

with six of those 13, and another five are going through initial screening. The year 2003 is the likely earliest date for excision of the first wave of candidates, and frankly the balance of writs are for a later rather than an earlier date for enlargement.

Enlargement should be a net-plus for U.S. goods and services, to help the countries of Eastern and Central Europe. Nonetheless, we will insure that our commercial and economic interests are not disadvantaged.

We are working both with the EU and its candidate states to prevent the erection of new barriers to trade as part of the enlargement process. The main problem concerns the interim period between now and ultimate excision. Because at excision, they will take the common external tariff of the European Union which is generally quite low. But in the interim, as tariff levels from EU products drop to zero in the candidate countries, they remain at higher levels for U.S. products to our disadvantage. We're working with the candidate countries to find suitable remedies. We're encouraging them to adopt the lower EU tariff schedules as soon as possible. Slovenia, for example, has begun to do this. The European Commission has agreed with our strategy, and excision candidates are beginning to respond.

Certainly we will be economic competitors, but with our combined strength together, we'll also be able to set a global agenda supporting democracy and open markets. We share, if I may say so, more values with Europe than we do with any other region.

Enlargement of the EU requires the candidate countries to conform their laws and practices to EU norms. It would almost be like saying that a new state coming into the United States has to conform of every page of the code of federal regulations. It is a mammoth job. It requires change not only in the candidate countries, but also on the part of the current member states as well.

#### COMMON AGRICULTURAL POLICY

The largest step is the reform of the Common Agricultural Policy, or the CAP. The EU has now agreed to put a ceiling on total expenditures over the next several years. But this cannot be done without reforming its agricultural subsidies.

Almost half of the EU's overall budget, over \$50 billion, is earmarked for agricultural subsidies. The European Commission's modest CAP reforms are inadequate to do the job. They will complicate the process of enlargement, and they do not go nearly far enough in terms of reducing the distorting effects of the CAP on the world trading system. Other countries, including developing countries will continue to be forced to pay for European farm inefficiencies by losing sales at home and in third markets.

#### THE AMSTERDAM TREATY/A COMMON FOREIGN POLICY

Historically, every enlargement of the EU has been preceded by a deepening of the level of internal cooperation. They are already slow in many cases to respond to a crisis. This will be further complicated when they expand to 21 members. With the advent of the Amsterdam Treaty on May 1, we're witnessing a dramatic shift in power. The European Parliament now has a greatly enhanced role in EU decision-making, and will enjoy equal say or co-decision with the council administrators on more than two-thirds of all EU legislation.

The Amsterdam Treaty will also result, Mr. Chairman and members of the committee, in major changes in ways the EU conducts its foreign policy. A new high rep-

resentative for its common, foreign and security policy will give the EU greater visibility on the international scene. They have selected NATO Secretary General Javier Solana as the first High Representative for their common foreign and security policy. He has been an extraordinary Secretary General of NATO and we believe he will perform equally well at the EU and we look forward to working with him.

An EU with an effective foreign and security policy would be a power with shared values, and strong transatlantic ties with which we could work globally to solve problems. The EU has also chosen former Italian Prime Minister Prodi as the next president of the European Commission. We have worked well with him before, and we have great confidence in him as well.

#### CURRENT TRADE ISSUES

We often let the immediacy of our current trade disputes blind us to the very real benefits that we both enjoy from access to each other's markets. But obviously there is a tough road ahead. And yet we can't allow our relationship to be defined solely by these disputes.

All too often, nevertheless, the EU takes actions, such as its unilateral hush kits regulation where Ambassador Aaron did such a fabulous job of at least temporarily diverting a problem. Or it's counterproductive response to the previous WTO panels on bananas and beef from exacerbating trade tensions. It's for that reason that we have suggested an early warning system to identify such problems before they burst into full-scale disputes.

We are indeed facing a tough set of trade disagreements, and we continue to hammer home the principle of fair and transparent trade rules: of the need for the EU to respect international commitments and WTO rulings, of abiding by scientific principles and not politics in making health, safety, and environmental decisions.

The need for a clear and rational trading principle may be greatest in the need of biotechnology. Within a few years, virtually 100 percent of our agricultural commodity exports will either be genetically modified organisms (GMO) or mixed with GMO products. And our trade in these products must be based on a framework based on fair and transparent procedures, which address safety on a scientific and not a political basis.

We, since 1994 approve some 20 GMO agricultural products. Since 1998, Europe has not approved any. There is no scientifically based governmental system to approve GMO products, therefore the European public is susceptible to ill-informed scare tactics. The EU approval process for GMOs is not transparent, not predictable, not based on scientific principles, and all too often susceptible to political interference.

We've been working to break this pattern of confrontation and indeed there are leaders in Europe who recognize that an EU regulatory system drawn up in accordance with its own international trade obligations would be a boon to both business and consumers. We have a new biotech-working group to address GMO issues.

The same can be said for beef hormones; where the European public is subjected to daily scare tactics which try to portray the hormone issue as a health and safety issue, when indeed there is broad scientific evidence that beef hormones are completely safe. There is no reason why American beef producers should pay the price for internal political calculations in Europe inconsistent with WTO principles.

To conclude, as we look toward the future, our goal is to work together to promote our goals of security, prosperity and democracy. Together we can accomplish more than either the U.S. or the EU can by acting alone.

#### WE MUST WORK TOGETHER WITH EUROPE

We want to work more effectively to deal with past breaking crises, to find ways of managing our disagreements before they get out of hand, and to expand areas of joint action and cooperation.

We are working on just that and the hopes that we can articulate a new vision at the June 21 U.S.-EU summit in Bonn through a new Bonn declaration. This would fit in with our larger goal of using 1999 for a series of summits, NATO, OSCE and the U.S.-EU summit to strengthen the abiding European-Atlantic partnership which has been so important to maintain stability in Europe for the 20th Century, and to make sure it does the same for the 21st.

#### INTRODUCTION OF LEGISLATION TO IMPROVE MEDICARE'S SURETY BOND PROGRAM

#### HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 23, 1999

Mr. STARK. Mr. Speaker, on behalf of Congresswoman THURMAN and myself, I am today introducing legislation based on recommendations of the U.S. General Accounting Office to improve the operation of the Medicare home health agency, durable medical equipment, and certain rehabilitation providers' surety bond program.

Enacted as part of the 1997 Balanced Budget Act, the surety bond program was one of a series of anti-fraud, waste, and abuse provisions designed to crack down on the outrageous proliferation and increased utilization of questionable Medicare providers.

The General Accounting Office issued a report in January, 1999 (GAO/HEHS-99-03) entitled, "Medicare Home Health Agencies: Role of Surety Bonds in Increasing Scrutiny and Reducing Overpayments." The report focuses on problems in the surety bond provisions and makes a number of recommendations. Our bill addresses most of those recommendations.

While the BBA has had a huge impact in controlling the growth of spending and weeding out questionable and fraudulent providers, the surety bond program has had severe administrative problems. It needs simplification and needs to be focused on the start-up providers who have no track record and who may be the source of program abuse. Once a provider has proven that they are a reliable and dependable provider, continuing to require a surety bond just increases program costs. Our bill, therefore requires one surety bond for Medicare and Medicaid (not a separate bond for each program) for the two years of a provider's operations, and limits the size of the bond to \$50,000 (not the larger of \$50,000 or 15% of an agency's Medicare revenues) and makes it clear that orthotic and prosthetic providers including angioplastologists, are not meant to be covered by the surety bond requirement.

Mr. Speaker, we hope that this legislation can be enacted. It will reduce hassle and paperwork, while still helping weed out