NAFTA'S Bizarre Bazaar

The Deal Making that Bought Congressional votes on the North American Free Trade Agreement

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PUBLIC CITIZEN

Public Citizen is a non-profit membership organization based in Washington, D.C. representing consumer interests through lobbying, litigation, research, and publications. Since its founding by Ralph Nader in 1971, Public Citizen has fought for consumer rights in the marketplace, for a healthy environment and workplace, for clean and safe energy resources, and for corporate and government accountability. Public Citizen is active in every public forum: Congress, state legislatures, the courts, government agencies and the media.

Public Citizen's Trade Program works to ensure international trade agreements meet the needs and interests of citizens. Public Citizen played a leading role in the historic NAFTA debate. The NAFTA fight created an unprecedented Citizens' Trade movement that put enviromental, consumer, and other citizen issues at the center stage.

The Trade Program at Public Citizen educates the public, press, and Members of Congress about the environmental and consumer impacts of international trade agreements. In addition to organizing activists on the grassroots level, Public Citizen's Trade Program produces materials on the consumer perspective on recently negotiated trade agreements.

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The Deal Making that Bought Congressional Votes to Pass NAFTA

EXECUTIVE SUMMARY

This report documents 21 deals that the Clinton Administration made with Members of Congress in order to garner votes for the controversial North American Free Trade Agreement (NAFTA) last month.

This blatant NAFTA vote buying was anything but business as usual. The NAFTA debate was conducted in mainstreet coffee shops and environmental group meetings, in feed stores and church basements, and in labor halls and living rooms across the country. The last-minute purchases to obtain victory are a slap in the Americans who tuned into the NAFTA fight and who played by the rules of democracy, becoming engaged in the debate in town hall meetings and by writing and calling Congress by the millions.

Despite widespread opposition, Congress passed NAFTA. Americans want to know whether NAFTA passed on its own merits, or whether it was purchased with special deals. To answer this question, Public Citizen culled newspaper reports, pored through Congressional and agency documents, and conducted interviews with government officials, trade group representatives, and other experts, to compile a list of administration deals on NAFTA. This report, the second in a series on NAFTA dealmaking, adds to the examples already released by Public Citizen and the Citizens Trade Campaign on November 12, 1993. Together, these reports provide the most comprehensive list of NAFTA dealmaking available. Public Citizen will continue to monitor administration trade deals in the months ahead.

Some of the deals are more blatantly obvious than others. Often Representatives actually referenced deals in their own press releases, citing them as reasons why they decided, in the end, to vote for NAFTA. For example, Rep. Glenn English (D-OK) lists a number of commitments from the Administration on agricultural matters as contributing to his decision to vote for NAFTA. Many Representatives, however, deny that they traded their vote for a deal, even when circumstantial and other evidence points toward such deals. In this report, Public Citizen documents the sources relied on for establishing that a particular deal occurred.

Public Citizen found that there were three basic types of Administration dealmaking done on NAFTA:

I. DEALS UNRELATED TO NAFTA OR TRADE

During the last days of the NAFTA debate, the pace of the dealmaking got so fast and furious that the Administration was making all sorts of promises to Members that had nothing to do with NAFTA or trade.

Some of these deals were pure pork: for example, a promise to build a plutonium research station in a Member's district, or another to fund military airplanes in another district. Whether this pork will get funding is questionable -- Congressional Appropriations Committees may refuse to fund these deals. Members who traded a vote for NAFTA for this pork may end up facing wrath in their district not just for how they voted, but also for the fact that the promised pork never gets delivered.

Other deals verged on the odd. They weren't exactly pork, but they didn't have anything to do with trade either. For example, to help win one Member's vote, the administration secured a promise from the Mexican government that they would consider extraditing a suspected rapist -- if he is ever caught.

Finally, some of these sorts of deals took the form of personal political favors, pure and simple -- such as a promise that an Administration figure would appear at a particular Representative's fundraiser.

For this report, Public Citizen documented ten of these types of deals:

1. The Highway Deal. A private commitment by Transportation Secretary Frederico Pena to **Rep. Howard P. (Buck) McKeon (R-CA)** to link the Golden State and Antelope Valley freeways.

2. The Plutonium Project Deal. An announcement by Energy Secretary Hazel O'Leary to place a government-funded laboratory dedicated to exploring the "positive side of plutonium" in **Rep. Bill Sarpalius' (D-TX)** district.

3. The Shipyard Deal. Administration support for a $1.2 billion maritime subsidy program, which would benefit **Rep. Gerry Studds' (D-MA)** district by pouring government funding into a shipyard in Quincy, MA.

4. The Manufacturing Technology Center Deal. Pledge from President Clinton that **Rep. Lewis F. Payne's (D-VA)** district would get "top-level consideration" for a manufacturing technology center.

5. The Canadian Chemical Plant Deal. Promise from the Administration to investigate a Canadian chemical plant for possible unfair government subsidies. The Canadian chemical plant competes with Vista Chemical, in **Rep. Ben Cardin's (D-MD)** district.

6. Extradition of rapist. Pledge by Mexican Attorney General Jorge Carpiso to extradite an accused rapist if he is caught and if he is "found to be extraditable by Mexican judicial authorities." The accused rapist allegedly abducted and raped **Rep. Clay Shaw's (R-FL)** secretary's four-year-old niece.

7. The Community Development Deal. "Philosophical commitment" from President Clinton for Small Business Administration lending program in **Rep. Floyd Flake's (D-NY)** district.

8. The Prisoner Transfer Deal. Commitment from Justice Department to deport Mexican immigrants serving in U.S. prisons, a request made by **Rep. Jay Kim (R-CA), Rep. Carlos Moorhead (R-CA),** and several other California Representatives.

9. Fundraisers, Part One. Vice President Gore's attendance at a December 8, $250-a-head, Boston fundraising event for **Rep. Marty T. Meehan (D-MA).**

10. Fundraisers, Part Two. White House Chief of Staff Mac McLarty appeared at a December 9 Chicago fundraiser for **Rep. Mel Reynolds (D-IL).** Rep. Reynolds also was appointed to a special position with the Democratic National Committee.

II. LAST MINUTE CHANGES TO WOO SPECIAL INTERESTS.

The Administration resorted to promising changes to give protection to narrow economic interests that could, in exchange, deliver votes. The changes took different forms: some were changes done through renegotiation with Mexico and are contained in letters of understanding between the U.S. and Mexico, and sometimes in the implementing legislation of the agreement. Some of the changes are documented in the implementing legislation, but do not bind Mexico because they refer to changes in U.S. domestic law. Finally, some promises are contained in letters from Administration officials promising administrative action on a particular problem. Tomato and pepper growers, flat glass manufacturers, beef, wheat and peanut producers -- these are just some of the special interest groups that got this sort of attention.

That the Administration was willing to make these changes raises serious questions. Why was it possible to make changes to NAFTA to secure particular votes, but not possible to reopen the agreement to address critical environmental, health, safety, and job loss issues? Meanwhile, some of the special interest groups that got these deals may be in for disappointments: "side letters" from the Administration do not bear the force of law and it is possible that commitments made in them will not be followed.

Public Citizen documented 11 of these sorts of deals.

11. The Textile and Apparel Deal -- FIRST BROKEN PROMISE. The Administration promised a number of concessions to the textile industry in a letter to Congressional Textile Caucus Chairman John Spratt (D-SC). Targets included Rep. W.G Hefner (D-NC), Rep. Howard Coble (R-NC), Rep. John S. Tanner (D-TN), Rep. Blanche Lambert (D-AR), Rep. Marilyn Lloyd (D-TN), Rep. J. Roy Rowland (D-GA), Rep. Herbert H. Bateman (R-VA), Rep. Don Johnson (D-GA), Rep. Nathan Deal (D-GA), and Rep. George Darden (D-GA). One of those promises has already been broken: the U.S. accepted a ten-year phaseout of textile quotas in talks on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), in contrast to the 15-year phaseout the Administration promised to pursue in the letter.

12. The Methyl Bromide Deal. To woo the votes of Florida Representatives, U.S. Trade Representative Mickey Kantor wrote a letter to Florida fruit and vegetable growers assuring them that they could continue to use the ozone-depleting pesticide methyl bromide until at least the year 2000.

13. The Peanut Butter and Peanut Paste Deal. In a letter to Rep. Glenn English (D-OK), President Clinton promised that the International Trade Commission would investigate whether peanut imports are damaging domestic industry. Another target on peanuts was Rep. Bill Sarpalius (D-TX).

14. The Flat Glass Deal. The Administration courted the votes of Rep. Martin Frost (D-TX) and Rep. David Hobson (R-OH) by securing a promise from Mexico to meet to discuss accelerated tariff reductions on flat glass. Whether Mexico will actually agree to such reductions remains to be seen.

15. The Wine Deal. The Administration also secured a promise by the Mexican government for future discussions of tariff reductions on wine, to help win votes from Representatives with wine producers in their districts, particularly Rep. Anna Eshoo (D-CA), Rep. Bill Baker (R-CA), Rep. George Brown (D-CA), Rep. Richard Lehman (D-CA), and Rep. Norman Mineta (D-CA).

16. The Tomatoes and Peppers Deal. Another deal made to woo votes from the Florida delegation went to benefit tomato and pepper growers. A provision in the NAFTA implementing legislation requires the International Trade Commission (ITC) to monitor imports of tomatoes and peppers until 2009. This provision is designed to enable quick enforcement of a "snap back" provision allowing the U.S. to impose duties or quotas if there is a sudden surge of Mexican tomatoes and peppers on the market.

17. The Durum Wheat Deal. President Clinton promised, in a letter, that the government would investigate transportation and other subsidies used by Canadian growers of durum wheat. The promise, designed to woo the votes of **Rep. William Sarpalius (D-TX) and Rep. Glenn English (D-OK)** is similar to one made by President Reagan during negotiations on the 1988 Canada-U.S. Trade Agreement. According to a North Dakota agricultural official, the Reagan letter proved "meaningless" when the U.S. pursued a trade dispute over wheat with Canada.

18. The Broomcorn Brooms Deal. Trolling for votes, the Administration pledged an executive branch review of any adverse impact the broomcorn industry may bear as a result of NAFTA, as well as action if there is such an impact. This promise, which helped win the vote of **Rep. Dave Hobson (R-OH)**, is contained in the President's Statement of Administrative Action, submitted with the NAFTA. But the promise itself is constrained by both NAFTA and U.S. law, and is not legally enforceable.

19. The Cut Flower Industry Deal. Worried about the effect of Mexican low-wage labor and the use of pesticides illegal in the U.S., the cut flower industry sought a number of changes to NAFTA. To woo the vote of **Rep. Norman Mineta (D-CA)**, the Administration put a provision in the NAFTA implementing legislation which requires the Secretary of Agriculture to collect information "if reasonably available" on cut flower production, import, and export data.

20. The Energy Deal. This promise was unique in that the Administration promised **Rep. Edward Markey (D-MA)** *not* to make any changes to NAFTA. Newly elected Canadian Prime Minister Jean Chretian sought changes in the energy provisions of NAFTA so that Canada would be under the same rules as Mexico, which had won more favorable treatment. Rep. Markey, however, wanted assurances that New England, which is heavily dependent on cheap, imported energy, would be guaranteed continued access to Canadian energy. President Clinton made and kept a promise to Rep. Markey that there would be no renegotiation of energy provisions.

21. The Beef, Peanut, and Wheat Transhipment Deal. To help garner the vote of **Rep. Glenn English (D-OK)**, Commissioner of Customs George J. Weise wrote a letter promising that the agency would take enforcement actions to prevent other countries from using Canada and Mexico as export platforms for beef, wheat, and peanuts. Whether Customs can keep the promise remains to be seen: the agency commits to hiring 100 employees and doing a number of enforcement actions that would most likely require more funding.

III. THE MYSTERY DEAL

Included in this report is one deal that remains mysterious. How did a provision carefully crafted to benefit a particular Japanese corporation end up in the implementing legislation of NAFTA? While there are no obvious target votes in Congress for this deal, it provides an intriguing lesson in how corporations can win particular, specific favors in complex trade negotiations.

22. The Honda Deal. An obscure provision slipped into NAFTA's implementing legislation could cost taxpayers millions -- and benefit Honda Corporation. This provision would "retroactively wipe out tariffs owed on Canadian-made [Honda] Civics shipped to the United States since 1989," according to the *Washington Post*. This tariff break could cost taxpayers as much as $17 million.

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BACKGROUND

The Clinton Administration employed blatant pork barrel vote trading tactics to reverse bleak prospects for Congressional passage of NAFTA. Approval of the North American Free Trade Agreement (NAFTA) was ultimately purchased vote by vote. This study documents the deals that bought the votes.

This vote buying has fueled the public's cynicism about politicians, likely making it even more difficult for the Administration to pass important policy initiatives in the future. Even Representatives who voted for the agreement have expressed their distaste with the process. "I look with disdain on the way this whole thing has been done," Rep. Tom Lewis (R-FL) told *Business Daily* after the NAFTA vote. "It looks like you're selling your soul."

Some Representatives received goodies totally unrelated to the trade pact -- promises to build billion-dollar military planes, local construction projects, and research centers. Others obtained protectionist fixes to the trade pact itself to help narrow local economic interests avoid the trade pain the rest of the country was forced to swallow. Other Representatives received personal favors -- promises for visits and campaign fundraising help.

This blatant NAFTA vote buying was anything but business as usual. The NAFTA debate was conducted in mainstreet coffee shops and environmental group meetings, in feed stores and church basements, and in labor halls and living rooms across the country. The last-minute purchased victory was a slap in the face for the millions of American who tuned into the NAFTA fight and who played by the rules of democracy, becoming engaged in the debate in town hall meetings and by writing and calling Congress by the millions.

Members of Congress who switched positions because of deals or took a position contrary to majority opinion back home must face voters who feel betrayed. The Clinton Administration that campaigned on cleaning up the business-as-usual in Washington instead added to the very undermining of democracy that in part had led cynical voters to try a new way by voting for "change." Favorable comparisons of Clinton as a wheeler-dealer in the model of President Lyndon Johnson do nothing to assuage voters who thought a vote for the Clinton Administration was a vote for change.

It is unfortunate that so many Members of Congress chose to vote for NAFTA based on the narrow deals they got instead of the overall substance of the trade agreement. For the NAFTA vote was quite different from routine votes on legislation. The typical bill a Member faces can always be amended at a later date. But trade agreements are different. Not only are they difficult to amend -- that requires a whole new set of negotiations -- they open existing U.S. laws to challenges by other countries.

With some Appropriations Committee Chairmen already adverse to funding NAFTA pork barrel deals, the greatest wrath may be aimed at the Members who sold out their long-term broad constituent interests for narrow short-term benefits to special interests. (For example, Administration promises to protect a local industry or corporation.) The substance of the NAFTA debate also brought its own political fallout as the supposedly new Administration did the bidding of the same old corporate interests that had directed the Reagan and Bush Administrations. The Administration's failure to employ make deals to pass other legislation -- such as the economic stimulus plan -- about which many Clinton voters cared, makes the NAFTA vote-buying all the more troubling.

The considerable cost of the vote buying in political terms for Congressional incumbents and the Clinton Administration's future policy initiative remains to be played out.

However, Public Citizen, along with the citizen activist groups with which it worked on the NAFTA campaign and now is working with on the Uruguay Round of GATT, will continue to document the deals. Only public accountability -- and the political fall out that will result -- can "pork proof" future trade votes.

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Two weeks before the scheduled vote in the House of Representatives on the North American Free Trade Agreement, a broad coalition of citizens' groups opposed to the pact -- environmental, consumer, religious, labor, family farm and others -- appeared poised for victory. National polling showed consistent and growing public opposition to the pact. Over half of the Members of the House of Representatives were either firmly opposed to the deal or leaning towards opposition.

In trying to stop the Bush-negotiated trade agreement, the citizens groups faced an alarming array of well funded NAFTA proponents, including a united American business sector, the Clinton Administration, the large media outlets, and bipartisan congressional leaders. The Mexican government admitted to spending $30 million, as documented by the Center for Public Integrity, a Washington-based investigative research organization. One business coalition, USA-NAFTA, admitted shelling out $8 million, with many individual companies buying regular full-page national newspaper advertisements and spending millions more on lobbyists, expensive public relations firms, and radio and television advertising. The Administration hired two top level special NAFTA lobbyists and rearranged staffing to build up a "war room" staffed with 30 government staff, mostly from the White House. The Administration also activated every government agency, with the U.S. Department of Agriculture and the Environmental Protection Agency distributing tens of thousands of expensive NAFTA pamphlets and materials through their local offices across the country. Administration officials jetted across the country, campaigning furiously.

Yet, while operating on a comparably tiny budget (total estimates of all NAFTA opposition spending amount to perhaps $5 million), the citizen group opposition, whose budget was even a small percentage of that total, was winning. Why? The groups had succeeded in redefining U.S. trade policy-making so that for the first time, a trade agreement had become the center of a national debate about the role of trade, its conflicts with environmental and other values, and what trade arrangements were "fair."

The effort was conducted for over a year with grassroots education and community organizing, from door-to-door canvassing of neighborhoods, to town hall meetings with elected officials, to cross-state caravans of Mexican, Canadian and U.S. citizen leaders speaking wherever citizens gathered at malls, factories, theaters and town squares about why this NAFTA would be bad for most North Americans and a better version was necessary.

For the first time, Americans were faced with the realization that trade agreements were not just about tariffs anymore. It was their jobs, their environment, and their future that was under discussion, and they had had no role in the discussion. In fact, a key theme of citizen opposition was the further loss of control trade agreements like NAFTA could mean for democratic decision-making on issues traditionally controlled by elected officials. These issues include food safety, community development, recycling and other resources issues, which, under NAFTA, could be challenged as "trade barriers."

The level of Congressional mail and calls against NAFTA demonstrated the citizen opposition's success, up to very day of the NAFTA vote. Despite attempts to personalize Ross Perot as the base of NAFTA opposition and to discredit him, post debate polling showed that the American public's opposition to the trade deal was not based on Perot but on the terms of the debate defined by the citizens' groups.

Yet, Congress passed NAFTA. And the vote buying that was ultimately necessary to ensure that outcome has now become increasingly public.

For the many citizen activists with whom Public Citizen works on trade issues, the *way* in which NAFTA was passed has had a profound effect. They know they won the substantive debate, yet had legislative victory stolen from them through the Administration's vote buying. These local organizers are not sad about NAFTA, they are mad. And that anger, in part, has resulted in cementing the local trade activists into permanent citizens trade coalitions. This new coalition has been widely acknowledged by the media: "[T]he brawl over Nafta has spawned a permanent trade opposition that blames global trade for an array of economic and social uncertainties," wrote Bob Davis and Jackie Calmes in the *Wall Street Journal* on November 18, 1993. These coalitions around the country are now focussing on the Uruguay Round of GATT and on monitoring the effects of NAFTA.

METHODOLOGY

Public Citizen culled information about NAFTA dealmaking from a number of sources: interviews with Capitol Hill staffers, Administration officials, and trade group representatives; Administration and Congressional correspondence and official press releases; the NAFTA text, implementing legislation, and Administrative Action sections; and media reports.

Some of the deals are more blatantly obvious than others. Often Representatives actually referenced deals in their own press releases, citing them as reasons why they decided, in the end, to vote for NAFTA. For example, Rep. Glenn English (D-OK) lists a number of commitments from the Administration on agricultural matters as contributing to his decision to vote for NAFTA. Many Representatives, however, deny that they traded their vote for a deal, even when circumstantial and other evidence points toward such deals. In this report, Public Citizen carefully documents the sources relied on for establishing that a particular deal occurred.

I. Deals Unrelated to NAFTA or Trade

The Highway Deal

•Terms of the Deal: Private commitment by Transportation Secretary Frederico Pena to link the Golden State and Antelope Valley freeways

•Target Vote: Rep. Howard P. (Buck) McKeon (R-CA)

Linking the Golden State and the Antelope Valley freeways doesn't seem to have much to do with NAFTA. But for Rep. Howard P. (Buck) McKeon, an Administration promise to include the new interchange in the National Highway Systems Plan apparently was enough for him to switch his vote in favor of NAFTA.

"I do understand the way the system works, and if there are things being done for districts, then I would certainly like to have something done for my district," McKeon told the *Los Angeles Times* -- at the same time denying that the highway had anything to do with his vote. McKeon, who had run as a government cleaner-upper, had specifically pledged to oppose NAFTA during his campaign.

Whether Rep. McKeon will even get his highway is a whole other matter. The promise comes from a telephone conversation he had with Transportation Secretary Frederico F. Pena two days before McKeon announced his position on NAFTA. McKeon told the *Los Angeles Times* that his aides were working with Pena's aides "to see if there's any way they can be helpful in expediting anything."

Even if the highway is built, it will not remedy the job loss and other problems that NAFTA will cause for his district -- the very problems that convinced McKeon to oppose the agreement during his campaign.

Sources:
- Alan C. Miller, "Area Lawmakers Did Some Horse-Trading Before Vote," *Los Angeles Times*, November 17, 1993.
- Rep. Howard McKeon, "NAFTA Means More Jobs for Americans," *Santa Cruz Signal*, November 16, 1993.

Los Angeles Times

November 17, 1993

Area Lawmakers Did Some Horse-Trading Before Vote

■ **Politics: Battle over the treaty created unexpected opportunities and pitfalls for Valley congressmen.**

By ALAN C. MILLER
TIMES STAFF WRITER

WASHINGTON—Rep. Howard P. (Buck) McKeon (R-Santa Clarita) says he had already made up his mind to vote for the high-stakes North American Free Trade Agreement.

But two days prior to announcing his decision Friday, McKeon said he received a phone call from Transportation Secretary Frederico F. Pena asking if Pena could "be helpful."

Aware of the Clinton Administration's frantic effort to corral undecided votes through old-fashioned horse-trading, McKeon told Pena that there were in fact some highway projects in his district that were personal priorities.

"We're in the process of talking," McKeon acknowledged hours before the historic vote Wednesday. But the freshman congressman, who ran last year as a government reformer, insisted: "There is no deal."

McKeon's experience is but one example of the way that the hand-to-hand political combat over the treaty to create a hemispheric free trade zone created unexpected opportunity and political pitfalls for San Fernando Valley area lawmakers leading up to the pact's passage.

Please see VOTES, A18

VOTES: Lawmakers Push Projects

Continued from A1

The scrambled politics of the NAFTA debate also saw Republicans McKeon and Carlos J. Moorhead (R-Glendale) join a majority of their GOP colleagues to give Democratic President Clinton a desperately sought victory and Rep. Henry A. Waxman (D-Los Angeles) oppose an Administration with which he is closely allied on health-care reform and other issues.

Earlier, it led Rep. Howard L. Berman (D-Panorama City) to break ranks with his longtime organized labor allies to back the pact and Rep. Anthony C. Beilenson (D-Woodland Hills) to risk antagonizing labor and supporters of former presidential candidate Ross Perot by doing so as well. They were among the first California Democrats to announce their support.

This was only the second time in three years that veteran liberal allies Waxman and Berman went separate ways on a highly charged vote. Berman also broke ranks with the majority of Democrats to vote for the Gulf War in 1991; Waxman voted against it.

Beilenson and Berman disclosed their support in late September, when opposition was high prior to Clinton's recent concerted push to influence public opinion as well as lawmakers. McKeon and Moorhead, both of whom had said they were leaning against the measure, jumped in as polls showed that sentiment was more evenly divided.

Most of the Valley area members reported that their correspondence indicated a recent shift in sentiment within their districts from strongly anti-NAFTA to slightly opposed or evenly divided. McKeon's office received 200 calls a day this week, with 55% opposing NAFTA; for the year, McKeon's tally stands at 2,272 against, versus only 1,154 in favor.

But each of the four congressmen who voted for the proposal to gradually phase out trade barriers among the United States, Mexico and Canada say that they expect to pay a political price even though they feel they did the right thing. Each said the measure will create jobs, increase trade and help stem illegal immigration.

Waxman cited health, environment and labor concerns in voting against the pact. He had repeatedly urged Clinton to scrap the proposal and renegotiate a better agreement.

Moorhead, an 11-term lawmaker who has felt more electoral heat than usual in recent years, waited until the eve of the vote to announce his decision. "I'm worn out," he lamented Wednesday. "I've had about all I need."

In contrast to the strident partisanship that marked last summer's budget battle, the NAFTA showdown provided both McKeon and Moorhead with unaccustomed clout and access to the highest levels of the Democratic Administration. The two conservatives used it in different ways.

At a Sunday dinner at the White House, Moorhead said he pursued a longtime concern by pressing Clinton to increase resources at the border to combat illegal immigration. He also said he discussed the issue of repatriating Mexican felons to serve their time in prisons in their homeland—a process that Clinton said the Administration was working on.

By then, though, Moorhead said he had decided to vote for NAFTA as best for the country.

"I can't think of anything that's more important to Southern California in the long run than getting control of this illegal alien problem," Moorhead said. "People don't like to hear about back-room deals on this. But if you've decided to vote for something, that's a horse of a different color."

McKeon invoked that rationale as well. But he took a somewhat more parochial approach.

The former Santa Clarita mayor and businessman said he was becoming increasingly convinced that NAFTA would create jobs—despite a campaign pledge he had made to oppose it "with no information." But he had also let Administration lobbyists for NAFTA know that he was interested in federal assistance for highway projects in his 25th District.

"I do understand the way the system works here, and if there are things being done *for* districts, then I would certainly like to have something done for my district," McKeon said. "I wouldn't let something like that determine my vote, but when I know they need votes and I'm going to vote that way anyway, it doesn't hurt to ask."

He said Pena never mentioned NAFTA but said he "heard that I was interested in something [and] he indicated he wanted to be helpful." McKeon said subsequently his staff was working with Pena's aides "to see if there's any way they can be helpful in expediting anything."

In his discussion, McKeon focused on the proposed construction of an interchange on California 126 that would link the Golden State and Antelope Valley freeways north of the Santa Clarita Valley and create a new east-west corridor. McKeon has been seeking to get the interchange included in the Administration's National Highway Systems plan, a comprehensive transportation blueprint that the Transportation Department is scheduled to release Dec. 18.

McKeon said he was uncertain what form the Administration's help might take—or whether it will be forthcoming. A spokesman for Pena could not be reached Wednesday.

McKeon's late announcement particularly angered the activists in Perot's United We Stand America in his district.

"We're outraged because he led us to believe all the way up until last Monday that he was going to vote 'no' on it and keep his campaign promise," said Jim Stroud, the group's coordinator for McKeon's district.

He said the group was already "trying to see if there's someone we can run against him." He said a campaign to boycott the Western clothing chain that McKeon and his brothers own had been discussed. McKeon said unsigned signs and flyers urging such a boycott had already begun to appear around his stores in the Santa Clarita and Antelope valleys.

Berman said his friends in the labor movement went to extraordinary lengths to sway him. He recalled telling them that he traced his commitment to free trade to his days at UCLA when he read the classic economics textbook by Paul Samuelson. The labor leaders then tracked down the Nobel Prize-winning economist to ask him to call Berman and urge him to oppose NAFTA.

Their effort was for naught. Samuelson told them that he himself supported the treaty.

The Plutonium Project Deal

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

•Target Vote: Rep. Bill Sarpalius (D-TX)

To help secure Rep. Bill Sarpalius' NAFTA vote the administration promised a new government-funded lab in his district. Sarpalius told the Lubbock, TX *Avalanche-Journal* that the lab will explore the "positive side of plutonium," one of the most toxic substances on Earth.

What does the positive -- or even the negative -- aspects of plutonium have to do with NAFTA? Whether or not the center gets built remains to be seen -- the research center itself faces opposition from local farmers and environmentalists.

Sources: Bill Mintz, "You Scratch my NAFTA, I'll Scratch...Deals Being Made as Vote Draws Near," *Houston Chronicle*, November 13, 1993.

"Sarpalius to exchange vote for Panhandle research lab," AP Wire Service, *Avalanche-Journal*, Lubbock, TX, November 11, 1993.

Avalanche Journal
November 11, 1993

Sarpalius to exchange vote for Panhandle research lab

FORT WORTH (AP) — A prestigious National Research Laboratory that could lead to expansion of the Pantex nuclear weapons complex will be built in the Texas Panhandle, according to the Fort Worth Star-Telegram.

Sarpalius

Sources told the newspaper that U.S. Rep. Bill Sarpalius, an Amarillo Democrat being wooed to vote for the North American Free Trade Agreement, will back the pact as a result.

Energy Secretary Hazel O'Leary was expected to announce the lab's creation at a dinner tonight for Sarpalius.

"I don't want to scoop her announcement," Sarpalius said. "That's what we're anticipating."

Sarpalius has long sought a national research lab to complement Pantex, America's primary site for the dismantling of nuclear bombs. Plutonium recovered from the bombs is being stored temporarily at the 16,000-acre plant 17 miles northeast of Amarillo.

Sarpalius said the new lab would study peaceful uses for the radioactive element.

"We spend billions of dollars figuring out how to blow up the world and never explored the positive side of plutonium," he said.

Pantex boosters hope the lab would improve the facility's chances of becoming a consolidated Department of Energy center. Such expansion, in a decision to be announced next year, could bring 5,800 jobs.

But farmers and environmentalists fear additional nuclear work and long-term storage of plutonium over the Ogallala Aquifer.

The Shipyard Deal

•Terms of the Deal: Administration support of maritime subsidy program

•Target Vote: Rep. Gerry Studds (D-MA)

•Cost to Taxpayers: $1.2 billion

President Clinton gave a push to convince the House of Representatives to pass a $1.2 billion subsidy for the marine ship-building industry. The bill would directly benefit Rep. Gerry Studds' district by putting federal funding into an aging shipyard in Quincy, MA. Less than a week later, Rep. Studds, who was under intense pressure to oppose NAFTA from environmental and consumer groups such as the Sierra Club and the Humane Society, announced he would vote in favor of NAFTA.

While Rep. Studds denied any connection between his decision to support NAFTA and Clinton's help on the ship-building bill, a senior White House official acknowledged to the *Boston Globe* that Clinton intervened on the maritime bill while he was also seeking Studds' support for NAFTA.

That Rep. Studds would support NAFTA is particularly surprising since he has personally seen the damage that such agreements can do to U.S. environmental laws. Studds has participated in several major Congressional hearings on a 1991 challenge by the Mexican government to the Marine Mammal Protection Act as a 'non-tariff trade barrier' under rules of the General Agreement on Tariffs and Trade (GATT). The Mexican government had argued that this law, which banned the sale of tuna caught with fishing methods deadly to dolphins, was a barrier to trade. Studds was a vocal critic of this trade challenge to an immensely popular U.S. law. Furthermore, as chairman of the House Subcommittee on Merchant Marine and Fisheries, Studds has responsibility for oversight of numerous environmental laws now vulnerable to challenge under NAFTA.

Sources: Meg Vaillancourt, "Foes See Link in Studds' 'yes', Shipyard Aid," *Boston Globe*, November 14, 1993.

The Boston Globe

November 14, 1993

Foes see link in Studds' 'yes', shipyard aid

By Meg Vaillancourt
CONTRIBUTING REPORTER

In what he described as one of the most difficult decisions of his 23-year career, Rep. Gerry Studds, Democrat of Massachusetts, declared on Wednesday that he will vote for the North American Free Trade Agreement.

Studds made his announcement less than a week after the House of Representatives, with a last-minute nudge from President Clinton, passed a $1.2 billion maritime subsidy program Studds had sponsored. The program is meant to preserve the US merchant fleet and to help American shipyards compete internationally.

The House action, combined with other efforts by Studds, could result in hundreds of new jobs at the former General Dynamics shipyard in Quincy. Although the Studds-sponsored bill does not explicitly earmark funds for Quincy, Studds has been pushing for federal assistance for the shipyard.

NAFTA foes see a connection between Clinton's help on the subsidy program and Studds' announcement. "The administration's support in finding federal money while it was simultaneously and almost desperately seeking Congressial votes on NAFTA is noteworthy," said a Massachusetts labor activist and NAFTA opponent who would not allow his name to be used.

Studds' aides and administration officials deny such a link. "The administration's support isn't what made this bill fly," said Steve Schwadron, Studds' chief of staff. "There is absolutely no connection between Studds' NAFTA vote and the administration's support for shipbuilding initiatives."

But a senior White House official acknowledged that Clinton intervened in support of the bill when he was also seeking Studds' support for NAFTA.

The 109-year-old shipyard is located in Studds' district. A rusting hulk of what was once the economic engine of the South Shore, the shipyard employed 32,000 people at its peak in World War II.

Now, just 77 work there, and they suffer cyclical layoffs. "We're barely holding on," the shipyard's manager, Donald Trudeau, said yesterday. "We're hanging by our last fingernail."

The $1.2 billion subsidy program needs Senate approval, but that is expected.

More shipbuilding money is stowed away in other bills. Pending legislation would provide $94 million in federal loan guarantees for shipyard modernization and ship construction across the country in fiscal 1994. And the House version of the 1994 defense appropriations bill earmarks up to $50 million for improving ship design and technical improvements to raise productivity.

According to the labor activist, when Studds privately explained his support for NAFTA to labor leaders last week, he also said he "would have good news about the shipyard."

Asked Friday for details, Studds spokesman Brendan Daley said: "We're not ready to make any announcements. Talking about it could jeopardize what we're working on."

The Manufacturing Technology Center Deal

•Terms of the Deal:	Pledge from President Clinton that Payne's district would get "top-level consideration" for manufacturing technology center
•Target Vote:	Rep. Lewis F. Payne (D-VA)
•Cost to Taxpayers:	as much as $3,000,000

If it looks like pork, walks like pork, and oinks like pork....According to Rep. Lewis F. Payne, his decision to vote for NAFTA had nothing to do with the Administration promising the very next day to give Rep. Payne's district "top-level consideration" for a new Manufacturing Technology Center. The Center will cost U.S. taxpayers as much as $3 million. Up to the very last days of the NAFTA debate, Rep. Payne had told constituents that he had serious concerns about the trade agreement.

SOURCE: Peter Hardin, "Vow came on heels of Payne's decision," *Richmond Times-Dispatch*, November 12, 1993.

Richmond
RICHMOND, VIRGINIA 23293
Times-Dispatch
VIRGINIA'S NEWS LEADER • CITY EDITION FRIDAY, NOVEMBER 12, 1993

Vow came on heels of Payne's decision

He denies NAFTA support prompted Clinton 'reward'

BY PETER HARDIN
TIMES-DISPATCH WASHINGTON CORRESPONDENT

WASHINGTON — A Southern Democrat wooed by the Clinton administration finally declares his support for the North American Free Trade Agreement.

The next day he meets with the president and vice president at the White House.

Two days after that, the president signs a personal letter promising that the congressman's district will get top-level consideration for a prized "manufacturing technology center."

Is this vintage wheeling and dealing?

Virginia AFL-CIO chief Daniel LeBlanc, a NAFTA opponent, thinks so.

"I see it as a reward and [political] cover," LeBlanc said of the swift presidential letter to Rep. Lewis F. Payne Jr., D-5th District.

Or is it merely a matter of timing that can easily be misunderstood?

That's what Payne, the Nellysford lawmaker and member of the House Ways and Means Committee, believes.

"It was not a function of NAFTA," said Payne, whose declaration for the trade pact Oct. 25 was hailed that day by no less than U.S. Trade Representative Mickey Kantor.

■ A Swedish executive says Clinton's NAFTA warnings are accurate. Page B8.

In the closing days of the lobbying effort, the president has met with at least 100 lawmakers for intimate talks. He has jogged with them, golfed with them, and played dinner host for a dozen of the undecided.

Few of the inducements are traditional pork-barrel programs, although there has been talk of such dealings. "I have been approached by a lot of people," said Rep. Gene Green, D-Texas. "They have asked me what I need. A bridge? A high-

PLEASE SEE NAFTA, PAGE A20 ▶

Vow came on heels of Payne's decision

Pledge about center no 'reward,' he says

▼ NAFTA FROM PAGE A1

way?"

At the very least, LeBlanc's accusation — and suspicions of some other NAFTA opponents — illustrates the heated political climate as the NAFTA debate goes down to the wire. A vote is scheduled in the House for Wednesday.

The same climate extends to pressure on wavering lawmakers.

Driving down a Virginia highway yesterday, undecided Rep. Norman Sisisky, D-4th, heard a pro-NAFTA radio advertisement that he took to be aimed at making him climb off the fence.

And Vice President Al Gore told Sisisky yesterday at an aircraft carrier christening in Newport News, "Norman, we need you."

Today, the Petersburg Democrat is to meet in his district with people on both sides.

Others still formally undeclared yesterday were Reps. Frank R. Wolf, R-10th, Owen B. Pickett, D-2nd, and Herbert H. Bateman, R-1st.

Payne announced his pro-NAFTA decision on a Monday in Danville. He said he would push for ratification of the accord.

The following Thursday, Clinton had signed a "Dear L.F." letter.

Clinton pledged to direct the secretary of commerce and director of the National Institute of Standards and Technology to arrange for visits by officials to Southside Virginia.

They will meet with local officials about competitive requirements for creation of a "manufacturing technology center" in Martinsville.

Manufacturing jobs there, commitment of education institutions to training and economic development, and involvement by local industry "certainly make Martinsville/Henry County a competitive location for a ... center serving Southside Virginia," Clinton wrote.

There are seven centers in the country. The closest one to Virginia is in Columbia, S.C. They are designed to help industries identify and exploit advanced technology in manufacturing and business operations.

Depending on how extensive the center would be, costs could range from $500,000 to $6 million, with the federal government footing half.

Payne's staff had been in contact with the administration some time before the final week in October.

Payne went to the White House for a group meeting about NAFTA on Oct. 26, a day after his Danville announcement.

He sat next to Gore, discussed his interests and said it would be very helpful to get an indication the administration "was looking favorably at [the center request]."

The letter came promptly, enabling Payne to announce it Oct. 30 when he was in Martinsville for an unrelated event.

Regarding LeBlanc's comments on rewards and "cover," Payne said, "I didn't offer it that way. I don't think anybody construed it in that way." But the fairly close timing could make people think otherwise, he said.

Payne successfully urged the administration to back protections for the U.S. textile industry in NAFTA implementing legislation. His district is home for textile mill towns.

The Canadian Chemical Plant Deal

•Terms of the Deal: Promise from the U.S. Trade Representative's Office to investigate Canadian chemical company

•Target Vote: Rep. Ben Cardin (D-MD)

Rep. Ben Cardin wanted an investigation of a Canadian chemical plant that he believes may use government subsidies to operate. It's no surprise that in Cardin's district is a company, Vista Chemical, which competes with the Canadian plant. The Administration promised him the investigation. Rep. Cardin voted for NAFTA.

Even if the government follows through with this investigation, and even if it discovers that the Canadian plant has been enjoying government subsidies, Rep. Cardin will have won relief for just one discreet chemical plant in his district. Yet what about the rest of his constituents -- and the people nationwide -- who will suffer from the job loss and environmental degradation caused by NAFTA?

Sources: "USTR Announces FTA Section 409(B) Determination," October 13, 1993.

Karen Hosler, "NAFTA lobbying gives House members new clout," *The Baltimore Sun*, October 23, 1993.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
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93-63

FOR IMMEDIATE RELEASE
WEDNESDAY, OCTOBER 13, 1993

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USTR ANNOUNCES FTA SECTION 409(B) DETERMINATION

United States Trade Representative Michael Kantor announced today his intention to vigilantly monitor the Government of Canada's actions with regard to possible subsidization of linear alkylbenzene (LAB) production in Canada. This announcement was made in response to the petition filed by Vista Chemical Company on July 15, 1993, requesting USTR identify the U.S. linear alkylbenzene (LAB) industry pursuant to section 409(b) of the U.S. - Canada Free Trade Agreement Implementation Act. LAB is an active chemical ingredient in many household laundry detergents.

In consultation with the Department of Commerce, Ambassador Kantor concluded that a reasonable likelihood exists that the U.S. LAB industry may face increased competition from imports with which it will directly compete from the proposed joint venture in Canada between La Societe de Financement du Quebec (SGF), a Quebec crown corporation, and a Spanish firm, Petresa, as a result of the tariff cuts implemented under the FTA, and deterioration of its competitive position before more effective bilateral rules and disciplines relating to the use of government subsidies have been developed with respect to Canada. However, Ambassador Kantor did not conclude that sufficient evidence of subsidy had been presented to identify the U.S. LAB industry under section 409(b) at this time.

In making the announcement, Ambassador Kantor stated that "I fully share Vista Chemical's concern with regard to the potentially negative effect on the U.S. industry of subsidized imports of LAB from Canada. While there is currently no concrete evidence that the Government of Canada or the Province of Quebec will subsidize the proposed joint venture, I am committed to work with U.S. industry in vigilantly monitoring the development of the Quebec facility until it begins production and act accordingly should evidence of subsidization be uncovered". In addition, Ambassador Kantor noted that, "I have notified Canadian Trade Minister Hockin of my decision in this case and requested that we consult regularly as the Quebec facility comes on line."

Section 409(b) allows an identified industry to request the gathering of information pursuant to other laws and authorizes the subsequent monitoring and review of evidence related to subsidies.

Extradition of Rapist

•Terms of the Deal:	Pledge by Mexican Attorney General Jorge Carpiso to consider extraditing accused rapist.
•Target Vote:	Rep. Clay Shaw (R-FL)

The White House picked up the vote of Rep. Clay Shaw (R-CA) by securing a promise to extradite an accused rapist to the U.S. for trial. That is, the Mexican government will extradite the man, Serapio Zuniga Rios, *if* he is caught and *if* he is "found to be extraditable by Mexican judicial authorities," according to a press release put out by Rep. Shaw on November 16, 1993. (Shaw cites a letter that Attorney General Janet Reno received from Mexican Attorney General Jorge Carpizo.)

Rep. Shaw cares about Rios' extradition in particular because he allegedly abducted and raped his secretary's four-year-old niece. Such concern is more than understandable -- but votes on trade agreements should be based on the substance of the agreements, not on unrelated political favors. Yet Rep. Shaw voted for NAFTA on the basis of this promise. -- But what if Rios is never found? And what if Rios is caught but not deemed "extraditable" by Mexican authorities?

Sources: "Shaw claims judicial victory and will vote for NAFTA," press release by Rep. E. Clay Shaw, November 16, 1993.

Steve Komarow, "Wheeling, dealing to assure a victory," *USA Today*, November 18, 1993, p. 2A.

Patrick J. McDonnell, "Reputed Deal for Lawmaker's Vote on NAFTA Sparks Furor in Mexico; Representative Says Top Mexican Official Promised to Extradite Rape Suspect in Exchange for His Nod on Trade Pact," *Los Angeles Times*, November 20, 1993.

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NEWS RELEASE

FOR IMMEDIATE RELEASE
NOVEMBER 15, 1993

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SHAW CLAIMS JUDICIAL VICTORY AND WILL VOTE FOR NAFTA

Washington -- Rep. E. Clay Shaw, Jr. (R-Fort Lauderdale) today announced that he would vote in favor of the North American Free Trade Agreement after having received assurances from Mexican Attorney General Jorge Carpizo that his government will extradite a Mexican national accused of abducting and raping a four-year old girl in southern California.

"After having met with Mexican authorities several times, I have been told that Mexico will extradite Serapio Zuniga Rios to the United States," Shaw said. "Rios' abduction and rape of a little girl is a heinous crime and I am now confident that the Mexican authorities will do everything in their power to see him brought to justice."

U.S. Attorney General Janet Reno has received a letter from Mexican Attorney General Carpizo stating that if Rios is arrested in Mexican territory, and subsequently is found extraditable by Mexican judicial authorities, the government of Mexico would surrender him to the the U.S.

"The progress we have made in not only putting Rios in jail but in US/Mexican judicial relations is monumental," Shaw said. "This agreement sends a message to all felons that you may be able to run to Mexico but you can not hide."

Shaw said that he was first made aware of Mexico's disregard for the extradition treaty after hearing about a case where a four-year old girl was abducted and raped by a Mexican. After committing the crime, the Mexican fled to Mexico to avoid being arrested. Shaw had previously said that he would not vote for NAFTA until he had been assured that Mexico would abide by the terms of an existing extradition treaty. Shaw said that Mexico has never extradited a Mexican national accused of committing felonies in the United States. The United States has extradited more than five U.S. nationals to Mexico.

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The Community Development Deal

•Terms of the Deal: "philosophical" commitment from President Clinton for Small Business Administration lending program

•Target Vote: Rep. Floyd Flake (D-NY)

Up until the day before the NAFTA vote, Rep. Floyd Flake, a Democrat representing part of New York City, was undecided about NAFTA. Then he went to a half hour meeting with President Clinton. After the meeting, Rep. Flake announced his support for the trade agreement. *Newsday* reported that Flake's decision on NAFTA was linked to a commitment that his district would be the recipient of federal funds in the form of a new Small Business Administration (SBA) lending program for urban businesses.

But Rep. Flake didn't get anything in writing. The promise from Clinton was only a "philosophical commitment," according to Rep. Flakes spokesman, Marshall Mitchell, as quoted in the New York Times on November 18. It remains to be seen whether these "philosophical commitments" ever become reality.

Even if Rep. Flake gets the SBA program, it won't deal with the job loss his constituents will suffer from NAFTA. Already, in November, the New York Labor Department received 28 notices that 2,965 workers would be laid off in January 1994. (In comparison, there were only 13 notices in 1992.) "I can't think of any explanation [for the loss of jobs] other than the anticipation of the passage of NAFTA," New York Governor Mario Cuomo told the *Washington Times* on December 6.

Sources: William Douglas, "For Some, Playing the Game Means Let's Make a Deal," *Newsday*, November 18, 1993.

"New York Region 'Nays' Mean 'No Deals,'" the *New York Times*, November 18, 1993.

"Flake Announces Support for NAFTA after Meeting with President," press release from Rep. Floyd Flake, November 16, 1993.

Inside Politics, "Cuomo Knocks NAFTA," *Washington Times*, December 6, 1993.

The New York Times

November 18, 1993

New York Region 'Nays' Mean 'No Deals'

Special to The New York Times

WASHINGTON, Nov. 17 — So while the deals were being struck on sugar and orange juice and peanut butter to round up last-minute Democratic votes for the free trade pact, how did the New York region do?

To begin with, most Democrats from the metropolitan area were out of the running. All but two Democrats from New York, New Jersey and Connecticut — Nita M. Lowey and Floyd H. Flake — opposed the pact, according to preliminary vote counts.

Ms. Lowey decided after much soul-searching to support the agreement, but she was proudly declaring, "No deals, no dams, no bridges." Meaning, her press secretary said, that she decided solely on the merits of the issue. "Nita made it very clear that she was not interested in getting anything for her vote," the aide, Howard Wolfson, said, "and she didn't solicit anything."

Ms. Lowey, who represents parts of Westchester, the Bronx and Queens, said that the pact was "a good deal" for the metropolitan area and that if she did not believe it would create jobs and improve the New York economy, she would not have supported it.

Mr. Flake, of the Sixth District in Queens, met with President Clinton for 30 minutes on Tuesday and afterwards said he would vote for the agreement.

The Congressman got "a philosophical commitment from the President to go forward with some community development initiatives," said Marshall Mitchell, Mr. Flake's spokesman. That includes more seed money for small businesses in distressed areas, Mr. Mitchell said.

Perhaps most important, Mr. Mitchell said, the President expressed his interest "in using the Sixth Congressional District as a crucible for experiments in economic empowerment."

Another longtime holdout like Mr. Flake was Representative Sherwood Boehlert, an upstate Republican who announced his support for the pact today.

"No deals," Mr. Boehlert said tonight.

But he added that he did tell the President that the Government was "the biggest disemployer in my district," citing cutbacks at Griffiss Air Force Base in Rome. Administration officials noted their past assistance to cushion that dislocation, Mr. Boehlert said, and promised continued cooperation.

The Prisoner Transfer Deal

•Terms of the Deal:	Commitment from Justice Department to deport Mexican immigrants serving in U.S. prisons
•Target Votes:	Rep. Jay Kim (R-CA), Rep. Carlos Moorhead (R-CA), several other California representatives

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Apparently to help gain the votes of undecided California Representatives, the Clinton Administration agreed to enforce a prisoner transfer treaty with Mexico and begin negotiations on a new one.

An existing prisoner transfer treaty allows the U.S. to transfer to Mexican prisons Mexican immigrants without proper immigration status serving terms in U.S. prisons. Participation is voluntary: only those prisoners who agree to go back to Mexico can be sent. The promise to enforce the treaty came in the form of a letter from Attorney General Janet Reno to Rep. Jay Kim, according to a press release issued by Rep. Kim on November 16, 1993. Kim states that Reno had promised action on the issue as early as early as December 15. As this report went to press, there was no evidence that prisoner transfers had been stepped up in any way.

According to Rep. Kim's office, the Justice Department also committed to negotiating a new transfer treaty under which prisoners could be sent back to Mexico even if they do not volunteer. Such prisoner transfers, if they eventually come to pass, might raise human rights issues, since Mexican prisons may not meet U.S. prison standards.

Regardless of the outcome of enforcement or new negotiations on prisoner transfer treaties, one thing is for sure: this issue is totally unrelated to NAFTA. A decision of how to vote on NAFTA surely should have been made on the merits of the trade agreement itself -- not on promises of prisoner transfers.

Sources: "Rep. Kim Supports NAFTA," press release from Rep. Jay Kim (R-CA), November 16, 1993.

Telephone interview of Sandra Garner, press secretary for Rep. Jay Kim, by Gabriela Boyer, Public Citizen researcher, December 15, 1993.

Telephone interview of Helen Butler, public affairs specialist, Federal Bureau of Prisons, by Gabriela Boyer, Public Citizen researcher, December 15, 1993.

David Lauter and Ronald J. Ostrow, "Mexico Prison Deal is Linked to NAFTA Votes," *Los Angeles Times*, November 12, 1993, p.A1.

Alan C. Miller, "Area Lawmakers Did Some Horse-Trading Before Vote," *Los Angeles Times*, November 17, 1993.

JAY KIM
41st District, California

Committee on Public Works and Transportation
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Aviation
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Economic Development

Committee on Small Business
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FOR IMMEDIATE RELEASE
NOVEMBER 16, 1993

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REP. KIM SUPPORTS NAFTA

Over the past several months, I have carefully been studying both sides of the NAFTA issue. I have met with leaders representing both sides and have discussed this issue at length with individuals and groups within my district in California to understand their reasons for support and opposition. People on both sides of this debate feel very strongly about their respective positions, and I must say both sides have brought forward very compelling arguments that support each of those positions.

Based on my own review of the NAFTA legislation and accompanying side agreements, I have repeatedly expressed two concerns: the issue of illegal immigration that continues to choke the economy of California and short-term job loss. This is a golden opportunity for the United States to address the serious issue of illegal immigration with Mexico. As I brought up during my meeting with President Clinton last week, Mexico has never felt compelled to address its responsibilities in controlling our borders. For that reason alone, we would be remiss if we did not seize this opportunity to secure a commitment from Mexico to share in the responsibility of deterring illegal immigration which costs California taxpayers $2.3 billion a year.

In response to my request, I have just received a letter from the President and the Justice Department indicating that Attorney General Janet Reno has successfully negotiated a new prisoner-exchange agreement with the Mexican Attorney General that would move convicted illegal immigrants from U.S. jails to prisons south of the border. The Administration reports that implementation of the agreement could take effect as early as December of this year. Currently, there are 16,000 illegal immigrants in California jails. The cost to incarcerate them is more than $450 million a year. This is outrageous! An agreement of this magnitude is imperative if the Administration is truly committed to securing our borders and mounting a serious war against crime and drugs. Illegal immigrants will think twice about breaking the law in the United States when they realize they will have to serve their time in a Mexican prison.

In his letter, President Clinton has assured me that his Administration is committed to "taking strong measures to protect our borders against those who would ignore our immigration laws, including increasing the size of the Border Patrol...the implementation of a counterfeit and tamper-resistant identification card....improving the effectiveness of our federal inspection services' in detecting illegal drugs and crossers through greater interagency cooperation." The people of California have my strong commitment that I will continue to champion the fight against illegal immigration. The federal government has sole responsibility over immigration and refugee policy and I will continue to press President Clinton to take action to fulfill the Administration's responsibility in addressing this serious issue. The fiscal consequences of inaction is a price California can no longer afford to pay.

While we still need other major reforms in the area of illegal immigration, this is an important first step for the people of California. In addition to the relief it would provide in our overcrowded prisons, this initiative alone would save California taxpayers $450 million a year. That's $450 million which could be used to invest in jobs and other services in California thereby offsetting my concern about temporary short-term job loss resulting from NAFTA. The Administration has also committed a minimum of $90 million to assist any workers displaced directly by NAFTA and is crafting a much broader job re-training program in light of today's changing economy. I am continuing to fight for proportional funding so those states, like California, that have high unemployment will benefit more from this pool. This is a critical issue to the people of our state since unemployment remains higher than the rest of the country.

For these reasons, I have decided to support NAFTA. I believe that the benefits far outweigh the costs and that this agreement will have a significant, positive impact on the people of the United States especially in the long-run. I continue to have the highest regard for the workers of America and truly believe that we make the best quality products in the world. When comparing our products to the quality of those manufactured in Mexico, I remain confident that American goods and services will continue to be the products of choice around the world and that the U.S. economy will continue to be the strongest.

* * *

The Home Mortgage Deal
or, Fundraisers Part One

•Terms of the Deal: Vice President Gore's attendance at fundraiser

•Target Vote: Rep. Marty T. Meehan (D-MA)

Rep. Martin Meehan had a problem. To pay for his election campaign last year, he refinanced his home, expecting to be repaid as his campaign raised money from other sources. Unfortunately, the money wasn't coming in as fast as he had hoped.

Luckily for Meehan, the White House needed his vote on NAFTA. As a "leaning no" vote, he was a top target. Just days before the vote, Meehan announced he would vote for NAFTA after all. Meanwhile, Vice President Gore agreed to fly to Boston and attend a Meehan fundraiser in December. According to the *Boston Globe*, both Meehan and the White House called the fundraising visit a "completely unrelated event" to the NAFTA.

On December 8, Gore did, indeed, travel to Boston for the fundraiser. About 500 people attended the $250-a-head event, raising some $125,000 toward Meehan's mortgage. But those who attended the fundraiser were met by a picket by labor union members angered by Meehan's vote on NAFTA. "We just want to give Marty Meehan a message that if he is going to run from a working-class neighborhood, he had better understand working-class issues," said Philip Mamber, president of the United Electrical Workers union to the *Boston Globe*.

Sources: Scot Lehigh, "Clinton's deficit policy jump-started economy, Gore avers," *The Boston Globe*, December 8, 1993, p. 10.

Meg Vaillancourt, "Meehan to Reveal NAFTA Stand," *The Boston Globe*, November 15, 1993.

Jennifer Lin, Brigid Schulte & Paul Anderson, "NAFTA Gains Critical Support From Farm States," *Philadelphia Inquirer*, November 17, 1993.

The Boston Globe
December 8, 1993

Clinton's deficit policy jump-started economy, Gore avers

By Scot Lehigh
GLOBE STAFF

The Clinton administration's deficit-reduction plan has jump-started the US economy, Vice President Al Gore said yesterday at a fund-raising appearance in Boston.

"You can hear the rumbling of our economic engines as they begin to speed up a little bit," Gore, reviewing the administration's first-year accomplishments, said at a fund-raiser for Rep. Martin T. Meehan.

The $250-a-head event at the Park Plaza Hotel attended by about 500 people was picketed by a number of union members angry over the Lowell Democrat's vote in favor of the North American Free Trade Agreement.

The vice president argued that the president's package of tax increases and budget cuts is starting to pay dividends for the economy.

He said the latest deficit estimates show that the projected budget imbalance "is now coming down much more rapidly" than anticipated. A shrinking deficit estimate, in turn, has kept interest rates low and brought a measure of confidence back to the economy, Gore said.

Those interest rates have led millions of people to refinance their homes, saving them hundreds of dollars a month, much of which has been injected into the economy in new consumer spending, he said.

"What it adds up to is $100 billion pumped into the economy," he said. "Consumer spending is up ... New auto sales are up 11 percent. Housing starts are up for the third month in a row, building permits up for the third month in a row." In another auspicious sign, Gore said, both business investment and business orders are up.

Altogether, Gore said, administration policies have created 1.6 million new jobs, which on an annualized basis "is twice as many jobs each year as was created during the entire four years of the last administration."

But it hasn't been pretty, the vice president admitted. Gore said that while some observers are still waiting for "the 86-yard touchdown pass, our approach is a little different: three yards and a cloud of dust, over and over and over again."

"It doesn't get quite as much applause as the 86-yard touchdown pass, but ... if you keep grinding out that yardage, pretty soon you look back from where you have started, and you've gained a lot of ground," he said.

Gore said the administration is taking a lesson from the business restructurings of the 1980s in its effort to make government more efficient and entrepreneurial.

"We can get rid of a lot of the unnecessary layers of middle management and we can start listening to the employees and giving them the sense of shared mission and goals and values," he said.

Gore was also generous in his praise of Meehan, a freshman congressman who backed the administration on a number of controversial measures, including its deficit-reduction package of tax increases and budget cuts and NAFTA, in his first year in Washington.

Calling political courage "the one thing ... in shortest supply down there in Washington," Gore said Meehan had demonstrated that courage in supporting Clinton on those matters.

Labor members angry at Meehan's pro-NAFTA vote passed out leaflets outside the hotel yesterday. "In the White House vote-buying spree that led to the passage of NAFTA, the price of Marty Meehan's vote was administration help with his political fund-raising," the leaflets charged.

Philip Mamber, president of the United Electrical Workers union, who estimated 30 to 35 picketers were present at the height of the demonstration, said the idea was to send a polite but pointed message.

"We just want to give Marty Meehan a message that if he is going to run from a working-class neighborhood, he had better understand working-class issues," he said.

Fundraisers, Part Two

•Terms of the Deal:	White House Chief of Staff Mac McLarty appeared at fundraiser; Rep. Reynolds also gets appointment to Democratic National Committee
•Target Vote:	Rep. Mel Reynolds (D-IL)

In an apparent attempt to get Rep. Reynold's NAFTA vote, the Administration went out of its way. First, Reynolds enjoyed the company of Chief of Staff Mac McLarty at his December 9 fundraiser. He also was named "senior adviser to the chairman for urban policy" by Democratic National Committee Chairman David Wilhelm.

Rep. Reynold's constituents are particularly surprised with the representative's last minute flip flop on NAFTA since just two months before the vote he had told the *Chicago Tribune*, "I am voting against [the North American Free Trade Agreement] as of now because the people in my district will take an initial hit that I am not willing to take." Reynolds cited a study published by the Center for Urban Economics Development at the University of Illinois that estimated that Cook County (Rep. Reynold's district) had lost 60,000 jobs from cuts and plant closings by transnational corporations moving to Mexico.

Sources: *Congress Daily*, December 6, 1993.

Kevin Merida and Tom Kenworthy, "For Some a Bitter NAFTA Taste: House Awaits Fallout from Bipartisan Vote Deal-Making," *Washington Post*, November 18, 1993, A11.

Irv Kupcinet, "Kup's Column," *Chicago Sun-Times*, December 10, 1993.

Basil Talbott, "Job Loss Worries Reynolds," *The Chicago Tribune*, September 7, 1994.

The Washington Post

November 18, 1993
pg A-11

"As the administration and pro-NAFTA lawmakers worked over undecided members yesterday, they tossed out some additional presidential perks. Rep. Mel Reynolds (D-Ill.), who announced his support yesterday morning, was told that perhaps a presidential trip could be arranged to his district, according to one authoritative source. And others were promised opportunities to have their picture taken with Clinton. Bentsen said he saw no problems with the deals and assurances. "It's like amendments to a bill," he said.

Congressional Daily

December 6, 1993

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expressed interest, but said she will not run if Rostenkowski stays in because "he plays a critical role for the Clinton administration and a very significant role for the city."

Meanwhile, in Chicago's 2nd District, where freshman Democratic Rep. Mel Reynolds faces two challengers, the White House and the Democratic National Committee have moved in recent days to give Reynolds a boost. Democratic National Committee Chairman David Wilhelm, a fellow Chicagoan, named Reynolds as a "senior adviser to the chairman for urban policy." In addition, White House Chief of Staff McLarty is slated to appear at a Chicago fund-raiser for Reynolds Thursday. Reynolds provided a key vote in support of the North American Free Trade Agreement last month, and his two opponents — Alderman Allan Streeter and state Rep. William Shaw — have been hitting him on his pro-NAFTA stance.

II. Last Minute Changes to Woo Special Interests

FIRST BROKEN PROMISE

The Textile and Apparel Deal

•Terms of the Deal:	Textile and apparel concessions promised in letter from President Clinton
•Targets:	Rep. John Spratt (D-SC), Rep. W.G Hefner (D-NC), Rep. Howard Coble (R-NC), Rep. John S. Tanner (D-TN), Rep. Blanche Lambert (D-AR), Rep. Marilyn Lloyd (D-TN), Rep. J. Roy Rowland (D-GA), Rep. Herbert H. Bateman (R-VA), Rep. Don Johnson (D-GA), Rep. Nathan Deal (D-GA), Rep. George Darden (D-GA)
•Cost to taxpayers:	At least $ 15,000,000 just to enforce the law

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In a last minute attempt to round up votes to pass NAFTA, the White House responded on Nov. 16, a day before the vote, to a letter written by Congressional Textile Caucus Chairman John Spratt (D-SC) and nine other legislators raising the concerns of the apparel and textile industries.

President Clinton promised in a letter to work toward a 15-year, rather than a ten-year, phaseout of American textile quotas in the talks on the General Agreement on Tariffs and Trade (GATT); an additional $15 million to enforce textile and apparel rules and regulations; and assured increases in Custom Agents and specialists. These latter promises are not contained in the NAFTA itself, but rather are pledges for future administrative action by the Customs Service and other U.S. agencies. For example, it is not at all clear where the $15 million promised for enforcement will come from, if anywhere.

At least one of these promises has already been broken: U.S. negotiators got only a ten-year, instead of a 15-year, phaseout of textile quotas in the GATT draft announced on December 14, 1993. Textile industry representatives are now furious about the GATT.

Sources: "Trade Pact Negotiations Come to End," *The Washington Post*, December 17, 1993.

Letter from Rep. John M. Spratt, Jr., Rep. Marilyn Lloyd, Rep. W.G. Hefner, Rep. J. Roy Rowland, Rep. Howard Coble, Rep. Herbert R. bateman, Rep. John S. Tanner, Rep. Don Johnson, Reps. Blanche M. Lambert, Rep. Nathan Deal to President Bill Clinton, November 10, 1993.

Letter to Rep. John M. Spratt, Jr., from President Bill Clinton, November 16, 1993.

"Deal Announces Yes on NAFTA," press release from Rep. Nathan Deal (D-GA), November 16, 1993.

"Darden Will Support Revised NAFTA that Better Protects Georgia Textile and Apparel Jobs," press release from Rep. George Darden (D-GA), November 17, 1993.

THE WHITE HOUSE

WASHINGTON

November 16, 1993

Dear John:

Thank you for your letter of November 10 concerning the Uruguay Round, NAFTA and questions concerning Customs Service enforcement of trade agreements affecting textiles and apparel. While I appreciate your concerns, I believe NAFTA will be a strong, positive opportunity for the textile and apparel industries and workers of the United States.

Let me respond to each of the points you have raised. First, regarding the enforcement of NAFTA, we believe the Customs Service procedures set out in the agreement are one of its strongest features, and a major improvement over the provisions of the U.S. - Canada Free Trade Agreement. I can assure you that I am committed to effective enforcement of NAFTA, and I am happy to work with your specific suggestions in order to ensure that you and other members are satisfied that the agreement will be properly implemented.

In response to your request regarding Customs Service funding, I can assure you that we will dedicate an additional $15 million supplement to the enforcement of textile and apparel regulations and rules, as well as related competitiveness trade matters. A substantial majority of these funds will be used for an increased number of audits, criminal investigations, identification of high risk shipments and "Jump Team" activities. Out of these added funds, Customs will provide for an additional 50 import specialists, agents, and inspectors to work exclusively, to the extent practical under the circumstances, on textile/apparel enforcement other than NAFTA. I will ensure that the Customs' commercial program associated with both the enforcement of NAFTA and other textile and apparel enforcement will be held harmless from our government-wide effort to reduce employment levels.

With respect to NAFTA enforcement efforts, I can pledge to you that the Customs Service will hire 136 new employees, fifty of whom will be dedicated to enforcing textile and apparel rules and regulations. Many of these new employees will be stationed along the Southwest border to handle the increased activity produced by NAFTA. Others will be placed where they can best be used to enhance our trade enforcement efforts.

Assuming NAFTA is passed, Secretary Bentsen assures me that we will have at least 50 new auditors, 41 import specialists, 25 additional agents, 10 new analysts and 10 new inspectors. These personnel are being recruited to improve our ability to ensure that our Customs rules, including particularly the rules of origin for textiles and apparel, are enforced.

The other suggestions you have made are within the administrative authority of the Customs Service, and I am pleased to consider implementation of your suggestions, with some minor modifications, as a way to ensure the integrity of the NAFTA agreement. The Customs Service will commit to issuing by April 1, 1994 proposed regulations on your suggestions for extension of the redelivery period, changes to the mitigation guidelines and issuance of certificates of origin/textile declarations on non-NAFTA qualifying shipments. Naturally, these proposed regulations would have to be subject to the normal administrative and legal procedures for issuing proposed regulations. But you should know that I am less certain of the merits of the suggestion for submission of these certificates "well in advance" of the goods arrival. This proposal must be reviewed with an awareness of possible burdens on the importing community.

Also Customs would be prepared to establish through a directive the necessary procedures for all U.S. Customs Districts, as well as foreign offices, to provide a monthly report to the Commissioner on all textile transhipment cases under investigation; and all results from Jump Team reports; seizures and shipments denied entry including the quantity and value of such shipments; and any indictments or fines and penalties with all appropriate details concerning the violation. As you are aware, U.S. Customs and the Committee for the Implementation of Textile Agreements (CITA) have recently signed a Memorandum of Understanding (MOU) detailing the types of information that will be provided in transhipment cases. U.S. Customs is committed to providing as much information as possible through this new procedure.

As to the Uruguay Round, I appreciate the difficulties faced by the textile and apparel sector in that negotiation. I am quite aware of the difficulty in asking the textile and apparel industries to agree to the phased elimination of the quota system and substantial tariff cuts simultaneously.

First, you mentioned the transition period for the phase out of the Multifiber Arrangement and the implications for many nations, given the dominance of countries such as China in the marketplace. Let me note that we have pursued a very aggressive posture toward China in our bilateral textile discussions with them, due to the difficulties we are having with transhipment and overshipments from China. In addition, China would not be afforded the increased growth in its quotas provided for in the draft Uruguay Round agreement unless and until it becomes a full member of the General Agreement on Tariffs and Trade and agrees to open its markets to U.S. textiles and apparel.

With respect to the duration of the phase-out period, I can pledge to you that we will do all we can to achieve the longest possible phase-out period. I will ask Ambassador Kantor to explore the prospect of a 15-year phase out with those nations that you believe favor it, such as the ASEAN and Caribbean nations and Ireland. If we find sufficient support among these nations for a 15-year phase-out period, we will put on the table, with their support, a proposal for a 15-year phase out, and will seek to negotiate acceptance of such a proposal. Failing that, we will work for acceptance of the longest-possible phase-out period that we believe can be achieved.

Second, we intend to work closely with the affected industry groups to ensure that the impact of the Uruguay Round is eased to the maximum extent possible, including specifically addressing the question of gradual and even staging of tariff reductions and quota integration. With respect to tariffs, this Administration has made it clear that the tariff cuts for textiles and apparel must be phased over a longer period than many of the other tariff cuts in this Round and we have insisted that the tariff cuts should be staged over a period at least as long as the phase out of the MFA. As I mentioned, I do recognize and appreciate that the U.S. textile and apparel sector has been asked to make substantial concessions in the Uruguay Round, and I am sympathetic to this request.

With respect to the integration of textiles and apparel into the GATT, we do not intend to integrate sensitive products until the end of the phase-out period. We will examine very carefully the sensitivity of products in our market, and we will work with the industry and interested members of Congress to determine which products should be left for integration at the end of the phase-out period.

Third, I am informed that the U.S. and EC industries have tried to put aside their differences on the subject of wool tariffs, and to work to find common ground and I do commend the industries for their leadership. While the EC Commission has not accepted at this point that the industry's discussions on the tariff issue merits their agreement, I would note that these discussions are still ongoing. If the industry's efforts are ultimately successful, we will work with the U.S. interests to ease to the extent possible the impact of any agreed-upon tariff cuts and would not anticipate going substantially beyond our current proposals on sensitive products.

Finally, we fully agree that effective market access commitments must be made by countries participating in the Round, both to reciprocate for our agreement to the phased elimination of the Multifiber Arrangement and to fulfill the commitment entered into at the outset of the Round that all participants would bring all measures under the discipline of the GATT. We are working diligently in bilateral market access negotiations to attain this goal, and have specifically proposed that tariffs be lowered and bound to levels no higher than 7.5 percent for man-made fibers, 15 percent for yarns, 30 percent for fabrics and made-up products and 35 percent for apparel in order to demonstrate that market access has been provided. We have insisted, and will continue to insist, that our willingness to phase-out the MFA be linked directly to the achievement of effective market access in individual countries by removal of non-tariff barriers and lowering of tariffs. I should also note that we are evaluating the options available to us should some countries fail to meet this obligation. In this connection, we are working closely with the industries concerned, and would of course welcome your input.

Thank you again for your ongoing interest and assistance on trade issues.

Sincerely,

Bill

The Honorable John M. Spratt, Jr.
House of Representatives
Washington, D.C. 20515

The Methyl Bromide Deal

•Terms of the Deal: U.S. Trade Representative Mickey Kantor's pledge to slow planned phase out of the chemical methyl bromide

•Target Votes: Florida Delegation

To woo the votes of Florida Representatives, U.S. Trade Representative Mickey Kantor wrote a letter to Florida fruit and vegetable growers agreeing to allow them to use the ozone-depleting pesticide methyl bromide at least until the year 2000. He also promised that "if no satisfactory alternative" is found by that time for the chemical, that "the Administration will consider appropriate action to guarantee that our agricultural producers are not left without a commercially viable means" of fumigation. Finally, a document from the U.S. Department of Agriculture, Agricultural Research Service, dated November 8, 1993, explains that the government plans to spend nearly $3 million studying alternatives to methyl bromide in Florida alone. Methyl bromide, which is responsible for at least 10 percent of worldwide ozone depletion, is also a neurotoxin that can cause respiratory failure.

On November 30, when the Environmental Protection Agency (EPA) officially announced the phaseout of methyl bromide in a regulation, the deadline had been extended to 2001. The EPA denies any link between the extension of the chemical phaseout and the NAFTA vote. The fact is, however, that fruit and vegetable growers will enjoy an extra year to use the deadly fumigant.

Of course it would be wholly inappropriate to base any decisions on methyl bromide on NAFTA politics rather than on the hazards presented by the methyl bromide, the statutory mandates of the Clean Air Act, and international obligations designed to eliminate ozone-depleting chemicals. The decision is one for the Environmental Protection Agency (EPA) to make -- not the U.S. Trade Representative's office, which has no expertise on the health and safety concerns associated with methyl bromide.

Sources: "Protection of Stratospheric Ozone, Final Rule," *Federal Register*, Vol. 58, No. 236, December 10, 1993, pp. 65018 - 65082.

"EPA Announces Full Phaseout of CFCs and Other Ozone Depleters," EPA press release, November 30, 1993.

Letter from U.S. Trade Representative Michael Kantor to Michael J. Stuart, executive vice president and general manager, Florida Fruit and Vegetable Association, November 10, 1993.

B.B. Knipling, "Research on Methyl Bromide Alternatives in Florida," Agricultural Research Service, U.S. Department of Agriculture

Florida Fruit and Vegetable Association Agreement on NAFTA: Key Points (fact sheet)

David Lauter, "Pesticide Flap Threatened to Kill Key Deal With Lawmakers," *Los Angeles Times*, November 18, 1993, p. A4.

"Worm-Killing Chemical Threatened Pact," *New York Times*, November 18, 1993.

Kantor Letter on Florida Fruit and Vegetables

Mr. Michael J. Stuart
Executive Vice President and General Manager
Florida Fruit and Vegetable Association
Orlando, Florida

Dear Mr. Stuart:

I want to respond to the concerns raised by the Florida Fruit and Vegetable Association regarding the North American Free Trade Agreement (NAFTA) and other developments affecting your industry.

Let me first respond to your concerns about the possible trade impact of NAFTA and other agreements. With regard to any potential harm from future increases in imports, I want to assure you the Administration will vigorously utilize the early warning import surge mechanism negotiated under NAFTA with respect to tomatoes and sweet peppers. I will also expedite any request for relief under the fast-track provisional relief procedures of Section 202(d) of the Trade Act of 1974. Since your products will, as a result of the NAFTA implementing bill, already be under the U.S. International Trade Commission (ITC) monitoring this will ensure a quick resolution of any such request. If, after investigation, the ITC determines that imports of tomatoes or sweet peppers are a substantial cause of serious injury, or threat thereof, to the domestic industry, I will recommend to the President that he proclaim provisional relief for the industry.

I am also very much aware of your concern that concessions on tomatoes and sweet peppers in the Uruguay Round, when combined with tariff phase-outs to which we are committed under the (NAFTA), could impair Florida's ability to remain competitive in the production of these crops. Therefore, I want to assure you that the Administration will not agree to tariff cuts in the Uruguay Round that are greater than 15 percent ad valorem on the following sensitive items:

HS	Description
0702.00.2000	Tomatoes, fresh/chilled, entered 3/1-7/14, inclusive, or 9/1-11/14, inclusive, in any year.
0702.00.4000	Tomatoes, fresh/chilled, entered 7/15-8/31, inclusive, in any year.
0702.00.6000	Tomatoes, fresh/chilled, entered 11/16, in any year, to the last day of the following February, inclusive.
0709.60.0040	Fruits of the genus Capsicum (peppers), other than chili, fresh/chilled.
0705.11.2000	Head lettuce, fresh/chilled, 11/1-5/30, inclusive.
0705.19.4000	Lettuce, not head lettuce, 11/1-5/30, inclusive.
0707.00.2000	Cucumbers, fresh/chilled, entered 12/1-last day of February, inclusive.
0707.00.4000	Cucumbers, fresh/chilled, entered 3/1-4/30, inclusive.
0707.00.5000	Cucumbers, fresh/chilled, entered 5/1-6/30, inclusive, or 9/1-11/30, inclusive.
0709.40.2000	Celery, fresh/chilled, reduced in size.
0709.40.6000	Celery, fresh/chilled, not reduced in size 8/1-4/14, inclusive.
0709.90.4070	Sweet corn, fresh/chilled.

In addition, I will recommend to the President that he not use his authority under 19 U.S.C. 2463 to designate these items as "eligible articles" for purposes of the Generalized System of Preferences program.

I know you are concerned about the expansion of Caribbean Basin Initiative (CBI) benefits in the region. As you may know, the countries currently eligible for CBI benefits are listed in the statute. I want to assure you that with regard to possible new participants in CBI because of developments in the hemisphere, we will not grant benefits on fruits and vegetables to any new entrant that would adversely affect your industry.

You have expressed an interest in participating in the Market Promotion Program (MPP) for enhancing agricultural exports by promoting U.S. agricultural goods in foreign markets. Since this program is administered by the U.S. Department of Agriculture, I have discussed your interest with Secretary Espy. The Secretary informs me that in order to be eligible for this program, your organization must make formal application and demonstrate a readiness to match promotion funds which would be provided by USDA. If your organization meets all the requirements, your application will be seriously considered by the secretary.

I understand that you are concerned that there be adequate inspection by the Food and Drug Administration (FDA) of imported fruits and vegetables from Mexico. I have been advised by the FDA that they constantly monitor the level of imports of FDA-regulated products. The FDA has committed that if it sees a significant increase in imports from Mexico, it will adjust the import program devoted to inspection of these imports accordingly.

Insofar as Florida's representation on the Agricultural Policy Advisory Committee (APAC) and the Agricultural Technical Advisory Committee for Fruits and Vegetables (ATAC) is concerned, I would welcome the continued service of our association's representatives on these Committees. I will recommend to the President that such representatives be appointed.

I also want to respond to concerns you have raised with respect to several non-trade issues. First, regarding methyl bromide replacement, I have spoken with Secretary Espy and I want to assure you that the Administration is committed to full funding of research for alternative soil and post harvest substances that can be used for both soil and post-harvest fumigation. The Administration recognizes the potential harm to your industry and others unless a satisfactory solution is found, and the President has asked me to assure you that this effort will be given a very high priority. Attached is a breakdown of our current spending on such research in Florida, and Secretary Espy and I want to assure you that this research will be continued, and if necessary expanded in future years.

(this article was originally printed in the November 19, 1993 edition of Inside U.S. Trade)

Under the proposed EPA regulations now being finalized for methyl bromide, there will not be any restriction on the manufacture or use until the year 2000, by which time we hope to have satisfactory alternatives. The President wants to assure you that if no satisfactory alternative is found, the Administration will consider appropriate action to guarantee that our agricultural producers are not left without a commercially viable means of achieving the necessary soil and post-harvest fumigation. Given the critical nature of this substance to our trade interests, you can be certain of my personal involvement in this matter to ensure that your commercial interests are not affected by any future restrictions.

With respect to the re-registration of minor use pesticides under the Federal Insecticide, Fungicide, and Modenticide Act (FIFRA), the Administration has already proposed legislation to accommodate your concerns. We are willing to work actively with you to secure the earliest possible enactment of this legislation.

I am pleased to report that Secretary Espy is prepared to continue and expand purchases of fresh vegetables for the school lunch program, including a doubling of the purchases for fresh tomatoes and new purchases of sweet corn. In order to accomplish this, he will work with your industry to put in place the necessary changes in the current system to accommodate fresh vegetables. The Secretary is also committed to the completion of the U.S. Horticultural Research Station in Fort Pierce, Florida. The new facility is in the design stage and is expected to be completed in FY-98 at a cost of $33 million. We will complete the construction of this facility and ensure its full funding. Once completed, this facility will expand considerably the number of research scientists working on vegetable research.

I trust that these commitments will permit you to support enactment of NAFTA implementing legislation.

Sincerely,
Michael Kantor

The Peanut Butter and Peanut Paste Deal

•Terms of the Deal:	Commitment from President Clinton to investigate peanut problems
•Target votes:	Rep. Glenn English (D-OK), Rep. Bill Sarpalius (D-TX),

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

Specifically, Clinton promised to put the Department of Agriculture to work at discussing quality standards for peanut "products" with Canada. He also stated he would request that the U.S. International Trade Commission (ITC) to investigate the peanut import situation. Specifically, the ITC is supposed 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." This peanut promises, like promises on other commodities, is hardly an example of free trade.

Sources: "Congressman Glenn English Votes to Approve NAFTA," press release from Rep. Glenn English, November 17, 1993.

Bill Mintz, "You Scratch my NAFTA, I'll Scratch...Deals Being Made as Vote Draws Near," *Houston Chronicle*, November 13, 1993.

THE WHITE HOUSE

WASHINGTON

November 15, 1993

Dear Glenn:

I want to respond to the concerns you raised regarding imports of peanuts and peanut products from Canada as they relate to the North American Free Trade Agreements (NAFTA).

I know that peanut growers are concerned about imports of peanut butter and peanut paste as well as quality standards for peanut products. I am, therefore, instructing the Secretary of Agriculture to begin discussions with the Canadian government to seek to remedy the increase in imports of peanut butter and peanut paste and agree on appropriate quality standards for peanut products. I am also requesting the United States International Trade Commission (USITC) to commence, in 60 days, investigation under Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) to make findings and recommendations as to whether imports are being or are practically certain to be imported into the United States under such conditions, and in such quantities as to render or tend to render ineffective, or materially interfere with, the peanut program of the Department of Agriculture. I am also requesting the USITC to give precedence to this investigation. Such investigation is to begin unless I notify the USITC that, as a result of our consultations with Canada, and subsequent Canadian actions, an investigation is unnecessary.

Regarding the issue of quality standards for imported raw peanuts, Secretary Espy informs me that under the Food, Agriculture, Conservation and Trade Act of 1990 -- as affirmed in the proposed NAFTA implementing legislation -- all peanuts, whether shelled or in-shell, imported in to the United States will be inspected and handled as provided in, and fully comply with, Marketing Agreement No. 146.

I trust these actions and assurances will enable you to support the NAFTA implementing legislation.

Sincerely,

Bill Clinton

The Honorable Glenn English
House of Representatives
Washington, D.C. 20515

The Flat Glass Deal

•Terms of the Deal:	Accelerated tariff reduction for Mexican flatglass requested in letter to Mexican government from U.S. Trade Representative Mickey Kantor
•Target Votes:	Rep. Martin Frost (D-TX), Rep. David Hobson (R-OH)

The Administration wooed the votes of Representatives Frost and Hobson with a promise to consider asking Mexico to accelerate tariff reductions on flat glass. (Note that Rep. Hobson was also able to get special protection for the broomcorn industry. See section on broomcorn deal.)

The deal came after months of heavy lobbying by the flatglass industry. U.S. Trade Representative Mickey Kantor wrote Mexican Secretary of Commerce Jaime Serra Puche on November 3, 1993, requesting accelerated tariff reductions on flat glass to begin in January 1994. In a return letter dated the same day, Puche promised to meet with U.S. representatives to negotiate an agreement on tariff reduction, but made no mention of any specific dates.

Whether the flatglass industry really got what it wanted remains to be seen. The Mexican government has agreed to meet and come to an "agreement" -- but nothing beyond that. The Mexican flatglass industry stood strong against tariff reductions during the NAFTA negotiation -- why should they budge now?

Sources: NAFTA Statement of Administrative Action, at 31 (Nov. 4, 1993).

Letter from U.S. Trade Representative Michael A. Kantor to Dr. Jaime Serra Puche, Secretary of Commerce and Industrial Development, Mexico, November 3, 1993.

Letter from Dr. Jaime Serra Puche, Secretary of Commerce and Industrial Development to U.S. Trade Representative Michael A. Kantor, November 3, 1993.

Dan Balz, Kenneth J. Cooper, "Union Chief Jabs Clinton on NAFTA," the *Washington Post*, November 16, 1993, p. A1.

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

JUN 2 1993

The Honorable Jaime Serra Puche
Secretary of Commerce and Industrial Development
Mexico City, Mexico

Dear Jaime:

As you know, several United States industries have expressed an interest in obtaining more rapid elimination of tariffs on goods traded between the United States and Mexico than currently provided for in the NAFTA. I am sympathetic in particular to the U.S. producers of wine and brandy, flat glass, home appliances and bedding components such as springs, iron rails and wooden parts.

I believe the quick initiation of a tariff acceleration exercise, as called for in Article 302.3 of the NAFTA, would provide an excellent demonstration of the advantages of a trade relationship governed by the NAFTA. As a result, I am requesting your agreement to announce that the United States and Mexico will begin the first round of tariff accelerations in January 1994, immediately after the NAFTA is implemented, with intention of completing the exercise as soon as is feasible, but in any case in no more than one hundred and twenty days.

Sincerely,

Michael Kantor

Unofficial Translation

Mexico, D.F. November 3, 1993

Ambassador Michael A. Kantor
United States Trade Representative
Washington, D.C.

Dear Ambassador Kantor:

I received your letter of November 3, 1993. I am pleased to confirm that, by the terms of Article 302(3) of the North American Free Trade Agreement, and as you propose in your referenced letter, Mexican government officials will be available to meet U.S. government officials with the objective of reaching a mutually satisfactory agreement to accelerate duty reductions between our two countries.

Sincerely

Dr. Jaime Serra Puche
Secretary of Commerce
and Industrial Development

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The Wine Deal

•Terms of the Deal:	Accelerated tariff reduction for Mexican wine requested in letter to Mexican government from U.S. Trade Representative Mickey Kantor
•Targets:	Rep. Anna Eshoo (D-CA), Rep. Bill Baker (R-CA), Rep. George Brown (D-CA), Rep. Richard Lehman (D-CA), Rep. Norman Mineta (D-CA),

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California wine producers were as worried about tariff-protected Mexican wine as flatglass manufacturers were about Mexican flatglass. They got the same deal, in the same letter from U.S. Trade Representative Mickey Kantor to the Mexican government: a request to negotiate accelerated tariff reductions. The Mexican government promised to sit down with the U.S. in the future to discuss tariff acceleration, but made no specific pledges on deadlines.

Sources:

NAFTA Statement of Administrative Action, at 31 (Nov. 4, 1993).

Letter from U.S. Trade Representative Michael A. Kantor to Dr. Jaime Serra Puche, Secretary of Commerce and Industrial Development, Mexico, November 3, 1993.

Letter from Dr. Jaime Serra Puche, Secretary of Commerce and Industrial Development to U.S. Trade Representative Michael A. Kantor, November 3, 1993.

Letter from Rep. Anna Eshoo (D-CA), Rep. Bill Baker (R-CA), Rep. George Brown (D-CA), Rep. John Doolittle (R-CA), Rep. Richard Lehman (D-CA), Rep. Norman Mineta (D-CA), Rep. Richard Pombo (D-CA), Rep. Edward Royce (R-CA) to U.S. Trade Representative Mickey Kantor, October 4, 1993.

"Hobson Believes NAFTA will Benefit Local Area and Ohio," press release from Rep. Dave Hobson (D-OH), November 11, 1993.

Carolyn Lockhead, "Plea for Vintners in NAFTA Battle: California Lawmakers Might Trade Votes for Lower Duties in Mexico," *The San Francisco Chronicle*, October 16, 1993.

San Francisco Chronicle
October 16, 1993
pg A-8

Plea for Vintners in NAFTA Battle

California lawmakers might trade votes for lower wine duties in Mexico

By Carolyn Lochhead
Chronicle Washington Bureau

Washington

Ten members of the California congressional delegation have informed U.S. Trade Representative Mickey Kantor that they might be persuaded to support the embattled North American Free Trade Agreement if the administration gets Mexico to speed up its reductions on wine duties.

California vintners have been complaining bitterly that Chilean wine, under a separate agreement, will get duty-free access to Mexico in just five years, while U.S. winemakers will have to wait 10 years for a complete phaseout under NAFTA.

Mexican wine tariffs stand at 20 percent.

The White House is listening, said Jay Ziegler, a spokesman for the administration's "war room" on NAFTA. "Negotiations are under way, and the U.S. trade representative is engaged with Mexico on this," Ziegler said.

Weight of California Vote

The huge 54-member California delegation is of vital importance to the trade pact's chances. Most of the state's Democrats have deserted the administration on NAFTA, while many Republicans have been reluctant to aid Clinton in the face of constituent fears that the agreement could cost them jobs.

The addition of 10 members, four of them Democrats, to the NAFTA camp would be a significant boost for the White House, Ziegler said.

California "has to be a priority for us," he noted, given the state's political weight and its deep economic anxieties. "As California goes, so goes the rest of the nation."

> *'California has an international reputation in wine; we want to ensure it's treated fairly'*
> — REPRESENTATIVE ANNA ESHOO

Those who signed the letter, which was mailed Thursday, are Democrats Anna Eshoo of Palo Alto, Norman Mineta of San Jose, Richard Lehman of Fresno and George Brown of Riverside; and Republicans Bill Baker of Danville, Richard Pombo of Tracy, John Doolittle of Rocklin, Elton Gallegly of Simi Valley and Edward Royce of Fullerton.

"Our concerns can be resolved now," without reopening the agreement, the members wrote, by getting Mexico to agree in writing to speed up its tariff reduction on U.S. wines.

"The resolution of our concerns will eliminate an important problem that currently prevents our support," the letter said. Some members indicated that a Mexican move on wine could plop them into the yes-on-NAFTA camp, while others said it would be "an important factor" influencing their decision. "Some members have long lists, and some have short ones," noted one observer.

The lawmakers also complained that NAFTA would drop U.S. tariffs on Mexican brandy and wine coolers immediately, while the 20 percent Mexican duties would be phased out in six and 10 years.

John DeLuca, president of the Wine Institute, the California vintners' organization, said the industry "can't support (NAFTA) without an exchange of letters" between the U.S. and Mexican governments and that the promises have to be nailed down "ahead of the vote, not after the vote," on the pact.

Exports are of growing importance to the California wine industry, up to 7 percent overall from negligible levels just a few years ago. Some individual wineries such as Wente Brothers are sending as much as 20 percent of their total shipments overseas, DeLuca said.

He added that Mexicans are big brandy consumers and that California produces nearly all U.S. supplies.

A spokesman for Eshoo said the congresswoman signed on because "California has a strong international reputation in wine, and we want to make sure it's treated fairly."

Focus on State

White House spokesman Ziegler noted that in just the last three weeks, the administration has sent to California three top officials, Commerce Secretary Ron Brown, Kantor and Interior Secretary Bruce Babbitt, in addition to visits from President Clinton and Vice President Al Gore. "No state has as much to gain as California, so it's more important for us to tell our story in California than anywhere else in the country."

The U.S. Trade Representative has been under a barrage of requests from lawmakers to shape the pact to favor particular industries. Most, however, request higher tariffs against Mexican imports. Winemakers, by contrast, are asking for lower Mexican tariffs on U.S. exports.

The Tomatoes and Peppers Deal

•Terms of the Deal: Administration promise to protect tomatoes and peppers

•Target Votes: Florida Delegation

One more deal cut by the Administration to lure Floridians into the pro-NAFTA camp was a provision in the implementing legislation that would require the International Trade Commission (ITC) to monitor imports of tomatoes and peppers until 2009.

Tomato and pepper growers wanted the ITC monitoring as assurance that a "snap back" provision in NAFTA would be enforced. The provision allows the U.S. to impose duties or quotas if there is a sudden surge of Mexican tomatoes and peppers on the U.S. market. Having the ITC monitoring already in place removes a step for growers in gaining surge protection, since they will not have to petition the ITC for such monitoring.

This kind of special-interest deal making is typical of how the Administration handled the NAFTA vote. More than eager to make changes for a particular agricultural sector, the Administration remained stubbornly opposed to addressing issues raised by labor and environmental groups, insisting that Mexico would not accept any changes in these areas.

Sources: Telephone interview of Karen Lehman, Institute for Agriculture and Trade Policy (IATP), by Gabriela Boyer, Public Citizen researcher, December 15, 1993.

North American Free Trade Agreement, Implementing Legislation, sec. 316.

(2) in the text of paragraph (1)(C) that appears before subclauses (I) and (II)—

(A) by inserting "or citrus product" after "agricultural product" each place it appears, and

(B) by inserting "or citrus product" after "perishable product";

(3) by redesignating subparagraphs (A) and (B) of paragraph (5) as subparagraphs (B) and (C); and

(4) by inserting a new subparagraph (A) in paragraph (5) to read as follows:

"(A) The term 'citrus product' means any processed oranges or grapefruit, or any orange or grapefruit juice, including concentrate.".

SEC. 316. MONITORING.

For purposes of expediting an investigation concerning provisional relief under this subtitle or section 202 of the Trade Act of 1974 regarding—

(1) fresh or chilled tomatoes provided for in subheading 0702.00.00 of the HTS; and

(2) fresh or chilled peppers, other than chili peppers provided for in subheading 0709.60.00 of the HTS;

the International Trade Commission, until January 1, 2009, shall monitor imports of such goods as if proper requests for such monitoring had been made under subsection 202(d)(1)(C)(i) of such section 202. At the request of the International Trade Commission, the Secretary of Agriculture and the Commissioner of Customs shall provide to the International Trade Commission information relevant to the monitoring carried out under this section.

The Durum Wheat Deal

•Terms of the Deal:	Letters from President Bill Clinton promising crackdown on Canadian wheat subsidies
•Targets:	Rep. William Sarpalius (D-TX), Rep. Glenn English (D-OK)

The White House, courting Members from wheat producing states, offered to investigate transportation and other subsidies used by Canadian growers of durum wheat. Farmers in wheat producing states have been hit hard by imports of Canadian durum wheat, which is used in spaghetti and macaroni.

President Clinton's letter did not impress state officials who had an interest in a dispute with Canada over wheat under the 1988 Canada-U.S. Trade Agreement (CUSTA). For that agreement, President Reagan had written a letter in stronger terms than Clinton's, promising to crack down on Canadian subsidies. But when this issue went to the formal dispute resolution process, Reagan's letter and statements in the administrative action section of the CUSTA 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," wrote Sarah Vogel, Commissioner of Agriculture for the State of North Dakota, in a November 17 letter. If history is at all predictive, it is unlikely that the agreement Clinton made to investigate Canadian wheat subsidies will be enforceable.

SOURCES: Letter from President Bill Clinton to Rep. Bill Sarpalius, November 15, 1993.

Letter from President Bill Clinton to Rep. Glenn English, November 15, 1993.

Letter from Sarah Vogel, Commissioner of Agriculture, State of North Dakota, to Karen Lehman, Institute for Agriculture and Trade Policy, November 17, 1993.

THE WHITE HOUSE

WASHINGTON

November 15, 1993

Dear Glenn:

I want to respond to the concerns you raised regarding the trade of wheat and the North American Free Trade Agreement (NAFTA).

Our mutual objective is to create a free and fair environment for the trade of wheat in North America. I am committed to making the NAFTA a reflection of the realities of the North American wheat market and ensuring that the benefits of the Agreement will accrue to U.S. wheat producers as intended. I know American wheat farmers would welcome a North American market free of barriers and distortions.

I am, therefore, instructing the Secretary of Agriculture to begin discussions with the Canadian government to seek to remedy the negative effects of their subsidy practices, including transportation subsidies and Canadian Wheat Board pricing practices (such as, the pricing of milling quality wheat). I am also requesting the United States International Trade Commission (USITC) to commence, in 60 days, an investigation under Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) to make findings and recommendations as to whether imports are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the wheat program of the Department of Agriculture. Such investigation is to begin unless I notify the USITC that, as a result of our consultations with Canada, and subsequent Canadian actions, an investigation is unnecessary.

With respect to end use certificates, NAFTA implementing legislation mandates the Secretary of Agriculture to require such certificates for wheat and barley imports from a country that itself requires end use certificates for those grains. The purpose of this requirement is to ensure that foreign agricultural commodities do not benefit from U.S. export programs. I am instructing the Secretary of Agriculture to act quickly to implement this requirement, and to make certain that it is effectively administered.

We are also working with the Government of Mexico to ensure wheat trade in North America is not distorted by unfair subsidy practices, and trade remedy laws will be effectively utilized to deal with this problem. In that context, it is my intention that the working group we are requesting be created under the NAFTA, to deal with issues relating to North American wheat trade, meet at least quarterly to review pricing and other policies that affect wheat trade in North America. We will also request that the Working Group on Agricultural Subsidies give particular attention to the elimination of all export subsidies affecting wheat trade between the parties.

I trust that these commitments will permit you to support enactment of NAFTA implementing legislation.

Sincerely,

Bill Clinton

The Honorable Glenn English
House of Representatives
Washington, D.C. 20515

The Broomcorn Brooms Deal

•Terms of the Deal: Pledge by Administration to monitor impact of NAFTA on broomcorn industry

•Target Vote: Rep. David Hobson (R-OH)

The tiny U.S. broomcorn industry, worried about the impact of Mexican brooms produced with low-cost labor, sought a 15-year phase-out of tariffs under NAFTA. They were denied. As late as October 25, *Time Magazine* reported, "Not all the fence-sitters are getting what they want. A handful of lawmakers from districts that produce household broomcorns have been told they will get no help from the White House." Not for long...

When the White House went trolling for NAFTA votes, all of a sudden the broomcorn deal was back on the table. The Administration pledged an executive branch review of any adverse impact the broomcorn industry may bear as a result of NAFTA. The Administration also agreed to take action "consistent with the Agreement and U.S. law to rectify" any serious impact to the broomcorn industry. The pledge to monitor broomcorn imports helped secure the vote of Rep. Dave Hobson.

These promises are contained in the President's Statement of Administrative Action, submitted with the NAFTA. But the promise itself is constrained by both NAFTA and U.S. law. It is both written in terms and presented in a form that are not legally enforceable.

Whether the broomcorn industry ends up getting what it wants is left for the future to show. Nevertheless, the broomcorn deal shows how the Administration was able to barter for votes with unenforceable pledges to help a narrow industrial sector.

Sources: NAFTA Statement of Administrative Action at 31 (November 4, 1993.)

Michael Duffy, "Attention NAFTA Shoppers," *Time Magazine*, October 25, 1993, p. 33.

Tom Diemer, "Some Ohioans Couldn't Resist Pork Offering," *The Cleveland Plain Dealer*.

"Hobson Believes NAFTA will Benefit Local Area and Ohio," press release from Rep. Dave Hobson, November 11, 1993.

B. ACTION REQUIRED OR APPROPRIATE TO IMPLEMENT NAFTA

2. Administrative Action

d. Broomcorn Brooms

The Administration will carefully monitor U.S. imports of broomcorn brooms from Mexico ("Mexican brooms") once the Agreement enters into force. If the elimination of tariffs under the Agreement results in increased imports of Mexican brooms and causes or threatens to cause serious injury to U.S. producers of such brooms, the Executive Branch will take action consistent with the Agreement and U.S. law to rectify the situation. Moreover, the Executive Branch will consult with the Congress concerning any developments with respect to imports of Mexican brooms to ensure the continuing health and survival of the U.S. broomcorn broom industry.

The Energy Deal

•Terms of the Deal:	Letter from President Clinton assuring no renegotiation of any energy provisions under the Canada-United States Trade Agreement (CUSTA)
•Target Vote:	Rep. Edward Markey (D-MA)

To help obtain the NAFTA vote of Representative Ed Markey, President Clinton promised, in a letter, "we will not weaken or renegotiate any energy provisions of the [Canada-U.S. Trade Agreement] or the NAFTA."

During his campaign, recently elected Canadian Prime Minister Jean Chretien had insisted on four changes to NAFTA before he would support the trade agreement's ratification. One demand was that provisions of the 1988 Canada-U.S. Trade Agreement (CUSTA) dealing with energy be revoked so that Canada would be on the same terms as Mexico. The 1988 agreement requires the U.S. to have the same proportional access to Canadian energy sources even in times of shortages or under conservation programs in Canada. In the NAFTA text, however, although Canada and the U.S. are subject to this requirement, it does not apply to Mexico.

Rep. Markey, however, wanted assurances that New England, heavily dependent on cheap, imported energy, would be guaranteed continued access to Canadian energy regardless of any new conservation programs Canada might enact. Markey got what he wanted. President Clinton agreed in a letter that the U.S. would not renegotiate energy provisions with Canada, and has kept this promise.

Markey's insistence on cheap Canadian energy sources is inconsistent with environmental goals of conservation. This is particularly ironic in Markey's case, since he had held off on announcing support of NAFTA because of serious reservations about environmental problems in the agreement.

Sources: Letter from President Bill Clinton to Rep. Edward J. Markey (D-MA), November 13, 1993.

"Clinton Slams Door on Canadian Demands for NAFTA Energy Changes," *Inside U.S. Trade*, November 26, 1993.

THE WHITE HOUSE

WASHINGTON

November 13, 1993

Dear Ed:

I am writing in response to your concerns regarding published reports that the new Canadian government is seeking to renegotiate energy commitments already made under the United States-Canada Free Trade Agreement (CFTA) and carried forward in the North American Free Trade Agreement (NAFTA).

We have not been directly approached by the Canadian Government regarding the renegotiation of any aspect of the NAFTA. I have made it clear that, while the United States and Canada have an ongoing dialogue on trade matters, we will not weaken or renegotiate any energy provisions of the CFTA or the NAFTA. Specifically, we will not allow the Canadians to opt out of the "proportionality clause" (or to limit its coverage solely to oil) which they agreed to in the CFTA and which was included in the NAFTA under paragraph (a) of Article 605.

As you know, the CFTA has fostered the expansion of energy trade between the United States and Canada in an environment of growing demand, competitive prices, and additional pipeline capacity. For example, for the fifth consecutive year, natural gas imports from Canada have reached record levels.

The CFTA has worked well for both Canada and the United States in the energy sector, and I am committed to preserving all energy agreements made in both the CFTA and the NAFTA.

Sincerely,

Bill

The Honorable Edward J. Markey
House of Representatives
Washington, D.C. 20515

The Beef, Wheat, and Peanuts Transhipment Deal

•Terms of the Deal: Commitment from Commissioner of Customs George J. Weise to prevent other countries from using Mexico and Canada as

•Target Vote: Rep. Glenn English (D-OK)

To help garner the vote of Rep. English, Commissioner of Customs George J. Weise wrote a letter promising that Customs will "implement enforcement actions to counter transhipment of agricultural products, especially peanuts and meats." (The letter also mentions wheat.)

Customs promises to do at least ten visits to agricultural processing sites in Mexico, audits of ten major agricultural products exporters, and investigations of suspected violations. Finally, the Commissioner promises that at least 350 staff will be assigned to help enforce country of origin provisions, including 100 new hires.

While all of these promises are admirable -- who wouldn't be for more enforcement? -- it remains to be seen if Customs will follow through on them. The letter itself is not legally binding, and while Customs may wish to make new hires and conduct other actions, there is no guarantee that the agency will get the appropriations necessary to do the job.

Source: Letter from Commissioner of Customs George J. Weise to Rep. Glenn English, November 16, 1993.

"Congressman Glenn English Votes to Approve NAFTA," press release from Rep. Glenn English, November 17, 1993.

THE COMMISSIONER OF CUSTOMS

WASHINGTON, D.C.

November 16, 1993

The Honorable Glenn English
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman English:

I have been briefed on the discussions that you have had recently with representatives of the U.S. Customs Service with regard to enforcement of tariff preference requirements in the NAFTA. The Administration understands your concern that non-Mexican agricultural products, including beef, wheat, and peanut products, may be illegally transshipped through Mexico into the United States under a false certification that they are actually products of Mexico.

In response, I am writing to assure you that Customs will implement enforcement actions to counter transshipment of agricultural commodities, especially peanuts and meats. Specifically, Customs will initiate the following continuing enforcement programs: at least ten visits to agricultural processing sites in Mexico; continuing audits of at least ten major agricultural products exporters; and investigations of suspected violations that may be uncovered through this process.

These site visits, audits, and investigations will be conducted under the new verification authority contained in the NAFTA, as well as under the authority of the current Customs Mutual Assistance Agreement with Mexico, a copy of which has already been provided to you. These actions will begin on the date of NAFTA implementation.

I also concur with your strong feelings that Customs will need a devoted cadre of auditors, import specialists, and agents to fulfill its commitment to country of origin enforcement under NAFTA. As a result, I can assure you that 350 such positions, in an appropriate mix to be determined by Customs, will be so assigned. This number will include at least 100 newly hired employees.

Your support of the President in his efforts to maintain our future competitiveness and to secure America's position in global trade is greatly appreciated.

Sincerely,

George J. Weise

George J. Weise
Commissioner

III. Mystery Deal

MYSTERY DEAL:
How Did It Get There? And Why?

The Honda Handout

•Terms of the Deal:	Honda Tariff Waiver
•Target Votes:	??????
•Cost to Taxpayers:	up to $17 million

An obscure provision slipped into NAFTA's implementing legislation could cost taxpayers millions -- and primarily benefit Honda Corporation. This provision would "retroactively wipe out tariffs owed on Canadian-made [Honda] Civics shipped to the United States since 1989," according to the *Washington Post*.

When the Canada-U.S. Trade Agreement (CUSTA) phased out tariffs between the U.S. and Canada, it established a "local content requirement" of 50 percent to deter foreign manufacturers (such as Honda) from using Canada as a tariff-free export platform into the giant U.S. market. According to a source, the U.S. Customs Service found in 1992 that Canada had not met this standard. Honda therefore owed tariffs reported to be in the nature of $17 million. The NAFTA implementing legislation allows importers of cars from Canada to the U.S. to use the method of calculating "local content" that is in the NAFTA retroactively for cars imported from 1989 on. This NAFTA deal means that Honda Corporation, and perhaps other Canadian car manufacturers as well, will not have to pay any tariffs still owed for such cars. Although Honda is not mentioned by name, the *Washington Post* reported that a company spokesman confirmed that Honda is the beneficiary of the deal.

U.S. taxpayers will subsidize a break for Honda -- possibly as high as $17 million.

SOURCES: **The North American Free Trade Agreement, Implementing Legislation, Sec. 202 (c)(7).**

Peter Behr, "Final Deals Produce Surge of Support," *Washington Post*, November 17, 1993, p. A1.

produced at a plant following a refit, if it is a motor vehicle of a class, or marque, or, except for a motor vehicle identified in paragraph (2), size category and underbody, different from that assembled by the motor vehicle assembler in the plant before the refit.

(7) ELECTION FOR CERTAIN VEHICLES FROM CANADA.—In the case of goods provided for in subheadings 8703.21 through 8703.90, or subheading 8704.21 or 8704.31, exported from Canada directly to the United States, and entered on or after January 1, 1989, and before the date of entry into force of the Agreement between the United States and Canada, an importer may elect to use the rules of origin set out in this section in lieu of the rules of origin contained in section 202 of the United States-Canada Free-Trade Agreement Implementation Act of 1988 (19 U.S.C. 2112 note) and may elect to use the method for calculating the value of nonoriginating materials established in article 403(2) of the Agreement in lieu of the method established in article 403(1) of the Agreement for purposes of determining eligibility for preferential duty treatment under the United States-Canada Free-Trade Agreement. Any election under this paragraph

shall be made in writing to the Customs Service not later than the date that is 180 days after the date of entry into force of the Agreement between the United States and Canada. Any such election may be made only if the liquidation of such entry has not become final. For purposes of averaging the calculation of regional value-content for the goods covered by such entry, where the producer's 1989–1990 fiscal year began after January 1, 1989, the producer may include the period between January 1, 1989, and the beginning of its first fiscal year after January 1, 1989, as part of fiscal year 1989–1990.