SENATE—*Friday, October 22, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Sovereign of our beloved Nation, we express our profound gratitude for citizenship in the United States of America. We want to do this in a way that does not overlook Your watchful care of all peoples of the Earth. Today we conclude this Character Counts Week with renewed dedication to the character trait of citizenship.

Forgive us, Lord, for taking for granted the privileges of being citizens of this land which You have blessed so bountifully. We seldom think about our freedoms of worship and speech and assembly and the freedom to vote. Today, we praise You for our representative democracy. Thank You for the privilege of serving in government. Help the Senators and all of us who labor with and for them to work today with a renewed sense of awe and wonder that You have chosen them and us to be part of the political process to make this good Nation great.

May a renewed spirit of patriotism sweep across our land. Help the children to learn that an important aspect of love for You is loyalty to our country. We dedicate ourselves to right wrongs and to shape political programs that assure opportunity and justice for all Americans. So today as we pledge allegiance to our flag, may our hearts express joy: This is our own, our native land. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MIKE DEWINE, a Senator from the State of Ohio, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Delaware is recognized.

SCHEDULE

Mr. ROTH. Mr. President, today the Senate will resume consideration of the motion to proceed to the sub-Saharan Africa free trade bill. Any Senator desiring to debate the motion to proceed is encouraged to come to the floor to make their statement. As announced last night, there will be no rollcall votes today or during Monday's session of the Senate. The next vote will be on the morning of Tuesday, October 26. The Senate may also consider appropriations conference reports or any other legislative or executive matters that can be cleared.

I thank my colleagues for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

AFRICAN GROWTH AND OPPORTUNITY ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the motion to proceed to H.R. 434, which the clerk will report by title.

The bill clerk read as follows:

Motion to proceed to the consideration of H.R. 434, an act to authorize a new trade and investment policy for sub-Saharan Africa.

Mr. ROTH. Mr. President, I rise in support of the motion to proceed to H.R. 434. As Senator GRASSLEY, chairman of the Finance Committee's Trade Subcommittee, indicated last night, I will offer a manager's amendment—to be titled the Trade and Development Act of 1999—as a substitute for the House-passed language.

That act will include the Senate Finance Committee-reported bills on Africa, an expansion of the Caribbean Basin Initiative, an extension of the Generalized System of Preferences, and the reauthorization of our Trade Adjustment Assistance programs. I want to explain the intent behind these measures and my reasons for supporting their passage.

Let me begin with Africa. No continent suffers more from poverty, hunger, and disease. Those problems have been compounded by colonialism, cold war politics, corruption, social division, and environmental disaster. Our daily news records the desperate images of starving mothers and their children, small boys employed as the dogs of war, and the slaughter of wildlife as poachers attempt to eke out a living on the bare plains of Africa.

The result has been the lowest living standards and the lowest life expectancy of any in the world. Those conditions have too often reinforced a dangerous cycle of war, political instability, and economic decay.

What the daily news has too often overlooked are the efforts of so many of our African neighbors to restore political freedom, guarantee human rights, and foster economic hope.

In the past decade, we have seen an end to apartheid in South Africa and the peaceful transition to black majority rule. We have seen Nelson Mandela go from political prisoner to president.

We have witnessed the more recent restoration of economic links between South Africa and the former ''frontline states,'' between Uganda and Tanzania, and between the sub-Saharan region and the rest of the world. We have benefited from the example of courage and dedication that many sub-Saharan African states have provided as they have confronted the daunting challenges they face.

We have also seen nothing short of a revolution in economic thinking. Africa has too frequently been the beneficiary of bad economic advice from well-meaning international institutions, technical advisers, and even creditors.

That advice often encouraged crushing debt, confiscatory taxation, growth-killing devaluations, inefficient state-owned enterprises, and economic mismanagement. For too long, our African neighbors have been encouraged to adopt models of economic development that have, in fact, wasted their most valuable resource—their people.

That era has now come to an end. The new Africa is tackling its own problems and the new Africa can be the master of its own economic destiny.

It is in that context that the African title of the Trade and Development Act is relevant. It offers tariff preferences to sub-Saharan Africa that will encourage economic foundation on which the eligible countries can build their own future. Equally important, it reflects a belief in the power of markets, incentives to investment, and human potential.

That approach enjoys broad bipartisan support in both Houses of Congress and by the President, who mentioned the bill as one of his top foreign policy and trade priorities in this year's State of the Union Address. As the chart behind me attests, the legislation also enjoys broad support in the business community, among U.S. and foreign opinion leaders, as well as, most importantly, from the potential African beneficiaries themselves.

Numerous U.S. businesses and business groups have expressed their support for moving this legislation. That group includes companies as diverse as Oracle, Cargill, General Motors, Enron, and The Limited.

The list of supporters includes the NAACP, the Southern Christian Leadership Conference, and the National Council of Churches. It includes opinion leaders such as Nelson Mandela, Coretta Scott King, the Reverend Leon Sullivan who led much of the fight in this country to force change in South Africa under apartheid, and Robert Johnson, the founder of Black Entertainment Television who appeared before the Finance Committee in support of the legislation. And, most importantly, the legislation is endorsed by all 47 of the potential beneficiaries in sub-Saharan Africa.

The bill deserves our support as well.

The Trade and Development Act of 1999 would do much the same of the Caribbean and Central America that it would do for sub-Saharan Africa. It expands the existing benefits available under the Caribbean Basin Initiative to include the duty-free and quota-free treatment of the value added in the Caribbean to apparel made from U.S. yarn and U.S. fabric.

It is no understatement to say that the countries of the Caribbean and Central America have faced problems similar to those faced in Africa, and oftentimes on a similar scale. It was only a decade or so ago that Nicaragua was an avowedly Marxist state harboring guerrillas that sought to undermine the governments and economies of Central America. It was only a decade or so ago that El Salvador was confronted with bloody civil strife and a mass migration of its people northward to escape the conditions of poverty and hopelessness that recurring civil war had brought.

More recently, the region has been hit by natural disasters, rather than the man-made variety. This past year, Hurricane Mitch devastated the islands of the Caribbean and the countries of Central America. Among the hardest hit were Honduras and Guatemala, where farms and factories were literally washed away overnight. Both countries confronted the need to rebuild their economic infrastructure from the ground up.

Since 1983, the countries of the region have been eligible for enhanced tariff preferences under the Caribbean Basin Initiative. The CBI was expressly designed to encourage private investment and an economic partnership between the firms in the United States and firms in the Caribbean. The CBI accomplished that objective.

In 1993, however, with the conclusion of the NAFTA, the margin of preference enjoyed by the CBI beneficiaries was undercut by the preferential treatment accorded Mexican goods under that agreement. That was particularly significant in the area of textiles and apparel, where the NAFTA rules of origin gradually encouraged a shift in United States investment and trade from the region to the Mexico.

In order to make good on the initial promise of the CBI, the Caribbean title of the manager's amendment would encourage the manufacture in the Caribbean of apparel articles made from U.S. fabric woven with U.S. yarns. In effect, the bill would simply restore the margin of preference it previously enjoyed in the region in such manufacturing.

At this point, it is worth outlining the reasons why the Finance Committee settled on the particular package of benefits extended to textiles and apparel under both the Africa and CBI titles of the manager's amendment.

For many years, we have employed a program that encouraged production sharing between the United States and many countries in the developing world. That program—generally known as the ''807'' program—allowed for the export of U.S.-manufactured components off-shore for assembly.

Under the 807 program, when the assembly was complete and the goods were returned to the United States, the importer paid duty only on the amount of value added offshore in the assembly process.

Do such programs work? The answer, based on the latest reports of the International Trade Commission, is an unequivocal yes. They work for both the beneficiary countries and for American firms.

Production sharing programs, according to the ITC, are used by American companies ''to minimize their overall costs and improve competitiveness.'' Indeed, in most instances, American firms experience ''enhanced overall competitiveness'' that ''allows companies to maintain higher U.S. production and employment levels that might otherwise be possible.'' In short, the programs reflected in both the Africa and CBI titles of the manager's amendment are designed to create a ''win-win'' outcome for the regions and for American firms.

The American textile industry's latest analyses vindicate the approach we adopted in the Finance Committee.

I think it is fair to say that when we started the process of considering these programs for Africa and the Caribbean in the 105th Congress, the textile industry was lukewarm at best. What they have found in the intervening three years is that the bill proposed by the Finance Committee would help create a competitive platform from which American firms could compete effectively on a global basis even in the face of fierce competition from exporters such as China and India.

According to the respected industry consultant, Nathan Associates, the Finance Committee bill would ''increase U.S. textile shipments by $8.8 billion and increase U.S. textile and textile-related employment by 121,400 by the end of five years.''

That result led the president of the American Textile Manufacturers Institute, Doug Ellis of Southern Mills, to conclude that the Senate Finance Committee bill would have a ''very strong and direct positive impact . . . on U.S. textile production and jobs.'' He indicated that the legislation will ''significantly enhance'' trade between the United States and the beneficiary countries. For that reason, ATMI, urged the Congress to support the Finance Committee's bill.

What is more, U.S. wholesalers, retailers, and consumers benefit as well. The direct effect on the duty preferences extended under the manager's amendment will be to lower the cost of apparel products sold in the United States as cost savings are passed on to the consumer.

The indirect effect is that, by ensuring the continuing competitiveness of the U.S. industry, the bill would also encourage continuing competition well into the future. That competition ultimately means a broader range of higher quality goods available to the consumer at lower prices.

I want to pause here to reemphasize my basic point. Under the manager's amendment, everyone in the U.S. textile and apparel market—from the farmer growing cotton to the yarnspinner to the fabric-maker to the apparel manufacturer to the retailer to the consumer—wins under the Finance Committee bill. The same holds true for the beneficiary countries.

Now, I would be remiss if I failed to mention two other particularly important provisions of the manager's amendment. The first is the renewal of the Generalized System of Preferences. The GSP program lapsed in June of this year. Much depends on its renewal.

The program was designed to create an incentive to investment in the developing world. Since its inception in 1975, the GSP program has done just that. Now, however, in the absence of the renewal of the program, that needed incentive to productive capital investment will be cut off. Many American firms that depend on the GSP program will be hurt along with the beneficiary countries.

The second additional item is the reauthorization of the Trade Adjustment Assistance programs. The TAA programs are designed to help U.S. workers and firms adjust to new levels of import competition.

I have always maintained that those that benefit from trade should care for those who are hurt by the economic adjustment trade can engender. For that reason, I rushed to the floor to object when there was an initiative to do away with these programs in the past. In my view, the TAA programs represent a down payment on the commitment we must make to workers as the United States if we want them to join us in support of the benefits trade brings.

In closing, let me urge my colleagues to listen carefully to the debate they will hear in the coming hours on the motion to proceed to H.R. 434. I firmly believe that my colleagues will hear no meaningful objection to the Senate Finance Committee's approach to providing additional trade incentives to sub-Saharan Africa, the Caribbean, or the developing world generally through the renewal of GSP. Nor can there be any principled objection to the renewal of the TAA programs.

This is a significant step in favor of engagement with our neighbors in Africa and the Caribbean to help them surmount their own economic problems. I urge my colleagues to vote for the motion to proceed to the bill.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. I thank the Chair.

(The remarks of Mrs. MURRAY pertaining to the introduction of S. 1772 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mrs. MURRAY. I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, on the objections I have registered to the motion to proceed to the CBI/sub-Sahara bill, I was delighted to hear the chairman of our Finance Committee relate the reason for it. The reason, perhaps, is well-founded: good foreign policy.

I have sponsored and recommended some kind of Marshall Plan for the country of Mexico for the simple reason that Mexico is our neighbor; it is our friend. We have a responsibility to assist it, and we are responsible for the problems NAFTA has caused, which are quite obvious with respect to immigration and drugs. If we can put in a plan where Mexican workers can have workers' rights and some money in the economy would not be stripped and sent back to the bankers in New York or to the investment wizards from all the other countries, including the United States—you can cross from California into Tijuana, Mexico; one would think you were in Seoul, Korea. If we could do that, we could have some prosperous parity with our friends in Mexico.

Unfortunately, we went the so-called NAFTA way. We have had approximately 5 years to measure the success or failure of NAFTA. Everywhere I go I hear: Oh, isn't it wonderful how well it has worked.

The truth is, they told us in the original instance this was going to create jobs in America, just as the distinguished Senator from Delaware is telling me this bill is going to create jobs in the United States.

It is a win-win situation, he says, from the farmer to the apparel manufacturer. And he goes down the list: What a wonderful win-win situation it is.

I do not advise that he come to South Carolina and tell them that, where they have lost 31,700 textile jobs since NAFTA. They are streaming out. Why? Because you and I, Mr. President, set the American standard of living. That is a bipartisan effort whereby we all agree on a minimum wage, Social Security, Medicare, Medicaid, safe working place, safe machinery, plant closing notice, parental leave, clean air, clean water—on down the list. We can continue to list Republicans and Democrats joining in setting our highest standard of living.

Obviously, it is competing with one of the lower standards of living. You can go down to Mexico for 58 cents an hour. There are none of those protections. You are guaranteed a profit. And everybody is streaming down there.

But we are losing jobs not just in South Carolina but all over the Nation. The overall job loss is in the textile and apparel sector over the last twenty five years is some 1.2 million, and 420,000 of them are textile jobs since NAFTA. They said we were going to get 200,000 new jobs. We have lost 420,000. They said, oh, it was going to solve the immigration problem. I know better—by handling the immigration appropriations—there is the Border Patrol, and how we are breaking out abandoned Navy yards and using schools, and having thousands of additional agents, and everything else of that kind, and illegal immigrants keep coming. The immigration problem is worse today than it was 4 or 5 years ago.

Drugs? Heavens above. There is a drug culture. You have to break it. You don't break it with NAFTA. It is worse today than it was 4 to 5 years ago. Even the Mexican worker is taking home less pay than he was taking home 5 years ago.

So there is no education in the second kick of a mule. When they come around and say, let's spread this NAFTA approach elixir and spread that down to the rest of the countries over to the sub-Sahara, or any elsewhere else in the world, we say, now, wait up.

Of course, if you listen to my distinguished colleague, he talks about the 48 sub-Sahara African countries. Certainly they are for it. They are for foreign aid. The retailers and wholesalers, and so forth, they get lower costs. Yes; there isn't any question about that. You can produce it for 58 cents an hour—no clean air, no clean water, child labor, and everything else of that kind in these countries abroad. That is a given, known fact. We have college students, who know better, demonstrating against that. Everybody knows it. We want to make it an official policy?

They say: From the farmer to the apparel manufacturer, and on, it is a win-win situation. Well, of course, unfortunately, it is a losing situation. As I have indicated, we have been through this singsong.

It started some 40 years ago or more with Japan. I will never forget, at the particular time I was a young Governor in South Carolina, they said: Now, Governor, what do you expect these emerging countries to make? The airplanes and the computers? Let us make the airplanes and computers, and let them make the textiles, the clothing, and the shoes.

The trouble is, 40 years later, with our noncompetitive blind kind of foreign trade policy, they are making the shoes, they are making the textiles, they are making the airplanes, they are making the computers, they are making everything. When we get into full debate on Monday, we will point out and list down exactly what has been going on and how we have been hollowing out the industrial strength of America.

Last evening, we had a delightful exchange with the ranking member of our Finance Committee, the senior Senator from New York, Mr. MOYNIHAN. He was relating back to when he was on the Kennedy team negotiating the trade policy, which was an outstanding policy at the time. It was outstanding in that it was realistic.

President Kennedy knew the situation. I went and showed how we brought the witnesses, and everything else, and found that textiles was second only to steel as the most important to our national security. And with that authority under the law, President Kennedy enunciated his seven-point textile program, from which came the Kennedy Round, the Multi fiber Arrangement, One Price Cotton; and it gave a chance—yes, to sort of an archaic industry—to really refurbish, retool, modernize, and compete.

Until the recent years, like NAFTA, they had been putting in $2 billion a year, at least $2 billion a year, in the State of Delaware, the State of South Carolina, and the several other States to modernize and compete.

I went to a plant there in Clinton, for example—I went to numerous ones last year—but this was an old plant, over 100 years old, that looked to me as if it was going to fall down. But I was pleasantly surprised when I walked in. They had the most modern machinery and the highest productivity you could possibly imagine.

There isn't any question that the industry has been brought into the world of reality of so-called global competition. The only trouble is that our competitors are fancy-free and footloose with their protections, with their non-tariff trade barriers, and other measures to protect their economic strength, and we are blindly pell-mell down the road with this so-called free trade, free trade, when, of course, it is obviously not free.

That goes back now to the standard of living we talked about. And more than the standard of living—if this passes because it will change what we said with the Multi fiber Arrangement just 5 years ago after GATT/WTO: That we were going to have a phaseout of any kind of quotas.

I know the distinguished Chair knows about subsidies. We have done all the research, just about, for the aircraft industry. We give them Export-Import Bank financing. We do not do that for textiles. We do not do that for textiles.

But I see all of these people come out for the farmer. Yes, I had to talk to a farmer friend yesterday. I support the farmers. I support that aircraft industry. The farmers, they get subsidized water, subsidized telephones, subsidized electricity. They get export subsidies. If it rains, they get protection; if it dries up, they get protection.

And Oracle. The Senator from Delaware says: Oracle is with us. That is that crowd with whom we started the Internet. You would think, by gosh, they invented it. The politicians, the Pentagon, we did all of that back in 1967, 1968, 1969. We put in, at the University of Illinois and Stanford, the training programs for which ultimately benefited Mr. Yang of Yahoo and other Internet start-ups. And so fine, our friend Gates, he has 22,000 employees, and there are approximately 22,000 millionaires. There was nothing wrong with that. But don't talk about the engine of this prosperity and economy as this crowd. No, sir.

We go back to Henry Ford when he said, in order to sell his car: I want to make sure the person producing it is making enough to buy it. He started generating, more than anyone, just with Ford automobiles, the middle class in America. General Motors, compared to those 22,000, has 250,000. We had that machine tool industry, and we had all the rest of these good manufacturing establishments, but we have gone to software, which doesn't help us in our exports nearly as much as the heavy manufacturers. And it is not the engine. It is the hard industries that are the engine of our economy.

When you give me Oracle and Exxon and the rest of them on this particular bill, and foreign policy, obviously they are trying to explore oil in the sub-Sahara. They are trying to sell their goods anywhere else in the world and, of course, in Central America. But right to the point, this is the sort of last chance we have for a formative industry, second-most in importance to our national security. It is the last chance in the sense that after 5 years of the 10-year phaseout, the textile manufacturers all invested in that 10-year policy. So if we cut it off in October of 1999, cut it off at least 5 years short, they begin to lose the investment. They don't get the return. They don't increase their productivity.

I never heard such an outrageous statement, that this is going to increase their productivity. They immediately freeze in their tracks and say, no, we can't get our money back out of trying to, even again, buy a better spindle and get even a higher production. They begin to lose their money as well as the workers lose their jobs. It is a lose-lose situation because, bottom line, look what happens.

Like I say, all these other countries invest down there in the various Central American countries. Honduras, seven Taiwan firms, including the leading Chung hsing Textile have invested $24 million. Again, the Republic of China will provide $15 million in low-interest loans for Honduras to build an export processing zone, an EPZ. Then the Taiwan manufacturers in the upper and lower streams of the textile industry are planning to form integrated textile production in San Pedro Sula down in Honduras and Central America. The South Koreans, Kim and Arzu, have agreed on the need to diversify South Korean investment in Guatemala and their particular textile investments down there.

Looking at the Caribbean as a potential staging ground and production base, the Malaysian textile industry uses Caribbean plants as the gateway to the United States. Then again some 18 Taiwanese companies are down there. South Korea, 180 small South Korean companies, mostly textile and garment makers, have invested $130 million in five Central American nations. You can go right on down the list.

I am going to get in the RECORD on Monday the 100,000-acre tract the People's Republic of China, Beijing, developed—that industrial tract—down in Mexico. So it isn't somehow that we are opening it up for American fabric. Yes, temporarily that ATMI crowd, they thought they could just hold on to American fabric, but Burlington has found differently. They have moved down and other fabric manufacturers are moving. Why? Because it is cheaper in Mexico.

When it comes right down to it, it might be a good aim but it is a bad recoil. We learned that with the artillery in World War II. No matter how well the gun was aimed, if the recoil is going to kill the guncrew, don't fire. That is why we object to proceeding to this particular bill—because the recoil here is going to kill this important industry.

I will be glad to get into it in depth when we have all the Members back here the first part of the week. Of course, the President, yes, he is building a library now, and he is looking to see what he did down in Central America and what he did in Africa and traveling around building a library. But he is absolutely draining, so to speak, the industrial strength in the United States of America. It is a sad thing to see that more people are not exercised about it. This has been going on for years on end. President Kennedy was worried, and that is why he put in his seven-point program when only 10 percent of the textile apparel consumed in the United States were represented in imports.

Now I am looking at at least two-thirds—nearly 70 percent of the clothing I am looking at in this Chamber is manufactured outside the United States; and, of course, the shoes, 86 percent of the shoes on the floor. But it has gone on to cameras and hand tools and everything else.

Just earlier this year we found out about steel. The World Bank runs around and says, wait a minute, in order to become a nation state, you have to have the steel for the tools of agriculture and the weapons of war. So the World Bank gives these 2-percent loans, all over the entire world, down through Africa, into the Middle East, Saudi Arabia and Iran, now to the People's Republic of China. So they get an overproductivity of steel, and they come dumping it here. And we are telling them, let us get more competitive. You have to look at these broad policies. You have to look at this broad foreign policy that the Senator from Delaware now enunciates and how wonderful it is that we are going to make friends in the sub-Sahara and down in Central America.

I think the Koreans, the Malaysians, the Taiwanese, the Japanese, and everyone else will be making the friends. They are quicker, faster; their countries subsidize, finance. They have followed the MITI form, not the American capitalistic form, but the controlled capitalism of the Ministry of Industry and Trade in the country of Japan.

That said, I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, first, let me make the observation that textile jobs are being lost to China and India, not to Mexico. NAFTA has helped increase U.S. textile shipments. But I think it is particularly important to understand that it is not I who is saying that the legislation before us will help the textile industry; rather, it is the textile industry itself. It is the President of the American Textile Manufacturing Institute that is telling us that the Finance Committee will raise textile shipments by $8.8 billion over the next 5 years. That is what is significant, Mr. President—that it is the textile industry itself that is asserting that the legislation before us will help the textile industry to the tune of $8.8 billion and, most important of all, it will increase employment by 121,000 jobs.

That is the reason I made the comment that it is win-win because we are not only helping the countries such as the sub-Saharan Africa CBI, but we are helping the workers here at home. We are not talking about what happened in the past; we are talking about what will happen in the future. And what we are seeking to do is to enact legislation that will both create jobs and help the industry. I should also point out, most importantly, it will be of benefit to the retailers, the wholesalers, as well as the people who acquire the goods. So I reiterate what I said earlier, that this is good legislation. It accomplishes what I think we all want—a stronger economy in the textile area.

Now, on the immigration issue, my distinguished colleague says NAFTA hasn't helped. What that statement overlooked is the strong flow of illegal immigration. But, again, as I said earlier, it is not from Mexico; rather, it is from Central America and the Caribbean, which is precisely the reason that the Finance Committee bill will help. In other words, by strengthening their economy, there will be jobs there, and as a result of that, there won't be the need for the illicit immigration that has occurred in the past.

As to who would benefit, my distinguished colleague cannot possibly claim that Korean and Taiwanese firms will benefit. As I explained before, the only fabric that will benefit is American fabric. It is U.S. textiles that will benefit and U.S. export of textiles. So my colleague argues that we are losing in manufacturing. In fact, it is increasing, and that is the purpose of this legislation.

Mr. President, I think it is important that the record reflect what has happened to productivity in the textile industry.

In a CRS report for Congress dated August 24, 1999, the point is made on page CRS–3 that:

> Labor productivity growth in the textiles industry has actually outstripped [I think that is important] that of the economy as a whole, increasing at 2.8% per year from 1970 to 1996, compared with 1.2% per year for the aggregate economy.

In other words, the economy as a whole, its productivity, has been growing at the rate of 1.2 percent per year, whereas the textile industry, in contrast, has been growing as rapidly as 2.8 percent.

Textile productivity growth was fast even compared to the rest of the manufacturing sector.

The figures are given that it grew at 2.8 percent versus 2.3 for the rest of the manufacturing sector and has maintained the high growth of labor productivity even in the 1990s. Again, it is 4 percent versus 3.5 percent.

> Much of the increase in the textile industry productivity was due to capital deepening that occurred beginning in the 1970s. Over this decade, capital expenditures by textile producers outstripped their profit with almost $3 billion invested annually in new plants and equipment.

The same publication points out that exports have grown 12.1 percent in the textile sector from 1989 to 1996 but has shrunk very slightly, 1.2 percent, since 1997 due primarily to lingering effects of foreign currency devaluations that have been induced by the Asian crisis.

I urge anyone who has an opening statement or comment on the legislation to come down to the floor as soon as possible while there is an opportunity to speak on this matter.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I want the record to be clear that this Government has been of help to the apparel and textile industry, as well as others, including agriculture and aerospace. The claim was made that the A&T sector has not benefited, but that is not correct. Let me give one example.

The question of the R&E tax credit—a most important credit in that it encourages research by various industries and I think helps keep us on the cutting edge of technology—I point out this is a matter, as a matter of fact, being discussed and debated in the Finance Committee and the Ways and Means Committee on the other side as part of extenders.

The point I want to make is the R&E tax credit is of great benefit to the textile and apparel industry. As a matter of fact, the CRS report for Congress of August 24, 1999, states that the R&E tax credit may be even more important to the A&T sector. This is probably because more technology-intensive industries consider R&D spending a fixed cost of their sector activity that must be undertaken to maintain competitiveness regardless of public policy. While in the A&T sector, the amount of R&D engaged in is variable depending on the expense. It concludes, for these reasons, this credit is probably of more benefit to this industry than many others.

I conclude by saying that as Congress has recently displayed a preference in favor of tax credits over direct funding for R&D, the future of the R&D tax credit may be determined, to a large degree, by the rate of continued technical progress in the A&T sector.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRIST). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I start out by saying this debate over S. 1387 and S. 1389 is probably a debate we should not be having now. I think the Senate has far more important issues to deal with—having to do with the minimum wage and the standards for working people, having to do with giving consumers more protection through HMO or managed care reform, having to do with campaign finance reform and the ways in which money has subverted our representative democracy. And, believe me, if, in fact, cloture is invoked and we go forward with this bill, I will argue the farm crisis. I will have an amendment to this bill that will call for a moratorium on these acquisitions and mergers taking place that are driving our producers off the land.

These are the issues people care about in our country. My question is, When are we really going to be debating these issues on the floor? I think that is what we should be doing.

Having said that, however, I think the debate over CBI and African trade bills could be useful and enlightening because I think we have a choice between two very different models.

Senator FEINGOLD has introduced a very impressive and innovative bill. It is based on legislation introduced in the House by JESSE JACKSON, Jr., which really blazes a trail for U.S. trade policy. It is truly groundbreaking. And for those people who want our trade policy to work for working families, this is the direction in which we should go.

I do not think we are going to have a debate between people who are saying we ought to build a wall on our borders and we should not be involved in trade. For me, that is not the issue. The issue is not whether we expand trade; the issue is on whose terms we expand trade. What are the rules and who benefits from the rules?

The choice could not be clearer. The Feingold-Jackson legislation, called the HOPE for Africa Act, says that an expansion of trade should benefit working families and poor families in America and in Africa. Trade agreements should be about making the global economy work for working people in all countries. The HOPE for Africa bill says if we are really serious about raising labor and environmental standards across the globe, then we have to have enforceable protections built into our trade agreements. The HOPE for Africa bill says that we can't be serious about wanting to help African countries develop economically if we don't do anything about the crushing debt burden. The HOPE for Africa bill says the lives of Africans suffering from AIDs are far more important than the monopoly profits of foreign pharmaceutical companies. The HOPE for Africa bill has its priorities straight. It expands trade the right way by putting people first.

Our other option is the same old more of the same, more NAFTAs, NAFTA for the Caribbean, NAFTA for all of South America, NAFTA for Africa, more IMF-style economic policies that have impoverished one country after another all over the world, more investment protections for multinationals to export jobs overseas so they can avoid complying with American-style labor and environmental standards.

I think we should have learned our lesson from NAFTA. We have gained jobs; we have lost jobs, but that is almost beside the point. The kind of labor, environmental side agreements we put into effect were an afterthought. They were not part of the trade agreement. They weren't enforceable. Basically, if we are going to do these trade agreements, we ought to be talking about uplifting the living standards of working people, of low-income people, in our country and other countries.

What we have right now, without clearly enforceable standards dealing with the basic right to organize and bargain collectively, to earn a decent living in other countries, much less in our own country, is a trade agreement that says to working people: Look, these multinationals can go to other countries. They don't have to comply with fair labor standards, including the right of people to be able to organize and bargain collectively. They can pay low wages, miserably low wages, with exploitive working conditions, and then export those products back to our country, undercutting working people who are trying to produce and basically eliminating our jobs. It is lose-lose. That is why the Feingold-Jackson bill is such a clear alternative.

If we pass these bills without any kind of meaningful and enforceable protection for the interests of working families, we will have made a big mistake. That is part of what is going to be happening in Seattle. You will see at this WTO meeting all sorts of NGOs, nongovernment organizations, all sorts of environmental organizations. Being a Senator from Minnesota, a lot of farm organizations and farmers are going to be there. A lot of labor people are going to be there; a lot of working people are going to be there. They are going to basically say that is exactly what is at issue here—when we look at S. 1387 and 1389, the African Growth and Opportunity Act and the U.S. Caribbean Basin Trade Enhancement Act. We are for trade; we are for being in an international economy, but we are not for the kind of trade agreements that drive our wages down and basically eliminate our jobs and don't provide protection for people in other countries.

If we are going to have trade agreements, we are for them, but not unless you have clearly enforceable standards dealing with environmental protection and dealing with the right of people to organize and bargain collectively. If you don't do that, then we know all too well what these kinds of agreements mean for working families in Minnesota and our country, much less for the people of the Caribbean and African countries.

When people come out to this WTO meeting, they are going to say what WTO should be all about is the rules of trade, not trade without rules. We want to talk about the rules of trade. We don't want to support an agreement which is trade without rules. We want enforceable protection when it comes to the basic right of people to organize in these other countries and we want some enforceable environmental standards as well.

As we move forward in this debate, we do have a piece of legislation that does look to other nations, that is all about trade, that is all about our role in the international economy. The difference is that the Feingold-Jackson legislation is a trade bill that will lead to uplifting the standards of working families.

I want to signify to my friend and colleague from Delaware, whose work I respect, that we will have debate about whether or not this bill should be on the floor. If it is on the floor, one piece of good news for me, though I am in disagreement with the legislation, is it will give me the opportunity to bring an amendment to the floor that deals with the farm crisis, that says we should have a moratorium on these acquisitions and mergers by these big packers and big grain companies that are basically driving producers out. I hope there will be another amendment to take the cap off the loan rate to deal with the price crisis.

I am determined that if we go forward with this legislation, I will be out of the box with those amendments as soon as possible next week. I have been waiting for 4 weeks now to come to the Senate floor with legislation that will alleviate the pain —or some of it—of family farmers in our States. I thank both of my colleagues for their patience.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota, Mr. GRAMS, is recognized.

Mr. GRAMS. Mr. President, I rise in strong support of the trade package before us today which would expand trade opportunities with sub-Saharan Africa, offer enhanced tariff treatment to Caribbean Basin Initiative (CBI) nations, extend the Generalized System of Preferences (GSP) program for 5 years and extend the Trade Adjustment Assistance program.

The CBI language will expand benefits to CBI nations, yet continue to protect import-sensitive industries in the United States. It will for the first time link benefits to improvements in areas such as intellectual property rights, investment, market access, government procurement and other issues which will not only help CBI nations develop but create an improved market for U.S. companies in the future. U.S. exports have tripled to the region since the Caribbean Basin Economic Recovery Act was passed in 1984. They have soared the first 6 months of this year, and this legislation will further that progress.

The CBI benefits will serve as the next step in helping this region become part of the Free Trade Area of the Americas.

The Generalized System of Preferences program aiding the least developed countries expired in July of this year. Most of us have many small importers in our States who have depended on this lower tariff treatment to compete with larger retailers. I know there are many in Minnesota who are now paying enormous tariffs—at the risk of staying in business—and need the program extended for 5 years. Extending the program year by year, often retroactively, and usually with no certainty is no way to treat these small businesses or these countries. The GSP program has been improved over the years, and graduations of countries and products have ensured it helps only those who need assistance get the help.

The African Growth and Opportunity Act is the most controversial, but crucial, part of this package. I have continually supported this effort and am disappointed it has taken so long to consider the measure on the floor. What really is very modest assistance to one of the poorest regions of the world, sub-Saharan Africa, has been battered from all sides—and it is the needy people of those countries who will suffer the most if we do not pass this legislation.

Much of the opposition is from the textile and apparel industry, and I am sensitive to the concern that has come from textile companies in my own State of Minnesota. I believe the Senate bill has addressed this industry's concerns in a very responsible manner. The bill requires the use of U.S. textiles and includes tough transshipment language—far tougher than that of current law. The Customs Service has reassured us that Africa is not a transshipment problem. Africa supplies 1 percent of our textile imports and has little ability to flood our market with additional imports. I believe most new apparel investments in Africa will just replace many in Asia rather than expanding overall textile/apparel imports.

Some in the Congress believe this legislation should focus more on debt relief. However, we are involved in multilateral efforts to provide this relief and have made commitments unilaterally as well. I support these separate efforts. This is not the vehicle to expand our debt relief efforts. The focus of this legislation is to foster economic growth through incentives, to create a high-level dialogue between U.S. and African leaders on economic issues, to start the process toward a U.S.-sub-Saharan free trade area—to help Africa develop and prosper through improved business relationships with our companies. We want these relationships to help Africa grow, to expand job opportunities, to become more market oriented as they reform economically and to become less dependent on foreign aid from other nations.

Some will say this bill is not worthy of support because it does not provide enough benefit for the United States. Fortunately we don't always pass legislation solely on what it can do for us immediately. We need to look ahead, which we don't do enough of here, but this legislation is a good example of how we should act. The more than 700 million people of sub-Saharan Africa represent an enormous market of the future for us. Right now my State of Minnesota is the 15th largest exporter to the region. We must continue to improve our export opportunities, but we can't do that if we don't allow sub-Saharan Africa the ability to export to us. If we are not there now helping them help themselves, developing the relationships needed to build friendship and trust, sub-Saharan Africans will not want to buy our products in the future. And we know how many other countries are there to step in if we are not there. Again, we can't expect to develop an export market there if we are not with them during the hard times when sub-Saharan Africans need us to give them a small edge to compete for exports into the United States. If Africa can't become strong and prosperous, it will not be able to buy our products in the future.

A strong and secure Africa will not only benefit trade, but will help us achieve our goals in areas such as drug trafficking, terrorism, human rights, and many others.

I also want to mention a statement I just read whereby AIDS activists oppose this legislation because they believe sub-Saharan African countries will spend more on business investment than on social services spending such as health care. I strongly disagree with this thinking. The Africa Growth and Opportunity Act will help countries grow and prosper. It will enable these governments, and their people to spend more on their health care needs, including the need to fight the devastation of AIDS.

Mr. President, this bill is a good one. It complements what we are doing in so many other ways to help sub-Saharan Africa. The entire package is one we should enthusiastically support. I urge my colleagues to vote for this trade package without damaging amendments.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. I ask unanimous consent that I be allowed to speak as in morning business for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PANAMA CANAL

Mr. SESSIONS. Mr. President, along with Senators LOTT, THURMOND, HELMS, KYL, INHOFE, ALLARD, and TIM HUTCHINSON, I have introduced a concurrent resolution, with the House, regarding the transition of control of the Panama Canal from the United States to the Republic of Panama. I thank my colleague, the chairman of the Foreign Relations Committee, Senator HELMS, for agreeing to discharge the resolution quickly to give Congress a chance to consider it in a timely manner.

I hope we can bring this resolution before the Senate, debate it, and vote up or down on the merits. Indeed, the Senate must be heard on this issue, which is important to our national security.

In accordance with the 1977 Panama Canal Treaty, the withdrawal of the United States Armed Forces from Panama is almost complete, and with it will be the relinquishment of our control of the canal, which will take place December 31 of this year.

The canal is of vital interest, however, to the United States, and it is an invaluable world asset. Unfortunately, Panama's ability to maintain and provide adequate security for the canal is lacking. Exacerbating this tenuous situation is the growing influence of the People's Republic of China in the region.

Almost as soon as we started our pullout, a company called Hutchison–Whampoa, closely associated with the People's Republic of China, began to establish its presence and to fill the void left by the United States in Panama. Hutchison–Whampoa, Limited, holds leases for two port facilities at either end of the canal. Documented evidence shows that Hutchison–Whampoa, Limited, is closely tied to the Chinese Government.

The fears voiced by the American people when the United States negotiated this treaty in 1977 have been validated. The American people were right to be skeptical of Panama's ability to adequately maintain the operability of the canal and guarantee its independence and security. These fears were supposedly addressed in the Panama Canal Treaty's companion, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, which promises that the canal will remain open during times of peace and war. It also guarantees ''expeditious transit'' to the United States through the canal in times of conflict, generally interpreted to mean that, in an emergency, U.S. warships would be sent to the head of the line. Still not satisfied with these provisions, the Senate, under Senator DECONCINI's reservation, insisted on the right of the United States to intervene militarily, if necessary, if it appeared the canal was about to be closed or threatened. Apparently, Panamanian President Torrijos did not agree and offered his own counter-counterreservation, nullifying DECONCINI. Inexplicably, this counterreser-vation, which Panama ratified, was never transmitted to the Senate for consideration.

Consequently, in 1996, the Panama Government awarded control of two key port facilities through a questionable bid process to Hutchison–Whampoa. Under the so-called Law No. 5, passed by the Panamanian National Assembly, it appears Hutchison–Whampoa has the authority to block or delay passage of ships through the canal to meet its business needs. This Chinese company could simply declare that passage of U.S. warships could be harmful to their business and we would have a serious problem in moving ships through the Panama Canal.

I have heard from many of my constituents on this issue. Some believe China will attempt to base bombers and missiles there. The Department of Defense has asserted this scenario is unlikely. However, recent antagonistic statements by China, such as thinly veiled threats concerning Taiwan and declarations possessing the neutron bomb, are reasons for people to be concerned.

There are two legitimate security concerns related to regional spying, narcotrafficking, illegal immigration, and the creation of bureaucratic obstacles which over the long term could impede the flow of traffic through the canal. Such actions could have a significant impact on American trade.

The Panama Canal sees the transit of nearly one-third of the world's shipping each year, including 15 percent of all imports and exports of the United States, 40 percent of U.S. grain exports, and in the vicinity of 700,000 barrels of oil every day. Though prohibited by treaty, Hutchison–Whampoa, perhaps at Chinese's behest or with their influence, could impede commercial military traffic.

We hope this will not occur. There is no immediate indications that it will occur. But stopping the flow of these exports is a possible consequence of the leases that have been executed, and they could have significant devastating impacts on free trade, particularly for the United States.

The resolution I introduced was intended to address the issue of the Panama Canal security to raise the concerns of the Congress to the President, before some action is taken that could in the long term damage or threaten our security.

Panama has recently elected a new government. By reputation, President