing the controversial deal would be approved.<sup>6</sup> The next week Reyes backtracked and insisted that he “did not ask the White House for a guarantee of a favorable decision.”<sup>7</sup> Meanwhile Austin Rep. Doggett announced he would *oppose* China PNTR if the Administration approved the pipeline. Yet, even after Reps. Ortiz and Reyes declared victory on their pipeline deal, Rep. Doggett ultimately voted for the legislation claiming that the Administration had informed him that a decision would be made, but that approval was not guaranteed. In November 2000, the EPA issued the environmental assessment which found no significant impact to the Longhorn Pipeline.<sup>8</sup> The controversy surrounding the pipeline continues, however, spawning a special report in the Austin American Statesman entitled “Pipelines: The Invisible Danger” and the pipeline’s development is still stalled because of a lawsuit brought by the City of Austin and other landowners.<sup>9</sup>

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<sup>1</sup> Environmental Assessment of the Proposed Longhorn Pipeline System, Environmental Protection Agency and Department of Transportation, Mar. 2000.

<sup>2</sup> “Longhorn Pipeline Too Risky, LCRA Says; A Five-Minute Spill,” *Austin American Statesman*, Mar. 16, 2000.

<sup>3</sup> “Pipeline Denied Rights on State Land; Official Says He’ll Withhold,” *Austin American Statesman*, Mar. 23, 2000.

<sup>4</sup> “Special Interests; Calling for Phone Tax Repeal,” *Washington Post*, Apr. 6, 2000.

<sup>5</sup> “Longhorn Pipeline Too Risky, LCRA Says; A Five-Minute Spill,” *Austin American Statesman*, Mar. 16, 2000; “Special Interests; Calling for Phone Tax Repeal,” *Washington Post*, Apr. 6, 2000.

<sup>6</sup> “Texan Lawmakers Claim Win on Pipeline; Officials, Who Will Back China,” *Austin American Statesman*, May 24, 2000.

<sup>7</sup> “Job Vow Secures Frost OK on China,” *Fort Worth Star Telegram*, May 24, 2000.

<sup>8</sup> EPA Environmental Assessment Finding of No Significant Impact, Nov. 3, 2000.

<sup>9</sup> Public Citizen interview with Texas Assemblywoman Ann Kitchen’s staff Nov. 27, 2001.