HOUSE OF REPRESENTATIVES—*Wednesday, November 17, 1993*

The House met at 9 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We are grateful, O God, that in all the moments of life Your spirit does hold us near and underneath our lives are Your everlasting arms that support us and direct us and give meaning to all we do. O gracious God, who has created us to use our abilities in ways that serve all people, we pray for the gifts of discretion and wisdom that we will be faithful with the responsibilities before us and diligent in our efforts for the common good. Remind us, O God, of the admonition of the prophets of old, that in all things we will do justice, love mercy, and ever walk humbly with You. This is our earnest prayer. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. WISE. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WISE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 143, not voting 60, as follows:

[Roll No. 572]

YEAS—230

Abercrombie
Ackerman
Andrews (ME)
Andrews (TX)
Applegate
Archer
Bacchus (FL)
Baesler
Barca
Barcia
Barlow
Barrett (WI)
Bateman
Becerra
Beilenson
Berman
Bevill
Bilbray
Bishop
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Carr
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Combest
Condit
Cooper
Coppersmith
Costello
Coyne
Cramer
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Dooley
Durbin
Edwards (CA)
Edwards (TX)
English (AZ)
Eshoo
Evans
Farr
Fazio
Fields (LA)
Filner
Fingerhut
Fish
Frost
Furse
Gephardt
Geren
Gibbons
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Green
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Harman
Hastings
Hayes
Hilliard
Hoagland
Hochbrueckner
Holden
Houghton
Hoyer
Hughes
Inglis
Inslee
Johnson (GA)
Johnson (SD)
Johnson, E.B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kingston
Klein
Klink
Kreidler
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lehman
Levin
Lewis (GA)
Lipinski
Livingston
Lloyd
Long
Lowey
Maloney
Mann
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCollum
McCurdy
McDermott
McHale
McInnis
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Montgomery
Moran
Murtha
Myers
Nadler
Natcher
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Pombo
Pomeroy
Poshard
Price (NC)
Rahall
Reed
Reynolds
Richardson
Roemer
Rostenkowski
Rowland
Roybal-Allard
Rush
Sabo
Sangmeister
Sarpalius
Sawyer
Schenk
Schumer
Scott
Sharp
Shaw
Sisisky
Skaggs
Slattery
Slaughter
Smith (IA)
Spratt
Stark
Stenholm
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Tanner
Tauzin
Tejeda
Thornton
Thurman
Torres
Traficant
Tucker
Unsoeld
Valentine
Velazquez
Vento
Volkmer
Washington
Watt
Waxman
Wheat
Whitten
Williams
Wise
Woolsey
Wyden
Wynn
Yates

NAYS—143

Allard
Armey
Bachus (AL)
Baker (CA)
Baker (LA)
Ballenger
Barrett (NE)
Bartlett
Bentley
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bunning
Burton
Callahan
Calvert
Camp
Canady
Castle
Clay
Coble
Collins (GA)
Cox
Crapo
Cunningham
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Everett
Ewing
Fawell
Fields (TX)
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gallo
Gekas
Gingrich
Goodlatte
Goodling
Goss
Grams
Grandy
Gunderson
Hancock
Hansen
Hastert
Hefley
Herger
Hobson
Hoekstra
Horn
Hunter
Hutchinson
Hyde
Inhofe
Jacobs
Johnson (CT)
Johnson, Sam
Kim
King
Klug
Knollenberg
Kolbe
Kyl
Lazio
Leach
Levy
Lewis (CA)
Lightfoot
Linder
Manzullo
McCandless
McCrery
McHugh
McKeon
McMillan
Mica
Michel
Miller (FL)
Molinari
Moorhead
Morella
Murphy
Nussle
Oxley
Packard
Paxon
Petri
Porter
Portman
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Santorum
Saxton
Schaefer
Schiff
Schroeder
Sensenbrenner
Shays
Shuster
Skeen
Smith (MI)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Talent
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Torkildsen
Upton
Walker
Walsh
Weldon
Wolf
Young (FL)
Zeliff
Zimmer

NOT VOTING—60

Andrews (NJ)
Barton
Bereuter
Blackwell
Brown (CA)
Buyer
Cardin
Chapman
Clinger
Conyers
Crane
Dixon
Dornan
Emerson
Engel
English (OK)
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Gejdenson
Gilchrest
Hefner
Hinchey
Hoke
Huffington
Hutto
Istook
Jefferson
Kasich
Kleczka
Kopetski
Lewis (FL)
Machtley
Manton
Margolies-Mezvinsky
McDade
McKinney
Meyers
Mollohan
Neal (NC)
Orton
Rangel
Roberts
Rose
Roth
Sanders
Serrano
Shepherd
Skelton
Smith (NJ)
Thompson
Torricelli
Towns
Visclosky
Vucanovich
Waters
Wilson
Young (AK)

□ 0930

Mr. GUTIERREZ and Mr. CARR changed their vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. MONTGOMERY). The gentleman from New York [Mr. QUINN] will lead us in the Pledge of Allegiance.

Mr. QUINN 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.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without

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amendment bills and a concurrent resolution of the House of the following titles:

H.R. 2677. An act to authorize the Board of Regents of the Smithsonian Institution to plan, design, and construct the West Court of the National Museum of Natural History building;

H.R. 3161. An act to make technical amendments necessitated by the enactment of the Older Americans Act Amendments of 1992, and for other purposes; and

H. Con. Res. 169. Concurrent resolution to express the sense of the Congress that the United States should seek compliance by all countries with the conservation and management recommendations and agreements adopted for Atlantic bluefin tuna and other highly migratory species by the International Commission for the Conservation of Atlantic Tunas, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 714) entitled "An act to provide funding for the resolution of failed savings associations, and for other purposes," and agrees to the conference asked by the House of Representatives on the disagreeing votes of the two Houses thereon, and appoints Mr. RIEGLE, Mr. SARBANES, Mr. DODD, Mr. D'AMATO, and Mr. GRAMM to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 636. An act to amend the Public Health Service Act to permit individuals to have freedom of access to certain medical clinics and facilities, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair announces there will be no 1-minute speeches this morning, but there will be after the finish of business tonight.

PROVIDING FOR CONSIDERATION OF H.R. 3450, NORTH AMERICAN FREE-TRADE AGREEMENT IMPLEMENTATION ACT

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 311 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 311

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3450) to implement the North American Free Trade Agreement. The first reading of the bill shall be dispensed with. All points of order against the bill and against its consideration are waived. General debate shall proceed without intervening motion, shall be confined to the bill, and shall not exceed eight hours, with two hours for debate in favor of the bill controlled by Representative Rostenkowski of Illinois or a designee, two hours for debate in opposition to the bill controlled by Representative Gephardt of Missouri or a designee, two hours for debate in favor of the bill controlled by Representative Michel of Illinois or a designee, and two hours for debate in opposition to the bill controlled by Representative Solomon of New York or a designee. Pursuant to section 151(d) of the Trade Act of 1974, after general debate the Committee shall rise and report the bill to the House. Pursuant to section 151(f)(2) of the Trade Act of 1974, the previous question shall be considered as ordered on the bill to final passage without intervening motion.

The SPEAKER pro tempore. The gentleman from California [Mr. BEILENSON] is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield the customary one-half hour of debate time to the gentleman from New York [Mr. SOLOMON], pending which I yield myself such time as I may consume.

Mr. Speaker, I also yield 15 minutes to the gentleman from Michigan [Mr. BONIOR], and I ask unanimous consent that he be allowed to yield portions of that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BEILENSON. Yes, I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I think the gentleman is being very fair to an opponent of the NAFTA agreement.

I would like to make the same unanimous consent request on this side, and yield 15 minutes to a proponent of the NAFTA agreement, the gentleman from California [Mr. DREIER], a member of the Committee on Rules.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEILENSON. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON] for his kind words and for his generosity.

During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 311 is the rule providing for consideration of H.R. 3450, to implement the North American Free-Trade Agreement, or NAFTA.

Although floor procedure for the consideration of bills to implement trade agreements are provided for by the Trade Act of 1974 and the Omnibus Trade and Competitiveness Act of 1988, this rule is necessary to shorten the lengthy debate time, 20 hours, called for by these fast-track trade statutes, and to waive points of order. In other respects, the rule follows the procedures specified by law.

The rule before us provides for 8 hours of general debate, to be equally divided and controlled by the proponents and the opponents of H.R. 3450, and within those divisions, to be equally divided and controlled by the majority and minority parties.

Two hours of debate in favor of the bill will be controlled by the chairman of the Committee on Ways and Means, Mr. ROSTENKOWSKI;

Two hours in opposition will be controlled by the majority leader, Mr. GEPHARDT;

Two hours in favor will be controlled by the minority leader, Mr. MICHEL; and

Two hours in opposition will be controlled by the ranking Republican on the Rules Committee, Mr. SOLOMON.

Although the allocation of debate time in this rule is a departure from the normal practice of granting time on the basis of committee jurisdiction, the Committee on Rules believes that the four-way division of time between proponents and opponents from each of the two parties provided by this rule is the fairest and most equitable way to allocate debate time on this measure. The division of time is also in keeping with the fast-track statutes, which call for an equal division of debate time between proponents and opponents of a trade measure. The Committee feels that 8 hours will be a sufficient amount of time to air all of the arguments for and against NAFTA.

The rule also waives all points of order against the bill and against its consideration. This waiver is needed for several reasons.

First, there are several provisions in H.R. 3450 which technically violate the Congressional Budget Act. It is fair to say that the bill does not violate the spirit of the act—that is, the bill would not cause an increase in our annual budget deficits. In fact, over the next 5 years, according to CBO, the bill would result in a net decrease in budget deficits of about $500 million and, if off-budget receipts are included, about $1.6 billion.

Second, the inclusion of $56 million in appropriations for fiscal year 1995 for the North American Development Bank violates clause 5(a) of rule XXI. Funding for this bank will be used to finance environmental improvements, such as water treatment plants, in the border region and other investments related to economic adjustment.

Third, some of the committee reports have not been available for the 3-day layover period provided for by clause 2(l)(6) of rule XI.

Finally, in keeping with the procedures called for under fast-track trade authority, no amendments, and no motion to recommit, will be in order. This will enable the House to vote for or against the bill implementing NAFTA as submitted by the President.

Mr. Speaker, House Resolution 311 establishes, we believe, a fair framework for consideration of what is without a doubt the most important trade

measure to come before Congress in many years. While there is not much disagreement over this rule, the bill it makes in order, H.R. 3450, is of course one of the most controversial and divisive issues to come before the House of Representatives in a long time.

The ultimate question that the Members of this House will have to decide, by the time we end this debate tonight, is whether our Nation is better off with NAFTA, or without it. Through the course of this debate, I am certain that the answer that will emerge is that we will be much better off with it.

□ 0940

NAFTA is good economic policy; it will bring about increased economic growth for the United States, as well as Mexico and Canada; it will create more highly paid export-related jobs for American workers, and it will bring about a higher standard of living for Americans.

It will set us on a course in pursuit of a larger strategy of trade expansion and liberalization, which will lead to more economic growth in the future. It will make a critical contribution to U.S. competitiveness in a world increasingly divided into trading blocs.

Over the past half dozen years, trade exports have been the strongest part of our economy, creating about 2 million new American jobs.

Exports to Mexico have more than tripled in the past 6 years—from $12 billion in 1987 to almost $42 billion last year; 6 years ago, we had a $5.7 trillion trade deficit with Mexico, now, we have a $5.4 billion trade surplus.

Mexico has become our third leading export market, our second leading market for manufactured exports, and our third largest market for agricultural products.

Our success of the past several years has occurred even though Mexico's trade barriers remain far higher than ours. The elimination, through NAFTA, of the remaining Mexican tariff barriers, will greatly improve our access to our fastest growing market.

Free trade is good for U.S. jobs, and for U.S. consumers.

Opening up new markets is the key to the creation of new jobs and economic growth in this country. NAFTA presents a golden opportunity to compete even more successfully than we have in the vast and growing Mexican market.

Its approval would ensure Mexico the flow of investment capital it needs to sustain a growth of 6 or 7 percent a year. In another 15 years or so, Mexico will have a trillion dollar economy—almost double the size of our biggest current customer, Canada—and guarantee American business unrestricted access to all that purchasing power. We will be creating a large market right next door, for which the United States will be the best situated, most-favored supplier of goods and services. Because Mexico's barriers will only be reduced for United States and Canadian producers, and not for Asian or European ones, most of the benefits of this rapidly growing market will go to United States companies.

NAFTA is also good foreign policy; it will promote better relations with our neighbors throughout the Western Hemisphere. It will help Mexico consolidate its considerable progress toward economic and political reforms, and it will lead to closer relationships and much greater trade with other Latin American nations. In addition, a prosperous and growing Mexican economy will enable Mexico to cooperate with the United States in addressing such issues as drug trafficking, illegal immigration, and environmental protection.

NAFTA is good environmental policy; by promoting economic growth in Mexico, it will better provide that country with the resources it needs to enforce environmental laws; and, new rules for solving differences over environmental matters will ensure that our own high standards will not be compromised. If Mexico fails to enforce its environmental laws, its government would be fined, if violations persist, trade sanctions could follow. This is the first trade agreement to use fines and trade sanctions to back up environmental protections.

And, finally, Mr. Speaker, the issue before us today, in a very real sense, is about much more than NAFTA, important as that agreement is to our economy and to our Nation.

It is about our place in the world, and what role we will play, and how others will see us.

It is about American political leadership in the post-cold-war world—and whether or not we still believe in the open markets and increasingly freer trade we have been working toward for these past decades.

It is about how the United States will relate to the rest of the world in the years ahead—as an optimistic, confident, competitive leader and trading partner, or as frightened, defeatist, and unreliable nation which is unwilling to act in its own national interest—and in the interests as well of market-oriented growth and democratic political reforms in the developing nations of the world—particularly of our neighbors to the south, whose dramatic reforms of the past decade deserve our strongest support and approbation.

Mr. Speaker, this is a truly momentous occasion, and I hope and pray that we respond in a manner befiting the proud history of this greatest of all nations.

The world still needs us; let us not turn away from our ideals and responsibilities.

Mr. Speaker, I urge the adoption of House Resolution 311 so that the House can proceed with consideration of this important matter.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I say to my colleagues, "I hope you will look at what's in front of me here. There are 11 volumes, several thousand pages. Nobody has any idea what's in the NAFTA agreement—no, you don't."

Mr. Speaker, the gentleman from California [Mr. BEILENSON] has given us a clear explanation of the rule, to which I would like to add several observations.

First, I think Members should realize that much of what we will be doing today—at least the procedural aspect involved—was actually decided about 2½ years ago by the previous Congress.

On May 23, 1991, the House voted to uphold the so-called fast-track procedure for consideration of a NAFTA implementation bill—at least in theory.

Once the House had so committed itself to the fast-track, the Bush administration exercised a free hand in negotiating the North American Free-Trade Agreement, secure in the knowledge that such an agreement would not be subject to amendment by Congress.

The fast-track procedure does not permit any amendment or motion to recommit.

And so the rule now before us does not permit these opportunities either, and that is the way it should be because it is the law.

The fast-track procedure requires that all debate time be evenly divided between proponents and opponents of the measure being considered. The Committee on Rules did not attempt to change that requirement, and I commend the Committee on Rules, of which I am a member, for sticking to the rules of the House.

The rule now before us provides for an even distribution of debate time between proponents and opponents of the NAFTA agreement. The one area in which this rule does depart from fast-track concerns the amount of time for debate. The statute provides for 20 hours; this rule provides for 8 hours. After careful consultation with both sides, I believe that 8 hours should be adequate for debating this bill—a great many Members have seemingly made up their minds already, although I have noticed a shift just in the last hour with some Members changing their minds again and now opposing this bill.

Second, Mr. Speaker, I would just note that the leadership of both parties negotiated the terms of this rule, and they are to be commended as well.

Third, Mr. Speaker, I have to advise the House that some questions related to this bill and the fast-track procedure will not be decided and finally laid to rest today, and I am referring to the so-called side agreements.

The fast-track procedures that were established in the Trade Act of 1988 were to apply to, and my colleagues had better listen to this, "trade agreements entered into * * * after May 31, 1991," 2 years ago "and before June 1, 1993," just a few months ago.

As Members know, the administration has made a desperate attempt to sell the NAFTA agreement by entering into several other agreements, particularly with Mexico, since the June 1 deadline expired. And provisions to implement these other agreements have been included in this bill that we have here before us. But genuine questions have been raised about the President's authority to negotiate these subsequent agreements as well as questions concerning the applicability of fast-track approval procedures for them.

At the Committee on Rules yesterday we heard serious testimony about the constitutional implications involved, and my colleagues are going to hear a lot more about this. At the very least, I just have to say that the inclusion of these side agreements violates the spirit of fast-track, and it violates the good faith that was exercised 2½ years ago when Members voted to uphold the fast-track for this bill.

Moreover, Members should be advised that if the NAFTA agreement itself is eventually enacted into law, the legal status of these side agreements will not go unchallenged for long.

□ 0950

Finally, Mr. Speaker, I need to say a word about waivers.

This rule waives all points of order against the bill.

In most cases these waivers apply to violations of the Budget Act which are technical in nature.

However, quite frankly, there is no getting around the fact that the waiver protecting the North American Development Bank is a real whopper.

Does any Member know how much that will cost?

Mr. Speaker, A vote for the North American Development Bank, as presented in this bill, is a vote to establish a foreign aid entitlement program which will have priority funding over virtually every other item in the Federal budget. And we can count on that. And Mr. OBEY will have more to say about that later on during this debate.

We heard compelling testimony yesterday about how this monstrosity is going to come back and haunt this House for years to come. And we can count on that.

The North American Development Bank has never been the subject of a single hearing, nor is it part of the NAFTA agreement itself, yet here it is incorporated into this bill.

Mr. Speaker, the American taxpayers do not want to fund another international bank. Believe me, its legal status will not go unchallenged either. We will see to that, too.

Suffice it to say, Mr. Speaker, that I have some real concerns about what we are doing here today. I intend to vote against this treaty for a myriad of reasons that I will explain during the debate itself. But out of fairness to the President and out of fairness to the Speaker of this House and the Members on both sides of the aisle, I will not attempt to stand in the way of allowing this bill to come to the floor for debate. So out of fairness to everybody, I will vote for the rule that will allow that to happen. Let us get on with the debate.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair recognizes the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this debate is not about whether we need a trade agreement with Mexico, because we clearly do.

The issue before us today is whether or not this NAFTA is the best we can do.

Mr. Speaker, this debate comes down to one simple question: Whose side are you on?

Are you on the side of the "Fortune 500"? Or are you on the side of the "unfortunate 500,000" Americans who will lose their jobs because of this agreement and the literally more than 10 million that will have their wages depressed in this country because of it.

One thing is clear about the events of the past few days:

If NAFTA passes, Henry Kissinger will not be put out of work, the Fortune 500 executives will not lose their stock options, Lee Iacocca will not lose his job, but 500,000 Americans will.

We have lost over 500,000 jobs to Mexico over the past 12 years for one simple reason: Because it is not fair to ask American workers to compete against Mexican workers who earn a dollar an hour or less. This NAFTA that was negotiated does nothing to change that. There is not a single word in over 2,000 pages that says anything or that does anything to raise Mexican wages, to tie Mexican wages to productivity or to ensure that Mexican workers earn enough to buy our products.

How are Mexican workers supposed to buy American cars when a week's wage will barely earn them enough to buy a set of spark plugs?

When the Wall Street Journal asked executives what effect NAFTA would have on their business decisions, 40 percent of our corporations and 55 percent of our largest businesses said they would move some production to Mexico, and 25 percent admitted in a Roper poll in the Wall Street Journal that they would use NAFTA as a bargaining chip to bring down American wages.

Business is telling us they are going to move our jobs to Mexico if NAFTA passes, and we know why. They have been invited to do that, and I think this ad pretty much says it all. This is an ad that the Mexican Government is running or did run in major trade magazines throughout this country. This is what it says: "I can't find good loyal workers for a dollar an hour within a thousand miles of here. Yes you can in Yucatan."

It reads that "You and your company could save $15,000 a year per worker if you had a facility here. Call this number if you are interested."

We called. They have received thousands and thousands of calls. Business is poised and ready to go. They have been invited.

Mr. DREIER. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. Not at this point in the debate. I will yield later on.

So, Mr. Speaker, that is what this debate is really all about.

Mr. Speaker, let me ask this of the Members: "Why can't we have a NAFTA that provides the same guarantees for working people that it does for corporations? Why can't we have a NAFTA that raises Mexico's standard of living to our level instead of lowering ours to theirs? Why can't we have a NAFTA that insists that Mexico meet some minimum standards of democracy and human rights?"

This is a silent issue in this debate: Since 1988, under the so-called reform government of Salinas, 26 journalists have been killed in Mexico, 52 members of the opposition party have been assassinated, and Mexico is the only country in the Western Hemisphere that refuses to allow impartial observers to monitor its elections.

Good people in Mexico are trying to reform that system. We have a chance to say yes to them and no to this system.

When the European Community integrated Spain and Portugal and Greece into the Common Market, they developed certain standards for democracy that each country had to meet. Should we do anything less?

If we say yes to this agreement, what kind of pattern do we set for future trade agreements with Brazil, Chile, Venezuela, Colombia, Guatemala, and the rest of Latin America? What kind of signal do we send our human rights and democracy friends who are struggling for democracy in China? What kind of signal do we send to the Chinese when President Clinton meets with them tomorrow to talk about these very issues?

Mr. Speaker, let us be honest. If this NAFTA was such a good deal, it would stand on its own merits. The White House would not have to be making deal after deal. But one month before Christmas, it is "NAFTA Claus" time at the White House. They have got a deal for sugar, they have one for citrus, they have one for vegetables, and they

have deals for peanuts and planes and banks, and there is a $17 million tax relief provision right in this bill that we will vote on for Honda Corporation. The only deal they have not cut is the one that they should have made at the beginning of the negotiations, and that is a deal for working people in this country that would affect working people in Mexico and Canada as well.

On top of all that, we are being asked to raise taxes in order to send our jobs to Mexico. This bill raises over a billion dollars in taxes, and that is just the beginning. It is a small fraction of the cost. The total cost of implementing NAFTA is between $20 billion and $50 billion.

Mr. Speaker, this rule alone grants 4 waivers of the Budget Act. This bill is a budget buster. We have not even talked about what the cost is going to be to retrain our workers, to retool our factories, to rebuild our infrastructure, and to clean up the environmental mess at the border.

This NAFTA is not the best we can do, and we should go back to the drawing board and come up with an agreement that benefits the peoples of Mexico and Canada and America. There is no question that our future is linked with the future of Mexico and the good people of Mexico, but we cannot stand up here today and say that this is the best we can do.

If we cannot stand up for the working people of America, if we cannot stand up for democracy in Mexico, if we cannot stand up for human rights around the world, what does this country stand for?

Mr. Speaker, we need a trade agreement with Mexico, but this NAFTA is nothing but a job-stealing, tax-raising, community-destroying agreement, and we have got to defeat it.

Mr. Speaker, I urge my colleagues to vote for the future, to vote for our jobs, to vote for the future of our children, and say no to NAFTA.

Mr. Speaker, I reserve the balance of my time.

□ 1000

Mr. DREIER. Mr. Speaker, because so many Republicans want to line up in support of this rule and the North American Free-Trade Agreement, I yield myself 90 seconds.

Mr. Speaker, I support this rule for consideration of H.R. 3450, and I urge all of my colleagues to join me in that support. The North American Free-Trade Agreement, while not the answer to all of the challenges that face our country, is a historic initiative. It is the product of three Presidents, years of intense negotiations with Mexico and Canada, and hundreds of congressional meetings and hearings. It deserves an up-or-down vote on the floor, and this rule provides that vote.

NAFTA is part of a private sector job-creation strategy that opens foreign markets to our exports. It gives American workers a tangible advantage over their competition in Japan and Europe when selling to the growing Mexican export market.

Over the next 9 hours, the American people will see a very emotional debate. On one side, NAFTA opponents will be selling fear. On the other side, armed with the facts, NAFTA supporters will look forward with confidence and hope. Confidence in the unmatched energy and productivity of the American people, and hope for a future of greater prosperity and peace throughout the Western Hemisphere.

Once or twice a century a nation faces historic crossroads. That is the kind of choice that confronts Congress today. Just as we defeated communism after setting off on the Marshall Plan, the American people will choose the leadership role in eliminating trade barriers and bringing countries together in peace.

This rule will let us make that decision. Do we move forward, or slink back? The Republican leadership supports this rule. The Democrat leadership supports this rule. The administration supports this rule. And I am confident that the American people want us to vote on NAFTA today.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair would inform Members that the gentleman from California [Mr. BEILENSON] has 6 minutes remaining, the gentleman from Michigan [Mr. BONIOR] has 8 minutes remaining, the gentleman from New York [Mr. SOLOMON] has 9 minutes remaining, and the gentleman from California [Mr. DREIER] has 13½ minutes remaining.

Mr. DREIER. Mr. Speaker, I am happy to yield 3 minutes to the gentleman from Sanibel, FL [Mr. GOSS], a very able member of the Committee on Rules who has a very important announcement to make.

Mr. GOSS. Mr. Speaker, I thank the distinguished gentleman from California, an outstanding leader on this issue, for yielding time to me.

Regardless of the outcome of today's historic vote, the experience of NAFTA exemplifies the resilience of our representative form of democracy. There will be consequences if it passes; there will be consequences if it fails—but we cannot go back. I supported fast-track negotiations, primarily because we need expanded productivity to make more jobs and that means access to foreign markets on reasonable terms. No one believes we can sustain our quality of life and continue economic growth just by looking to our domestic markets. Throughout the process of considering and refining this enormously complex trade agreement, we have seen an extraordinary—and somewhat unprecedented—level of citizen participation.

I am extremely grateful to the almost 6,000 southwest Floridians who have contacted me or my offices in just the last two weeks—and the many hundreds of others we have heard from in the past 2 years. In this time of growing public mistrust and apathy toward government, such active engagement by the people we serve is most heartening—even though I know many will be disappointed by the outcome, since there is no clear consensus. I opposed the original NAFTA because it needlessly exposed Florida to unfair competition and threatened our environmental and phytosanitary standards.

These problems have been largely—if belatedly—resolved after much effort by a united Florida delegation and others. Today we have a new NAFTA. I firmly believe it will not bleed jobs to Mexico—it will not increase our tax burden despite stride rhetoric to the contrary. The side agreements are legal and workable. I cannot help but wonder if opponents to signing our Constitution 200 years ago referred to our bill of rights as "unworkable side agreements."

Mr. Speaker, after intense deliberation with many, I have concluded we have before us today a positive opportunity for America and for Florida. I think a yes vote says to the world that America is alive and well and a champion of free enterprise. It says to our neighbors in this hemisphere that we can be trusted to negotiate faithfully and fairly. And it says to Americans—in business, on the farm, to workers and professionals and their families at home—that we can compete and win. Bring on the world—were ready.

Mr. Speaker, I support this rule and I support the new NAFTA—and I urge my colleagues to vote yes.

Mr. BEILENSON. Mr. Speaker, for the purpose of debate only, I yield 3 minutes to the gentleman from Oregon [Mr. WYDEN].

Mr. WYDEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the rule and in support of NAFTA. The big issue that is driving this debate is the fear in our communities that the United States companies are going to close down and move to Mexico. I understand that fear, because the economy in my State and everywhere else in the country is changing. But the fact is that NAFTA makes it less likely that companies will move to Mexico, not more so.

NAFTA gets rid of the current Mexican trade barriers that say if America wants to sell in Mexico, it is easier if you locate there. We want American companies to make their products here, and sell them there, and NAFTA makes that easier.

Mr. Speaker, NAFTA is a good deal for us. Mexican tariffs are 2½ times as high as ours, and we have a trade surplus with Mexico. But NAFTA is not

just a dry and technical issue about a tariff deal that favors us. It is a judgment about whether we as a country are going to look forward or backward.

A vote in favor of NAFTA is a judgment that this country can lead in the global economy and shape that economy so that we and others can mutually benefit. A vote against NAFTA is a judgment that we are going to try and protect an economy that really does not exist any longer.

Mr. Speaker, America needs more high skill, high wage export jobs. Members should support the rule and this agreement, and empower our workers and companies so they can tap the opportunities that are out there in the world marketplace.

Mr. DREIER. Mr. Speaker, I am very privileged to yield 2 minutes to the gentleman from Menomonee Falls, WI [Mr. SENSENBRENNER], a hard-working member of the Committee on the Judiciary and the Committee on Science, Space, and Technology.

Mr. SENSENBRENNER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of this rule and of the North American Free-Trade Agreement. One of the more irresponsible charges that has been levied against NAFTA recently is that NAFTA will allow the diversion of Great Lakes water to Mexico and to other places outside of the Great Lakes Basin.

Mr. Speaker, nothing can be further from the truth. NAFTA is silent on interbasin transfers of Great Lakes water. That means that existing treaties and laws on this subject remain in force unamended. That includes the 1909 Treaty on Boundary Waters between the United States and Canada which sets up a machinery that governs diversions, both into and out of the Great Lakes Basin.

Also unaffected by NAFTA is the 1986 Great Lakes Charter Act, which allows the Governors of those States which have adhered to the Great Lakes Charter to have an individual veto against changing diversions that are presently authorized, either increasing diversions into the Great Lakes or out of the Great Lakes. One of the Governors has recently used his veto power to prevent diversion of Great Lakes water into a place in Indiana outside of the Great Lakes Basin.

NAFTA does not touch the issue of Great Lakes diversions. The machinery that has worked so well on this subject since 1909 remains in place, and every Governor that has acceded to the Great Lakes Charter remains having a veto in case someone is proposing to divert Great Lakes water to any place outside of the Great Lakes.

Mr. Speaker, reject this specious argument; look at the text, and support NAFTA.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentlewoman from Maryland [Mrs. BENTLEY], who has been so valuable in fighting for the American workers of this country.

Mrs. BENTLEY. Mr. Speaker, I thank the gentleman from New York, who has been a leader in our battle on NAFTA.

Mr. Speaker, N-A-F-T-A. Separately, they are simply letters. But when put together, they become an acronym that represents a questionable future for the United States.

The letters stand for "North American Free-Trade Agreement." The T is for "trade" and not for "treaty."

NAFTA is not a treaty, and it requires enabling legislation, which is why the House has the opportunity to vote.

Make no mistake, we are voting on a bill, a bill that creates 17 new bureaucracies and divests U.S. courts of jurisdiction.

However, there will be no amendments. This is an up or down vote on thousands of pages. And in these thousands of pages are 449 pages of legislation. We are not even allowed to change a comma.

By page 11, NAFTA is incorporated by reference and then, in the next 438 pages, this bill goes on to make major changes to the United States Code. However, the House is allowed no amendments.

Whether you agree with NAFTA or not, you should vote down a closed rule on 449 pages of legislation, legislation that makes fundamental changes to the American way of life.

□ 1010

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair will advise Members that the gentleman from California [Mr. BEILENSON] has 3 minutes remaining, the gentleman from Michigan [Mr. BONIOR] has 8 minutes remaining, the gentleman from New York [Mr. SOLOMON] has 7½ minutes remaining, and the gentleman from California [Mr. DREIER] has 9½ minutes remaining.

Mr. DREIER Mr. Speaker, I yield 1 minute to the gentleman from Riverside, CA [Mr. CALVERT], a strong and outspoken advocate of the North American Free-Trade Agreement.

Mr. CALVERT. Mr. Speaker, what we say here today will be forgotten before the print is dry on tomorrow's CONGRESSIONAL RECORD.

But, what we do here tonight will have an impact for generations to come.

By our vote on NAFTA, Congress will send a message to our neighbors in this hemisphere, and our neighbors across the oceans.

Even more importantly, it will send a message to our neighbors down the street.

The message will be either that America is ready for the 21st century or that America has lost its vision and its will to compete.

To what depths of despair has this great Nation sunk that its elected representatives are afraid to accept a simple challenge of free and open trade?

Have we become so insecure and so fearful of change that we are intimidated by competition with two nations whose combined gross domestic product is less than my State of California?

Those who seek to kill this agreement often appeal to fear. Some appeal to prejudice. They almost always appeal to America's darker side.

But, America has never been about fear or darkness. It has always been about hope—and opportunity.

America did not become the world's greatest economic superpower by taking the safe course—or by clinging to the ways of the past.

Mr. Speaker, this debate is not about statistics that can be tortured and twisted to prove any point of view.

It is about a simple message to our neighbors—to the North, the South, across the Pacific, across the Atlantic, and down Main Street, U.S.A.

Let that message be one of hope; one of opportunity; one of the future.

Let that message be, America is ready for NAFTA; America is ready for the 21st century.

Mr. BONIOR. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, I am urging Members to vote no on NAFTA and no on the rule. I think we ought to vote against this rule because it basically violates the rules of the House.

The NAFTA agreement is being advertised as a trade agreement, but, in fact, as the gentleman from New York indicated, one of the provisions contained in it is to establish an entirely new international bank funding operation, which will have priority over virtually every other item in the budget come fiscal 1995.

It not only authorizes but it also appropriates the funding for the first year for that bank and then leaves us to determine whether or not we are going to be able to find the money the next 3 years to make good on that promise. I do not think much of that deal.

That is one of the reasons why the real budgetary cost to NAFTA will not be the $3.5 billion talked about by the administration and its supporters. It will be closer to $20 billion over the next decade.

NAFTA is advertised as a free-trade agreement, as an agreement that reduces tariffs.

Let me tell you what it really is. It is a snowplow by which we pave the road to an absolutely free flow of capital and a greatly expanded ability to invest American dollars in all of Latin America, with no regard whatsoever for the economic and social consequences to this society, none whatsoever.

Now, the theory of Members who support NAFTA is this. They say, "Lookit, America can't hang on to those low-paying jobs so you ought to give them away and go after the high-paying jobs."

Well, I agree with that in theory. The problem is, this country does not have a clue about how to go after those high-paying jobs. And it certainly does not have a plan to go after those high-paying jobs.

They talk about retraining. They say, "Oh, don't worry about it; if workers lose their jobs, we are going to retrain them."

How many do you think are going to get retrained? With $28 million a year, that comes up to a grand total of 5,175 workers a year. Big deal.

They say that 19 out of 20 studies demonstrate that NAFTA is a winner for this country. But, 10 of those studies start by assuming in their economic models that there will be no economic diversion of investment from the United States to Mexico. So guess what? Because of that assumption, they cannot show that there will be any diversion.

We have seven other studies that assume from the beginning that there will be no change in job levels in this country. And so guess what? Those studies, by design, cannot show us that there will be a job loss in this country.

Now, I want to say to those who are talking about what the job loss will be, nobody has a clue. Mr. Perot does not have a clue; President Clinton does not have a clue. Nobody knows exactly how many jobs we will wind up winning or losing net. But we do know, even the administration admits, that there will be at least 200,000 people who will lose their jobs. And what are we giving to them? Table scraps, table scraps in the form of a joke of a training program.

I just have one other thing to say, besides the $20 billion budget cost. Do not ever lecture me about the item veto and how the Presidential use of an item veto will save money. After this charade of giving away everything but the kitchen sink in order to get enough votes to pass this agreement, if anybody ever doubted for a moment that the White House can pass out more pork in 5 minutes than this House can in 5 years, all they have to do is watch NAFTA.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would like to welcome our guests in the gallery, but they cannot participate in the debate by applauding. The Chair respectfully requests that our guests in the gallery not applaud.

Mr. DREIER. Mr. Speaker, I yield 1 minute to my good friend, the gentleman from Harrisburg, PA [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, when one begins to add up all the negatives on NAFTA and balance them against the positives, it can be a complex and confusing set of facts with which we have to deal. No question about it. The same trouble we have sifting through all of that obtains to the American people. They, too, see good things and bad things arising out of the treaty, which we are debating here today.

But in the final analysis, when those scales are evenly balanced, if they are, and I do not believe they are, between the pros and the cons, one element comes in to tip the balance in favor of support of NAFTA. And that is the expanded market.

What is wrong with an expanded market of these proportions, one that might even double or triple over the next few years in its proportion, simply because we have the foresight to open the borders between Mexico and the United States?

Vote for NAFTA, because it is a vote for our country.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Speaker, I rise in support of the rule and NAFTA.

As a 40-year member of the United Auto Workers some have questioned my support for the agreement. Let me tell you why I will be voting for NAFTA.

My decision to support NAFTA was not easy. I have spent most of my adult life fighting for economic and social justice for American workers. For 20 years as a member of the UAW, I organized laborers from Los Angeles, CA, to Buenos Aires, Argentina, My commitment to the rights and opportunities of workers worldwide is well documented and unchallenged.

This lifetime of experience has convinced me, without a doubt, that American workers are the best in the world, able to compete and win in the global economy.

Over the past 3 years I have been one of the most vocal critics of NAFTA. I strongly opposed, and voted against, fast-track, and I would have voted against the NAFTA agreement negotiated by the Bush administration. But this is a new NAFTA. It is a NAFTA that not only provides an opportunity to open new markets and create new jobs, but also protects American workers.

While NAFTA will lead to job gains in high-wage, union-intensive, sectors, I have always been very concerned about those who, in the short term, may suffer the loss of jobs and economic opportunity. The risk of job loss, and the need to address such risk, is not only a problem with NAFTA, but with expanded U.S. participation in the global economy generally.

Almost everyone agrees—even the most strident opponents of NAFTA—that in the long run open trade creates economic growth which benefits workers and consumers in all countries involved. Indeed, the opponents of NAFTA claim that they are not against a free-trade agreement with Mexico, they are just against this agreement and would support new negotiations to achieve, from their perspective, a better deal.

The promise of a better NAFTA is, I have concluded, a false illusion. It will be years, perhaps a generation, before there will be another opportunity to improve cooperation with our Mexican neighbors on trade, environmental, labor, and other issues. Whether the issues relate to immigration, narcotics, or commerce, a rejection of NAFTA will make it much more difficult to resolve problems and pursue opportunities which affect so deeply the people of the United States and Mexico.

With this in mind, and with my colleagues in the House I decided to try and improve NAFTA by promoting the establishment of a North American Development Bank [NADBank] and a NAFTA-related dislocated worker adjustment program to assist those communities and workers who may suffer dislocations related to the implementation of NAFTA. Working closely with Latino leaders, my colleagues in Congress, and other experts from across the country, I set out to persuade President Clinton that these two initiatives were in the national interest and were necessary to address the legitimate fears that NAFTA has evoked.

After several months of hard work and close cooperation, in mid-October President Clinton, Secretary Bentsen, and Secretary Reich agreed to all the essential elements of the NADBank and worker retraining proposals. Indeed, they had already incorporated important elements of my original NADBank proposal in the administration's plan to create a development bank funding facility for environmental investment projects. As a result, I am convinced that this NAFTA will benefit most workers in the United States and in Mexico, and will protect those who, in the short term, are at greatest risk of dislocation. I now believe that NAFTA not only will create better and higher-paying jobs for American workers in many industries, but also will provide new opportunities for those at risk.

During the past few weeks, the proposal to create a North American Development Bank has been the subject of much discussion. Unfortunately, most of what has been said about the NADBank has been either inaccurate or purposely misleading. It has been called everything from massive pork barrel spending to an unfundable hoax. As someone who has worked hundreds of hours consulting public and private finance experts and economists throughout the country on this matter, I want to set the record straight. Do not be beguiled by the opponents of

NADBank and its fright-mongers here in the House, and on the outside by the likes of Ross Perot and Pat Buchanan.

First, it has been said that NADBank is pork barrel and is a waste of taxpayers money. The NADBank is not pork. It is a public policy initiative that is the product of a legitimate legislative process. The idea for a regional development bank has been discussed by academics for over a decade. Last May, 24 of my colleagues joined me in introducing legislation calling for the creation of the NADBank. Two congressional hearings have been held. And the NADBank enjoys support from over 100 environmental groups, Latino leaders, and community activists. In short, the NADBank is not some pork barrel deal, it is a legislative initiative with broad support that is in the public interest.

As for being a waste of taxpayers money, the NADBank represents a highly effective use of a small amount of public funds to mobilize a large amount of private capital. Through its lending capacity of $3 billion, based on a paid-in capitalization of $56 million a year for 4 years, NADBank will be able, conservatively to mobilize more than $20 billion to clean up and prevent environmental pollution along the United States-Mexico border, while also ensuring that communities anywhere in the United States that are negatively affected by NAFTA will have the financial capacity to create new and better jobs. Workers from Peoria to Los Angeles will be assured that more than $1 billion will be available for economic development and job creation in American communities.

Furthermore, my vote did not cost the administration or the taxpayers one dime that had not already been committed to support a narrow set of border environmental projects. My negotiations with the administration focused on the scope of the Bank and the importance of providing it with the authority to make loans outside the border area for economic development to create jobs for Americans.

Second, it has been asserted by some NAFTA opponents that the NADBank will not achieve its important goals because, even if authorized, it will never be adequately funded. This is a false argument. I note that a number of NAFTA's most vocal critics, in and out of the Congress, have endorsed my NADBank proposal. Moreover, the enabling legislation will include $56 million to provide the first-year capitalization for the NADBank. I am confident that if NAFTA is adopted, the Congress will readily appropriate the additional $56 million a year over the next 3 years to ensure full capitalization.

After all, surely a Congress which appropriates billions annually to provide aid to workers in the Middle-East, housing for Soviet soldiers returning to their homeland, and training for computer programmers in Russia, will be willing to appropriate $56 million to assist American communities and workers. NADBank funding will be part of an appropriations budget category that includes NADBank as the only institution which addresses the needs of U.S. communities, as opposed to the needs of foreign countries.

It has been alleged that NADBank allows for an institution with substantial representation by foreign interests to participate in determining how the United States will use funds within its own borders.

This allegation is just flat out wrong. Any lending in the United States through NADBank's United States domestic window is fully controlled by the United States—appointed members of the board of directors. In addition, these loans are subject to review only by the U.S. Advisory and Review Committee, which will consist only of representatives from U.S. communities and U.S. nongovernment organizations. It has also been said that the NADBank proposal focuses on a narrow set of environmental problems and neglects other important concerns.

This allegation is also false. The Charter of the NADBank explicitly expands the scope of activities beyond the administration's original narrow proposal for a border environmental financing facility. The scope is now expanded to include any related environmental infrastructure, including, for example, air pollution. In addition, and more importantly, the scope was expanded to include other economically viable infrastructure and community economic development projects in communities anywhere in the United States affected by NAFTA. In other words, members should be happy with the successful efforts of the NADBank supporters to expand the scope of the original proposal.

Finally, some are asserting Maquiladoras should assume more responsibilities for mitigating their impact on the environment.

That is exactly the logic behind the NADBank. All environmental infrastructure projects will be paid for through user fees paid by Maquiladoras. Maquilas will no longer be able to use the excuse that there are no pollution treatment facilities for their failure to meet environmental laws. NADBank investments are thus an integral part of being able to enforce higher environmental standards along the border. Since all the loans for these environmental projects will be fully repaid, NADBank projects will be financed strictly on the polluter pays principle.

For those who may lose jobs because of NAFTA, the new Dislocated Worker Adjustment Program I advocated, along with my colleagues XAVIER BECERRA and LUCILLE ROYBAL-ALLARD, will provide the support necessary to ease their transition into new jobs. It provides for rapid identification and certification of affected workers, meaningful job training opportunities and income support. And for the first time, dislocated workers in secondary and cyclical industries will be eligible for job training and income support, industries that employ large numbers of lower skilled workers.

The Clinton negotiated NAFTA is a new agreement, one that truly addresses American and Mexican labor and environmental laws and provides protection for any short term negative impact. I am convinced that with these additions to NAFTA, I have made the right decision for my constituents and for the Nation. In essence, my original position on NAFTA did not change, NAFTA has changed.

Finally, I believe that Americans must approach the future with confidence and determination. Future generations will benefit if the leaders of today act with courage and optimism about the ability of our people to compete and win in the global economy. Future generations will benefit if we today establish a historic new set of institutions, such as the NADBank and the Labor and Environmental Commissions, which create the basis for a relationship of cooperation and trust, not only with the people of Mexico, but with people and nations throughout the hemisphere.

President Clinton's NAFTA is an agreement I am proud to support. I am proud that the President and his administration have worked closely with me and Latino leaders from across the country to address our concerns. I urge you to support our President. I urge you to have confidence in our people. I urge you to vote yes in support of the rule and the North American Free-Trade Agreement.

□ 1020

Mr. DREIER. Mr. Speaker, I am happy to yield 2 minutes to our diligent colleague, the gentleman from Stamford, CT [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, this is a historic day. As we begin debate on NAFTA I pray on bended knee that we do this House justice, that we do what is right for our country. And I know my colleagues share that hope.

The cold war has ended, and while the United States and the Soviet Union were fighting that war, Western Europe, Japan, and the Asian rim nations were fighting an economic war and dividing the spoils. This is the contest we should be waging and passing the North American Free-Trade Agreement will begin the process.

NAFTA is a good agreement for our country. It is good for us economically, it is good for us socially, it is good for us politically, it is good for us environmentally.

In August 1941, almost 4 months before Pearl Harbor, Asia and Europe, were at war and Americans drew inward. They wanted us to isolate ourselves and shut out the rest of the world. So they encouraged their Congressmen to end the draft. But there were men and women in Congress who knew what we needed to do. They knew that the United States could not be an island unto itself, and so they approved continuing the draft—but by only one vote.

This great Nation of 248 million people, with an economy 20 times larger than Mexico's, does not need to fear our neighbors to the south. As it did in 1941 this Congress needs to rise to the occasion. We need to seize the moment and pass NAFTA. There is no doubt in my mind future generations will look back on this vote and ask how we could have done otherwise.

Today marks the beginning of the United States entrance into the contest of the 21st century—to expand our economy and create jobs. Our economic future is in exports, and NAFTA is the first step toward that future.

Mr. DREIER. Mr. Speaker, I am happy to yield 1 minute to my good friend, the gentleman from Colorado Springs, CO [Mr. HEFLEY].

Mr. HEFLEY. Mr. Speaker, let me say for the record that I support the North American Free-Trade Agreement. I think NAFTA is in this country's best interest.

That is not to say that I think NAFTA is going to be completely painless. I am sympathetic with many of the concerns raised about the agreement. U.S. businesses operate under a blanket of environmental and safety regulations which hamper their ability to compete in the international market. I agree that these handicaps need to be recognized and addressed in any trade agreement.

At the same time, I am wary of some of the arguments raised against establishing free trade with Mexico. The constant harping that NAFTA will cost this country jobs and slow our future economic growth is completely contrary to our recent experience with trade agreements.

We have all heard the statistics. Over the last 5 years, since the Mexican Government unilaterally cut its tariffs on American products, United States trade with Mexico has exploded, and what was a trade deficit has changed into a trade surplus.

Despite this record, many opponents claim that if the NAFTA is passed, then United States Corporations will move to Mexico to take advantage of the lower labor costs.

Well, that is happening right now without the assistance of the NAFTA agreement. And if we stop them from moving to Mexico, they'll move to South Korea or the Pacific rim instead. Sticking our heads in the sand and scrapping NAFTA won't solve the problem of high-priced American labor.

On the other hand, NAFTA will open up Mexico's markets for the kind of capital and manufactured goods in which we are competitive. Since 1986 when Mexico entered GATT, United States exports to Mexico have tripled creating over 400,000 American jobs. Over 80 percent of these new jobs are the high-wage manufacturing jobs that concern the opponents of NAFTA. Signing NAFTA will create more.

Other opponents to NAFTA point out that we cannot have balanced trade with Mexico because its people living along the United States-Mexico border live in substandard housing and earn substandard wages. In my mind, this observation would seem to support a free trade agreement. Mexico's people can't improve their conditions and if they have no jobs or income.

That response also applies to the environmental concerns raised against NAFTA. There is a direct linkage between economic growth and increased environmental performance. Environmental regulations cost money, and Mexico can't address its current environment problems without economic growth.

The perception held by many Americans is that Mexico is a third world country that has little to offer the United States as a trading partner. This perception ignores the reality that Mexico's middle-class population is larger than Canada's entire population.

In fact, Mexico is already our third leading trading partner, consuming over $40 billion in American goods each year and providing employment for over 600,000 Americans.

For every impoverished citizen who would gladly work—whether NAFTA is ratified or not—at a $1 a day job along the Mexico border, there is a middle-class citizen eager to purchase U.S. goods and services but can't because current Mexican tariffs are too high.

There are two other objections to NAFTA that I think need to be addressed. First is the issue of taxes. Under this agreement, $2.5 billion worth of tariffs—that is, taxes on American consumer—will be cut. In their place, $700 million worth of increased transportation user fees will be increased.

That means this agreement represents a net $1.8 billion tax cut for Americans. As someone who has fought hard to cut taxes, this cut is an unexpected bonus and further reason to support this agreement.

The second objection is sovereignty. Opponents of NAFTA have claimed that NAFTA abandons Congress' role in regulating trade and undermines our national sovereignty. I have looked into these concerns, and am satisfied our environmental, transportation, health, safety, and labor laws will not be unduly weakened by this agreement.

As evidence of this, 42 of 50 State Governors support his trade agreement. I am unconvinced that Governors from both the right and the left of the political spectrum would support this agreement if it were going to undercut their ability to set policy for their Sates.

In conclusion, the time to ratify NAFTA is now. Under the current pro-business government in Mexico, that country's economy is going to grow substantially over the next decade. We can either lower our trade barriers, work with Mexico, and benefit from this growth or we can erect a wall along the Rio Grande and stand by while Mexico teams up with Japan and Germany and leaves us behind.

Mr. BONIOR. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I thought I had heard it all. But equating the Bill of Rights to NAFTA is like equating Mother Teresa to Michael Millikin. This debate, ladies and gentleman, actually justifies giving Dr. Kevorkian a political license.

Back home, all of these side deals for the Southern States, for sugar, orange juice, and textiles, the Northern deals for urban projects, the industrial State deals for worker retraining, a $17 million tax break to Honda Motors who did not pay their taxes that they owed in this bill, ladies and gentlemen, in Washington this is called politics. Back home in your town and my town these are called bribes and crimes.

This is a sad day. Politicians have sold their souls to the devil, and the American worker is in hell trying to grow out of it.

Mr. DREIER. Mr. Speaker, I am very pleased to yield 1 minute to our friend, the gentleman from Casper, WY [Mr. THOMAS].

Mr. THOMAS of Wyoming. Mr. Speaker, I rise in support of the rule and in support of the agreement.

Seldom are we confronted with an issue so driven by emotion and clouded with unfounded information, and also by personal political agendas. It is tough for all of us in this country to try to cut through the fog and come up with the right decision.

Any agreement, of course, that is made by this country needs to be entered into on the basis of strengthening the country and its economy and its leadership in the world, its relationship with our neighbors. Any economy as large and effective as ours and as efficient must have expanded markets.

Our country is the largest exporter in the world. Any jobs that have been developed over the last several years are a result of expanded export markets.

There is always a downside of course to agreements the magnitude of this one. One of the speakers bemoaned the fact that they did not have a chance to put in the periods and comas and the

details. A treaty of this kind cannot be done by a committee of 435.

On balance, this agreement is in favor of the United States and U.S. jobs, and we should pass the rule and the bill.

Mr. DREIER. Mr. Speaker, I am happy to yield 1 minute to my good friend, the gentleman from Oceanside, CA [Mr. PACKARD].

Mr. PACKARD. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, NAFTA will launch the creation of a North American free-trade zone. In an effort to increase its economic muscle abroad, we have seen the European countries undertake a similar step, creating the European Community. It is our best vehicle to compete with the European Community, and the Pacific rim trade bloc.

NAFTA will increase America's muscle in our hemisphere, creating the largest free-trade zone in the world—over 370 million people—opening new markets to U.S. products. This will allow us to maintain our position as the world's economic superpower.

The vote on NAFTA is truly an historic one. This vote is essentially a yardstick by which we will measure our fears against the future.

The rest of the world is watching—our confidence and faith in economic progress will be judged by the outcome of this vote. Passage or defeat of NAFTA will determine the pace of American competitiveness.

This vote will decide, during this economically transitional time, whether we choose to move forward, to meet the new challenges of the 21st century—to lead the world—or resist inevitable change and relegate America to a second rate economic power.

About the job loss argument: There is nothing to stop United States companies from relocating to Mexico without NAFTA.

I will not stand here and deny the obvious: There are companies who have chosen to take jobs across the border to Mexico.

Ironically, these jobs were lost primarily because we do not have a free-trade agreement with Mexico. It will raise $1.1 billion in new user fees but it cuts almost $3 billion in existing taxes and tariffs. The net tax cut is $1.8 billion.

Because of the current tariff structure imposed by the Mexican Government, it is extremely difficult for United States businesses to compete there unless they physically move their production to Mexico and hire Mexican workers.

Under NAFTA, U.S. businesses will not have to pay these kinds of tariffs, and will not have to move their companies to Mexico in order to compete in the Mexican market.

I urge my colleagues to vote for the economic progress that is the future.

I caution them that progress will happen with or without America—if we do not get on the train now, it will leave the station without us.

Our ability to compete in global markets is the basis of our economic future.

I urge my colleagues to pass this agreement for the greater good of all America, not for political or parochial reasons.

I urge you to vote "yes" on the rule and "yes" on NAFTA.

□ 1030

Mr. BONIOR. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Wisconsin [Mr. BARCA].

Mr. BARCA of Wisconsin. Mr. Speaker, we have had the New Deal, the Fair Deal, but this is just a bad deal. And this rule allows it to be a worse deal.

The rules do not allow us to raise any points of order, even though in this bill we have added a development bank, study centers, things unrelated to this free-trade agreement. They are not part of the free-trade agreement that was negotiated with Mexico and Canada. These are part of the side agreements negotiated with dozens of Members of Congress, item after item that will bust our budget and rearrange our priorities. They never had a review by any of the committees of this House.

We should not create laws this way, and we certainly should not create banks and study centers this way.

It is already stated that this violates our Budget Act. These items did not need to be put in here. They should not have been put in here.

I would urge the Members to vote against this rule and certainly to vote against this bad deal.

Mr. DREIER. Mr. Speaker, the overwhelming majority of Governors support the North American Free-Trade Agreement, and I yield 1 minute to the next Governor of Rhode Island, from Portsmouth, the gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Speaker, I rise in support of the rule and in support of NAFTA.

Patriotism is doing what is right for one's country. This is not an argument about ideology. It is not an argument of partisanship. It is an argument that should be based on the facts and not on fears.

As we look at the facts, the facts are clearly in support of NAFTA, because it is right for America. America needs to take its place of leadership. We need to have open and free markets to send our goods. We need to tell our neighbors that when we make a deal we will stand by this deal.

A NAFTA is a good and important vote.

Seldom will we have a vote on this House floor which will mean more for the future of the United States than this vote today.

I ask my colleagues to put aside their partisanship, put aside their ideological backgrounds, and to look at the facts, and when you look at the facts, I am sure you will conclude, as I will, that this is a good vote, good for our future.

Mr. BONIOR. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Toledo, OH [Ms. KAPTUR], who has been such a strong advocate against this NAFTA.

Ms. KAPTUR. Mr. Speaker, today I rise in strong opposition to NAFTA and this rule.

Today the United States confronts an historic opportunity to use our trading power to promote democracy, create jobs, and raise the standard of living for our own people as well as the people of Mexico. This NAFTA debate is not about whether America will compete; rather, it is about on what terms we will ask our workers and farmers to compete with low-wage, undemocratic nations of the world.

The trade agreement that moves us into this new era of trade-linked advancement will be precedent-setting.

This NAFTA is not a fundamental realignment of U.S. trade policy. It is a throwback to the post-1946 World War II era when America tried to rebuild the world and stave off communism by absorbing imports into our economy from nations devastated by war and corrupt political systems. Their economies remain export-driven as will be Mexico's, and retain their repressive political regimes.

This has resulted in the largest trade deficits and loss of jobs this country has ever experienced since the 1800's.

We must compete in global markets with nations that do not share our political and social values, but we cannot let the greed of the marketplace overwhelm the values that underlie our democracy.

Never has the United States negotiated a free-trade agreement with a nation whose standard of living and political system are different from our own, as Mexico's, during the period when we have lost millions of jobs during the 1980's. NAFTA will continue this outsourcing of jobs to Mexico from this country.

President John Kennedy said in 1962 in his Alliance for Progress that we must not forget that the doctrine of development is more than a blueprint for economic advance. It says that material progress is meaningless without individual freedom and political liberty.

Rejection of this agreement will send an important signal to other nondemocracies like Mexico that we will continue to link economic development with the development of just political and social institutions.

Vote "no" on NAFTA. Vote for democracy-building and prosperity for ordinary people of this continent.

AN OPPORTUNITY

Mr. Speaker, in this post-cold war era, the United States confronts an historic opportunity

as the preeminent world economy and the world's largest democratic republic and market. Our new challenge is to use our trading power to promote democracy and raise the standard of living for our own people, as well as people around the world. Our objective should be to engage in high wage/high productivity competition with other advanced economies, not to meet the competition of low wage/high productivity/nondemocratic societies. And we must place equal emphasis on prying open the closed markets of the world. The trade agreement that moves us into this new era of trade-linked advancement will be precedent setting.

NAFTA DOESN'T MEASURE UP

This NAFTA is not a fundamental realignment of trade policy. It is a narrowly drawn tariff and investment agreement with toothless side addenda. It is a throwback to post-1946 World War II era, when America tried to rebuild the world and stave off communism by absorbing imports into our economy from nations devastated by war and corrupt political systems. This program was wildly successful, and Japan, Korea, and Taiwan are now among our foremost competitors. But the world has changed. Their economies remain export driven, their production is still aimed at the United States market, but they have continued to protect their own markets from United States exports. The result is a persistent trade deficit, and an erosion of our economic security. Ours is still the largest national economy in the world, but it is threatened by a flood of imports from low wage countries, and persistent barriers to U.S. exports to other major markets.

THE ECONOMIC REALITIES

With the end of the cold war and the growth of the global economy, our security depends more than ever on economic strength, and our most critical challenges are in the marketplace. The history of the 20th century in our country has been one of "taming" our national marketplace to make room for social values. American workers fought hard for labor rights; the bleak years of the depression taught us important lessons about regulating the marketplace; and more recently we have worked to find effective ways to protect our environment and the health and safety of our citizens at home and at work. Canada, Japan and the nations of Europe have enacted many similar protections, but we compete in global markets with nations that do not have similar protections. They do not share our political and social values, and they are willing to accept conditions that we find unacceptable.

The challenge of trade policy in this unregulated global market is to use our market power to respect our workers and strengthen our economy. We cannot let the greed of the marketplace overwhelm the values that underlie our democracy. As we adapt to remain competitive and increase productivity, we must make sure that our policy reflects our fundamental values and contributes to a better standard of living for our citizens.

Since the 1970s, the American economy has been eroded by gaping trade deficits and devastating losses of high-wage manufacturing jobs. Our full-time high-wage job base continues to erode while part-time work increases.

During the last decade, United States manufacturing employment fell by 951,000 jobs, while employment in the maquiladora areas of northern Mexico exploded by 431,000 jobs.

Last year, U.S. employment fell by another 325,000 jobs.

Unemployment just ticked up again, and more than 400,000 layoffs have been announced since January 1.

General Motors will trim its U.S. workforce by 74,000 and close 21 plants over the next 4 years.

IBM has announced plans to cut its labor force by an additional 35,000 workers.

Industry restructuring may insure the long-term survival of the companies themselves, but we cannot ignore the significance of the job losses. Laid-off workers have not been able to find comparable jobs, and communities are reeling from revenue losses from closed facilities and smaller payrolls.

Over 60 percent of the new jobs created during the first half of 1993 were part-time jobs.

The majority of new jobs were created in three categories—temporary work, restaurant work, and health care.

Service sector jobs are, in most cases, clearly inferior to the manufacturing jobs they replace—lower pay, lower benefits, less job security.

Something is fundamentally wrong with U.S. trade and economic policy that has allowed this set of circumstances to proceed unabated, while the economies of other nations have caught up to our own.

TARIFFS HAVE DROPPED

Since the early 1970s when most U.S. tariffs dropped to almost nothing the U.S. has been hemorrhaging jobs and accumulating historic trade deficits. Averaging over $100 billion in many years, the trade deficit represents thousands of lost jobs in the manufacturing sector. Every one billion dollars of trade deficit translates into 23,500 lost U.S. jobs, so we can draw the direct connection between trade deficits and lost jobs.

For too long, our trade agreements have been "sweetheart trade deals" with too narrow a focus, often benefitting one industry or sector, that is the few at the expense of the many. U.S. trade agreements have resulted in harm to our workers, our farmers, and our economic health.

This debate is not really about tariffs in Mexico. Since 1985 most tariffs have dropped by 90 percent (U.S. tariffs average 3.5 percent and Mexico 8.2 percent). As a result we have witnessed the explosion of U.S. investment in northern Mexico with the bulk of production from more than 2,200 companies headed back here into our market. Business interests love Section 1110 of the Agreement, which provides strong investment guarantees.

No Party may directly or indirectly nationalize or expropriate an investment of an investor of another Party in its territory or take a measure tantamount to nationalization or expropriation of such an investment, except for a public purpose; on a nondiscriminatory basis; in accordance with due process; and on payment of compensation.

Compensation at full market value shall be paid without delay in a G7 currency, including interest from the day of expropriation until the day of payment.

These protections are designed to allay the fears of the international business community, which has never forgotten that the Mexican government nationalized the petroleum industry in 1976.

THE IMPORTANCE OF MANUFACTURING JOBS

Importantly, we are considering this proposal at a time when our domestic economy has been sputtering and suffering the loss of millions of manufacturing jobs. In fact, as a percent of Gross Domestic Product, high wage manufacturing jobs in the U.S. have fallen below 20 percent of total jobs. This compares very unfavorably with our chief industrial and trade competitors Japan and Germany who maintain manufacturing as nearly one-third of their economic bases. Sinking U.S. wage levels are directly attributable to the loss of high-paying industrial jobs in the U.S. No other major industrial power has allowed itself to be diminished to this extent. No trade agreement can ignore this predicament.

THE SOCIAL DIMENSION OF COMPETITION

Countries with a commitment to democracy building and the best products—not the most exploited workers or the best special deals—should get our attention. Any trade agreement the U.S. signs must acknowledge this new global climate and fully address the social, political, as well as economic, dimensions of trade-related growth. To do less will harm our own people and fail to hold other nations to the lofty goals our own liberty commands.

ONLY THE THIRD "FREE TRADE AGREEMENT

Never has the United States negotiated a free trade agreement with a nation whose standard of living and political system are as different from our own as Mexico's. In fact, the U.S. has only signed two "free trade" agreements in our history. The first, in 1985, was with Israel, and the second, in 1989, was with Canada. Both economies were far more like our own than Mexico's.

	Per capita GDP	Work force size
Israel	$11,000	1,850,000
Canada	14,000	13,800,000
Mexico	3,200	27,400,000
U.S	22,470	125,300,000

The United States comprises 85 percent of the North American market, Canada 11 percent and Mexico 4 percent, but Mexico provides one-sixth of the workforce. And with 40 percent of Mexico's population under the age of 15, each year 1–2 million new workers will join the workforce during the next decade. For the U.S. to not consider these demographic implications is indeed serious.

ASIAN INTEREST

There is only one aspect of Mexico that interests Asian investors: its proximity to the U.S. market. This has already lured Sony and Panasonic to set up maquiladora plants where parts imported from Japan are assembled in Mexico for export to the United States. Asian investment in Mexico has lagged far behind United States investment, because of distance, cultural differences, and Asian uncertainty about Mexico's stability. They have preferred to invest in other parts of Asia, and there's no reason to believe that defeating NAFTA would change that.

With NAFTA, however, the benefits of access to the U.S. market would change the investment equation and redirect to Mexico Asian investment that would otherwise come

to the United States. This investment diversion would redirect new employment to Mexico that would otherwise be located in the U.S. The only study that looked at this issue predicted that $2.5 billion of investment would be displaced from the U.S. to Mexico annually. That translates to 375,000 potential new jobs lost over 5 years—jobs manufacturing goods for the U.S. market, but redirected to Mexico by NAFTA.

THE COMMON MARKET EXAMPLE

The Common Market structure which Europe has adopted to achieve market integration rests on basic political freedoms, rights of ownership, labor rights and judicial safeguards, not just in theory but in practice. The European example provides a precedent for slowly phasing-in any type of trade agreement over decades, not years. And the European model also provides for a Social Charter to deal with job dislocations and other social repercussions arising from merging markets. But never in the history of Europe has that market had to absorb an economy as low wage as Mexico. Even Spain, Portugal, and Greece, whose standards of living are higher and whose political systems are not one-party states, have proven to be monumental challenges for absorption into the market.

To join the European Community market a nation first must be a functioning democracy. Why should the Americans frame the debate today in terms any less lofty? A comprehensive accord should have the goal of setting in place a long-term development strategy to build democracy and prosperity for all nations seeking entry into the trading union.

CANADA'S EXPERIENCE

The United States-Canadian Free Trade agreement, which I supported, did not provide any cushion for dislocation of workers. It has resulted in enormous job losses in Canada, 500,000—over 25 percent of its manufacturing jobs in 5 years. Trade agreements must reach beyond tariff and investment rules and anticipate the social and political consequences as well.

TRADE WITH MEXICO

To date, trade with Mexico has largely been composed of U-turn goods—United States parts destined for the maquildora industry. That is, nearly half leave the United States for Mexico but then come back here for ultimate sale in our market. This is not what is generally viewed as a new export market. The claim that NAFTA will increase United States exports to Mexico is truly exaggerated. Increasing US exports to Mexico since 1987 until this year largely have been tied to the value of the peso not to the growth of a middle class in Mexico.

The distribution of income in Mexico is wildly unequal, and the benefits of the "Mexican economic miracle" have flowed into the accounts of a few very wealthy families. Instead of middle class, Mexico has developed a large new class of billionaires. Only the United States, Germany and Japan had more billionaires in the July 1993 tally by *Forbes* Magazine. Instead of purchasing power for workers, the result of Mexico's growing output has enabled these new industrialists to consolidate their ownership of Mexico's productive capacity, and in some cases purchase U.S. corporations in cartel-like fashion.

FAST TRACK

The inadequate agreement we call NAFTA is actually a quagmire created by "fast track." Article I, Sec. 7(B) of the United States Constitution states: "The Congress shall have the Power to regulate commerce with foreign nations." The 1974 Trade Act set up the "fast track" procedure to facilitate negotiation of trade agreements and protect the credibility of the President when the Executive Branch enters into specific negotiations. But our highest responsibility is not to make it easy to negotiate an agreement, it is to ensure that the agreement is good for our country. This Congress ceded too much of our Constitutionally-mandated trade-making authority to the Executive branch. In effect, we substituted un-elected negotiators and bureaucrats in the arcane world of trade for comprehensive Congressional deliberations. Now we see the results of our own abdication.

In fact, Congress' careful consideration is essential if we are to produce a comprehensive agreement that takes into account the fact that the Agreement will impact almost every aspect of U.S. life and law—wage standards, banking, environment, agriculture, immigration, and judicial review. Fast Track requires us to express our convictions with a single vote—up or down—with no amendments allowed. Only since 1974 has the Congress ceded its trade making authority under fast track. It does not seem proper to me that the Congress of the United States has turned itself into a Parliament that merely puts its stamp of approval or disapproval on the Executive Branch's handiwork, and left ourselves with the bleak alternative of voting only "yes" or "no." I ask: How can we do this to ourselves and to our country?

DEMOCRACY AND PROSPERITY

There remain fundamental differences between our respective systems that no trade agreement can ignore. These include wide and growing disparities in our standards of living, differences in our approaches to ensuring basic constitutional and political freedoms and widely varying experiences in expanding individual liberties including property ownership, small business enterprise, banking and entrepreneurship. Our two nations manage our judicial systems and federal systems of government quite differently. Unlike Mexico, the United States has a long history of sharing power with local and State governments—and checks and balances play a very prominent role in our system. We cannot proceed with an agreement that ignores these fundamental values. What America must do is negotiate expanding trade opportunities while representing human dignity through a North American Economic and Social Compact.

MEXICO IS NOT A DEMOCRACY

The proposed agreement is silent on the principles of democracy building and free elections in Mexico—and Mexico's democracy and attitude toward human rights are in grave need of strengthening. A single party, PRI, has, according to our own State Department, "dominated Mexico's politics for over 60 years. It maintains political control through a combination of voting strength, organizational power, access to governmental resources not enjoyed by other political parties, and—according to credible charges from the principal opposition parties and other observers—electoral irregularities." Mexico has been called "the perfect dictatorship." The Mexican government has consistently refused requests from opposition parties for electoral monitoring by international organizations. Just last month, PRI introduced a bill in the Senate to bar any international observers from Mexican elections. Even the participation of observers who are Mexican nationals would be severely restricted, and cannot be or have been a member of the leadership of a national, state or municipal political organization or political party within 5 years prior to the election.

According to the State Department, "* * * there continue to be human rights abuses in Mexico, many of which go unpunished, owing to the culture of impunity that has traditionally surrounded human rights violators. These violations include the use of torture and other abuses by elements of the security forces, instances of extrajudicial killing, and credible charges by opposition parties, civic groups, and outside observers that there are flaws in the electoral process." In a recent letter to President Clinton, Americas Watch stated:

> Mexicans still endure serious human rights violations. Over the past four years, Human Rights Watch/Americas Watch and other human rights organizations have documented a consistent pattern of torture and due process abuses in a criminal justice system laced with corruption; electoral fraud and election related violence; harassment, intimidation, and even violence against independent journalists, human rights monitors, environmentalists, workers, peasants and indigenous peoples when they seek to exercise their rights to freedom of expression and assembly; and impunity for those who violate fundamental rights.

A trade agreement with Mexico offers the opportunity to use our close relationship with Mexico to encourage reform of these abuses. However, if, as in the current NAFTA, we fail to seize this opportunity, abuses will continue. And their effect—inhibiting justice and accountability, preventing Mexican citizens from enjoying the protection of their own laws—will not only hurt Mexicans, but will place U.S. citizens at a competitive disadvantage. We owe it to Mexico and to ourselves to do better. Why should the U.S. sign any such pathbreaking accord with a nation that is not a functioning democracy?

IMPACT ON WAGES IN MEXICO

The proposed NAFTA accord and its side agreements are inadequate to encourage jobs creation in the U.S. largely because the agreement does not offset the cheap wages and the poor social benefits of Mexico's workers. Their standard of living is one-seventh of our own, and that gap is growing. In fact, Mexico's government purposely holds down wage increases to half the level of inflation, which decreases the purchasing power of Mexican workers. As Anthony DePalma of the New York Times commented:

> The Mexican negotiators of the pact were careful not to commit themselves to wage parity with the United States. Mexico is going to try only to make up for some of the losses suffered by workers over the last decade, when the buying power of the minimum wage dropped sixty percent.

The productivity of Mexican workers has risen overall, most dramatically in the export sector, but wages have not risen accordingly.

Professor Harley Shaiken:

Overall, productivity has climbed from 30 to 41 percent between 1980 and 1992 while real hourly compensation has fallen by 32 percent.

There is no evidence to show that the significant investment that has occurred to date in Mexico has helped create jobs in the United States nor build a middle class in Mexico, nor raise their standard of living to purchase products they are assembling. This NAFTA does absolutely nothing to link rising productivity in Mexico to wage increases, which is the only way to create a real middle class and a real market for U.S. consumer goods.

LABOR RIGHTS IN MEXICO

Labor rights—the right to meet openly, to organize, to bargain collectively and to strike—are recognized by democracies around the world. In our own country, they have provided a framework for workers to negotiate decent wages and working conditions. These rights are included in Mexico's own labor law, but the record is abysmal—the Government refuses to recognize independent unions; labor leaders are intimidated and even killed; wage agreements are negotiated by "union officers (who) support government economic policies and PRI political candidates in return for having a voice in policy formation."

Thea Lee, Economist with the Economic Policy Institute:

The enforcer of the regressive wage policy is the Mexican Minister of Labor, Arsenio Farell Cubillas. According the U.S. Embassy in Mexico City "he has maintained pressure on the labor sector in an effort to hold the line on wage demands . . . Farell has not hesitated in declaring a number of strike actions illegal, thus undercutting their possibility for success. These and other successful confrontations with unions have generally served to minimize the gains of labor activism and its use of strike actions."

The government policy is wage restraint, but we could just as well call it wage regression. Real wages in Mexico—and buying power of most Mexican workers—have actually dropped during the Salinas administration. It is simply not acceptable to ask U.S. workers to compete with workers whose wage growth is suppressed, and it is even more unconscionable that our own government would enter into an Agreement that facilitates that suppression. Instead of effective mechanisms to ensure that Mexican workers benefit from their increasing productivity, we are left dependent on a press statement by Mexico's President that does not have the force of law.

Prof. Harley Shaiken:

Leaving labor relations out of the labor agreement is like leaving air and water out of an environmental agreement. It sends Mexico and multinational corporations a signal that maintenance of controls over unions and a distorted wage-productivity relationship is acceptable.

IMPACT ON WAGES IN THE UNITED STATES

Any agreement must uphold the highest living standards on our continent for the 21st century and ensure that wage standards are harmonized upwards. Because it does not provide any mechanism for linking wage increases to rising Mexican productivity, this proposed accord places tremendous downward pressure on U.S. and Canadian wages. It threatens the right of a worker to earn a fair day's pay for a fair day's work.

Shaiken:

. . . in the export sector Mexican wages are low for reasons that have little to do with productivity. Instead, wages are artificially depressed by government policies and constricted labor rights, among other factors. Unless this frayed link between rising productivity and wages is repaired, then Mexico will be much more attractive as an export platform than as a consumer market. The result will not only throttle the development of Mexico's consumer market but could serve as a magnet for U.S. jobs and depress down on U.S. wage levels.

Thus any agreement must forthrightly address the rights of workers to better their conditions. These must be written into laws that are enforced. A good agreement should set in place a system that results in job creation, and increased investment in plants and equipment in both the high and low wage nations. Worker adjustment clauses for the different labor and benefit standards between our two nations must be incorporated ahead of time so this agreement can be called fair and just. Sadly, the side agreements on both labor and environment are not submitted to Congress as formal legislation and, therefore, are not only weak in themselves but are absolutely unenforceable.

MIGRATION/AGRICULTURE

The current NAFTA will accelerate the ongoing shift in Mexico from small-scale family farm agriculture to large-scale, corporate agribusiness. Not only will this have severe implications for the sustainable use of Mexico's resources, including water, but it will cause a vast migration from the farms to the cities and ultimately to the United States. The seriousness of this problem cannot be overestimated. Even the "Economist" magazine, known for its pro-NAFTA views, admitted in a recent article that "* * * the immediate impact of the double blow struck by agricultural reform and falling tariff barriers will be to cause many [Mexicans] to leave the countryside—and often the country, as they head north for the United States.

Clearly, NAFTA should include—as it currently does not—an effective way to address the increased flow of Mexican agricultural workers seeking to immigrate into the United States. And equally clearly, NAFTA's negotiators should consider—as they have so far failed to do—the downward pressure this migration will place on Mexican manufacturing and farm wages and the negative consequences for U.S. workers.

On my recent trip to Mexico, our delegation met with an agricultural economist who discussed the devastating impact NAFTA would have on the Mexican agricultural sector. She reported to us about the "the great struggle * * * for the people who work the land to own the land," and the fact that land reform is forcing peasants to leave the countryside.

This is a country that just up to two decades ago was mainly farmers. The free trade agreement is a death sentence for Mexican farmers. At present they want to do away with 30 million farmers. In this country, until 1992, when they changed Article 27 of the Constitution, the peasants were the owners of 60% of the resources of our country.

At present new modifications of Article 27 of the Constitution, pushed by the mercantile associations and the courts, are privatizing the land * * * For years, the land was not able to be transferred or taken away. It was not in the market. It was not for sale, it could not be repossessed. But now peasants will have private ownership of their tiny piece and land. The land will be in the market. It can be transferred. The most probable thing that will happen is that they will lose it, through repossession by the bank or acquisition. The family estate has been lost, there is a huge crisis in the Mexican farmland.

THE NAFTA BUREAUCRACY

This NAFTA establishes a bureaucratic maze and a quasi-judicial system beyond the reach of ordinary citizens. The dispute settlement mechanism substitutes expert panels and supernational bodies to make decisions that should be made within our political system. It sets up closed-door processes that ignore the public's right to know. There is no means to involve interested parties, including states, groups or individuals, with expertise and interest in an issue. It does not recognize the rights of individuals to seek redress, nor does it provide for judicial review. As Chairman Waxman told the President:

* * * disputes would be decided by a process that is repugnant to basic concepts of due process and openness that are so fundamental to our democracy. The NAFTA expressly requires that the entire dispute resolution process be shrouded in secrecy. Article 2012(1)(b). The briefs are secret, oral arguments are closed to the public, and the NAFTA even prohibits disclosure of any dissent to a panel's decision.

Any agreement must set up a fair judicial system that assures individual rights and allows ordinary citizens and consumers to seek redress.

BORDER PROTECTION

We need guaranteed border inspection to control over 5,000 trucks that cross the United States-Mexican border daily bringing everything from tomatoes to cocaine, from melons to illegal immigrants. There must be strict provisions to stem the flood of drugs coming across our border. Any agreement must deal with the health and safety regulations for workers and fair distribution of profits. Any agreement must address the life-threatening problem of toxic waste from foreign-owned industries being dumped into Mexico's rivers, vacant land, and local sewage trenches. The agreement must address the question of security for our farmers from the influx of cheap produce and cushion Mexican farmers from divestiture of land. And the agreement must ensure that all Mexican produce will be safe and free of dangerous pesticides.

WORKER ADJUSTMENT

NAFTA supporters argue that the United States should concentrate on manufacturing the highest technology products here at home. But we need jobs for all Americans, not just nuclear engineers. We haven't seen the President's proposal for worker adjustment, but we know it is badly needed right now to ease the adjustment of the defense industry and to help the thousands whose jobs have already been lost to foreign production. Do we have the resources to make NAFTA adjustments as well? And why should U.S. taxpayers pay the cost of corporate relocation to Mexico? We should spend our money on worker adjustment for

those who are already in the unemployment lines and renew our commitment to preserving jobs which are at risk—and that means defeating this NAFTA.

Because the comprehensive worker adjustment program will not be ready, the Administration has proposed an interim program for NAFTA-related job dislocations only. The program extends for 18 months, and is based on Labor Department estimates of job losses of 22,500 over that time period. The Administration originally budgeted $90 million over 18 months, or $60 million annually, which would have accommodated only 8,000 workers in a full training program. The Senate bumped this figure up to $177 million, still far short of the Bush Administration proposal for NAFTA. The Bush plan specifically reserved $335 million annually and provided an additional $670 million annually in discretionary funding if needed.

AGRICULTURE—SANITARY AND PHYTOSANITARY STANDARDS

As we all know, there is no enforceable side agreement to deal with sanitary and phytosanitary standards, a gross deficiency in the accord by all accounts. NAFTA affirms the right or sovereignty of every member nation to establish the level of protection of human, animal, or plant life or health it considers appropriate. NAFTA also preserves the right of the United States to prohibit the entry of goods not meeting U.S. health, safety and environmental and other product standards. But who enforces the standards? And what recourse exists for our farmers and consumers when disputes arise? We have a byzantine dispute resolution system that will result in jobs for lawyers but will not provide the immediate protection necessary to the people whose lives and livelihood are in jeopardy.

Customs and inspection procedures along the border are already taxed well beyond their capacity. This means that the potential exists for large quantities of unsafe food and products to enter the United States. In fact, the Food and Drug Administration at Nogales is able to inspect only one of every 600 trucks that line up by the thousands each week. We also know Mexico lacks the personnel, facilities, instrumentation, and funding to expand monitoring and inspection services to enforce adequate health and sanitary regulations affecting trade. Funds must be earmarked specifically for this purpose and firms benefiting from cross-border trade must pay this cost.

As tariff and nontariff barriers such as licenses and quotas are lowered, the effect of sanitary and phytosanitary standards in restricting trade may become more noticeable. Our farmers will be forced to compete with a nation where DDT is legal and pesticide law enforcement is nonexistent. Protection of American consumers should not be secondary to the economic pressures of increasing trade.

The GAO found that "because of inefficiencies and resource limitations, FDA's programs provide only limited protection against public exposure to prohibited pesticide residues on imported foods. Since the Mexican government does not monitor residue levels for exported produce, U.S. inspections are all the more important."

Bovine Tuberculosis is another critical border inspection issue. Tuberculosis in cattle in the United States—a condition we had almost wiped out—increased from 70 in 1988 to 224 during the first six months of 1992. Ninety-two percent of these cases were from steers of Mexican origin. NAFTA would immediately eliminate the tariff on feeder cattle from Mexico, and the resulting surge in imports would overwhelm our inspection and monitoring system.

Ohio is one of 40 states in the United States with the status of an Accredited Free State for tuberculosis. The status is difficult to obtain, and can be suspended if only a single infected herd is discovered. Under NAFTA this status can be revoked if two or more herds are found to be infected in a 48 month period. Any inspections of Mexican cattle by a state can be challenged under the proposed treaty for being "trade distorting" and the state would have no recourse. In effect, the treaty would supersede the authority of any state to regulate for bovine tuberculosis.

FOOD SAFETY

NAFTA would subject U.S. food safety and environmental laws to legal challenge by Mexico and Canada. The Agreement would permit Canada or Mexico to challenge a standard adopted for public policy or precautionary reasons is the standard were perceived to cause economic injury to another Party to the Agreement. Under the General Agreement on Tariffs and Trade (GATT), Mexico and Canada have already challenged over 40 state laws on such issues as sales of alcoholic beverages and sales of non-dolphin safe tuna. NAFTA makes many more challenges inevitable.

WORKER HEALTH AND SAFETY

Worker health and safety are considered a necessary business expense in the United States, and we have developed an effective regulatory system to insure that companies enforce the law. Mexico's health and safety standards are lower, and enforcement is far weaker. While in the United States the penalty for willful violation can be up to $70,000 for each instance, the maximum fine for a repeated violation in Mexico is about $1,500. Substantial differences in standards and enforcement confer a competitive advantage to manufacturers located in Mexico, and companies that relocate are quick to exploit this advantage, despite the risk to workers.

On a tour of Mexican production facilities, I visited one Ohio company that had relocated production to Mexico where I saw women spraying glue on rings. I asked why they were not wearing masks and I was told, "Well, the women do not like to wear masks and the (one ceiling) fan probably pulls out the fumes anyway."

At another plant, I saw men pulling down machines that stamped out rubber parts. There were no guards on the machines. Their arms could get caught in the machines. I asked the manager of that company, a U.S. citizen who commuted to work across the border daily, whether or not the workers in that plant were covered by some form of Mexican social security. He told me he did not know the answer, because all he worried about was the bottom line.

Later, one of my own constituents saw a newspaper photo of a Mexican worker operating machinery that he had operated in a Toledo plant before it was shipped down to Matamoros. He noted that the equipment was being operated unsafely by the Mexican worker, because the emergency "off" switch had been covered.

DISPUTE SETTLEMENT

Many of us take for granted the protections embedded in our legal processes, including openness; public participation; balance; and subsidiarity. But the dispute resolution process embedded in NAFTA has none of these protections. Instead, it would commit us to a system that is closed, secret, highly partisan and empowered to run roughshod over lower level decisions. Legitimate grievances would be buried in red tape and delay.

North Dakota Commissioner of Agriculture Sarah Vogel identified these shortcomings:

The United States Constitution and the North Dakota Constitution provide for open courts. The Freedom of Information Act and state law counterparts provide for open records and open hearings with very limited exceptions. There is no good reason why NAFTA disputes should be treated any differently than antitrust cases, class action tort cases or complex administrative issues or any other kind of litigation.

There is no mechanism for "public participation." * * * the only "Parties" to NAFTA are the federal governments of the U.S., Canada, and Mexico * * * there is no means to involve states or individuals with expertise relevant to the issue.

When sanitary, phytosanitary, environmental or other "scientific" issues arise, the panel's appointment of a "scientific review board" is not subject to any standards other than what the parties "may agree." Any party can block another party's (or the panel's) request for scientific input by simply not agreeing to the scientist or technical expert or by limiting terms and conditions of their employment * * * and the panel's appointment of experts will not necessarily result in balanced views.

NAFTA does not adhere to the historic deference that U.S. courts, state and federal, have provided to executive and administrative decisions * * * NAFTA panels may undertake a full de novo reexamination of the measure being challenged (with) complete discretion to second-guess an agency or state legislature.

The panel roster members are likely to be drawn from a few law firms with extensive ties to multinational corporations. By definition, labor lawyers, farm lawyers, plaintiff's trial lawyers, environmental lawyers and non-lawyers will be ineligible for service, as will individual citizens.

VISION OF A DEMOCRACY AND PROSPERITY IN THE AMERICAS

The original comprehensive vision for the Americas was articulated by President John F. Kennedy in 1962 as the Alliance for Progress. "We must not forget that our Alliance for Progress is more than a doctrine of development—a blueprint of economic advance. Rather it is an expression of the noblest goals of our society. It says that material progress is meaningless without individual freedom and political liberty. It is a doctrine of the freedom of man in the most spacious sense of that freedom."

The Alliance for Progress articulated a plan for linking social and political development with economic development. It failed in part because it was so ambitious, because funding never matched the need, and because of the

resistance and even sabotage of the Latin American oligarchies. But it did incorporate a comprehensive vision of development. That comprehensive vision is still necessary if people throughout the Americas are to share a decent way of life.

When Europe integrated Portugal and Spain into its Common Market, that integration was part of an adjustment process that has continued over 40 years. The Common Market includes a "Social Charter" which establishes rights to social assistance, collective bargaining, vocational training, and health and safety protections. This Social Charter sets a realistic framework of shared values and insures that development in the EC does not pit workers in one country against those in another.

The EC also anticipated that integration require investment, and it continues to spend billions to mitigate the costs to individuals and communities.

$20 billion will be spent over the next six years on the special "cohesion fund" designed to enable Spain, Portugal, Ireland and Greece to catch up with the rest of the Community.

$183 billion in "Structural aid" will be available to regions of the EC whose output is 75 percent or less of the Community average GDP.

In 1992, transfers from the EC accounted for around 4 percent of Portugal's GDP.

VISION FOR THE FUTURE

Last May, I led a bipartisan Congressional delegation to Mexico. One of the many women leaders in that country with whom we met presented a very clear alternative to this NAFTA, which she termed "a continental agreement for development, equity and employment." She said that the lack of competitiveness in North America is not caused by barriers to trade, or by the lack of institutional stimuli to investment, but by deep structural imbalances brought by the unregulated and predatory attitudes of the multinational corporations.

This woman also had a vision of what a good agreement would contain, beginning with a focus not unlike the Alliance for Progress. She envisioned a pact that recognizes the differences in living standards, development and productivity of the various economies. She argued that continental integration also implies stimulating the Central American Common Market, the Andean Pact, Mercosur and other similar associations, and adjusting them to the basis of the Hemispheric pact. Realization of such an agreement is already in the minds of many organizations, and it should be the shared purpose of millions of people from the whole continent.

WHAT'S IN GOOD AGREEMENT

For our nations to reap the mutual benefits of trade expansion despite our differences, trade must be part of a larger strategy for growth and change in Mexico, and for adjustment here in the United States and Canada. Our trade agreement with Mexico is not only historic; it will set a precedent for America's future trade agreements with non-democratic, low-wage societies. It must be carefully crafted so it addresses fundamental issues central to achieving true democracy and prosperity for all citizens of the continent.

A trade agreement worthy of our support will be comprehensive. It will take into account issues critical to the preservation of our own economic strength and will protect the long-term interests of American workers.

Will be phased in over several decades, as have Europe's integration;

Will acknowledge the propensity of many U.S. companies to cut costs and head South;

Will include a provision that ensures competitive advantage for our continent is not built on cheap labor nor escaping to tax havens nor avoiding environmental standards.

This NAFTA will not contribute to continental development, but will hurt small businesses, workers, families, communities, consumers, and the environment in all three countries. It will benefit traders, exports and Wall Street investment interests.

A trade agreement worthy of our support will preserve our fundamental democratic values and serve to advance them in our trading partners. Only a trade agreement that embodies the best values of democracy and prosperity deserves out support. It should go without saying that the ongoing struggle of Mexicans to make their government a true democracy, rather than a democracy in name only, can and should be assisted. Democratic reforms should be an integral part of all U.S. trade policy—after all, in the post-Cold War world, international trade is the strongest link between our country with its strong democratic traditions and the rest of the world. We must never miss an opportunity to strengthen democracy.

A trade agreement worthy of our support will build real growth by improving the purchasing power of Mexico's citizens. Spreading the benefits of liberalized trade will improve the lives of workers and sustain economic growth throughout North America. Right now, NAFTA is a narrowly drawn tariff agreement and must be changed to an agreement that freely addresses the political, social and economic integration that must simultaneously occur.

FOREIGN POLICY

Rejection of this Agreement will not be the foreign policy disaster that supporters claim. In fact, rejection will serve a higher purpose by reaffirming our commitment to basic principles of democracy and fairness.

The people of Mexico know that rejection of this agreement is not a vote against them, nor does it deny the close economic and social ties between our nations. The people of Mexico will understand that rejection of NAFTA affirms their historic efforts to democratize their politics and improve their standard of living. Mexico does not yet have a functioning democracy, and the PRI does not appear ready to open the electoral system to accommodate the legitimate efforts of the two opposition parties. Rejection of NAFTA holds out the possibility of a linkage between our countries based on equal rights and a rising quality of life for citizens of all three countries.

Rejection of this agreement will send an important signal to other non-democracies that we will continue to link economic development with the development of just political and social institutions. It will help convince them of the strength of our convictions and it will help them understand the depth of the democratic process in our country. It will also give a strong signal that the American public insists on being part of the trade debate, that the days of delegating critical economic and trade negotiations to special interests and unselected specialists are behind us.

This long and difficult debate has served to illuminate the deficiencies of old style trade agreements. This NAFTA does not reflect new thinking and it does not move us forward to meet the challenges of the new economic order. It's time for a realignment of U.S. trade policy toward developing nations that goes beyond the narrow tariff and investment focus of this agreement.

We must go back to the drawing board and develop a comprehensive agreement, one that encompasses not only the economic integration of low wage economies, but also economic concerns for our people here at home; one that links expanded trade to democracy building and social development abroad; one that reflects our own commitment to a high quality of life for people throughout the Americas.

It's time to return to the original comprehensive vision for the Americas articulated by President John F. Kennedy in 1962—

We must not forget that our Alliance for Progress is more than a doctrine of development—a blueprint of economic advance. Rather it is an expression of the noblest goals of our society. It says that material progress is meaningless without individual freedom and political liberty. It is a doctrine of the freedom of man in the most spacious sense of that freedom.

Mr. DREIER. Mr. Speaker, I yield 1½ minutes, the remainder of my time, to my friend, the gentleman from Mobile, AL [Mr. CALLAHAN], to close our debate.

(Mr. CALLAHAN asked and was given permission to revise and extend his remarks.)

Mr. CALLAHAN. Mr. Speaker and ladies and gentleman of the House, we are going to close in just a few minutes this portion of the debate on NAFTA, and I do not recall in our history here, at least for most of us, that we have ever been so involved or so interested in a policy such as this agreement that is going to take place with Mexico and Canada, nor do I remember a time in our history when the people of America have become so interested in an issue.

Mr. Speaker, I wish they would have gotten as interested in the tax issue last August, because had they been that interested, we would not have that tax bill which faces us today. I hope they get just as interested in the health care issue that is coming forth next year.

We have been visited by presidents of foreign countries, we have been visited by the President of the United States, by Cabinet members, by leading industrialists, by union leaders, by ordinary people, by truck drivers. We have been talked to by every interest that we can be talked to about this agreement. When Ross Perot came to my office last week, he said, "SONNY, possibly you are right in your argument that in the State of Alabama you will benefit, because you have paper, you have textiles, you have chemical industries,

and, yes, those industries are going to benefit, and maybe the State of Alabama will, indeed, benefit." "But," he said, "SONNY, what you should do is think about the country, think about the country as a whole."

And I am here to tell you today that I have taken Mr. Perot's advice. I have considered the country, and after careful consideration and deliberation and investigation and discussions with people from all walks of life, I have concluded that this is in the best interests of all of the people of the United States of America.

Certainly we are going to have some pockets of problems that might result, but the benefits far outweigh those problems that will be created.

I feel NAFTA holds such great promise for U.S. manufacturers to produce more products that a net gain in jobs should be achieved in the long run. At the very least, the number of jobs will remain roughly the same. But even so, the economy will benefit because we will unquestionably boost U.S. production in virtually every sector. American workers are the most productive and efficient in the world. Jobs will not be taken from them based on the wage differential between them and Mexican workers.

It is worth noting that Alabama and especially my congressional district and like most States, stands to benefit significantly from the removal of unilateral trade barriers. Over the 5 years during which Mexico has started lowering tariffs, Alabama's exports have tripled for a total of $264 million in 1992. This also represents tremendous growth over the 1991 level of $152 million. Some 27,000 Alabama jobs can be attributed to exports to Canada and Mexico, Alabama's largest and third largest trading partners. Total exports to these partners reached $978 million in 1992.

In my own district, the port of Mobile stands to be a big winner when increased export traffic heading for Mexico utilizes its facilities. The paper industry, a major presence in my district, anticipates huge gains in sales of consumer products to Mexico. Paper exports to Mexico from Alabama were $24 million in 1991. Another major employer in the area, the chemical industry, expects similar growth in exports. In the area of textiles and apparel, the value of exports to Mexico grew from $326,000 in 1987 to $26.9 million in 1992. Problems for peanut growers and the sugar industry have now been resolved.

Mr. Speaker, many of those who oppose NAFTA do so out of legitimate concern for the well-being of Mexican citizens who they believe are currently mistreated by employers. Certainly many have poor living conditions and are subjected to environmental risks. I am sympathetic to this argument but I have not been convinced that rejection of NAFTA will help. On the contrary, I believe that acceptance of the agreement and the said agreements will give us the necessary leverage to improve the quality of life of working Mexicans and Americans.

Another area of debate has been that of U.S. sovereignty. I have fully studied this question and am totally confident that American sovereignty will not be comprised and that Congress would never allow this to occur. I would not vote for this agreement if I had any uncertainty whatsoever regarding U.S. sovereignty.

NAFTA proves the old adage that politics makes strange bedfellows. Today we see a strong effort on my side of the aisle to secure a victory for President Clinton. But the stakes are high and partisanship must be put aside. The long-term consequences of failing to approve NAFTA are troublesome—our ability to negotiate favorable trade agreements in the near future and to maintain respect as the leader of the free world is in the balance. We must accept this challenge and ensure that the United States moves into the future as an economic superpower. NAFTA gives us that opportunity and I hope we will seize it.

Mr. SOLOMON. Mr. Speaker, I yield the remainder of our time to the gentleman from Midland City, AL [Mr. EVERETT], a very new and distinguished Member of this body.

□ 1040

Mr. EVERETT. Mr. Speaker, I would like to thank my good friend, the gentleman from New York [Mr. SOLOMON] ranking member of the Committee on Rules and cochairman of the anti-NAFTA task force for yielding me this time and allowing me to close.

Mr. Speaker, unfortunately the discussion of the North American Free-Trade Agreement has become a shouting match, with misinformation rather than facts being debated in the media. The debate on this floor should be on the merits of NAFTA as determined by the document itself, and not whether a free-trade agreement is good or bad. No one argues whether free trade is good or bad—it is good. Nor should this be a debate about our relationship with Mexico. No one questions that we should have a better and a new relationship with Mexico.

This agreement must be examined today for two critical reasons: First, a bad trade agreement can do great harm to the United States, and this is a bad agreement based on flawed and misleading studies. The United States will most certainly experience job loss. Even my State of Alabama will most certainly experience job loss, a fact that even the NAFTA proponents admit.

Second, this document, should it stand, will be used as a model for all future trade agreements with the rest of Latin America. The question debated should be if this NAFTA is in the best long-term interest of the United States. I clearly say to you that it is not.

Mr. Speaker, what is the NAFTA if it is not a free-trade agreement? It is an investment protection agreement, one that would further encourage large American corporations to relocate both high-technology and low-skill jobs to Mexico. NAFTA clearly gives these corporations protection they either do not currently have, or, protection which extends beyond the maquiladora border plants. Please read section 1110 if you disagree with that. The NAFTA under section 1110, for instance, guarantees foreign investors for the first time the right to take their profits, dividends, and capital gains out of Mexico. It also guarantees investors that, if either their plants or capital investment are nationalized by the Mexican Government, they will quickly be reimbursed at market prices. In addition, NAFTA guarantees high-technology and other foreign investors the same protection for intellectual property rights, patents, copyrights, and trademarks that now exist in the United States.

NAFTA supporters claim that the proposed pact will create thousands of new well-paying jobs in America to take advantage of the expanding Mexican consumer market. I do not think so.

There is no expanding Mexican consumer market, nor will there be an expanding consumer market in Mexico. The annual per capita income in Mexico is less than $2,600. Because wages are artificially depressed by government policies with constricted labor rights which have no relationship to productivity, these Mexican workers cannot afford decent food and shelter—much less more consumer goods.

A recent newspaper advertisement claims: "The average Mexican already spends $450 a year on American goods." That statement is a classic example of the misinformation put out by supporters of the NAFTA. The only way the average Mexican is spending $450 on American goods is if he is buying a bulldozer, or, a piece of heavy-duty Earth-moving equipment to park next to his mud-floor shanty. The average Mexican spends only $80 to $90 a year on U.S. consumer goods. As a matter of fact, the United States has a $2.3 billion trade deficit with Mexico in consumer goods.

Even the best and highest paid jobs in Mexico, which are located in the maquiladora sector, only average $1.64 an hour. In the maquiladora plants, 545,000 workers are making microchips, doing assembly line work, cut and sew textile work, and many other jobs which at one time belonged to higher paid American workers.

My colleague who mentioned that 400,000 jobs had been created in the last 10 years forgot to mention that we lost over half a million jobs to the Mexicans during the same time.

Mr. Speaker, NAFTA supporters claim that if the pact passes, many of these jobs will return to the United States and create more American high-technology jobs to meet the growing Mexican market. Many American corporations visited me urging the passage of the NAFTA and mentioned their companies would not take American jobs to Mexico. I always have responded by saying: "That's great news.

Now, will you get me a letter signed by your CEO saying your company pledges not to close any American plants and move jobs to Mexico after the NAFTA is passed?"

In all these months I have yet to receive one signed letter.

The President of the United States asked for that pledge from United States' corporations some 3 weeks ago; they would not honor his request either.

The reason is simple. This NAFTA will turn Mexico into an export platform for companies who will take advantage of Mexico's low wages and newly emerging skilled work force. Companies locating in Mexico do not have to worry about health care, OSHA, building codes, safety standards, environmental concerns, and hundreds of other Federal mandates that add to the per unit cost of producing a product in the United States.

The end result is that more Americans will lose jobs on both ends of the skill level. Large American companies have fired over 400,000 Americans in the last 6 months alone. These highly skilled workers will, for the most part, never see their jobs again. On the other end are the so-called low-skilled jobs, where this country has lost another 500,000 direct and indirect jobs to Mexico over the last 10 years.

Despite promises, the NAFTA will do nothing to replace those jobs. As this country continues to lose jobs on both ends of the skill-level several things will happen. Unemployment and underemployed levels will continue to rise and Americans will have fewer dollars to spend on clothing, automobiles, gasoline, food supplies, furniture, and other consumer goods.

Finally, there's the limp argument that 300 economists, including eight Nobel laureates, signed a letter to the administration supporting the NAFTA. In an interview by People's Radio, all were contacted. Of the 150 who responded, only 19 had actually read the NAFTA before endorsing the trade agreement. And eight did not even know their names were on the petition, a situation, in my mind at least, identical to an attorney advising a client that it is OK to sign a 2,000 page complex legal contract without the attorney having read the contract.

I do not think it is enough that Congress oppose the NAFTA, but it must also support the business of allowing American companies to create jobs in this country. Many American companies are being forced to locate jobs offshore by Government acts such as the 1986 elimination of tax incentives plus an ever-escalating regulatory burden.

Congress and others must recognize that companies have to make a profit if they are to provide jobs for Americans. The Congress with the urging and the support of American workers, must implement worthwhile investment tax credit, offer capital gains tax incentives, eliminate the alternative minimum tax, change depreciation schedules for passive loss rules, and lessen many of the mandates on private business.

In short, we need to make this country competitive in order to ensure American jobs.

Mr. BEILENSON. Mr. Speaker, I yield myself the balance of my time to close debate.

To summarize the rule, we will have 8 hours of debate divided equally between proponents and opponents of the NAFTA, there will be no amendments, the rule waives all points of order.

Mr. Speaker, views on both sides of the issue are deeply and sincerely held. I do believe that what will emerge through the course of this debate is that it is essential that we pass this measure. This is one of those defining moments in our history when we will decide whether we go on in the post-cold-war era with confidence and optimism or whether we retreat from the world and our responsibilities to it and to ourselves.

Mr. Speaker, I hope and pray, as I said earlier on in the debate, that we respond in a manner befitting the proud history of this great Nation and approve this rule and this agreement.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MONTGOMERY). The question is on the resolution.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. KAPTUR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 342, nays 85, not voting 6, as follows:

[Roll No. 573]

YEAS—342

Abercrombie
Ackerman
Allard
Andrews (ME)
Andrews (TX)
Applegate
Archer
Armey
Bacchus (FL)
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barlow
Barrett (NE)
Barrett (WI)
Barton
Bateman
Becerra
Beilenson
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Blackwell
Bliley
Boehlert
Boehner
Bonilla
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Bryant
Callahan
Calvert
Camp
Cantwell
Cardin
Carr
Castle
Chapman
Clay
Clayton
Clement
Clyburn
Coble
Coleman
Collins (GA)
Combest
Conyers
Cooper
Coppersmith
Cox
Coyne
Cramer
Crane
Cunningham
Darden
de la Garza
Deal
DeLauro
DeLay
Derrick
Deutsch
Dickey
Dicks
Dingell
Dixon
Dooley
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Emerson
Engel
English (AZ)
English (OK)
Eshoo
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Fingerhut
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Fowler
Frank (MA)
Franks (CT)
Franks (NJ)
Frost
Furse
Gallegly
Gallo
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Goodlatte
Goodling
Gordon
Goss
Grams
Grandy
Green
Greenwood
Gunderson
Hall (OH)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings
Hayes
Hefner
Hilliard
Hoagland
Hobson
Horn
Houghton
Hoyer
Huffington
Hughes
Hutchinson
Hutto
Hyde
Inhofe
Inslee
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Kanjorski
Kasich
Kennedy
Kennelly
Kim
King
Kingston
Klein
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lazio
Leach
Lehman
Levin
Levy
Lewis (CA)
Lightfoot
Livingston
Lloyd
Long
Lowey
Machtley
Maloney
Mann
Manton
Manzullo
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCrery
McCurdy
McDade
McDermott
McHale
McInnis
McKeon
McKinney
McMillan
Meehan
Meek
Menendez
Meyers
Michel
Miller (CA)
Miller (FL)
Mineta
Minge
Mink
Moakley
Molinari
Montgomery
Moorhead
Moran
Morella
Murphy
Murtha
Myers
Nadler
Natcher
Neal (NC)
Nussle
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Petri
Pickett
Pickle
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Ramstad
Rangel
Ravenel
Regula
Reynolds
Richardson
Ridge
Roberts
Rohrabacher
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Royce
Sabo
Sangmeister
Santorum
Sarpalius
Sawyer
Schaefer
Schenk
Schiff
Schroeder
Schumer
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shepherd
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Solomon
Spence
Spratt
Stenholm
Stokes
Strickland
Studds
Stump
Stupak
Sundquist
Swett
Swift
Synar
Talent
Tanner
Tejeda
Thomas (CA)
Thomas (WY)
Thompson
Thornton
Torres
Torricelli
Unsoeld
Valentine
Vento
Visclosky
Vucanovich
Walker
Waxman
Weldon
Wheat
Whitten
Williams
Wilson
Wolf
Woolsey
Wyden
Wynn
Young (FL)
Zeliff
Zimmer

NAYS—85

Barca	Herger	Reed
Barcia	Hinchey	Roemer
Bartlett	Hochbrueckner	Rogers
Bentley	Hoekstra	Ros-Lehtinen
Blute	Holden	Rush
Brown (OH)	Hunter	Sanders
Bunning	Inglis	Saxton
Burton	Istook	Scott
Buyer	Kaptur	Snowe
Byrne	Kildee	Stark
Canady	Kleczka	Stearns
Collins (IL)	Klink	Tauzin
Collins (MI)	LaFalce	Taylor (MS)
Condit	Lewis (FL)	Taylor (NC)
Costello	Lewis (GA)	Thurman
Crapo	Linder	Torkildsen
Danner	Lipinski	Traficant
DeFazio	McCollum	Tucker
Dellums	McHugh	Upton
Diaz-Balart	McNulty	Velazquez
Doolittle	Mfume	Volkmer
Dornan	Mica	Walsh
Evans	Neal (MA)	Washington
Filner	Oberstar	Waters
Gonzalez	Obey	Watt
Gutierrez	Peterson (MN)	Wise
Hall (TX)	Pombo	Yates
Hamburg	Pomeroy	
Hefley	Rahall	

NOT VOTING—6

Andrews (NJ)	Hoke	Towns
Clinger	Mollohan	Young (AK)

□ 1109

Messrs. SANDERS, BARCIA of Michigan, HINCHEY, DELLUMS, VOLKMER, HAMBURG, and YATES changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1110

PERMISSION TO HAVE UNTIL MIDNIGHT THURSDAY, NOVEMBER 18, 1993, TO FILE CONFERENCE REPORT ON H.R. 2330, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1994

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight Thursday, November 18, 1993, to file a conference report on the bill (H.R. 2330) to authorize appropriations for fiscal year 1994 for the intelligence and intelligence-related activities of the U.S. Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Mr. Speaker, the minority has been informed of this request, and I understand there is no objection to it.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from Kansas?

There was no objection.

NORTH AMERICAN FREE-TRADE AGREEMENT IMPLEMENTATION ACT

The SPEAKER pro tempore. Pursuant to House Resolution 311 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3450.

□ 1111

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3450) to implement the North American Free-Trade Agreement, with Mr. PRICE of North Carolina in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

H.R. 3450

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "North American Free Trade Agreement Implementation Act".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.
Sec. 2. Definitions.

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE NORTH AMERICAN FREE TRADE AGREEMENT

Sec. 101. Approval and entry into force of the North American Free Trade Agreement.
Sec. 102. Relationship of the Agreement to United States and State law.
Sec. 103. Consultation and layover requirements for, and effective date of, proclaimed actions.
Sec. 104. Implementing actions in anticipation of entry into force and initial regulations.
Sec. 105. United States Section of the NAFTA Secretariat.
Sec. 106. Appointments to chapter 20 panel proceedings.
Sec. 107. Termination or suspension of United States-Canada Free-Trade Agreement.
Sec. 108. Congressional intent regarding future accessions.
Sec. 109. Effective dates; effect of termination of NAFTA status.

TITLE II—CUSTOMS PROVISIONS

Sec. 201. Tariff modifications.
Sec. 202. Rules of origin.
Sec. 203. Drawback.
Sec. 204. Customs user fees.
Sec. 205. Enforcement.
Sec. 206. Reliquidation of entries for NAFTA-origin goods.
Sec. 207. Country of origin marking of NAFTA goods.
Sec. 208. Protests against adverse origin determinations.
Sec. 209. Exchange of information.
Sec. 210. Prohibition on drawback for television picture tubes.
Sec. 211. Monitoring of television and picture tube imports.
Sec. 212. Title VI amendments.
Sec. 213. Effective dates.

TITLE III—APPLICATION OF AGREEMENT TO SECTORS AND SERVICES

Subtitle A—Safeguards

PART 1—RELIEF FROM IMPORTS BENEFITING FROM THE AGREEMENT

Sec. 301. Definitions.
Sec. 302. Commencing of action for relief.
Sec. 303. International Trade Commission action on petition.
Sec. 304. Provision of relief.
Sec. 305. Termination of relief authority.
Sec. 306. Compensation authority.
Sec. 307. Submission of petitions.
Sec. 308. Special tariff provisions for Canadian fresh fruits and vegetables.
Sec. 309. Price-based snapback for frozen concentrated orange juice.

PART 2—RELIEF FROM IMPORTS FROM ALL COUNTRIES

Sec. 311. NAFTA article impact in import relief cases under the Trade Act of 1974.
Sec. 312. Presidential action regarding NAFTA imports.

PART 3—GENERAL PROVISIONS

Sec. 315. Provisional relief.
Sec. 316. Monitoring.
Sec. 317. Procedures concerning the conduct of International Trade Commission investigations.
Sec. 318. Effective date.

Subtitle B—Agriculture

Sec. 321. Agriculture.

Subtitle C—Intellectual Property

Sec. 331. Treatment of inventive activity.
Sec. 332. Rental rights in sound recordings.
Sec. 333. Nonregistrability of misleading geographic indications.
Sec. 334. Motion pictures in the public domain.
Sec. 335. Effective dates.

Subtitle D—Temporary Entry of Business Persons

Sec. 341. Temporary entry.
Sec. 342. Effective date.

Subtitle E—Standards

PART 1—STANDARDS AND MEASURES

Sec. 351. Standards and sanitary and phytosanitary measures.
Sec. 352. Transportation.

PART 2—AGRICULTURAL STANDARDS

Sec. 361. Agricultural technical and conforming amendments.

Subtitle F—Corporate Average Fuel Economy

Sec. 371. Corporate average fuel economy.

Subtitle G—Government Procurement

Sec. 381. Government procurement.

TITLE IV—DISPUTE SETTLEMENT IN ANTIDUMPING AND COUNTERVAILING DUTY CASES

Subtitle A—Organizational, Administrative, and Procedural Provisions Regarding the Implementation of Chapter 19 of the Agreement

Sec. 401. References in subtitle.
Sec. 402. Organizational and administrative provisions.
Sec. 403. Testimony and production of papers in extraordinary challenges.
Sec. 404. Requests for review of determinations by competent investigating authorities of NAFTA countries.
Sec. 405. Rules of procedure for panels and committees.
Sec. 406. Subsidy negotiations.
Sec. 407. Identification of industries facing subsidized imports.
Sec. 408. Treatment of amendments to antidumping and countervailing duty law.

Subtitle B—Conforming Amendments and Provisions

Sec. 411. Judicial review in antidumping duty and countervailing duty cases.

Sec. 412. Conforming amendments to other provisions of the Tariff Act of 1930.
Sec. 413. Consequential amendment to Free-Trade Agreement Act of 1988.
Sec. 414. Conforming amendments to title 28, United States Code.
Sec. 415. Effect of termination of NAFTA country status.
Sec. 416. Effective date.
TITLE V—NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE AND OTHER PROVISIONS
Subtitle A—NAFTA Transitional Adjustment Assistance Program
Sec. 501. Short title.
Sec. 502. Establishment of NAFTA transitional adjustment assistance program.
Sec. 503. Conforming amendments.
Sec. 504. Authorization of appropriations.
Sec. 505. Termination of transition program.
Sec. 506. Effective date.
Sec. 507. Treatment of self-employment assistance programs.
Subtitle B—Provisions Relating to Performance Under the Agreement
Sec. 511. Discriminatory taxes.
Sec. 512. Review of the operation and effects of the agreement.
Sec. 513. Actions affecting United States cultural industries.
Sec. 514. Report on impact of NAFTA on motor vehicle exports to Mexico.
Sec. 515. Center for the study of Western Hemispheric Trade.
Sec. 516. Effective date.
Subtitle C—Funding
PART 1—CUSTOMS USER FEES
Sec. 521. Fees for certain customs services.
PART 2—INTERNAL REVENUE CODE AMENDMENTS
Sec. 522. Authority to disclose certain tax information to the United States customs service.
Sec. 523. Use of electronic fund transfer system for collection of certain taxes.
Subtitle D—Implementation of NAFTA Supplemental Agreements
PART 1—AGREEMENTS RELATING TO LABOR AND ENVIRONMENT
Sec. 531. Agreement on labor cooperation.
Sec. 532. Agreement on environmental cooperation.
Sec. 533. Agreement on Border Environment Cooperation Commission.
PART 2—NORTH AMERICAN DEVELOPMENT BANK AND RELATED PROVISIONS.
Sec. 541. North American Development Bank.
Sec. 542. Status, immunities, and privileges.
Sec. 543. Community adjustment and investment program.
Sec. 544. Definition.
TITLE VI—CUSTOMS MODERNIZATION
Sec. 601. Reference.
Subtitle A—Improvements in Customs Enforcement
Sec. 611. Penalties for violations of arrival, reporting, entry, and clearance requirements.
Sec. 612. Failure to declare.
Sec. 613. Customs testing laboratories; detention of merchandise.
Sec. 614. Recordkeeping.
Sec. 615. Examination of books and witnesses.
Sec. 616. Judicial enforcement.
Sec. 617. Review of protests.
Sec. 618. Repeal of provision relating to reliquidation on account of fraud.
Sec. 619. Penalties relating to manifests.
Sec. 620. Unlawful unlading or transshipment.
Sec. 621. Penalties for fraud, gross negligence, and negligence; prior disclosure.
Sec. 622. Penalties for false drawback claims.
Sec. 623. Interpretive rulings and decisions; public information.
Sec. 624. Seizure authority.
Subtitle B—National Customs Automation Program
Sec. 631. National Customs Automation Program.
Sec. 632. Drawback and refunds.
Sec. 633. Effective date of rates of duty.
Sec. 634. Definitions.
Sec. 635. Manifests.
Sec. 636. Invoice contents.
Sec. 637. Entry of merchandise.
Sec. 638. Appraisement and other procedures.
Sec. 639. Voluntary reliquidations.
Sec. 640. Appraisement regulations.
Sec. 641. Limitation on liquidation.
Sec. 642. Payment of duties and fees.
Sec. 643. Abandonment and damage.
Sec. 644. Customs officer's immunity.
Sec. 645. Protests.
Sec. 646. Refunds and errors.
Sec. 647. Bonds and other security.
Sec. 648. Customhouse brokers.
Sec. 649. Conforming amendments.
Subtitle C—Miscellaneous Amendments to the Tariff Act of 1930
Sec. 651. Administrative exemptions.
Sec. 652. Report of arrival.
Sec. 653. Entry of vessels.
Sec. 654. Unlawful return of foreign vessel papers.
Sec. 655. Vessels not required to enter.
Sec. 656. Unlading.
Sec. 657. Declarations.
Sec. 658. General orders.
Sec. 659. Unclaimed merchandise.
Sec. 660. Destruction of merchandise.
Sec. 661. Proceeds of sale.
Sec. 662. Entry under regulations.
Sec. 663. American trademarks.
Sec. 664. Simplified recordkeeping for merchandise transported by pipeline.
Sec. 665. Entry for warehouse.
Sec. 666. Cartage.
Sec. 667. Seizure.
Sec. 668. Limitation on actions.
Sec. 669. Collection of fees on behalf of other agencies.
Sec. 670. Authority to settle claims.
Sec. 671. Use of private collection agencies.
Subtitle D—Miscellaneous Provisions and Consequential and Conforming Amendments to Other Laws
Sec. 681. Amendments to the Harmonized Tariff Schedule.
Sec. 682. Customs personnel airport work shift regulation.
Sec. 683. Use of harbor maintenance trust fund amounts for administrative expenses.
Sec. 684. Amendments to title 28, United States Code.
Sec. 685. Treasury forfeiture fund.
Sec. 686. Amendments to the Revised Statutes of the United States.
Sec. 687. Amendments to title 18, United States Code.
Sec. 688. Amendment to the Act to Prevent Pollution from Ships.
Sec. 689. Miscellaneous technical amendments.
Sec. 690. Repeal of obsolete provisions of law.
Sec. 691. Reports to Congress.
Sec. 692. Effective date.

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) AGREEMENT.—The term "Agreement" means the North American Free Trade Agreement approved by the Congress under section 101(a).

(2) HTS.—The term "HTS" means the Harmonized Tariff Schedule of the United States.

(3) MEXICO.—Any reference to Mexico shall be considered to be a reference to the United Mexican States.

(4) NAFTA COUNTRY.—Except as provided in section 202, the term "NAFTA country" means—

(A) Canada for such time as the Agreement is in force with respect to, and the United States applies the Agreement to, Canada; and

(B) Mexico for such time as the Agreement is in force with respect to, and the United States applies the Agreement to, Mexico.

(5) INTERNATIONAL TRADE COMMISSION.—The term "International Trade Commission" means the United States International Trade Commission.

(6) TRADE REPRESENTATIVE.—The term "Trade Representative" means the United States Trade Representative.

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE NORTH AMERICAN FREE TRADE AGREEMENT

SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE NORTH AMERICAN FREE TRADE AGREEMENT.

(a) APPROVAL OF AGREEMENT AND STATEMENT OF ADMINISTRATIVE ACTION.—Pursuant to section 1103 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2903) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), the Congress approves—

(1) the North American Free Trade Agreement entered into on December 17, 1992, with the Governments of Canada and Mexico and submitted to the Congress on November 4, 1993; and

(2) the statement of administrative action proposed to implement the Agreement that was submitted to the Congress on November 4, 1993.

(b) CONDITIONS FOR ENTRY INTO FORCE OF THE AGREEMENT.—The President is authorized to exchange notes with the Government of Canada or Mexico providing for the entry into force, on or after January 1, 1994, of the Agreement for the United States with respect to such country at such time as—

(1) the President—

(A) determines that such country has implemented the statutory changes necessary to bring that country into compliance with its obligations under the Agreement and has made provision to implement the Uniform Regulations provided for under article 511 of the Agreement regarding the interpretation, application, and administration of the rules of origin, and

(B) transmits a report to the House of Representatives and the Senate setting forth the determination under subparagraph (A) and including, in the case of Mexico, a description of the specific measures taken by that country to—

(i) bring its laws into conformity with the requirements of the Schedule of Mexico in Annex 1904.15 of the Agreement, and

(ii) otherwise ensure the effective implementation of the binational panel review

process under chapter 19 of the Agreement regarding final antidumping and countervailing duty determinations; and

(2) the Government of such country exchanges notes with the United States providing for the entry into force of the North American Agreement on Environmental Cooperation and the North American Agreement on Labor Cooperation for that country and the United States.

SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW.

(a) RELATIONSHIP OF AGREEMENT TO UNITED STATES LAW.—

(1) UNITED STATES LAW TO PREVAIL IN CONFLICT.—No provision of the Agreement, nor the application of any such provision to any person or circumstance, which is inconsistent with any law of the United States shall have effect.

(2) CONSTRUCTION.—Nothing in this Act shall be construed—

(A) to amend or modify any law of the United States, including any law regarding—

(i) the protection of human, animal, or plant life or health,

(ii) the protection of the environment, or

(iii) motor carrier or worker safety; or

(B) to limit any authority conferred under any law of the United States, including section 301 of the Trade Act of 1974;

unless specifically provided for in this Act.

(b) RELATIONSHIP OF AGREEMENT TO STATE LAW.—

(1) FEDERAL-STATE CONSULTATION.—

(A) IN GENERAL.—Upon the enactment of this Act, the President shall, through the intergovernmental policy advisory committees on trade established under section 306(c)(2)(A) of the Trade and Tariff Act of 1984, consult with the States for the purpose of achieving conformity of State laws and practices with the Agreement.

(B) FEDERAL-STATE CONSULTATION PROCESS.—The Trade Representative shall establish within the Office of the United States Trade Representative, a Federal-State consultation process for addressing issues relating to the Agreement that directly relate to, or will potentially have a direct impact on, the States. The Federal-State consultation process shall include procedures under which—

(i) the Trade Representative will assist the States in identifying those State laws that may not conform with the Agreement but may be maintained under the Agreement by reason of being in effect before the Agreement entered into force;

(ii) the States will be informed on a continuing basis of matters under the Agreement that directly relate to, or will potentially have a direct impact on, the States;

(iii) the States will be provided opportunity to submit, on a continuing basis, to the Trade Representative information and advice with respect to matters referred to in clause (ii);

(iv) the Trade Representative will take into account the information and advice received from the States under clause (iii) when formulating United States positions regarding matters referred to in clause (ii); and

(v) the States will be involved (including involvement through the inclusion of appropriate representatives of the States) to the greatest extent practicable at each stage of the development of United States positions regarding matters referred to in clause (ii) that will be addressed by committees, subcommittees, or working groups established under the Agreement or through dispute settlement processes provided for under the Agreement.

The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Federal-State consultation process established by this paragraph.

(2) LEGAL CHALLENGE.—No State law, or the application thereof, may be declared invalid as to any person or circumstance on the ground that the provision or application is inconsistent with the Agreement, except in an action brought by the United States for the purpose of declaring such law or application invalid.

(3) DEFINITION OF STATE LAW.—For purposes of this subsection, the term "State law" includes—

(A) any law of a political subdivision of a State; and

(B) any State law regulating or taxing the business of insurance.

(c) EFFECT OF AGREEMENT WITH RESPECT TO PRIVATE REMEDIES.—No person other than the United States—

(1) shall have any cause of action or defense under—

(A) the Agreement or by virtue of Congressional approval thereof, or

(B) the North American Agreement on Environmental Cooperation or the North American Agreement on Labor Cooperation; or

(2) may challenge, in any action brought under any provision of law, any action or inaction by any department, agency, or other instrumentality of the United States, any State, or any political subdivision of a State on the ground that such action or inaction is inconsistent with the Agreement, the North American Agreement on Environmental Cooperation, or the North American Agreement on Labor Cooperation.

SEC. 103. CONSULTATION AND LAYOVER REQUIREMENTS FOR, AND EFFECTIVE DATE OF, PROCLAIMED ACTIONS.

(a) CONSULTATION AND LAYOVER REQUIREMENTS.—If a provision of this Act provides that the implementation of an action by the President by proclamation is subject to the consultation and layover requirements of this section, such action may be proclaimed only if—

(1) the President has obtained advice regarding the proposed action from—

(A) the appropriate advisory committees established under section 135 of the Trade Act of 1974, and

(B) the International Trade Commission;

(2) the President has submitted a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate that sets forth—

(A) the action proposed to be proclaimed and the reasons therefor, and

(B) the advice obtained under paragraph (1);

(3) a period of 60 calendar days, beginning with the first day on which the President has met the requirements of paragraphs (1) and (2) with respect to such action, has expired; and

(4) the President has consulted with such Committees regarding the proposed action during the period referred to in paragraph (3).

(b) EFFECTIVE DATE OF CERTAIN PROCLAIMED ACTIONS.—Any action proclaimed by the President under the authority of this Act that is not subject to the consultation and layover requirements under subsection (a) may not take effect before the 15th day after the date on which the text of the proclamation is published in the Federal Register.

SEC. 104. IMPLEMENTING ACTIONS IN ANTICIPATION OF ENTRY INTO FORCE AND INITIAL REGULATIONS.

(a) IMPLEMENTING ACTIONS.—After the date of the enactment of this Act—

(1) the President may proclaim such actions; and

(2) other appropriate officers of the United States Government may issue such regulations;

as may be necessary to ensure that any provision of this Act, or amendment made by this Act, that takes effect on the date the Agreement enters into force is appropriately implemented on such date, but no such proclamation or regulation may have an effective date earlier than the date of entry into force. The 15-day restriction in section 103(b) on the taking effect of proclaimed actions is waived to the extent that the application of such restriction would prevent the taking effect on the date the Agreement enters into force of any action proclaimed under this section.

(b) INITIAL REGULATIONS.—Initial regulations necessary or appropriate to carry out the actions proposed in the statement of administrative action submitted under section 101(a)(2) to implement the Agreement shall, to the maximum extent feasible, be issued within 1 year after the date of entry into force of the Agreement; except that interim or initial regulations to implement those Uniform Regulations regarding rules of origin provided for under article 511 of the Agreement shall be issued no later than the date of entry into force of the Agreement. In the case of any implementing action that takes effect on a date after the date of entry into force of the Agreement, initial regulations to carry out that action shall, to the maximum extent feasible, be issued within 1 year after such effective date.

SEC. 105. UNITED STATES SECTION OF THE NAFTA SECRETARIAT.

(a) ESTABLISHMENT OF THE UNITED STATES SECTION.—The President is authorized to establish within any department or agency of the United States Government a United States Section of the Secretariat established under chapter 20 of the Agreement. The United States Section, subject to the oversight of the interagency group established under section 402, shall carry out its functions within the Secretariat to facilitate the operation of the Agreement, including the operation of chapters 19 and 20 of the Agreement and the work of the panels, extraordinary challenge committees, special committees, and scientific review boards convened under those chapters. The United States Section may not be considered to be an agency for purposes of section 552 of title 5, United States Code.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each fiscal year after fiscal year 1993 to the department or agency within which the United States Section is established the lesser of—

(1) such sums as may be necessary; or

(2) $2,000,000;

for the establishment and operations of the United States Section and for the payment of the United States share of the expenses of binational panels and extraordinary challenge committees convened under chapter 19, and of the expenses incurred in dispute settlement proceedings under chapter 20, of the Agreement.

(c) REIMBURSEMENT OF CERTAIN EXPENSES.—If, in accordance with Annex 2002.2 of the Agreement, the Canadian Section or the Mexican Section of the Secretariat provides funds to the United States Section during any fiscal year, as reimbursement for expenses by the Canadian Section or the Mexican Section in connection with settlement proceedings under chapter 19 or 20 of the

Agreement, the United States Section may retain and use such funds to carry out the functions described in subsection (a).

SEC. 106. APPOINTMENTS TO CHAPTER 20 PANEL PROCEEDINGS.

(a) CONSULTATION.—The Trade Representative shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate regarding the selection and appointment of candidates for the rosters described in article 2009 of the Agreement.

(b) SELECTION OF INDIVIDUALS WITH ENVIRONMENTAL EXPERTISE.—The United States shall, to the maximum extent practicable, encourage the selection of individuals who have expertise and experience in environmental issues for service in panel proceedings under chapter 20 of the Agreement to hear any challenge to a United States or State environmental law.

SEC. 107. TERMINATION OR SUSPENSION OF UNITED STATES-CANADA FREE-TRADE AGREEMENT.

Section 501(c) of the United States-Canada Free-Trade Implementation Act of 1988 (19 U.S.C. 2112 note) is amended to read as follows:

"(c) TERMINATION OR SUSPENSION OF AGREEMENT.—

"(1) TERMINATION OF AGREEMENT.—On the date the Agreement ceases to be in force, the provisions of this Act (other than this paragraph and section 410(b)), and the amendments made by this Act, shall cease to have effect.

"(2) EFFECT OF AGREEMENT SUSPENSION.—An agreement by the United States and Canada to suspend the operation of the Agreement shall not be deemed to cause the Agreement to cease to be in force within the meaning of paragraph (1).

"(3) SUSPENSION RESULTING FROM NAFTA.—On the date the United States and Canada agree to suspend the operation of the Agreement by reason of the entry into force between them of the North American Free Trade Agreement, the following provisions of this Act are suspended and shall remain suspended until such time as the suspension of the Agreement may be terminated:

"(A) Sections 204(a) and (b) and 205(a).

"(B) Sections 302 and 304(f).

"(C) Sections 404, 409, and 410(b).".

SEC. 108. CONGRESSIONAL INTENT REGARDING FUTURE ACCESSIONS.

(a) IN GENERAL.—Section 101(a) may not be construed as conferring Congressional approval of the entry into force of the Agreement for the United States with respect to countries other than Canada and Mexico.

(b) FUTURE FREE TRADE AREA NEGOTIATIONS.—

(1) FINDINGS.—The Congress makes the following findings:

(A) Efforts by the United States to obtain greater market opening through multilateral negotiations have not produced agreements that fully satisfy the trade negotiating objectives of the United States.

(B) United States trade policy should provide for additional mechanisms with which to pursue greater market access for United States exports of goods and services and opportunities for export-related investment by United States persons.

(C) Among the additional mechanisms should be a system of bilateral and multilateral trade agreements that provide greater market access for United States exports and opportunities for export-related investment by United States persons.

(D) The system of trade agreements can and should be structured to be consistent with, and complementary to, existing international obligations of the United States and ongoing multilateral efforts to open markets.

(2) REPORT ON SIGNIFICANT MARKET OPENING.—No later than May 1, 1994, and May 1, 1997, the Trade Representative shall submit to the President, and to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (hereafter in this section referred to as the "appropriate Congressional committees"), a report which lists those foreign countries—

(A) that—

(i) currently provide fair and equitable market access for United States exports of goods and services and opportunities for export-related investment by United States persons, beyond what is required by existing multilateral trade agreements or obligations; or

(ii) have made significant progress in opening their markets to United States exports of goods and services and export-related investment by United States persons; and

(B) the further opening of whose markets has the greatest potential to increase United States exports of goods and services and export-related investment by United States persons, either directly or through the establishment of a beneficial precedent.

(3) PRESIDENTIAL DETERMINATION.—The President, on the basis of the report submitted by the Trade Representative under paragraph (2), shall determine with which foreign country or countries, if any, the United States should seek to negotiate a free trade area agreement or agreements.

(4) RECOMMENDATIONS ON FUTURE FREE TRADE AREA NEGOTIATIONS.—No later than July 1, 1994, and July 1, 1997, the President shall submit to the appropriate Congressional committees a written report that contains—

(A) recommendations for free trade area negotiations with each foreign country selected under paragraph (3);

(B) with respect to each country selected, the specific negotiating objectives that are necessary to meet the objectives of the United States under this section; and

(C) legislative proposals to ensure adequate consultation with the Congress and the private sector during the negotiations, advance Congressional approval of the negotiations recommended by the President, and Congressional approval of any trade agreement entered into by the President as a result of the negotiations.

(5) GENERAL NEGOTIATING OBJECTIVES.—The general negotiating objectives of the United States under this section are to obtain—

(A) preferential treatment for United States goods;

(B) national treatment and, where appropriate, equivalent competitive opportunity for United States services and foreign direct investment by United States persons;

(C) the elimination of barriers to trade in goods and services by United States persons through standards, testing, labeling, and certification requirements;

(D) nondiscriminatory government procurement policies and practices with respect to United States goods and services;

(E) the elimination of other barriers to market access for United States goods and services, and the elimination of barriers to foreign direct investment by United States persons;

(F) the elimination of acts, policies, and practices which deny fair and equitable market opportunities, including foreign government toleration of anticompetitive business practices by private firms or among private firms that have the effect of restricting, on a basis that is inconsistent with commercial considerations, purchasing by such firms of United States goods and services;

(G) adequate and effective protection of intellectual property rights of United States persons, and fair and equitable market access for United States persons that rely upon intellectual property protection;

(H) the elimination of foreign export and domestic subsidies that distort international trade in United States goods and services or cause material injury to United States industries;

(I) the elimination of all export taxes;

(J) the elimination of acts, policies, and practices which constitute export targeting; and

(K) monitoring and effective dispute settlement mechanisms to facilitate compliance with the matters described in subparagraphs (A) through (J).

SEC. 109. EFFECTIVE DATES; EFFECT OF TERMINATION OF NAFTA STATUS.

(a) EFFECTIVE DATES.—

(1) IN GENERAL.—This title (other than the amendment made by section 107) takes effect on the date of the enactment of this Act.

(2) SECTION 107 AMENDMENT.—The amendment made by section 107 takes effect on the date the Agreement enters into force between the United States and Canada.

(b) TERMINATION OF NAFTA STATUS.—During any period in which a country ceases to be a NAFTA country, sections 101 through 106 shall cease to have effect with respect to such country.

TITLE II—CUSTOMS PROVISIONS

SEC. 201. TARIFF MODIFICATIONS.

(a) TARIFF MODIFICATIONS PROVIDED FOR IN THE AGREEMENT.—

(1) PROCLAMATION AUTHORITY.—The President may proclaim—

(A) such modifications or continuation of any duty,

(B) such continuation of duty-free or excise treatment, or

(C) such additional duties,

as the President determines to be necessary or appropriate to carry out or apply articles 302, 305, 307, 308, and 703 and Annexes 302.2, 307.1, 308.1, 308.2, 300-B, 703.2, and 703.3 of the Agreement.

(2) EFFECT ON MEXICAN GSP STATUS.—Notwithstanding section 502(a)(2) of the Trade Act of 1974 (19 U.S.C. 2462(a)(2)), the President shall terminate the designation of Mexico as a beneficiary developing country for purposes of title V of the Trade Act of 1974 on the date of entry into force of the Agreement between the United States and Mexico.

(b) OTHER TARIFF MODIFICATIONS.—

(1) IN GENERAL.—Subject to paragraph (2) and the consultation and layover requirements of section 103(a), the President may proclaim—

(A) such modifications or continuation of any duty,

(B) such modifications as the United States may agree to with Mexico or Canada regarding the staging of any duty treatment set forth in Annex 302.2 of the Agreement,

(C) such continuation of duty-free or excise treatment, or

(D) such additional duties,

as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Canada or Mexico provided for by the Agreement.

(2) SPECIAL RULE FOR ARTICLES WITH TARIFF PHASEOUT PERIODS OF MORE THAN 10 YEARS.—

The President may not consider a request to accelerate the staging of duty reductions for an article for which the United States tariff phaseout period is more than 10 years if a request for acceleration with respect to such article has been denied in the preceding 3 calendar years.

(c) CONVERSION TO AD VALOREM RATES FOR CERTAIN TEXTILES.—For purposes of subsections (a) and (b), with respect to an article covered by Annex 300–B of the Agreement imported from Mexico for which the base rate in the Schedule of the United States in Annex 300–B is a specific or compound rate of duty, the President may substitute for the base rate an ad valorem rate that the President determines to be equivalent to the base rate.

SEC. 202. RULES OF ORIGIN.

(a) ORIGINATING GOODS.—

(1) IN GENERAL.—For purposes of implementing the tariff treatment and quantitative restrictions provided for under the Agreement, except as otherwise provided in this section, a good originates in the territory of a NAFTA country if—

(A) the good is wholly obtained or produced entirely in the territory of one or more of the NAFTA countries;

(B)(i) each nonoriginating material used in the production of the good—

(I) undergoes an applicable change in tariff classification set out in Annex 401 of the Agreement as a result of production occurring entirely in the territory of one or more of the NAFTA countries; or

(II) where no change in tariff classification is required, the good otherwise satisfies the applicable requirements of such Annex; and

(ii) the good satisfies all other applicable requirements of this section;

(C) the good is produced entirely in the territory of one or more of the NAFTA countries exclusively from originating materials; or

(D) except for a good provided for in chapters 61 through 63 of the HTS, the good is produced entirely in the territory of one or more of the NAFTA countries, but one or more of the nonoriginating materials, that are provided for as parts under the HTS and are used in the production of the good, does not undergo a change in tariff classification because—

(i) the good was imported into the territory of a NAFTA country in an unassembled or a disassembled form but was classified as an assembled good pursuant to General Rule of Interpretation 2(a) of the HTS; or

(ii)(I) the heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings; or

(II) the subheading for the good provides for and specifically describes both the good itself and its parts.

(2) SPECIAL RULES.—

(A) FOREIGN-TRADE ZONES.—Subparagraph (B) of paragraph (1) shall not apply to a good produced in a foreign-trade zone or subzone (established pursuant to the Act of June 18, 1934, commonly known as the Foreign Trade Zones Act) that is entered for consumption in the customs territory of the United States.

(B) REGIONAL VALUE-CONTENT REQUIREMENT.—For purposes of subparagraph (D) of paragraph (1), a good shall be treated as originating in a NAFTA country if the regional value-content of the good, determined in accordance with subsection (b), is not less than 60 percent where the transaction value method is used, or not less than 50 percent where the net cost method is used, and the good satisfies all other applicable requirements of this section.

(b) REGIONAL VALUE-CONTENT.—

(1) IN GENERAL.—Except as provided in paragraph (5), the regional value-content of a good shall be calculated, at the choice of the exporter or producer of the good, on the basis of—

(A) the transaction value method described in paragraph (2); or

(B) the net cost method described in paragraph (3).

(2) TRANSACTION VALUE METHOD.—

(A) IN GENERAL.—An exporter or producer may calculate the regional value-content of a good on the basis of the following transaction value method:

$$RVC = \frac{TV - VNM}{TV} \quad 100$$

(B) DEFINITIONS.—For purposes of subparagraph (A):

(i) The term "RVC" means the regional value-content, expressed as a percentage.

(ii) The term "TV" means the transaction value of the good adjusted to a F.O.B. basis.

(iii) The term "VNM" means the value of nonoriginating materials used by the producer in the production of the good.

(3) NET COST METHOD.—

(A) IN GENERAL.—An exporter or producer may calculate the regional value-content of a good on the basis of the following net cost method:

$$RVC = \frac{NC - VNM}{NC} \quad 100$$

(B) DEFINITIONS.—For purposes of subparagraph (A):

(i) The term "RVC" means the regional value-content, expressed as a percentage.

(ii) The term "NC" means the net cost of the good.

(iii) The term "VNM" means the value of nonoriginating materials used by the producer in the production of the good.

(4) VALUE OF NONORIGINATING MATERIALS USED IN ORIGINATING MATERIALS.—Except as provided in subsection (c)(1), and for a motor vehicle identified in subsection (c)(2) or a component identified in Annex 403.2 of the Agreement, the value of nonoriginating materials used by the producer in the production of a good shall not, for purposes of calculating the regional value-content of the good under paragraph (2) or (3), include the value of nonoriginating materials used to produce originating materials that are subsequently used in the production of the good.

(5) NET COST METHOD MUST BE USED IN CERTAIN CASES.—An exporter or producer shall calculate the regional value-content of a good solely on the basis of the net cost method described in paragraph (3), if—

(A) there is no transaction value for the good;

(B) the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code;

(C) the good is sold by the producer to a related person and the volume, by units of quantity, of sales of identical or similar goods to related persons during the six-month period immediately preceding the month in which the good is sold exceeds 85 percent of the producer's total sales of such goods during that period;

(D) the good is—

(i) a motor vehicle provided for in heading 8701 or 8702, subheadings 8703.21 through 8703.90, or heading 8704, 8705, or 8706;

(ii) identified in Annex 403.1 or 403.2 of the Agreement and is for use in a motor vehicle provided for in heading 8701 or 8702, subheadings 8703.21 through 8703.90, or heading 8704, 8705, or 8706;

(iii) provided for in subheadings 6401.10 through 6406.10; or

(iv) a word processing machine provided for in subheading 8469.10.00;

(E) the exporter or producer chooses to accumulate the regional value-content of the good in accordance with subsection (d); or

(F) the good is designated as an intermediate material under paragraph (10) and is subject to a regional value-content requirement.

(6) NET COST METHOD ALLOWED FOR ADJUSTMENTS.—If an exporter or producer of a good calculates the regional value-content of the good on the basis of the transaction value method and a NAFTA country subsequently notifies the exporter or producer, during the course of a verification conducted in accordance with chapter 5 of the Agreement, that the transaction value of the good or the value of any material used in the production of the good must be adjusted or is unacceptable under Article 1 of the Customs Valuation Code, the exporter or producer may calculate the regional value-content of the good on the basis of the net cost method.

(7) REVIEW OF ADJUSTMENT.—Nothing in paragraph (6) shall be construed to prevent any review or appeal available in accordance with article 510 of the Agreement with respect to an adjustment to or a rejection of—

(A) the transaction value of a good; or

(B) the value of any material used in the production of a good.

(8) CALCULATING NET COST.—The producer may, consistent with regulations implementing this section, calculate the net cost of a good under paragraph (3), by—

(A) calculating the total cost incurred with respect to all goods produced by that producer, subtracting any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and nonallowable interest costs that are included in the total cost of all such goods, and reasonably allocating the resulting net cost of those goods to the good;

(B) calculating the total cost incurred with respect to all goods produced by that producer, reasonably allocating the total cost to the good, and subtracting any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and nonallowable interest costs that are included in the portion of the total cost allocated to the good; or

(C) reasonably allocating each cost that is part of the total cost incurred with respect to the good so that the aggregate of these costs does not include any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, or nonallowable interest costs.

(9) VALUE OF MATERIAL USED IN PRODUCTION.—Except as provided in paragraph (11), the value of a material used in the production of a good—

(A) shall—

(i) be the transaction value of the material determined in accordance with Article 1 of the Customs Valuation Code; or

(ii) in the event that there is no transaction value or the transaction value of the material is unacceptable under Article 1 of the Customs Valuation Code, be determined in accordance with Articles 2 through 7 of the Customs Valuation Code; and

(B) if not included under clause (i) or (ii) of subparagraph (A), shall include—

(i) freight, insurance, packing, and all other costs incurred in transporting the material to the location of the producer;

(ii) duties, taxes, and customs brokerage fees paid on the material in the territory of one or more of the NAFTA countries; and

(iii) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-product.

(10) INTERMEDIATE MATERIAL.—Except for goods described in subsection (c)(1), any self-produced material, other than a component identified in Annex 403.2 of the Agreement, that is used in the production of a good may be designated by the producer of the good as an intermediate material for the purpose of calculating the regional value-content of the good under paragraph (2) or (3); provided that if the intermediate material is subject to a regional value-content requirement, no other self-produced material that is subject to a regional value-content requirement and is used in the production of the intermediate material may be designated by the producer as an intermediate material.

(11) VALUE OF INTERMEDIATE MATERIAL.—The value of an intermediate material shall be—

(A) the total cost incurred with respect to all goods produced by the producer of the good that can be reasonably allocated to the intermediate material; or

(B) the aggregate of each cost that is part of the total cost incurred with respect to the intermediate material that can be reasonably allocated to that intermediate material.

(12) INDIRECT MATERIAL.—The value of an indirect material shall be based on the Generally Accepted Accounting Principles applicable in the territory of the NAFTA country in which the good is produced.

(c) AUTOMOTIVE GOODS.—

(1) PASSENGER VEHICLES AND LIGHT TRUCKS, AND THEIR AUTOMOTIVE PARTS.—For purposes of calculating the regional value-content under the net cost method for—

(A) a good that is a motor vehicle for the transport of 15 or fewer persons provided for in subheading 8702.10.00 or 8702.90.00, or a motor vehicle provided for in subheadings 8703.21 through 8703.90, or subheading 8704.21 or 8704.31, or

(B) a good provided for in the tariff provisions listed in Annex 403.1 of the Agreement, that is subject to a regional value-content requirement and is for use as original equipment in the production of a motor vehicle for the transport of 15 or fewer persons provided for in subheading 8702.10.00 or 8702.90.00, or a motor vehicle provided for in subheadings 8703.21 through 8703.90, or subheading 8704.21 or 8704.31,

the value of nonoriginating materials used by the producer in the production of the good shall be the sum of the values of all nonoriginating materials, determined in accordance with subsection (b)(9) at the time the nonoriginating materials are received by the first person in the territory of a NAFTA country who takes title to them, that are imported from outside the territories of the NAFTA countries under the tariff provisions listed in Annex 403.1 of the Agreement and are used in the production of the good or that are used in the production of any material used in the production of the good.

(2) OTHER VEHICLES AND THEIR AUTOMOTIVE PARTS.—For purposes of calculating the regional value-content under the net cost method for a good that is a motor vehicle provided for in heading 8701, subheading 8704.10, 8704.22, 8704.23, 8704.32, or 8704.90, or heading 8705 or 8706, a motor vehicle for the transport of 16 or more persons provided for in subheading 8702.10.00 or 8702.90.00, or a component identified in Annex 403.2 of the Agreement for use as original equipment in the production of the motor vehicle, the value of nonoriginating materials used by the producer in the production of the good shall be the sum of—

(A) for each material used by the producer listed in Annex 403.2 of the Agreement, whether or not produced by the producer, at the choice of the producer and determined in accordance with subsection (b), either—

(i) the value of such material that is nonoriginating, or

(ii) the value of nonoriginating materials used in the production of such material; and

(B) the value of any other nonoriginating material used by the producer that is not listed in Annex 403.2 of the Agreement determined in accordance with subsection (b).

(3) AVERAGING PERMITTED.—

(A) IN GENERAL.—For purposes of calculating the regional value-content of a motor vehicle described in paragraph (1) or (2), the producer may average its calculation over its fiscal year, using any of the categories described in subparagraph (B), on the basis of either all motor vehicles in the category or on the basis of only the motor vehicles in the category that are exported to the territory of one or more of the other NAFTA countries.

(B) CATEGORY DESCRIBED.—A category is described in this subparagraph if it is—

(i) the same model line of motor vehicles in the same class of vehicles produced in the same plant in the territory of a NAFTA country;

(ii) the same class of motor vehicles produced in the same plant in the territory of a NAFTA country;

(iii) the same model line of motor vehicles produced in the territory of a NAFTA country; or

(iv) if applicable, the basis set out in Annex 403.3 of the Agreement.

(4) ANNEX 403.1 AND ANNEX 403.2.—For purposes of calculating the regional value-content for any or all goods provided for in a tariff provision listed in Annex 403.1 of the Agreement, or a component or material identified in Annex 403.2 of the Agreement, produced in the same plant, the producer of the good may—

(A) average its calculation—

(i) over the fiscal year of the motor vehicle producer to whom the good is sold;

(ii) over any quarter or month; or

(iii) over its fiscal year, if the good is sold as an aftermarket part;

(B) calculate the average referred to in subparagraph (A) separately for any or all goods sold to one or more motor vehicle producers; or

(C) with respect to any calculation under this paragraph, make a separate calculation for goods that are exported to the territory of one or more NAFTA countries.

(5) PHASE-IN OF REGIONAL VALUE-CONTENT REQUIREMENT.—Notwithstanding Annex 401 of the Agreement, and except as provided in paragraph (6), the regional value-content requirement shall be—

(A) for a producer's fiscal year beginning on the day closest to January 1, 1998, and thereafter, 56 percent calculated under the net cost method, and for a producer's fiscal year beginning on the day closest to January 1, 2002, and thereafter, 62.5 percent calculated under the net cost method, for—

(i) a good that is a motor vehicle for the transport of 15 or fewer persons provided for in subheading 8702.10.00 or 8702.90.00, or a motor vehicle provided for in subheadings 8703.21 through 8703.90, or subheading 8704.21 or 8704.31; and

(ii) a good provided for in heading 8407 or 8408, or subheading 8708.40, that is for use in a motor vehicle identified in clause (i); and

(B) for a producer's fiscal year beginning on the day closest to January 1, 1998, and thereafter, 55 percent calculated under the net cost method, and for a producer's fiscal year beginning on the day closest to January 1, 2002, and thereafter, 60 percent calculated under the net cost method, for—

(i) a good that is a motor vehicle provided for in heading 8701, subheading 8704.10, 8704.22, 8704.23, 8704.32, or 8704.90, or heading 8705 or 8706, or a motor vehicle for the transport of 16 or more persons provided for in subheading 8702.10.00 or 8702.90.00;

(ii) a good provided for in heading 8407 or 8408, or subheading 8708.40 that is for use in a motor vehicle identified in clause (i); and

(iii) except for a good identified in subparagraph (A)(ii) or a good provided for in subheadings 8482.10 through 8482.80, or subheading 8483.20 or 8483.30, a good identified in Annex 403.1 of the Agreement that is subject to a regional value-content requirement and is for use in a motor vehicle identified in subparagraph (A)(i) or (B)(i).

(6) NEW AND REFITTED PLANTS.—The regional value-content requirement for a motor vehicle identified in paragraph (1) or (2) shall be—

(A) 50 percent for 5 years after the date on which the first motor vehicle prototype is produced in a plant by a motor vehicle assembler, if—

(i) it is a motor vehicle of a class, or marque, or, except for a motor vehicle identified in paragraph (2), size category and underbody, not previously produced by the motor vehicle assembler in the territory of any of the NAFTA countries;

(ii) the plant consists of a new building in which the motor vehicle is assembled; and

(iii) the plant contains substantially all new machinery that is used in the assembly of the motor vehicle; or

(B) 50 percent for 2 years after the date on which the first motor vehicle prototype is 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.

(d) ACCUMULATION.—

(1) DETERMINATION OF ORIGINATING GOOD.—For purposes of determining whether a good is an originating good, the production of the good in the territory of one or more of the NAFTA countries by one or more producers shall, at the choice of the exporter or producer of the good, be considered to have been performed in the territory of any of the NAFTA countries by that exporter or producer, if—

(A) all nonoriginating materials used in the production of the good undergo an applicable tariff classification change set out in Annex 401 of the Agreement;

(B) the good satisfies any applicable regional value-content requirement; and

(C) the good satisfies all other applicable requirements of this section.

The requirements of subparagraphs (A) and (B) must be satisfied entirely in the territory of one or more of the NAFTA countries.

(2) TREATMENT AS SINGLE PRODUCER.—For purposes of subsection (b)(10), the production of a producer that chooses to accumulate its production with that of other producers under paragraph (1) shall be treated as the production of a single producer.

(e) DE MINIMIS AMOUNTS OF NONORIGINATING MATERIALS.—

(1) IN GENERAL.—Except as provided in paragraphs (3), (4), (5), and (6), a good shall be considered to be an originating good if—

(A) the value of all nonoriginating materials used in the production of the good that do not undergo an applicable change in tariff classification (set out in Annex 401 of the Agreement) is not more than 7 percent of the transaction value of the good, adjusted to a F.O.B. basis, or

(B) where the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code, the value of all such nonoriginating materials is not more than 7 percent of the total cost of the good,

provided that the good satisfies all other applicable requirements of this section and, if the good is subject to a regional value-content requirement, the value of such nonoriginating materials is taken into account in calculating the regional value-content of the good.

(2) GOODS NOT SUBJECT TO REGIONAL VALUE-CONTENT REQUIREMENT.—A good that is otherwise subject to a regional value-content requirement shall not be required to satisfy such requirement if—

(A)(i) the value of all nonoriginating materials used in the production of the good is not more than 7 percent of the transaction value of the good, adjusted to a F.O.B. basis; or

(ii) where the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code, the value of all nonoriginating materials is not more than 7 percent of the total cost of the good; and

(B) the good satisfies all other applicable requirements of this section.

(3) DAIRY PRODUCTS, ETC.—Paragraph (1) does not apply to—

(A) a nonoriginating material provided for in chapter 4 of the HTS or a dairy preparation containing over 10 percent by weight of milk solids provided for in subheading 1901.90.30, 1901.90.40, or 1901.90.80 that is used in the production of a good provided for in chapter 4 of the HTS;

(B) a nonoriginating material provided for in chapter 4 of the HTS or a dairy preparation containing over 10 percent by weight of milk solids provided for in subheading 1901.90.30, 1901.90.40, or 1901.90.80 that is used in the production of—

(i) preparations for infants containing over 10 percent by weight of milk solids provided for in subheading 1901.10.00;

(ii) mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale, provided for in subheading 1901.20.00;

(iii) a dairy preparation containing over 10 percent by weight of milk solids provided for in subheading 1901.90.30, 1901.90.40, or 1901.90.80;

(iv) a good provided for in heading 2105 or subheading 2106.90.05, or preparations containing over 10 percent by weight of milk solids provided for in subheading 2106.90.15, 2106.90.40, 2106.90.50, or 2106.90.65;

(v) a good provided for in subheading 2202.90.10 or 2202.90.20; or

(vi) animal feeds containing over 10 percent by weight of milk solids provided for in subheading 2309.90.30;

(C) a nonoriginating material provided for in heading 0805 or subheadings 2009.11 through 2009.30 that is used in the production of—

(i) a good provided for in subheadings 2009.11 through 2009.30, or subheading 2106.90.16, or concentrated fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins, provided for in subheading 2106.90.19; or

(ii) a good provided for in subheading 2202.90.30 or 2202.90.35, or fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins, provided for in subheading 2202.90.36;

(D) a nonoriginating material provided for in chapter 9 of the HTS that is used in the production of instant coffee, not flavored, provided for in subheading 2101.10.20;

(E) a nonoriginating material provided for in chapter 15 of the HTS that is used in the production of a good provided for in headings 1501 through 1508, or heading 1512, 1514, or 1515;

(F) a nonoriginating material provided for in heading 1701 that is used in the production of a good provided for in headings 1701 through 1703;

(G) a nonoriginating material provided for in chapter 17 of the HTS or heading 1805 that is used in the production of a good provided for in subheading 1806.10;

(H) a nonoriginating material provided for in headings 2203 through 2208 that is used in the production of a good provided for in headings 2207 through 2208;

(I) a nonoriginating material used in the production of—

(i) a good provided for in subheading 7321.11.30;

(ii) a good provided for in subheading 8415.10, subheadings 8415.81 through 8415.83, subheadings 8418.10 through 8418.21, subheadings 8418.29 through 8418.40, subheading 8421.12 or 8422.11, subheadings 8450.11 through 8450.20, or subheadings 8451.21 through 8451.29;

(iii) trash compactors provided for in subheading 8479.89.60; or

(iv) a good provided for in subheading 8516.60.40; and

(J) a printed circuit assembly that is a nonoriginating material used in the production of a good where the applicable change in tariff classification for the good, as set out in Annex 401 of the Agreement, places restrictions on the use of such nonoriginating material.

(4) CERTAIN FRUIT JUICES.—Paragraph (1) does not apply to a nonoriginating single juice ingredient provided for in heading 2009 that is used in the production of—

(A) a good provided for in subheading 2009.90, or concentrated mixtures of fruit or vegetable juice, fortified with minerals or vitamins, provided for in subheading 2106.90.19; or

(B) mixtures of fruit or vegetable juices, fortified with minerals or vitamins, provided for in subheading 2202.90.39.

(5) GOODS PROVIDED FOR IN CHAPTERS 1 THROUGH 27 OF THE HTS.—Paragraph (1) does not apply to a nonoriginating material used in the production of a good provided for in chapters 1 through 27 of the HTS unless the nonoriginating material is provided for in a different subheading than the good for which origin is being determined under this section.

(6) GOODS PROVIDED FOR IN CHAPTERS 50 THROUGH 63 OF THE HTS.—A good provided for in chapters 50 through 63 of the HTS, that does not originate because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 401 of the Agreement, shall be considered to be a good that originates if the total weight of all such fibers or yarns in that component is not more than 7 percent of the total weight of that component.

(f) FUNGIBLE GOODS AND MATERIALS.—For purposes of determining whether a good is an originating good—

(1) if originating and nonoriginating fungible materials are used in the production of the good, the determination of whether the materials are originating need not be made through the identification of any specific fungible material, but may be determined on the basis of any of the inventory management methods set out in regulations implementing this section; and

(2) if originating and nonoriginating fungible goods are commingled and exported in the same form, the determination may be made on the basis of any of the inventory management methods set out in regulations implementing this section.

(g) ACCESSORIES, SPARE PARTS, OR TOOLS.—

(1) IN GENERAL.—Except as provided in paragraph (2), accessories, spare parts, or tools delivered with the good that form part of the good's standard accessories, spare parts, or tools shall—

(A) be considered as originating goods if the good is an originating good, and

(B) be disregarded in determining whether all the nonoriginating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex 401 of the Agreement.

(2) CONDITIONS.—Paragraph (1) shall apply only if—

(A) the accessories, spare parts, or tools are not invoiced separately from the good;

(B) the quantities and value of the accessories, spare parts, or tools are customary for the good; and

(C) in any case in which the good is subject to a regional value-content requirement, the value of the accessories, spare parts, or tools are taken into account as originating or nonoriginating materials, as the case may be, in

calculating the regional value-content of the good.

(h) INDIRECT MATERIALS.—An indirect material shall be considered to be an originating material without regard to where it is produced.

(i) PACKAGING MATERIALS AND CONTAINERS FOR RETAIL SALE.—Packaging materials and containers in which a good is packaged for retail sale, if classified with the good, shall be disregarded in determining whether all the nonoriginating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex 401 of the Agreement. If the good is subject to a regional value-content requirement, the value of such packaging materials and containers shall be taken into account as originating or nonoriginating materials, as the case may be, in calculating the regional value-content of the good.

(j) PACKING MATERIALS AND CONTAINERS FOR SHIPMENT.—Packing materials and containers in which a good is packed for shipment shall be disregarded—

(1) in determining whether the nonoriginating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex 401 of the Agreement; and

(2) in determining whether the good satisfies a regional value-content requirement.

(k) TRANSSHIPMENT.—A good shall not be considered to be an originating good by reason of having undergone production that satisfies the requirements of subsection (a) if, subsequent to that production, the good undergoes further production or any other operation outside the territories of the NAFTA countries, other than unloading, reloading, or any other operation necessary to preserve it in good condition or to transport the good to the territory of a NAFTA country.

(l) NONQUALIFYING OPERATIONS.—A good shall not be considered to be an originating good merely by reason of—

(1) mere dilution with water or another substance that does not materially alter the characteristics of the good; or

(2) any production or pricing practice with respect to which it may be demonstrated, by a preponderance of evidence, that the object was to circumvent this section.

(m) INTERPRETATION AND APPLICATION.—For purposes of this section:

(1) The basis for any tariff classification is the HTS.

(2) Except as otherwise expressly provided, whenever in this section there is a reference to a heading or subheading such reference shall be a reference to a heading or subheading of the HTS.

(3) In applying subsection (a)(4), the determination of whether a heading or subheading under the HTS provides for and specifically describes both a good and its parts shall be made on the basis of the nomenclature of the heading or subheading, the rules of interpretation, or notes of the HTS.

(4) In applying the Customs Valuation Code—

(A) the principles of the Customs Valuation Code shall apply to domestic transactions, with such modifications as may be required by the circumstances, as would apply to international transactions;

(B) the provisions of this section shall take precedence over the Customs Valuation Code to the extent of any difference; and

(C) the definitions in subsection (o) shall take precedence over the definitions in the Customs Valuation Code to the extent of any difference.

(5) All costs referred to in this section shall be recorded and maintained in accordance with the Generally Accepted Accounting Principles applicable in the territory of the NAFTA country in which the good is produced.

(n) ORIGIN OF AUTOMATIC DATA PROCESSING GOODS.—Notwithstanding any other provision of this section, when the NAFTA countries apply the most-favored-nation rate of duty described in paragraph 1 of section A of Annex 308.1 of the Agreement to a good provided for under the tariff provisions set out in Table 308.1.1 of such Annex, the good shall, upon importation from a NAFTA country, be deemed to originate in the territory of a NAFTA country for purposes of this section.

(o) SPECIAL RULE FOR CERTAIN AGRICULTURAL PRODUCTS.—Notwithstanding any other provision of this section, for purposes of applying a rate of duty to a good provided for in—

(1) heading 1202 that is exported from the territory of Mexico, if the good is not wholly obtained in the territory of Mexico,

(2) subheading 2008.11 that is exported from the territory of Mexico, if any material provided for in heading 1202 used in the production of that good is not wholly obtained in the territory of Mexico, or

(3) subheading 1806.10.42 or 2106.90.12 that is exported from the territory of Mexico, if any material provided for in subheading 1701.99 used in the production of that good is not a qualifying good,

such good shall be treated as a nonoriginating good and, for purposes of this subsection, the terms "qualifying good" and "wholly obtained in the territory of" have the meaning given such terms in paragraph 26 of section A of Annex 703.2 of the Agreement.

(p) DEFINITIONS.—For purposes of this section—

(1) CLASS OF MOTOR VEHICLES.—The term "class of motor vehicles" means any one of the following categories of motor vehicles:

(A) Motor vehicles provided for in subheading 8701.20, subheading 8704.10, 8704.22, 8704.23, 8704.32, or 8704.90, or heading 8705 or 8706, or motor vehicles designed for the transport of 16 or more persons provided for in subheading 8702.10.00 or 8702.90.00.

(B) Motor vehicles provided for in subheading 8701.10, or subheadings 8701.30 through 8701.90.

(C) Motor vehicles for the transport of 15 or fewer persons provided for in subheading 8702.10.00 or 8702.90.00, or motor vehicles provided for in subheading 8704.21 or 8704.31.

(D) Motor vehicles provided for in subheadings 8703.21 through 8703.90.

(2) CUSTOMS VALUATION CODE.—The term "Customs Valuation Code" means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, including its interpretative notes.

(3) F.O.B.—The term "F.O.B." means free on board, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer.

(4) FUNGIBLE GOODS AND FUNGIBLE MATERIALS.—The terms "fungible goods" and "fungible materials" mean goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical.

(5) GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.—The term "Generally Accepted Accounting Principles" means the recognized consensus or substantial authoritative support in the territory of a NAFTA country with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure of information, and preparation of financial statements. These standards may be broad guidelines of general application as well as detailed standards, practices, or procedures.

(6) GOODS WHOLLY OBTAINED OR PRODUCED ENTIRELY IN THE TERRITORY OF ONE OR MORE OF THE NAFTA COUNTRIES.—The term "goods wholly obtained or produced entirely in the territory of one or more of the NAFTA countries" means—

(A) mineral goods extracted in the territory of one or more of the NAFTA countries;

(B) vegetable goods harvested in the territory of one or more of the NAFTA countries;

(C) live animals born and raised in the territory of one or more of the NAFTA countries;

(D) goods obtained from hunting, trapping, or fishing in the territory of one or more of the NAFTA countries;

(E) goods (such as fish, shellfish, and other marine life) taken from the sea by vessels registered or recorded with a NAFTA country and flying its flag;

(F) goods produced on board factory ships from the goods referred to in subparagraph (E), if such factory ships are registered or recorded with that NAFTA country and fly its flag;

(G) goods taken by a NAFTA country or a person of a NAFTA country from the seabed or beneath the seabed outside territorial waters, provided that a NAFTA country has rights to exploit such seabed;

(H) goods taken from outer space, if the goods are obtained by a NAFTA country or a person of a NAFTA country and not processed in a country other than a NAFTA country;

(I) waste and scrap derived from—

(i) production in the territory of one or more of the NAFTA countries; or

(ii) used goods collected in the territory of one or more of the NAFTA countries, if such goods are fit only for the recovery of raw materials; and

(J) goods produced in the territory of one or more of the NAFTA countries exclusively from goods referred to in subparagraphs (A) through (I), or from their derivatives, at any stage of production.

(7) IDENTICAL OR SIMILAR GOODS.—The term "identical or similar goods" means "identical goods" and "similar goods", respectively, as defined in the Customs Valuation Code.

(8) INDIRECT MATERIAL.—

(A) The term "indirect material" means a good—

(i) used in the production, testing, or inspection of a good but not physically incorporated into the good, or

(ii) used in the maintenance of buildings or the operation of equipment associated with the production of a good,

in the territory of one or more of the NAFTA countries.

(B) When used for a purpose described in subparagraph (A), the following materials are among those considered to be indirect materials:

(i) Fuel and energy.

(ii) Tools, dies, and molds.

(iii) Spare parts and materials used in the maintenance of equipment and buildings.

(iv) Lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings.

(v) Gloves, glasses, footwear, clothing, safety equipment, and supplies.

(vi) Equipment, devices, and supplies used for testing or inspecting the goods.

(vii) Catalysts and solvents.

(viii) Any other goods that are not incorporated into the good, if the use of such

goods in the production of the good can reasonably be demonstrated to be a part of that production.

(9) INTERMEDIATE MATERIAL.—The term "intermediate material" means a material that is self-produced, used in the production of a good, and designated pursuant to subsection (b)(10).

(10) MARQUE.—The term "marque" means the trade name used by a separate marketing division of a motor vehicle assembler.

(11) MATERIAL.—The term "material" means a good that is used in the production of another good and includes a part or an ingredient.

(12) MODEL LINE.—The term "model line" means a group of motor vehicles having the same platform or model name.

(13) MOTOR VEHICLE ASSEMBLER.—The term "motor vehicle assembler" means a producer of motor vehicles and any related persons or joint ventures in which the producer participates.

(14) NAFTA COUNTRY.—The term "NAFTA country" means the United States, Canada or Mexico for such time as the Agreement is in force with respect to Canada or Mexico, and the United States applies the Agreement to Canada or Mexico.

(15) NEW BUILDING.—The term "new building" means a new construction, including at least the pouring or construction of new foundation and floor, the erection of a new structure and roof, and installation of new plumbing, electrical, and other utilities to house a complete vehicle assembly process.

(16) NET COST.—The term "net cost" means total cost less sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and nonallowable interest costs that are included in the total cost.

(17) NET COST OF A GOOD.—The term "net cost of a good" means the net cost that can be reasonably allocated to a good using one of the methods set out in subsection (b)(8).

(18) NONALLOWABLE INTEREST COSTS.—The term "nonallowable interest costs" means interest costs incurred by a producer as a result of an interest rate that exceeds the applicable federal government interest rate for comparable maturities by more than 700 basis points, determined pursuant to regulations implementing this section.

(19) NONORIGINATING GOOD; NONORIGINATING MATERIAL.—The term "nonoriginating good" or "nonoriginating material" means a good or material that does not qualify as an originating good or material under the rules of origin set out in this section.

(20) ORIGINATING.—The term "originating" means qualifying under the rules of origin set out in this section.

(21) PRODUCER.—The term "producer" means a person who grows, mines, harvests, fishes, traps, hunts, manufactures, processes, or assembles a good.

(22) PRODUCTION.—The term "production" means growing, mining, harvesting, fishing, trapping, hunting, manufacturing, processing, or assembling a good.

(23) REASONABLY ALLOCATE.—The term "reasonably allocate" means to apportion in a manner appropriate to the circumstances.

(24) REFIT.—The term "refit" means a plant closure, for purposes of plant conversion or retooling, that lasts at least 3 months.

(25) RELATED PERSONS.—The term "related persons" means persons specified in any of the following subparagraphs:

(A) Persons who are officers or directors of one another's businesses.

(B) Persons who are legally recognized partners in business.

(C) Persons who are employer and employee.

(D) Persons one of whom owns, controls, or holds 25 percent or more of the outstanding voting stock or shares of the other.

(E) Persons if 25 percent or more of the outstanding voting stock or shares of each of them is directly or indirectly owned, controlled, or held by a third person.

(F) Persons one of whom is directly or indirectly controlled by the other.

(G) Persons who are directly or indirectly controlled by a third person.

(H) Persons who are members of the same family.

For purposes of this paragraph, the term "members of the same family" means natural or adoptive children, brothers, sisters, parents, grandparents, or spouses.

(26) ROYALTIES.—The term "royalties" means payments of any kind, including payments under technical assistance or similar agreements, made as consideration for the use or right to use any copyright, literary, artistic, or scientific work, patent, trademark, design, model, plan, secret formula, or process. It does not include payments under technical assistance or similar agreements that can be related to specific services such as—

(A) personnel training, without regard to where performed; and

(B) if performed in the territory of one or more of the NAFTA countries, engineering, tooling, die-setting, software design and similar computer services, or other services.

(27) SALES PROMOTION, MARKETING, AND AFTER-SALES SERVICE COSTS.—The term "sales promotion, marketing, and after-sales service costs" means the costs related to sales promotion, marketing, and after-sales service for the following:

(A) Sales and marketing promotion, media advertising, advertising and market research, promotional and demonstration materials, exhibits, sales conferences, trade shows, conventions, banners, marketing displays, free samples, sales, marketing and after-sales service literature (product brochures, catalogs, technical literature, price lists, service manuals, sales aid information), establishment and protection of logos and trademarks, sponsorships, wholesale and retail restocking charges, and entertainment.

(B) Sales and marketing incentives, consumer, retailer, or wholesaler rebates, and merchandise incentives.

(C) Salaries and wages, sales commissions, bonuses, benefits (such as medical, insurance, and pension), traveling and living expenses, and membership and professional fees for sales promotion, marketing, and after-sales service personnel.

(D) Recruiting and training of sales promotion, marketing, and after-sales service personnel, and after-sales training of customers' employees, where such costs are identified separately for sales promotion, marketing, and after-sales service of goods on the financial statements or cost accounts of the producer.

(E) Product liability insurance.

(F) Office supplies for sales promotion, marketing, and after-sales service of goods, where such costs are identified separately for sales promotion, marketing, and after-sales service of goods on the financial statements or cost accounts of the producer.

(G) Telephone, mail, and other communications, where such costs are identified separately for sales promotion, marketing, and after-sales service of goods on the financial statements or cost accounts of the producer.

(H) Rent and depreciation of sales promotion, marketing, and after-sales service offices and distribution centers.

(I) Property insurance, taxes, utilities, and repair and maintenance of sales promotion, marketing, and after-sales service offices and distribution centers, where such costs are identified separately for sales promotion, marketing, and after-sales service of goods on the financial statements or cost accounts of the producer.

(J) Payments by the producer to other persons for warranty repairs.

(28) SELF-PRODUCED MATERIAL.—The term "self-produced material" means a material that is produced by the producer of a good and used in the production of that good.

(29) SHIPPING AND PACKING COSTS.—The term "shipping and packing costs" means the costs incurred in packing a good for shipment and shipping the good from the point of direct shipment to the buyer, but does not include the costs of preparing and packaging the good for retail sale.

(30) SIZE CATEGORY.—The term "size category" means with respect to a motor vehicle identified in subsection (c)(1)(A)—

(A) 85 cubic feet or less of passenger and luggage interior volume;

(B) more than 85 cubic feet, but less than 100 cubic feet, of passenger and luggage interior volume;

(C) at least 100 cubic feet, but not more than 110 cubic feet, of passenger and luggage interior volume;

(D) more than 110 cubic feet, but less than 120 cubic feet, of passenger and luggage interior volume; and

(E) 120 cubic feet or more of passenger and luggage interior volume.

(31) TERRITORY.—The term "territory" means a territory described in Annex 201.1 of the Agreement.

(32) TOTAL COST.—The term "total cost" means all product costs, period costs, and other costs incurred in the territory of one or more of the NAFTA countries.

(33) TRANSACTION VALUE.—Except as provided in subsection (c)(1) or (c)(2)(A), the term "transaction value" means the price actually paid or payable for a good or material with respect to a transaction of the producer of the good, adjusted in accordance with the principles of paragraphs 1, 3, and 4 of Article 8 of the Customs Valuation Code and determined without regard to whether the good or material is sold for export.

(34) UNDERBODY.—The term "underbody" means the floor pan of a motor vehicle.

(35) USED.—The term "used" means used or consumed in the production of goods.

(q) PRESIDENTIAL PROCLAMATION AUTHORITY.—

(1) IN GENERAL.—The President is authorized to proclaim, as a part of the HTS—

(A) the provisions set out in Appendix 6.A of Annex 300-B, Annex 401, Annex 403.1, Annex 403.2, and Annex 403.3, of the Agreement, and

(B) any additional subordinate category necessary to carry out this title consistent with the Agreement.

(2) MODIFICATIONS.—Subject to the consultation and layover requirements of section 103, the President may proclaim—

(A) modifications to the provisions proclaimed under the authority of paragraph (1)(A), other than the provisions of paragraph A of Appendix 6 of Annex 300-B and section XI of part B of Annex 401 of the Agreement; and

(B) a modified version of the definition of any term set out in subsection (p) (and such

modified version of the definition shall supersede the version in subsection (p)), but only if the modified version reflects solely those modifications to the same term in article 415 of the Agreement that are agreed to by the NAFTA countries before the 1st anniversary of the date of the enactment of this Act.

(3) SPECIAL RULES FOR TEXTILES.—Notwithstanding the provisions of paragraph (2)(A), and subject to the consultation and layover requirements of section 103, the President may proclaim—

(A) modifications to the provisions proclaimed under the authority of paragraph (1)(A) as are necessary to implement an agreement with one or more of the NAFTA countries pursuant to paragraph 2 of section 7 of Annex 300–B of the Agreement, and

(B) before the 1st anniversary of the date of the enactment of this Act, modifications to correct any typographical, clerical, or other nonsubstantive technical error regarding the provisions of Appendix 6.A of Annex 300–B and section XI of part B of Annex 401 of the Agreement.

SEC. 203. DRAWBACK.

(a) DEFINITION OF A GOOD SUBJECT TO NAFTA DRAWBACK.—For purposes of this Act and the amendments made by subsection (b), the term "good subject to NAFTA drawback" means any imported good other than the following:

(1) A good entered under bond for transportation and exportation to a NAFTA country.

(2) A good exported to a NAFTA country in the same condition as when imported into the United States. For purposes of this paragraph—

(A) processes such as testing, cleaning, repacking, or inspecting a good, or preserving it in its same condition, shall not be considered to change the condition of the good, and

(B) except for a good referred to in paragraph 12 of section A of Annex 703.2 of the Agreement that is exported to Mexico, if a good described in the first sentence of this paragraph is commingled with fungible goods and exported in the same condition, the origin of the good may be determined on the basis of the inventory methods provided for in the regulations implementing this title.

(3) A good—

(A) that is—

(i) deemed to be exported from the United States,

(ii) used as a material in the production of another good that is deemed to be exported to a NAFTA country, or

(iii) substituted for by a good of the same kind and quality that is used as a material in the production of another good that is deemed to be exported to a NAFTA country, and

(B) that is delivered—

(i) to a duty-free shop,

(ii) for ship's stores or supplies for ships or aircraft, or

(iii) for use in a project undertaken jointly by the United States and a NAFTA country and destined to become the property of the United States.

(4) A good exported to a NAFTA country for which a refund of customs duties is granted by reason of—

(A) the failure of the good to conform to sample or specification, or

(B) the shipment of the good without the consent of the consignee.

(5) A good that qualifies under the rules of origin set out in section 202 that is—

(A) exported to a NAFTA country,

(B) used as a material in the production of another good that is exported to a NAFTA country, or

(C) substituted for by a good of the same kind and quality that is used as a material in the production of another good that is exported to a NAFTA country.

(6) A good provided for in subheading 1701.11.02 of the HTS that is—

(A) used as a material, or

(B) substituted for by a good of the same kind and quality that is used as a material,

in the production of a good provided for in existing Canadian tariff item 1701.99.00 or existing Mexican tariff item 1701.99.01 or 1701.99.99 (relating to refined sugar).

(7) A citrus product that is exported to Canada.

(8) A good used as a material, or substituted for by a good of the same kind and quality that is used as a material, in the production of—

(A) apparel, or

(B) a good provided for in subheading 6307.90.99 (insofar as it relates to furniture moving pads), 5811.00.20, or 5811.00.30 of the HTS,

that is exported to Canada and that is subject to Canada's most-favored-nation rate of duty upon importation into Canada.

Where in paragraph (6) a good referred to by an item is described in parentheses following the item, the description is provided for purposes of reference only.

(b) CONSEQUENTIAL AMENDMENTS WITH DELAYED EFFECT.—

(1) BONDED MANUFACTURING WAREHOUSES.—The last paragraph of section 311 of the Tariff Act of 1930 (19 U.S.C. 1311) is amended to read as follows:

"No article manufactured in a bonded warehouse from materials that are goods subject to NAFTA drawback, as defined in section 203(a) of the North American Free Trade Agreement Implementation Act, may be withdrawn from warehouse for exportation to a NAFTA country, as defined in section 2(4) of that Act, without assessment of a duty on the materials in their condition and quantity, and at their weight, at the time of importation into the United States. The duty shall be paid before the 61st day after the date of exportation, except that upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the article, the customs duty may be waived or reduced (subject to section 508(b)(2)(B)) in an amount that does not exceed the lesser of—

"(1) the total amount of customs duties paid or owed on the materials on importation into the United States, or

"(2) the total amount of customs duties paid on the article to the NAFTA country.

If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, no article manufactured in a bonded warehouse, except to the extent that such article is made from an article that is a drawback eligible good under section 204(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988, may be withdrawn from such warehouse for exportation to Canada during the period such Agreement is in operation without payment of a duty on such imported merchandise in its condition, and at the rate of duty in effect, at the time of importation.".

(2) BONDED SMELTING AND REFINING WAREHOUSES.—Section 312 of the Tariff Act of 1930 (19 U.S.C. 1312) is amended—

(A) in paragraphs (1) and (4) of subsection (b), by striking out the parenthetical matter and the final ", or" and by adding at the end the following:

"; except that in the case of a withdrawal for exportation of such a product to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if any of the imported metal-bearing materials are goods subject to NAFTA drawback, as defined in section 203(a) of that Act, the duties on the materials shall be paid, and the charges against the bond canceled, before the 61st day after the date of exportation; but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the product, the duties on the materials may be waived or reduced (subject to section 508(b)(2)(B)) in an amount that does not exceed the lesser of—

"(A) the total amount of customs duties owed on the materials on importation into the United States, or

"(B) the total amount of customs duties paid to the NAFTA country on the product, or";

(B) by adding at the end of subsection (b) the following new flush sentence.

"If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, no charges against such bond may be canceled in whole or part upon an exportation to Canada under paragraph (1) or (4) during the period such Agreement is in operation except to the extent that the metal-bearing materials were of Canadian origin as determined in accordance with section 202 of the United States-Canada Free-Trade Agreement Implementation Act of 1988."; and

(C) in subsection (d) by striking out the parenthetical matter and by inserting before the period the following:

"; except that in the case of a withdrawal for exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if any of the imported metal-bearing materials are goods subject to NAFTA drawback, as defined in section 203(a) of that Act, charges against the bond shall be paid before the 61st day after the date of exportation; but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the product, the bond shall be credited (subject to section 508(b)(2)(B)) in an amount not to exceed the lesser of—

"(1) the total amount of customs duties paid or owed on the materials on importation into the United States, or

"(2) the total amount of customs duties paid to the NAFTA country on the product.

If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, no bond shall be credited under this subsection with respect to an exportation of a product to Canada during the period such Agreement is in operation except to the extent that the product is a drawback eligible good under section 204(a) of the United States-Canada Free Trade Agreement Implementation Act of 1988".

(3) DRAWBACK.—Subsections (n) and (o) of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313(n) and (o)) are amended to read as follows:

"(n)(1) For purposes of this subsection and subsection (o)—

"(A) the term 'NAFTA Act' means the North American Free Trade Agreement Implementation Act;

"(B) the terms 'NAFTA country' and 'good subject to NAFTA drawback' have the same respective meanings that are given such terms in sections 2(4) and 203(a) of the NAFTA Act; and

"(C) a refund, waiver, or reduction of duty under paragraph (2) of this subsection or paragraph (1) of subsection (o) is subject to section 508(b)(2)(B).

"(2) For purposes of subsections (a), (b), (f), (h), (p), and (q), if an article that is exported to a NAFTA country is a good subject to NAFTA drawback, no customs duties on the good may be refunded, waived, or reduced in an amount that exceeds the lesser of—

"(A) the total amount of customs duties paid or owed on the good on importation into the United States, or

"(B) the total amount of customs duties paid on the good to the NAFTA country.

"(3) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsections (a), (b), (f), (h), (j)(2), and (q), the shipment to Canada during the period such Agreement is in operation of an article made from or substituted for, as appropriate, a drawback eligible good under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988 does not constitute an exportation.

"(o)(1) For purposes of subsection (g), if—

"(A) a vessel is built for the account and ownership of a resident of a NAFTA country or the government of a NAFTA country, and

"(B) imported materials that are used in the construction and equipment of the vessel are goods subject to NAFTA drawback,

the amount of customs duties refunded, waived, or reduced on such materials may not exceed the lesser of the total amount of customs duties paid or owed on the materials on importation into the United States or the total amount of customs duties paid on the vessel to the NAFTA country.

"(2) If Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, then for purposes of subsection (g), vessels built for Canadian account and ownership, or for the Government of Canada, may not be considered to be built for any foreign account and ownership, or for the government of any foreign country, except to the extent that the materials in such vessels are drawback eligible goods under section 204(a) of the United States-Canada Free-Trade Implementation Act of 1988.".

(4) MANIPULATION IN WAREHOUSE.—Section 562 of the Tariff Act of 1930 (19 U.S.C. 1562) is amended—

(A) in the second sentence by striking out "without payment of duties—" and inserting a dash;

(B) by striking out paragraphs (1), (2), and (3) and inserting the following:

"(1) without payment of duties for exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if the merchandise is of a kind described in any of paragraphs (1) through (8) of section 203(a) of that Act;

"(2) for exportation to a NAFTA country if the merchandise consists of goods subject to NAFTA drawback, as defined in section 203(a) of that Act, except that—

"(A) the merchandise may not be withdrawn from warehouse without assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of withdrawal from the warehouse with such additions to or deductions from the final appraised value as may be necessary by reason of change in condition, and

"(B) duty shall be paid on the merchandise before the 61st day after the date of exportation, but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the merchandise, the customs duty may be waived or reduced (subject to section 508(b)(2)(B)) in an amount that does not exceed the lesser of—

"(i) the total amount of customs duties paid or owed on the merchandise on importation into the United States, or

"(ii) the total amount of customs duties paid on the merchandise to the NAFTA country;

"(3) without payment of duties for exportation to any foreign country other than to a NAFTA country or to Canada when exports to that country are subject to paragraph (4);

"(4) without payment of duties for exportation to Canada (if that country ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates), but the exemption from the payment of duties under this paragraph applies only in the case of an exportation during the period such Agreement is in operation of merchandise that—

"(A) is only cleaned, sorted, or repacked in a bonded warehouse, or

"(B) is a drawback eligible good under section 204(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988; and

"(5) without payment of duties for shipment to the Virgin Islands, American Samoa, Wake Island, Midway Island, Kingman Reef, Johnston Island or the island of Guam."; and

(B) in the third sentence by striking out "paragraph (1) of the preceding sentence" and inserting "paragraph (4) of the preceding sentence".

(5) FOREIGN TRADE ZONES.—Section 3(a) of the Act of June 18, 1934 (commonly known as the "Foreign Trade Zones Act"; 19 U.S.C. 81c(a)) is amended—

(A) in the last proviso—

(i) by inserting after "That" the following: ", if Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates,"; and

(ii) by striking out "on or after January 1, 1994, or such later date as may be proclaimed by the President under section 204(b)(2)(B) of such Act of 1988," and inserting "during the period such Agreement is in operation"; and

(B) by inserting before such last proviso the following new proviso: ": *Provided, further*, That no merchandise that consists of goods subject to NAFTA drawback, as defined in section 203(a) of the North American Free Trade Agreement Implementation Act, that is manufactured or otherwise changed in condition shall be exported to a NAFTA country, as defined in section 2(4) of that Act, without an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its exportation (or if the privilege in the first proviso to this subsection was requested, an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its admission into the zone) and the payment of the assessed duty before the 61st day after the date of exportation of the article, except that upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid or owed to the NAFTA country on the article, the customs duty may be waived or reduced (subject to section 508(b)(2)(B) of the Tariff Act of 1930) in an amount that does not exceed the lesser of (1) the total amount of customs duties paid or owed on the merchandise on importation into the United States, or (2) the total amount of customs duties paid on the article to the NAFTA country:".

(c) CONSEQUENTIAL AMENDMENT WITH IMMEDIATE EFFECT.—Section 313(j) of the Tariff Act of 1930 (19 U.S.C. 1313(j)) is amended—

(1) by striking out "If" in paragraph (2) and inserting "Subject to paragraph (4), if"; and

(2) by adding at the end the following new paragraph:

"(4) Effective upon the entry into force of the North American Free Trade Agreement, the exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (8) of section 203(a) of that Act, shall not constitute an exportation for purposes of paragraph (2).".

(d) ELIMINATION OF DRAWBACK FOR SECTION 22 FEES.—Notwithstanding any other provision of law, the Secretary of the Treasury may not, on condition of export, refund or reduce a fee applied pursuant to section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) with respect to goods included under subsection (a) that are exported to—

(1) Canada after December 31, 1995, for so long as it is a NAFTA country; or

(2) Mexico after December 31, 2000, for so long as it is a NAFTA country.

(e) INAPPLICABILITY TO COUNTERVAILING AND ANTIDUMPING DUTIES.—Nothing in this section or the amendments made by it shall be considered to authorize the refund, waiver, or reduction of countervailing duties or antidumping duties imposed on an imported good.

SEC. 204. CUSTOMS USER FEES.

Paragraph (10) of section 13031(b) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)(10)) is amended to read as follows:

"(10)(A) The fee charged under subsection (a)(9) or (10) with respect to goods of Canadian origin (as determined under section 202 of the United States-Canada Free-Trade Agreement) when the United States-Canada Free-Trade Agreement is in force shall be in accordance with section 403 of that Agreement.

"(B) For goods qualifying under the rules of origin set out in section 202 of the North American Free Trade Agreement Implementation Act, the fee under subsection (a)(9) or (10)—

"(i) may not be charged with respect to goods that qualify to be marked as goods of Canada pursuant to Annex 311 of the North American Free Trade Agreement, for such time as Canada is a NAFTA country, as defined in section 2(4) of such Implementation Act; and

"(ii) may not be increased after December 31, 1993, and may not be charged after June 29, 1999, with respect to goods that qualify to be marked as goods of Mexico pursuant to such Annex 311, for such time as Mexico is a NAFTA country.

Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.".

SEC. 205. ENFORCEMENT.

(a) RECORDKEEPING REQUIREMENTS.—Section 508 of the Tariff Act of 1930 (19 U.S.C. 1508) is amended as follows:

(1) Subsection (b) is amended to read as follows:

"(b) EXPORTATIONS TO FREE TRADE COUNTRIES.—

"(1) DEFINITIONS.—As used in this subsection—

"(A) The term 'associated records' means, in regard to an exported good under paragraph (2), records associated with—

"(i) the purchase of, cost of, value of, and payment for, the good;

"(ii) the purchase of, cost of, value of, and payment for, all material, including indirect materials, used in the production of the good; and

"(iii) the production of the good.

For purposes of this subparagraph, the terms 'indirect material,' 'material,' 'preferential tariff treatment,' 'used,' and 'value' have the respective meanings given them in articles 415 and 514 of the North American Free Trade Agreement.

"(B) The term 'NAFTA Certificate of Origin' means the certification, established under article 501 of the North American Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

"(2) EXPORTS TO NAFTA COUNTRIES.—

"(A) IN GENERAL.—Any person who completes and signs a NAFTA Certificate of Origin for a good for which preferential treatment under the North American Free Trade Agreement is claimed shall make, keep, and render for examination and inspection all records relating to the origin of the good (including the Certificate or copies thereof) and the associated records.

"(B) CLAIMS FOR CERTAIN WAIVERS, REDUCTIONS, OR REFUNDS OF DUTIES OR FOR CREDIT AGAINST BONDS.—

"(i) IN GENERAL.—Any person that claims with respect to an article—

"(I) a waiver or reduction of duty under the last paragraph of section 311, section 312(b)(1) or (4), section 562(2), or the last proviso to section 3(a) of the Foreign Trade Zones Act;

"(II) a credit against a bond under section 312(d); or

"(III) a refund, waiver, or reduction of duty under section 313(n)(2) or (o)(1);

must disclose to the Customs Service the information described in clause (ii).

"(ii) INFORMATION REQUIRED.—Within 30 days after making a claim described in clause (i) with respect to an article, the person making the claim must disclose to the Customs Service whether that person has prepared, or has knowledge that another person has prepared, a NAFTA Certificate of Origin for the article. If after such 30-day period the person making the claim either—

"(I) prepares a NAFTA Certificate of Origin for the article; or

"(II) learns of the existence of such a Certificate for the article;

that person, within 30 days after the occurrence described in subclause (I) or (II), must disclose the occurrence to the Customs Service.

"(iii) ACTION ON CLAIM.—If the Customs Service determines that a NAFTA Certificate of Origin has been prepared with respect to an article for which a claim described in clause (i) is made, the Customs Service may make such adjustments regarding the previous customs treatment of the article as may be warranted.

"(3) EXPORTS UNDER THE CANADIAN AGREEMENT.—Any person who exports, or who knowingly causes to be exported, any merchandise to Canada during such time as the United States-Canada Free-Trade Agreement is in force with respect to, and the United States applies that Agreement to, Canada shall make, keep, and render for examination and inspection such records (including certifications of origin or copies thereof) which pertain to the exportations.".

(2) Subsection (c) is amended to read as follows:

"(c) PERIOD OF TIME.—The records required by subsections (a) and (b) shall be kept for such periods of time as the Secretary shall prescribe; except that—

"(1) no period of time for the retention of the records required under subsection (a) or (b)(3) may exceed 5 years from the date of entry or exportation, as appropriate;

"(2) the period of time for the retention of the records required under subsection (b)(2) shall be at least 5 years from the date of signature of the NAFTA Certificate of Origin; and

"(3) records for any drawback claim shall be kept until the 3rd anniversary of the date of payment of the claim.".

(3) Subsection (e) is amended to read as follows:

"(e) SUBSECTION (b) PENALTIES.—

"(1) RELATING TO NAFTA EXPORTS.—Any person who fails to retain records required by paragraph (2) of subsection (b) or the regulations issued to implement that paragraph shall be liable for—

"(A) a civil penalty not to exceed $10,000; or

"(B) the general recordkeeping penalty that applies under the customs laws;

whichever penalty is higher.

"(2) RELATING TO CANADIAN AGREEMENT EXPORTS.—Any person who fails to retain the records required by paragraph (3) of subsection (b) or the regulations issued to implement that paragraph shall be liable for a civil penalty not to exceed $10,000.".

(b) CONFORMING AMENDMENT.—Section 509(a)(2)(A)(ii) of the Tariff Act of 1930 (19 U.S.C. 1509(a)(2)(A)(ii)) is amended to read as follows:

"(ii) exported merchandise, or knowingly caused merchandise to be exported, to a NAFTA country (as defined in section 2(4) of the North American Free Trade Agreement Implementation Act) or to Canada during such time as the United States-Canada Free-Trade Agreement is in force with respect to, and the United States applies that Agreement to, Canada,".

(c) DISCLOSURE OF INCORRECT INFORMATION.—Section 592 of the Tariff Act of 1930 (19 U.S.C. 1592) is amended—

(1) in subsection (c)—

(A) by redesignating paragraph (5) as paragraph (6); and

(B) by inserting after paragraph (4) the following new paragraph:

"(5) PRIOR DISCLOSURE REGARDING NAFTA CLAIMS.—An importer shall not be subject to penalties under subsection (a) for making an incorrect claim for preferential tariff treatment under section 202 of the North American Free Trade Agreement Implementation Act if the importer—

"(A) has reason to believe that the NAFTA Certificate of Origin (as defined in section 508(b)(1)) on which the claim was based contains incorrect information; and

"(B) in accordance with regulations issued by the Secretary, voluntarily and promptly makes a corrected declaration and pays any duties owing."; and

(2) by adding at the end the following new subsection:

"(f) FALSE CERTIFICATIONS REGARDING EXPORTS TO NAFTA COUNTRIES.—

"(1) IN GENERAL.—Subject to paragraph (3), it is unlawful for any person to certify falsely, by fraud, gross negligence, or negligence, in a NAFTA Certificate of Origin (as defined in section 508(b)(1)) that a good to be exported to a NAFTA country (as defined in section 2(4) of the North American Free Trade Agreement Implementation Act) qualifies under the rules of origin set out in section 202 of that Act.

"(2) APPLICABLE PROVISIONS.—The procedures and penalties of this section that apply to a violation of subsection (a) also apply to a violation of paragraph (1), except that—

"(A) subsection (d) does not apply, and

"(B) subsection (c)(5) applies only if the person voluntarily and promptly provides, to all persons to whom the person provided the NAFTA Certificate of Origin, written notice of the falsity of the Certificate.

"(3) EXCEPTION.—A person may not be considered to have violated paragraph (1) if—

"(A) the information was correct at the time it was provided in a NAFTA Certificate of Origin but was later rendered incorrect due to a change in circumstances; and

"(B) the person voluntarily and promptly provides written notice of the change to all persons to whom the person provided the Certificate of Origin.".

SEC. 206. RELIQUIDATION OF ENTRIES FOR NAFTA-ORIGIN GOODS.

Section 520 of the Tariff Act of 1930 (19 U.S.C. 1520) is amended by adding at the end the following new subsection:

"(d) Notwithstanding the fact that a valid protest was not filed, the Customs Service may, in accordance with regulations prescribed by the Secretary, reliquidate an entry to refund any excess duties paid on a good qualifying under the rules of origin set out in section 202 of the North American Free Trade Agreement Implementation Act for which no claim for preferential tariff treatment was made at the time of importation if the importer, within 1 year after the date of importation, files, in accordance with those regulations, a claim that includes—

"(1) a written declaration that the good qualified under those rules at the time of importation;

"(2) copies of all applicable NAFTA Certificates of Origin (as defined in section 508(b)(1)); and

"(3) such other documentation relating to the importation of the goods as the Customs Service may require.".

SEC. 207. COUNTRY OF ORIGIN MARKING OF NAFTA GOODS.

(a) AMENDMENTS TO TARIFF ACT OF 1930.—Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) is amended—

(1) in subsection (c)(1), by striking "or engraving" and inserting "engraving, or continuous paint stenciling";

(2) in subsection (c)(2)—

(A) by striking "four" and inserting "five"; and

(B) by striking "such as paint stenciling";

(3) in subsection (e), by striking "or engraving" and inserting "engraving, or an equally permanent method of marking";

(4) by redesignating subsection (h) as subsection (i); and

(5) by inserting after subsection (g) the following new subsection:

"(h) TREATMENT OF GOODS OF A NAFTA COUNTRY.—

"(1) APPLICATION OF SECTION.—In applying this section to an article that qualifies as a good of a NAFTA country (as defined in section 2(4) of the North American Free Trade

Agreement Implementation Act) under the regulations issued by the Secretary to implement Annex 311 of the North American Free Trade Agreement—

"(A) the exemption under subsection (a)(3)(H) shall be applied by substituting 'reasonably know' for 'necessarily know';

"(B) the Secretary shall exempt the good from the requirements for marking under subsection (a) if the good—

"(i) is an original work of art, or

"(ii) is provided for under subheading 6904.10, heading 8541, or heading 8542 of the Harmonized Tariff Schedule of the United States; and

"(C) subsection (b) does not apply to the usual container of any good described in subsection (a)(3)(E) or (I) or subparagraph (B)(i) or (ii) of this paragraph.

"(2) PETITION RIGHTS OF NAFTA EXPORTERS AND PRODUCERS REGARDING MARKING DETERMINATIONS.—

"(A) DEFINITIONS.—For purposes of this paragraph:

"(i) The term 'adverse marking decision' means a determination by the Customs Service which an exporter or producer of merchandise believes to be contrary to Annex 311 of the North American Free Trade Agreement.

"(ii) A person may not be treated as the exporter or producer of merchandise regarding which an adverse marking decision was made unless such person—

"(I) if claiming to be the exporter, is located in a NAFTA country and is required to maintain records in that country regarding exportations to NAFTA countries; or

"(II) if claiming to be the producer, grows, mines, harvests, fishes, traps, hunts, manufactures, processes, or assembles such merchandise in a NAFTA country.

"(B) INTERVENTION OR PETITION REGARDING ADVERSE MARKING DECISIONS.—If the Customs Service makes an adverse marking decision regarding any merchandise, the Customs Service shall, upon written request by the exporter or producer of the merchandise, provide to the exporter or producer a statement of the basis for the decision. If the exporter or producer believes that the decision is not correct, it may intervene in any protest proceeding initiated by the importer of the merchandise. If the importer does not file a protest with regard to the decision, the exporter or producer may file a petition with the Customs Service setting forth—

"(i) a description of the merchandise; and

"(ii) the basis for its claim that the merchandise should be marked as a good of a NAFTA country.

"(C) EFFECT OF DETERMINATION REGARDING DECISION.—If, after receipt and consideration of a petition filed by an exporter or producer under subparagraph (B), the Customs Service determines that the adverse marking decision—

"(i) is not correct, the Customs Service shall notify the petitioner of the determination and all merchandise entered, or withdrawn from warehouse for consumption, more than 30 days after the date that notice of the determination under this clause is published in the weekly Custom Bulletin shall be marked in conformity with the determination; or

"(ii) is correct, the Customs Service shall notify the petitioner that the petition is denied.

"(D) JUDICIAL REVIEW.—For purposes of judicial review, the denial of a petition under subparagraph (C)(ii) shall be treated as if it were a denial of a petition of an interested party under section 516 regarding an issue arising under any of the preceding provisions of this section.".

(b) COORDINATION WITH 1988 ACT REGARDING CERTAIN ARTICLES.—Articles that qualify as goods of a NAFTA country under regulations issued by the Secretary in accordance with Annex 311 of the Agreement are exempt from the marking requirements promulgated by the Secretary of the Treasury under section 1907(c) of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100–418), but are subject to the requirements of section 304 of the Tariff Act of 1930 (19 U.S.C. 1304).

SEC. 208. PROTESTS AGAINST ADVERSE ORIGIN DETERMINATIONS.

Section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) is amended—

(1) in subsection (c)(1) by inserting ", or with respect to a determination of origin under section 202 of the North American Free Trade Agreement Implementation Act," after "with respect to any one category of merchandise" in the fourth sentence;

(2) in subsection (c)(2)—

(A) by striking out "or" at the end of subparagraph (D);

(B) by redesignating subparagraph (E) as subparagraph (F);

(C) by inserting after subparagraph (D) the following new subparagraph:

"(E) with respect to a determination of origin under section 202 of the North American Free Trade Agreement Implementation Act, any exporter or producer of the merchandise subject to that determination, if the exporter or producer completed and signed a NAFTA Certificate of Origin covering the merchandise; or"; and

(D) by striking "clauses (A) through (D)" in subparagraph (F) (as redesignated by subparagraph (B)), and inserting "clauses (A) through (E)"; and

(3) by adding at the end the following new subsections:

"(e) ADVANCE NOTICE OF CERTAIN DETERMINATIONS.—Except as provided in subsection (f), an exporter or producer referred to in subsection (c)(2)(E) shall be provided notice in advance of an adverse determination of origin under section 202 of the North American Free Trade Agreement Implementation Act. The Secretary may, by regulations, prescribe the time period in which such advance notice shall be issued and authorize the Customs Service to provide in the notice the entry number and any other entry information considered necessary to allow the exporter or producer to exercise the rights provided by this section.

"(f) DENIAL OF PREFERENTIAL TREATMENT.—If the Customs Service finds indications of a pattern of conduct by an exporter or producer of false or unsupported representations that goods qualify under the rules of origin set out in section 202 of the North American Free Trade Agreement Implementation Act—

"(1) the Customs Service, in accordance with regulations issued by the Secretary, may deny preferential tariff treatment to entries of identical goods exported or produced by that person; and

"(2) the advance notice requirement in subsection (e) shall not apply to that person;

until the person establishes to the satisfaction of the Customs Service that its representations are in conformity with section 202.".

SEC. 209. EXCHANGE OF INFORMATION.

Section 628 of the Tariff Act of 1930 (19 U.S.C. 1628) is amended by adding at the end the following new subsection:

"(c) The Secretary may authorize the Customs Service to exchange information with any government agency of a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if the Secretary—

"(1) reasonably believes the exchange of information is necessary to implement chapter 3, 4, or 5 of the North American Free Trade Agreement, and

"(2) obtains assurances from such country that the information will be held in confidence and used only for governmental purposes.".

SEC. 210. PROHIBITION ON DRAWBACK FOR TELEVISION PICTURE TUBES.

Notwithstanding any other provision of law, no customs duties may be refunded, waived, or reduced on color cathode-ray television picture tubes, including video monitor cathode-ray tubes (provided for in subheading 8540.11.00 of the HTS), that are nonoriginating goods under section 202(p)(19) and are—

(A) exported to a NAFTA country;

(B) used as a material in the production of other goods that are exported to a NAFTA country; or

(C) substituted for by goods of the same kind and quality used as a material in the production of other goods that are exported to a NAFTA country.

SEC. 211. MONITORING OF TELEVISION AND PICTURE TUBE IMPORTS.

(a) MONITORING.—Beginning on the date the Agreement enters into force with respect to the United States, the United States Customs Service shall, for a period of 5 years, monitor imports into the United States of articles described in subheading 8528.10 of the HTS from NAFTA countries and shall take action to exercise all rights of the United States under chapter 5 of the Agreement with respect to such imports. The United States Customs Service shall take appropriate action under chapter 5 of the Agreement with respect to such imports, including verifications to ensure that the rules of origin under the Agreement are fully complied with and that the duty drawback obligations contained in article 303 and Annex 303.8 of the Agreement are fully implemented and duties are correctly assessed.

(b) REPORT TO TRADE REPRESENTATIVE.—The United States Customs Service shall make the results of the monitoring and verification required by subsection (a) available to the President and the Trade Representative. If, based on such information, the President has reason to believe that articles described in subheading 8540.11 of the HTS, intended for ultimate consumption in the United States, are entering the territory of a NAFTA country inconsistent with the provisions of the Agreement, or have been undervalued in a manner that may raise concerns under United States trade laws, the President shall promptly take such action as may be appropriate under all relevant provisions of the Agreement, including article 317 and chapter 20, and under applicable United States trade statutes.

SEC. 212. TITLE VI AMENDMENTS.

Any amendment in this title to a law that is also amended under title VI shall be made after the title VI amendment is executed.

SEC. 213. EFFECTIVE DATES.

(a) PROVISIONS EFFECTIVE ON DATE OF ENACTMENT.—Section 212 and this section take effect on the date of the enactment of this Act.

(b) PROVISIONS EFFECTIVE WHEN AGREEMENT ENTERS INTO FORCE.—Section 201, section 202, section 203(a), (d), and (e), section 210 and section 211, the amendment made by section 203(c), and the amendments made by

sections 204 through 209 take effect on the date the Agreement enters into force with respect to the United States.

(c) PROVISIONS WITH DELAYED EFFECTIVE DATES.—The amendments made by section 203(b) apply—

(1) with respect to exports from the United States to Canada—

(A) on January 1, 1996, if Canada is a NAFTA country on that date, and

(B) after such date for so long as Canada continues to be a NAFTA country; and

(2) with respect to exports from the United States to Mexico—

(A) on January 1, 2001, if Mexico is a NAFTA country on that date; and

(B) after such date for so long as Mexico continues to be a NAFTA country.

TITLE III—APPLICATION OF AGREEMENT TO SECTORS AND SERVICES

Subtitle A—Safeguards

PART 1—RELIEF FROM IMPORTS BENEFITING FROM THE AGREEMENT

SEC. 301. DEFINITIONS.

As used in this part:

(1) CANADIAN ARTICLE.—The term "Canadian article" means an article that—

(A) is an originating good under chapter 4 of the Agreement; and

(B) qualifies under the Agreement to be marked as a good of Canada.

(2) MEXICAN ARTICLE.—The term "Mexican article" means an article that—

(A) is an originating good under chapter 4 of the Agreement; and

(B) qualifies under the Agreement to be marked as a good of Mexico.

SEC. 302. COMMENCING OF ACTION FOR RELIEF.

(a) FILING OF PETITION.—

(1) IN GENERAL.—A petition requesting action under this part for the purpose of adjusting to the obligations of the United States under the Agreement may be filed with the International Trade Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers, that is representative of an industry. The International Trade Commission shall transmit a copy of any petition filed under this subsection to the Trade Representative.

(2) PROVISIONAL RELIEF.—An entity filing a petition under this subsection may request that provisional relief be provided as if the petition had been filed under section 202(a) of the Trade Act of 1974.

(3) CRITICAL CIRCUMSTANCES.—An allegation that critical circumstances exist must be included in the petition or made on or before the 90th day after the date on which the investigation is initiated under subsection (b).

(b) INVESTIGATION AND DETERMINATION.—Upon the filing of a petition under subsection (a), the International Trade Commission, unless subsection (d) applies, shall promptly initiate an investigation to determine whether, as a result of the reduction or elimination of a duty provided for under the Agreement, a Canadian article or a Mexican article, as the case may be, is being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of—

(1) serious injury; or

(2) except in the case of a Canadian article, a threat of serious injury;

to the domestic industry producing an article that is like, or directly competitive with, the imported article.

(c) APPLICABLE PROVISIONS.—The provisions of—

(1) paragraphs (1)(B), (3) (except subparagraph (A)), and (4) of subsection (b);

(2) subsection (c); and

(3) subsection (d),

of section 202 of the Trade Act of 1974 (19 U.S.C. 2252) apply with respect to any investigation initiated under subsection (b).

(d) ARTICLES EXEMPT FROM INVESTIGATION.—No investigation may be initiated under this section with respect to—

(1) any Canadian article or Mexican article if import relief has been provided under this part with respect to that article; or

(2) any textile or apparel article set out in Appendix 1.1 of Annex 300-B of the Agreement.

SEC. 303. INTERNATIONAL TRADE COMMISSION ACTION ON PETITION.

(a) DETERMINATION.—By no later than 120 days after the date on which an investigation is initiated under section 302(b) with respect to a petition, the International Trade Commission shall—

(1) make the determination required under that section; and

(2) if the determination referred to in paragraph (1) is affirmative and an allegation regarding critical circumstances was made under section 302(a), make a determination regarding that allegation.

(b) ADDITIONAL FINDING AND RECOMMENDATION IF DETERMINATION AFFIRMATIVE.—If the determination made by the International Trade Commission under subsection (a) with respect to imports of an article is affirmative, the International Trade Commission shall find, and recommend to the President in the report required under subsection (c), the amount of import relief that is necessary to remedy or, except in the case of imports of a Canadian article, prevent the injury found by the International Trade Commission in the determination. The import relief recommended by the International Trade Commission under this subsection shall be limited to that described in section 304(c).

(c) REPORT TO PRESIDENT.—No later than the date that is 30 days after the date on which a determination is made under subsection (a) with respect to an investigation, the International Trade Commission shall submit to the President a report that shall include—

(1) a statement of the basis for the determination;

(2) dissenting and separate views; and

(3) any finding made under subsection (b) regarding import relief.

(d) PUBLIC NOTICE.—Upon submitting a report to the President under subsection (c), the International Trade Commission shall promptly make public such report (with the exception of information which the International Trade Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

(e) APPLICABLE PROVISIONS.—For purposes of this part, the provisions of paragraphs (1), (2), and (3) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) shall be applied with respect to determinations and findings made under this section as if such determinations and findings were made under section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

SEC. 304. PROVISION OF RELIEF.

(a) IN GENERAL.—No later than the date that is 30 days after the date on which the President receives the report of the International Trade Commission containing an affirmative determination of the International Trade Commission under section 303(a), the President, subject to subsection (b), shall provide relief from imports of the article that is the subject of such determination to the extent that the President determines necessary to remedy or, except in the case of imports of a Canadian article, prevent the injury found by the International Trade Commission.

(b) EXCEPTION.—The President is not required to provide import relief under this section if the President determines that the provision of the import relief will not provide greater economic and social benefits than costs.

(c) NATURE OF RELIEF.—The import relief (including provisional relief) that the President is authorized to provide under this part is as follows:

(1) In the case of imports of a Canadian article—

(A) the suspension of any further reduction provided for under Annex 401.2 of the United States-Canada Free-Trade Agreement in the duty imposed on such article;

(B) an increase in the rate of duty imposed on such article to a level that does not exceed the lesser of—

(i) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided, or

(ii) the column 1 general rate of duty imposed on like articles on December 31, 1988; or

(C) in the case of a duty applied on a seasonal basis to such article, an increase in the rate of duty imposed on the article to a level that does not exceed the column 1 general rate of duty imposed on the article for the corresponding season occurring immediately before January 1, 1989.

(2) In the case of imports of a Mexican article—

(A) the suspension of any further reduction provided for under the United States Schedule to Annex 302.2 of the Agreement in the duty imposed on such article;

(B) an increase in the rate of duty imposed on such article to a level that does not exceed the lesser of—

(i) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided, or

(ii) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force; or

(C) in the case of a duty applied on a seasonal basis to such article, an increase in the rate of duty imposed on the article to a level that does not exceed the column 1 general rate of duty imposed under the HTS on the article for the corresponding season immediately occurring before the date on which the Agreement enters into force.

(d) PERIOD OF RELIEF.—The import relief that the President is authorized to provide under this section may not exceed 3 years, except that, if a Canadian article or Mexican article which is the subject of the action—

(1) is provided for in an item for which the transition period of tariff elimination set out in the United States Schedule to Annex 302.2 of the Agreement is greater than 10 years; and

(2) the President determines that the affected industry has undertaken adjustment and requires an extension of the period of the import relief;

the President, after obtaining the advice of the International Trade Commission, may extend the period of the import relief for not more than 1 year, if the duty applied during the initial period of the relief is substantially reduced at the beginning of the extension period.

(e) RATE ON MEXICAN ARTICLES AFTER TERMINATION OF IMPORT RELIEF.—When import relief under this part is terminated with respect to a Mexican article—

(1) the rate of duty on that article after such termination and on or before December 31 of the year in which termination occurs shall be the rate that, according to the United States Schedule to Annex 302.2 of the Agreement for the staged elimination of the tariff, would have been in effect 1 year after the initiation of the import relief action under section 302; and

(2) the tariff treatment for that article after December 31 of the year in which termination occurs shall be, at the discretion of the President, either—

(A) the rate of duty conforming to the applicable rate set out in the United States Schedule to Annex 302.2; or

(B) the rate of duty resulting from the elimination of the tariff in equal annual stages ending on the date set out in the United States Schedule to Annex 302.2 for the elimination of the tariff.

SEC. 305. TERMINATION OF RELIEF AUTHORITY.

(a) GENERAL RULE.—Except as provided in subsection (b), no import relief may be provided under this part—

(1) in the case of a Canadian article, after December 31, 1998; or

(2) in the case of a Mexican article, after the date that is 10 years after the date on which the Agreement enters into force;

unless the article against which the action is taken is an item for which the transition period for tariff elimination set out in the United States Schedule to Annex 302.2 of the Agreement is greater than 10 years, in which case the period during which relief may be granted shall be the period of staged tariff elimination for that article.

(b) EXCEPTION.—Import relief may be provided under this part in the case of a Canadian article or Mexican article after the date on which such relief would, but for this subsection, terminate under subsection (a), but only if the Government of Canada or Mexico, as the case may be, consents to such provision.

SEC. 306. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), any import relief provided by the President under section 304 shall be treated as action taken under chapter I of title II of such Act.

SEC. 307. SUBMISSION OF PETITIONS.

A petition for import relief may be submitted to the International Trade Commission under—

(1) this part;

(2) chapter 1 of title II of the Trade Act of 1974; or

(3) under both this part and such chapter 1 at the same time, in which case the International Trade Commission shall consider such petitions jointly.

SEC. 308. SPECIAL TARIFF PROVISIONS FOR CANADIAN FRESH FRUITS AND VEGETABLES.

(a) IN GENERAL.—Section 301(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988 (19 U.S.C. 2112 note) is amended—

(1) in paragraph (1), by striking "promptly" in the flush sentence at the end thereof and inserting "immediately",

(2) by redesignating paragraphs (2) through (9) as paragraphs (3) through (10), respectively,

(3) by inserting after paragraph (1) the following new paragraph:

"(2) No later than 6 days after publication in the Federal Register of the notice described in paragraph (1), the Secretary shall decide whether to recommend the imposition of a temporary duty to the President, and if the Secretary decides to make such a recommendation, the recommendation shall be forwarded immediately to the President.",

(4) in paragraph (5), as redesignated by paragraph (2), by striking "paragraph (3)" and inserting "paragraph (4)", and

(5) by amending paragraph (9), as redesignated by paragraph (2), to read as follows:

"(9) For purposes of assisting the Secretary in carrying out this subsection—

"(A) the Commissioner of Customs and the Director of the Bureau of Census shall cooperate in providing the Secretary with timely information and data relating to the importation of Canadian fresh fruits and vegetables, and

"(B) importers shall report such information relating to Canadian fresh fruits and vegetables to the Commissioner of Customs at such time and in such manner as the Commissioner requires.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of the enactment of this Act.

SEC. 309. PRICE-BASED SNAPBACK FOR FROZEN CONCENTRATED ORANGE JUICE.

(a) TRIGGER PRICE DETERMINATION.—

(1) IN GENERAL.—The Secretary shall determine—

(A) each period of 5 consecutive business days in which the daily price for frozen concentrated orange juice is less than the trigger price; and

(B) for each period determined under subparagraph (A), the first period occurring thereafter of 5 consecutive business days in which the daily price for frozen concentrated orange juice is greater than the trigger price.

(2) NOTICE OF DETERMINATIONS.—The Secretary shall immediately notify the Commissioner of Customs and publish notice in the Federal Register of any determination under paragraph (1), and the date of such publication shall be the determination date for that determination.

(b) IMPORTS OF MEXICAN ARTICLES.—Whenever after any determination date for a determination under subsection (a)(1)(A), the quantity of Mexican articles of frozen concentrated orange juice that is entered exceeds—

(1) 264,978,000 liters (single strength equivalent) in any of calendar years 1994 through 2002; or

(2) 340,560,000 liters (single strength equivalent) in any of calendar years 2003 through 2007;

the rate of duty on Mexican articles of frozen concentrated orange juice that are entered after the date on which the applicable limitation in paragraph (1) or (2) is reached and before the determination date for the related determination under subsection (a)(1)(B) shall be the rate of duty specified in subsection (c).

(c) RATE OF DUTY.—The rate of duty specified for purposes of subsection (b) for articles entered on any day is the rate in the HTS that is the lower of—

(1) the column 1-General rate of duty in effect for such articles on July 1, 1991; or

(2) the column 1-General rate of duty in effect on that day.

(d) DEFINITIONS.—For purposes of this section—

(1) The term "daily price" means the daily closing price of the New York Cotton Exchange, or any successor as determined by the Secretary, for the closest month in which contracts for frozen concentrated orange juice are being traded on the Exchange.

(2) The term "business day" means a day in which contracts for frozen concentrated orange juice are being traded on the New York Cotton Exchange, or any successor as determined by the Secretary.

(3) The term "entered" means entered or withdrawn from warehouse for consumption, in the customs territory of the United States.

(4) The term "frozen concentrated orange juice" means all products classifiable under subheading 2009.11.00 of the HTS.

(5) The term "Secretary" means the Secretary of Agriculture.

(6) The term "trigger price" means the average daily closing price of the New York Cotton Exchange, or any successor as determined by the Secretary, for the corresponding month during the previous 5-year period, excluding the year with the highest average price for the corresponding month and the year with the lowest average price for the corresponding month.

PART 2—RELIEF FROM IMPORTS FROM ALL COUNTRIES

SEC. 311. NAFTA ARTICLE IMPACT IN IMPORT RELIEF CASES UNDER THE TRADE ACT OF 1974.

(a) IN GENERAL.—If, in any investigation initiated under chapter 1 of title II of the Trade Act of 1974, the International Trade Commission makes an affirmative determination (or a determination which the President may treat as an affirmative determination under such chapter by reason of section 330(d) of the Tariff Act of 1930), the International Trade Commission shall also find (and report to the President at the time such injury determination is submitted to the President) whether—

(1) imports of the article from a NAFTA country, considered individually, account for a substantial share of total imports; and

(2) imports of the article from a NAFTA country, considered individually or, in exceptional circumstances, imports from NAFTA countries considered collectively, contribute importantly to the serious injury, or threat thereof, caused by imports.

(b) FACTORS.—

(1) SUBSTANTIAL IMPORT SHARE.—In determining whether imports from a NAFTA country, considered individually, account for a substantial share of total imports, such imports normally shall not be considered to account for a substantial share of total imports if that country is not among the top 5 suppliers of the article subject to the investigation, measured in terms of import share during the most recent 3-year period.

(2) APPLICATION OF "CONTRIBUTE IMPORTANTLY" STANDARD.—In determining whether imports from a NAFTA country or countries contribute importantly to the serious injury, or threat thereof, the International Trade Commission shall consider such factors as the change in the import share of the NAFTA country or countries, and the level and change in the level of imports of such country or countries. In applying the preceding sentence, imports from a NAFTA country or countries normally shall not be considered to contribute importantly to serious injury, or the threat thereof, if the growth rate of imports from such country or countries during the period in which an injurious increase in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.

(c) DEFINITION.—For purposes of this section and section 312(a), the term "contribute importantly" refers to an important cause, but not necessarily the most important cause.

SEC. 312. PRESIDENTIAL ACTION REGARDING NAFTA IMPORTS.

(a) IN GENERAL.—In determining whether to take action under chapter 1 of title II of the Trade Act of 1974 with respect to imports from a NAFTA country, the President shall determine whether—

(1) imports from such country, considered individually, account for a substantial share of total imports; or

(2) imports from a NAFTA country, considered individually, or in exceptional circumstances imports from NAFTA countries considered collectively, contribute importantly to the serious injury, or threat thereof, found by the International Trade Commission.

(b) EXCLUSION OF NAFTA IMPORTS.—In determining the nature and extent of action to be taken under chapter 1 of title II of the Trade Act of 1974, the President shall exclude from such action imports from a NAFTA country if the President makes a negative determination under subsection (a)(1) or (2) with respect to imports from such country.

(c) ACTION AFTER EXCLUSION OF NAFTA COUNTRY IMPORTS.—

(1) IN GENERAL.—If the President, under subsection (b), excludes imports from a NAFTA country or countries from action under chapter 1 of title II of the Trade Act of 1974 but thereafter determines that a surge in imports from that country or countries is undermining the effectiveness of the action—

(A) the President may take appropriate action under such chapter 1 to include those imports in the action; and

(B) any entity that is representative of an industry for which such action is being taken may request the International Trade Commission to conduct an investigation of the surge in such imports.

(2) INVESTIGATION.—Upon receiving a request under paragraph (1)(B), the International Trade Commission shall conduct an investigation to determine whether a surge in such imports undermines the effectiveness of the action. The International Trade Commission shall submit the findings of its investigation to the President no later than 30 days after the request is received by the International Trade Commission.

(3) DEFINITION.—For purposes of this subsection, the term "surge" means a significant increase in imports over the trend for a recent representative base period.

(d) CONDITION APPLICABLE TO QUANTITATIVE RESTRICTIONS.—Any action taken under this section proclaiming a quantitative restriction shall permit the importation of a quantity or value of the article which is not less than the quantity or value of such article imported into the United States during the most recent period that is representative of imports of such article, with allowance for reasonable growth.

PART 3—GENERAL PROVISIONS

SEC. 315. PROVISIONAL RELIEF.

Section 202(d) of the Trade Act of 1974 (19 U.S.C. 2252(d)) is amended—

(1) in paragraph (1)(A) by inserting "or citrus product" after "agricultural product" each place it appears;

(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.

SEC. 317. PROCEDURES CONCERNING THE CONDUCT OF INTERNATIONAL TRADE COMMISSION INVESTIGATIONS.

(a) PROCEDURES AND RULES.—The International Trade Commission shall adopt such procedures and rules and regulations as are necessary to bring its procedures into conformity with chapter 8 of the Agreement.

(b) CONFORMING AMENDMENT.—Section 202(a) of the Trade Act of 1974 is amended by adding at the end thereof the following:

"(8) The procedures concerning the release of confidential business information set forth in section 332(g) of the Tariff Act of 1930 shall apply with respect to information received by the Commission in the course of investigations conducted under this chapter and part 1 of title III of the North American Free Trade Agreement Implementation Act.".

SEC. 318. EFFECTIVE DATE.

Except as provided in section 308(b), the provisions of this subtitle take effect on the date the Agreement enters into force with respect to the United States.

Subtitle B—Agriculture

SEC. 321. AGRICULTURE.

(a) MEAT IMPORT ACT OF 1979.—The Meat Import Act of 1979 (19 U.S.C. 2253 note) is amended—

(1) in subsection (b)—

(A) by striking the last sentence in paragraph (2),

(B) by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) The term 'meat articles' does not include any article described in paragraph (2) that—

"(A) originates in a NAFTA country (as determined in accordance with section 202 of the NAFTA Act), or

"(B) originates in Canada (as determined in accordance with section 202 of the United States-Canada Free-Trade Agreement Implementation Act of 1988) during such time as the United States-Canada Free-Trade Agreement is in force with respect to, and the United States applies such Agreement to, Canada."; and

(C) by inserting after paragraph (4) (as redesignated by subparagraph (B) of this paragraph) the following new paragraphs:

"(5) The term 'NAFTA Act' means the North American Free Trade Agreement Implementation Act.

"(6) The term 'NAFTA country' has the meaning given such term in section 2(4) of the NAFTA Act.";

(2) in subsection (f)(1), by striking the end period and inserting ", except that the President may exclude any such article originating in a NAFTA country (as determined in accordance with section 202 of the NAFTA Act) or, if paragraph (3)(B) applies, any such article originating in Canada as determined in accordance with such paragraph (3)(B)."; and

(3) in subsection (i), by inserting "and Mexico" after "Canada" each place it appears.

(b) SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT.—

(1) IN GENERAL.—The President may, pursuant to article 309 and Annex 703.2 of the Agreement, exempt from any quantitative limitation or fee imposed pursuant to section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, any article which originates in Mexico, if Mexico is a NAFTA country.

(2) QUALIFICATION OF ARTICLES.—The determination of whether an article originates in Mexico shall be made in accordance with section 202, except that operations performed in, or materials obtained from, any country other than the United States or Mexico shall be treated as if performed in or obtained from a country other than a NAFTA country.

(c) TARIFF RATE QUOTAS.—In implementing the tariff rate quotas set out in the United States Schedule to Annex 302.2 of the Agreement, the President shall take such action as may be necessary to ensure that imports of agricultural goods do not disrupt the orderly marketing of commodities in the United States.

(d) PEANUTS.—

(1) EFFECT OF THE AGREEMENT.—

(A) IN GENERAL.—Nothing in the Agreement or this Act reduces or eliminates—

(i) any penalty required under section 358e(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)); or

(ii) any requirement under Marketing Agreement No. 146, Regulating the Quality of Domestically Produced Peanuts, on peanuts in the domestic market, pursuant to section 108B(f) of the Agricultural Act of 1949 (7 U.S.C. 1445c-3(f)).

(B) REENTRY OF EXPORTED PEANUTS.—Paragraph (6) of section 358e(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(d)(6)) is amended to read as follows:

"(6) REENTRY OF EXPORTED PEANUTS.—

"(A) PENALTY.—If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer of the peanuts shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

"(B) RECORDS.—Each person, firm, or handler who imports peanuts into the United States shall maintain such records and documents as are required by the Secretary to ensure compliance with this subsection.".

(2) CONSULTATIONS ON IMPORTS.—It is the sense of Congress that the United States should request consultations in the Working Group on Emergency Action, established in the Understanding Between the Parties to the North American Free Trade Agreement Concerning Chapter Eight—Emergency Action, if imports of peanuts exceed the in-quota quantity under a tariff rate quota set out in the United States Schedule to Annex 302.2 of the Agreement concerning whether—

(A) the increased imports of peanuts constitute a substantial cause of, or contribute importantly to, serious injury, or threat of serious injury, to the domestic peanut industry; and

(B) recourse under Chapter Eight of the Agreement or Article XIX of the General Agreement on Tariffs and Trade is appropriate.

(e) FRESH FRUITS, VEGETABLES, AND CUT FLOWERS.—

(1) IN GENERAL.—The Secretary of Agriculture shall collect and compile the information specified under paragraph (3), if reasonably available, from appropriate Federal departments and agencies and the relevant counterpart ministries of the Government of Mexico.

(2) DESIGNATION OF AN OFFICE.—The Secretary of Agriculture shall designate an office within the United States Department of Agriculture to be responsible for maintaining and disseminating, in a timely manner, the data accumulated for verifying citrus, fruit, vegetable, and cut flower trade between the United States and Mexico. The information shall be made available to the public and the NAFTA Agriculture Committee Working Groups.

(3) INFORMATION COLLECTED.—The information to be collected, if reasonably available, includes—

(A) monthly fresh fruit, fresh vegetable, fresh citrus, and processed citrus product import and export data;

(B) monthly citrus juice production and export data;

(C) data on inspections of shipments of citrus, vegetables, and cut flowers entering the United States from Mexico; and

(D) in the case of fruits, vegetables, and cut flowers entering the United States from Mexico, data regarding—

(i) planted and harvested acreage; and

(ii) wholesale prices, quality, and grades.

(f) END-USE CERTIFICATES.—

(1) IN GENERAL.—The Secretary of Agriculture (referred to in this subsection as the "Secretary") shall implement, in coordination with the Commissioner of Customs, a program requiring that end-use certificates be included in the documentation covering the entry into, or the withdrawal from a warehouse for consumption in, the customs territory of the United States—

(A) of any wheat that is a product of any foreign country or instrumentality that requires, as of the effective date of this subsection, end-use certificates for imports of wheat that is a product of the United States (referred to in this subsection as "United States-produced wheat"); and

(B) of any barley that is a product of any foreign country or instrumentality that requires, as of the effective date of this subsection, end-use certificates for imports of barley that is a product of the United States (referred to in this subsection as "United States-produced barley").

(2) REGULATIONS.—The Secretary shall prescribe by regulation such requirements regarding the information to be included in end-use certificates as may be necessary and appropriate to carry out this subsection.

(3) PRODUCER PROTECTION DETERMINATION.—At any time after the effective date of the requirements established under paragraph (1), the Secretary may, subject to paragraph (5), suspend the requirements when making a determination, after consultation with domestic producers, that the program implemented under this subsection has directly resulted in—

(A) the reduction of income to the United States producers of agricultural commodities; or

(B) the reduction of the competitiveness of United States agricultural commodities in the world export markets.

(4) SUSPENSION OF REQUIREMENTS.—

(A) WHEAT.—If a foreign country or instrumentality that requires end-use certificates for imports of United States-produced wheat as of the effective date of the requirement under paragraph (1)(A) eliminates the requirement, the Secretary shall suspend the requirement under paragraph (1)(A) beginning 30 calendar days after suspension by the foreign country or instrumentality.

(B) BARLEY.—If a foreign country or instrumentality that requires end-use certificates for imports of United States-produced barley as of the effective date of the requirement under paragraph (1)(B) eliminates the requirement, the Secretary shall suspend the requirement under paragraph (1)(B) beginning 30 calendar days after suspension by the foreign country or instrumentality.

(5) REPORT TO CONGRESS.—The Secretary shall not suspend the requirements established under paragraph (1) under circumstances identified in paragraph (3) before the Secretary submits a report to Congress detailing the determination made under paragraph (3) and the reasons for making the determination.

(6) COMPLIANCE.—It shall be a violation of section 1001 of title 18, United States Code, for a person to engage in fraud or knowingly violate this subsection or a regulation implementing this subsection.

(7) EFFECTIVE DATE.—This subsection shall become effective on the date that is 120 days after the date of enactment of this Act.

(g) AGRICULTURAL FELLOWSHIP PROGRAM.—Section 1542(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 5622 note) is amended by adding at the end the following new paragraph:

"(3) AGRICULTURAL FELLOWSHIPS FOR NAFTA COUNTRIES.—

"(A) IN GENERAL.—The Secretary shall grant fellowships to individuals from countries that are parties to the North American Free Trade Agreement (referred to in this paragraph as 'NAFTA') to study agriculture in the United States, and to individuals in the United States to study agriculture in other NAFTA countries.

"(B) PURPOSE.—The purpose of fellowships granted under this paragraph is—

"(i) to allow the recipients to expand their knowledge and understanding of agricultural systems and practices in other NAFTA countries;

"(ii) to facilitate the improvement of agricultural systems in NAFTA countries; and

"(iii) to establish and expand agricultural trade linkages between the United States and other NAFTA countries.

"(C) ELIGIBLE RECIPIENTS.—The Secretary may provide fellowships under this paragraph to agricultural producers and consultants, government officials, and other individuals from the private and public sectors.

"(D) ACCEPTANCE OF GIFTS.—The Secretary may accept money, funds, property, and services of every kind by gift, devise, bequest, grant, or otherwise, and may in any manner, dispose of all of the holdings and use the receipts generated from the disposition to carry out this paragraph. Receipts under this paragraph shall remain available until expended.

"(E) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated such sums as are necessary to carry out this paragraph.".

(h) ASSISTANCE FOR AFFECTED FARMWORKERS.—

(1) IN GENERAL.—Subject to paragraph (3), if at any time the Secretary of Agriculture determines that the implementation of the Agreement has caused low-income migrant or seasonal farmworkers to lose income, the Secretary may make available grants, not to exceed $20,000,000 for any fiscal year, to public agencies or private organizations with tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, that have experience in providing emergency services to low-income migrant or seasonal farmworkers. Emergency services to be provided with assistance received under this subsection may include such types of assistance as the Secretary determines to be necessary and appropriate.

(2) DEFINITION.—As used in this subsection, the term "low-income migrant or seasonal farmworker" shall have the same meaning as provided in section 2281(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a(b)).

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $20,000,000 for each fiscal year to carry out this subsection.

(i) BIENNIAL REPORT ON EFFECTS OF THE AGREEMENT ON AMERICAN AGRICULTURE.—

(1) IN GENERAL.—The Secretary of Agriculture shall prepare a biennial report on the effects of the Agreement on United States producers of agricultural commodities and on rural communities located in the United States.

(2) CONTENTS OF REPORT.—The report required under this subsection shall include—

(A) an assessment of the effects of implementing the Agreement on the various agricultural commodities affected by the Agreement, on a commodity-by-commodity basis;

(B) an assessment of the effects of implementing the Agreement on investments made in United States agriculture and on rural communities located in the United States;

(C) an assessment of the effects of implementing the Agreement on employment in United States agriculture, including any gains or losses of jobs in businesses directly or indirectly related to United States agriculture; and

(D) such other information and data as the Secretary determines appropriate.

(3) SUBMISSION OF REPORT.—The Secretary shall furnish the report required under this subsection to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives. The report shall be due every 2 years and shall be submitted by March 1 of the year in which the report is due. The first report shall be due by March 1, 1997, and the final report shall be due by March 1, 2011.

Subtitle C—Intellectual Property

SEC. 331. TREATMENT OF INVENTIVE ACTIVITY.

Section 104 of title 35, United States Code, is amended to read as follows:

"§ 104. Invention made abroad

"(a) IN GENERAL.—In proceedings in the Patent and Trademark Office, in the courts, and before any other competent authority, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country other than a NAFTA country, except as provided in sections 119 and 365 of this title.

Where an invention was made by a person, civil or military, while domiciled in the United States or a NAFTA country and serving in any other country in connection with operations by or on behalf of the United States or a NAFTA country, the person shall be entitled to the same rights of priority in the United States with respect to such invention as if such invention had been made in the United States or a NAFTA country. To the extent that any information in a NAFTA country concerning knowledge, use, or other activity relevant to proving or disproving a date of invention has not been made available for use in a proceeding in the Office, a court, or any other competent authority to the same extent as such information could be made available in the United States, the Commissioner, court, or such other authority shall draw appropriate inferences, or take other action permitted by statute, rule, or regulation, in favor of the party that requested the information in the proceeding.

"(b) DEFINITION.—As used in this section, the term 'NAFTA country' has the meaning given that term in section 2(4) of the North American Free Trade Agreement Implementation Act.".

SEC. 332. RENTAL RIGHTS IN SOUND RECORDINGS.

Section 4 of the Record Rental Amendment of 1984 (17 U.S.C. 109 note) is amended by striking out subsection (c).

SEC. 333. NONREGISTRABILITY OF MISLEADING GEOGRAPHIC INDICATIONS.

(a) MARKS NOT REGISTRABLE ON THE PRINCIPAL REGISTER.—Section 2 of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, commonly referred to as the Trademark Act of 1946 (15 U.S.C. 1052(e)), is amended—

(1) by amending subsection (e) to read as follows:

"(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 4, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, or (4) is primarily merely a surname."; and

(2) in subsection (f)—

(A) by striking out "and (d)" and inserting "(d), and (e)(3)"; and

(B) by adding at the end the following new sentence: "Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before the date of the enactment of the North American Free Trade Agreement Implementation Act.".

(b) SUPPLEMENTAL REGISTER.—Section 23(a) of the Trademark Act of 1946 (15 U.S.C. 1091(a)) is amended—

(1) by striking out "and (d)" and inserting "(d), and (e)(3)"; and

(2) by adding at the end the following new sentence: "Nothing in this section shall prevent the registration on the supplemental register of a mark, capable of distinguishing the applicant's goods or services and not registrable on the principal register under this Act, that is declared to be unregistrable under section 2(e)(3), if such mark has been in lawful use in commerce by the owner thereof, on or in connection with any goods or services, since before the date of the enactment of the North American Free Trade Agreement Implementation Act.".

SEC. 334. MOTION PICTURES IN THE PUBLIC DOMAIN.

(a) IN GENERAL.—Chapter 1 of title 17, United States Code, is amended by inserting after section 104 the following new section:

"§ 104A. Copyright in certain motion pictures

"(a) RESTORATION OF COPYRIGHT.—Subject to subsections (b) and (c)—

"(1) any motion picture that is first fixed or published in the territory of a NAFTA country as defined in section 2(4) of the North American Free Trade Agreement Implementation Act to which Annex 1705.7 of the North American Free Trade Agreement applies, and

"(2) any work included in such motion picture that is first fixed in or published with such motion picture,

that entered the public domain in the United States because it was first published on or after January 1, 1978, and before March 1, 1989, without the notice required by section 401, 402, or 403 of this title, the absence of which has not been excused by the operation of section 405 of this title, as such sections were in effect during that period, shall have copyright protection under this title for the remainder of the term of copyright protection to which it would have been entitled in the United States had it been published with such notice.

"(b) EFFECTIVE DATE OF PROTECTION.—The protection provided under subsection (a) shall become effective, with respect to any motion picture or work included in such motion picture meeting the criteria of that subsection, 1 year after the date on which the North American Free Trade Agreement enters into force with respect to, and the United States applies the Agreement to, the country in whose territory the motion picture was first fixed or published if, before the end of that 1-year period, the copyright owner in the motion picture or work files with the Copyright Office a statement of intent to have copyright protection restored under subsection (a). The Copyright Office shall publish in the Federal Register promptly after that effective date a list of motion pictures, and works included in such motion pictures, for which protection is provided under subsection (a).

"(c) USE OF PREVIOUSLY OWNED COPIES.—A national or domiciliary of the United States who, before the date of the enactment of the North American Free Trade Agreement Implementation Act, made or acquired copies of a motion picture, or other work included in such motion picture, that is subject to protection under subsection (a), may sell or distribute such copies or continue to perform publicly such motion picture and other work without liability for such sale, distribution, or performance, for a period of 1 year after the date on which the list of motion pictures, and works included in such motion pictures, that are subject to protection under subsection (a) is published in the Federal Register under subsection (b).".

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 1 of title 17, United States Code, is amended by inserting after the item relating to section 104 the following new item:

"104A. Copyright in certain motion pictures.".

SEC. 335. EFFECTIVE DATES.

(a) IN GENERAL.—Subject to subsections (b) and (c), the amendments made by this subtitle take effect on the date the Agreement enters into force with respect to the United States.

(b) SECTION 331.—The amendments made by section 331 shall apply to all patent applications that are filed on or after the date of the enactment of this Act: *Provided*, That an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a NAFTA country, except as provided in sections 119 and 365 of title 35, United States Code, that is earlier than the date of the enactment of this Act.

(c) SECTION 333.—The amendments made by section 333 shall apply only to trademark applications filed on or after the date of the enactment of this Act.

Subtitle D—Temporary Entry of Business Persons

SEC. 341. TEMPORARY ENTRY.

(a) NONIMMIGRANT TRADERS AND INVESTORS.—Upon a basis of reciprocity secured by the Agreement, an alien who is a citizen of Canada or Mexico, and the spouse and children of any such alien if accompanying or following to join such alien, may, if otherwise eligible for a visa and if otherwise admissible into the United States under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), be considered to be classifiable as a nonimmigrant under section 101(a)(15)(E) of such Act (8 U.S.C. 1101(a)(15)(E)) if entering solely for a purpose specified in Section B of Annex 1603 of the Agreement, but only if any such purpose shall have been specified in such Annex on the date of entry into force of the Agreement. For purposes of this section, the term "citizen of Mexico" means "citizen" as defined in Annex 1608 of the Agreement.

(b) NONIMMIGRANT PROFESSIONALS AND ANNUAL NUMERICAL LIMIT.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended by redesignating subsection (e) as paragraph (1) of subsection (e) and adding after such paragraph (1), as redesignated, the following new paragraphs:

"(2) An alien who is a citizen of Canada or Mexico, and the spouse and children of any such alien if accompanying or following to join such alien, who seeks to enter the United States under and pursuant to the provisions of Section D of Annex 1603 of the North American Free Trade Agreement (in this subsection referred to as 'NAFTA') to engage in business activities at a professional level as provided for in such Annex, may be admitted for such purpose under regulations of the Attorney General promulgated after consultation with the Secretaries of State and Labor. For purposes of this Act, including the issuance of entry documents and the application of subsection (b), such alien shall be treated as if seeking classification, or classifiable, as a nonimmigrant under section 101(a)(15). The admission of an alien who is a citizen of Mexico shall be subject to paragraphs (3), (4), and (5). For purposes of this paragraph and paragraphs (3), (4), and (5), the term 'citizen of Mexico' means 'citizen' as defined in Annex 1608 of NAFTA.

"(3) The Attorney General shall establish an annual numerical limit on admissions under paragraph (2) of aliens who are citizens of Mexico, as set forth in Appendix 1603.D.4 of Annex 1603 of the NAFTA. Subject to paragraph (4), the annual numerical limit—

"(A) beginning with the second year that NAFTA is in force, may be increased in accordance with the provisions of paragraph 5(a) of Section D of such Annex, and

"(B) shall cease to apply as provided for in paragraph 3 of such Appendix.

"(4) The annual numerical limit referred to in paragraph (3) may be increased or shall cease to apply (other than by operation of paragraph 3 of such Appendix) only if—

"(A) the President has obtained advice regarding the proposed action from the appropriate advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155);

"(B) the President has submitted a report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives that sets forth—

"(i) the action proposed to be taken and the reasons therefor, and

"(ii) the advice obtained under subparagraph (A);

"(C) a period of at least 60 calendar days that begins on the first day on which the President has met the requirements of subparagraphs (A) and (B) with respect to such action has expired; and

"(D) the President has consulted with such committees regarding the proposed action during the period referred to in subparagraph (C).

"(5) During the period that the provisions of Appendix 1603.D.4 of Annex 1603 of the NAFTA apply, the entry of an alien who is a citizen of Mexico under and pursuant to the provisions of Section D of Annex 1603 of NAFTA shall be subject to the attestation requirement of section 212(m), in the case of a registered nurse, or the application requirement of section 212(n), in the case of all other professions set out in Appendix 1603.D.1 of Annex 1603 of NAFTA, and the petition requirement of subsection (c), to the extent and in the manner prescribed in regulations promulgated by the Secretary of Labor, with respect to sections 212(m) and 212(n), and the Attorney General, with respect to subsection (c).".

(c) LABOR DISPUTES.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended by adding at the end the following new subsection:

"(j) Notwithstanding any other provision of this Act, an alien who is a citizen of Canada or Mexico who seeks to enter the United States under and pursuant to the provisions of Section B, Section C, or Section D of Annex 1603 of the North American Free Trade Agreement, shall not be classified as a nonimmigrant under such provisions if there is in progress a strike or lockout in the course of a labor dispute in the occupational classification at the place or intended place of employment, unless such alien establishes, pursuant to regulations promulgated by the Attorney General, that the alien's entry will not affect adversely the settlement of the strike or lockout or the employment of any person who is involved in the strike or lockout. Notice of a determination under this subsection shall be given as may be required by paragraph 3 of article 1603 of such Agreement. For purposes of this subsection, the term 'citizen of Mexico' means 'citizen' as defined in Annex 1608 of such Agreement.".

SEC. 342. EFFECTIVE DATE.

The provisions of this subtitle take effect on the date the Agreement enters into force with respect to the United States.

Subtitle E—Standards

PART 1—STANDARDS AND MEASURES

SEC. 351. STANDARDS AND SANITARY AND PHYTOSANITARY MEASURES.

(a) IN GENERAL.—Title IV of the Trade Agreements Act of 1979 (19 U.S.C. 2531 et seq.) is amended by inserting at the end the following new subtitle:

"Subtitle E—Standards and Measures Under the North American Free Trade Agreement

"CHAPTER 1—SANITARY AND PHYTOSANITARY MEASURES

"SEC. 461. GENERAL.

"Nothing in this chapter may be construed—

"(1) to prohibit a Federal agency or State agency from engaging in activity related to sanitary or phytosanitary measures to protect human, animal, or plant life or health; or

"(2) to limit the authority of a Federal agency or State agency to determine the level of protection of human, animal, or plant life or health the agency considers appropriate.

"SEC. 462. INQUIRY POINT.

"The standards information center maintained under section 414 shall, in addition to the functions specified therein, make available to the public relevant documents, at such reasonable fees as the Secretary of Commerce may prescribe, and information regarding—

"(1) any sanitary or phytosanitary measure of general application, including any control or inspection procedure or approval procedure proposed, adopted, or maintained by a Federal or State agency;

"(2) the procedures of a Federal or State agency for risk assessment, and factors the agency considers in conducting the assessment and in establishing the levels of protection that the agency considers appropriate;

"(3) the membership and participation of the Federal Government and State governments in international and regional sanitary and phytosanitary organizations and systems, and in bilateral and multilateral arrangements regarding sanitary and phytosanitary measures, and the provisions of those systems and arrangements; and

"(4) the location of notices of the type required under article 719 of the NAFTA, or where the information contained in such notices can be obtained.

"SEC. 463. CHAPTER DEFINITIONS.

"Notwithstanding section 451, for purposes of this chapter—

"(1) ANIMAL.—The term 'animal' includes fish, bees, and wild fauna.

"(2) APPROVAL PROCEDURE.—The term 'approval procedure' means any registration, notification, or other mandatory administrative procedure for—

"(A) approving the use of an additive for a stated purpose or under stated conditions, or

"(B) establishing a tolerance for a stated purpose or under stated conditions for a contaminant,

in a food, beverage, or feedstuff prior to permitting the use of the additive or the marketing of a food, beverage, or feedstuff containing the additive or contaminant.

"(3) CONTAMINANT.—The term 'contaminant' includes pesticide and veterinary drug residues and extraneous matter.

"(4) CONTROL OR INSPECTION PROCEDURE.—The term 'control or inspection procedure' means any procedure used, directly or indirectly, to determine that a sanitary or phytosanitary measure is fulfilled, including sampling, testing, inspection, evaluation, verification, monitoring, auditing, assurance of conformity, accreditation, registration, certification, or other procedure involving the physical examination of a good, of the packaging of a good, or of the equipment or facilities directly related to production, marketing, or use of a good, but does not mean an approval procedure.

"(5) PLANT.—The term 'plant' includes wild flora.

"(6) RISK ASSESSMENT.—The term 'risk assessment' means an evaluation of—

"(A) the potential for the introduction, establishment or spread of a pest or disease and associated biological and economic consequences; or

"(B) the potential for adverse effects on human or animal life or health arising from the presence of an additive, contaminant, toxin or disease-causing organism in a food, beverage, or feedstuff.

"(7) SANITARY OR PHYTOSANITARY MEASURE.—

"(A) IN GENERAL.—The term 'sanitary or phytosanitary measure' means a measure to—

"(i) protect animal or plant life or health in the United States from risks arising from the introduction, establishment, or spread of a pest or disease;

"(ii) protect human or animal life or health in the United States from risks arising from the presence of an additive, contaminant, toxin, or disease-causing organism in a food, beverage, or feedstuff;

"(iii) protect human life or health in the United States from risks arising from a disease-causing organism or pest carried by an animal or plant, or a product thereof; or

"(iv) prevent or limit other damage in the United States arising from the introduction, establishment, or spread of a pest.

"(B) FORM.—The form of a sanitary or phytosanitary measure includes—

"(i) end product criteria;

"(ii) a product-related processing or production method;

"(iii) a testing, inspection, certification, or approval procedure;

"(iv) a relevant statistical method;

"(v) a sampling procedure;

"(vi) a method of risk assessment;

"(vii) a packaging and labeling requirement directly related to food safety; and

"(viii) a quarantine treatment, such as a relevant requirement associated with the transportation of animals or plants or with material necessary for their survival during transportation.

"CHAPTER 2—STANDARDS-RELATED MEASURES

"SEC. 471. GENERAL.

"(a) NO BAR TO ENGAGING IN STANDARDS ACTIVITY.—Nothing in this chapter shall be construed—

"(1) to prohibit a Federal agency from engaging in activity related to standards-related measures, including any such measure relating to safety, the protection of human, animal, or plant life or health, the environment or consumers; or

"(2) to limit the authority of a Federal agency to determine the level it considers appropriate of safety or of protection of human, animal, or plant life or health, the environment or consumers.

"(b) EXCLUSION.—This chapter does not apply to—

"(1) technical specifications prepared by a Federal agency for production or consumption requirements of the agency; or

"(2) sanitary or phytosanitary measures under chapter 1.

"SEC. 472. INQUIRY POINT.

"The standards information center maintained under section 414 shall, in addition to the functions specified therein, make available to the public relevant documents, at such reasonable fees as the Secretary of Commerce may prescribe, and information regarding—

"(1) the membership and participation of the Federal Government, State governments, and relevant nongovernmental bodies in the United States in international and regional standardizing bodies and conformity assessment systems, and in bilateral and multilateral arrangements regarding standards-related measures, and the provisions of those systems and arrangements;

"(2) the location of notices of the type required under article 909 of the NAFTA, or where the information contained in such notice can be obtained; and

"(3) the Federal agency procedures for assessment of risk, and factors the agency considers in conducting the assessment and establishing the levels of protection that the agency considers appropriate.

"SEC. 473. CHAPTER DEFINITIONS.

"Notwithstanding section 451, for purposes of this chapter—

"(1) APPROVAL PROCEDURE.—The term 'approval procedure' means any registration, notification, or other mandatory administrative procedure for granting permission for a good or service to be produced, marketed, or used for a stated purpose or under stated conditions.

"(2) CONFORMITY ASSESSMENT PROCEDURE.—The term 'conformity assessment procedure' means any procedure used, directly or indirectly, to determine that a technical regulation or standard is fulfilled, including sampling, testing, inspection, evaluation, verification, monitoring, auditing, assurance of conformity, accreditation, registration, or approval used for such a purpose, but does not mean an approval procedure.

"(3) OBJECTIVE.—The term 'objective' includes—

"(A) safety,

"(B) protection of human, animal, or plant life or health, the environment or consumers, including matters relating to quality and identifiability of goods or services, and

"(C) sustainable development,

but does not include the protection of domestic production.

"(4) SERVICE.—The term 'service' means a land transportation service or a telecommunications service.

"(5) STANDARD.—The term 'standard' means—

"(A) characteristics for a good or a service,

"(B) characteristics, rules, or guidelines for—

"(i) processes or production methods relating to such good, or

"(ii) operating methods relating to such service, and

"(C) provisions specifying terminology, symbols, packaging, marking, or labelling for—

"(i) a good or its related process or production methods, or

"(ii) a service or its related operating methods,

for common and repeated use, including explanatory and other related provisions set out in a document approved by a standardizing body, with which compliance is not mandatory.

"(6) STANDARDS-RELATED MEASURE.—The term 'standards-related measure' means a standard, technical regulation, or conformity assessment procedure.

"(7) TECHNICAL REGULATION.—The term 'technical regulation' means—

"(A) characteristics or their related processes and production methods for a good,

"(B) characteristics for a service or its related operating methods, or

"(C) provisions specifying terminology, symbols, packaging, marking, or labelling for—

"(i) a good or its related process or production method, or

"(ii) a service or its related operating method,

set out in a document, including applicable administrative, explanatory, and other related provisions, with which compliance is mandatory.

"(8) TELECOMMUNICATIONS SERVICE.—The term 'telecommunications service' means a service provided by means of the transmission and reception of signals by any electromagnetic means, but does not mean the cable, broadcast, or other electromagnetic distribution of radio or television programming to the public generally.

"CHAPTER 3—SUBTITLE DEFINITIONS

"SEC. 481. DEFINITIONS.

"Notwithstanding section 451, for purposes of this subtitle—

"(1) NAFTA.—The term 'NAFTA' means the North American Free Trade Agreement.

"(2) STATE.—The term 'State' means any of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.".

(b) TECHNICAL AMENDMENTS.—

(1) DEFINITION OF TRADE REPRESENTATIVE.—Section 451(12) of the Trade Agreements Act of 1979 is amended to read as follows:

"(12) TRADE REPRESENTATIVE.—The term 'Trade Representative' means the United States Trade Representative.".

(2) CONFORMING AMENDMENTS.—Title IV of the Trade Agreement Act of 1979 is further amended—

(A) by striking out "Special Representative" each place it appears and inserting "Trade Representative"; and

(B) in the section heading to section 411, by striking out "**SPECIAL REPRESENTATIVE**" and inserting "**TRADE REPRESENTATIVE**".

SEC. 352. TRANSPORTATION.

No regulation issued by the Secretary of Transportation implementing a recommendation of the Land Transportation Standards Subcommittee established under article 913(5)(a)(i) of the Agreement may take effect before the date 90 days after the date of issuance.

PART 2—AGRICULTURAL STANDARDS

SEC. 361. AGRICULTURAL TECHNICAL AND CONFORMING AMENDMENTS.

(a) FEDERAL SEED ACT.—Section 302(e)(1) of the Federal Seed Act (7 U.S.C. 1582(e)(1)) is amended by inserting "or Mexico" after "Canada".

(b) IMPORTATION OF ANIMALS.—The first sentence of section 6 of the Act of August 30, 1890 (26 Stat. 416, chapter 839; 21 U.S.C. 104), is amended by striking ": *Provided*" and all that follows through the period at the end of the sentence and inserting ", except that the Secretary of Agriculture, in accordance with such regulations as the Secretary may issue, may (1) permit the importation of cattle, sheep, or other ruminants, and swine, from Canada or Mexico, and (2) permit the importation from the British Virgin Islands into the Virgin Islands of the United States, for slaughter only, of cattle that have been infested with or exposed to ticks on being freed from the ticks.".

(c) INSPECTION OF ANIMALS.—Section 10 of the Act of August 30, 1890 (26 Stat. 417, chapter 839; 21 U.S.C. 105), is amended—

(1) by inserting above "SEC. 10." the following new section heading:

"SEC. 10. INSPECTION OF ANIMALS.";

(2) by striking "SEC. 10. That the Secretary of Agriculture shall" and inserting "(a) IN GENERAL.—Except as provided in subsection (b), the Secretary of Agriculture shall"; and

(3) by adding at the end the following new subsection:

"(b) EXCEPTION.—The Secretary of Agriculture, in accordance with such regulations as the Secretary may issue, may waive any provision of subsection (a) in the case of shipments between the United States and Canada or Mexico.".

(d) DISEASE-FREE COUNTRIES OR REGIONS.—

(1) TARIFF ACT OF 1930.—Section 306 of the Tariff Act of 1930 (19 U.S.C. 1306) is amended—

(A) in subsection (a), by striking "RINDERPEST AND FOOT-AND-MOUTH DISEASE.—If the Secretary of Agriculture" and inserting "IN GENERAL.—Except as provided in subsection (b), if the Secretary of Agriculture"; and

(B) by striking subsection (b) and inserting the following new subsection:

"(b) EXCEPTION.—The Secretary of Agriculture may permit, subject to such terms and conditions as the Secretary determines appropriate, the importation of cattle, sheep, other ruminants, or swine (including embryos of the animals), or the fresh, chilled, or frozen meat of the animals, from a region if the Secretary determines that the region from which the animal or meat originated is, and is likely to remain, free from rinderpest and foot-and-mouth disease.".

(2) HONEYBEE ACT.—The first section of the Act of August 31, 1922 (commonly known as the "Honeybee Act") (42 Stat. 833, chapter 301; 7 U.S.C. 281), is amended—

(A) in subsection (a)—

(i) by striking ", or" at the end of paragraph (1) and inserting a semicolon;

(ii) by striking the period at the end of paragraph (2) and inserting "; or"; and

(iii) by adding at the end the following new paragraph:

"(3) from Canada or Mexico, subject to such terms and conditions as the Secretary of Agriculture determines appropriate, if the Secretary determines that the region of Canada or Mexico from which the honeybees originated is, and is likely to remain, free of diseases or parasites harmful to honeybees, and undesirable species or subspecies of honeybees."; and

(B) in subsection (b)—

(i) by inserting "(1)" after "imported into the United States only from"; and

(ii) by inserting before the period the following: ", or (2) Canada or Mexico, if the Secretary of Agriculture determines that the region of Canada or Mexico from which the imports originate is, and is likely to remain, free of undesirable species or subspecies of honeybees".

(e) POULTRY PRODUCTS INSPECTION ACT.—Section 17(d) of the Poultry Products Inspection Act (21 U.S.C. 466(d)) is amended—

(1) in paragraph (1), by inserting after "Notwithstanding any other provision of law," the following: "except as provided in paragraph (2),";

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1) the following new paragraph:

"(2)(A) Notwithstanding any other provision of law, all poultry, or parts or products of poultry, capable of use as human food offered for importation into the United States from Canada and Mexico shall—

"(i) comply with paragraph (1); or

"(ii)(I) be subject to inspection, sanitary, quality, species verification, and residue standards that are equivalent to United States standards; and

"(II) have been processed in facilities and under conditions that meet standards that are equivalent to United States standards.

"(B) The Secretary may treat as equivalent to a United States standard a standard of Canada or Mexico described in subparagraph (A)(ii) if the exporting country provides the Secretary with scientific evidence or other information, in accordance with risk assessment methodologies agreed to by the Secretary and the exporting country, to demonstrate that the standard of the exporting country achieves the level of protection that the Secretary considers appropriate.

"(C) The Secretary may—

"(i) determine, on a scientific basis, that the standard of the exporting country does not achieve the level of protection that the Secretary considers appropriate; and

"(ii) provide the basis for the determination in writing to the exporting country on request.".

(f) FEDERAL MEAT INSPECTION ACT.—Section 20(e) of the Federal Meat Inspection Act (21 U.S.C. 620(e)) is amended—

(1) by striking "not be limited to—" and inserting "not be limited to the following:";

(2) by striking paragraph (1);

(3) by redesignating paragraphs (2) through (6) as paragraphs (3) through (7), respectively;

(4) by inserting after "not be limited to the following:" (as amended by paragraph (1)) the following new paragraphs:

"(1)(A) Subject to subparagraphs (B) and (C), a certification by the Secretary that foreign plants in Canada and Mexico that export carcasses or meat or meat products referred to in subsection (a) have complied with paragraph (2) or with requirements that are equivalent to United States requirements with regard to all inspection and building construction standards, and all other provisions of this Act and regulations issued under this Act.

"(B) Subject to subparagraph (C), the Secretary may treat as equivalent to a United States requirement a requirement described in subparagraph (A) if the exporting country provides the Secretary with scientific evidence or other information, in accordance with risk assessment methodologies agreed to by the Secretary and the exporting country, to demonstrate that the requirement or standard of the exporting country achieves the level of protection that the Secretary considers appropriate.

"(C) The Secretary may—

"(i) determine, on a scientific basis, that a requirement of an exporting country does not achieve the level of protection that the Secretary considers appropriate; and

"(ii) provide the basis for the determination to the exporting country in writing on request.

"(2) A certification by the Secretary that, except as provided in paragraph (1), foreign plants that export carcasses or meat or meat products referred to in subsection (a) have complied with requirements that are at least equal to all inspection and building construction standards and all other provisions of this Act and regulations issued under this Act.";

(5) in paragraphs (3) through (7) (as redesignated by paragraph (3)), by striking "the" the first place it appears in each paragraph and inserting "The";

(6) in paragraphs (3) through (5) (as so redesignated), by striking the semicolon at the end of each paragraph and inserting a period; and

(7) in paragraph (6) (as so redesignated), by striking "; and" at the end and inserting a period.

(g) PEANUT BUTTER AND PEANUT PASTE.—

(1) IN GENERAL.—Except as provided in paragraph (2), all peanut butter and peanut paste in the United States domestic market shall be processed from peanuts that meet the quality standards established for peanuts under Marketing Agreement No. 146.

(2) IMPORTS.—Peanut butter and peanut paste imported into the United States shall comply with paragraph (1) or with sanitary measures that achieve at least the same level of sanitary protection.

(h) ANIMAL HEALTH BIOCONTAINMENT FACILITY.—

(1) GRANT FOR CONSTRUCTION.—The Secretary of Agriculture shall make a grant to a land grant college or university described in paragraph (2) for the construction of a facility at the college or university for the conduct of research in animal health, disease-transmitting insects, and toxic chemicals that requires the use of biocontainment facilities and equipment. The facility to be constructed with the grant shall be known as the "Southwest Regional Animal Health Biocontainment Facility".

(2) GRANT RECIPIENT DESCRIBED.—To be eligible for the grant under paragraph (1), a land grant college or university must be—

(A) located in a State adjacent to the international border with Mexico; and

(B) determined by the Secretary of Agriculture to have an established program in animal health research and education and to have a collaborative relationship with one or more colleges of veterinary medicine or universities located in Mexico.

(3) ACTIVITIES OF THE FACILITY.—The facility constructed using the grant made under paragraph (1) shall be used for conducting the following activities:

(A) The biocontainment facility shall offer the ability to organize multidisciplinary international teams working on basic and applied research on diagnostic method development and disease control strategies, including development of vaccines.

(B) The biocontainment facility shall support research that will improve the scientific basis for regulatory activities, decreasing the need for new regulatory programs and enhancing international trade.

(C) The biocontainment facility shall allow academic institutions, governmental agencies, and the private sector to conduct research in basic and applied research biology, epidemiology, pathogenesis, host response, and diagnostic methods, on disease agents that threaten the livestock industries of the United States and Mexico.

(D) The biocontainment facility may be used to support research involving food safety, toxicology, environmental pollutants, radioisotopes, recombinant microorganisms, and selected naturally resistant or transgenic animals.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subsection.

(i) REPORTS ON INSPECTION OF IMPORTED MEAT, POULTRY, OTHER FOODS, ANIMALS, AND PLANTS.—

(1) DEFINITIONS.—As used in this subsection:

(A) IMPORTS.—The term "imports" means any meat, poultry, other food, animal, or plant that is imported into the United States in commercially significant quantities.

(B) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(2) IN GENERAL.—In consultation with representatives of other appropriate agencies, the Secretary shall prepare an annual report on the impact of the Agreement on the inspection of imports.

(3) CONTENTS OF REPORTS.—The report required under this subsection shall, to the maximum extent practicable, include a description of—

(A) the quantity or, with respect to the Customs Service, the number of shipments, of imports from a NAFTA country that are inspected at the borders of the United States with Canada and Mexico during the prior year;

(B) any change in the level or types of inspections of imports in each NAFTA country during the prior year;

(C) in any case in which the Secretary has determined that the inspection system of another NAFTA country is equivalent to the inspection system of the United States, the reasons supporting the determination of the Secretary;

(D) the incidence of violations of inspection requirements by imports from NAFTA countries during the prior year—

(i) at the borders of the United States with Mexico or Canada; or

(ii) at the last point of inspection in a NAFTA country prior to shipment to the United States if the agency accepts inspection in that country;

(E) the incidence of violations of inspection requirements of imports to the United States from Mexico or Canada prior to the implementation of the Agreement;

(F) any additional cost associated with maintaining an adequate inspection system of imports as a result of the implementation of the Agreement;

(G) any incidence of transshipment of imports—

(i) that originate in a country other than a NAFTA country;

(ii) that are shipped to the United States through a NAFTA country during the prior year; and

(iii) that are incorrectly represented by the importer to qualify for preferential treatment under the Agreement;

(H) the quantity and results of any monitoring by the United States of equivalent inspection systems of imports in other NAFTA countries during the prior year;

(I) the use by other NAFTA countries of sanitary and phytosanitary measures (as defined in the Agreement) to limit exports of United States meat, poultry, other foods, animals, and plants to the countries during the prior year; and

(J) any other information the Secretary determines to be appropriate.

(4) FREQUENCY OF REPORTS.—The Secretary shall submit—

(A) the initial report required under this subsection not later than January 31, 1995; and

(B) an annual report required under this subsection not later than 1 year after the date of the submission of the initial report and the end of each 1-year period thereafter through calendar year 2004.

(5) REPORT TO CONGRESS.—The Secretary shall prepare and submit the report required under this subsection to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle F—Corporate Average Fuel Economy

SEC. 371. CORPORATE AVERAGE FUEL ECONOMY.

(a) IN GENERAL.—Section 503(b)(2) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003(b)(2)) is amended by adding at the end the following new subparagraph:

"(G)(i) In accordance with the schedule set out in clause (ii), an automobile shall be considered domestically manufactured in a model year if at least 75 percent of the cost to the manufacturer of the automobile is attributable to value added in the United States, Canada, or Mexico, unless the assembly of the automobile is completed in Canada or Mexico and the automobile is not imported into the United States prior to the expiration of 30 days following the end of that model year.

"(ii) Clause (i) shall apply to all automobiles manufactured by a manufacturer and sold in the United States, wherever assembled, in accordance with the following schedule:

"(I) With respect to a manufacturer that initiated the assembly of automobiles in Mexico before model year 1992, the manufacturer may elect, at any time between January 1, 1997, and January 1, 2004, to have clause (i) apply to all automobiles it manufactures, beginning with the model year commencing after the date of such election.

"(II) With respect to a manufacturer initiating the assembly of automobiles in Mexico after model year 1991, clause (i) shall apply to all automobiles it manufactures, beginning with the model year commencing after January 1, 1994, or the model year commencing after the date that the manufacturer initiates the assembly of automobiles in Mexico, whichever is later.

"(III) With respect to a manufacturer not described by subclause (I) or (II) assembling automobiles in the United States or Canada but not in Mexico, the manufacturer may elect, at any time between January 1, 1997, and January 1, 2004, to have clause (i) apply to all automobiles it manufactures, beginning with the model year commencing after the date of such election, except that if such manufacturer initiates the assembly of automobiles in Mexico before making such election, this subclause shall not apply and the manufacturer shall be subject to clause (II).

"(IV) With respect to a manufacturer not assembling automobiles in the United States, Canada, or Mexico, clause (i) shall apply to all automobiles it manufactures, beginning with the model year commencing after January 1, 1994.

"(V) With respect to a manufacturer authorized to make an election under subclause (I) or (III) which has not made that election within the specified period, clause (i) shall apply to all automobiles it manufactures, beginning with the model year commencing after January 1, 2004.

"(iii) The Secretary shall prescribe reasonable procedures for elections under this subparagraph, and the EPA Administrator may prescribe rules for purposes of carrying out this subparagraph.".

(b) CONFORMING AMENDMENTS.—The first sentence of section 503(b)(2)(E) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003(b)(2)(E)) is amended—

(1) by striking "An" and inserting "Except as provided in subparagraph (G), an", and

(2) in the last sentence, by striking "this subparagraph" and inserting "this subparagraph and subparagraph (G)".

Subtitle G—Government Procurement

SEC. 381. GOVERNMENT PROCUREMENT.

(a) IN GENERAL.—Section 301 of the Trade Agreements Act of 1979 (19 U.S.C. 2511) is amended—

(1) in subsection (a) by striking "The President" and inserting "Subject to subsection (f) of this section, the President";

(2) by inserting "or the North American Free Trade Agreement" after "the Agreement" in paragraph (1) of subsection (b); and

(3) by adding at the end the following new subsections:

"(e) PROCUREMENT PROCEDURES BY CERTAIN FEDERAL AGENCIES.—Notwithstanding any other provision of law, the President may direct any agency of the United States listed in Annex 1001.1a–2 of the North American Free Trade Agreement to procure eligible products in compliance with the procedural provisions of chapter 10 of such Agreement.

"(f) SMALL BUSINESS AND MINORITY PREFERENCES.—The authority of the President under subsection (a) of this section to waive any law, regulation, procedure, or practice regarding Government procurement does not authorize the waiver of any small business or minority preference.".

(b) RECIPROCAL COMPETITIVE PROCUREMENT PRACTICES.—Section 302(a) of such Act (19 U.S.C. 2512(a)) is amended by striking "would otherwise be eligible products" in paragraph (1) and inserting "are products covered under the Agreement for procurement by the United States".

(c) DEFINITION OF ELIGIBLE PRODUCT.—Section 308(4)(A) of such Act (19 U.S.C. 2518(4)(A)) is amended to read as follows:

"(A) IN GENERAL.—The term 'eligible product' means, with respect to any foreign country or instrumentality that is—

"(i) a party to the Agreement, a product or service of that country or instrumentality which is covered under the Agreement for procurement by the United States; or

"(ii) a party to the North American Free Trade Agreement, a product or service of that country or instrumentality which is covered under the North American Free Trade Agreement for procurement by the United States.".

(d) CONFORMING AMENDMENTS.—Section 401 of the Rural Electrification Act of 1938 (7 U.S.C. 903 note) is amended by inserting ", Mexico, or Canada" after "the United States" each place it appears.

(e) EFFECTIVE DATE.—The provisions of this subtitle take effect on the date the Agreement enters into force with respect to the United States.

TITLE IV—DISPUTE SETTLEMENT IN ANTI-DUMPING AND COUNTERVAILING DUTY CASES

Subtitle A—Organizational, Administrative, and Procedural Provisions Regarding the Implementation of Chapter 19 of the Agreement

SEC. 401. REFERENCES IN SUBTITLE.

Any reference in this subtitle to an Annex, chapter, or article shall be considered to be a reference to the respective Annex, chapter, or article of the Agreement.

SEC. 402. ORGANIZATIONAL AND ADMINISTRATIVE PROVISIONS.

(a) CRITERIA FOR SELECTION OF INDIVIDUALS TO SERVE ON PANELS AND COMMITTEES.—

(1) IN GENERAL.—The selection of individuals under this section for—

(A) placement on lists prepared by the interagency group under subsection (c)(2)(B)(i) and (ii);

(B) placement on preliminary candidate lists under subsection (c)(3)(A);

(C) placement on final candidate lists under subsection (c)(4)(A);

(D) placement by the Trade Representative on the rosters described in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13; and

(E) appointment by the Trade Representative for service on the panels and committees convened under chapter 19;

shall be made on the basis of the criteria provided in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13 and shall be made without regard to political affiliation.

(2) ADDITIONAL CRITERIA FOR ROSTER PLACEMENTS AND APPOINTMENTS UNDER PARAGRAPH 1 OF ANNEX 1901.2.—Rosters described in paragraph 1 of Annex 1901.2 shall include, to the fullest extent practicable, judges and former judges who meet the criteria referred to in paragraph (1). The Trade Representative shall, subject to subsection (b), appoint judges to binational panels convened under chapter 19, extraordinary challenge committees convened under chapter 19, and special committees established under article 1905, where such judges offer and are available to serve and such service is authorized by the chief judge of the court on which they sit.

(b) SELECTION OF CERTAIN JUDGES TO SERVE ON PANELS AND COMMITTEES.—

(1) APPLICABILITY.—This subsection applies only with respect to the selection of individuals for binational panels convened under chapter 19, extraordinary challenge committees convened under chapter 19, and special committees established under article 1905, who are judges of courts created under article III of the Constitution of the United States.

(2) CONSULTATION WITH CHIEF JUDGES.—The Trade Representative shall consult, from time to time, with the chief judges of the Federal judicial circuits regarding the interest in, and availability for, participation in binational panels, extraordinary challenge committees, and special committees, of judges within their respective circuits. If the chief judge of a Federal judicial circuit determines that it is appropriate for one or more judges within that circuit to be included on a roster described in subsection (a)(1)(D), the chief judge shall identify all such judges for the Chief Justice of the United States who may, upon his or her approval, submit the names of such judges to the Trade Representative. The Trade Representative shall include the names of such judges on the roster.

(3) SUBMISSION OF LISTS TO CONGRESS.—The Trade Representative shall submit to the Committee on the Judiciary and the Committee on Ways and Means of the House of Representatives and to the Committee on Finance and the Committee on the Judiciary of the Senate a list of all judges included on a roster under paragraph (2). Such list shall be submitted at the same time as the final candidate lists are submitted under subsection (c)(4)(A) and the final forms of amendments are submitted under subsection (c)(4)(C)(iv).

(4) APPOINTMENT OF JUDGES TO PANELS OR COMMITTEES.—At such time as the Trade Representative proposes to appoint a judge described in paragraph (1) to a binational panel, an extraordinary challenge committee, or a special committee, the Trade Representative shall consult with that judge in order to ascertain whether the judge is available for such appointment.

(c) SELECTION OF OTHER CANDIDATES.—

(1) APPLICABILITY.—This subsection applies only with respect to the selection of individuals for binational panels convened under chapter 19, extraordinary challenge committees convened under chapter 19, and special committees established under article 1905, other than those individuals to whom subsection (b) applies.

(2) INTERAGENCY GROUP.—

(A) ESTABLISHMENT.—There is established within the interagency organization established under section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872) an interagency group which shall—

(i) be chaired by the Trade Representative; and

(ii) consist of such officers (or the designees thereof) of the United States Government as the Trade Representative considers appropriate.

(B) FUNCTIONS.—The interagency group established under subparagraph (A) shall, in a manner consistent with chapter 19—

(i) prepare by January 3 of each calendar year—

(I) a list of individuals who are qualified to serve as members of binational panels convened under chapter 19; and

(II) a list of individuals who are qualified to serve on extraordinary challenge committees convened under chapter 19 and special committees established under article 1905;

(ii) if the Trade Representative makes a request under paragraph (4)(C)(i) with respect to a final candidate list during any calendar year, prepare by July 1 of such calendar year a list of those individuals who are qualified to be added to that final candidate list;

(iii) exercise oversight of the administration of the United States Section that is authorized to be established under section 105; and

(iv) make recommendations to the Trade Representative regarding the convening of extraordinary challenge committees and special committees under chapter 19.

(3) PRELIMINARY CANDIDATE LISTS.—

(A) IN GENERAL.—The Trade Representative shall select individuals from the respective lists prepared by the interagency group under paragraph (2)(B)(i) for placement on—

(i) a preliminary candidate list of individuals eligible to serve as members of binational panels under Annex 1901.2; and

(ii) a preliminary candidate list of individuals eligible for selection as members of extraordinary challenge committees under Annex 1904.13 and special committees under article 1905.

(B) SUBMISSION OF LISTS TO CONGRESSIONAL COMMITTEES.—

(i) IN GENERAL.—No later than January 3 of each calendar year, the Trade Representative shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (hereafter in this section referred to as the "appropriate Congressional Committees") the preliminary candidate lists of those individuals selected by the Trade Representative under subparagraph (A) to be candidates eligible to serve on panels or committees convened pursuant to chapter 19 during the 1-year period beginning on April 1 of such calendar year.

(ii) ADDITIONAL INFORMATION.—At the time the candidate lists are submitted under clause (i), the Trade Representative shall submit for each individual on the list a statement of professional qualifications.

(C) CONSULTATION.—Upon submission of the preliminary candidate lists under subparagraph (B) to the appropriate Congressional Committees, the Trade Representative shall consult with such Committees with regard to the individuals included on the preliminary candidate lists.

(D) REVISION OF LISTS.—The Trade Representative may add and delete individuals from the preliminary candidate lists submitted under subparagraph (B) after consultation with the appropriate Congressional Committees regarding the additions and deletions. The Trade Representative shall provide to the appropriate Congressional Committees written notice of any addition or deletion of an individual from the preliminary candidate lists, along with the information described in subparagraph (B)(ii) with respect to any proposed addition.

(4) FINAL CANDIDATE LISTS.—

(A) SUBMISSION OF LISTS TO CONGRESSIONAL COMMITTEES.—No later than March 31 of each calendar year, the Trade Representative shall submit to the appropriate Congressional Committees the final candidate lists of those individuals selected by the Trade Representative to be candidates eligible to serve on panels and committees convened under chapter 19 during the 1-year period beginning on April 1 of such calendar year. An individual may be included on a final candidate list only if such individual was included in the preliminary candidate list or if written notice of the addition of such individual to the preliminary candidate list was submitted to the appropriate Congressional Committees at least 15 days before the date on which that final candidate list is submitted to such Committees under this subparagraph.

(B) FINALITY OF LISTS.—Except as provided in subparagraph (C), no additions may be made to the final candidate lists after the final candidate lists are submitted to the appropriate Congressional Committees under subparagraph (A).

(C) AMENDMENT OF LISTS.—

(i) IN GENERAL.—If, after the Trade Representative has submitted the final candidate lists to the appropriate Congressional Committees under subparagraph (A) for a calendar year and before July 1 of such calendar year, the Trade Representative determines that additional individuals need to be added to a final candidate list, the Trade Representative shall—

(I) request the interagency group established under paragraph (2)(A) to prepare a list of individuals who are qualified to be added to such candidate list;

(II) select individuals from the list prepared by the interagency group under paragraph (2)(B)(ii) to be included in a proposed amendment to such final candidate list; and

(III) by no later than July 1 of such calendar year, submit to the appropriate Congressional Committees the proposed amendments to such final candidate list developed by the Trade Representative under subclause (II), along with the information described in paragraph (3)(B)(ii).

(ii) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—Upon submission of a proposed amendment under clause (i)(III) to the appropriate Congressional Committees, the Trade Representative shall consult with the appropriate Congressional Committees with regard to the individuals included in the proposed amendment.

(iii) ADJUSTMENT OF PROPOSED AMENDMENT.—The Trade Representative may add and delete individuals from any proposed amendment submitted under clause (i)(III) after consulting with the appropriate Congressional Committees with regard to the additions and deletions. The Trade Representative shall provide to the appropriate Congressional Committees written notice of any addition or deletion of an individual from the proposed amendment.

(iv) FINAL AMENDMENT.—

(I) IN GENERAL.—If the Trade Representative submits under clause (i)(III) in any calendar year a proposed amendment to a final candidate list, the Trade Representative shall, no later than September 30 of such calendar year, submit to the appropriate Congressional Committees the final form of such amendment. On October 1 of such calendar year, such amendment shall take effect and, subject to subclause (II), the individuals included in the final form of such amendment shall be added to the final candidate list.

(II) INCLUSION OF INDIVIDUALS.—An individual may be included in the final form of an amendment submitted under subclause (I) only if such individual was included in the proposed form of such amendment or if written notice of the addition of such individual to the proposed form of such amendment was submitted to the appropriate Congressional Committees at least 15 days before the date on which the final form of such amendment is submitted to such Committees under subclause (I).

(III) ELIGIBILITY FOR SERVICE.—Individuals added to a final candidate list under subclause (I) shall be eligible to serve on panels or committees convened under chapter 19 during the 6-month period beginning on October 1 of the calendar year in which such addition occurs.

(IV) FINALITY OF AMENDMENT.—No additions may be made to the final form of an amendment described in subclause (I) after the final form of such amendment is submitted to the appropriate Congressional Committees under subclause (I).

(5) TREATMENT OF RESPONSES.—For purposes of applying section 1001 of title 18, United States Code, the written or oral responses of individuals to inquiries of the interagency group established under paragraph (2)(A) or of the Trade Representative regarding their personal and professional qualifications, and financial and other relevant interests, that bear on their suitability for the placements and appointments described in subsection (a)(1), shall be treated as matters within the jurisdiction of an agency of the United States.

(d) SELECTION AND APPOINTMENT.—

(1) AUTHORITY OF TRADE REPRESENTATIVE.—The Trade Representative is the only officer of the United States Government authorized to act on behalf of the United States Government in making any selection or appointment of an individual to—

(A) the rosters described in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13; or

(B) the panels or committees convened under chapter 19;

that is to be made solely or jointly by the United States Government under the terms of the Agreement.

(2) RESTRICTIONS ON SELECTION AND APPOINTMENT.—Except as provided in paragraph (3)—

(A) the Trade Representative may—

(i) select an individual for placement on the rosters described in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13 during the 1-year period beginning on April 1 of any calendar year;

(ii) appoint an individual to serve as one of those members of any panel or committee convened under chapter 19 during such 1-year period who, under the terms of the Agreement, are to be appointed solely by the United States Government; or

(iii) act to make a joint appointment with the Government of a NAFTA country, under the terms of the Agreement, of any individual who is a citizen or national of the United States to serve as any other member of such a panel or committee;

only if such individual is on the appropriate final candidate list that was submitted to the appropriate Congressional Committees under subsection (c)(4)(A) during such calendar year or on such list as it may be amended under subsection (c)(4)(C)(iv)(I), or on the list submitted under subsection (b)(3) to the congressional committees referred to in such subsection; and

(B) no individual may—

(i) be selected by the United States Government for placement on the rosters described in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13; or

(ii) be appointed solely or jointly by the United States Government to serve as a member of a panel or committee convened under chapter 19;

during the 1-year period beginning on April 1 of any calendar year for which the Trade Representative has not met the requirements of subsection (a), and of subsection (b) or (c) (as the case may be).

(3) EXCEPTIONS.—Notwithstanding subsection (c)(3) (other than subparagraph (B)), (c)(4), or paragraph (2)(A) of this subsection, individuals included on the preliminary candidate lists submitted to the appropriate Congressional Committees under subsection (c)(3)(B) may—

(A) be selected by the Trade Representative for placement on the rosters described in paragraph 1 of Annex 1901.2 and paragraph 1 of Annex 1904.13 during the 3-month period beginning on the date on which the Agreement enters into force with respect to the United States; and

(B) be appointed solely or jointly by the Trade Representative under the terms of the Agreement to serve as members of panels or committees that are convened under chapter 19 during such 3-month period.

(e) TRANSITION.—If the Agreement enters into force between the United States and a NAFTA country after January 3, 1994, the provisions of subsection (c) shall be applied with respect to the calendar year in which such entering into force occurs—

(1) by substituting "the date that is 30 days after the date on which the Agreement enters into force with respect to the United States" for "January 3 of each calendar year" in subsections (c)(2)(B)(i) and (c)(3)(B)(i); and

(2) by substituting "the date that is 3 months after the date on which the Agreement enters into force with respect to the United States" for "March 31 of each calendar year" in subsection (c)(4)(A).

(f) IMMUNITY.—With the exception of acts described in section 777(f)(3) of the Tariff Act of 1930 (19 U.S.C. 1677f(f)(3)), individuals serving on panels or committees convened pursuant to chapter 19, and individuals designated to assist the individuals serving on such panels or committees, shall be immune from suit and legal process relating to acts performed by such individuals in their official capacity and within the scope of their functions as such panelists or committee members or assistants to such panelists or committee members.

(g) REGULATIONS.—The administering authority under title VII of the Tariff Act of 1930, the International Trade Commission, and the Trade Representative may promulgate such regulations as are necessary or appropriate to carry out actions in order to implement their respective responsibilities under chapter 19. Initial regulations to carry out such functions shall be issued before the date on which the Agreement enters into force with respect to the United States.

(h) REPORT TO CONGRESS.—At such time as the final candidate lists are submitted under subsection (c)(4)(A) and the final forms of amendments are submitted under subsection (c)(4)(C)(iv), the Trade Representative shall submit to the Committee on the Judiciary and the Committee on Ways and Means of the House of Representatives, and to the Committee on Finance and the Committee on the Judiciary of the Senate, a report regarding the efforts made to secure the participation of judges and former judges on binational panels, extraordinary challenge committees, and special committees established under chapter 19.

SEC. 403. TESTIMONY AND PRODUCTION OF PAPERS IN EXTRAORDINARY CHALLENGES.

(a) AUTHORITY OF EXTRAORDINARY CHALLENGE COMMITTEE TO OBTAIN INFORMATION.—If an extraordinary challenge committee (hereafter in this section referred to as the "committee") is convened under paragraph 13 of article 1904, and the allegations before the committee include a matter referred to in paragraph 13(a)(i) of article 1904, for the purposes of carrying out its functions and duties under Annex 1904.13, the committee—

(1) shall have access to, and the right to copy, any document, paper, or record pertinent to the subject matter under consideration, in the possession of any individual, partnership, corporation, association, organization, or other entity;

(2) may summon witnesses, take testimony, and administer oaths;

(3) may require any individual, partnership, corporation, association, organization, or other entity to produce documents, books, or records relating to the matter in question; and

(4) may require any individual, partnership, corporation, association, organization, or other entity to furnish in writing, in such detail and in such form as the committee may prescribe, information in its possession pertaining to the matter.

Any member of the committee may sign subpoenas, and members of the committee, when authorized by the committee, may administer oaths and affirmations, examine witnesses, take testimony, and receive evidence.

(b) WITNESSES AND EVIDENCE.—The attendance of witnesses who are authorized to be summoned, and the production of documentary evidence authorized to be ordered, under subsection (a) may be required from any place in the United States at any designated place of hearing. In the case of disobedience to a subpoena authorized under subsection (a), the committee may request the Attorney General of the United States to invoke the aid of any district or territorial court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence. Such court, within the jurisdiction of which such inquiry is carried on, may, in case of contumacy or refusal to obey a subpoena issued to any individual, partnership, corporation, association, organization, or other entity, issue an order requiring such individual or entity to appear before the committee, or to produce documentary evidence if so ordered or to give evidence concerning the matter in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) MANDAMUS.—Any court referred to in subsection (b) shall have jurisdiction to issue writs of mandamus commanding compliance with the provisions of this section or any order of the committee made in pursuance thereof.

(d) DEPOSITIONS.—The committee may order testimony to be taken by deposition at any stage of the committee review. Such deposition may be taken before any person designated by the committee and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under the direction of such person, and shall then be subscribed by the deponent. Any individual, partnership, corporation, association, organization, or other entity may be compelled to appear and be deposed and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the committee, as provided in this section.

SEC. 404. REQUESTS FOR REVIEW OF DETERMINATIONS BY COMPETENT INVESTIGATING AUTHORITIES OF NAFTA COUNTRIES.

(a) DEFINITIONS.—As used in this section:

(1) COMPETENT INVESTIGATING AUTHORITY.—The term "competent investigating authority" means the competent investigating authority, as defined in article 1911, of a NAFTA country.

(2) UNITED STATES SECRETARY.—The term "United States Secretary" means that officer of the United States referred to in article 1908.

(b) REQUESTS FOR REVIEW BY THE UNITED STATES.—In the case of a final determination of a competent investigating authority, requests by the United States for binational panel review of such determination under article 1904 shall be made by the United States Secretary.

(c) REQUESTS FOR REVIEW BY A PERSON.—In the case of a final determination of a competent investigating authority, a person, within the meaning of paragraph 5 of article 1904, may request a binational panel review of such determination by filing such a request with the United States Secretary within the time limit provided for in paragraph 4 of article 1904. The receipt of such request by the United States Secretary shall be deemed to be a request for binational panel review within the meaning of article 1904. The request for such panel review shall be without prejudice to any challenge before a binational panel of the basis for a particular request for review.

(d) SERVICE OF REQUEST FOR REVIEW.—Whenever binational panel review of a final determination made by a competent investigating authority is requested under this section, the United States Secretary shall serve a copy of the request on all persons who would otherwise be entitled under the law of the importing country to commence proceedings for judicial review of the determination.

SEC. 405. RULES OF PROCEDURE FOR PANELS AND COMMITTEES.

(a) RULES OF PROCEDURE FOR BINATIONAL PANELS.—The administering authority shall prescribe rules, negotiated in accordance with paragraph 14 of article 1904, governing, with respect to binational panel reviews—

(1) requests for such reviews, complaints, other pleadings, and other papers;

(2) the amendment, filing, and service of such pleadings and papers;

(3) the joinder, suspension, and termination of such reviews; and

(4) other appropriate procedural matters.

(b) RULES OF PROCEDURE FOR EXTRAORDINARY CHALLENGE COMMITTEES.—The administering authority shall prescribe rules, negotiated in accordance with paragraph 2 of Annex 1904.13, governing the procedures for reviews by extraordinary challenge committees.

(c) RULES OF PROCEDURE FOR SAFEGUARDING THE PANEL REVIEW SYSTEM.—The administering authority shall prescribe rules, negotiated in accordance with Annex 1905.6, governing the procedures for special committees described in such Annex.

(d) PUBLICATION OF RULES.—The rules prescribed under subsections (a), (b), and (c) shall be published in the Federal Register.

(e) ADMINISTERING AUTHORITY.—As used in this section, the term "administering authority" has the meaning given such term in section 771(1) of the Tariff Act of 1930 (19 U.S.C. 1677(1)).

SEC. 406. SUBSIDY NEGOTIATIONS.

In the case of any trade agreement which may be entered into by the President with a NAFTA country, the negotiating objectives of the United States with respect to subsidies shall include—

(1) achievement of increased discipline on domestic subsidies provided by a foreign government, including—

(A) the provision of capital, loans, or loan guarantees on terms inconsistent with commercial considerations;

(B) the provision of goods or services at preferential rates;

(C) the granting of funds or forgiveness of debt to cover operating losses sustained by a specific industry; and

(D) the assumption of any costs or expenses of manufacture, production, or distribution;

(2) achievement of increased discipline on export subsidies provided by a foreign government, particularly with respect to agricultural products; and

(3) maintenance of effective remedies against subsidized imports, including, where appropriate, countervailing duties.

SEC. 407. IDENTIFICATION OF INDUSTRIES FACING SUBSIDIZED IMPORTS.

(a) PETITIONS.—Any entity, including a trade association, firm, certified or recognized union, or group of workers, that is representative of a United States industry and has reason to believe—

(1) that—

(A) as a result of implementation of provisions of the Agreement, the industry is likely to face increased competition from subsidized imports, from a NAFTA country, with which it directly competes; or

(B) the industry is likely to face increased competition from subsidized imports with which it directly competes from any other country designated by the President, following consultations with the Congress, as benefiting from a reduction of tariffs or other trade barriers under a trade agreement that enters into force with respect to the United States after January 1, 1994; and

(2) that the industry is likely to experience a deterioration of its competitive position before more effective rules and disciplines relating to the use of government subsidies have been developed with respect to the country concerned;

may file with the Trade Representative a petition that such industry be identified under this section.

(b) IDENTIFICATION OF INDUSTRY.—Within 90 days after receipt of a petition under subsection (a), the Trade Representative, in consultation with the Secretary of Commerce, shall decide whether to identify the industry on the basis that there is a reasonable likelihood that the industry may face both the subsidization described in subsection (a)(1) and the deterioration described in subsection (a)(2).

(c) ACTION AFTER IDENTIFICATION.—At the request of an entity that is representative of an industry identified under subsection (b), the Trade Representative shall—

(1) compile and make available to the industry information under section 308 of the Trade Act of 1974;

(2) recommend to the President that an investigation by the International Trade Commission be requested under section 332 of the Tariff Act of 1930; or

(3) take actions described in both paragraphs (1) and (2).

The industry may request the Trade Representative to take appropriate action to update (as often as annually) any information obtained under paragraph (1) or (2), or both, as the case may be, until an agreement on more effective rules and disciplines relating to government subsidies is reached between the United States and the NAFTA countries.

(d) INITIATION OF ACTION UNDER OTHER LAW.—

(1) IN GENERAL.—The Trade Representative and the Secretary of Commerce shall review information obtained under subsection (c) and consult with the industry identified under subsection (b) with a view to deciding whether any action is appropriate—

(A) under section 301 of the Trade Act of 1974, including the initiation of an investigation under section 302(c) of that Act (in the case of the Trade Representative); or

(B) under subtitle A of title VII of the Tariff Act of 1930, including the initiation of an investigation under section 702(a) of that Act (in the case of the Secretary of Commerce).

(2) CRITERIA FOR INITIATION.—In determining whether to initiate any investigation under section 301 of the Trade Act of 1974 or any other trade law, other than title VII of the Tariff Act of 1930, the Trade Representative, after consultation with the Secretary of Commerce—

(A) shall seek the advice of the advisory committees established under section 135 of the Trade Act of 1974;

(B) shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives;

(C) shall coordinate with the interagency organization established under section 242 of the Trade Expansion Act of 1962; and

(D) may ask the President to request advice from the International Trade Commission.

(3) TITLE III ACTIONS.—In the event an investigation is initiated under section 302(c) of the Trade Act of 1974 as a result of a review under this subsection and the Trade Representative, following such investigation (including any applicable dispute settlement proceedings under the Agreement or any other trade agreement), determines to take action under section 301(a) of such Act, the Trade Representative shall give preference to actions that most directly affect the products that benefit from governmental subsidies and were the subject of the investigation, unless there are no significant imports of such products or the Trade Representative otherwise determines that application of the action to other products would be more effective.

(e) EFFECT OF DECISIONS.—Any decision, whether positive or negative, or any action by the Trade Representative or the Secretary of Commerce under this section shall not in any way—

(1) prejudice the right of any industry to file a petition under any trade law;

(2) prejudice, affect, or substitute for, any proceeding, investigation, determination, or action by the Secretary of Commerce, the International Trade Commission, or the Trade Representative pursuant to such a petition, or

(3) prejudice, affect, substitute for, or obviate any proceeding, investigation, or determination under section 301 of the Trade Act of 1974, title VII of the Tariff Act of 1930, or any other trade law.

(f) STANDING.—Nothing in this section may be construed to alter in any manner the requirements in effect before the date of the enactment of this Act for standing under any law of the United States or to add any additional requirements for standing under any law of the United States.

SEC. 408. TREATMENT OF AMENDMENTS TO ANTIDUMPING AND COUNTERVAILING DUTY LAW.

Any amendment enacted after the Agreement enters into force with respect to the United States that is made to—

(1) section 303 or title VII of the Tariff Act of 1930, or any successor statute, or

(2) any other statute which—

(A) provides for judicial review of final determinations under such section, title, or successor statute, or

(B) indicates the standard of review to be applied,

shall apply to goods from a NAFTA country only to the extent specified in the amendment.

Subtitle B—Conforming Amendments and Provisions

SEC. 411. JUDICIAL REVIEW IN ANTIDUMPING DUTY AND COUNTERVAILING DUTY CASES.

Section 516A of the Tariff Act of 1930 (19 U.S.C. 1516a) is amended as follows:

(1) Subsection (a)(5) (relating to time limits for commencing review) is amended to read as follows:

"(5) TIME LIMITS IN CASES INVOLVING MERCHANDISE FROM FREE TRADE AREA COUNTRIES.—Notwithstanding any other provision of this subsection, in the case of a determination to which the provisions of subsection (g) apply, an action under this subsection may not be commenced, and the time limits for commencing an action under this subsection shall not begin to run, until the day specified in whichever of the following subparagraphs applies:

"(A) For a determination described in paragraph (1)(B) or clause (i), (ii) or (iii) of paragraph (2)(B), the 31st day after the date on which notice of the determination is published in the Federal Register.

"(B) For a determination described in clause (vi) of paragraph (2)(B), the 31st day after the date on which the government of the relevant FTA country receives notice of the determination.

"(C) For a determination with respect to which binational panel review has commenced in accordance with subsection (g)(8), the day after the date as of which—

"(i) the binational panel has dismissed binational panel review of the determination for lack of jurisdiction, and

"(ii) any interested party seeking review of the determination under paragraph (1), (2), or (3) of this subsection has provided timely notice under subsection (g)(3)(B).

If such an interested party files a summons and complaint under this subsection after dismissal by the binational panel, and if a request for an extraordinary challenge committee is made with respect to the decision by the binational panel to dismiss—

"(I) judicial review under this subsection shall be stayed during consideration by the committee of the request, and

"(II) the United States Court of International Trade shall dismiss the action if the committee vacates or remands the binational panel decision to dismiss.

"(D) For a determination for which review by the United States Court of International Trade is provided for—

"(i) under subsection (g)(12)(B), the day after the date of publication in the Federal Register of notice that article 1904 of the NAFTA has been suspended, or

"(ii) under subsection (g)(12)(D), the day after the date that notice of settlement is published in the Federal Register.".

(2) Subsection (b)(3) (relating to the standards of review) is amended—

(A) by inserting "NAFTA OR" after "DECISIONS BY" in the heading; and

(B) by inserting "of the NAFTA or" after "article 1904".

(3) Subsection (f) (relating to definitions) is amended—

(A) by amending paragraphs (6) and (7) to read as follows:

"(6) UNITED STATES SECRETARY.—The term 'United States Secretary' means—

"(A) the secretary for the United States Section referred to in article 1908 of the NAFTA, and

"(B) the secretary of the United States Section provided for in article 1909 of the Agreement.

"(7) RELEVANT FTA SECRETARY.—The term 'relevant FTA Secretary' means the Secretary—

"(A) referred to in article 1908 of the NAFTA, or

"(B) provided for in paragraph 5 of article 1909 of the Agreement,

of the relevant FTA country."; and

(B) by adding at the end the following new paragraphs:

"(8) NAFTA.—The term 'NAFTA' means the North American Free Trade Agreement.

"(9) RELEVANT FTA COUNTRY.—The term 'relevant FTA country' means the free trade area country to which an antidumping or countervailing duty proceeding pertains.

"(10) FREE TRADE AREA COUNTRY.—The term 'free trade area country' means the following:

"(A) Canada for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Canada.

"(B) Mexico for such time as the NAFTA is in force with respect to, and the United States applies the NAFTA to, Mexico.

"(C) Canada for such time as—

"(i) it is not a free trade area country under subparagraph (A); and

"(ii) the Agreement is in force with respect to, and the United States applies the Agreement to, Canada.".

(4) Subsection (g) (relating to review of countervailing and antidumping duty determinations) is amended as follows:

(A) The subsection heading is amended by striking out "Canadian Merchandise" and inserting "FREE TRADE AREA COUNTRY MERCHANDISE".

(B) Paragraph (1) is amended by striking out "Canadian merchandise" and inserting "free trade area country merchandise".

(C) Paragraph (2) is amended by inserting "of the NAFTA or" after "article 1904".

(D) Paragraph (3)(A) is amended—

(i) by striking out "nor Canada" and inserting "nor the relevant FTA country" in each of clauses (i) and (ii);

(ii) by inserting "of the NAFTA or" before "of the Agreement" in each of clauses (i) and (iii);

(iii) by striking out "or" at the end of clause (iii);

(iv) by amending clause (iv)—

(I) by striking out "under paragraph (2)(A)"; and

(II) by striking out the period and inserting a comma; and

(v) by adding at the end of subparagraph (A) the following:

"(v) a determination as to which binational panel review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA, or

"(vi) a determination as to which extraordinary challenge committee review has terminated pursuant to paragraph 12 of article 1905 of the NAFTA.".

(E) The first and second sentences of paragraph (3)(B) are amended to read as follows: "A determination described in subparagraph (A)(i) or (iv) is reviewable under subsection (a) only if the party seeking to commence review has provided timely notice of its intent to commence such review to—

"(i) the United States Secretary and the relevant FTA Secretary;

"(ii) all interested parties who were parties to the proceeding in connection with which the matter arises; and

"(iii) the administering authority or the Commission, as appropriate.

Such notice is timely provided if the notice is delivered no later than the date that is 20 days after the date described in subparagraph (A) or (B) of subsection (a)(5) that is applicable to such determination, except that, if the time for requesting binational panel review is suspended under paragraph (8)(A)(ii) of this subsection, any unexpired time for providing notice of intent to commence judicial review shall, during the pendency of any such suspension, also be suspended.".

(F) Paragraph (4)(A) is amended—

(i) in the first sentence—

(I) by inserting "the North American Free Trade Agreement Implementation Act implementing the binational dispute settlement system under chapter 19 of the NAFTA, or" after "or amendment made by,";

(II) by inserting a comma before "violates";

(III) by inserting "only" after "may be brought"; and

(IV) by inserting ", which shall have jurisdiction of such action" after "Circuit"; and

(ii) by striking the last sentence.

(G) Paragraph (5) is amended—

(i) by inserting "of the NAFTA or" after "article 1904" in each of subparagraphs (A), (B), and (C)(i);

(ii) by striking out ", the Canadian Secretary," in subparagraph (C)(ii) and inserting ", the relevant FTA Secretary,"; and

(iii) by inserting "of the NAFTA or" after "chapter 19" in subparagraph (C)(iii).

(H) Paragraph (6) is amended by inserting "of the NAFTA or" after "article 1904".

(I) Paragraph (7) is amended—

(i) by inserting "OF THE NAFTA OR THE AGREEMENT" before the period in the paragraph heading;

(ii) by striking out "IN GENERAL.—" in the heading to subparagraph (A) and inserting "ACTION UPON REMAND.—"; and

(iii) by inserting "the NAFTA or" before "the Agreement" in subparagraph (A).

(J) Paragraph (8)(A) is amended—

(i) by inserting "(i) GENERAL RULE.—" before "An interested party";

(ii) by inserting "of the NAFTA or" after "article 1904(4)";

(iii) by indenting the text so as to align it with new clause (ii) (as added by clause (iv) of this subparagraph); and

(iv) by adding at the end the following new clause:

"(ii) SUSPENSION OF TIME TO REQUEST BINATIONAL PANEL REVIEW UNDER THE NAFTA.—Notwithstanding clause (i), the time for requesting binational panel review shall be suspended during the pendency of any stay of binational panel review that is issued pursuant to paragraph 11(a) of article 1905 of the NAFTA.".

(K) Paragraph (8)(B)(ii) is amended by striking out "Canadian Secretary," and inserting "relevant FTA Secretary,".

(L) Paragraph (8)(C) is amended by striking out "under article 1904 of the Agreement of a determination" and inserting "of a determination under article 1904 of the NAFTA or the Agreement".

(M) Paragraph (9) is amended by inserting "of the NAFTA or" after "chapter 19".

(N) Paragraph (10) is amended by striking out "Government of Canada" and all that follows thereafter and inserting "Government of the relevant FTA country received notice of the determination under paragraph 4 of article 1904 of the NAFTA or the Agreement.".

(O) The following new paragraphs are added at the end:

"(11) SUSPENSION AND TERMINATION OF SUSPENSION OF ARTICLE 1904 OF THE NAFTA.—

"(A) SUSPENSION OF ARTICLE 1904.—If a special committee established under article 1905 of the NAFTA issues an affirmative finding, the Trade Representative may, in accordance with paragraph 8(a) or 9, as appropriate, of article 1905 of the NAFTA, suspend the operation of article 1904 of the NAFTA.

"(B) TERMINATION OF SUSPENSION OF ARTICLE 1904.—If a special committee is reconvened and makes an affirmative determination described in paragraph 10(b) of article 1905 of the NAFTA, any suspension of the operation of article 1904 of the NAFTA shall terminate.

"(12) JUDICIAL REVIEW UPON TERMINATION OF BINATIONAL PANEL OR COMMITTEE REVIEW UNDER THE NAFTA.—

"(A) NOTICE OF SUSPENSION OR TERMINATION OF SUSPENSION OF ARTICLE 1904.—

"(i) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the operation of article 1904 of the NAFTA has been suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of suspension of article 1904 of the NAFTA.

"(ii) Upon notification by the Trade Representative or the Government of a country described in subsection (f)(10)(A) or (B) that the suspension of the operation of article 1904 of the NAFTA is terminated in accordance with paragraph 10 of article 1905 of the NAFTA, the United States Secretary shall publish in the Federal Register a notice of termination of suspension of article 1904 of the NAFTA.

"(B) TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW UPON SUSPENSION OF ARTICLE 1904.—If the operation of article 1904 of the NAFTA is suspended in accordance with paragraph 8(a) or 9 of article 1905 of the NAFTA—

"(i) upon the request of an authorized person described in subparagraph (C), any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a); or

"(ii) in a case in which—

"(I) a binational panel review was completed fewer than 30 days before the suspension, and

"(II) extraordinary challenge committee review has not been requested,

upon the request of an authorized person described in subparagraph (C) which is made within 60 days after the completion of the binational panel review, the final determination that was the subject of the binational

panel review shall be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

"(C) PERSONS AUTHORIZED TO REQUEST TRANSFER OF FINAL DETERMINATIONS FOR JUDICIAL REVIEW.—A request that a final determination be transferred to the Court of International Trade under subparagraph (B) may be made by—

"(i) if the United States made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 8(a) of article 1905 of the NAFTA—

"(I) the government of the relevant country described in subsection (f)(10)(A) or (B),

"(II) an interested party that was a party to the panel or committee review, or

"(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing notices of appearance in the panel review has not expired, or

"(ii) if a country described in subsection (f)(10)(A) or (B) made an allegation under paragraph 1 of article 1905 of the NAFTA and the operation of article 1904 of the NAFTA was suspended pursuant to paragraph 9 of article 1905 of the NAFTA—

"(I) the government of that country,

"(II) an interested party that is a person of that country and that was a party to the panel or committee review, or

"(III) an interested party that is a person of that country and that was a party to the proceeding in connection with which panel review was requested, but only if the time period for filing notices of appearance in the panel review has not expired.

"(D)(i) TRANSFER FOR JUDICIAL REVIEW UPON SETTLEMENT.—If the Trade Representative achieves a settlement with the government of a country described in subsection (f)(10)(A) or (B) pursuant to paragraph 7 of article 1905 of the NAFTA, and referral for judicial review is among the terms of such settlement, any final determination that is the subject of a binational panel review or an extraordinary challenge committee review shall, upon a request described in clause (ii), be transferred to the United States Court of International Trade (in accordance with rules issued by the Court) for review under subsection (a).

"(ii) A request referred to in clause (i) is a request made by—

"(I) the country referred to in clause (i),

"(II) an interested party that was a party to the panel or committee review, or

"(III) an interested party that was a party to the proceeding in connection with which panel review was requested, but only if the time for filing notices of appearance in the panel review has not expired.".

SEC. 412. CONFORMING AMENDMENTS TO OTHER PROVISIONS OF THE TARIFF ACT OF 1930.

(a) REGULATIONS FOR APPRAISEMENT AND CLASSIFICATION; FINALITY AND DECISION.—Sections 502(b) and 514(b) of the Tariff Act of 1930 (19 U.S.C. 1502(b) and 1514(b)) are each amended by inserting "the North American Free Trade Agreement or" before "the United States-Canada Free-Trade Agreement".

(b) DEFINITION.—Section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is amended—

(1) by redesignating as paragraph (21) (and placing in numerical sequence) the second paragraph that is designated as paragraph (18) (relating to the definition of the United States-Canada Agreement) in such section; and

(2) by inserting after paragraph (21) (as redesignated by paragraph (1) of this subsection) the following new paragraph:

"(22) NAFTA.—The term 'NAFTA' means the North American Free Trade Agreement.".

(c) DISCLOSURE OF PROPRIETARY INFORMATION IN TITLE VII PROCEEDINGS.—Section 777(f) of the Tariff Act of 1930 (19 U.S.C. 1677f(f)) is amended—

(1) by inserting "THE NORTH AMERICAN FREE TRADE AGREEMENT OR" before "THE UNITED STATES-CANADA AGREEMENT" in the heading;

(2) by inserting "the NAFTA or" before "the United States-Canada Agreement" each place it appears in paragraph (1)(A);

(3) in the second sentence of paragraph (1)(A)—

(A) by inserting "or extraordinary challenge committee" after "binational panel"; and

(B) by inserting "or committee" after "the panel";

(4) in paragraph (1)(B)—

(A) by inserting "the NAFTA or" before "the Agreement" in clauses (iii) and (iv); and

(B) by striking out "Government of Canada designated by an authorized agency of Canada" in clause (iv) and inserting "Government of a free trade area country (as defined in section 516A(f)(10)) designated by an authorized agency of such country";

(5) in paragraph (2) by inserting ", including any extraordinary challenge," after "binational panel proceeding";

(6) in paragraph (3)—

(A) by inserting "or extraordinary challenge committee" after "binational panel", and

(B) by inserting "the NAFTA or" before "the United States-Canada Agreement";

(7) by striking out "agency of Canada" in each of paragraphs (3) and (4) and inserting "agency of a free trade area country (as defined in section 516A(f)(10))"; and

(8) in the first sentence of paragraph (4) by inserting ", except a judge appointed to a binational panel or an extraordinary challenge committee under section 402(b) of the North American Free Trade Agreement Implementation Act," after "Any person".

SEC. 413. CONSEQUENTIAL AMENDMENT TO FREE-TRADE AGREEMENT ACT OF 1988.

Section 410(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988 (19 U.S.C. 2112 note) is amended by adding at the end the following new sentence: "In calculating the 7-year period referred to in paragraph (1), any time during which Canada is a NAFTA country (as defined in section 2(4) of the North American Free Trade Agreement Implementation Act) shall be disregarded.".

SEC. 414. CONFORMING AMENDMENTS TO TITLE 28, UNITED STATES CODE.

(a) COURT OF INTERNATIONAL TRADE.—Chapter 95 of title 28, United States Code, is amended—

(1) in section 1581(i) by inserting "the North American Free Trade Agreement or" before "the United States-Canada Free-Trade Agreement";

(2) in section 1584—

(A) by amending the section heading to read as follows:

"§ 1584. Civil actions under the North American Free Trade Agreement or the United States-Canada Free-Trade Agreement"; and

(B) by striking out "777(d)" and inserting "777(f)"; and

(3) in the table of contents for such chapter by amending the entry for section 1584 to read as follows:

"1584. Civil actions under the North American Free Trade Agreement or the United States-Canada Free-Trade Agreement.".

(b) PARTICULAR PROCEEDINGS.—Sections 2201(a) and 2643(c)(5) of title 28, United States Code, are each amended by striking out "Canadian merchandise," and inserting "merchandise of a free trade area country (as defined in section 516A(f)(10) of the Tariff Act of 1930),".

SEC. 415. EFFECT OF TERMINATION OF NAFTA COUNTRY STATUS.

(a) IN GENERAL.—Except as provided in subsection (b), on the date on which a country ceases to be a NAFTA country, the provisions of this title (other than this section) and the amendments made by this title shall cease to have effect with respect to that country.

(b) TRANSITION PROVISIONS.—

(1) PROCEEDINGS REGARDING PROTECTIVE ORDERS AND UNDERTAKINGS.—If on the date on which a country ceases to be a NAFTA country an investigation or enforcement proceeding concerning the violation of a protective order issued under section 777(f) of the Tariff Act of 1930 (as amended by this subtitle) or an undertaking of the Government of that country is pending, the investigation or proceeding shall continue, and sanctions may continue to be imposed, in accordance with the provisions of such section 777(f).

(2) BINATIONAL PANEL AND EXTRAORDINARY CHALLENGE COMMITTEE REVIEWS.—If on the date on which a country ceases to be a NAFTA country—

(A) a binational panel review under article 1904 of the Agreement is pending, or has been requested; or

(B) an extraordinary challenge committee review under article 1904 of the Agreement is pending, or has been requested;

with respect to a determination which involves a class or kind of merchandise and to which section 516A(g)(2) of the Tariff Act of 1930 applies, such determination shall be reviewable under section 516A(a) of the Tariff Act of 1930. In the case of a determination to which the provisions of this paragraph apply, the time limits for commencing an action under 516A(a) of the Tariff Act of 1930 shall not begin to run until the date on which the Agreement ceases to be in force with respect to that country.

SEC. 416. EFFECTIVE DATE.

The provisions of this title and the amendments made by this title take effect on the date the Agreement enters into force with respect to the United States, but shall not apply—

(1) to any final determination described in paragraph (1)(B), or (2)(B)(i), (ii), or (iii), of section 516A(a) of the Tariff Act of 1930 notice of which is published in the Federal Register before such date, or to a determination described in paragraph (2)(B)(vi) of section 516A(a) of such Act notice of which is received by the Government of Canada or Mexico before such date; or

(2) to any binational panel review under the United States-Canada Free-Trade Agreement, or any extraordinary challenge arising out of any such review, that was commenced before such date.

TITLE V—NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE AND OTHER PROVISIONS

Subtitle A—NAFTA Transitional Adjustment Assistance Program

SEC. 501. SHORT TITLE.

This subtitle may be cited as the "NAFTA Worker Security Act".

SEC. 502. ESTABLISHMENT OF NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE PROGRAM.

Chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is amended by adding at the end the following new subchapter:

"Subchapter D—NAFTA Transitional Adjustment Assistance Program

"SEC. 250. ESTABLISHMENT OF TRANSITIONAL PROGRAM.

"(a) GROUP ELIGIBILITY REQUIREMENTS.—

"(1) CRITERIA.—A group of workers (including workers in any agricultural firm or subdivision of an agricultural firm) shall be certified as eligible to apply for adjustment assistance under this subchapter pursuant to a petition filed under subsection (b) if the Secretary determines that a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated, and either—

"(A) that—

"(i) the sales or production, or both, of such firm or subdivision have decreased absolutely,

"(ii) imports from Mexico or Canada of articles like or directly competitive with articles produced by such firm or subdivision have increased, and

"(iii) the increase in imports under clause (ii) contributed importantly to such workers' separation or threat of separation and to the decline in the sales or production of such firm or subdivision; or

"(B) that there has been a shift in production by such workers' firm or subdivision to Mexico or Canada of articles like or directly competitive with articles which are produced by the firm or subdivision.

"(2) DEFINITION OF CONTRIBUTED IMPORTANTLY.—The term 'contributed importantly', as used in paragraph (1)(A)(iii), means a cause which is important but not necessarily more important than any other cause.

"(3) REGULATIONS.—The Secretary shall issue regulations relating to the application of the criteria described in paragraph (1) in making preliminary findings under subsection (b) and determinations under subsection (c).

"(b) PRELIMINARY FINDINGS AND BASIC ASSISTANCE.—

"(1) FILING OF PETITIONS.—A petition for certification of eligibility to apply for adjustment assistance under this subchapter may be filed by a group of workers (including workers in any agricultural firm or subdivision of an agricultural firm) or by their certified or recognized union or other duly authorized representative with the Governor of the State in which such workers' firm or subdivision thereof is located.

"(2) FINDINGS AND ASSISTANCE.—Upon receipt of a petition under paragraph (1), the Governor shall—

"(A) notify the Secretary that the Governor has received the petition;

"(B) within 10 days after receiving the petition—

"(i) make a preliminary finding as to whether the petition meets the criteria described in subsection (a)(1) (and for purposes of this clause the criteria described under subparagraph (A)(iii) of such subsection shall be disregarded), and

"(ii) transmit the petition, together with a statement of the finding under clause (i) and reasons therefor, to the Secretary for action under subsection (c); and

"(C) if the preliminary finding under subparagraph (B)(i) is affirmative, ensure that rapid response and basic readjustment services authorized under other Federal law are made available to the workers.

"(c) REVIEW OF PETITIONS BY SECRETARY; CERTIFICATIONS.—

"(1) IN GENERAL.—The Secretary, within 30 days after receiving a petition under subsection (b), shall determine whether the petition meets the criteria described in subsection (a)(1). Upon a determination that the petition meets such criteria, the Secretary shall issue to workers covered by the petition a certification of eligibility to apply for assistance described in subsection (d).

"(2) DENIAL OF CERTIFICATION.—Upon denial of certification with respect to a petition under paragraph (1), the Secretary shall review the petition in accordance with the requirements of subchapter A to determine if the workers may be certified under such subchapter.

"(d) COMPREHENSIVE ASSISTANCE.—Workers covered by certification issued by the Secretary under subsection (c) shall be provided, in the same manner and to the same extent as workers covered under a certification under subchapter A, the following:

"(1) Employment services described in section 235.

"(2) Training described in section 236, except that notwithstanding the provisions of section 236(a)(2)(A), the total amount of payments for training under this subchapter for any fiscal year shall not exceed $30,000,000.

"(3) Trade readjustment allowances described in sections 231 through 234, except that—

"(A) the provisions of sections 231(a)(5)(C) and 231(c), authorizing the payment of trade readjustment allowances upon a finding that it is not feasible or appropriate to approve a training program for a worker, shall not be applicable to payment of such allowances under this subchapter; and

"(B) notwithstanding the provisions of section 233(b), in order for a worker to qualify for trade readjustment allowances under this subchapter, the worker shall be enrolled in a training program approved by the Secretary under section 236(a) by the later of—

"(i) the last day of the 16th week of such worker's initial unemployment compensation benefit period, or

"(ii) the last day of the 6th week after the week in which the Secretary issues a certification covering such worker.

In cases of extenuating circumstances relating to enrollment in a training program, the Secretary may extend the time for enrollment for a period not to exceed 30 days .

"(4) Job search allowances described in section 237.

"(5) Relocation allowances described in section 238.

"(e) ADMINISTRATION.—The provisions of subchapter C shall apply to the administration of the program under this subchapter in the same manner and to the same extent as such provisions apply to the administration of the program under subchapters A and B, except that the agreement between the Secretary and the States described in section 239 shall specify the procedures that will be used to carry out the certification process under subsection (c) and the procedures for providing relevant data by the Secretary to assist the States in making preliminary findings under subsection (b).".

SEC. 503. CONFORMING AMENDMENTS.

(a) REFERENCES.—Sections 221(a), 222(a), and 223(a) of the Trade Act of 1974 (19 U.S.C. 2271(a), 2272(a), and 2273(a)) are each amended by striking out "assistance under this chapter" and inserting "assistance under this subchapter".

(b) BENEFIT INFORMATION.—Section 225(b) of the Trade Act of 1974 (19 U.S.C. 2275(b)) is amended by inserting "or subchapter D" after "subchapter A" each place it appears.

(c) NONDUPLICATION OF ASSISTANCE.—Subchapter C of chapter 2 of title II of the Trade Act of 1974 is amended by adding at the end the following new section:

"SEC. 249A. NONDUPLICATION OF ASSISTANCE.

"No worker may receive assistance relating to a separation pursuant to certifications under both subchapters A and D of this chapter.".

(d) JUDICIAL REVIEW.—Section 284(a) of the Trade Act of 1974 (19 U.S.C. 2395(a)) is amended by inserting "or section 250(c)" after "section 223".

(e) TABLE OF CONTENTS.—The table of contents for chapter 2 of title II of the Trade Act of 1974 is amended—

(1) by inserting after the item relating to section 249 the following new item:

"Sec. 249A. Nonduplication of assistance.";

and

(2) by adding at the end thereof the following new items:

"SUBCHAPTER D—NAFTA TRANSITIONAL ADJUSTMENT ASSISTANCE PROGRAM

"Sec. 250. Establishment of transitional program.".

SEC. 504. AUTHORIZATION OF APPROPRIATIONS.

Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended—

(1) by striking "There" and inserting "(a) IN GENERAL.—There",

(2) by inserting ", other than subchapter D" after "chapter", and

(3) by adding at the end the following new subsection:

"(b) SUBCHAPTER D.—There are authorized to be appropriated to the Department of Labor, for each of fiscal years 1994, 1995, 1996, 1997, and 1998, such sums as may be necessary to carry out the purposes of subchapter D of this chapter.".

SEC. 505. TERMINATION OF TRANSITION PROGRAM.

Subsection (c) of section 285 of the Trade Act of 1974 (19 U.S.C. 2271 preceding note) is amended—

(1) by striking "No" and inserting "(1) Except as provided in paragraph (2), no"; and

(2) by adding at the end the following new paragraph:

"(2)(A) Except as provided in subparagraph (B), no assistance, vouchers, allowances, or other payments may be provided under subchapter D of chapter 2 after the day that is the earlier of—

"(i) September 30, 1998, or

"(ii) the date on which legislation, establishing a program providing dislocated workers with comprehensive assistance substantially similar to the assistance provided by such subchapter D, becomes effective.

"(B) Notwithstanding subparagraph (A), if, on or before the day described in subparagraph (A), a worker—

"(i) is certified as eligible to apply for assistance, under subchapter D of chapter 2; and

"(ii) is otherwise eligible to receive assistance in accordance with section 250,

such worker shall continue to be eligible to receive such assistance for any week for which the worker meets the eligibility requirements of such section.".

SEC. 506. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by sections 501, 502, 503, 504, and 505 shall take effect on the date the Agreement enters into force with respect to the United States.

(b) COVERED WORKERS.—

(1) GENERAL RULE.—Except as provided in paragraph (2), no worker shall be certified as eligible to receive assistance under subchapter D of chapter 2 of title II of the Trade Act of 1974 (as added by this subtitle) whose last total or partial separation from a firm (or appropriate subdivision of a firm) occurred before such date of entry into force.

(2) REACHBACK.—Notwithstanding paragraph (1), any worker—

(A) whose last total or partial separation from a firm (or appropriate subdivision of a firm) occurs—

(i) after the date of the enactment of this Act, and

(ii) before such date of entry into force, and

(B) who would otherwise be eligible to receive assistance under subchapter D of chapter 2 of title II of the Trade Act of 1974,

shall be eligible to receive such assistance in the same manner as if such separation occurred on or after such date of entry into force.

SEC. 507. TREATMENT OF SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) GENERAL RULE.—Section 3306 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(t) SELF-EMPLOYMENT ASSISTANCE PROGRAM.—For the purposes of this chapter, the term 'self-employment assistance program' means a program under which—

"(1) individuals who meet the requirements described in paragraph (3) are eligible to receive an allowance in lieu of regular unemployment compensation under the State law for the purpose of assisting such individuals in establishing a business and becoming self-employed;

"(2) the allowance payable to individuals pursuant to paragraph (1) is payable in the same amount, at the same interval, on the same terms, and subject to the same conditions, as regular unemployment compensation under the State law, except that—

"(A) State requirements relating to availability for work, active search for work, and refusal to accept work are not applicable to such individuals;

"(B) State requirements relating to disqualifying income are not applicable to income earned from self-employment by such individuals; and

"(C) such individuals are considered to be unemployed for the purposes of Federal and State laws applicable to unemployment compensation,

as long as such individuals meet the requirements applicable under this subsection;

"(3) individuals may receive the allowance described in paragraph (1) if such individuals—

"(A) are eligible to receive regular unemployment compensation under the State law, or would be eligible to receive such compensation except for the requirements described in subparagraph (A) or (B) of paragraph (2);

"(B) are identified pursuant to a State worker profiling system as individuals likely to exhaust regular unemployment compensation; and

"(C) are participating in self-employment assistance activities which—

"(i) include entrepreneurial training, business counseling, and technical assistance; and

"(ii) are approved by the State agency; and

"(D) are actively engaged on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed;

"(4) the aggregate number of individuals receiving the allowance under the program does not at any time exceed 5 percent of the number of individuals receiving regular unemployment compensation under the State law at such time;

"(5) the program does not result in any cost to the Unemployment Trust Fund (established by section 904(a) of the Social Security Act) in excess of the cost that would be incurred by such State and charged to such Fund if the State had not participated in such program; and

"(6) the program meets such other requirements as the Secretary of Labor determines to be appropriate.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3304(a)(4) of such Code is amended—

(A) in subparagraph (D), by striking "; and" and inserting a semicolon;

(B) in subparagraph (E), by striking the semicolon and inserting "; and"; and

(C) by adding at the end the following new subparagraph:

"(F) amounts may be withdrawn for the payment of allowances under a self-employment assistance program (as defined in section 3306(t));".

(2) Section 3306(f) of such Code is amended—

(A) in paragraph (3), by striking "; and" and inserting a semicolon;

(B) in paragraph (4), by striking the period and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(5) amounts may be withdrawn for the payment of allowances under a self-employment assistance program (as defined in subsection (t)).".

(3) Section 303(a)(5) of the Social Security Act (42 U.S.C. 503(a)(5)) is amended by striking "; and" and inserting ": *Provided further*, That amounts may be withdrawn for the payment of allowances under a self-employment assistance program (as defined in section 3306(t) of the Internal Revenue Code of 1986); and".

(c) STATE REPORTS.—Any State operating a self-employment program authorized by the Secretary of Labor under this section shall report annually to the Secretary on the number of individuals who participate in the self-employment assistance program, the number of individuals who are able to develop and sustain businesses, the operating costs of the program, compliance with program requirements, and any other relevant aspects of program operations requested by the Secretary.

(d) REPORT TO CONGRESS.—Not later than 4 years after the date of the enactment of this Act, the Secretary of Labor shall submit a report to the Congress with respect to the operation of the program authorized under this section. Such report shall be based on the reports received from the States pursuant to subsection (c) and include such other information as the Secretary of Labor determines is appropriate.

(e) EFFECTIVE DATE; SUNSET.—

(1) EFFECTIVE DATE.—The provisions of this section and the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) SUNSET.—The authority provided by this section, and the amendments made by this section, shall terminate 5 years after the date of the enactment of this Act.

Subtitle B—Provisions Relating to Performance Under the Agreement

SEC. 511. DISCRIMINATORY TAXES.

It is the sense of the Congress that when a State, province, or other governmental entity of a NAFTA country discriminatorily enforces sales or other taxes so as to afford protection to domestic production or domestic service providers, such enforcement is in violation of the terms of the Agreement. When such discriminatory enforcement adversely affects United States producers of goods or United States service providers, the Trade Representative should pursue all appropriate remedies to obtain removal of such discriminatory enforcement, including invocation of the provisions of the Agreement.

SEC. 512. REVIEW OF THE OPERATION AND EFFECTS OF THE AGREEMENT.

(a) STUDY.—By not later than July 1, 1997, the President shall provide to the Congress a comprehensive study on the operation and effects of the Agreement. The study shall include an assessment of the following factors:

(1) The net effect of the Agreement on the economy of the United States, including with respect to the United States gross national product, employment, balance of trade, and current account balance.

(2) The industries (including agricultural industries) in the United States that have significantly increased exports to Mexico or Canada as a result of the Agreement, or in which imports into the United States from Mexico or Canada have increased significantly as a result of the Agreement, and the extent of any change in the wages, employment, or productivity in each such industry as a result of the Agreement.

(3) The extent to which investment in new or existing production or other operations in the United States has been redirected to Mexico as a result of the Agreement, and the effect on United States employment of such redirection.

(4) The extent of any increase in investment, including foreign direct investment and increased investment by United States investors, in new or existing production or other operations in the United States as a result of the Agreement, and the effect on United States employment of such investment.

(5) The extent to which the Agreement has contributed to—

(A) improvement in real wages and working conditions in Mexico,

(B) effective enforcement of labor and environmental laws in Mexico, and

(C) the reduction or abatement of pollution in the region of the United States-Mexico border.

(b) SCOPE.—In assessing the factors listed in subsection (a), to the extent possible, the study shall distinguish between the consequences of the Agreement and events that likely would have occurred without the Agreement. In addition, the study shall evaluate the effects of the Agreement relative to aggregate economic changes and, to the extent possible, relative to the effects of other factors, including—

(1) international competition,

(2) reductions in defense spending,

(3) the shift from traditional manufacturing to knowledge and information based economic activity, and

(4) the Federal debt burden.

(c) RECOMMENDATIONS OF THE PRESIDENT.—The study shall include any appropriate recommendations by the President with respect to the operation and effects of the Agreement, including recommendations with respect to the specific factors listed in subsection (a).

(d) RECOMMENDATIONS OF CERTAIN COMMITTEES.—The President shall provide the study to the Committee on Ways and Means of the House of Representatives and the Committee

on Finance of the Senate and any other committee that has jurisdiction over any provision of United States law that was either enacted or amended by the North American Free Trade Agreement Implementation Act. Each such committee may hold hearings and make recommendations to the President with respect to the operation and effects of the Agreement.

SEC. 513. ACTIONS AFFECTING UNITED STATES CULTURAL INDUSTRIES.

Section 182 of the Trade Act of 1974 (19 U.S.C. 2242) is amended by adding at the end the following new subsection:

"(f) SPECIAL RULE FOR ACTIONS AFFECTING UNITED STATES CULTURAL INDUSTRIES.—

"(1) IN GENERAL.—By no later than the date that is 30 days after the date on which the annual report is submitted to Congressional committees under section 181(b), the Trade Representative shall identify any act, policy, or practice of Canada which—

"(A) affects cultural industries,

"(B) is adopted or expanded after December 17, 1992, and

"(C) is actionable under article 2106 of the North American Free Trade Agreement.

"(2) SPECIAL RULES FOR IDENTIFICATIONS.—For purposes of section 302(b)(2)(A), an act, policy, or practice identified under this subsection shall be treated as an act, policy, or practice that is the basis for identification of a country under subsection (a)(2), unless the United States has already taken action pursuant to article 2106 of the North American Free Trade Agreement in response to such act, policy, or practice. In deciding whether to identify an act, policy, or practice under paragraph (1), the Trade Representative shall—

"(A) consult with and take into account the views of representatives of the relevant domestic industries, appropriate committees established pursuant to section 135, and appropriate officers of the Federal Government, and

"(B) take into account the information from such sources as may be available to the Trade Representative and such information as may be submitted to the Trade Representative by interested persons, including information contained in reports submitted under section 181(b).

"(3) CULTURAL INDUSTRIES.—For purposes of this subsection, the term 'cultural industries' means persons engaged in any of the following activities:

"(A) The publication, distribution, or sale of books, magazines, periodicals, or newspapers in print or machine readable form but not including the sole activity of printing or typesetting any of the foregoing.

"(B) The production, distribution, sale, or exhibition of film or video recordings.

"(C) The production, distribution, sale, or exhibition of audio or video music recordings.

"(D) The publication, distribution, or sale of music in print or machine readable form.

"(E) Radio communications in which the transmissions are intended for direct reception by the general public, and all radio, television, and cable broadcasting undertakings and all satellite programming and broadcast network services.".

SEC. 514. REPORT ON IMPACT OF NAFTA ON MOTOR VEHICLE EXPORTS TO MEXICO.

(a) FINDINGS.—The Congress makes the following findings:

(1) Trade in motor vehicles and motor vehicle parts is one of the most restricted areas of trade between the United States and Mexico.

(2) The elimination of Mexico's restrictive barriers to trade in motor vehicles and motor vehicle parts over a 10-year period under the Agreement should increase substantially United States exports of such products to Mexico.

(3) The Department of Commerce estimates that the Agreement provides the opportunity to increase United States exports of motor vehicles and motor vehicle parts by $1,000,000,000 during the first year of the Agreement's implementation with the potential for additional increases over the 10-year transition period.

(4) The United States automotive industry has estimated that United States exports of motor vehicles to Mexico should increase to more than 60,000 units during the first year of the Agreement's implementation, which is substantially above the current level of 4,000 units.

(b) TRADE REPRESENTATIVE REPORT.—No later than July 1, 1995, and annually thereafter through 1999, the Trade Representative shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on how effective the provisions of the Agreement are with respect to increasing United States exports of motor vehicles and motor vehicle parts to Mexico. Each report shall identify and determine the following:

(1) The patterns of trade in motor vehicles and motor vehicle parts between the United States and Mexico during the preceding 12-month period.

(2) The level of tariff and nontariff barriers that were in force during the preceding 12-month period.

(3) The amount by which United States exports of motor vehicles and motor vehicle parts to Mexico have increased from the preceding 12-month period as a result of the elimination of Mexican tariff and nontariff barriers under the Agreement.

(4) Whether any such increase in United States exports meets the levels of new export opportunities anticipated under the Agreement.

(5) If the anticipated levels of new United States export opportunities are not reached, what actions the Trade Representative is prepared to take to realize the benefits anticipated under the Agreement, including possible initiation of additional negotiations with Mexico for the purpose of seeking modifications of the Agreement.

SEC. 515. CENTER FOR THE STUDY OF WESTERN HEMISPHERIC TRADE.

(a) AMENDMENT TO THE CBI.—The Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.) is amended by inserting after section 218 the following new section:

"SEC. 219. CENTER FOR THE STUDY OF WESTERN HEMISPHERIC TRADE.

"(a) ESTABLISHMENT.—The Commissioner of Customs, after consultation with appropriate officials in the State of Texas, is authorized and directed to make grants to an institution (or a consortium of such institutions) to assist such institution in planning, establishing, and operating a Center for the Study of Western Hemispheric Trade (hereafter in this section referred to as the 'Center'). The Commissioner of Customs shall make the first grant not later than December 1, 1994, and the Center shall be established not later than February 1, 1995.

"(b) SCOPE OF THE CENTER.—The Center shall be a year-round program operated by an institution located in the State of Texas (or a consortium of such institutions), the purpose of which is to promote and study trade between and among Western Hemisphere countries. The Center shall conduct activities designed to examine—

"(1) the impact of the NAFTA on the economies in, and trade within, the Western Hemisphere,

"(2) the negotiation of any future free trade agreements, including possible accessions to the NAFTA; and

"(3) adjusting tariffs, reducing nontariff barriers, improving relations among customs officials, and promoting economic relations among countries in the Western Hemisphere.

"(c) CONSULTATION; SELECTION CRITERIA.—The Commissioner of Customs shall consult with appropriate officials of the State of Texas and private sector authorities with respect to selecting, planning, and establishing the Center. In selecting the appropriate institution, the Commissioner of Customs shall give consideration to—

"(1) the institution's ability to carry out the programs and activities described in this section; and

"(2) any resources the institution can provide the Center in addition to Federal funds provided under this program.

"(d) PROGRAMS AND ACTIVITIES.—The Center shall conduct the following activities:

"(1) Provide forums for international discussion and debate for representatives from countries in the Western Hemisphere regarding issues which affect trade and other economic relations within the hemisphere, including the impact of the NAFTA on individual economies and the desirability and feasibility of possible accessions to the NAFTA by such countries.

"(2) Conduct studies and research projects on subjects which affect Western Hemisphere trade, including tariffs, customs, regional and national economics, business development and finance, production and personnel management, manufacturing, agriculture, engineering, transportation, immigration, telecommunications, medicine, science, urban studies, border demographics, social anthropology, and population.

"(3) Publish materials, disseminate information, and conduct seminars and conferences to support and educate representatives from countries in the Western Hemisphere who seek to do business with or invest in other Western Hemisphere countries.

"(4) Provide grants, fellowships, endowed chairs, and financial assistance to outstanding scholars and authorities from Western Hemisphere countries.

"(5) Provide grants, fellowships, and other financial assistance to qualified graduate students, from Western Hemisphere countries, to study at the Center.

"(6) Implement academic exchange programs and other cooperative research and instructional agreements with the complementary North/South Center at the University of Miami at Coral Gables.

"(e) DEFINITIONS.—For purposes of this section—

"(1) NAFTA.—The term 'NAFTA' means the North American Free Trade Agreement.

"(2) WESTERN HEMISPHERE COUNTRIES.—The terms 'Western Hemisphere countries', 'countries in the Western Hemisphere', and 'Western Hemisphere' mean Canada, the United States, Mexico, countries located in South America, beneficiary countries (as defined by section 212), the Commonwealth of Puerto Rico, and the United States Virgin Islands.

"(f) FEES FOR SEMINARS AND PUBLICATIONS.—Notwithstanding any other provision of law, a grant made under this section may provide that the Center may charge a reasonable fee for attendance at seminars and

conferences and for copies of publications, studies, reports, and other documents the Center publishes. The Center may waive such fees in any case in which it determines imposing a fee would impose a financial hardship and the purposes of the Center would be served by granting such a waiver.

"(g) DURATION OF GRANT.—The Commissioner of Customs is directed to make grants to any institution or institutions selected as the Center for fiscal years 1994, 1995, 1996, and 1997.

"(h) REPORT.—The Commissioner of Customs shall, no later than July 1, 1994, and annually thereafter for years for which grants are made, submit a written report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives. The first report shall include—

"(1) a statement identifying the institution or institutions selected as the Center,

"(2) the reasons for selecting the institution or institutions as the Center, and

"(3) the plan of such institution or institutions for operating the Center.

Each subsequent report shall include information with respect to the operations of the Center, the collaboration of the Center with, and dissemination of information to, Government policymakers and the business community with respect to the study of Western Hemispheric trade by the Center, and the plan and efforts of the Center to continue operations after grants under this section have expired.".

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1994, and such sums as may be necessary in the 3 succeeding fiscal years to carry out the purposes of section 219 of the Caribbean Basin Economic Recovery Act (as added by subsection (a)).

SEC. 516. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the provisions of this subtitle shall take effect on the date the Agreement enters into force with respect to the United States.

(b) EXCEPTION.—Section 515 shall take effect on the date of the enactment of this Act.

Subtitle C—Funding

PART 1—CUSTOMS USER FEES

SEC. 521. FEES FOR CERTAIN CUSTOMS SERVICES.

(a) IN GENERAL.—Section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c) is amended—

(1) by amending paragraph (5) of subsection (a) to read as follows:

"(5)(A) For fiscal years 1994, 1995, 1996, and 1997, for the arrival of each passenger aboard a commercial vessel or commercial aircraft from outside the customs territory of the United States, $6.50.

"(B) For fiscal year 1998 and each fiscal year thereafter, for the arrival of each passenger aboard a commercial vessel or commercial aircraft from a place outside the United States (other than a place referred to in subsection (b)(1)(A) of this section), $5."

(2) by adding at the end of paragraph (1) of subsection (b), the following flush sentence:

"Subparagraph (A) shall not apply to fiscal years 1994, 1995, 1996, and 1997.",

(3) in subsection (f)—

(A) in paragraph (1), by striking "except" and all that follows through the end period and inserting: "except—

"(A) the portion of such fees that is required under paragraph (3) for the direct reimbursement of appropriations, and

"(B) the portion of such fees that is determined by the Secretary to be excess fees under paragraph (5).",

(B) in paragraph (3)(A), by striking the first parenthetical and inserting "(other than the fees under subsection (a) (9) and (10) and the excess fees determined by the Secretary under paragraph (5))",

(C) in paragraph (4), by striking "under subsection (a)" and inserting "under subsection (a) (other than the excess fees determined by the Secretary under paragraph (5))", and

(D) by adding at the end thereof the following new paragraph:

"(5) At the close of each of fiscal years 1994, 1995, 1996, and 1997, the Secretary of the Treasury shall determine the amount of the fees collected under paragraph (5)(A) of subsection (a) for that fiscal year that exceeds the amount of such fees that would have been collected for such fiscal year if the fees that were in effect on the day before the effective date of this paragraph applied to such fiscal year. The amount of the excess fees determined under the preceding sentence shall be deposited in the Customs User Fee Account and shall be available for reimbursement of inspectional costs (including passenger processing costs) not otherwise reimbursed under this section, and shall be available only to the extent provided in appropriations Acts.", and

(4) in paragraph (3) of subsection (j), by striking "September 30, 1998" and inserting "September 30, 2003".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date the Agreement enters into force with respect to the United States.

PART 2—INTERNAL REVENUE CODE AMENDMENTS

SEC. 522. AUTHORITY TO DISCLOSE CERTAIN TAX INFORMATION TO THE UNITED STATES CUSTOMS SERVICE.

(a) IN GENERAL.—Subsection (l) of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end thereof the following new paragraph:

"(14) DISCLOSURE OF RETURN INFORMATION TO UNITED STATES CUSTOMS SERVICE.—The Secretary may, upon written request from the Commissioner of the United States Customs Service, disclose to officers and employees of the Department of the Treasury such return information with respect to taxes imposed by chapters 1 and 6 as the Secretary may prescribe by regulations, solely for the purpose of, and only to the extent necessary in—

"(A) ascertaining the correctness of any entry in audits as provided for in section 509 of the Tariff Act of 1930 (19 U.S.C. 1509), or

"(B) other actions to recover any loss of revenue, or to collect duties, taxes, and fees, determined to be due and owing pursuant to such audits."

(b) CONFORMING AMENDMENTS.—Paragraphs (3)(A) and (4) of section 6103(p) of such Code are each amended by striking "or (13)" each place it appears and inserting "(13), or (14)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date the Agreement enters into force with respect to the United States.

(2) REGULATIONS.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury or his delegate shall issue temporary regulations to carry out section 6103(l)(14) of the Internal Revenue Code of 1986, as added by this section.

SEC. 523. USE OF ELECTRONIC FUND TRANSFER SYSTEM FOR COLLECTION OF CERTAIN TAXES.

(a) GENERAL RULE.—Section 6302 of the Internal Revenue Code of 1986 (relating to mode or time of collection) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) USE OF ELECTRONIC FUND TRANSFER SYSTEM FOR COLLECTION OF CERTAIN TAXES.—

"(1) ESTABLISHMENT OF SYSTEM.— .

"(A) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary for the development and implementation of an electronic fund transfer system which is required to be used for the collection of depository taxes. Such system shall be designed in such manner as may be necessary to ensure that such taxes are credited to the general account of the Treasury on the date on which such taxes would otherwise have been required to be deposited under the Federal tax deposit system.

"(B) EXEMPTIONS.—The regulations prescribed under subparagraph (A) may contain such exemptions as the Secretary may deem appropriate.

"(2) PHASE-IN REQUIREMENTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the regulations referred to in paragraph (1)—

"(i) shall contain appropriate procedures to assure that an orderly conversion from the Federal tax deposit system to the electronic fund transfer system is accomplished, and

"(ii) may provide for a phase-in of such electronic fund transfer system by classes of taxpayers based on the aggregate undeposited taxes of such taxpayers at the close of specified periods and any other factors the Secretary may deem appropriate.

"(B) PHASE-IN REQUIREMENTS.—The phase-in of the electronic fund transfer system shall be designed in such manner as may be necessary to ensure that—

"(i) during each fiscal year beginning after September 30, 1993, at least the applicable required percentage of the total depository taxes imposed by chapters 21, 22, and 24 shall be collected by means of electronic fund transfer, and

"(ii) during each fiscal year beginning after September 30, 1993, at least the applicable required percentage of the total other depository taxes shall be collected by means of electronic fund transfer.

"(C) APPLICABLE REQUIRED PERCENTAGE.—

"(i) In the case of the depository taxes imposed by chapters 21, 22, and 24, the applicable required percentage is—

"(I) 3 percent for fiscal year 1994,

"(II) 16.9 percent for fiscal year 1995,

"(III) 20.1 percent for fiscal year 1996,

"(IV) 58.3 percent for fiscal years 1997 and 1998, and

"(V) 94 percent for fiscal year 1999 and all fiscal years thereafter.

"(ii) In the case of other depository taxes, the applicable required percentage is—

"(I) 3 percent for fiscal year 1994,

"(II) 20 percent for fiscal year 1995,

"(III) 30 percent for fiscal year 1996,

"(IV) 60 percent for fiscal years 1997 and 1998, and

"(V) 94 percent for fiscal year 1999 and all fiscal years thereafter.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) DEPOSITORY TAX.—The term 'depository tax' means any tax if the Secretary is authorized to require deposits of such tax.

"(B) ELECTRONIC FUND TRANSFER.—The term 'electronic fund transfer' means any

transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution or other financial intermediary to debit or credit an account.

"(4) COORDINATION WITH OTHER ELECTRONIC FUND TRANSFER REQUIREMENTS.—

"(A) COORDINATION WITH CERTAIN EXCISE TAXES.—In determining whether the requirements of subparagraph (B) of paragraph (2) are met, taxes required to be paid by electronic fund transfer under sections 5061(e) and 5703(b) shall be disregarded.

"(B) ADDITIONAL REQUIREMENT.—Under regulations, any tax required to be paid by electronic fund transfer under section 5061(e) or 5703(b) shall be paid in such a manner as to ensure that the requirements of the second sentence of paragraph (1)(A) of this subsection are satisfied."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date the Agreement enters into force with respect to the United States.

(2) REGULATIONS.—Not later than 210 days after the date of enactment of this Act, the Secretary of the Treasury or his delegate shall prescribe temporary regulations under section 6302(h) of the Internal Revenue Code of 1986 (as added by this section).

Subtitle D—Implementation of NAFTA Supplemental Agreements

PART 1—AGREEMENTS RELATING TO LABOR AND ENVIRONMENT

SEC. 531. AGREEMENT ON LABOR COOPERATION.

(a) COMMISSION FOR LABOR COOPERATION.—

(1) MEMBERSHIP.—The United States is authorized to participate in the Commission for Labor Cooperation in accordance with the North American Agreement on Labor Cooperation.

(2) CONTRIBUTIONS TO BUDGET.—There are authorized to be appropriated to the President (or such agency as the President may designate) $2,000,000 for each of fiscal years 1994 and 1995 for United States contributions to the annual budget of the Commission for Labor Cooperation pursuant to Article 43 of the North American Agreement on Labor Cooperation. Funds authorized to be appropriated for such contributions by this paragraph are in addition to any funds otherwise available for such contributions. Funds authorized to be appropriated by this paragraph are authorized to be made available until expended.

(b) DEFINITIONS.—As used in this section—

(1) the term "Commission for Labor Cooperation" means the commission established by Part Three of the North American Agreement on Labor Cooperation; and

(2) the term "North American Agreement on Labor Cooperation" means the North American Agreement on Labor Cooperation Between the Government of the United States of America, the Government of Canada, and the Government of the United Mexican States (signed at Mexico City, Washington, and Ottawa on September 8, 9, 12, and 14, 1993).

SEC. 532. AGREEMENT ON ENVIRONMENTAL COOPERATION.

(a) COMMISSION FOR ENVIRONMENTAL COOPERATION.—

(1) MEMBERSHIP.—The United States is authorized to participate in the Commission for Environmental Cooperation in accordance with the North American Agreement on Environmental Cooperation.

(2) CONTRIBUTIONS TO BUDGET.—There are authorized to be appropriated to the President (or such agency as the President may designate) $5,000,000 for each of fiscal years 1994 and 1995 for United States contributions to the annual budget of the Commission for Environmental Cooperation pursuant to Article 43 of the North American Agreement on Environmental Cooperation. Funds authorized to be appropriated for such contributions by this paragraph are in addition to any funds otherwise available for such contributions. Funds authorized to be appropriated by this paragraph are authorized to be made available until expended.

(b) DEFINITIONS.—As used in this section—

(1) the term "Commission for Environmental Cooperation" means the commission established by Part Three of the North American Agreement on Environmental Cooperation; and

(2) the term "North American Agreement on Environmental Cooperation" means the North American Agreement on Environmental Cooperation Between the Government of the United States of America, the Government of Canada, and the Government of the United Mexican States (signed at Mexico City, Washington, and Ottawa on September 8, 9, 12, and 14, 1993).

SEC. 533. AGREEMENT ON BORDER ENVIRONMENT COOPERATION COMMISSION.

(a) BORDER ENVIRONMENT COOPERATION COMMISSION.—

(1) MEMBERSHIP.—The United States is authorized to participate in the Border Environment Cooperation Commission in accordance with the Border Environment Cooperation Agreement.

(2) CONTRIBUTIONS TO THE COMMISSION BUDGET.—There are authorized to be appropriated to the President (or such agency as the President may designate) $5,000,000 for fiscal year 1994 and each fiscal year thereafter for United States contributions to the budget of the Border Environment Cooperation Commission pursuant to section 7 of Article III of Chapter I of the Border Environment Cooperation Agreement. Funds authorized to be appropriated for such contributions by this paragraph are in addition to any funds otherwise available for such contributions. Funds authorized to be appropriated by this paragraph are authorized to be made available until expended.

(b) CIVIL ACTIONS INVOLVING THE COMMISSION.—For the purpose of any civil action which may be brought within the United States by or against the Border Environment Cooperation Commission in accordance with the Border Environment Cooperation Agreement (including an action brought to enforce an arbitral award against the Commission), the Commission shall be deemed to be an inhabitant of the Federal judicial district in which its principal office within the United States, or its agent appointed for the purpose of accepting service or notice of service, is located. Any such action to which the Commission is a party shall be deemed to arise under the laws of the United States, and the district courts of the United States (including the courts enumerated in section 460 of title 28, United States Code) shall have original jurisdiction of any such action. When the Commission is a defendant in any action in a State court, it may at any time before trial remove the action into the appropriate district court of the United States by following the procedure for removal provided in section 1446 of title 28, United States Code.

(c) DEFINITIONS.—As used in this section—

(1) the term "Border Environment Cooperation Agreement" means the November 1993 Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank;

(2) the terms "Border Environment Cooperation Commission" and "Commission" mean the commission established pursuant to Chapter I of the Border Environment Cooperation Agreement; and

(3) the term "United States" means the United States, its territories and possessions, and the Commonwealth of Puerto Rico.

PART 2—NORTH AMERICAN DEVELOPMENT BANK AND RELATED PROVISIONS

SEC. 541. NORTH AMERICAN DEVELOPMENT BANK.

(a) ACCEPTANCE OF MEMBERSHIP.—The President is hereby authorized to accept membership for the United States in the North American Development Bank (hereafter in this part referred to as the "Bank") provided for in Chapter II of the Border Environment Cooperation Agreement (hereafter in this part referred to as the "Cooperation Agreement").

(b) SUBSCRIPTION OF STOCK.—

(1) SUBSCRIPTION AUTHORITY.—

(A) IN GENERAL.—The Secretary of the Treasury may subscribe on behalf of the United States up to 150,000 shares of the capital stock of the Bank.

(B) EFFECTIVENESS OF SUBSCRIPTION.—Except as provided in paragraph (3), any such subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(2) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—For payment by the Secretary of the Treasury of the subscription of the United States for shares described in paragraph (1), there are authorized to be appropriated $1,500,000,000 ($225,000,000 of which may be used for paid-in capital and $1,275,000,000 of which may be used for callable capital) without fiscal year limitation.

(3) FUNDING; LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS.—

(A) FUNDING.—For fiscal year 1995, the Secretary of the Treasury shall pay to the Bank out of any sums in the Treasury not otherwise appropriated the sum of $56,250,000 for the paid-in portion of the United States share of the capital stock of the Bank, 10 percent of which may be transferred by the Bank to the President pursuant to section 543 to pay for the cost of direct and guaranteed Federal loans.

(B) LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS.—For fiscal year 1995, the Secretary of the Treasury shall subscribe to the callable capital portion of the United States share of the capital stock of the Bank in an amount not to exceed $318,750,000.

(4) DISPOSITION OF NET INCOME DISTRIBUTED BY THE FACILITY.—Any payment made to the United States by the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

(c) COMPENSATION OF BOARD MEMBERS.—No person shall be entitled to receive any salary or other compensation from the Bank or the United States for services as a Board member.

(d) APPLICABILITY OF BRETTON WOODS AGREEMENTS ACT.—The provisions of section 4 of the Bretton Woods Agreements Act shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund.

(e) RESTRICTIONS.—Unless authorized by law, neither the President nor any person or

agency shall, on behalf of the United States—

(1) subscribe to additional shares of stock of the Bank;

(2) vote for or agree to any amendment of the Cooperation Agreement which increases the obligations of the United States, or which changes the purpose or functions of the Bank; or

(3) make a loan or provide other financing to the Bank.

(f) FEDERAL RESERVE BANKS AS DEPOSITORIES.—Any Federal Reserve bank that is requested to do so by the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

(g) JURISDICTION OF UNITED STATES COURTS AND ENFORCEMENT OF ARBITRAL AWARDS.—For the purpose of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Bank in accordance with the Cooperation Agreement, including an action brought to enforce an arbitral award against the Bank, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office within the United States or its agency appointed for the purpose of accepting service or notice of service is located, and any such action to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have original jurisdiction of any such action. When the Bank is a defendant in any action in a State court, it may at any time before trial remove the action into the appropriate district court of the United States by following the procedure for removal provided in section 1446 of title 28, United States Code.

(h) EXEMPTION FROM SECURITIES LAWS FOR CERTAIN SECURITIES ISSUED BY THE BANK; REPORTS REQUIRED.—

(1) EXEMPTIONS FROM LIMITATIONS AND RESTRICTIONS ON THE POWER OF NATIONAL BANKING ASSOCIATIONS TO DEAL IN AND UNDERWRITE INVESTMENT SECURITIES OF THE BANK.—The seventh sentence of the seventh undesignated paragraph of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24), is amended by inserting "the North American Development Bank," after "Inter-American Development Bank,".

(2) EXEMPTION FROM SECURITIES LAWS FOR CERTAIN SECURITIES ISSUED BY THE BANK; REPORTS REQUIRED.—Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with the raising of funds for inclusion in the Bank's capital resources as defined in Section 4 of Article II of Chapter II of the Cooperation Agreement, and any securities guaranteed by the Bank as to both the principal and interest to which the commitment in Section 3(d) of Article II of Chapter II of the Cooperation Agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c), and section 3(a)(12) of the Securities Exchange Act of 1934 (15 U.S.C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(3) AUTHORITY OF SECURITIES AND EXCHANGE COMMISSION TO SUSPEND EXEMPTION; REPORTS TO THE CONGRESS.—The Securities and Exchange Commission, acting in consultation with the National Advisory Council on International Monetary and Financial Problems, is authorized to suspend the provisions of paragraph (2) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this subsection and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

SEC. 542. STATUS, IMMUNITIES, AND PRIVILEGES.

Article VIII of Chapter II of the Cooperation Agreement shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon entry into force of the Cooperation Agreement.

SEC. 543. COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM.

(a) THE PRESIDENT.—(1) The President may enter into an agreement with the Bank that facilitates implementation by the President of a program for community adjustment and investment in support of the Agreement pursuant to chapter II of the Cooperation Agreement (hereafter in this section referred to as the "community adjustment and investment program").

(2) The President may receive from the Bank 10 percent of the paid-in capital actually paid to the Bank by the United States for the President to carry out, without further appropriations, through Federal agencies and their loan and loan guarantee programs, the community adjustment and investment program, pursuant to an agreement between the President and the Bank.

(3) The President may select one or more Federal agencies that make loans or guarantees the repayment of loans to assist in carrying out the community adjustment and investment program, and may transfer the funds received from the Bank to such agency or agencies for the purpose of assisting in carrying out the community adjustment and investment program.

(4)(A) Each Federal agency selected by the President to assist in carrying out the community adjustment and investment program shall use the funds transferred to it by the President from the Bank to pay for the costs of direct and guaranteed loans, as defined in section 502 of the Congressional Budget Act of 1974, and, as appropriate, other costs associated with such loans, all subject to the restrictions and limitations that apply to such agency's existing loan or loan guarantee program.

(B) Funds transferred to an agency under subparagraph (A) shall be in addition to the amount of funds authorized in any appropriations Act to be expended by that agency for its loan or loan guarantee program.

(5) The President shall—

(A) establish guidelines for the loans and loan guarantees to be made under the community adjustment and investment program;

(B) endorse the grants made by the Bank for the community adjustment and investment program, as provided in Article I, section 1(b), and Article III, section 11(a), of Chapter II of the Cooperation Agreement; and

(C) endorse any loans or guarantees made by the Bank for the community adjustment and investment program, as provided in Article I, section 1(b), and Article III, section 6(a) and (c) of Chapter II of the Cooperation Agreement.

(b) ADVISORY COMMITTEE.—

(1) ESTABLISHMENT.—The President shall establish an advisory committee to be known as the Community Adjustment and Investment Program Advisory Committee (in this section referred to as the "Advisory Committee") in accordance with the provisions of the Federal Advisory Committee Act.

(2) MEMBERSHIP.—

(A) IN GENERAL.—The Advisory Committee shall consist of 9 members of the public, appointed by the President, who, collectively, represent—

(i) community groups whose constituencies include low-income families;

(ii) any scientific, professional, business, nonprofit, or public interest organization or association which is neither affiliated with, nor under the direction of, a government;

(iii) for-profit business interests; and

(iv) other appropriate entities with relevant expertise.

(B) REPRESENTATION.—Each of the categories described in clauses (i) through (iv) of subparagraph (A) shall be represented by no fewer than 1 and no more than 3 members of the Advisory Committee.

(3) FUNCTION.—It shall be the function of the Advisory Committee—

(A) to provide advice to the President regarding the implementation of the community adjustment and investment program, including advice on the guidelines to be established by the President for the loans and loan guarantees to be made pursuant to subsection (a)(4), advice on identifying the needs for adjustment assistance and investment in support of the goals and objectives of the Agreement, taking into account economic and geographic considerations, and advice on such other matters as may be requested by the President; and

(B) to review on a regular basis the operation of the community adjustment and investment program and provide the President with the conclusions of its review.

(4) TERMS OF MEMBERS.—

(A) IN GENERAL.—Each member of the Advisory Committee shall serve at the pleasure of the President.

(B) CHAIRPERSON.—The President shall appoint a chairperson from among the members of the Advisory Committee.

(C) MEETINGS.—The Advisory Committee shall meet at least annually and at such other times as requested by the President or the chairperson. A majority of the members of the Advisory Committee shall constitute a quorum.

(D) REIMBURSEMENT FOR EXPENSES.—The members of the Advisory Committee may receive reimbursement for travel, per diem, and other necessary expenses incurred in the performance of their duties, in accordance with the Federal Advisory Committee Act.

(E) STAFF AND FACILITIES.—The Advisory Committee may utilize the facilities and services of employees of any Federal agency without cost to the Advisory Committee, and any such agency is authorized to provide services as requested by the Committee.

(c) OMBUDSMAN.—The President shall appoint an ombudsman to provide the public with an opportunity to participate in the carrying out of the community adjustment and investment program.

(1) FUNCTION.—It shall be the function of the ombudsman—

(A) to establish procedures for receiving comments from the general public on the operation of the community adjustment and

investment program, to receive such comments, and to provide the President with summaries of the public comments; and

(B) to perform an independent inspection and programmatic audit of the operation of the community adjustment and investment program and to provide the President with the conclusions of its investigation and audit.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the President, or such agency as the President may designate, $25,000 for fiscal year 1995 and for each fiscal year thereafter, for the costs of the ombudsman.

(d) REPORTING REQUIREMENT.—The President shall submit to the appropriate congressional committees an annual report on the community adjustment and investment program (if any) that is carried out pursuant to this section. Each report shall state the amount of the loans made or guaranteed during the 12-month period ending on the day before the date of the report.

SEC. 544. DEFINITION.

For purposes of this part, the term "Border Environment Cooperation Agreement" (referred to in this part as the "Cooperation Agreement") means the November 1993 Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank.

TITLE VI—CUSTOMS MODERNIZATION

SEC. 601. REFERENCE.

Whenever in subtitle A, B, or C an amendment or repeal is expressed in terms of an amendment to, or repeal of, a part, section, subsection, or other provision, the reference shall be considered to be made a part, section, subsection, or other provision of the Tariff Act of 1930 (19 U.S.C. 1202 et seq.).

Subtitle A—Improvements in Customs Enforcement

SEC. 611. PENALTIES FOR VIOLATIONS OF ARRIVAL, REPORTING, ENTRY, AND CLEARANCE REQUIREMENTS.

Section 436 (19 U.S.C. 1436) is amended—

(1) by amending subsection (a)—

(A) by striking out "433" in paragraph (1) and inserting "431, 433, or 434 of this Act or section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91)",

(B) by amending paragraph (2) to read as follows:

"(2) to present or transmit, electronically or otherwise, any forged, altered, or false document, paper, information, data or manifest to the Customs Service under section 431(e), 433(d), or 434 of this Act or section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91) without revealing the facts; or", and

(C) by amending paragraph (3) to read as follows:

"(3) to fail to make entry or to obtain clearance as required by section 434 or 644 of this Act, section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91), or section 1109 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1509); or"; and

(2) by striking out "**AND ENTRY**" in the section heading and inserting "**ENTRY, AND CLEARANCE**".

SEC. 612. FAILURE TO DECLARE.

Section 497(a) (19 U.S.C. 1497(a)) is amended—

(1) by inserting "or transmitted" after "made" in paragraph (1)(A); and

(2) by amending paragraph (2)(A) to read as follows:

"(A) if the article is a controlled substance, either $500 or an amount equal to 1,000 percent of the value of the article, whichever amount is greater; and".

SEC. 613. CUSTOMS TESTING LABORATORIES; DETENTION OF MERCHANDISE.

(a) AMENDMENT.—Section 499 (19 U.S.C. 1499) is amended to read as follows:

"SEC. 499. EXAMINATION OF MERCHANDISE.

"(a) ENTRY EXAMINATION.—

"(1) IN GENERAL.—Imported merchandise that is required by law or regulation to be inspected, examined, or appraised shall not be delivered from customs custody (except under such bond or other security as may be prescribed by the Secretary to assure compliance with all applicable laws, regulations, and instructions which the Secretary or the Customs Service is authorized to enforce) until the merchandise has been inspected, appraised, or examined and is reported by the Customs Service to have been truly and correctly invoiced and found to comply with the requirements of the laws of the United States.

"(2) EXAMINATION.—The Customs Service—

"(A) shall designate the packages or quantities of merchandise covered by any invoice or entry which are to be opened and examined for the purpose of appraisement or otherwise;

"(B) shall order such packages or quantities to be sent to such place as is designated by the Secretary by regulation for such purpose;

"(C) may require such additional packages or quantities as the Secretary considers necessary for such purpose; and

"(D) shall inspect a sufficient number of shipments, and shall examine a sufficient number of entries, to ensure compliance with the laws enforced by the Customs Service.

"(3) UNSPECIFIED ARTICLES.—If any package contains any article not specified in the invoice or entry and, in the opinion of the Customs Service, the article was omitted from the invoice or entry—

"(A) with fraudulent intent on the part of the seller, shipper, owner, agent, importer of record, or entry filer, the contents of the entire package in which such article is found shall be subject to seizure; or

"(B) without fraudulent intent, the value of the article shall be added to the entry and the duties, fees, and taxes thereon paid accordingly.

"(4) DEFICIENCY.—If a deficiency is found in quantity, weight, or measure in the examination of any package, the person finding the deficiency shall make a report thereof to the Customs Service. The Customs Service shall make allowance for the deficiency in the liquidation of duties.

"(5) INFORMATION REQUIRED FOR RELEASE.—If an examination is conducted, any information required for release shall be provided, either electronically or in paper form, to the Customs Service at the port of examination. The absence of such information does not limit the authority of the Customs Service to conduct an examination.

"(b) TESTING LABORATORIES.—

"(1) ACCREDITATION OF PRIVATE TESTING LABORATORIES.—The Customs Service shall establish and implement a procedure, under regulations promulgated by the Secretary, for accrediting private laboratories within the United States which may be used to perform tests (that would otherwise be performed by Customs Service laboratories) to establish the characteristics, quantities, or composition of imported merchandise. Such regulations—

"(A) shall establish the conditions required for the laboratories to receive and maintain accreditation for purposes of this subsection;

"(B) shall establish the conditions regarding the suspension and revocation of accreditation, which may include the imposition of a monetary penalty not to exceed $100,000 and such penalty is in addition to the recovery, from a gauger or laboratory accredited under paragraph (1), of any loss of revenue that may have occurred, but the Customs Service—

"(i) may seek to recover lost revenue only in cases where the gauger or laboratory intentionally falsified the analysis or gauging report in collusion with the importer; and

"(ii) shall neither assess penalties nor seek to recover lost revenue because of a good faith difference of professional opinion; and

"(C) may provide for the imposition of a reasonable charge for accreditation and periodic reaccreditation.

The collection of any charge for accreditation and reaccreditation under this section is not prohibited by section 13031(e)(6) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(e)(6)).

"(2) APPEAL OF ADVERSE ACCREDITATION DECISIONS.—A laboratory applying for accreditation, or that is accredited, under this section may contest any decision or order of the Customs Service denying, suspending, or revoking accreditation, or imposing a monetary penalty, by commencing an action in accordance with chapter 169 of title 28, United States Code, in the Court of International Trade within 60 days after issuance of the decision or order.

"(3) TESTING BY ACCREDITED LABORATORIES.—When requested by an importer of record of merchandise, the Customs Service shall authorize the release to the importer of a representative sample of the merchandise for testing, at the expense of the importer, by a laboratory accredited under paragraph (1). The testing results from a laboratory accredited under paragraph (1) that are submitted by an importer of record with respect to merchandise in an entry shall, in the absence of testing results obtained from a Customs Service laboratory, be accepted by the Customs Service if the importer of record certifies that the sample tested was taken from the merchandise in the entry. Nothing in this subsection shall be construed to limit in any way or preclude the authority of the Customs Service to test or analyze any sample or merchandise independently.

"(4) AVAILABILITY OF TESTING PROCEDURE, METHODOLOGIES, AND INFORMATION.—Testing procedures and methodologies used by the Customs Service, and information resulting from any testing conducted by the Customs Service, shall be made available as follows:

"(A) Testing procedures and methodologies shall be made available upon request to any person unless the procedures or methodologies are—

"(i) proprietary to the holder of a copyright or patent related to such procedures or methodologies, or

"(ii) developed by the Customs Service for enforcement purposes.

"(B) Information resulting from testing shall be made available upon request to the importer of record and any agent thereof unless the information reveals information which is—

"(i) proprietary to the holder of a copyright or patent; or

"(ii) developed by the Customs Service for enforcement purposes.

"(5) MISCELLANEOUS PROVISIONS.—For purposes of this subsection—

"(A) any reference to a private laboratory includes a reference to a private gauger; and

"(B) accreditation of private laboratories extends only to the performance of functions by such laboratories that are within the scope of those responsibilities for determinations of the elements relating to admissibility, quantity, composition, or characteristics of imported merchandise that are vested in, or delegated to, the Customs Service.

"(c) DETENTIONS.—Except in the case of merchandise with respect to which the determination of admissibility is vested in an agency other than the Customs Service, the following apply:

"(1) IN GENERAL.—Within the 5-day period (excluding weekends and holidays) following the date on which merchandise is presented for customs examination, the Customs Service shall decide whether to release or detain the merchandise. Merchandise which is not released within such 5-day period shall be considered to be detained merchandise.

"(2) NOTICE OF DETENTION.—The Customs Service shall issue a notice to the importer or other party having an interest in detained merchandise no later than 5 days, excluding weekends and holidays, after the decision to detain the merchandise is made. The notice shall advise the importer or other interested party of—

"(A) the initiation of the detention;

"(B) the specific reason for the detention;

"(C) the anticipated length of the detention;

"(D) the nature of the tests or inquiries to be conducted; and

"(E) the nature of any information which, if supplied to the Customs Service, may accelerate the disposition of the detention.

"(3) TESTING RESULTS.—Upon request by the importer or other party having an interest in detained merchandise, the Customs Service shall provide the party with copies of the results of any testing conducted by the Customs Service on the merchandise and a description of the testing procedures and methodologies (unless such procedures or methodologies are proprietary to the holder of a copyright or patent or were developed by the Customs Service for enforcement purposes). The results and test description shall be in sufficient detail to permit the duplication and analysis of the testing and the results.

"(4) SEIZURE AND FORFEITURE.—If otherwise provided by law, detained merchandise may be seized and forfeited.

"(5) EFFECT OF FAILURE TO MAKE DETERMINATION.—

"(A) The failure by the Customs Service to make a final determination with respect to the admissibility of detained merchandise within 30 days after the merchandise has been presented for customs examination, or such longer period if specifically authorized by law, shall be treated as a decision of the Customs Service to exclude the merchandise for purposes of section 514(a)(4).

"(B) For purposes of section 1581 of title 28, United States Code, a protest against the decision to exclude the merchandise which has not been allowed or denied in whole or in part before the 30th day after the day on which the protest was filed shall be treated as having been denied on such 30th day.

"(C) Notwithstanding section 2639 of title 28, United States Code, once an action respecting a detention is commenced, unless the Customs Service establishes by a preponderance of the evidence that an admissibility decision has not been reached for good cause, the court shall grant the appropriate relief which may include, but is not limited to, an order to cancel the detention and release the merchandise.".

(b) EXISTING LABORATORIES.—Accreditation under section 499(b) of the Tariff Act of 1930 (as added by subsection (a)) is not required for any private laboratory (including any gauger) that was accredited or approved by the Customs Service as of the day before the date of the enactment of this Act; but any such laboratory is subject to reaccreditation under the provisions of such section and the regulations promulgated thereunder.

SEC. 614. RECORDKEEPING.

Section 508 (19 U.S.C. 1508) is amended—

(1) by amending subsection (a) to read as follows:

"(a) REQUIREMENTS.—Any—

"(1) owner, importer, consignee, importer of record, entry filer, or other party who—

"(A) imports merchandise into the customs territory of the United States, files a drawback claim, or transports or stores merchandise carried or held under bond, or

"(B) knowingly causes the importation or transportation or storage of merchandise carried or held under bond into or from the customs territory of the United States;

"(2) agent of any party described in paragraph (1); or

"(3) person whose activities require the filing of a declaration or entry, or both;

shall make, keep, and render for examination and inspection records (which for purposes of this section include, but are not limited to, statements, declarations, documents and electronically generated or machine readable data) which—

"(A) pertain to any such activity, or to the information contained in the records required by this Act in connection with any such activity; and

"(B) are normally kept in the ordinary course of business."; and

(2) by amending subsection (c) to read as follows:

"(c) PERIOD OF TIME.—The records required by subsections (a) and (b) shall be kept for such period of time, not to exceed 5 years from the date of entry or exportation, as appropriate, as the Secretary shall prescribe; except that records for any drawback claim shall be kept until the 3rd anniversary of the date of payment of the claim.".

SEC. 615. EXAMINATION OF BOOKS AND WITNESSES.

Section 509 (19 U.S.C. 1509) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "and taxes" wherever it appears and inserting ", fees and taxes";

(B) by amending paragraph (1) to read as follows:

"(1) examine, or cause to be examined, upon reasonable notice, any record (which for purposes of this section, includes, but is not limited to, any statement, declaration, document, or electronically generated or machine readable data) described in the notice with reasonable specificity, which may be relevant to such investigation or inquiry, except that—

"(A) if such record is required by law or regulation for the entry of the merchandise (whether or not the Customs Service required its presentation at the time of entry) it shall be provided to the Customs Service within a reasonable time after demand for its production is made, taking into consideration the number, type, and age of the item demanded; and

"(B) if a person of whom demand is made under subparagraph (A) fails to comply with the demand, the person may be subject to penalty under subsection (g);";

(C) by amending that part of paragraph (2) that precedes subparagraph (D) to read as follows:

"(2) summon, upon reasonable notice—

"(A) the person who—

"(i) imported, or knowingly caused to be imported, merchandise into the customs territory of the United States,

"(ii) exported merchandise, or knowingly caused merchandise to be exported, to Canada,

"(iii) transported or stored merchandise that was or is carried or held under customs bond, or knowingly caused such transportation or storage, or

"(iv) filed a declaration, entry, or drawback claim with the Customs Service;

"(B) any officer, employee, or agent of any person described in subparagraph (A);

"(C) any person having possession, custody or care of records relating to the importation or other activity described in subparagraph (A); or"; and

(D) by striking out the comma at the end of subparagraph (D) and inserting a semicolon.

(2) Subsections (b) and (c) are redesignated as subsections (c) and (d), respectively.

(3) The following new subsection is inserted after subsection (a):

"(b) REGULATORY AUDIT PROCEDURES.—

"(1) In conducting a regulatory audit under this section (which does not include a quantity verification for a customs bonded warehouse or general purpose foreign trade zone), the Customs Service auditor shall provide the person being audited, in advance of the audit, with a reasonable estimate of the time to be required for the audit. If in the course of an audit it becomes apparent that additional time will be required, the Customs Service auditor shall immediately provide a further estimate of such additional time.

"(2) Before commencing an audit, the Customs Service auditor shall inform the party to be audited of his right to an entry conference at which time the purpose will be explained and an estimated termination date set. Upon completion of on-site audit activities, the Customs Service auditor shall schedule a closing conference to explain the preliminary results of the audit.

"(3) Except as provided in paragraph (5), if the estimated or actual termination date for an audit passes without the Customs Service auditor providing a closing conference to explain the results of the audit, the person being audited may petition in writing for such a conference to the appropriate regional commissioner, who, upon receipt of such a request, shall provide for such a conference to be held within 15 days after the date of receipt.

"(4) Except as provided in paragraph (5), the Customs Service auditor shall complete the formal written audit report within 90 days following the closing conference unless the appropriate regional commissioner provides written notice to the person being audited of the reason for any delay and the anticipated completion date. After application of any exemption contained in section 552 of title 5, United States Code, a copy of the formal written audit report shall be sent to the person audited no later than 30 days following completion of the report.

"(5) Paragraphs (3) and (4) shall not apply after the Customs Service commences a formal investigation with respect to the issue involved.".

(4) Subsection (d) (as redesignated by paragraph (2)) is amended—

(A) by striking out "statements, declarations, or documents" in paragraph (1)(A) and inserting "those";

(B) by inserting ", unless such customhouse broker is the importer of record on an entry" after "broker" in paragraph (1)(C)(i);

(C) by striking out "import" in each of paragraphs (2)(B) and (4)(B);

(D) by inserting "described in section 508" after "transactions" in each of paragraphs (2)(B) and (4)(B); and

(E) by inserting ", fees," after "duties" in paragraph (4)(A).

(5) The following new subsections are added at the end thereof:

"(e) LIST OF RECORDS AND INFORMATION.—The Customs Service shall identify and publish a list of the records or entry information that is required to be maintained and produced under subsection (a)(1)(A).

"(f) RECORDKEEPING COMPLIANCE PROGRAM.—

"(1) IN GENERAL.—After consultation with the importing community, the Customs Service shall by regulation establish a recordkeeping compliance program which the parties listed in section 508(a) may participate in after being certified by the Customs Service under paragraph (2). Participation in the recordkeeping compliance program by recordkeepers is voluntary.

"(2) CERTIFICATION.—A recordkeeper may be certified as a participant in the recordkeeping compliance program after meeting the general recordkeeping requirements established under the program or after negotiating an alternative program suited to the needs of the recordkeeper and the Customs Service. Certification requirements shall take into account the size and nature of the importing business and the volume of imports. In order to be certified, the recordkeeper must be able to demonstrate that it—

"(A) understands the legal requirements for recordkeeping, including the nature of the records required to be maintained and produced and the time periods involved;

"(B) has in place procedures to explain the recordkeeping requirements to those employees who are involved in the preparation, maintenance, and production of required records;

"(C) has in place procedures regarding the preparation and maintenance of required records, and the production of such records to the Customs Service;

"(D) has designated a dependable individual or individuals to be responsible for recordkeeping compliance under the program and whose duties include maintaining familiarity with the recordkeeping requirements of the Customs Service;

"(E) has a record maintenance procedure approved by the Customs Service for original records, or, if approved by the Customs Service, for alternative records or recordkeeping formats other than the original records; and

"(F) has procedures for notifying the Customs Service of occurrences of variances to, and violations of, the requirements of the recordkeeping compliance program or the negotiated alternative programs, and for taking corrective action when notified by the Customs Service of violations or problems regarding such program.

"(g) PENALTIES.—

"(1) DEFINITION.—For purposes of this subsection, the term 'information' means any record, statement, declaration, document, or electronically stored or transmitted information or data referred to in subsection (a)(1)(A).

"(2) EFFECTS OF FAILURE TO COMPLY WITH DEMAND.—Except as provided in paragraph (4), if a person fails to comply with a lawful demand for information under subsection (a)(1)(A) the following provisions apply:

"(A) If the failure to comply is a result of the willful failure of the person to maintain, store, or retrieve the demanded information, such person shall be subject to a penalty, for each release of merchandise, not to exceed $100,000, or an amount equal to 75 percent of the appraised value of the merchandise, whichever amount is less.

"(B) If the failure to comply is a result of the negligence of the person in maintaining, storing, or retrieving the demanded information, such person shall be subject to a penalty, for each release of merchandise, not to exceed $10,000, or an amount equal to 40 percent of the appraised value of the merchandise, whichever amount is less.

"(C) In addition to any penalty imposed under subparagraph (A) or (B) regarding demanded information, if such information related to the eligibility of merchandise for a column 1 special rate of duty under title I, the entry of such merchandise—

"(i) if unliquidated, shall be liquidated at the applicable column 1 general rate of duty; or

"(ii) if liquidated within the 2-year period preceding the date of the demand, shall be reliquidated, notwithstanding the time limitation in section 514 or 520, at the applicable column 1 general rate of duty;

except that any liquidation or reliquidation under clause (i) or (ii) shall be at the applicable column 2 rate of duty if the Customs Service demonstrates that the merchandise should be dutiable at such rate.

"(3) AVOIDANCE OF PENALTY.—No penalty may be assessed under this subsection if the person can show—

"(A) that the loss of the demanded information was the result of an act of God or other natural casualty or disaster beyond the fault of such person or an agent of the person;

"(B) on the basis of other evidence satisfactory to the Customs Service, that the demand was substantially complied with; or

"(C) the information demanded was presented to and retained by the Customs Service at the time of entry or submitted in response to an earlier demand.

"(4) PENALTIES NOT EXCLUSIVE.—Any penalty imposed under this subsection shall be in addition to any other penalty provided by law except for—

"(A) a penalty imposed under section 592 for a material omission of the demanded information, or

"(B) disciplinary action taken under section 641.

"(5) REMISSION OR MITIGATION.—A penalty imposed under this section may be remitted or mitigated under section 618.

"(6) CUSTOMS SUMMONS.—Nothing in this subsection shall limit or preclude the Customs Service from issuing, or seeking the enforcement of, a customs summons.

"(7) ALTERNATIVES TO PENALTIES.—

"(A) IN GENERAL.—When a recordkeeper who—

"(i) has been certified as a participant in the recordkeeping compliance program under subsection (f); and

"(ii) is generally in compliance with the appropriate procedures and requirements of the program;

does not produce a demanded record or information for a specific release or provide the information by acceptable alternative means, the Customs Service, in the absence of willfulness or repeated violations, shall issue a written notice of the violation to the recordkeeper in lieu of a monetary penalty. Repeated violations by the recordkeeper may result in the issuance of penalties and removal of certification under the program until corrective action, satisfactory to the Customs Service, is taken.

"(B) CONTENTS OF NOTICE.—A notice of violation issued under subparagraph (A) shall—

"(i) state that the recordkeeper has violated the recordkeeping requirements;

"(ii) indicate the record or information which was demanded; and

"(iii) warn the recordkeeper that future failures to produce demanded records or information may result in the imposition of monetary penalties.

"(C) RESPONSE TO NOTICE.—Within a reasonable time after receiving written notice under subparagraph (A), the recordkeeper shall notify the Customs Service of the steps it has taken to prevent a recurrence of the violation.

"(D) REGULATIONS.—The Secretary shall promulgate regulations to implement this paragraph. Such regulations may specify the time periods for compliance with a demand for information and provide guidelines which define repeated violations for purposes of this paragraph. Any penalty issued for a recordkeeping violation shall take into account the degree of compliance compared to the total number of importations, the nature of the demanded records and the recordkeeper's cooperation.".

SEC. 616. JUDICIAL ENFORCEMENT.

The second sentence of section 510(a) (19 U.S.C. 1510(a)) is amended by inserting "and such court may assess a monetary penalty" after "as a contempt thereof".

SEC. 617. REVIEW OF PROTESTS.

Section 515 (19 U.S.C. 1515) is amended by inserting at the end the following new subsections:

"(c) If a protesting party believes that an application for further review was erroneously or improperly denied or was denied without authority for such action, it may file with the Commissioner of Customs a written request that the denial of the application for further review be set aside. Such request must be filed within 60 days after the date of the notice of the denial. The Commissioner of Customs may review such request and, based solely on the information before the Customs Service at the time the application for further review was denied, may set aside the denial of the application for further review and void the denial of protest, if appropriate. If the Commissioner of Customs fails to act within 60 days after the date of the request, the request shall be considered denied. All denials of protests are effective from the date of original denial for purposes of section 2636 of title 28, United States Code. If an action is commenced in the Court of International Trade that arises out of a protest or an application for further review, all administrative action pertaining to such protest or application shall terminate and any administrative action taken subsequent to the commencement of the action is null and void.

"(d) If a protest is timely and properly filed, but is denied contrary to proper instructions, the Customs Service may on its own initiative, or pursuant to a written request by the protesting party filed with the appropriate district director within 90 days after the date of the protest denial, void the denial of the protest.".

SEC. 618. REPEAL OF PROVISION RELATING TO RELIQUIDATION ON ACCOUNT OF FRAUD.

Section 521 (19 U.S.C. 1521) is repealed.

SEC. 619. PENALTIES RELATING TO MANIFESTS.

Section 584 (19 U.S.C. 1584) is amended—

(1) by amending subsection (a)—

(A) by striking out "appropriate customs officer" wherever it appears and inserting "Customs Service",

(B) by striking out "officer demanding the same" in paragraph (1) and inserting "officer (whether of the Customs Service or the Coast Guard) demanding the same", and

(C) by inserting "(electronically or otherwise)" after "submission" in the last sentence of paragraph (1); and

(2) by amending subsection (b)—

(A) by striking out "the appropriate customs officer", "he" (except in paragraph (1)(F)), and "such officer" wherever they appear and inserting "the Customs Service",

(B) by striking out "written" wherever it appears (other than paragraph (1)(F)),

(C) by inserting "or electronically transmit" after "issue" wherever it appears, and

(D) by striking out "his intention" in the first sentence of paragraph (1) and inserting "intent".

SEC. 620. UNLAWFUL UNLOADING OR TRANSSHIPMENT.

Section 586 (19 U.S.C. 1586) is amended—

(1) by inserting ", or of a hovering vessel which has received or delivered merchandise while outside the territorial sea," after "from a foreign port or place" wherever it appears; and

(2) by amending subsection (f)—

(A) by striking out "the appropriate customs officer of the" and "the appropriate customs officer within the" and inserting "the Customs Service at the"; and

(B) by striking out "the appropriate customs officer is" and inserting "the Customs Service is".

SEC. 621. PENALTIES FOR FRAUD, GROSS NEGLIGENCE, AND NEGLIGENCE; PRIOR DISCLOSURE.

Section 592 (19 U.S.C. 1592) is amended—

(1) by inserting "or electronically transmitted data or information" after "document" in subsection (a)(1)(A)(i);

(2) by inserting "The mere nonintentional repetition by an electronic system of an initial clerical error does not constitute a pattern of negligent conduct." at the end of subsection (a)(2);

(3) by amending subsection (b)—

(A) by amending the first sentence of paragraph (1)(A)—

(i) by striking out "the appropriate customs officer" and inserting "the Customs Service",

(ii) by striking out "he" and inserting "it", and

(iii) by striking out "his" and inserting "its", and

(B) by amending paragraph (2)—

(i) by striking out "the appropriate customs officer" wherever it appears and inserting "the Customs Service",

(ii) by striking out "such officer" wherever it appears and inserting "the Customs Service", and

(iii) by striking out "he" wherever it appears and inserting "it";

(4) by amending subsection (c)(4)—

(A) by striking "time of disclosure or within thirty days, or such longer period as the appropriate customs officer may provide, after notice by the appropriate customs officer of his" in subparagraph (A)(i) and by striking out "time of disclosure in 30 days, or such longer period as the appropriate customs officer may provide, after notice by the appropriate customs officer of his" in subparagraph (B), and inserting in each place "time of disclosure, or within 30 days (or such longer period as the Customs Service may provide) after notice by the Customs Service of its"; and

(B) by inserting after the last sentence the following: "For purposes of this section, a formal investigation of a violation is considered to be commenced with regard to the disclosing party and the disclosed information on the date recorded in writing by the Customs Service as the date on which facts and circumstances were discovered or information was received which caused the Customs Service to believe that a possibility of a violation of subsection (a) existed."; and

(5) by amending subsection (d)—

(A) by striking out "the appropriate customs officer" and inserting "the Customs Service",

(B) by striking out "duties" wherever it appears and inserting "duties, taxes, or fees", and

(C) by inserting ", TAXES OR FEES" after "DUTIES" in the sideheading.

SEC. 622. PENALTIES FOR FALSE DRAWBACK CLAIMS.

(a) AMENDMENT.—Part V of title IV is amended by inserting after section 593 the following new section:

"SEC. 593A. PENALTIES FOR FALSE DRAWBACK CLAIMS.

"(a) PROHIBITION.—

"(1) GENERAL RULE.—No person, by fraud, or negligence—

"(A) may seek, induce or affect, or attempt to seek, induce, or affect, the payment or credit to that person or others of any drawback claim by means of—

"(i) any document, written or oral statement, or electronically transmitted data or information, or act which is material and false, or

"(ii) any omission which is material; or

"(B) may aid or abet any other person to violate subparagraph (A).

"(2) EXCEPTION.—Clerical errors or mistakes of fact are not violations of paragraph (1) unless they are part of a pattern of negligent conduct. The mere nonintentional repetition by an electronic system of an initial clerical error does not constitute a pattern of negligent conduct.

"(b) PROCEDURES.—

"(1) PREPENALTY NOTICE.—

"(A) IN GENERAL.—If the Customs Service has reasonable cause to believe that there has been a violation of subsection (a) and determines that further proceedings are warranted, the Customs Service shall issue to the person concerned a written notice of intent to issue a claim for a monetary penalty. Such notice shall—

"(i) identify the drawback claim;

"(ii) set forth the details relating to the seeking, inducing, or affecting, or the attempted seeking, inducing, or affecting, or the aiding or procuring of, the drawback claim;

"(iii) specify all laws and regulations allegedly violated;

"(iv) disclose all the material facts which establish the alleged violation;

"(v) state whether the alleged violation occurred as a result of fraud or negligence;

"(vi) state the estimated actual or potential loss of revenue due to the drawback claim, and, taking into account all circumstances, the amount of the proposed monetary penalty; and

"(vii) inform such person that he shall have a reasonable opportunity to make representations, both oral and written, as to why a claim for a monetary penalty should not be issued in the amount stated.

"(B) EXCEPTIONS.—The Customs Service may not issue a prepenalty notice if the amount of the penalty in the penalty claim issued under paragraph (2) is $1,000 or less. In such cases, the Customs Service may proceed directly with a penalty claim.

"(C) PRIOR APPROVAL.—No prepenalty notice in which the alleged violation occurred as a result of fraud shall be issued without the prior approval of Customs Headquarters.

"(2) PENALTY CLAIM.—After considering representations, if any, made by the person concerned pursuant to the notice issued under paragraph (1), the Customs Service shall determine whether any violation of subsection (a), as alleged in the notice, has occurred. If the Customs Service determines that there was no violation, the Customs Service shall promptly issue a written statement of the determination to the person to whom the notice was sent. If the Customs Service determines that there was a violation, Customs shall issue a written penalty claim to such person. The written penalty claim shall specify all changes in the information provided under clauses (i) through (vii) of paragraph (1)(A). Such person shall have a reasonable opportunity under section 618 to make representations, both oral and written, seeking remission or mitigation of the monetary penalty. At the conclusion of any proceeding under section 618, the Customs Service shall provide to the person concerned a written statement which sets forth the final determination, and the findings of fact and conclusions of law on which such determination is based.

"(c) MAXIMUM PENALTIES.—

"(1) FRAUD.—A fraudulent violation of subsection (a) of this section is punishable by a civil penalty in an amount not to exceed 3 times the actual or potential loss of revenue.

"(2) NEGLIGENCE.—

"(A) IN GENERAL.—A negligent violation of subsection (a) is punishable by a civil penalty in an amount not to exceed 20 percent of the actual or potential loss of revenue for the 1st violation.

"(B) REPETITIVE VIOLATIONS.—If the Customs Service determines that a repeat negligent violation occurs relating to the same issue, the penalty amount for the 2d violation shall be in an amount not to exceed 50 percent of the total actual or potential loss of revenue. The penalty amount for each succeeding repetitive negligent violation shall be in an amount not to exceed the actual or potential loss of revenue. If the same party commits a nonrepetitive violation, that violation shall be subject to a penalty not to exceed 20 percent of the actual or potential loss of revenue.

"(3) PRIOR DISCLOSURE.—

"(A) IN GENERAL.—Subject to subparagraph (B), if the person concerned discloses the circumstances of a violation of subsection (a) before, or without knowledge of the commencement of, a formal investigation of such violation, the monetary penalty assessed under this subsection may not exceed—

"(i) if the violation resulted from fraud, an amount equal to the actual or potential revenue of which the United States is or may be deprived as a result of overpayment of the claim; or

"(ii) if the violation resulted from negligence, an amount equal to the interest computed on the basis of the prevailing rate of interest applied under section 6621 of the Internal Revenue Code of 1986 on the amount of actual revenue of which the United States is or may be deprived during the period that—

"(I) begins on the date of the overpayment of the claim; and

"(II) ends on the date on which the person concerned tenders the amount of the overpayment.

"(B) CONDITION AFFECTING PENALTY LIMITATIONS.—The limitations in subparagraph (A) on the amount of the monetary penalty to be assessed under subsection (c) apply only if the person concerned tenders the amount of the overpayment made on the claim at the time of disclosure, or within 30 days (or such longer period as the Customs Service may provide), after notice by the Customs Service of its calculation of the amount of the overpayment.

"(C) BURDEN OF PROOF.—The person asserting lack of knowledge of the commencement of a formal investigation has the burden of proof in establishing such lack of knowledge.

"(4) COMMENCEMENT OF INVESTIGATION.—For purposes of this section, a formal investigation of a violation is considered to be commenced with regard to the disclosing party and the disclosed information on the date recorded in writing by the Customs Service as the date on which facts and circumstances were discovered or information was received which caused the Customs Service to believe that a possibility of a violation of subsection (a) existed.

"(5) EXCLUSIVITY.—Penalty claims under this section shall be the exclusive civil remedy for any drawback related violation of subsection (a).

"(d) DEPRIVATION OF LAWFUL REVENUE.—Notwithstanding section 514, if the United States has been deprived of lawful duties and taxes resulting from a violation of subsection (a), the Customs Service shall require that such duties and taxes be restored whether or not a monetary penalty is assessed.

"(e) DRAWBACK COMPLIANCE PROGRAM.—

"(1) IN GENERAL.—After consultation with the drawback trade community, the Customs Service shall establish a drawback compliance program in which claimants and other parties in interest may participate after being certified by the Customs Service under paragraph (2). Participation in the drawback compliance program is voluntary.

"(2) CERTIFICATION.—A party may be certified as a participant in the drawback compliance program after meeting the general requirements established under the program or after negotiating an alternative program suited to the needs of the party and the Customs Service. Certification requirements shall take into account the size and nature of the party's drawback program and the volume of claims. In order to be certified, the participant must be able to demonstrate that it—

"(A) understands the legal requirements for filing claims, including the nature of the records required to be maintained and produced and the time periods involved;

"(B) has in place procedures to explain the Customs Service requirements to those employees that are involved in the preparation of claims, and the maintenance and production of required records;

"(C) has in place procedures regarding the preparation of claims and maintenance of required records, and the production of such records to the Customs Service;

"(D) has designated a dependable individual or individuals to be responsible for compliance under the program and whose duties include maintaining familiarity with the drawback requirements of the Customs Service;

"(E) has a record maintenance procedure approved by the Customs Service for original records, or, if approved by the Customs Service, for alternate records or recordkeeping formats other than the original records; and

"(F) has procedures for notifying the Customs Service of variances to, and violations of, the requirements of the drawback compliance program or any negotiated alternative programs, and for taking corrective action when notified by the Customs Service for violations or problems regarding such program.

"(f) ALTERNATIVES TO PENALTIES.—

"(1) IN GENERAL.—When a party that—

"(A) has been certified as a participant in the drawback compliance program under subsection (e); and

"(B) is generally in compliance with the appropriate procedures and requirements of the program;

commits a violation of subsection (a), the Customs Service, shall, in the absence of fraud or repeated violations, and in lieu of a monetary penalty, issue a written notice of the violation to the party. Repeated violations by a party may result in the issuance of penalties and removal of certification under the program until corrective action, satisfactory to the Customs Service, is taken.

"(2) CONTENTS OF NOTICE.—A notice of violation issued under paragraph (1) shall—

"(A) state that the party has violated subsection (a);

"(B) explain the nature of the violation; and

"(C) warn the party that future violations of subsection (a) may result in the imposition of monetary penalties.

"(3) RESPONSE TO NOTICE.—Within a reasonable time after receiving written notice under paragraph (1), the party shall notify the Customs Service of the steps it has taken to prevent a recurrence of the violation.

"(g) REPETITIVE VIOLATIONS.—

"(1) A party who has been issued a written notice under subsection (f)(1) and subsequently commits a repeat negligent violation involving the same issue is subject to the following monetary penalties:

"(A) 2D VIOLATION.—An amount not to exceed 20 percent of the loss of revenue.

"(B) 3RD VIOLATION.—An amount not to exceed 50 percent of the loss of revenue.

"(C) 4TH AND SUBSEQUENT VIOLATIONS.—An amount not to exceed 100 percent of the loss of revenue.

"(2) If a party that has been certified as a participant in the drawback compliance program under subsection (e) commits an alleged violation which was not repetitive, the party shall be issued a 'warning letter', and, for any subsequent violation, shall be subject to the same maximum penalty amounts stated in paragraph (1).

"(h) REGULATION.—The Secretary shall promulgate regulations and guidelines to implement this section. Such regulations shall specify that for purposes of subsection (g), a repeat negligent violation involving the same issue shall be treated as a repetitive violation for a maximum period of 3 years.

"(i) COURT OF INTERNATIONAL TRADE PROCEEDINGS.—Notwithstanding any other provision of law, in any proceeding commenced by the United States in the Court of International Trade for the recovery of any monetary penalty claimed under this section—

"(1) all issues, including the amount of the penalty, shall be tried de novo;

"(2) if the monetary penalty is based on fraud, the United States shall have the burden of proof to establish the alleged violation by clear and convincing evidence; and

"(3) if the monetary penalty is based on negligence, the United States shall have the burden of proof to establish the act or omission constituting the violation, and the alleged violator shall have the burden of providing evidence that the act or omission did not occur as a result of negligence.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to drawback claims filed on and after the nationwide operational implementation of an automated drawback selectivity program by the Customs Service. The Customs Service shall publish notice of this date in the Customs Bulletin.

SEC. 623. INTERPRETIVE RULINGS AND DECISIONS; PUBLIC INFORMATION.

Section 625 (19 U.S.C. 1625) is amended to read as follows:

"SEC. 625. INTERPRETIVE RULINGS AND DECISIONS; PUBLIC INFORMATION.

"(a) PUBLICATION.—Within 90 days after the date of issuance of any interpretive ruling (including any ruling letter, or internal advice memorandum) or protest review decision under this chapter with respect to any customs transaction, the Secretary shall have such ruling or decision published in the Customs Bulletin or shall otherwise make such ruling or decision available for public inspection.

"(b) APPEALS.—A person may appeal an adverse interpretive ruling and any interpretation of any regulation prescribed to implement such ruling to a higher level of authority within the Customs Service for de novo review. Upon a reasonable showing of business necessity, any such appeal shall be considered and decided no later than 60 days following the date on which the appeal is filed. The Secretary shall issue regulations to implement this subsection.

"(c) MODIFICATION AND REVOCATION.—A proposed interpretive ruling or decision which would—

"(1) modify (other than to correct a clerical error) or revoke a prior interpretive ruling or decision which has been in effect for at least 60 days; or

"(2) have the effect of modifying the treatment previously accorded by the Customs Service to substantially identical transactions;

shall be published in the Customs Bulletin. The Secretary shall give interested parties an opportunity to submit, during not less than the 30-day period after the date of such publication, comments on the correctness of the proposed ruling or decision. After consideration of any comments received, the Secretary shall publish a final ruling or decision in the Customs Bulletin within 30 days after the closing of the comment period. The final ruling or decision shall become effective 60 days after the date of its publication.

"(d) PUBLICATION OF CUSTOMS DECISIONS THAT LIMIT COURT DECISIONS.—A decision that proposes to limit the application of a court decision shall be published in the Customs Bulletin together with notice of opportunity for public comment thereon prior to a final decision.

"(e) PUBLIC INFORMATION.—The Secretary may make available in writing or through electronic media, in an efficient, comprehensive and timely manner, all information, including directives, memoranda, electronic messages and telexes which contain instructions, requirements, methods or advice necessary for importers and exporters to comply with the Customs laws and regulations. All information which may be made available pursuant to this subsection shall be subject to any exemption from disclosure provided by section 552 of title 5, United States Code.".

SEC. 624. SEIZURE AUTHORITY.

Section 596(c) (19 U.S.C. 1595a(c)) is amended to read as follows:

"(c) Merchandise which is introduced or attempted to be introduced into the United

States contrary to law shall be treated as follows:

"(1) The merchandise shall be seized and forfeited if it—

"(A) is stolen, smuggled, or clandestinely imported or introduced;

"(B) is a controlled substance, as defined in the Controlled Substances Act (21 U.S.C. 801 et seq.), and is not imported in accordance with applicable law; or

"(C) is a contraband article, as defined in section 1 of the Act of August 9, 1939 (49 U.S.C. App. 781).

"(2) The merchandise may be seized and forfeited if—

"(A) its importation or entry is subject to any restriction or prohibition which is imposed by law relating to health, safety, or conservation and the merchandise is not in compliance with the applicable rule, regulation, or statute;

"(B) its importation or entry requires a license, permit or other authorization of an agency of the United States Government and the merchandise is not accompanied by such license, permit, or authorization;

"(C) it is merchandise or packaging in which copyright, trademark, or trade name protection violations are involved (including, but not limited to, violations of section 42, 43, or 45 of the Act of July 5, 1946 (15 U.S.C. 1124, 1125, or 1127), section 506 or 509 of title 17, United States Code, or section 2318 or 2320 of title 18, United States Code);

"(D) it is trade dress merchandise involved in the violation of a court order citing section 43 of such Act of July 5, 1946 (15 U.S.C. 1125);

"(E) it is merchandise which is marked intentionally in violation of section 304; or

"(F) it is merchandise for which the importer has received written notices that previous importations of identical merchandise from the same supplier were found to have been marked in violation of section 304.

"(3) If the importation or entry of the merchandise is subject to quantitative restrictions requiring a visa, permit, license, or other similar document, or stamp from the United States Government or from a foreign government or issuing authority pursuant to a bilateral or multilateral agreement, the merchandise shall be subject to detention in accordance with section 499 unless the appropriate visa, license, permit, or similar document or stamp is presented to the Customs Service; but if the visa, permit, license, or similar document or stamp which is presented in connection with the importation or entry of the merchandise is counterfeit, the merchandise may be seized and forfeited.

"(4) If the merchandise is imported or introduced contrary to a provision of law which governs the classification or value of merchandise and there are no issues as to the admissibility of the merchandise into the United States, it shall not be seized except in accordance with section 592.

"(5) In any case where the seizure and forfeiture of merchandise are required or authorized by this section, the Secretary may—

"(A) remit the forfeiture under section 618, or

"(B) permit the exportation of the merchandise, unless its release would adversely affect health, safety, or conservation or be in contravention of a bilateral or multilateral agreement or treaty.".

Subtitle B—National Customs Automation Program

SEC. 631. NATIONAL CUSTOMS AUTOMATION PROGRAM.

Part I of title IV is amended—

(1) by striking out

"PART I—DEFINITIONS

and inserting

"PART I—DEFINITIONS AND NATIONAL CUSTOMS AUTOMATION PROGRAM

"Subpart A—Definitions";

and

(2) by inserting after section 402 the following:

"Subpart B—National Customs Automation Program

"SEC. 411. NATIONAL CUSTOMS AUTOMATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish the National Customs Automation Program (hereinafter in this subpart referred to as the 'Program') which shall be an automated and electronic system for processing commercial importations and shall include the following existing and planned components:

"(1) Existing components:

"(A) The electronic entry of merchandise.

"(B) The electronic entry summary of required information.

"(C) The electronic transmission of invoice information.

"(D) The electronic transmission of manifest information.

"(E) Electronic payments of duties, fees, and taxes.

"(F) The electronic status of liquidation and reliquidation.

"(G) The electronic selection of high risk entries for examination (cargo selectivity and entry summary selectivity).

"(2) Planned components:

"(A) The electronic filing and status of protests.

"(B) The electronic filing (including remote filing under section 414) of entry information with the Customs Service at any location.

"(C) The electronic filing of import activity summary statements and reconciliation.

"(D) The electronic filing of bonds.

"(E) The electronic penalty process.

"(F) The electronic filing of drawback claims, records, or entries.

"(G) Any other component initiated by the Customs Service to carry out the goals of this subpart.

"(b) PARTICIPATION IN PROGRAM.—The Secretary shall by regulation prescribe the eligibility criteria for participation in the Program. Participation in the Program is voluntary.

"SEC. 412. PROGRAM GOALS.

"The goals of the Program are to ensure that all regulations and rulings that are administered or enforced by the Customs Service are administered and enforced in a manner that—

"(1) is uniform and consistent;

"(2) is as minimally intrusive upon the normal flow of business activity as practicable; and

"(3) improves compliance.

"SEC. 413. IMPLEMENTATION AND EVALUATION OF PROGRAM.

"(a) OVERALL PROGRAM PLAN.—

"(1) IN GENERAL.—Before the 180th day after the date of the enactment of this Act, the Secretary shall develop and transmit to the Committees an overall plan for the Program. The overall Program plan shall set forth—

"(A) a general description of the ultimate configuration of the Program;

"(B) a description of each of the existing components of the Program listed in section 411(a)(1); and

"(C) estimates regarding the stages on which planned components of the Program listed in section 411(a)(2) will be brought online.

"(2) ADDITIONAL INFORMATION.—In addition to the information required under paragraph (1), the overall Program plan shall include a statement regarding—

"(A) the extent to which the existing components of the Program currently meet, and the planned components will meet, the Program goals set forth in section 412; and

"(B) the effects that the existing components are currently having, and the effects that the planned components will likely have, on—

"(i) importers, brokers, and other users of the Program, and

"(ii) Customs Service occupations, operations, processes, and systems.

"(b) IMPLEMENTATION PLAN, TESTING, AND EVALUATION.—

"(1) IMPLEMENTATION PLAN.—For each of the planned components of the Program listed in section 411(a)(2), the Secretary shall—

"(A) develop an implementation plan;

"(B) test the component in order to assess its viability;

"(C) evaluate the component in order to assess its contribution toward achieving the program goals; and

"(D) transmit to the Committees the implementation plan, the testing results, and an evaluation report.

In developing an implementation plan under subparagraph (A) and evaluating components under subparagraph (C), the Secretary shall publish a request for comments in the Customs Bulletin and shall consult with the trade community, including importers, brokers, shippers, and other affected parties.

"(2) IMPLEMENTATION.—

"(A) The Secretary may implement on a permanent basis any Program component referred to in paragraph (1) on or after the date which is 30 days after paragraph (1)(D) is complied with.

"(B) For purposes of subparagraph (A), the 30 days shall be computed by excluding—

"(i) the days either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

"(ii) any Saturday and Sunday, not excluded under clause (i), when either House is not in session.

"(3) EVALUATION AND REPORT.—The Secretary shall—

"(A) develop a user satisfaction survey of parties participating in the Program;

"(B) evaluate the results of the user satisfaction survey on a biennial basis (fiscal years) and transmit a report to the Committees on the evaluation by no later than the 90th day after the close of each 2d fiscal year;

"(C) with respect to the existing Program component listed in section 411(a)(1)(G) transmit to the Committees—

"(i) a written evaluation of such component before the 180th day after the date of the enactment of this section and before the implementation of the planned Program components listed in section 411(a)(2) (B) and (C), and

"(ii) a report on such component for each of the 3 full fiscal years occurring after the date of the enactment of this section, which report shall be transmitted not later than the 90th day after the close of each such year; and

"(D) not later than the 90th day after the close of fiscal year 1994, and annually thereafter through fiscal year 2000, transmit to

the Committees a written evaluation with respect to the implementation and effect on users of each of the planned Program components listed in section 411(a)(2).

In carrying out the provisions of this paragraph, the Secretary shall publish requests for comments in the Customs Bulletin and shall consult with the trade community, including importers, brokers, shippers, and other affected parties.

"(c) COMMITTEES.—For purposes of this section, the term 'Committees' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

"SEC. 414. REMOTE LOCATION FILING.

"(a) CORE ENTRY INFORMATION.—

"(1) IN GENERAL.—A Program participant may file electronically an entry of merchandise with the Customs Service from a location other than the district designated in the entry for examination (hereafter in this section referred to as a 'remote location') if—

"(A) the Customs Service is satisfied that the participant has the capabilities referred to in paragraph (2)(A) regarding such method of filing; and

"(B) the participant elects to file from the remote location.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—In order to qualify for filing from a remote location, a Program participant must have the capability to provide, on an entry-by-entry basis, for the following:

"(i) The electronic entry of merchandise.

"(ii) The electronic entry summary of required information.

"(iii) The electronic transmission of invoice information (when required by the Customs Service).

"(iv) The electronic payment of duties, fees, and taxes.

"(v) Such other electronic capabilities within the existing or planned components of the Program as the Secretary shall by regulation require.

"(B) RESTRICTION ON EXEMPTION FROM REQUIREMENTS.—The Customs Service may not permit any exemption or waiver from the requirements established by this section for participation in remote entry filing.

"(3) CONDITIONS ON FILING UNDER THIS SECTION.—The Secretary may prohibit a Program participant from participating in remote location filing, and may remove a Program participant from participation in remote location filing, if the participant—

"(i) fails to meet all the compliance requirements and operational standards of remote location filing; or

"(ii) fails to adhere to all applicable laws and regulations.

"(4) ALTERNATIVE FILING.—Any Program participant that is eligible to file entry information electronically from a remote location but chooses not to do so in the case of any entry must file any paper documentation for the entry at the designated location referred to in subsection (d).

"(b) ADDITIONAL ENTRY INFORMATION.—

"(1) IN GENERAL.—A Program participant that is eligible under subsection (a) to file entry information from a remote location may, if the Customs Service is satisfied that the participant meets the requirements under paragraph (2), also electronically file from the remote location additional information that is required by the Customs Service to be presented before the acceptance of entry summary information and at the time of acceptance of entry summary information.

"(2) REQUIREMENTS.—The Secretary shall publish, and periodically update, a list of those capabilities within the existing and planned components of the Program that a Program participant must have for purposes of this subsection.

"(3) FILING OF ADDITIONAL INFORMATION.—

"(A) IF INFORMATION ELECTRONICALLY ACCEPTABLE.—A Program participant that is eligible under paragraph (1) to file additional information from a remote location shall electronically file all such information that the Customs Service can accept electronically.

"(B) ALTERNATIVE FILING.—If the Customs Service cannot accept additional information electronically, the Program participant shall file the paper documentation with respect to the information at the appropriate filing location.

"(C) APPROPRIATE LOCATION.—For purposes of subparagraph (B), the 'appropriate location' is—

"(i) before January 1, 1999, a designated location; and

"(ii) after December 31, 1998—

"(I) if the paper documentation is required for release, a designated location; or

"(II) if the paper documentation is not required for release, a remote location designated by the Customs Service or a designated location.

"(D) OTHER.—A Program participant that is eligible under paragraph (1) to file additional information electronically from a remote location but chooses not to do so must file the paper documentation with respect to the information at a designated location.

"(c) POST-ENTRY SUMMARY INFORMATION.—A Program participant that is eligible to file electronically entry information under subsection (a) and additional information under subsection (b) from a remote location may file at any remote location designated by the Customs Service any information required by the Customs Service after entry summary.

"(d) DEFINITIONS.—As used in this section:

"(1) The term 'designated location' means a customs office located in the customs district designated by the entry filer for purposes of customs examination of the merchandise.

"(2) The term 'Program participant' means, with respect to an entry of merchandise, any party entitled to make the entry under section 484(a)(2)(B).".

SEC. 632. DRAWBACK AND REFUNDS.

(a) AMENDMENTS.—Section 313 (19 U.S.C. 1313) is amended as follows:

(1) Subsection (a) is amended—

(A) by inserting "or destruction under customs supervision" after "Upon the exportation";

(B) by inserting "provided that those articles have not been used prior to such exportation or destruction," after "manufactured or produced in the United States with the use of imported merchandise,";

(C) by inserting "or destruction" after "refunded upon the exportation"; and

(D) by striking out "wheat imported after ninety days after the date of the enactment of this Act" and inserting "imported wheat".

(2) Subsection (b) is amended—

(A) by striking out "duty-free or domestic merchandise" and inserting "any other merchandise (whether imported or domestic)";

(B) by inserting ", or destruction under customs supervision," after "there shall be allowed upon the exportation";

(C) by inserting "or destroyed" after "notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported";

(D) by inserting ", but only if those articles have not been used prior to such exportation or destruction" after "an amount of drawback equal to that which would have been allowable had the merchandise used therein been imported"; and

(E) by inserting "or destruction under customs supervision" after "but the total amount of drawback allowed upon the exportation".

(3) Subsection (c) is amended to read as follows:

"(c) MERCHANDISE NOT CONFORMING TO SAMPLE OR SPECIFICATIONS.—Upon the exportation, or destruction under the supervision of the Customs Service, of merchandise—

"(1) not conforming to sample or specifications, shipped without the consent of the consignee, or determined to be defective as of the time of importation;

"(2) upon which the duties have been paid;

"(3) which has been entered or withdrawn for consumption; and

"(4) which, within 3 years after release from the custody of the Customs Service, has been returned to the custody of the Customs Service for exportation or destruction under the supervision of the Customs Service;

the full amount of the duties paid upon such merchandise, less 1 percent, shall be refunded as drawback.".

(4) Subsection (j) is amended to read as follows:

"(j) UNUSED MERCHANDISE DRAWBACK.—

"(1) If imported merchandise, on which was paid any duty, tax, or fee imposed under Federal law because of its importation—

"(A) is, before the close of the 3-year period beginning on the date of importation—

"(i) exported, or

"(ii) destroyed under customs supervision; and

"(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 percent of the amount of each duty, tax, or fee so paid shall be refunded as drawback. The exporter (or destroyer) has the right to claim drawback under this paragraph, but may endorse such right to the importer or any intermediate party.

"(2) If there is, with respect to imported merchandise on which was paid any duty, tax, or fee imposed under Federal law because of its importation, any other merchandise (whether imported or domestic), that—

"(A) is commercially interchangeable with such imported merchandise;

"(B) is, before the close of the 3-year period beginning on the date of importation of the imported merchandise, either exported or destroyed under customs supervision; and

"(C) before such exportation or destruction—

"(i) is not used within the United States, and

"(ii) is in the possession of, including ownership while in bailment, in leased facilities, in transit to, or in any other manner under the operational control of, the party claiming drawback under this paragraph, if that party—

"(I) is the importer of the imported merchandise, or

"(II) received from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the party the imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable

merchandise (and any such transferred merchandise, regardless of its origin, will be treated as the imported merchandise and any retained merchandise will be treated as domestic merchandise);

then upon the exportation or destruction of such other merchandise the amount of each such duty, tax, and fee paid regarding the imported merchandise shall be refunded as drawback, but in no case may the total drawback on the imported merchandise, whether available under this paragraph or any other provision of law or any combination thereof, exceed 99 percent of that duty, tax, or fee.

"(3) The performing of any operation or combination of operations (including, but not limited to, testing, cleaning, repacking, inspecting, sorting, refurbishing, freezing, blending, repairing, reworking, cutting, slitting, adjusting, replacing components, relabeling, disassembling, and unpacking), not amounting to manufacture or production for drawback purposes under the preceding provisions of this section on—

"(A) the imported merchandise itself in cases to which paragraph (1) applies, or

"(B) the commercially interchangeable merchandise in cases to which paragraph (2) applies,

shall not be treated as a use of that merchandise for purposes of applying paragraph (1)(B) or (2)(C).".

(5) Subsection (l) is amended by striking out "the fixing of a time limit within which drawback entries or entries for refund under any of the provisions of this section or section 309(b) shall be filed and completed," and inserting "the authority for the electronic submission of drawback entries".

(6) Subsection (p) is amended to read as follows:

"(p) SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, if—

"(A) an article (hereafter referred to in this subsection as the 'exported article') of the same kind and quality as a qualified article is exported;

"(B) the requirements set forth in paragraph (2) are met; and

"(C) a drawback claim is filed regarding the exported article;

the amount of the duties paid on, or attributable to, such qualified article shall be refunded as drawback to the drawback claimant.

"(2) REQUIREMENTS.—The requirements referred to in paragraph (1) are as follows:

"(A) The exporter of the exported article—

"(i) manufactured or produced the qualified article in a quantity equal to or greater than the quantity of the exported article,

"(ii) purchased or exchanged, directly or indirectly, the qualified article from a manufacturer or producer described in subsection (a) or (b) in a quantity equal to or greater than the quantity of the exported article,

"(iii) imported the qualified article in a quantity equal to or greater than the quantity of the exported article, or

"(iv) purchased or exchanged, directly or indirectly, an imported qualified article from an importer in a quantity equal to or greater than the quantity of the exported article.

"(B) In the case of the requirement described in subparagraph (A)(ii), the manufacturer or producer produced the qualified article in a quantity equal to or greater than the quantity of the exported article.

"(C) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the exported article is exported during the period that the qualified article described in subparagraph (A)(i) or (A)(ii) (whichever is applicable) is manufactured or produced, or within 180 days after the close of such period.

"(D) In the case of the requirement of subparagraph (A)(i) or (A)(ii), the specific petroleum refinery or production facility which made the qualified article concerned is identified.

"(E) In the case of the requirement of subparagraph (A)(iii) or (A)(iv), the exported article is exported within 180 days after the date of entry of an imported qualified article described in subparagraph (A)(iii) or (A)(iv) (whichever is applicable).

"(F) Except as otherwise specifically provided in this subsection, the drawback claimant complies with all requirements of this section, including providing certificates which establish the drawback eligibility of articles for which drawback is claimed.

"(G) The manufacturer, producer, importer, exporter, and drawback claimant of the qualified article and the exported article maintain all records required by regulation.

"(3) DEFINITION OF QUALIFIED ARTICLE, ETC.—For purposes of this subsection—

"(A) The term 'qualified article' means an article—

"(i) described in—

"(I) headings 2707, 2708, 2710, 2711, 2712, 2713, 2714, 2715, 2901, and 2902 of the Harmonized Tariff Schedule of the United States, or

"(II) headings 3901 through 3914 of such Schedule (as such headings apply to liquids, pastes, powders, granules, and flakes), and

"(ii) which is—

"(I) manufactured or produced as described in subsection (a) or (b) from crude petroleum or a petroleum derivative, or

"(II) imported duty-paid.

"(B) An exported article is of the same kind and quality as the qualified article for which it is substituted under this subsection if it is a product that is commercially interchangeable with or referred to under the same eight-digit classification of the Harmonized Tariff Schedule of the United States as the qualified article.

"(C) The term 'drawback claimant' means the exporter of the exported article or the refiner, producer, or importer of such article. Any person eligible to file a drawback claim under this subparagraph may designate another person to file such claim.

"(4) LIMITATION ON DRAWBACK.—The amount of drawback payable under this subsection shall not exceed the amount of drawback that would be attributable to the article—

"(A) manufactured or produced under subsection (a) or (b) by the manufacturer or producer described in clause (i) or (ii) of paragraph (2)(A), or

"(B) imported under clause (iii) or (iv) of paragraph (2)(A).".

(7) The following new subsections are inserted after subsection (p):

"(q) PACKAGING MATERIAL.—Packaging material, when used on or for articles or merchandise exported or destroyed under subsection (a), (b), (c), or (j), shall be eligible under such subsection for refund, as drawback, of 99 percent of any duty, tax, or fee imposed under Federal law on the importation of such material.

"(r) FILING DRAWBACK CLAIMS.—

"(1) A drawback entry and all documents necessary to complete a drawback claim, including those issued by the Customs Service, shall be filed or applied for, as applicable, within 3 years after the date of exportation or destruction of the articles on which drawback is claimed, except that any landing certificate required by regulation shall be filed within the time limit prescribed in such regulation. Claims not completed within the 3-year period shall be considered abandoned. No extension will be granted unless it is established that the Customs Service was responsible for the untimely filing.

"(2) A drawback entry for refund filed pursuant to any subsection of this section shall be deemed filed pursuant to any other subsection of this section should it be determined that drawback is not allowable under the entry as originally filed but is allowable under such other subsection.

"(s) DESIGNATION OF MERCHANDISE BY SUCCESSOR.—

"(1) For purposes of subsection (b), a drawback successor may designate imported merchandise used by the predecessor before the date of succession as the basis for drawback on articles manufactured by the drawback successor after the date of succession.

"(2) For purposes of subsection (j)(2), a drawback successor may designate—

"(A) imported merchandise which the predecessor, before the date of succession, imported; or

"(B) imported merchandise, commercially interchangeable merchandise, or any combination of imported and commercially interchangeable merchandise for which the successor received, before the date of succession, from the person who imported and paid any duty due on the imported merchandise a certificate of delivery transferring to the successor such merchandise;

as the basis for drawback on merchandise possessed by the drawback successor after the date of succession.

"(3) For purposes of this subsection, the term 'drawback successor' means an entity to which another entity (in this subsection referred to as the 'predecessor') has transferred by written agreement, merger, or corporate resolution—

"(A) all or substantially all of the rights, privileges, immunities, powers, duties, and liabilities of the predecessor; or

"(B) the assets and other business interests of a division, plant, or other business unit of such predecessor, but only if in such transfer the value of the transferred realty, personalty, and intangibles (other than drawback rights, inchoate or otherwise) exceeds the value of all transferred drawback rights, inchoate or otherwise.

"(4) No drawback shall be paid under this subsection until either the predecessor or the drawback successor (who shall also certify that it has the predecessor's records) certifies that—

"(A) the transferred merchandise was not and will not be claimed by the predecessor, and

"(B) the predecessor did not and will not issue any certificate to any other person that would enable that person to claim drawback.

"(t) DRAWBACK CERTIFICATES.—Any person who issues a certificate which would enable another person to claim drawback shall be subject to the recordkeeping provisions of this chapter, with the retention period beginning on the date that such certificate is issued.

"(u) ELIGIBILITY OF ENTERED OR WITHDRAWN MERCHANDISE.—Imported merchandise that has not been regularly entered or withdrawn for consumption shall not satisfy any requirement for use, exportation, or destruction under this section.

"(v) MULTIPLE DRAWBACK CLAIMS.—Merchandise that is exported or destroyed to

satisfy any claim for drawback shall not be the basis of any other claim for drawback; except that appropriate credit and deductions for claims covering components or ingredients of such merchandise shall be made in computing drawback payments.".

(b) APPLICATION OF AMENDMENT TO FINISHED PETROLEUM DERIVATIVES.—Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the amendment made by paragraph (6) of subsection (a) shall apply to—

(1) claims filed or liquidated on or after January 1, 1988, and

(2) claims that are unliquidated, under protest, or in litigation on the date of the enactment of this Act.

SEC. 633. EFFECTIVE DATE OF RATES OF DUTY.

Section 315 (19 U.S.C. 1315) is amended—

(1) by striking out "appropriate customs officer in the form and manner prescribed by regulations of the Secretary of the Treasury," in the first sentence of subsection (a) and inserting "Customs Service by written, electronic or such other means as the Secretary by regulation shall prescribe,";

(2) by striking out "customs custody" in the first sentence of subsection (b) and inserting "custody of the Customs Service"; and

(3) by striking out "paragraph 813" in subsection (c) and inserting "chapter 98 of the Harmonized Tariff Schedule of the United States".

SEC. 634. DEFINITIONS.

Section 401 (19 U.S.C. 1401) is amended—

(1) by amending subsection (k) to read as follows:

"(k) The term 'hovering vessel' means—

"(1) any vessel which is found or kept off the coast of the United States within or without the customs waters, if, from the history, conduct, character, or location of the vessel, it is reasonable to believe that such vessel is being used or may be used to introduce or promote or facilitate the introduction or attempted introduction of merchandise into the United States in violation of the laws of the United States; and

"(2) any vessel which has visited a vessel described in paragraph (1).."; and

(2) by inserting at the end thereof the following new subsections:

"(n) The term 'electronic transmission' means the transfer of data or information through an authorized electronic data interchange system consisting of, but not limited to, computer modems and computer networks.

"(o) The term 'electronic entry' means the electronic transmission to the Customs Service of—

"(1) entry information required for the entry of merchandise, and

"(2) entry summary information required for the classification and appraisement of the merchandise, the verification of statistical information, and the determination of compliance with applicable law.

"(p) The term 'electronic data interchange system' means any established mechanism approved by the Commissioner of Customs through which information can be transferred electronically.

"(q) The term 'National Customs Automation Program' means the program established under section 411.

"(r) The term 'import activity summary statement' refers to data or information transmitted electronically to the Customs Service, in accordance with such regulations as the Secretary prescribes, at the end of a specified period of time which enables the Customs Service to assess properly the duties, taxes and fees on merchandise imported during that period, collect accurate statistics and determine whether any other applicable requirement of law (other than a requirement relating to release from customs custody) is met.

"(s) The term 'reconciliation' means an electronic process, initiated at the request of an importer, under which the elements of an entry, other than those elements related to the admissibility of the merchandise, that are undetermined at the time of entry summary are provided to the Customs Service at a later time. A reconciliation is treated as an entry for purposes of liquidation, reliquidation, and protest.".

SEC. 635. MANIFESTS.

Section 431 (19 U.S.C. 1431) is amended—

(1) by amending subsections (a) and (b) to read as follows:

"(a) IN GENERAL.—Every vessel required to make entry under section 434 or obtain clearance under section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91) shall have a manifest that complies with the requirements prescribed under subsection (d).

"(b) PRODUCTION OF MANIFEST.—Any manifest required by the Customs Service shall be signed, produced, delivered or electronically transmitted by the master or person in charge of the vessel, aircraft, or vehicle, or by any other authorized agent of the owner or operator of the vessel, aircraft, or vehicle in accordance with the requirements prescribed under subsection (d). A manifest may be supplemented by bill of lading data supplied by the issuer of such bill. If any irregularity of omission or commission occurs in any way in respect to any manifest or bill of lading data, the owner or operator of the vessel, aircraft or vehicle, or any party responsible for such irregularity, shall be liable for any fine or penalty prescribed by law with respect to such irregularity. The Customs Service may take appropriate action against any of the parties."; and

(2) by inserting after subsection (c) the following new subsection:

"(d) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall by regulation—

"(A) specify the form for, and the information and data that must be contained in, the manifest required by subsection (a);

"(B) allow, at the option of the individual producing the manifest and subject to paragraph (2), letters and documents shipments to be accounted for by summary manifesting procedures;

"(C) prescribe the manner of production for, and the delivery for electronic transmittal of, the manifest required by subsection (a); and

"(D) prescribe the manner for supplementing manifests with bill of lading data under subsection (b).

"(2) LETTERS AND DOCUMENTS SHIPMENTS.—For purposes of paragraph (1)(B)—

"(A) the Customs Service may require with respect to letters and documents shipments—

"(i) that they be segregated by country of origin, and

"(ii) additional examination procedures that are not necessary for individually manifested shipments;

"(B) standard letter envelopes and standard document packs shall be segregated from larger document shipments for purposes of customs inspections; and

"(C) the term 'letters and documents' means—

"(i) data described in General Headnote 4(c) of the Harmonized Tariff Schedule of the United States,

"(ii) securities and similar evidences of value described in heading 4907 of such Schedule, but not monetary instruments defined pursuant to chapter 53 of title 31, United States Code, and

"(iii) personal correspondence, whether on paper, cards, photographs, tapes, or other media.".

SEC. 636. INVOICE CONTENTS.

Section 481 (19 U.S.C. 1481) is amended—

(1) by amending subsection (a)—

(A) by amending the matter preceding paragraph (1) to read as follows: "IN GENERAL.—All invoices of merchandise to be imported into the United States and any electronic equivalent thereof considered acceptable by the Secretary in regulations prescribed under this section shall set forth, in written, electronic, or such other form as the Secretary shall prescribe, the following:",

(B) by amending paragraph (3) to read as follows:

"(3) A detailed description of the merchandise, including the commercial name by which each item is known, the grade or quality, and the marks, numbers, or symbols under which sold by the seller or manufacturer in the country of exportation, together with the marks and numbers of the packages in which the merchandise is packed;", and

(C) by amending paragraph (10) to read as follows:

"(10) Any other fact that the Secretary may by regulation require as being necessary to a proper appraisement, examination and classification of the merchandise.";

(2) by amending subsection (c) to read as follows:

"(c) IMPORTER PROVISION OF INFORMATION.—Any information required to be set forth on an invoice may alternatively be provided by any of the parties qualifying as an 'importer of record' under section 484(a)(2)(B) by such means, in such form or manner, and within such time as the Secretary shall by regulation prescribe."; and

(3) by inserting before the period at the end of subsection (d) the following: "and may allow for the submission or electronic transmission of partial invoices, electronic equivalents of invoices, bills, or other documents or parts thereof, required under this section".

SEC. 637. ENTRY OF MERCHANDISE.

(a) AMENDMENTS TO SECTION 484.—Section 484 (19 U.S.C. 1484) is amended to read as follows:

"SEC. 484. ENTRY OF MERCHANDISE.

"(a) REQUIREMENT AND TIME.—

"(1) Except as provided in sections 490, 498, 552, 553, and 336(j), one of the parties qualifying as 'importer of record' under paragraph (2)(B), either in person or by an agent authorized by the party in writing, shall, using reasonable care—

"(A) make entry therefor by filing with the Customs Service—

"(i) such documentation or, pursuant to an electronic data interchange system, such information as is necessary to enable the Customs Service to determine whether the merchandise may be released from customs custody, and

"(ii) notification whether an import activity summary statement will be filed; and

"(B) complete the entry by filing with the Customs Service the declared value, classification and rate of duty applicable to the merchandise, and such other documentation or, pursuant to an electronic data interchange system, such other information as is necessary to enable the Customs Service to—

"(i) properly assess duties on the merchandise,

"(ii) collect accurate statistics with respect to the merchandise, and

"(iii) determine whether any other applicable requirement of law (other than a requirement relating to release from customs custody) is met.

"(2)(A) The documentation or information required under paragraph (1) with respect to any imported merchandise shall be filed or transmitted in such manner and within such time periods as the Secretary shall by regulation prescribe. Such regulations shall provide for the filing of import activity summary statements, covering entries or warehouse withdrawals made during a calendar month, within such time period as is prescribed in regulations but not to exceed the 20th day following such calendar month.

"(B) When an entry of merchandise is made under this section, the required documentation or information shall be filed or electronically transmitted either by the owner or purchaser of the merchandise or, when appropriately designated by the owner, purchaser, or consignee of the merchandise, a person holding a valid license under section 641. When a consignee declares on entry that he is the owner or purchaser of merchandise the Customs Service may, without liability, accept the declaration. For the purposes of this Act, the importer of record must be one of the parties who is eligible to file the documentation or information required by this section.

"(C) The Secretary, in prescribing regulations to carry out this subsection, shall establish procedures which insure the accuracy and timeliness of import statistics, particularly statistics relevant to the classification and valuation of imports. Corrections of errors in such statistical data shall be transmitted immediately to the Director of the Bureau of the Census, who shall make corrections in the statistics maintained by the Bureau. The Secretary shall also provide, to the maximum extent practicable, for the protection of the revenue, the enforcement of laws governing the importation and exportation of merchandise, the facilitation of the commerce of the United States, and the equal treatment of all importers of record of imported merchandise.

"(b) RECONCILIATION.—

"(1) IN GENERAL.—A party that electronically transmits an entry summary or import activity summary statement may at the time of filing such summary or statement notify the Customs Service of his intention to file a reconciliation pursuant to such regulations as the Secretary may prescribe. Such reconciliation must be filed by the importer of record within such time period as is prescribed by regulation but no later than 15 months following the filing of the entry summary or import activity summary statement; except that the prescribed time period for reconciliation issues relating to the assessment of antidumping and countervailing duties shall require filing no later than 90 days after the Customs Service advises the importer that a period of review for antidumping or countervailing duty purposes has been completed. Before filing a reconciliation, an importer of record shall post bond or other security pursuant to such regulations as the Secretary may prescribe.

"(2) REGULATIONS REGARDING AD/CV DUTIES.—The Secretary shall prescribe, in consultation with the Secretary of Commerce, such regulations as are necessary to adapt the reconciliation process for use in the collection of antidumping and countervailing duties.

"(c) RELEASE OF MERCHANDISE.—The Customs Service may permit the entry and release of merchandise from customs custody in accordance with such regulations as the Secretary may prescribe. No officer of the Customs Service shall be liable to any person with respect to the delivery of merchandise released from customs custody in accordance with such regulations.

"(d) SIGNING AND CONTENTS.—Entries shall be signed by the importer of record, or his agent, unless filed pursuant to an electronic data interchange system. If electronically filed, each transmission of data shall be certified by an importer of record or his agent, one of whom shall be resident in the United States for purposes of receiving service of process, as being true and correct to the best of his knowledge and belief, and such transmission shall be binding in the same manner and to the same extent as a signed document. The entry shall set forth such facts in regard to the importation as the Secretary may require and shall be accompanied by such invoices, bills of lading, certificates, and documents, or their electronically submitted equivalents, as are required by regulation.

"(e) PRODUCTION OF INVOICE.—The Secretary may provide by regulation for the production of an invoice, parts thereof, or the electronic equivalents thereof, in such manner and form, and under such terms and conditions, as the Secretary considers necessary.

"(f) STATISTICAL ENUMERATION.—The Secretary, the Secretary of Commerce, and the United States International Trade Commission shall establish from time to time for statistical purposes an enumeration of articles in such detail as in their judgment may be necessary, comprehending all merchandise imported into the United States and exported from the United States, and shall seek, in conjunction with statistical programs for domestic production and programs for achieving international harmonization of trade statistics, to establish the comparability thereof with such enumeration of articles. All import entries and export declarations shall include or have attached thereto an accurate statement specifying, in terms of such detailed enumeration, the kinds and quantities of all merchandise imported and exported and the value of the total quantity of each kind of article.

"(g) STATEMENT OF COST OF PRODUCTION.—Under such regulations as the Secretary may prescribe, the Customs Service may require a verified statement from the manufacturer or producer showing the cost of producing the imported merchandise, if the Customs Service considers such verification necessary for the appraisement of such merchandise.

"(h) ADMISSIBILITY OF DATA ELECTRONICALLY TRANSMITTED.—Any entry or other information transmitted by means of an authorized electronic data interchange system shall be admissible in any and all administrative and judicial proceedings as evidence of such entry or information.".

(b) AMENDMENT TO SECTION 771.—Section 771 (19 U.S.C. 1677) is amended by adding at the end the following new paragraph:

"(23) ENTRY.—The term 'entry' includes, in appropriate circumstances as determined by the administering authority, a reconciliation entry created under a reconciliation process, defined in section 401(s), that is initiated by an importer. The liability of an importer under an antidumping or countervailing duty proceeding for entries of merchandise subject to the proceeding will attach to the corresponding reconciliation entry or entries. Suspension of liquidation of the reconciliation entry or entries, for the purpose of enforcing this title, is equivalent to the suspension of liquidation of the corresponding individual entries; but the suspension of liquidation of the reconciliation entry or entries for such purpose does not preclude liquidation for any other purpose.".

SEC. 638. APPRAISEMENT AND OTHER PROCEDURES.

Section 500 (19 U.S.C. 1500) is amended—

(1) by striking out "The appropriate customs officer" and inserting "The Customs Service";

(2) by striking out "appraise" in subsection (a) and inserting "fix the final appraisement of";

(3) by striking out "ascertain the" in subsection (b) and inserting "fix the final";

(4) by amending subsection (c)—

(A) by inserting "final" after "fix the", and

(B) by inserting ", taxes, and fees" after "duties" wherever it appears; and

(5) by amending subsections (d) and (e) to read as follows:

"(d) liquidate the entry and reconciliation, if any, of such merchandise; and

"(e) give or transmit, pursuant to an electronic data interchange system, notice of such liquidation to the importer, his consignee, or agent in such form and manner as the Secretary shall by regulation prescribe.".

SEC. 639. VOLUNTARY RELIQUIDATIONS.

Section 501 (19 U.S.C. 1501) is amended—

(1) by striking out "the appropriate customs officer on his own initiative" and inserting "the Customs Service";

(2) by inserting "or transmitted" after "given" wherever it appears; and

(3) by amending the section heading to read as follows:

"SEC. 501. VOLUNTARY RELIQUIDATIONS BY THE CUSTOMS SERVICE.".

SEC. 640. APPRAISEMENT REGULATIONS.

Section 502 (19 U.S.C. 1502) is amended—

(1) by amending subsection (a)—

(A) by inserting "(including regulations establishing procedures for the issuance of binding rulings prior to the entry of the merchandise concerned)" after "law",

(B) by striking out "ports of entry, and" inserting "ports of entry. The Secretary",

(C) by inserting "or classifying" after "appraising" wherever it appears, and

(D) by striking out "such port" and inserting "any port, and may direct any customs officer at any port to review entries of merchandise filed at any other port"; and

(2) by striking out subsection (b) and redesignating subsection (c) as subsection (b).

SEC. 641. LIMITATION ON LIQUIDATION.

Section 504 (19 U.S.C. 1504) is amended—

(1) by amending subsection (a)—

(A) by striking out "Except as provided in subsection (b)," and inserting "Unless an entry is extended under subsection (b) or suspended as required by statute or court order,",

(B) by striking out "or" at the end of paragraph (2),

(C) by inserting "or" after the semicolon at the end of paragraph (3), and

(D) by inserting the following new paragraph after paragraph (3):

"(4) if a reconciliation is filed, or should have been filed, the date of the filing under section 484 or the date the reconciliation should have been filed;"; and

(2) by amending subsections (b), (c), and (d) to read as follows:

"(b) EXTENSION.—The Secretary may extend the period in which to liquidate an entry if—

"(1) the information needed for the proper appraisement or classification of the merchandise, or for insuring compliance with applicable law, is not available to the Customs Service; or

"(2) the importer of record requests such extension and shows good cause therefor.

The Secretary shall give notice of an extension under this subsection to the importer of record and the surety of such importer of record. Notice shall be in such form and manner (which may include electronic transmittal) as the Secretary shall by regulation prescribe. Any entry the liquidation of which is extended under this subsection shall be treated as having been liquidated at the rate of duty, value, quantity, and amount of duty asserted at the time of entry by the importer of record at the expiration of 4 years from the applicable date specified in subsection (a).

"(c) NOTICE OF SUSPENSION.—If the liquidation of any entry is suspended, the Secretary shall by regulation require that notice of the suspension be provided, in such manner as the Secretary considers appropriate, to the importer of record and to any authorized agent and surety of such importer of record.

"(d) REMOVAL OF SUSPENSION.—When a suspension required by statute or court order is removed, the Customs Service shall liquidate the entry within 6 months after receiving notice of the removal from the Department of Commerce, other agency, or a court with jurisdiction over the entry. Any entry not liquidated by the Customs Service within 6 months after receiving such notice shall be treated as having been liquidated at the rate of duty, value, quantity, and amount of duty asserted at the time of entry by the importer of record.".

SEC. 642. PAYMENT OF DUTIES AND FEES.

(a) AMENDMENT TO SECTION 505.—Section 505 (U.S.C. 1505) is amended to read as follows:

"SEC. 505. PAYMENT OF DUTIES AND FEES.

"(a) DEPOSIT OF ESTIMATED DUTIES, FEES, AND INTEREST.—Unless merchandise is entered for warehouse or transportation, or under bond, the importer of record shall deposit with the Customs Service at the time of making entry, or at such later time as the Secretary may prescribe by regulation, the amount of duties and fees estimated to be payable thereon. Such regulations may provide that estimated duties and fees shall be deposited before or at the time an import activity summary statement is filed. If an import activity summary statement is filed, the estimated duties and fees shall be deposited together with interest, at a rate determined by the Secretary, accruing from the first date of the month the statement is required to be filed until the date such statement is actually filed.

"(b) COLLECTION OR REFUND OF DUTIES, FEES, AND INTEREST DUE UPON LIQUIDATION OR RELIQUIDATION.—The Customs Service shall collect any increased or additional duties and fees due, together with interest thereon, or refund any excess moneys deposited, together with interest thereon, as determined on a liquidation or reliquidation. Duties, fees, and interest determined to be due upon liquidation or reliquidation are due 30 days after issuance of the bill for such payment. Refunds of excess moneys deposited, together with interest thereon, shall be paid within 30 days of liquidation or reliquidation.

"(c) INTEREST.—Interest assessed due to an underpayment of duties, fees, or interest shall accrue, at a rate determined by the Secretary, from the date the importer of record is required to deposit estimated duties, fees, and interest to the date of liquidation or reliquidation of the applicable entry or reconciliation. Interest on excess moneys deposited shall accrue, at a rate determined by the Secretary, from the date the importer of record deposits estimated duties, fees, and interest to the date of liquidation or reliquidation of the applicable entry or reconciliation.

"(d) DELINQUENCY.—If duties, fees, and interest determined to be due or refunded are not paid in full within the 30-day period specified in subsection (b), any unpaid balance shall be considered delinquent and bear interest by 30-day periods, at a rate determined by the Secretary, from the date of liquidation or reliquidation until the full balance is paid. No interest shall accrue during the 30-day period in which payment is actually made.".

(b) CONFORMING AMENDMENT.—Subsection (d) of section 520 (19 U.S.C. 1520(d)) is repealed.

SEC. 643. ABANDONMENT AND DAMAGE.

Section 506 (19 U.S.C. 1506) is amended—

(1) by striking out "the appropriate customs officer" and "such customs officer" wherever they appear and inserting "the Customs Service";

(2) by amending paragraph (1)—

(A) by striking out "not sent to the appraiser's stores for" and inserting "released without an",

(B) by striking out "of the examination packages or quantities of merchandise",

(C) by striking out "the appraiser's stores" and inserting "the Customs Service", and

(D) by inserting "or entry" after "invoice", and

(3) by amending paragraph (2)—

(A) by inserting ", electronically or otherwise," after "files", and

(B) by striking out "written".

SEC. 644. CUSTOMS OFFICER'S IMMUNITY.

Section 513 (19 U.S.C. 1513) is amended to read as follows:

"SEC. 513. CUSTOMS OFFICER'S IMMUNITY.

"No customs officer shall be liable in any way to any person for or on account of—

"(1) any ruling or decision regarding the appraisement or the classification of any imported merchandise or regarding the duties, fees, and taxes charged thereon,

"(2) the collection of any dues, charges, duties, fees, and taxes on or on account of any imported merchandise, or

"(3) any other matter or thing as to which any person might under this Act be entitled to protest or appeal from the decision of such officer.".

SEC. 645. PROTESTS.

Section 514 (19 U.S.C. 1514) is amended—

(1) by amending subsection (a)—

(A) by striking out "appropriate customs officer" in the text preceding paragraph (1) and inserting "Customs Service",

(B) by inserting "or reconciliation as to the issues contained therein," after "entry," in paragraph (5),

(C) by striking out "and" and inserting "or" at the end of paragraph (6),

(D) by striking out the comma at the end of paragraph (7) and inserting a semicolon, and

(E) by striking out "appropriate customs officer, who" in the text following paragraph (7) and inserting "Customs Service, which";

(2) by amending subsection (b) by striking out "appropriate customs officer" and inserting "Customs Service";

(3) by amending the first sentence of subsection (c)(1) to read as follows: "A protest of a decision made under subsection (a) shall be filed in writing, or transmitted electronically pursuant to an electronic data interchange system, in accordance with regulations prescribed by the Secretary. A protest must set forth distinctly and specifically—

"(A) each decision described in subsection (a) as to which protest is made;

"(B) each category of merchandise affected by each decision set forth under paragraph (1);

"(C) the nature of each objection and the reasons therefor; and

"(D) any other matter required by the Secretary by regulation.";

(4) by redesignating paragraph (2) of subsection (c) as paragraph (3) and by striking out "such customs officer" in such redesignated paragraph and inserting "the Customs Service";

(5) by designating the last sentence of paragraph (1) of subsection (c) as paragraph (2);

(6) by striking out "customs officer" in subsection (d) and inserting "Customs Service"; and

(7) by amending the section heading to read as follows:

"SEC. 514. PROTEST AGAINST DECISIONS OF THE CUSTOMS SERVICE.".

SEC. 646. REFUNDS AND ERRORS.

Section 520 (19 U.S.C. 1520) is amended—

(1) by inserting "or reconciliation" after "entry" in paragraphs (1) and (4) of subsection (a); and

(2) by amending subsection (c)—

(A) by striking out "appropriate customs officer" wherever it appears and inserting "Customs Service",

(B) by inserting "or reconciliation" after "reliquidate an entry", and

(C) by inserting ", whether or not resulting from or contained in electronic transmission," after "inadvertence" the first place it appears in paragraph (1).

SEC. 647. BONDS AND OTHER SECURITY.

Section 623 (19 U.S.C. 1623) is amended—

(1) by inserting "and the manner in which the bond may be filed with or, pursuant to an authorized electronic data interchange system, transmitted to the Customs Service" after "form of such bond" in subsection (b)(1); and

(2) by inserting at the end of subsection (d) the following new sentence: "Any bond transmitted to the Customs Service pursuant to an authorized electronic data interchange system shall have the same force and effect and be binding upon the parties thereto as if such bond were manually executed, signed, and filed.".

SEC. 648. CUSTOMHOUSE BROKERS.

Section 641 (19 U.S.C. 1641) is amended—

(1) by adding at the end of subsection (a)(2) the following new sentence: "It also includes the preparation of documents or forms in any format and the electronic transmission of documents, invoices, bills, or parts thereof, intended to be filed with the Customs Service in furtherance of such activities, whether or not signed or filed by the preparer, or activities relating to such preparation, but does not include the mere electronic transmission of data received for transmission to Customs.";

(2) by amending subsection (c)(1) to read as follows:

"(1) IN GENERAL.—Each person granted a customs broker's license under subsection (b) shall be issued, in accordance with such regulations as the Secretary shall prescribe, either or both of the following:

"(A) A national permit for the conduct of such customs business as the Secretary prescribes by regulation.

"(B) A permit for each customs district in which that person conducts customs business and, except as provided in paragraph (2), regularly employs at least 1 individual who is licensed under subsection (b)(2) to exercise responsible supervision and control over the customs business conducted by that person in that district.";

(3) by inserting at the end of subsection (c) the following new paragraph:

"(4) APPOINTMENT OF SUBAGENTS.—Notwithstanding subsection (c)(1), upon the implementation by the Secretary under section 413(b)(2) of the component of the National Customs Automation Program referred to in section 411(a)(2)(B), a licensed broker may appoint another licensed broker holding a permit in a customs district to act on its behalf as its subagent in that district if such activity relates to the filing of information that is permitted by law or regulation to be filed electronically. A licensed broker appointing a subagent pursuant to this paragraph shall remain liable for any and all obligations arising under bond and any and all duties, taxes, and fees, as well as any other liabilities imposed by law, and shall be precluded from delegating to a subagent such liability.";

(4) by amending subsection (d)(2)(B)—

(A) by striking out "appropriate customs officer" and inserting "Customs Service" in the first and third sentences,

(B) by striking out "he" and inserting "it" in the third sentence,

(C) by striking out "15 days" and inserting "30 days" in the third sentence,

(D) by striking out "the appropriate customs officer and the customs broker; they" and inserting "the Customs Service and the customs broker; which" in the sixth sentence,

(E) by striking out "his" and inserting "the" in the seventh sentence, and

(F) by striking out "for his decision" and inserting "for the decision" in the eighth sentence; and

(5) by amending subsection (f) by striking out "United States Customs Service." and inserting "Customs Service. The Secretary may not prohibit customs brokers from limiting their liability to other persons in the conduct of customs business. For purposes of this subsection or any other provision of this Act pertaining to recordkeeping, all data required to be retained by a customs broker may be kept on microfilm, optical disc, magnetic tapes, disks or drums, video files or any other electrically generated medium. Pursuant to such regulations as the Secretary shall prescribe, the conversion of data to such storage medium may be accomplished at any time subsequent to the relevant customs transaction and the data may be retained in a centralized basis according to such broker's business system.".

SEC. 649. CONFORMING AMENDMENTS.

(a) PLACE OF ENTRY AND UNLADING.—Section 447 (19 U.S.C. 1447) is amended by striking out "the appropriate customs officer shall consider" and inserting "the Customs Service considers".

(b) UNLADING.—Section 449 (19 U.S.C. 1449) is amended by striking out "appropriate customs officer of such port issues a permit for the unlading of such merchandise or baggage," and inserting "Customs Service issues a permit for the unlading of such merchandise or baggage at such port,".

Subtitle C—Miscellaneous Amendments to the Tariff Act of 1930

SEC. 651. ADMINISTRATIVE EXEMPTIONS.

Section 321 (19 U.S.C. 1321) is amended—

(1) by amending subsection (a)(1)—

(A) by striking out "of less than $10" and inserting "of an amount specified by the Secretary by regulation, but not less than $20,",

(B) by inserting ", fees," after "duties" wherever it appears, and

(C) by striking out "and" at the end thereof;

(2) by amending subsection (a)(2)—

(A) by striking out "shall not exceed—" and inserting "shall not exceed an amount specified by the Secretary by regulation, but not less than—",

(B) by striking out "$50" and "$100" in subparagraph (A) and inserting "$100" and "$200", respectively,

(C) by striking out "$25" in subparagraph (B) and inserting "$200",

(D) by striking out "$5" in subparagraph (C) and inserting "$200", and

(E) by striking the period at the end thereof and inserting "; and", and

(3) by inserting a new paragraph (3) at the end of subsection (a) to read as follows:

"(3) waive the collection of duties, fees, and taxes due on entered merchandise when such duties, fees, or taxes are less than $20 or such greater amount as may be specified by the Secretary by regulation."; and

(4) by amending subsection (b)—

(A) by striking out "to diminish any dollar amount specified in subsection (a) and"; and

(B) by striking out "such subsection" wherever it appears and inserting "subsection (a)".

SEC. 652. REPORT OF ARRIVAL.

Section 433 (19 U.S.C. 1433) is amended—

(1) by amending subsection (a)(1)—

(A) by striking out "or" at the end of subparagraph (B),

(B) by inserting "or" after the semicolon at the end of subparagraph (C), and

(C) by adding after subparagraph (C) the following:

"(D) any vessel which has visited a hovering vessel or received merchandise while outside the territorial sea;";

(2) by striking out "present to customs officers such" in subsection (d) and inserting "present, or transmit pursuant to an electronic data interchange system, to the Customs Service such information, data,"; and

(3) by amending subsection (e) to read as follows:

"(e) PROHIBITION ON DEPARTURES AND DISCHARGE.—Unless otherwise authorized by law, a vessel, aircraft or vehicle after arriving in the United States or Virgin Islands may, but only in accordance with regulations prescribed by the Secretary—

"(1) depart from the port, place, or airport of arrival; or

"(2) discharge any passenger or merchandise (including baggage).".

SEC. 653. ENTRY OF VESSELS.

Section 434 (19 U.S.C. 1434) amended to read as follows:

"SEC. 434. ENTRY; VESSELS.

"(a) FORMAL ENTRY.—Within 24 hours (or such other period of time as may be provided under subsection (c)(2)) after the arrival at any port or place in the United States of—

"(1) any vessel from a foreign port or place;

"(2) any foreign vessel from a domestic port;

"(3) any vessel of the United States having on board bonded merchandise or foreign merchandise for which entry has not been made; or

"(4) any vessel which has visited a hovering vessel or has delivered or received merchandise while outside the territorial sea;

the master of the vessel shall, unless otherwise provided by law, make formal entry at the nearest customs facility or such other place as the Secretary may prescribe by regulation.

"(b) PRELIMINARY ENTRY.—The Secretary may by regulation permit the master to make preliminary entry of the vessel with the Customs Service in lieu of formal entry or before formal entry is made. In permitting preliminary entry, the Customs Service shall board a sufficient number of vessels to ensure compliance with the laws it enforces.

"(c) REGULATIONS.—The Secretary may by regulation—

"(1) prescribe the manner and format in which entry under subsection (a) or subsection (b), or both, must be made, and such regulations may provide that any such entry may be made electronically pursuant to an electronic data interchange system;

"(2) provide that—

"(A) formal entry must be made within a greater or lesser time than 24 hours after arrival, but in no case more than 48 hours after arrival, and

"(B) formal entry may be made before arrival; and

"(3) authorize the Customs Service to permit entry or preliminary entry of any vessel to be made at a place other than a designated port of entry, under such conditions as may be prescribed.".

SEC. 654. UNLAWFUL RETURN OF FOREIGN VESSEL PAPERS.

Section 438 (19 U.S.C. 1438) is amended—

(1) by striking out "section 435" and inserting "section 434";

(2) by inserting ", or regulations issued thereunder," after "of this Act"; and

(3) by striking out "the appropriate customs officer of the port where such vessel has been entered." and inserting "the Customs Service in the port in which such vessel has entered.".

SEC. 655. VESSELS NOT REQUIRED TO ENTER.

Section 441 (19 U.S.C. 1441) is amended—

(1) by amending the text preceding paragraph (1) to read as follows: "The following vessels shall not be required to make entry under section 434 or to obtain clearance under section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91):";

(2) by amending paragraph (3) to read as follows:

"(3) Any vessel carrying passengers on excursion from the United States Virgin Islands to the British Virgin Islands and returning, if—

"(A) the vessel does not in any way violate the customs or navigation laws of the United States;

"(B) the vessel has not visited any hovering vessel; and

"(C) the master of the vessel, if there is on board any article required by law to be entered, reports the article to the Customs Service immediately upon arrival.";

(3) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and inserting after paragraph (3) the following:

"(4) Any United States documented vessel with recreational endorsement or any undocumented United States pleasure vessel not engaged in trade, if—

"(A) the vessel complies with the reporting requirements of section 433, and with the customs and navigation laws of the United States;

"(B) the vessel has not visited any hovering vessel; and

"(C) the master of, and any other person on board, the vessel, if the master or such person has on board any article required by law to be entered or declared, reports such article to the Customs Service immediately upon arrival;";

(4) by amending paragraph (6) (as so redesignated) by striking out "enrolled and licensed to engage in the foreign and coasting trade in the northern, northeastern, and northwestern frontiers" and inserting "documented under chapter 121 of title 46, United States Code, with a Great Lakes endorsement"; and

(5) by amending the section heading to read as follows:

"SEC. 441. EXCEPTIONS TO VESSEL ENTRY AND CLEARANCE REQUIREMENTS.".

SEC. 656. UNLADING.

Section 448(a) (19 U.S.C. 1448(a)) is amended—

(1) by amending the first sentence—

(A) by striking out "enter)" and inserting "enter or clear)",

(B) by striking out "or vehicle arriving from a foreign port or place" and inserting "required to make entry under section 434, or vehicle required to report arrival under section 433,",

(C) by inserting "or transmitted pursuant to an electronic data interchange system" after "issued", and

(D) by striking out the colon after "officer" and the proviso and inserting a period;

(2) by amending the second sentence—

(A) by striking out ", preliminary or otherwise,", and

(B) by inserting ", electronically pursuant to an authorized electronic data interchange system or otherwise," after "may issue a permit";

(3) by striking out the last sentence and inserting the following: "The owner or master of any vessel or vehicle, or agent thereof, shall notify the Customs Service of any merchandise or baggage so unladen for which entry is not made within the time prescribed by law or regulation. The Secretary shall by regulation prescribe administrative penalties not to exceed $1,000 for each bill of lading for which notice is not given. Any such administrative penalty shall be subject to mitigation and remittance under section 618. Such unentered merchandise or baggage shall be the responsibility of the master or person in charge of the importing vessel or vehicle, or agent thereof, until it is removed from the carrier's control in accordance with section 490."; and

(4) by striking out "the appropriate customs officer" and "such customs officer" wherever they appear and inserting "the Customs Service".

SEC. 657. DECLARATIONS.

Section 485 (19 U.S.C. 1485) is amended—

(1) by amending subsection (a)—

(A) by inserting "or transmit electronically" after "file", and

(B) by inserting "and manner" after "form";

(2) by amending subsection (d)—

(A) by striking out "A importer" and inserting "An importer", and

(B) by striking out "a importer" and inserting "an importer"; and

(3) by inserting after subsection (f) the following new subsection:

"(g) EXPORTED MERCHANDISE RETURNED AS UNDELIVERABLE.—With respect to any importation of merchandise to which General Headnote 4(e) of the Harmonized Tariff Schedule of the United States applies, any person who gained any benefit from, or met any obligation to, the United States as a result of the prior exportation of such merchandise shall, in accordance with regulations prescribed by the Secretary, within a reasonable time inform the Customs Service of the return of the merchandise.".

SEC. 658. GENERAL ORDERS.

Section 490 (19 U.S.C. 1490) is amended—

(1) by amending subsection (a) to read as follows:

"(a) INCOMPLETE ENTRY.—

"(1) Whenever—

"(A) the entry of any imported merchandise is not made within the time provided by law or by regulation prescribed by the Secretary;

"(B) the entry of imported merchandise is incomplete because of failure to pay the estimated duties, fees, or interest;

"(C) in the opinion of the Customs Service, the entry of imported merchandise cannot be made for want of proper documents or other cause; or

"(D) the Customs Service believes that any merchandise is not correctly and legally invoiced;

the carrier (unless subject to subsection (c)) shall notify the bonded warehouse of such unentered merchandise.

"(2) After notification under paragraph (1), the bonded warehouse shall arrange for the transportation and storage of the merchandise at the risk and expense of the consignee. The merchandise shall remain in the bonded warehouse until—

"(A) entry is made or completed and the proper documents are produced;

"(B) the information and data necessary for entry are transmitted to the Customs Service pursuant to an authorized electronic data interchange system; or

"(C) a bond is given for the production of documents or the transmittal of data.";

(2) by amending subsection (b)—

(A) by amending the heading for subsection (b) to read as follows:

"(b) REQUEST FOR POSSESSION BY CUSTOMS.—", and

(B) by striking out "appropriate customs officer" and inserting "Customs Service"; and

(3) by adding at the end the following new subsection:

"(c) GOVERNMENT MERCHANDISE.—Any imported merchandise that—

"(1) is described in any of paragraphs (1) through (4) of subsection (a); and

"(2) is consigned to, or owned by, the United States Government;

shall be stored and disposed of in accordance with such rules and procedures as the Secretary shall by regulation prescribe.".

SEC. 659. UNCLAIMED MERCHANDISE.

Section 491 (19 U.S.C. 1491) is amended—

(1) by amending subsection (a)—

(A) by striking out "customs custody for one year" in the first sentence and inserting "in a bonded warehouse pursuant to section 490 for 6 months",

(B) by striking out "public store or bonded warehouse for a period of one year" in the second sentence and inserting "pursuant to section 490 in a bonded warehouse for 6 months",

(C) by striking out "estimated duties and storage" in the first sentence and inserting "estimated duties, taxes, fees, interest, storage,",

(D) by inserting "taxes, fees, interest," after "duties," wherever it appears, and

(E) by striking out "duties" in the last sentence and inserting "duties, taxes, interest, and fees"; and

(2) by redesignating subsection (b) as subsection (e) and inserting after subsection (a) the following new subsections:

"(b) NOTICE OF TITLE VESTING IN THE UNITED STATES.—At the end of the 6-month period referred to in subsection (a), the Customs Service may, in lieu of sale of the merchandise, provide notice to all known interested parties that the title to such merchandise shall be considered to vest in the United States free and clear of any liens or encumbrances, on the 30th day after the date of the notice unless, before such 30th day—

"(1) the subject merchandise is entered or withdrawn for consumption; and

"(2) payment is made of all duties, taxes, fees, transfer and storage charges, and other expenses that may have accrued thereon.

"(c) RETENTION, TRANSFER, DESTRUCTION, OR OTHER DISPOSITION.—If title to any merchandise vests in the United States by operation of subsection (b), such merchandise may be retained by the Customs Service for official use, transferred to any other Federal agency or to any State or local agency, destroyed, or otherwise disposed of in accordance with such regulations as the Secretary shall prescribe. All transfer and storage charges or expenses accruing on retained or transferred merchandise shall be paid by the receiving agency.

"(d) PETITION.—Whenever any party, having lost a substantial interest in merchandise by virtue of title vesting in the United States under subsection (b), can establish such title or interest to the satisfaction of the Secretary within 30 days after the day on which title vests in the United States under subsection (b), or can establish to the satisfaction of the Secretary that the party did not receive notice under subsection (b), the Secretary may, upon receipt of a timely and proper petition and upon finding that the facts and circumstances warrant, pay such party out of the Treasury of the United States the amount the Secretary believes the party would have received under section 493 had the merchandise been sold and a proper claim filed. The decision of the Secretary with respect to any such petition is final and conclusive on all parties."; and

(3) by amending subsection (e) (as so redesignated) by striking out "appropriate customs officer" in paragraph (3) and inserting "Customs Service".

SEC. 660. DESTRUCTION OF MERCHANDISE.

Section 492 (19 U.S.C. 1492) is amended—

(1) by inserting ", retained for official use, or otherwise disposed of" after "destroyed"; and

(2) by striking out "appropriate customs officer" and inserting "Customs Service".

SEC. 661. PROCEEDS OF SALE.

Section 493 (19 U.S.C. 1493) is amended—

(1) by inserting "taxes, and fees," after "duties,";

(2) by striking out "by the appropriate customs officer"; and

(3) by striking out "such customs officer" and inserting "the Customs Service".

SEC. 662. ENTRY UNDER REGULATIONS.

Section 498(a) (19 U.S.C. 1498(a)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) Merchandise, when—

"(A) the aggregate value of the shipment does not exceed an amount specified by the Secretary by regulation, but not more than $2,500; or

"(B) different commercial facilitation and risk considerations that may vary for different classes or kinds of merchandise or different classes of transactions may dictate;"; and

(2) by striking out "$10,000" in paragraph (2) and inserting "such amounts as the Secretary may prescribe".

SEC. 663. AMERICAN TRADEMARKS.

Section 526(e)(3) (19 U.S.C. 1526(e)(3)) is amended—

(1) by striking out "1 year" and inserting "90 days"; and

(2) by striking out "appropriate customs officers" and inserting "the Customs Service".

SEC. 664. SIMPLIFIED RECORDKEEPING FOR MERCHANDISE TRANSPORTED BY PIPELINE.

Part IV of title IV is amended by inserting after section 553 the following new section:

"SEC. 553A. RECORDKEEPING FOR MERCHANDISE TRANSPORTED BY PIPELINE.

"Merchandise in Customs custody that is transported by pipeline may be accounted for on a quantitative basis, based on the bill of lading, or equivalent document of receipt, issued by the pipeline carrier. Unless the Customs Service has reasonable cause to suspect fraud, the Customs Service may accept the bill of lading, or equivalent document of receipt, issued by the pipeline carrier to the shipper and accepted by the consignee to maintain identity. The shipper, pipeline operator, and consignee shall be subject to the recordkeeping requirements of sections 508 and 509.".

SEC. 665. ENTRY FOR WAREHOUSE.

Section 557(a) (19 U.S.C. 1557(a)) is amended—

(1) by designating the first 2 sentences of such subsection as paragraph (1);

(2) by striking out in such paragraph (1) (as so designated) ": *Provided*, That the total period of time for which such merchandise may remain in bonded warehouse shall not exceed 5 years from the date of importation." and inserting the following: "; except that—

"(A) the total period of time for which such merchandise may remain in bonded warehouse shall not exceed 5 years from the date of importation; and

"(B) turbine fuel may be withdrawn for use under section 309 without the payment of duty if an amount equal to the quantity of fuel withdrawn is shown to be used within 30 days after the day of withdrawal, but duties (together with interest payable from the date of the withdrawal at the rate of interest established under section 6621 of title 26, United States Code) shall be deposited by the 40th day after the day of withdrawal on fuel that was withdrawn in excess of the quantity shown to have been so used during such 30-day period."; and

(3) by designating the remaining sentences of such subsection as paragraph (2).

SEC. 666. CARTAGE.

The first sentence of section 565 (19 U.S.C. 1565) is amended to read as follows: "The cartage of merchandise entered for warehouse shall be done by—

"(1) cartmen appointed and licensed by the Customs Service; or

"(2) carriers designated under section 551 to carry bonded merchandise;

who shall give bond, in a penal sum to be fixed by the Customs Service, for the protection of the Government against any loss of, or damage to, the merchandise while being so carted.".

SEC. 667. SEIZURE.

Section 612 (19 U.S.C. 1612) is amended—

(1) by amending subsection (a)—

(A) by striking out "the appropriate customs officer", "such officer" and "the customs officer" wherever they appear and inserting "the Customs Service", and

(B) by striking out "the appraiser's return and his" and inserting "its"; and

(2) by amending subsection (b) to read as follows:

"(b) If the Customs Service determines that the expense of keeping the vessel, vehicle, aircraft, merchandise, or baggage is disproportionate to the value thereof, the Customs Service may promptly order the destruction or other appropriate disposition of such property under regulations prescribed by the Secretary. No customs officer shall be liable for the destruction or other disposition of property made pursuant to this section.".

SEC. 668. LIMITATION ON ACTIONS.

Section 621 (19 U.S.C. 1621) is amended—

(1) by inserting "any duty under section 592(d), 593A(d), or" before "any pecuniary penalty"; and

(2) by striking out "discovered:" and all that follows thereafter and inserting the following: "discovered; except that—

"(1) in the case of an alleged violation of section 592 or 593A, no suit or action (including a suit or action for restoration of lawful duties under subsection (d) of such sections) may be instituted unless commenced within 5 years after the date of the alleged violation or, if such violation arises out of fraud, within 5 years after the date of discovery of fraud, and

"(2) the time of the absence from the United States of the person subject to the penalty or forfeiture, or of any concealment or absence of the property, shall not be reckoned within the 5-year period of limitation.".

SEC. 669. COLLECTION OF FEES ON BEHALF OF OTHER AGENCIES.

The Tariff Act of 1930 is amended by inserting after section 528 the following new section:

"SEC. 529. COLLECTION OF FEES ON BEHALF OF OTHER AGENCIES.

"The Customs Service shall be reimbursed from the fees collected for the cost and expense, administrative and otherwise, incurred in collecting any fees on behalf of any government agency for any reason.".

SEC. 670. AUTHORITY TO SETTLE CLAIMS.

The Tariff Act of 1930 is amended by inserting after section 629 the following new section:

"SEC. 630. AUTHORITY TO SETTLE CLAIMS.

"(a) IN GENERAL.—With respect to a claim that cannot be settled under chapter 171 of title 28, United States Code, the Secretary may settle, for not more than $50,000 in any one case, a claim for damage to, or loss of, privately owned property caused by an investigative or law enforcement officer (as defined in section 2680(h) of title 28, United States Code) who is employed by the Customs Service and acting within the scope of his or her employment.

"(b) LIMITATIONS.—The Secretary may not pay a claim under subsection (a) that—

"(1) concerns commercial property;

"(2) is presented to the Secretary more than 1 year after it occurs; or

"(3) is presented by an officer or employee of the United States Government and arose within the scope of employment.

"(c) FINAL SETTLEMENT.—A claim may be paid under this section only if the claimant accepts the amount of settlement in complete satisfaction of the claim.".

SEC. 671. USE OF PRIVATE COLLECTION AGENCIES.

The Tariff Act of 1930 is amended by inserting after section 630 the following new section:

"SEC. 631. USE OF PRIVATE COLLECTION AGENCIES.

"(a) IN GENERAL.—Notwithstanding any other provision of law, the Secretary, under such terms and conditions as the Secretary considers appropriate, shall enter into contracts and incur obligations with one or more persons for collection services to recover indebtedness arising under the customs laws and owed the United States Government, but only after the Customs Service has exhausted all administrative efforts, including all claims against applicable surety bonds, to collect the indebtedness.

"(b) CONTRACT REQUIREMENTS.—Any contract entered into under subsection (a) shall provide that—

"(1) the Secretary retains the authority to resolve a dispute, compromise a claim, end collection action, and refer a matter to the Attorney General to bring a civil action; and

"(2) the person is subject to—

"(A) section 552a of title 5, United States Code, to the extent provided in subsection (m) of such section; and

"(B) laws and regulations of the United States Government and State governments related to debt collection practices.".

Subtitle D—Miscellaneous Provisions and Consequential and Conforming Amendments to Other Laws

SEC. 681. AMENDMENTS TO THE HARMONIZED TARIFF SCHEDULE.

(a) RETURN SHIPMENTS.—General Note 4 of the Harmonized Tariff Schedule of the United States is amended—

(1) by striking out "and" at the end of subdivision (c);

(2) by inserting "and" after "1930," in subdivision (d);

(3) by inserting after subdivision (d) the following:

"(e) articles exported from the United States which are returned within 45 days after such exportation from the United States as undeliverable and which have not left the custody of the carrier or foreign customs service,"; and

(4) by adding at the end the following new sentence: "No exportation referred to in subdivision (e) may be treated as satisfying any requirement for exportation in order to receive a benefit from, or meet an obligation to, the United States as a result of such exportation.".

(b) ENTRY NOT REQUIRED FOR LOCOMOTIVES AND RAILWAY FREIGHT CARS.—

(1) The Notes to chapter 86 of such Schedule are amended by inserting after note 3 the following new note:

"4. Railway locomotives (provided for in headings 8601 and 8602) and railway freight cars (provided for in heading 8606) on which no duty is owed are not subject to the entry or release requirements for imported merchandise set forth in sections 448 and 484 of the Tariff Act of 1930. The Secretary of the Treasury may by regulation establish appropriate reporting requirements, including the requirement that a bond be posted to ensure compliance.".

(2) The U.S. Notes to subchapter V of chapter 99 of such Schedule are amended by inserting after note 8 the following new note:

"9. Railway freight cars provided for in subheadings 9905.86.05 and 9905.86.10 are not subject to the entry or release requirements for imported merchandise set forth in sections 448 and 484 of the Tariff Act of 1930. The Secretary of the Treasury may by regulation establish appropriate reporting requirements, including the requirement that a bond be posted to ensure compliance.".

(c) INSTRUMENTS OF INTERNATIONAL TRAFFIC.—The U.S. Notes to subchapter III of chapter 98 of such Schedule is amended by inserting after note 3 the following new note:

"4. Instruments of international traffic, such as containers, lift vans, rail cars and locomotives, truck cabs and trailers, etc. are exempt from formal entry procedures but are required to be accounted for when imported

and exported into and out of the United States, respectively, through the manifesting procedures required for all international carriers by the United States Customs Service. Fees associated with the importation of such instruments of international traffic shall be reported and paid on a periodic basis as required by regulations issued by the Secretary of the Treasury and in accordance with 1956 Customs Convention on Containers (20 UST 30; TIAS 6634).".

SEC. 682. CUSTOMS PERSONNEL AIRPORT WORK SHIFT REGULATION.

Section 13031(g) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(g)) is amended—

(1) by striking out "In addition to the regulations required under paragraph (2), the" and inserting "The";

(2) by striking out paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

SEC. 683. USE OF HARBOR MAINTENANCE TRUST FUND AMOUNTS FOR ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—Paragraph (3) of section 9505(c) of the Internal Revenue Code of 1986 (relating to expenditures from Harbor Maintenance Trust Fund) is amended to read as follows:

"(3) for the payment of all expenses of administration incurred by the Department of the Treasury, the Army Corps of Engineers, and the Department of Commerce related to the administration of subchapter A of chapter 36 (relating to harbor maintenance tax), but not in excess of $5,000,000 for any fiscal year.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to fiscal years beginning after the date of the enactment of this Act.

SEC. 684. AMENDMENTS TO TITLE 28, UNITED STATES CODE.

(a) AMENDMENTS RELATING TO ACCREDITATION OF PRIVATE LABORATORIES.—Title 28 of the United States Code is amended as follows:

(1) Section 1581(g) is amended by—

(A) striking out "and" at the end of paragraph (1);

(B) by striking out the period at the end of paragraph (2) and inserting "; and"; and

(C) by adding at the end the following:

"(3) any decision or order of the Customs Service to deny, suspend, or revoke accreditation of a private laboratory under section 499(b) of the Tariff Act of 1930.".

(2) Section 2631(g) is amended by inserting at the end the following new paragraph:

"(3) A civil action to review any decision or order of the Customs Service to deny, suspend, or revoke accreditation of a private laboratory under section 499(b) of the Tariff Act of 1930 may be commenced in the Court of International Trade by the person whose accreditation was denied, suspended, or revoked.".

(3) Section 2636 is amended—

(A) by redesignating subsection (h) as subsection (i); and

(B) by inserting after subsection (g) the following new subsection:

"(h) A civil action contesting the denial, suspension, or revocation by the Customs Service of a private laboratory's accreditation under section 499(b) of the Tariff Act of 1930 is barred unless commenced in accordance with the rules of the Court of International Trade within 60 days after the date of the decision or order of the Customs Service.".

(4) Section 2640 is amended—

(A) by redesignating subsection (d) as subsection (e); and

(B) by inserting after subsection (c) the following new subsection:

"(d) In any civil action commenced to review any order or decision of the Customs Service under section 499(b) of the Tariff Act of 1930, the court shall review the action on the basis of the record before the Customs Service at the time of issuing such decision or order.".

(5) Section 2642 is amended by inserting before the period the following: "or laboratories accredited by the Customs Service under section 499(b) of the Tariff Act of 1930".

(b) APPLICATION OF SUBSECTION (a) AMENDMENTS.—For purposes of applying the amendments made by subsection (a), any decision or order of the Customs Service denying, suspending, or revoking the accreditation of a private laboratory on or after the date of the enactment of this Act and before regulations to implement section 499(b) of the Tariff Act of 1930 are issued shall be treated as having been denied, suspended, or revoked under such section 499(b).

(c) JURISDICTION OF COURT.—Section 1582(1) of title 28, United States Code, is amended by inserting "593A," after "592,".

(d) FILING OF OFFICIAL DOCUMENTS.—Section 2635(a) of title 28, United States Code, is amended to read as follows:

"(a) In any action commenced in the Court of International Trade contesting the denial of a protest under section 515 of the Tariff Act of 1930 or the denial of a petition under section 516 of such Act, the Customs Service, as prescribed by the rules of the court, shall file with the clerk of the court, as part of the official record, any document, paper, information or data relating to the entry of merchandise and the administrative determination that is the subject of the protest or petition.".

SEC. 685. TREASURY FORFEITURE FUND.

Section 9703 of title 31, United States Code (as added by Public Law 102-393), is amended—

(1) by redesignating subparagraphs (E), (F), (G), (H), and (I) of subsection (a)(2) as subparagraphs (F), (G), (H), (I), and (J), respectively;

(2) by inserting after subparagraph (D) of subsection (a)(2) the following new subparagraph:

"(E) the payment of claims against employees of the Customs Service settled by the Secretary under section 630 of the Tariff Act of 1930;"; and

(3) by striking out "shall" the first place it appears in subsection (e) and inserting "may".

SEC. 686. AMENDMENTS TO THE REVISED STATUTES OF THE UNITED STATES.

(a) TECHNICAL AMENDMENTS.—The Revised Statutes of the United States are amended as follows:

(1) Section 2793 (19 U.S.C. 288, 46 U.S.C. App. 111, 123) is amended—

(A) by striking out "Enrolled or licensed vessels engaged in the foreign and coasting trade on the northern, northeastern, and northwestern frontiers of the United States," and inserting "Documented vessels with a coastwise, Great Lakes endorsement,"; and

(B) by striking out the first semicolon and all the text that follows thereafter and inserting a period.

(2) Section 3126 (19 U.S.C. 293) is amended—

(A) by striking out "Any vessel, on being duly registered in pursuance of the laws of the United States," and inserting "Any United States documented vessel with a registry or coastwise endorsement, or both" and

(B) by striking out all the text occurring after the first sentence.

(3) Section 3127 (19 U.S.C. 294) is amended by striking out "in registered vessels" and inserting "a United States documented vessel with a registry or coastwise endorsement, or both,".

(4) Section 4136 (46 U.S.C. App. 14) is amended by striking out—

(A) "The Secretary of Commerce may issue a register or enrollment" and inserting "The Secretary of Transportation may issue a certificate of documentation with a coastwise endorsement"; and

(B) "Secretary of Commerce," and inserting "Secretary of Transportation,".

(5) Section 4336 (46 U.S.C. App. 277) is amended—

(A) by striking out "register or enrollment or license of any vessel" and inserting "certificate of documentation of any documented vessel"; and

(B) by striking out "Secretary of the Treasury is not required to have its register or enrollment or license" and inserting "Secretary of Transportation is not required to have its certificate of documentation".

(b) CLEARANCE REQUIREMENTS.—Section 4197 of such Revised Statutes (46 U.S.C. App. 91) is amended to read as follows:

"SEC. 4197. CLEARANCE; VESSELS.

"(a) WHEN REQUIRED; VESSELS OF THE UNITED STATES.—Except as otherwise provided by law, any vessel of the United States shall obtain clearance from the Customs Service before proceeding from a port or place in the United States—

"(1) for a foreign port or place;

"(2) for another port or place in the United States if the vessel has on board bonded merchandise or foreign merchandise for which entry has not been made; or

"(3) outside the territorial sea to visit a hovering vessel or to receive merchandise while outside the territorial sea.

"(b) WHEN REQUIRED; OTHER VESSELS.—Except as otherwise provided by law, any vessel that is not a vessel of the United States shall obtain clearance from the Customs Service before proceeding from a port or place in the United States—

"(1) for a foreign port or place;

"(2) for another port or place in the United States; or

"(3) outside the territorial sea to visit a hovering vessel or to receive or deliver merchandise while outside the territorial sea.

"(c) REGULATIONS.—The Secretary of the Treasury may by regulation—

"(1) prescribe the manner in which clearance under this section is to be obtained, including the documents, data or information which shall be submitted or transmitted, pursuant to an authorized data interchange system, to obtain the clearance;

"(2) permit the Customs Service to grant clearance for a vessel under this section before all requirements for clearance are complied with, but only if the owner or operator of the vessel files a bond in an amount set by the Secretary of the Treasury conditioned upon the compliance by the owner or operator with all specified requirements for clearance within a time period (not exceeding 4 business days) established by the Secretary of the Treasury; and

"(3) authorize the Customs Service to permit clearance of any vessel to be obtained at a place other than a designated port of entry, under such conditions as he may prescribe.".

SEC. 687. AMENDMENTS TO TITLE 18, UNITED STATES CODE.

Section 965(a) of title 18, United States Code, is amended—

(1) by striking out "sections 91, 92, and 94 of Title 46" and inserting "section 431 of the Tariff Act of 1930 (19 U.S.C. 1431) and section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91),";

(2) by striking out "the collector of customs for the district wherein such vessel is then located" and inserting "the Customs Service"; and

(3) by striking out "the collector like" and inserting in lieu thereof "the Customs Service like".

SEC. 688. AMENDMENT TO THE ACT TO PREVENT POLLUTION FROM SHIPS.

Section 9(e) of the Act to Prevent Pollution from Ships (94 Stat. 2301, 33 U.S.C. 1908(e)) is amended by striking out "shall refuse or revoke" and all of the text following thereafter and inserting "shall refuse or revoke the clearance required by section 4197 of the Revised Statutes of the United States (46 U.S.C. App. 91). Clearance may be granted upon the filing of a bond or other surety satisfactory to the Secretary.".

SEC. 689. MISCELLANEOUS TECHNICAL AMENDMENTS.

(a) ACT OF OCTOBER 3, 1913.—The Act of October 3, 1913, is amended—

(1) in section IV, J, subsection 1 (19 U.S.C. 128) by striking out "registered as a vessel of the United States," and inserting "documented under chapter 121 of title 46, United States Code,"; and

(2) in section IV, J, subsection 3 (19 U.S.C. 131)—

(A) by striking out "vessels of the United States" and inserting "United States documented vessels"; and

(B) by striking out "registered as a vessel of the United States." and inserting "documented under chapter 121 of title 46, United States Code.".

(b) ACT OF AUGUST 5, 1935.—Section 4 of the Act of August 5, 1935 (19 U.S.C. 1704) is amended—

(1) by striking out "whenever the collector of customs of the district in which any vessel is, or is sought to be, registered, enrolled, licensed, or numbered," and inserting "when the Secretary of Transportation";

(2) by striking out "such collector" and inserting "the Secretary of Transportation";

(3) by striking out "said collector shall revoke the registry, enrollment, license, or number of such vessel" and inserting "the Secretary of Transportation shall revoke any endorsement on the vessel's certificate of documentation or number (when the Secretary is the authority issuing the number under chapter 123 of title 46, United States Code)"; and

(4) by striking out "Such collector and all persons" and inserting "The Secretary of Transportation and all persons".

(c) ACT OF NOVEMBER 6, 1966.—Sections 2(e) and 3(e) of the Act of November 6, 1966 (46 U.S.C. App. 817d(e) and 817e(e)) are each amended—

(1) by striking out "The collector of customs at" and inserting "At"; and

(2) by inserting ", the Customs Service" after "subsection (a) of this section".

SEC. 690. REPEAL OF OBSOLETE PROVISIONS OF LAW.

(a) REVISED STATUTES.—The following provisions of the Revised Statutes of the United States are repealed:

(1) So much of section 2792 as is codified at 19 U.S.C. 289 and 46 U.S.C. App. 110 and 112 (as in effect on the date of the enactment of this Act).

(2) Section 3111 (19 U.S.C. 282).

(3) Section 3118 (19 U.S.C. 286).

(4) Section 3119 (19 U.S.C. 287).

(5) Section 3122 (19 U.S.C. 290).

(6) Section 3124 (19 U.S.C. 291).

(7) Section 3125 (19 U.S.C. 292).

(8) Section 4198 (46 U.S.C. App. 94).

(9) Section 4199 (46 U.S.C. App. 93).

(10) Section 4201 (46 U.S.C. App. 96).

(11) Section 4207.

(12) Section 4208 (46 U.S.C. App. 102).

(13) Section 4213 (46 U.S.C. App. 101).

(14) So much of section 4221 as is codified at 46 U.S.C. App. 113 (as in effect on the date of the enactment of this Act).

(15) Section 4222 (46 U.S.C. App. 126).

(16) Sections 4306, 4307, and 4308 (46 U.S.C. App. 351 through 353).

(17) Section 4332 (46 U.S.C. App. 274).

(18) Section 4348 (46 U.S.C. App. 293).

(19) Section 4358 (46 U.S.C. App. 306).

(20) Section 4361 (46 U.S.C. App. 307).

(21) Sections 4362 through 4369 (46 U.S.C. App. 308 through 315).

(22) Sections 4573 through 4576 (46 U.S.C. App. 674 through 677).

(b) TARIFF ACT OF 1930.—The following sections of the Tariff Act of 1930 are repealed:

(1) Section 432 (19 U.S.C. 1432).

(2) Section 435 (19 U.S.C. 1435).

(3) Section 437 (19 U.S.C. 1437).

(4) Section 439 (19 U.S.C. 1439).

(5) Section 440 (19 U.S.C. 1440).

(6) Sections 443, 444, and 445 (19 U.S.C. 1443, 1444, and 1445).

(7) Section 465 (19 U.S.C. 1465).

(8) Section 482 (19 U.S.C. 1482).

(9) Section 583 (19 U.S.C. 1583).

(10) Section 585 (19 U.S.C. 1585).

(c) MISCELLANEOUS PROVISIONS.—The following provisions are repealed:

(1) Section 1 of the Act of February 10, 1900 (46 U.S.C. App. 131).

(2) Section 2 of the Act of April 29, 1908 (46 U.S.C. App. 127).

(3) Section 1 of the Act of July 1, 1916 (46 U.S.C. App. 130).

(4) Sections 1 and 2 of the Act of July 3, 1926 (46 U.S.C. App. 293a and 293b).

(5) The last undesignated paragraph of section 201 of the Act of August 5, 1935 (19 U.S.C. 1432a), is repealed.

(6) The Act of June 16, 1937 (19 U.S.C. 1435b).

(7) The Act of May 4, 1934 (46 U.S.C. App. 91a).

(8) Section 1403(b) of the Water Resources Development Act of 1986 (Public Law 99-662; 26 U.S.C. 4461 note).

SEC. 691. REPORTS TO CONGRESS.

(a) ANTIDUMPING AND COUNTERVAILING DUTY COLLECTIONS.—The Commissioner of Customs shall before the 60th day of each fiscal year after fiscal year 1994 submit to Congress a report regarding the collection during the preceding fiscal year of duties imposed under the antidumping and countervailing duty laws.

(b) CES FEE REPORT.—

(1) AMENDMENT.—Section 9501(c) of the Omnibus Budget Reconciliation Act of 1987 (19 U.S.C. 3 note) is amended by adding at the end the following new paragraph:

"(3) The Commissioner of Customs is authorized to obtain from the operators of centralized cargo examination stations information regarding the fees paid to them for the provision of services at these stations.".

(2) REPORT.—Within 9 months after the date of the enactment of this subsection, the Commissioner of Customs shall submit to the Committees referred to in section 9501(c) of the Omnibus Budget Reconciliation Act of 1987, a report setting forth—

(A) an estimate of the aggregate amount of fees paid to operators of centralized cargo examination stations during fiscal year 1993; and

(B) the variations, if any, among customs districts with respect to the amounts of the fees charged for centralized cargo examination station services.

(c) COMPLIANCE WITH CUSTOMS LAWS.—Section 123 of the Customs and Trade Act of 1990 (19 U.S.C. 2083) is amended—

(1) by redesignating subsection (d) as subsection (e), and

(2) by inserting after subsection (c) the following:

"(d) COMPLIANCE PROGRAM.—The Commissioner of Customs shall—

"(1) devise and implement a methodology for estimating the level of compliance with the laws administered by the Customs Service; and

"(2) include as an additional part of the report required to be submitted under subsection (a) for each of fiscal years 1994, 1995, and 1996, an evaluation of the extent to which such compliance was obtained during the 12-month period preceding the 60th day before each such fiscal year.".

(d) COURIER SERVICES COMPLIANCE REPORT.—The Commissioner of Customs shall initiate a compliance review of certain courier services which may not be eligible for benefits under the regulations of the Customs Service prescribed in part 128 of title 19 of the Code of Federal Regulations and shall submit a report to Congress on the results of such review within 1 year after the date of the enactment of this Act.

SEC. 692. EFFECTIVE DATE.

This title takes effect on the date of the enactment of this Act.

The CHAIRMAN. Under the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI], or a designee, will be recognized for 2 hours in favor of the bill; the gentleman from Missouri [Mr. GEPHARDT], or a designee, will be recognized for 2 hours in opposition to the bill; the gentleman from Illinois [Mr. MICHEL], or a designee, will be recognized for 2 hours in favor of the bill; and the gentleman from New York [Mr. SOLOMON], or a designee, will be recognized for 2 hours in opposition to the bill.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to begin this debate today with a plea for perspective. It is true that the issue before us is terribly important to America's future in the decades ahead. But I fear that both sides have been guilty of grossly overstating the impact it will have in the days and weeks ahead.

We will not experience a hemispheric boom or burst in January because we approve this agreement in November. Nor will we see a burst of job gains—or job losses—in the first quarter of next year because we approved NAFTA in the last quarter of this year. Today's jobless will not suddenly find work because there's a NAFTA. And those workers whose jobs are in jeopardy today will not be any safer if NAFTA fails.

But that does not mean that our decision today is unimportant. In fact, our vote today will help determine

what kind of American economy our children will inherit. We are debating whether America is a confident country, eager to face the future, ready to take on all competitors—or a nation in decline clinging to memories of our past.

In this debate, we are telling the world how we view ourselves, whether we welcome change and challenge or whether we fear it. We are sending a message about whether the world's only superpower thinks its best days are in the past or in the future.

While we frequently spend many hours in this Chamber discussing our Nation's flaws, I nonetheless am an optimist. Repeatedly in our history, we have been asked to enlarge America's markets. There have always been doubters, but they have always been proven wrong.

Each enlargement of our market has led to an enhancement of our standard of living. I am confident that our approval of NAFTA will open another positive chapter in American history.

I urge my colleagues to embrace the future and support NAFTA.

The Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, I yield 5½ minutes to the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Chairman, if Members believe what my distinguished colleague, the gentleman from Chicago, IL, just told us, they should read the history of the British empire, because the British spent 200 years giving away their industrial strength for foreign policy, and look where they are today. They were once the greatest empire the world has ever known.

Let me say that there is a lot of misinformation that has gone out on both sides of this argument, but one thing that is true as I stand here this morning and speak to the Members is the fact that if we pass NAFTA, Americans are going to lose jobs. The Members should not take my word for it. The Wall Street Journal did a survey in which some 500 executives throughout this country were asked what they would do if NAFTA passed; 55 percent of them responded that if NAFTA passed, they would give serious consideration to moving part of their operations to Mexico.

If that does not convince Members, let me suggest they read their business magazines throughout this country and see the ads that are constantly appearing: "Come to Mexico, bring your business to Mexico, cheap labor, no regulations." At the Bobbin manufacturing exhibit in Atlanta, just a few weeks ago, they were handing out fliers advertising for apparel manufacturers to move to Mexico.

□ 1120

I have had in the last 2 or 3 days a telephone call from a broom manufacturer in my district, wanting to know how to locate a plant in Mexico, and who to get in touch with in Mexico.

We have heard an awful lot about retraining. Well, let me tell you, as you go through the Third District of South Carolina, and you see the vacant store fronts in the small communities throughout South Carolina, you know that to train people who have lost their jobs, there have to be jobs to train them for. When these people lose the jobs that they have had for years and years in apparel and textiles, there is nothing else for them to do except to get on some sort of government dole.

What NAFTA proposes to do is to make Mexico a de facto state for economic purposes, a state where manufacturers can move and buy labor for $1 an hour instead of what they are paying back home—$7 and $8 an hour—with no health provisions, no safety, no wage restraints to follow. So let me tell you, if NAFTA passes, they will move and jobs will be lost.

There is another myth that is out there, that there is going to be some magic market that will be created for American goods. Common sense tells you that Mexicans making $1 an hour or less cannot afford to buy American goods. The Government of Mexico is committed to a low-wage policy. The wage rates of Mexicans today are 62 percent of what they were in 1979 and 1980.

It is simply wrong that there is some great export market that this country has; it is just not true. American exports to Mexico in 1992 were $44 billion; 70 percent were goods not intended for the consumer market—they were either capital goods or goods that are sent down there to be assembled and come back. The only thing that counts in a market such as that are consumer goods, of which there were relatively few.

So what is the cost going to be to our country? We are probably going to lose 1 million jobs over the next 20 years. The taxpayers, according to the Joint Economic Committee, are going to have to pay over $20 billion for costs associated with the enactment of NAFTA.

In conclusion, let me say this to the administration: If this is such a good deal, why did we almost have to give the portico away on the White House to get it? As I travel about over this country on planes, people who wear suits and ties are all for NAFTA. But I say to the administration, those are not the people that brought you to the dance. The people that brought you to the dance are those that are working out there in the mills and the small communities of this country that are worried about losing their jobs. And I say to the administration, just be careful when you send out these letters to the minority, that when the music stops you have a partner to dance with.

Mr. KOLBE. Mr. Chairman, to begin this historic debate on our side, it is my great pleasure to yield 4 minutes to the gentleman from Georgia [Mr. GINGRICH], the majority whip.

Mr. GINGRICH. Mr. Chairman, I thank my friend from Arizona for yielding.

Mr. Chairman, this is a debate, as you have just heard, between fear and clinging to the past versus hope and building a new future. This debate is in the past traditions of historic bipartisanship, the tradition of the Marshall plan, the Truman doctrine, and the vote on Desert Storm. Unlike that vote, where every elected Democratic leader opposed the President of the United States, I am proud to say that all but one of the elected House Republican leaders are working with the President of the United States.

We know that we have a chance to create local jobs through world sales. We know this is a bipartisan commitment.

Then-Candidate Reagan, November 14, 1979, said:

> We live on a continent whose three countries possess the assets to make it the strongest, most prosperous and self-sufficient area on Earth. Within the borders of this North American continent are the food, resources, technology, and undeveloped territory which, properly managed, could dramatically improve the quality of life of all it's inhabitants.
>
> It is no accident that this unmatched potential for progress and prosperity exists in three countries with such longstanding heritages of free government. A developing closeness among Canada, Mexico, and the United States—a North American accord—would permit achievement of that potential in each country beyond that which I believe any of them, strong as they are, could accomplish in the absence of such cooperation.

That was then-Candidate Reagan.

President George Bush, on September 10, 1992, said:

> NAFTA will open an important market, a Mexican economy whose growth prospects will quickly transform its expanding industries and consumers into excellent American customers.

Then-Candidate Bill Clinton, on October 4, 1992, speaking of NAFTA, said:

> It will provide more jobs through exports. It will challenge us to become more competitive. It will certainly help Mexico to develop, but still, that is also in our interest. A wealthier Mexico will buy more American products.

So every one of our recent Presidents—Reagan, Bush, Clinton—have all said "yes" to the idea of more American jobs through trade.

Some conservatives have worried about sovereignty. Yet Judge Bork says, "Any possible threat posed by the NAFTA side agreements to the sovereignty of the United States, there is no such threat discernible." He went on to say, "No treaty or executive

agreement can bind the United States if it wishes to withdraw from the agreement's obligations. There is no sovereignty question."

William F. Buckley said, "NAFTA yields no significant irreversible authority to any extra-national body."

There is no such sovereignty argument. But there is a real argument. My only request of my friends who are against it is that when you debate NAFTA today, you debate the facts—that you stick to the historic issues.

We talked about pressure, pressure at the White House. There has been no pressure in this debate like the pressure from the labor unions, and every American knows it, because they have seen it on national television.

But I would ask you, after debate based on the facts, when you vote tonight, remember two things: This is a vote for history. Every once in a while there is that magic moment that is larger than politics; it is larger than reelection; it is larger than personal ego. It is a moment when you define for the future of the Nation and the future of the world who we are and what we believe in.

Second, vote the future of your country and your children. I am an optimist. As Reagan once said, I believe in dreaming heroic dreams. After all, I am an American. I chose to vote to increase American civilization, to increase our economic opportunity, because I believe in a bigger future, a better future, and a greater chance for all humans to pursue happiness. And I believe reaching out to Mexico is an important first step in that direction.

Mr. SOLOMON. Mr. Chairman, I yield myself such time as I might consume.

Mr. Chairman, in doing so, I would like to brag that I was, with the exception of our Republican leaders, the gentleman from Illinois [Mr. MICHEL], Ronald Reagan's strongest supporter in this Congress. I was so proud to carry his water for 8 years in this Congress.

In that same vein, I have always believed in the principles of free trade. But, Mr. Chairman, free trade has to be fair trade. The very first principle of fair trade is that it must be conducted on a level playing field.

Mr. Chairman, there is nothing fair about this agreement. Under the terms of NAFTA and the attendant side agreements, there is no semblance of a level playing field, and all of us know it. As a matter of fact, the entire playing field is tipped in the favor of Mexico, guaranteeing unfair competition for American business and industry and American workers.

Mr. Chairman, this is a bad agreement, a destructive agreement, and an agreement that must be rejected by this Congress today. It will not be the end of the world if we do that.

□ 1130

Mr. Chairman, there are many flaws in this so-called free-trade agreement, but five of them, I think, stand out as the most egregious:

First, NAFTA violates the U.S. Constitution. Second, it threatens the sovereignty of this great Nation. Third, it will result in more Federal porkbarrel spending, the creation of another U.S. taxpayer-funded international bank, similar to the World Bank, and more foreign aid paid out of the pockets of the American people.

Fourth, it will raise taxes, once again, on the American people. And my gosh, when will that stop?

Fifth, and perhaps most importantly, the Mexican Government continues to be totally undemocratic and cannot be trusted to keep its end of the bargain.

Allow me to address just some of these flaws. As to the Constitution, there is no question that this pact violates articles I, II, and III of the Constitution, as well as the fifth amendment. In fact, a lawsuit is being prepared right now in the event that NAFTA does pass.

Additionally, the inclusion of the Clinton administration's side agreements violates U.S. law, and it violates the rules of this House.

Under the terms of the 1988 Trade Act, the fast-track procedures under which we are considering this agreement today apply only to agreements entered into before June 1, 1993.

Mr. Chairman, we both know that the side agreements were negotiated after June 1 and, thus, should be voted on separately by this Congress. But there is not going to be any separate vote. There is going to be one up-or-down vote on all of this, 7,000 pages. And none of my colleagues have read it. There is not a Member in this House who has read it. I have not read it, and I was in my office till midnight last night trying to see exactly what is in this, to at least have some comprehensive understanding of it.

Regarding the sovereignty issue, NAFTA will create huge new international bureaucratizes and tribunals paid for by who else? By the American taxpayers. And we Republicans are going to vote to create these new international bureaucracies and tribunals? And these new bureaucracies and tribunals will be employers to resolve disputes over trade, environmental and regulatory issues? Regulatory issues? Superseding U.S. law and State law?

Listen to these new agencies, and I am sorry to get so excited about this. The North American Free-Trade Commission. Think about it. The North American Development Bank, another World Bank style bureaucracy paid for by the man in the barrel, the American taxpayer. And this bank, incidentally, is a payoff to some in our California delegation. We will hear more about that.

Then we have the Border Environment Cooperation Commission, and God knows what that is. Members can bet their last taxpayer's dollar that it is another huge new bureaucracy accountable to whom? Accountable to no one in America.

Mr. Chairman, it goes on and on. Take the time to read this pact. These unelected, unaccountable tribunals will effectively usurp the legitimate authority of this U.S. Congress. They will usurp and abrogate States' rights. Members' own State laws dealing with the environment and labor. And they will override our own U.S. Federal Court System.

Mr. Chairman, upon taking office each one of us swears to uphold our cherished Constitution. We did not swear to tear it down, to abrogate it, to usurp it. But that is exactly what we are doing here. Read the pact, read the side agreements.

Mr. Chairman, as I stated before, some of these trilateral bureaucracies represent political payoffs by the administration to some reluctant Members of Congress. And what else has the administration promised?

Some of the new protectionist deals in what is supposed to be a free-trade pact include deals on peanuts, citrus fruits, corn syrup, sugarbeets, cotton, beef, and tomatoes. There are unauthorized road and bridge projects, textile protection in Virginia, manhole covers in Louisiana, and heaven knows what else. Mr. Chairman, should not these deals be voted on separately by this Congress? Do my colleagues know what would happen to them? They would all go down in flames. They would not be a part of this process.

Mr. Chairman, there is even more. For instance, the list of goodies used to literally buy votes, although legally, includes two new C–17 cargo planes at a cost of $1.5 billion to buy just one vote. These two airplanes are not even in the budget for 1994. How is President Clinton going to deliver those two planes? Are Members going to vote for it? They know they are not. So we cannot deliver. So whoever is selling their vote for two of these planes, is not going to get it. That deal is going to be reneged.

And then we have a helium reserve down in Texas, $305 million. Eliminating that was in President Clinton's rescission bill which is sitting over here on the desk waiting for us to vote on it. But we will never have a chance to enact it because the appropriators are going to kill it. And they are not even going to give us a chance. But here President Clinton is promising to put back in this helium thing which he has already asked us to turn down.

Mr. Chairman, this administration has bought, but not paid for, scores of pro-NAFTA votes, courtesy of the taxpayers. And those taxpayers are going to be outraged when they start adding them up.

Did Members read the New York Daily News or the New York Post this morning? Front page stories say there is $50 billion in goodies, giveaways.

Speaking of taxes, it goes without question that reduced tariffs under NAFTA will cost, according to most estimates, $2.5 billion. And it is going to be much higher than that. The gentleman from Illinois [Mr. ROSTENKOWSKI] knows that. And how does the administration propose to pay for this? Of course, in the usual way around here, we are going to raise taxes, as if the largest tax increase in the history of this Nation 3 months ago was not enough.

Let me tell Members something, it will be enough for the American people. My friends, judgment day is coming. It is coming next November. We are all up for reelection in less than a year. That is not very long for some of the new Members in particular.

Let me tell Members, it will be here in a split second. All of a sudden, opponents are going to be out there screaming at Members. It will be here before we know it. And colleagues, the American people do not care whether we are Republicans or Democrats. They are going to throw us out of here if we do not stop taxing and spending and regulating the American people.

Lastly, Mr. Chairman, let me just address the question of the Mexican Government. Let us face it. It is a one-party dictatorship. One political party in Mexico has been in power and has magically won every election since 1929. That is 64 years. That is longer than the Democrats have controlled this House. And how do Members think that happens? Every democracy in this hemisphere experiences problems every once in a while. But one-party rule for 64 years? Do we call that a democratic government in Mexico? Members know better.

Mr. Chairman, that government is not accountable to the American people or even to the Mexican people. It is only accountable to its own self-interest. Mr. Chairman, the Mexican Government can and does violate its own laws. Those politicians turn their heads, and there is corruption all over the place. They routinely fail to enforce their own labor laws and environmental regulations already.

The Mexican Government has already stated that it will not write the side agreements to NAFTA into Mexican law, as they are in our country, where there is recourse if American businesses do not live up to the law. There is no recourse in Mexico.

And while American businesses will have to meet our already high standards, and in New York State they are even higher than the rest of the Nation, nothing is going to happen in Mexico.

Mr. Chairman, this agreement amounts to little more than a handshake. I am going to tell my colleagues right now, as a member of the Committee on Foreign Affairs for many years, the Mexican Government cannot be trusted to make good on just a handshake.

Let me tell Members, the way to deal with a nation like Mexico is not in this trilateral operation that we have in this bill. We need to deal bilaterally, without the interference of some bureaucracy that is accountable to no one, especially not to the American people.

□ 1140

Members of Congress, we could demand bilaterally that the Mexican Government write these agreements into their own commercial code and enforce them before we initiate the agreement. That is how we deal bilaterally. We have all of this influence in America. All we have to do is tell them what to do, and they will have to do it.

Mr. Chairman, after NAFTA passes Mexico will have no incentive to implement any side agreements, and they will not do it. The result will be the destruction of hundreds of thousands of U.S. jobs. We know that. That is why we have all of these deals in the bill to work out retraining programs for Americans who are going to lose their jobs. It is in the bill. Read it. How do we justify that?

Mr. Chairman, NAFTA is currently, as negotiated, just not going to work. I am going to tell Members something right now. We can work out a free-trade pact with Mexico, we can do it. But we have to sit down and do it together as Republicans and Democrats working with the President. And I pledge to my colleagues that I will be the first to do that, as a free trader all my life. But we have to remember that we cannot do something that is going to take away American jobs. The American people deserve better than that, and that is why I will vote "no" on this bill.

But I pledge to Members to work to try to develop something that will certainly make for a level playing field for the American people, so that they can compete and save their jobs.

Mr. Chairman, I reserve the balance of my time.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS], chairman of the Subcommittee on Trade of the Committee on Ways and Means.

Mr. GIBBONS. Mr. Chairman, in 2 minutes it is almost impossible to refute all of the mistakes that the former speaker, the gentleman from New York, just made. I want to try to straighten him out a little if I can.

We are debating H.R. 3450. It is a document that is 445 pages long, not all of the books that the gentleman has there. But that is what we are debating.

Of that, only the first 300 pages are new legislation. The remainder of the legislation has passed the House, passed the Senate, and unfortunately was vetoed when that whole bunch of bills were vetoed last year. It is the Trade Modernization Act. So we are talking about some 300 pages here that we have to go through.

I think I know more about it than I am sure the gentleman does, and I think I know more about it than most of the Members of this House, because I helped put this together over a 3-year period. I have heard everybody complain, talk about it. We have checked it all out, and most of it is misinformation, just as we have just heard.

I know not only the small picture, but I know the larger picture. I have been visiting Mexico for over 50 years. Mexico is a poor country. It is our next door neighbor. It has been there for 500 years. It is not going away.

The Mexican economy, the Mexican nationality is mixing with the American economy and the American nationality. It is time that we did something constructive about it.

This trade agreement, and that is what we are talking about, is a trade agreement, just 300 pages long, is a carefully worked out and considered document. It will open the Mexican market to the United States, the Mexican market that has been closed to us for most of those 400 years.

It will also allow us to send our goods to Mexico, not our jobs to Mexico.

Those who want to preserve the status quo, which they complain about, are losing the whole point of this argument. We have got to change the status quo. This small bill does.

Mr. GEPHARDT. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, what disturbs me most about this NAFTA agreement is that essentially it treats the workers of this country, hard-working American men and women supporting themselves and their families, as an afterthought.

For the past 20 years we have watched the American family be hit with wave after wave of unemployment. We have watched them lose their jobs, their benefits, their income, and their standard of living. We have seen that as unemployment has taken place in various sectors of our economy that those families that were hit by it have never been able to recover their standard of living. They have never been able to recover their wages or the dreams for their children. We have seen that each and every time.

In spite of this 20-year history, this Government has never been willing or able to confront the future of these workers and what our obligation is to try to help them when they, basically through no fault of their own, have become unemployed. We have never had a comprehensive policy to transition workers from one industry to another, from one segment of our economy to another, to deal with reeducation, retraining, and reemployment. Our policy is that you get an unemployment

check, you become poor, you lose your home, you take your children out of school, and you start over. That kind of economic Darwinism cannot continue to serve the American economy or the American citizens.

But that is what has happened, and that is what is happening today as we embark on a new venture in the American economy by sanctioning the free-trade agreement with Mexico, recognizing that it will be incorporated into a large free-trade agreement with Latin America.

But this is not the first time the American worker will be left behind. They were left behind when the automobile industry failed to recognize the desire of American consumers for high-quality goods and to get their production costs down, resulting in the unemployment of a quarter of a million people and more people this last year. They were left behind when the steel industry failed to reinvest its profits in steelmaking and was not competitive in the world, and tens of thousands of people lost their jobs, never to recover their standard of living.

We have seen it in other areas, when capital went crazy in the 1980's and debt was assumed in the name of leveraged buyouts, and corporate takeovers, and when good companies like Continental, Eastern, Safeway, and others were thrown into debt, and the only way the debt could be solved was to unemploy the workers. So a few predatory attorneys and dealmakers made huge profits and the workers hit the unemployment lines.

Even today, as we reduce defense spending and experience base closures, what we find out is there is no program in place for these people who helped us win the cold war, for these people who have the highest and the best skills in the world. They are an afterthought. And that is why there is a labor side agreement, because labor had no chair at the NAFTA consultations, at its negotiations. There was no chair for Mr. and Mrs. Jones and their family, for Mr. and Mrs. Smith, for the aerospace worker, for the high-technology worker, for the blue collar worker. There was no chair for them. And when that became obvious to America, we ran in and tried to negotiate a side agreement, a side agreement that we will not vote on here, a side agreement that is not enforceable, and a side agreement that will do nothing to protect American workers from the downward pressure on their wages that will be caused by NAFTA.

So once again we see that the American worker is an afterthought.

That cannot be the mission of this Government, of this administration or of this Congress. We must start to recognize the dignity of our workers and our families and our obligations to help them as they move through a changing economy.

This NAFTA should be turned down.

Mr. LEWIS of California. Mr. Chairman, as I take a moment to control the time of the gentleman from Arizona [Mr. KOLBE], I am rather disappointed. I thought for a while that I was going to get a dissertation on the trilateral commission from my friend, the gentleman from New York [Mr. SOLOMON].

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, several chapters will unfold during this debate which must be understood before the American people will embrace this agreement.

Among those chapters are the questions of jobs, expanding democracy and opportunity in our hemisphere, and of our ability to compete in a shrinking world. I expect to speak to each of these during this debate.

The first is jobs. If it can be demonstrated that there will be a net loss of jobs as a result of NAFTA, then it will not be adopted. On the other hand, if it can be demonstrated that the agreement will create more jobs in the short as well as the long run, we should adopt it. If it will lead to more jobs and cause the American hemisphere to compete more effectively in a more and more competitive world, then we should embrace it enthusiastically.

All of us should be concerned about the way the jobs issue has been discussed by the opponents of NAFTA, for it seems to me that discussions have almost been designed to cut off thought and in many ways has caused much of the American people to stop listening.

On the one hand, organized labor in America is in fear of the past, is concerned about a shrinking membership, and has strongly plied their membership and their friends with misinformation. It is true that jobs have been lost in the past—largely to Asia but to countries like Mexico as well. I submit the vast percentage of those jobs were lost because sectors of American business were unprepared for change.

Let me illustrate my point. During the forties, fifties, and sixties, Kaiser Steel was a major employer in my home county. Over 15 years ago, Kaiser Steel closed its mills—almost entirely because the industry had not responded to modern technology. Because of that, they were not able to compete. Those jobs were lost to Asia before a NAFTA was ever proposed.

In the steel fabrication industry—in contrast—we learned our lesson. Modern technology has been used in small plants all across the United States and our workers are beating the pants off of Japan and Taiwan. Head on head, American workers are outproducing low wage workers in major manufacturing industries.

Yet, organized labor continues to try to shape the debate by taking us back to their past instead of positively looking to the future. NAFTA will mean more high paying jobs as a result of more trade of high quality products made by the most productive workers in the world.

The other piece of the opposition debate that must be set straight involves the sucking sound. Since we first heard that phrase, a lot of Americans quit listening, in fear of American industry moving to Mexico. Increased trade does not mean our jobs will move to Mexico. To the contrary, more trade will create additional jobs in the United States.

I challenge the opponents to disprove these facts: First. Since our neighbor to the south began unilaterally reducing tariffs in the mid-1980's, our products being traded to Mexico have increased, not decreased. In 1986, $12 billion of American goods were sold in Mexico. The figure for 1992 is $38 billion. This increase has created between 20 to 23,000 jobs here at home. Our trade balance has moved from a deficit of almost $5 billion to a trade surplus of $5.4 billion in 1992. Increased trade has produced over 70 percent of the new jobs in this country over the last decade. At a time when other sectors of our economy remain weak, it would be foolhardy to walk away from continued trade opportunities with Mexico—the country with the most positive "Buy U.S.A." attitude of any country in the entire world.

NAFTA continues that pattern of reducing Mexican tariffs on American made goods. That means more high paying jobs in the near term. Let me specifically illustrate this point: Bill Johnson owns the largest Caterpillar distributorship in the West. There is currently a 20-percent tariff on his products sold in Mexico. Caterpillar has 50 percent of the market. The other half is dominated by Komatsu Co. of Japan. Bill says, "Imagine what will happen when the 20 percent tariff comes off our tractors and it remains on the ones from Japan." He will dominate the marketplace—expanding jobs in southern California as well as in Illinois where the equipment is built. Exactly the same story applies to the computer industry—thousands of high paying jobs in the United States—high paying jobs produced right away.

Mexico has become our second most important trading partner—second only to Canada. These two countries are important to the United States—important in terms of American jobs and important in terms of the role we play in the world marketplace.

Mexico has gone through very significant shifts during the last 10 years, changes that will cause Mexico to become an even more important world leader and partner in the decades ahead.

During the early 1980's, a new leadership within the Institutional Revolutionary Party [PRI] decided it was critical to shift the direction of their economic policies. Mexico had tried a centralized system of government ownership of the industrial base. It was not successful. President Carlos Salinas de Gotari has brought about a quiet revolution during his presidency. Over 400 industries have been sold to the private sector with hundreds more in line. Over $28 billion dollars of revenue so far—$18 billion of that income from cash that had been languishing in American and other foreign banks. The money has been used to reduce internal debt—rather than spending it on social programs—an economic policy that is beyond the U.S. Congress.

Further, President Salinas has reduced tax rates and created incentives to participate in their tax system. The result: Almost a 50 percent increase in tax revenues.

Tariff rates have been reduced unilaterally from 100 percent levels to a top rate of 20 percent. While that is several times our top rate on their products, trade of American goods to Mexico has skyrocketed.

These changes in economic policy have led to rapid expansion of the Mexican economy. With that, a virtual explosion of economic opportunity has occurred for Mexicans at home. In sum, more and better paying jobs—which means greater trade opportunity for the United States in Mexico.

It is in America's interest to encourage the extension of these policies. With continuation of private economic hope for all Mexicans will come a new faith in Democratic values. That is precisely what is needed throughout all of Latin America—new economic opportunity for a larger and larger middle class and a broadly based faith in democratic institutions.

There is a reason Japan does not like this deal. There is a reason Germany, France, and the rest of the EEC are critical of this deal. Those regions are working together to create trade blocks that are designed to allow them to compete—even dominate—in world trade well into the 21st century. They know trade is not a zero sum game. They know that Canada, Mexico, and the United States of America—cooperating as a block, will be a fearsome force in the years ahead.

A trading block of 360 million consumers and a total GNP approaching $7 trillion. That is the foundation that will allow the United States to lead the world of nations on the path way of change and hope * * * and hopefully peace and freedom for all mankind.

One last point: President Clinton is scheduled to leave tomorrow to participate in critical negotiations of the GATT—the General Agreement on Tariffs and Trade. These talks are to try to open up fair trade opportunities in Europe and Asia. Just think what happens if our President arrives at the table with his wings clipped. He will almost be laughed out of the room.

In contrast: with the support of NAFTA, his hand could not be stronger. This is a historic moment—a time to guarantee America's ability to lead in the world of free trade.

This is not the time for us to walk away from our friend Carlos Salinas. Working more closely with Canada and Mexico is in the best interests of all people living and working in the North American hemisphere. That's why I urge you to join me in voting for NAFTA. Vote for more American jobs right now.

Mr. Chairman, I yield 3 minutes to my colleague, the gentleman from Kansas [Mr. ROBERTS].

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Mr. ROBERTS. Mr. Chairman, I had intended on rising to give a positive speech in behalf of the NAFTA, and I am going to do that.

But I want to get the attention of my friend, the gentleman from New York [Mr. SOLOMON]. I am on record for 12 long years voting against taxes, regulations, and the deficit, with a voting record at least equal to yours. I am on record, let me say, of defending the U.S. Constitution with a record at least, at least the same as yours.

No deals have been made in PAT ROBERTS' office, as the ranking Republican on Agriculture. There have been no deals. I have been for NAFTA on the strength of the agreement.

Now, the gentleman and I are members of the U.S. Marine Corps, and we are colleagues, and in the Marine Corps, they teach you to shoot straight with a rifle. You, sir, have fired a shotgun of fear at me, and I resent it.

Now, we must accept the politics of hope and reject the politics of fear.

The decision we will make will define the economic role of the United States into the next century. In this sense, we will continue to work to meet the challenges we face in regards to jobs, agriculture, trade, foreign relations, all of the problems that we have heard here on the floor, or we will face the same challenges and bigger challenges, the same problem and bigger problems with no agreement.

Over the past half century we rejected the protectionism and isolationism that helped trigger the Great Depression. We led the world toward open markets and free trade. United States economic strength is the force that brought down all the regimes; that strength brought new hope for freedom around the world.

NAFTA is built upon this half century of experience with both the hope and the promise of the free markets.

Those of us who are privileged to represent agriculture, our farmers, our producers know that the decision on NAFTA will impact us well into the next century. United States agricultural exports have grown from $1.3 billion to $4 billion this year, and 700,000 Americans owe their jobs to trade with Mexico.

In Kansas, Mexico is the third-largest market for our products. Food exports alone have soared by 364 percent.

Even more, we will say "yes" to expanded farm exports to Mexico by $2 billion to $2.5 billion, 50,000 new jobs, increased poultry exports, corn exports, wheat, soybeans, pork, beef. If we reject NAFTA, we reject the gains that we have made in regards to this kind of farm income.

Now, NAFTA is not the total solution. I know that. More especially with the problems we face with agriculture, but the question I pose to those who oppose NAFTA is this: What is your plan for increasing the income of our family farmers? Are we going back to the Harkin-Gephardt mandatory supply management program? We do not have the votes to do that. We do not have the budget to do that.

We are not going to increase a deficiency payment or the marketing loan. What is your plan for increasing farm exports if you reject increased trade with our fastest growing export market?

Vote for NAFTA.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to a very distinguished Member, the gentlewoman from Florida [Ms. ROS-LEHTINEN].

Ms. ROS-LEHTINEN. Mr. Chairman, I am opposing this agreement for a broad range of reasons including the loss of thousands of manufacturing jobs in my home State of Florida and throughout this Nation; also because of the billions of dollars in additional bureaucratic Government spending and also because we are having United States taxpayers pay for Mexico's environmental mess; also because of the tax increases on cruise ship and airline passengers to make up for lost tariff revenues, and because our environmental, health, and safety laws can be challenged by Mexico and Canada by unelected trinational commissions.

Chief among my concerns is the threat that this agreement poses to thousands of American jobs, especially those in Florida.

An Economic Policy Institute study reports that thousands of manufacturing jobs in my home State could be threatened if NAFTA passes. These jobs are in eight major industries where lower Mexican wages and regulations could cause these jobs to be moved to Mexico.

The cost of implementing this agreement has been estimated in the billions of dollars in the next 5 years.

Let us not do this to our American taxpayers.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Chairman, last month I attended a meeting at the White House when President Clinton had invited a large delegation of Republican and Democratic Members of Congress to hear him when he made his appeal for the adoption of NAFTA. As he approached the podium accompanied by former President George Bush, former President Jimmy Carter, and former President Gerald Ford, the entire audience rose to their feet and began to applaud them, and they applauded them, and they kept applauding.

Mr. Chairman, I believe that that was one of the most electrifying moments I have witnessed of any event since my 30 years in the Congress. They were saying they not only supported NAFTA but they were saying the American system is good, and though we may differ, we appreciate your leadership.

There were four Presidents there supporting NAFTA, which is also supported by President Reagan and President Nixon.

This has been a good debate. This has been a fair debate.

But NAFTA must pass, because it is in our best interest. In my judgment, this vote is a trade shot heard around the world. It is probably the only opportunity most of us will have in our lifetime to pass a trade agreement that will help nearly every American business and industry. It is a historic moment for us.

We should not give way to fear and apprehension. We can differ, and we

have differed, but this has been a healthy, intelligent debate.

Now it is time for us, America, to move forward. We are in global competition. We must pass NAFTA, because if we fail to pass NAFTA, I think I can tell you, as our present Ambassador, Jim Jones, who was a Member of this House, said, it will be viewed in Central and South America as well as in Mexico that we, the United States, are isolationists, and we do not want to trade in this Western Hemisphere. We cannot permit that.

We should advance the measure, and I am proud to support NAFTA.

Mr. Chairman, NAFTA is the trade shot heard round the world. It is probably the only opportunity most of us will have in our lifetime to pass a trade agreement that benefits almost all American businesses and industries. NAFTA is the historic opportunity of the century to expand the United States market into countries like Mexico, in Central and Latin America, which can only benefit from American product and technology imports.

This is the most important trade agreement in American history, and its passage is immensely important to the United States—it must pass. This is the most important foreign policy vote we will make in this decade. Our trading partners to the south include not only Mexico, but also all of South and Central America. This is the best chance we have ever had to expand our markets and sell American goods in the Western Hemisphere. More open markets for more American-made products mean more American jobs. NAFTA will preserve 700,000 American jobs related to trade with Mexico.

Last year the United States enjoyed a $5.4 billion trade surplus with Mexico. Through Texas flows almost half of the $76 billion in United States trade with Mexico. With NAFTA, the remaining Mexican trade barriers will be removed creating new jobs and vastly increasing exports of United States goods. NAFTA will leave the rest of the world on the outside looking in on the world's largest trading market, and enable us to better compete with Europe and Asia. That is why the Japanese, generally, are opposed to NAFTA—because it will enable the Western Hemisphere to open up and flourish into the world's largest and strongest market.

There are many myths out there floating around that if you don't know the facts, are easy to believe. For example:

Opponents are talking about that giant sucking sound of American jobs leaving the United States to Mexico for cheaper labor. That simply is not true. Businesses do not make a decision to move their companies solely on the cost of wages. They also look at capital, machinery, transportation, and other infrastructure requirements like communications. NAFTA will create jobs for Americans—not lose jobs.

Opponents also want people to believe that Mexican trucks that are hazardous are going to take over American highways running motorists off the road. This also is a myth. All foreign trucks entering U.S. borders must meet U.S. safety inspection and licensing standards.

Opponents also might try to claim that Mexico allows the use of harmful pesticides, specifically DDT, and NAFTA will allow imports contaminated by such. Once again—a falsehood. In fact, the use of DDT on food in Mexico is banned. NAFTA will not change U.S. food safety inspection requirements or customs standards. NAFTA can actually be viewed as an incentive for Mexican farmers to meet United States pesticide and residue requirements.

If NAFTA is not passed, the labor and environmental conditions in Mexico may not be improved. Right now, NAFTA is our only pressure on the Mexican Government to enforce the laws and standards in their own country and companies in order to meet United States standards. Environmental groups sat at the conference table during the negotiations; for the first time in our Nation's history, environmentalists have had a direct input into a trade agreement.

Our own Ambassador to Mexico, and former colleague, Jim Jones, says:

If NAFTA is defeated, the resentment in Central and South America will be even greater than in Mexico. The result will be to make it much harder for American businesses to expand into those markets unless they locate plants and jobs there. The political consequences in the next few years will be severe because it will be apparent that America's great economic growth potential in Latin America will have been lost.

The people of the United States must put trust into the 4 years of negotiations that have been put into this agreement. We must have faith in the six Presidents, Congress, Governors, and Nobel Prize winners who have all supported NAFTA as the trade agreement of the century. The world is watching to see if we maintain our position as a global leader by passing NAFTA. This is a battle between isolationism and world leadership. It is a matter of global competition—not just free trade.

We are within striking distance of victory, and I encourage my colleagues to support its passage.

Mr. GEPHARDT. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. CONDIT].

Mr. CONDIT. Mr. Chairman, I stand today with the majority leader, the gentleman from Missouri [Mr. GEPHARDT] and the gentleman from Michigan [Mr. BONIOR], in asking my colleagues to cast a "no" vote on this agreement.

For more than 3 years and two administrations, the United States, Mexico, and Canada have been negotiating a free-trade pact that had the potential to open up the largest free-trade sector in the world. Since I have been in Congress, I have supported the concept of free trade which allows the marketplace to operate independent of Government interference. However, I am a realist and there is an important step we need to take before free trade can be achieved—fair trade.

I believe that when negotiating a trade pact, the United States has the responsibility to look out for the best interest of America. What our trade representatives have negotiated is a trade agreement that is mainly beneficial to Mexico, but not all Mexicans.

I have made my stance on NAFTA perfectly clear over the last few months after thoroughly examining the NAFTA through the House Committee on Agriculture. In the final analysis, I cannot support a trade pact that does not protect the workers of this country.

People on both sides of this debate agree that there will be costs to the economy of the United States. There is disagreement over the extent of potential damage, but even supporters admit that jobs will be lost and incomes reduced. Where I come from, my district cannot afford any job losses. Not for 15 years, 10 years, 5 years, or even 1 year while we wait for the Mexican economy to catch up with our economy and increase their standard of living.

NAFTA isn't free or fair trade, it is managed trade or better mismanaged trade. We have huge labor cost disparities. No one can credibly argue that a $16-per-hour wage versus $2-per-day wage will not act as an invitation to relocate south of the border.

Part of fixing NAFTA with side agreements would require Mexico and the United States to provide for new, tougher, and enforceable labor and environmental standards, agreements on internal financial regulations, and protection against sudden destructive import surges. The side agreements would also have to assure some permanent funding to pay for the cost of trade adjustment and environmental repair. However, none of these elements are in the side agreements that the United States Government has agreed to with Mexico and Canada.

As you may be aware, last month I went to Mexico with some of my colleagues on the Government Operations Committee. During this trip we met with President Salinas, members of his Cabinet, farmer groups, and United States and Mexican business leaders. I found the trip extremely informative and hope that it will contribute to improved relations and cooperation between the two nations. It is unquestionably important for the United States and Mexico to improve and maintain a strong trade relationship. I am not convinced that the NAFTA agreement will accomplish the results advertised. In our meetings with Mexican officials I asked if this agreement will help stem illegal drug trafficking, illegal immigration, and increase extraditions. I am also concerned about the treatment of some United States agricultural commodities in the NAFTA—this trip gave me the opportunity to meet directly with Mexican Government officials to detail these issues.

The North American Free-Trade Agreement is a symbol of all that is wrong with our trade accords. For workers, our trade pacts have left them standing still, or falling behind while we continue to export jobs abroad. They see trade agreements that are more interested in quick profits rather than a long-term investment-led program. For businesses, we have seen the enormous need to compete in a global market but have been shut out because they face protectionist barriers all across the globe while we continue to run a trade deficit year after year and open our markets to the rest of the world. In case after case, issue after issue, industry after industry, NAFTA is bad news for Americans.

Mr. GEPHARDT. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Chairman, NAFTA is not about protectionism or about

Smoot-Hawley. NAFTA is not about isolationism or xenophobia. The American people are better than that, and so are the Members of Congress who share their concern about this NAFTA.

NAFTA is not about bedfellows, strange or otherwise. NAFTA is not basically about GATT or Japan or the APEC meeting in Seattle.

It is essentially about America, our jobs, our businesses, our standard of living. NAFTA is about a fact denied by too many proponents: There are two legitimate sides to this issue. It is about how we further integrate our economy with others, in this instance Mexico, a country whose governmental policies artificially keep down wages and salaries in order to attract investment from the north.

The Bush administration did not even try to address this basic economic issue.

To my deep disappointment, the supplemental agreements negotiated by the Clinton administration failed to do so.

Let me refer to two charts which illustrate the basic issue. The first chart relates to our exports to Mexico. This chart shows that half or more of our exports to Mexico go to maquiladoras or like plants. These are plants employing 600,000-plus people. These are plants making all kinds of industrial goods which are shipped back to the United States.

The second chart shows what has happened to productivity and to wages under Mexican Government policy. It shows that for the first quarter of 1993 Mexican wages went up by only 1 percent, even though productivity went up by 9 percent. This is the rub. The supplemental agreements do not address this set of issues.

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Indeed, to the contrary, this NAFTA gives a seal of approval to Mexican wages, salary and investment strategies—to a rigged, unlevel playing field. We learned in the 1980's, with Japan and others, the outcome of a complacent American response to an unlevel playing field. We should not make the same mistake in the 1990's. Rather than confronting these basic economic issues, we have seen renegotiations around the edges, leaving the basic core to fester.

This divisive, indeed I believe corrosive, debate in which we are engaged today did not have to happen. Expanded trade, yes; this NAFTA, no. Renegotiate NAFTA? Yes.

It is with this deep conviction that I today vote "no" on this NAFTA.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee [Mr. SUNDQUIST], another distinguished member of the Trade Subcommittee, a real champion of trade.

Mr. SUNDQUIST. I thank my colleague for yielding this time to me.

My colleagues, I have long supported NAFTA, for one simple reason: I believe it will be good for America's economy, it will create and protect American jobs. Allow me to give a couple of examples from my home State of Tennessee, companies that will benefit as NAFTA eliminates tariffs and barriers to their products: Du Pont, Allied Signal, Saturn, North American Phillips, Procter & Gamble, Federal Express, and many others.

Our agricultural community, as PAT ROBERTS said earlier, is behind NAFTA. Many small companies and entrepreneurs are anxious for a fair chance to reach the Mexican consumer market. If you have automobile plants in your States, do not be confused by the previous speaker. Let me give you the facts. We sell 4,000 cars and trucks to Mexico right now. Under this agreement we will sell 60,000 cars and trucks.

I am voting "yes" because I believe that American workers and American companies can compete with anyone anywhere, given a fair chance, given an opportunity. NAFTA offers that; it deserves our support.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. DIAZ-BALART], a very distinguished member of the Committee on Foreign Affairs.

Mr. DIAZ-BALART. I thank the gentleman for yielding this time to me.

Mr. Chairman, I find it amazing how we get all caught up and carried away by the dogma a la mode. Now it is free trade. The dogma a la mode is we are going to place hundreds of thousands of our economically most vulnerable Americans, their jobs at risk, because of the dogma a la mode.

Now, some of my friends say, "DIAZ-BALART, are you against free trade?" I say, "No, I am not against free trade, I support free trade. I support electricity too, but I do not suggest you stick your finger in the electrical socket."

With this NAFTA, we are going to create a single market with, as the gentleman from New York said just a few minutes ago, a rotating dictatorship, a dictatorship that is the longest standing dictatorship in the world since the collapse of the Soviet Union. Now, of course, it is not as ruthless as the totalitarian dictatorships; that is a given. But we should announce from the very beginning that we were interested in a hemispheric common market of democracies. Now, some people may say that I have a democracy fetish. I do not believe that I have one. I think it is irresponsible to enter into a single market with something other than a representative democracy, however. It was not a fetish on the part of the Europeans when they insisted upon effective, functioning democracies before admitting countries into the European Common Market and then the single market. It was not a fetish for the Europeans when they told Franco's Spain and the Colonels in Greece and the Oliveira Salazar in Portugal that, "You have to wait until you are a democracy before we can have a common market or a unitary market with you." That was not a fetish. They knew what we should know: that only citizens of representative democracy can pressure their official and independent judiciaries into compliance with their own laws. That is why democracy must be a condition-precedent to entering into a single market.

There are, Mr. Chairman, other functioning representative democracies in the southern part of this Hemisphere. Why is that a secret? Why did we pick the longest standing dictatorship in the world to enter into the NAFTA with? It was incorrect, it was a fatal flaw. We are not against a hemispheric common market, but this NAFTA is not in the interests of this Nation and most plainly, and most importantly, it is certainly unenforceable. Who are we signing it with? Who are we signing it with? That is the issue we must remember throughout this day. Representatives of the Mexican people? No. Ask the Mexican people, they will tell you it has been election after election after election after election that in fact is stolen. We owe it not only to the American people but to the Mexican people as well to insist upon representative democracy before we move forward with this.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. DE LA GARZA], chairman of the Committee on Agriculture.

Mr. DE LA GARZA. Mr. Chairman and my colleagues, I come here as the chairman of the Committee on Agriculture, as a Representative of the 15th District of Texas, and as a Hispanic-American whose family has lived on the border of the Rio Grande for over 300 years.

Like one or two of the previous speakers said, I cannot explain the agricultural section of NAFTA in this few minutes. Nor can I explain everything that has been misrepresented about what has been done in NAFTA. So let me just say for some of my colleagues on this side: This was started by a Republican President. It was negotiated by a Republican trade ambassador, Carla Hills. But all of us worked with them, trying to protect the interests of our constituencies, me on the border and as chairman of the Committee on Agriculture for all U.S. agriculture.

There has been much criticism and finger pointing about the administration, "They did this, they promised that." My friends that is what our constituencies demanded that we do. We have taken care of the sugar industry. Why? Because the American sugar industry is one of the industries that provides the jobs that everyone has been speaking about. And the same is true

of the concerns with peanuts and all of the other areas in agriculture that were not fully addressed in the preliminary agreement when it was negotiated. And that is what we are doing. I am proud that we did it. I am here to support it and support the agreement. I feel very strongly that no one can point the finger and say, "They are buying votes." No, I was working for American interests and American agriculture.

Also, let me say I share blood with the Mexican people. And the xenophobic, anti-Mexico slurs that have made the rounds here, including from some Members of this House, I resent that, I resent that very much.

You know what some Members want to do? They want a Mexican Government run by the Government of the United States. We tried that, and it did not work. But we took two-thirds of Mexico in the process.

My dear friends, that is the history: Texas, New Mexico, Arizona, California, part of Oregon, part of Utah, part of Colorado, almost all of Kansas. That was Mexico. That was Mexico.

I dare say, with all due respect, a war was started in order to sign a treaty that gave the United States of America all of that territory. We cannot go into Mexico and Americanize it. We cannot tell the Mexican people, "You do this because we want you to do it." That is an insult to a neighbor, to a friend, to a whole people, regardless of their personal politics.

Yes, they have a long way to go. I am not here defending Mexico, I am defending the blood that I share with those people. Now, our colleagues, about the anti-Mexican slurs, can you imagine what they would say about the blacks? Can you imagine what they would say about our Jewish brethren, our Hungarians, our Greeks, our Italians, our Irish? That is not the American way.

We cannot expect to Americanize the world. We cannot call the President of Mexico a dictator. I do not know who voted for him or who did not, but we do not have that right. It is an abuse to the people of Mexico that any one of our Members would stand here and say, "This is how Mexico should be, this is how I say Mexico should act."

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There was mention about trucks, for example. I checked into that. They have the same agreement, the same rules that we do. But the worst thing is the way that the people of Mexico have been depicted, the way the Government of Mexico has been insulted, and that is not right. That really should not be the issue. The issue is that this is a good agreement, maybe not a perfect agreement, but a good one. It will bring jobs, and we should vote yes.

Some have criticized the recent letters of understanding reached to deal with certain agricultural issues. My colleagues, do not fault those who represent agricultural areas for their desire to strike the best deal possible for their constituents.

American agriculture is not saying no to this NAFTA. They realize closer economic ties with Mexico and Canada is in the best long-term interests. They are only asking that there be fair trading rules in place to deal with their competitors in Mexico and Canada.

My friends, this is the NAFTA that this Congress should and must approve. This is a trade agreement that is in our national interest.

Let me speak briefly about the agricultural trade aspects of NAFTA. This NAFTA, while not perfect, does provide American agriculture with the opportunity to lock-in and expand its sales to Mexico, our third and fastest growing market for United States agricultural exports.

Under NAFTA, Mexico would be required, as would we, to eliminate or phase down agricultural tariffs over a period of up to 15 years, depending on the commodity. Nontariff barriers, such as quotas and import licenses, would also be converted to tariff-rate quotas and subject to similar phase-downs.

Many of our exports to Mexico would increase immediately. But even greater gains for American farmers and American food industries and their workers will be realized over time as NAFTA helps improve the Mexican standard of living.

By the end of the 15-year transition period, annual United States agricultural exports are projected to grow by $2.0 billion to $2.5 billion on top of the $4 billion in agricultural sales we made to Mexico last year, because of NAFTA.

By the end of the 15-year transition period, American farm cash receipts will increase by 3 percent over projected levels, because of NAFTA.

By the end of the 15-year transition period, additional agricultural exports will add over 50,000 jobs to the U.S. economy, because of NAFTA.

Under NAFTA, all agricultural commodities would be eligible for NAFTA's general safeguard provisions to protect them from import surges triggered on the basis of import volume.

Under NAFTA, strict rules of origin for agricultural products will prevent third-party countries from using Mexico as an export platform to gain duty-free access to the United States market. Only North American producers can obtain the benefits of the tariff preferences NAFTA provides.

I am confident American farmers can compete on the more level playing field this NAFTA and the letters of understanding will provide.

The reality is that Mexican farm production overall cannot keep pace with the present level of domestic demand. Two-thirds of Mexico is desert or mountain terrain. Mexico's population of 90 million is expected to grow to over 100 million by the end of the decade.

Even with NAFTA, even with the changes in the farm structure in Mexico and the use of technology and mechanization, Mexican agriculture will not be able to feed its people by itself. It simply does not have the land or water to do it.

With NAFTA, American farmers and ranchers can be assured they are the suppliers with preferential access to meet Mexico's increasing food needs.

That is what NAFTA will do for American agriculture and for rural America.

This trade agreement is obviously vital to the State of Texas and the people who live along the border with Mexico. I have worked for more than 2 years to ensure that the concerns of the people of south Texas are addressed in some form or fashion in this trade agreement.

For my south Texas district, this NAFTA paves the way for greater trade opportunities and greater attention to environmental conditions. I would hope the administration moves quickly to establish the Good Neighbor Environmental Board, already signed into law, to garner the public input so critical to the setting of environmental improvement priorities along the border.

Finally, I want to mention what this NAFTA debate has meant to me as a Hispanic from Texas.

My family and their ancestors have lived in south Texas for some 300 years. My family is part of a culture linked to both America and Mexico. And I am very proud of that.

What has bothered me in this NAFTA debate is the inaccurate, misleading and unfair characterizations of Mexico and the Mexican people made by some opponents of NAFTA. Americans are better than this.

Our country must look to its future. For years, Mexicans have viewed their neighbor to the north as the land of economic opportunity. I believe it is time Americans start to think of our neighbor to the south as a partner as a way of improving our own economic security by improving Mexico's economic security.

The economic catalyst provided by NAFTA is essential to achieving these goals. For without a more stable economy and a higher standard of living, Mexico cannot afford to improve its pesticide use standards or vigorously enforce environmental laws on its polluting industries. Without NAFTA, Mexican families hungering for economic opportunities will continue to gravitate north. And without NAFTA, low-skilled American workers will continue to lose jobs.

Let us not squander this historic opportunity to expand our markets, boost our economy and promote better relations with our neighbors. Our past demands it; our future requires it. NAFTA is our opportunity to lay the foundation for a better, more prosperous economy for all three countries and for future generations.

Mr. Chairman, I would like to insert into the RECORD at this point, the letters of understanding that have been reached for the various agricultural commodities.

THE WHITE HOUSE,
Washington, November 15, 1993.

Hon. BILL SARPALIUS,
House of Representatives,
Washington, DC.

DEAR BILL: 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 into 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 WHITE HOUSE,
Washington, November 15, 1993.

Hon. GLENN ENGLISH,
House of Representatives, Washington, DC.

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.

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC.

Hon. JAIME SERRA PUCHE,
Secretary of Commerce and Industrial Development, Alfonso Reyes 30, Piso 10, Colonia Condesa, 06140 Mexico D.F.

DEAR DR. SERRA: I have the honor to confirm the following understanding reached between the delegations of the United States of America and the United Mexican States with respect to the implementation of the Schedule of the United States to Annex 302.2 of the North American Free Trade Agreement ("NAFTA").

1. When the daily closing price for frozen concentrated orange juice for the nearby contract month on the New York Cotton Exchange for each of five consecutive business days is less than the most recent five-year average price for the corresponding month, the United States may apply a rate of customs duty to goods provided for in Harmonized System subheading 2008.11 that are originating goods that qualify to be marked as a good of Mexico in excess of 70 million gallons, single strength equivalent, during calendar years 1994 through 2002, and 90 million gallons, single strength equivalent, during calendar years 2003 through 2007.

2. Any rate of customs duty applied under paragraph 1 shall be no greater than the lesser of—

(a) the most-favored-nation (MFN) rate as of July 1, 1991; or

(b) the prevailing MFN rate.

3. The United States shall cease to apply the rate of customs duty specified in paragraph 2 if the daily closing price for frozen concentrated orange juice for the nearby contract month on the New York Cotton Exchange exceeds for each of five consecutive business days the most recent five-year average price for the corresponding month.

4. The term "frozen concentrated orange juice" means all products provided for in Harmonized System subheading 2009.11.

5. The term "nearby contract month" means the closest month in which contracts for frozen concentrated orange juice are being traded on the New York Cotton Exchange.

6. The term "five-year average price for the corresponding month" means the price determined by reviewing the monthly average of daily closing prices for the five most recent years, eliminating the highest and lowest monthly average prices and calculating the simple average of the remaining three monthly averages.

7. This agreement will enter into force on January 2, 1994 and terminate December 31, 2007 or as provided for in Article 2205 of the North American Free Trade Agreement, whichever is earlier.

I have the honor to propose that this letter, which is authentic in English, and your letter of confirmation in reply, constitute an agreement between our two governments.

Sincerely,

MICHAEL KANTOR.

NOVEMBER 3, 1993.

Ambassador MICKEY KANTOR,
U.S. Trade Representative, Washington, DC.

DEAR AMBASSADOR KANTOR: As a result of the agreement reached by the citrus producers of the United States of America and the United Mexican States, I have the honor to confirm the following understanding reached between the delegations of the two countries with respect to the implementation of the Schedule of the United States to Annex 302.2 of the North American Free Trade Agreement ("NAFTA").

1. When the daily closing price for frozen concentrated orange juice for the nearby contract month on the New York Cotton Exchange for each of five consecutive business days is less than the most recent five-year average price for the corresponding month, the United States may apply a rate of customs duty to good provided for in Harmonized System subheading 2009.11 that are originating goods that qualify to be marked as a good of Mexico in excess of 70 million gallons, single strength equivalent, during calendar years 1994 through 2002, and 90 million gallons, single strength equivalent, during calendar years 2003 through 2007.

2. Any rate of customs duty applied under paragraph 1 shall be no greater than the lesser of:

(a) the most-favored-nation (MFN) rate as of July 1, 1991; or

(b) the prevailing MFN rate.

3. The United States shall cease to apply the rate of customs duty specified in paragraph 2 if the daily closing price for frozen concentrated orange juice for the nearby contract month on the New York Cotton Exchange exceeds for each of five consecutive business days the most recent five-year average prices for the corresponding month.

4. The term "frozen concentrated orange juice" means all products provided for in Harmonized System subheading 2009.11.

5. The term "nearby contract month" means the closest month in which contracts for frozen concentrated orange juice are being traded on the New York Cotton Exchange.

6. The term "five-year average price for the corresponding month" means the price determined by reviewing the monthly average of daily closing prices for the five most recent years, eliminating the highest and lowest monthly average prices and calculating the simple average of the remaining three monthly average.

7. This agreement will enter into force on January 2, 1994 and terminate December 31, 2007 or as provided for in Article 2205 of the North American Free Trade Agreement, whichever is earlier.

I have the honor to propose that this letter, which is authentic in Spanish, and your letter of confirmation in reply, constitute an agreement between our two governments.

Sincerely yours,

DR. JAIME SERRA PUCHE.

Secretary of Commerce and Industrial Development, Government of Mexico.

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC.

Hon. JAIME SERRA PUCHE,
Secretary of Commerce and Industrial Development, Alfonso Reyes 30, Piso 10, Colonia Condesa, 06140 Mexico D.F.

DEAR DR. SERRA: I have the honor to confirm the following understanding reached between the delegations of the United States of America and the United Mexican States with respect to the implementation of Annex 703.2 of the North American Free Trade Agreement ("NAFTA").

Section A of Annex 703.2 of the NAFTA provides in part for market access between the United States of America and the United Mexican States with respect to "trade in sugar and syrup goods." The text generally provides, reciprocally for the United States and Mexico, that market access in sugar and syrup goods depends to a certain extent on whether the two countries have determined whether either has been or is projected to be a net surplus producer. "Net surplus producer" is defined as a Party that has a net production surplus.

"Net production surplus", in turn, is defined as "the quantity by which a Party's domestic production of sugar exceeds its total consumption of sugar during a marketing year, determined in accordance with [Section A of Annex 703.2]."

High fructose corn syrup is readily substitutable for sucrose sugar syrups, particularly in such uses as soft drinks. Such substitution could result in effects not intended by either Party. Accordingly, the United States of America and the United Mexican States agree that the determination of "net production surplus" for purposes of Section A of Annex 703.2 shall include consumption of high fructose corn syrup provided for in Harmonized System subheadings 1702.40, 1702.50 and 1702.60.

In addition, notwithstanding the provisions of paragraph 15(b) and (c) of Section A of Annex 703.2, the ceiling for each of the seventh through 14th marketing years shall be 250,000 metric tons, raw value, and paragraph 16 of Section A of Annex 703.2 shall not apply.

I would also like to take this opportunity to affirm the provisions in paragraph 6 of Section A of Annex 703.2 which provide that each Party may count the in-quota quantity under a NAFTA tariff rate quota toward the satisfaction of in-quota quantity commitments undertaken by the Party as a result of the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade.

I have the honor to propose that this letter, which is authentic in English, and your letter of confirmation in reply, constitute an agreement between our two governments, to enter into effect upon the entry into force of the NAFTA for the United States and Mexico and to remain in effect through the fourteenth marketing year for such time as they remain parties to the NAFTA.

Sincerely,

MICHAEL KANTOR.

NOVEMBER 3, 1993.

Ambassador MICHAEL A. KANTOR,
U.S. Trade Representative, Washington, DC.

DEAR AMBASSADOR KANTOR: As a result of the agreement reached by the sugar producers of the United States of America and the United Mexican States, I have the honor to confirm the following understanding reached between the delegations of the two countries with respect to the implementation of Annex 703.2 of the North American Free Trade Agreement ("NAFTA").

Section A of Annex 703.2 of the NAFTA provides in part for market access between the United States of America and the United Mexican States with respect to "trade in sugar and syrup goods." The text generally provides, reciprocally for the United States and Mexico, that market access in sugar and syrup goods depends to a certain extent on whether the two countries have determined whether either has been or is projected to be a net surplus producer. "Net surplus producer" is defined as a Party that has a net production surplus.

"Net production surplus", in turn, is defined as "the quantity by which a Party's domestic production of sugar exceeds its total consumption of sugar during a marketing year, determined in accordance with [Section A of Annex 703.2]."

High fructose corn syrup is readily substitutable for sucrose sugar syrups, particularly in such uses as soft drinks. Such substitution could result in effects not intended by either Party. Accordingly, the United States of America and the United Mexican States agree that the determination of "net production surplus" for purposes of Section A of Annex 703.2 shall include consumption of high fructose corn syrup provided for in Harmonized System subheadings 1702.40, 1702.50 and 1702.60.

In addition, notwithstanding the provisions of paragraph 15 (b) and (c) of Section A of Annex 703.2, the ceiling for each of the seventh through 14th marketing years shall be 250,000 metric tons, raw value, and paragraph 16 of Section A of Annex 703.2 shall not apply.

I would also like to take this opportunity to affirm the provisions in paragraph 6 of Section A of Annex 703.2 which provide that each party may count the in-quota quantity under a NAFTA tariff rate quota toward the satisfaction of in-quota quantity commitments undertaken by the Party as a result of the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade.

I have the honor to propose that this letter, which is authentic in Spanish, and your letter of confirmation in reply, constitute an agreement between our two governments, to enter into effect upon the entry into force of the NAFTA for the United States and Mexico and to remain in effect through the fourteenth marketing year for such time as they remain parties to the NAFTA.

Sincerely yours,

DR. JAIME SERRA PUCHE,
Secretary of Commerce and Industrial Development, Government of Mexico.

THE COMMISSIONER OF CUSTOMS
Washington, DC, November 16, 1993

Hon. GLENN ENGLISH;
House of Representatives Washington, DC.

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 or 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,
Commissioner.

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, November 3, 1993.

Hon. 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.

It is important to note that, in the Mexican version of the letter of understanding between the two countries regarding sugar, that nation's Secretary of Commerce and Industrial Development, the Honorable Jaime Serra Puche points out that the resolution of the sugar problem in the draft NAFTA was "the result of the agreement reached by the sugar producers of the United States of America and the United Mexican States."

It is also important to note that U.S. sugar producers have been trying since the draft NAFTA was initiated by President Bush in August 1992 to correct deficiencies with regard

to sugar trade between the two countries. The resolution U.S. sugar producers proposed was designed to have no negative impact on other segments of this Nation's agriculture, or any other segment of the U.S. economy. That resolution was accepted by the Mexican Government. No concessions were requested and none were granted.

The sugar problem in the NAFTA was worked out as the result of an agreement arrived at by the sugar industries in Mexico and the United States—without ancillary concessions—and, at no cost to United States taxpayers.

I would like to clarify several items concerning sugar in the agreement:

First, Mexico and the United States have an agreement by the exchange of letters between their Trade Ministers which is included in the legislative package sent to Congress by the President.

Second, it is the understanding of the Members of Congress in its consideration of the agreement that the language contained in the exchange of letters on sugar, and other agriculture side letters, which have been signed and exchanged by each country's respective trade representatives, are a mutually agreed upon interpretation of the agreement and that the acceptance of the agreement by the Congress is with the clear understanding that these letters will be duly enforced by the executive branch for the duration of this agreement.

Third, the United States and Mexico each will allow duty-free imports of sugar up to the greater of first, 7,258 metric tons raw value, second, the quota allocated by the United States for a non-NAFTA country in the category other specified countries and areas, or third, up 25,000 metric tons for years 1 through 6, and 250,00 metric tons, raw value, for years 7 through 14, if Mexico is projected to have a net amount production surplus, in accordance with the terms of the letters.

Fourth, the United States and Mexico have reached a subsequent understanding as a result of which the calculations related to net surplus production will include the consumption of high fructose corn syrup in Mexico. Also, the ceiling for imports of sugar during the 7th through 14th marketing years will be the amount of the net production surplus up to a celling of 250,000 tons.

Beginning not later than 6 years after NAFTA goes into force, Mexico will implement a tariff-rate quota regime for sugar that conforms to the regime in the United States.

Lastly, it is my understanding the provisions in paragraph 6 of section A of annex 703.2 which provide that each party may count the in-quota quantity under a NAFTA tariff rate quota toward the satisfaction of in-quota quantity commitments undertaken by the party as a result of the Uruguay round of multilateral trade negotiations under the General Agreement on Tariffs and Trade have been affirmed in the exchange of the two letters.

Mr. GEPHARDT. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Chairman, I rise in opposition to H.R. 3450, the North American Free-Trade Agreement Implementation Act.

Approval of this measure will increase downward pressures on the wages of workers in the United States; nullify any movement toward greater labor-management cooperation; discourage efforts to improve the education and skills of low-wage workers; and exacerbate the inequitable distribution of income. Congressional ratification of NAFTA would be a disastrous for the Nation.

A trade agreement between Mexico and the United States could achieve desirable, important ends. If properly designed, taking into consideration the concerns of workers and environmentalists, it could increase the standard of living and elevate the health standards in both countries. Such a treaty should include provisions to stabilize exchange rates, require the democratizing of domestic institutions, and improve the slave wages of Mexican workers as a condition of ratification.

Mr. Chairman, NAFTA is not simply badly designed, it is fatally flawed. It is intended to achieve only a single objective, to make it safer and more profitable for American companies to invest in Mexico and export back to the United States. This treaty does little more than secure the property rights of those who want to invest in Mexico in order to maximize profits. The sad consequence is not only the further loss of American jobs, but increased downward pressure on the wages of those jobs that remain.

NAFTA is being proposed at a time when American workers have suffered significant declines in living standards. The number of full-time American workers with wages below the poverty level has increased substantially during the 1980's while trillion-dollar deficits have crippled the ability of Government to create retraining programs, extend unemployment benefits, or provide other life-saving assistance to smooth the transition. NAFTA will accelerate the decline of the high standard of living of American workers; will exaggerate differences between the rich and poor; and will create a permanent underclass in the United States. Rather than bringing the Mexican standard of living up to levels more nearly approaching ours, NAFTA will lower the American standard of living to levels more nearly approaching theirs.

Mr. Chairman, I urge my colleagues to defeat H.R. 3450.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to a distinguished freshman Member, the gentleman from New Jersey [Mr. FRANKS], a member of the Committee on the Budget and member of the Committee on Public Works and Transportation.

(Mr. FRANKS of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. FRANKS of New Jersey. Mr. Chairman, rarely has an issue generated the level of controversy that we have seen from the debate over NAFTA. Each side in the NAFTA debate has its own statistics, analysis and anecdotal evidence to support its position. My challenge, as a Member of Congress, has been to sort through the competing claims and charges.

Frankly, throughout this debate I have become wary of the information presented by each side. While I don't believe either camp has willfully engaged in deception or misrepresentation, both sides are so firmly committed to their original positions that they have been able to hire so-called experts who have been able to produce the research that justifies their claims.

I came to this debate as one who has had a longstanding belief that nations improve their standard of living by increasing trade with other nations. Increased trade, improved access to markets through reducing tariffs and other trade barriers has a long track record of improving the quality of life for the people of all nations.

But when it comes to NAFTA, opponents contend, there will be no benefits for the American worker and his family. The allegation is that there is something uniquely evil about NAFTA. That's why I've spent hundreds of hours focusing on the validity of the charges and countercharges. I have met with a wider diversity of people on this issue than any I have faced in my 14 years of elective office.

Moreover, I have a special responsibility to evaluate this treaty with a view toward what it means for the 600,000 people in central New Jersey that I represent in the U.S. Congress.

Over and over again, NAFTA opponents have suggested that the only ones who would benefit from NAFTA would be a handful of huge multinational companies who would use Mexico as a haven for cheap labor and loose regulatory controls.

In order to learn for myself whether workers would be helped by NAFTA, I undertook a systematic effort to contact businesses, not just large companies, but particularly the small- and medium-sized firms which employ 80 percent of our workers and have created nearly all the new jobs over the last 10 years.

The people I spoke with represent what NAFTA is all about.

It is about tapping into new markets for American products so we can build a more secure and prosperous future for American workers.

It is about the Red Devil Co. in Union, NJ, a family-owned business employing 250 workers whose paint tools and caulking products have become a household name in the United States. Now they want to do the same in Mexico.

It is about Mentor Graphics of Warren, NJ, a computer software company that wants to expand into Mexico but

fears that their technological advances will be pirated by the Mexicans. NAFTA will provide the protection they need for their intellectual property rights. Mentor Graphics views Mexico as a stepping stone to the expanding and lucrative markets of Central and South America.

And it is about Hexacon Electric Co. of Roselle Park, NJ, a family-owned manufacturer with 100 employees which is facing some tough times because of cutbacks in defense spending. With its biggest customer cutting back, Hexacon needs to find new markets for its soldering equipment for electronic manufacturers. It sees Mexico as having a huge potential for its products.

These companies know that our national economy is at a crossroads. The old way of doing business isn't working anymore. The United States can no longer rest on its past accomplishments and assume it will always be the most dominant economic power on Earth. The world's economy is moving on. Americans are now coming to understand that competition from Japan, Europe, and China is truly fierce. We must have a strategy that allows us to win the global economic competition, just as we won the cold war.

Even the most adamant opponents of NAFTA recognize that our industrial foundation is shifting. Over the past 20 years, without NAFTA, certain industries have virtually disappeared from the American landscape. Over that same period, others have developed and are now dominating world markets. These significant changes in the economy, and the resulting loss of some jobs, and the creation of others, is an ongoing process all over the world.

We cannot stop these changes, but we, as a nation, can use change as an opportunity to open up new avenues for new jobs for American workers.

Clinging to the ways of the past is not the answer. Our Nation must be willing to take on the competition, not retreat from it. We must control our own economic destiny.

The debate over NAFTA comes down to one between the future and the past. Between moving forward or standing still.

This debate takes place at a unique time in American history. Today, the power of fear seems to be greater than the power of hope.

I understand and appreciate the concerns of those who are opposing NAFTA. The anxiety felt by American workers is real and understandable. I saw a graphic example of workers' anxiety back in June, when over 1,200 of my constituents attended a jobs fair that I sponsored at Union County College, located in Cranford, NJ. Change can be frightening, especially in these unstable economic times. But the translation of this anxiety into opposition to NAFTA is counterproductive.

If we do nothing, our industrial base will continue to erode while more and more manufacturing jobs disappear. Beyond NAFTA, Congress has the obligation to develop a comprehensive plan of action to rehabilitate our own ailing manufacturing sector and to stop the hemorrhaging loss of manufacturing jobs. That's why I joined with Democratic Congressman MARTY MEEHAN of Massachusetts to form the first-ever congressional task force on revitalizing American manufacturing. In January, we will be recommending a series of changes in the regulatory process, tax system, and worker training programs to stimulate a rebirth in American manufacturing.

NAFTA is a vital tool in that process. It provides us with an opportunity to expand trade with our neighbors and to rebuild our own industrial base. If we don't take advantage of new markets south of the border, our economic rivals, most likely Japan, will quickly act to fill the void.

To listen to opponents of NAFTA, one could almost get the impression that currently no economic activity exists between the United States and Mexico. Those who proclaim "Not this NAFTA" warn that before we enter into a meaningful trading relationship with Mexico, a whole host of preconditions need to be met. But the fact is that today we have an enormous, ongoing, trading relationship with Mexico.

Mexico represents a huge market across our border waiting for access to high quality, affordable, United States goods—85 million consumers in a nation with a $324 billion aggregate economy. More than 20 million people live in Mexico City alone—that's nearly three times the population of New Jersey. The critics say the Mexicans are too poor to purchase American-made consumer goods. But 3 weeks ago, I stood in the toy department at a brand new Wal-Mart store in Mexico City. As the store manager told me that this particular store had broken all records for sales in its first week of operation, I watched as hundreds of middle-class Mexicans walked away with Fisher-Price toys and Scott baby products for their children. They were picking up bars of Dove soap, cans of Tasters Choice coffee, and plastic soap dishes made by Van Ness Plastic in Belleville, NJ.

The ability to sell American goods to Mexico will never be fully realized while Mexico continues to maintain high tariffs. Their tariffs on average are 2½ times higher than American tariffs. It's the difference between stepping off a 6-inch curb to get goods into the United States versus the need to scale a 6-foot wall to get products into Mexico. By forcing Mexico to lower its tariffs, NAFTA will actually reduce the price of United States products to Mexican consumers. Under NAFTA, half of all United States made goods exported to Mexico, including such competitive products as computers, machine tools, and medical devices, would be tariff-free starting in January 1994. Within 5 years, two-thirds of all United States industrial exports would enter Mexico duty-free.

Since 1987, when Mexico began a process of bringing down its restrictive tariffs, the United States has turned a $5.7 billion trade deficit with Mexico into a $5.6 billion trade surplus. To put that $5.6 billion surplus with Mexico in perspective, last year the United States had a $48 billion deficit with Japan. Mexico is now America's third largest and fastest growing trading partner. Our exports to Mexico have been growing 2½ times faster than our exports to the rest of the world.

This year alone, United States exports to Mexico will total about $45 billion in United States dollars. And a vast majority of these exports—83 percent—stay in Mexico. That's important because NAFTA opponents argue that much of our exports to Mexico are actually so-called u-turn goods, which are sent to Mexico for assembly and are sold back to American consumers. That is simply not true. Fully 83 percent of American exports to Mexico are consumed by Mexicans in Mexico.

On a per capita basis, the average Mexican is already spending over $451 a year on United States products, far more than the average European, who spend $295 on United States goods or the average Japanese who spends $385 on American-made products. This is a fact even though the Japanese and Germans on average are five times more affluent than the Mexicans.

It is true that Mexican wages are low. But they are on the rise and that will leave workers with more income to purchase American-made products. In the past 5 years, real wages in the manufacturing sector of the Mexican economy grew 27 percent, and wages in the commercial sector rose 39 percent. Moreover, the Mexican Government has adopted a policy that would continually raise pay for Mexican workers commensurate with productivity increases.

The Mexicans love American-made products. Sears has 43 retail stores in Mexico and the vast majority of their products are made in the United States of America. Wal-Mart recently opened its first Mexican store—the largest in the world covering almost 6 acres with 72 cash registers—and they plan to open two more stores. Nearly half the products sold at the Mexico City Wal-Mart store are made in the United States.

The United States has its foot in the door in Mexico. NAFTA can swing that trading door wide open. And once that door to Mexico is open, it provides American products with access to the 300-million strong Spanish-speaking

market throughout Central and South America.

For New Jersey businesses, especially those in the manufacturing sector, Mexico is already a major market. Today, Mexico is our sixth largest export market. The growth in exports to Mexico has been truly remarkable—increasing a whopping 139 percent in just 5 years from 1987 to 1991—far faster than the export growth in the rest of the world. New Jersey is sending a diverse lineup of goods to Mexico, from petrochemicals and computers to industrial machinery and electronic equipment.

It only makes sense for the United States to turn first to its neighbors to expand its trading base. All around the world, countries are working together to establish free-trade zones. The countries of Europe followed the same approach. Likewise, Japan has moved to create favorable trade relationships with other Pacific rim countries. NAFTA is the first step in expanding the market for American goods throughout the growing economies of Central and South America.

Perhaps the most frequently aired concern is that NAFTA will drive American businesses out of the United States and into Mexico to take advantage of lower wages.

As we examine this argument, it is important to note that right now, there is nothing stopping American companies from relocating in Mexico to reap whatever benefits they perceive from hiring cheap labor. In fact, NAFTA would take away one of the major incentives to relocate to Mexico—the duties and restrictions United States companies must now pay to sell their products in Mexico. Those restrictions actually prohibit certain products from being sold in Mexico unless they are produced in Mexico with Mexican parts and labor. NAFTA would remove these duties and restrictions, and with it, the incentives that currently exist for American businesses to relocate in Mexico.

While it is true that wages are far lower in Mexico than the United States, there's another important factor that makes moving production facilities to Mexico a bad business decision. United States labor is far more productive than Mexican labor—five times more productive in fact.

General Motors recently decided to stop producing cars in Mexico and to move that production to the United States because it can make the same car for $700 cheaper here in the United States. AT&T shut down one of its manufacturing facilities in Mexico and moved it back to Atlanta, GA.

The fact is NAFTA will promote exports, not people. Exports mean more jobs for American workers. For every $1 billion in exports, studies show that nearly 20,000 jobs are created. And those jobs connected with exports pay 17 percent higher wages than other jobs.

And that brings us to another important concern—ensuring our Nation's stringent environmental and product standards are not undermined by Mexican imports under the NAFTA agreement.

Let me clear up this issue by referring to specific language in the agreement that protects the right of each country to set its own environmental and health standards. The agreement states in article 903 that nothing in the agreement prevents a participating country from adopting those standards necessary to—

> fulfill its legitimate objectives, for example because of fundamental climatic, geographical, technological, or infrastructural factors, scientific justification or the level of protection that the Party considers appropriate.

Under this provision, any imported product that does not meet USDA or FDA requirements to protect the public health and safety of the American people will not be allowed into our country.

The fact is that NAFTA is the most environmentally friendly trade agreement ever negotiated.

This unprecedented attention to a cleaner environment is a first for any major trade agreement. It will produce an added bonus for U.S. businesses—especially those located in New Jersey—who specialize in environmental controls as they will now be able to tap into a new market for their products. Mexico has already made a significant commitment to a cleaner environment and is spending $2.5 billion a year on their effort. It is increasingly turning to U.S. businesses to supply the technology and services needed for its cleanup efforts. Forty-five percent of the imports for environmental technologies come from the United States. That's good news for New Jersey companies that has developed a niche in the environmental cleanup field.

But it wasn't my own evaluation that persuaded me that NAFTA is good for the environment. An impressive lineup of environmental organizations are backing ratification of NAFTA including the National Audubon Society, the World Wildlife Fund, the National Wildlife Foundation, and the Natural Resources Defense Council.

Illegal immigration is another key issue facing our country. In this regard, NAFTA has the potential to reduce the steady stream of Mexican immigrants by creating new economic opportunities within the borders of Mexico—opportunities for new jobs and higher wages. As the Commission for the Study of International Migration concluded: "The issue for many countries is stark; they either export goods and services to create jobs at home, or they export people."

Finally, there are two more points that need to be made. First, America's employment profile is changing everyday. Some sectors of the economy are gaining, others face very uncertain futures. Some level of employment dislocation is inevitable as the world's economy goes through another historic transition. I agree with Secretary of Labor Robert Reich that job losses that could be traced directly to the enactment of NAFTA will be extremely minimal. Job shifts will occur, but as virtually all studies have shown, NAFTA will have very little impact on job losses. Although there is no action available to us in Washington that can avert the loss of every job currently held by an American worker, we have a moral responsibility to provide new skills to displaced workers who for whatever reason lose their jobs.

My sensitivity to this issue has caused me to support the bill currently before Congress to extend unemployment benefits for workers who continue to struggle while looking for jobs in a sluggish economy. Moreover, I am in strong support of Secretary Reich's proposal that will offer a new, comprehensive retraining program targeted specifically at workers who are losing their jobs because of the changing economic climate. The Labor Department proposal addresses the need to provide universal access for all laid-off workers, quality labor market information, long-term training for dislocated workers and income support for those workers who enroll in a retraining program. In addition, the manufacturing task force, which I cochair in Congress, will be making a host of suggestions to enhance our Nation's job training programs.

Finally, my conscience is very clear today. I have carefully listened to both sides in this debate and have arrived at a decision that I am convinced is justified on the basis of the facts. I strongly believe that NAFTA will be a big winner for New Jersey workers. But if the agreement produces some unintended consequences, NAFTA contains a vitally important provision. In chapter 22, under article 2205, each country has the opportunity to withdraw from NAFTA. All it would require for U.S. withdrawal, is a vote of the Congress and 6 months notice. No conscientious Member could sit by if this agreement turns out to be damaging to the American economy. The termination clause gives us an extremely important safety valve.

Since the end of World War II, the United States has led the world in reducing trade barriers. NAFTA builds on that 50-year tradition. Last year, the export of U.S.-made products grew by $27 billion. And 75 percent of that growth came from selling products to developing and underdeveloped countries. We need to build on that strength by expanding trade with our neighbor to the south, which has one of the fastest growing economies in the world.

To those who fear NAFTA, I ask them a simple question: What happens if we do nothing, if we walk away from this agreement and carry on as usual?

Mexican consumers will continue to seek new products and services that can't be produced in Mexico. Other industrialized nations will merely step in and fill the void, enhancing their economic prosperity while our Nation's economy staggers along.

Our border with Mexico will remain an environmental time bomb. The Mexican Government will no longer have an incentive to clean up the region.

Finally, the stream of illegal immigrants crossing the border from Mexico in search of a job will continue, straining our own resources.

Standing still is not the answer.

The world that we live in today is far different from what it was just a few years ago. So much has changed in such a short period of time. And with that change comes an enormous challenge. Will we fight for our economic vitality, or will we try to return to a world, long gone?

I believe we must move forward. Mr. Chairman, I urge my colleagues to seize the moment and boldly invest in the future of America by voting "aye" on NAFTA.

Mr. SOLOMON. Mr. Chairman, I yield 3 minutes to the gentlewoman from Maine [Ms. SNOWE], a veteran member of the Committee on Foreign Affairs.

Ms. SNOWE. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, when talking about the ramifications of the North American Free-Trade Agreement, I am reminded of the hit movie, "Back to the Future." Similarly, as proponents of NAFTA say the treaty looks to the future, they fail to see how other trade agreements have failed our workers and our industries in the past.

I represent a district in the State of Maine which has experienced the down side of our Government's trade policies. The State of Maine is living proof of the failures of past U.S. trade policy. I have been in Congress for 15 years, and I have been fighting the same trade battles for 15 years.

During this period, it has been clear to Mainers that U.S. trade policies haven't worked because our trade relief process doesn't work, and existing trade laws and agreements have not been aggressively enforced. As a result, the Maine footwear industry—the largest in the Nation—has lost over 9,000 jobs to countries like Mexico, whose work forces are dominated by low-wage jobs. Similar horror stories can be told about textiles, fisheries, and our lumber industry.

Five years ago, before the United States-Canada Free-Trade Agreement was signed, Maine was promised by our Government that Canadian subsidies and nontariff trade barriers on potatoes would be addressed. Five years later, nothing has been done on this vital Maine issue, and the potato industry in my district continues to suffer from subsidized imports from Canada.

To make matters worse, our United States trade representative—in a major departure from our existing treaty—conceded a major point in NAFTA by allowing Canadians to resolve trade sanction disputes in Canadian courts. No chance of a fair trial there.

Although the Canadian Province of New Brunswick decided to impose an 11-percent provincial sales tax on goods purchased in the United States, indisputably a violation of the 1988 agreement, 6 months have gone by and we still have no resolution to the dispute. If we cannot address obvious and admitted violations such as these, how can we hope our Government will enforce cross-border national wage policies and environmental degradation issues under the complex bureaucratic process established in NAFTA.

You see, I believe that free trade is a two-way street. Trade agreements like NAFTA are only as good as the trade officials who are negotiating and enforcing them. But for years, confidence in our Nation's ability to bring fair and swift conclusions to bilateral trade disputes has been nullified by a distinct lack of commitment on the part of our trade negotiators. The loopholes allowing such unfair Canadian practices to proceed could have been closed this summer during discussions over the NAFTA side agreements, and tougher enforcement measures could have been negotiated.

Instead, this administration and congressional leaders have spent their time trying to convince lawmakers that NAFTA is a fair deal—practically giving away the family silver. They can wheel and deal for votes, but they could not do the same for the American worker. Why did they not use the same time, energy, and enthusiasm negotiating tougher side agreements to level the playing field for our workers?

In the final analysis the key questions relate to jobs for workers: what guarantees for enforcement do we have for the unknown terrain for the future? Where is the commitment of our Government beyond this vote here, today? If past actions—or inactions—are any indication of the future for trade under NAFTA, then, regrettably, nothing will change for our workers.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Let the Chair intervene to say that persons in the gallery should be reminded that demonstrations of approval or disapproval are strictly against the rules of the House.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. MATSUI], the designee of the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Chairman, we have all been elected to lead the greatest Nation on Earth, and our job is to recognize that greatness, to understand how we achieved it and to sustain, even to strengthen it, for we all stand on the shoulders of giants today, giants of integrity, leaders who have shown courage when it was called for, politicians who have had faith in our future and were willing to sacrifice personal political gain for the long-term public interest.

We are being tested today, and the whole world is watching. Are we still the America of inclusion, a nation of competitors, a country of confidence? Or are we a nation in decline, of exclusion, of protectionists and isolationists? Will we self-destruct out of fear, or will we today meet the test of greatness?

Nations are in many ways like the human beings that make them up. We all know in our experience that when we stop growing physically or intellectually or spiritually, we start dying. There is no static state in our lifetimes or in the life of nations.

□ 1220

Send a signal today to the rest of the world, a clarion call to the other developed nations, those second place challengers, that we are not afraid of free and fair trade, that we will compete, and to the underdeveloped nations of the world, that we look upon our neighbors to the south, not with scorn as Third World people, but as friends with whom we will join hands and hearts to make the Western Hemisphere the greatest place to live and to work in the new world and into the next century, America's century, the century of the Americas.

Mr. GEPHARDT. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. SOLOMON. Mr. Chairman, in a bipartisan effort, I also yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

The CHAIRMAN. The gentleman from Ohio [Mr. TRAFICANT] is recognized for 3 minutes.

Mr. TRAFICANT. Mr. Speaker, I think the only thing free about the North American Free-Trade Agreement is all the Mexican money that was passed around Washington to help to pass it, and I think this is a sad day for the American worker. I think there are leaders in both parties that truly are trying to reach out, fashion a trade program in America that is truly fair and gives the American worker a chance to compete. But the truth is the powers of both the Democrat and Republican Parties are so much alike that I predict that we will have a third major political party in this country

by the turn of the century, and I would like to say this:

It's needed, and the American worker better get on with it because we have great problems.

But let us take a look at Mexico and America, and let us be honest about it. I say:

If you are going to start a manufacturing operation in America, you have IRS, Social Security, workman's comp, unemployment comp, OSHA, EPA, banking regulations, security regulations, health inspectors, pension law, minimum wage and about a $25 an hour labor rate. My colleagues, if you start that company down in Mexico, you have token regulations, and you could hire people day and night at a dollar an hour, and our system is still free enterprise. Bottom line: We're going to lose jobs; everybody here knows that.

Mr. Chairman, if NAFTA is such a good deal, I ask, "Why don't we apply it first to Japan who is cleaning our clock illegally?" There is not enough courage here to challenge them.

This is not a new deal. It is not even an old deal. These side deals are amounting to just a simple raw deal, my colleagues, and it makes no sense to me for America to send their jobs, factories, cash, banks and technology to Mexico, and in return, my colleagues, we get unemployment and plant closings.

And I say, "If you want to do something about illegal immigration, put some damn money into the Border Patrol."

We do not need any more retraining, Mr. Chairman. What are we retraining American workers to do? Where are the jobs they are going to have?

I think it is time for a third major political party. I commend the powerful leaders on both sides that are trying to help, but their efforts are not enough, and they will not be enough because there is no damn difference between Republicans and Democrats, and that is the tragedy, and NAFTA points it out very clearly to the American worker.

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Chairman, I rise today in strong support of the North American Free-Trade Agreement. Passage of this trade agreement will continue our Nation's ongoing efforts to reduce trade barriers around the world and increase export opportunities for American companies and workers.

I have heard from many people back in Ohio about the benefits of this agreement. I'd like to share with the House some of the growth opportunities that will exist with the passage of this agreement for companies located in the Eighth District of Ohio.

The Square D Co., with plants located in Middletown and Oxford, OH, exports roughly 40 percent of its products. These exports support nearly half of the jobs provided at these facilities. NAFTA offers yet another new market for Square D to sell its products.

The French Milling Co. of Piqua, OH, produces the machinery that crushes 75 percent of all oilseeds in Mexico. If NAFTA is defeated, they will be forced to move production of these machines back to Mexico in order to serve this important market. Passage of NAFTA will guarantee that these jobs stay in Ohio.

Enactment of NAFTA means that Henny Penny Co. in Eaton, OH, will sell more equipment to fast food franchises in Mexico, which in turn, means more jobs and greater economic security for Ohioans.

There is no doubt that Ohio's largest industry—agriculture will reap enormous benefits. Mexico is agriculture's third largest export market. Feedgrains, dairy, and livestock, all important Ohio commodities will have great opportunities to increase their marketshare in Mexico. Expanded trade with Mexico also means better prices and greater prosperity for Ohio farmers from the marketplace, not from Government programs.

Ohio's exports of oilseeds are expected to rise by 20 percent and corn exports are projected to increase by 60 percent. Over the next decade, NAFTA will result in a 100-percent increase in dairy exports, a 150-percent increase in poultry exports, and a 250-percent increase in pork exports from the United States to Mexico.

In summary Mr. Chairman, passage of NAFTA means economic security and greater prosperity for workers in the Eighth District and all Ohio. Lee Iacocca had it right when he said "This agreement is a no-brainer."

Mr. Chairman, I submit several letters from companies in my district.

A.O. SMITH, ELECTRICAL PRODUCTS CO.,
Tipp City, OH, October 19, 1993.

JOHN BOEHNER,
Troy, OH

DEAR MR. BOEHNER: I strongly support the North American Free-Trade Agreement. U.S. exports to Canada and Mexico have more than doubled from $55.3 billion to $111.4 billion between 1980 and 1990. The U.S. Department of Commerce has estimated 2.3 million U.S. jobs are currently related to exports to Mexico and Canada. Since Mexico joined GATT and reduced its tariff rates in 1986, the resulting increase in U.S. exports to Mexico created as many as 320,000 new jobs. I urge you to vote in support of NAFTA.

NAFTA will create new jobs at the company where I work because it will increase sales due to market expansion in Mexico and Canada. I work at A.O. Smith and we have plants in Mexico already, most established a long time before NAFTA negotiations. To survive in a very competitive market, A.O. Smith moved part of its Electric Motor division to Mexico. If we hadn't, all of our Electrical Products companies would have closed. Korea took over the U.S. marketplace in garage door motors in the early 1980's. As a result of moving to Mexico in 1986, A.O. Smith regained the market share of garage door motors from the Koreans. Since all the motor parts are fabricated in the U.S., A.O. Smith actually saved over 1,000 jobs in the U.S. If you consider the fact that we purchase all of our steel, copper, aluminum and other supplies and services in the U.S., there were probably thousands more jobs saved in the U.S. Currently we have over 1,200 employees in U.S. electric motor plants.

In our water heater division, 90 percent of the water heater materials come from the United States and only some final assembly is done in Mexico. One of the main reasons for moving one of our water heater plants to Mexico was for distribution purposes. Just-in-Time delivery is vital to survival in the water heater market.

We do the fabrication of both the electric motors and water heaters in the U.S. This fabrication incorporates higher technical skills and means the high paying jobs have remained in the U.S. A.O. Smith abides by stringent environmental, health and safety regulations in all our Mexican plants. These standards are as stringent as the ones followed by our U.S. plants.

More jobs in Mexico will expand Mexican consumer demand for U.S. goods. Mexicans prefer U.S. goods. Sixty-seven percent of their imports are from the U.S., compared to Japan's 21 percent and Europe's 17 percent of the import market. If NAFTA is passed, A.O. Smith is positioned to be a major motor producer in Mexico, which will create more jobs in the U.S. and bring more export dollars to the U.S. economy.

Voting in support of NAFTA is voting for more high paying jobs in your district. I strongly urge you to vote yes for NAFTA.

Sincerely,

DAVID BAKER,
Personnel Manager.

THE FRENCH OIL MILL MACHINERY CO.,
Piqua, OH, November 8, 1993.

Congressman JOHN A. BOEHNER,
Longworth H.O.B., Washington, DC.

DEAR JOHN: On behalf of The French Oil Mill Machinery Company with 110 employees in Piqua, Ohio, I am writing to urge your active support for the North American Free Trade Agreement (NAFTA). I strongly believe that enactment of the NAFTA will create new jobs and spur economic growth in both Ohio and all the United States.

A ratified NAFTA will:

Create more U.S. jobs. It is forecast that NAFTA will boost demand for U.S. products in Mexico, creating an estimated 200,000 new export-related job opportunities over the next two years.

Preserve the more than 700,000 U.S. jobs that already depend on exports to Mexico. Without NAFTA, Mexico may retreat from its new open-market policy and many of these jobs would be lost.

That certainly could be true at our company. About 75% of the vegetable oilseeds crushed in Mexico are processed on our company's oil mill extraction machinery. When the peso was devalued in 1982/1983, and the border became essentially closed, we could not support our Mexican customers. We negotiated long and hard with the Mexican government and finally received authorization to start two wholly-owned subsidiary companies: one for marketing and one for manufacturing.

We manufactured (under sub-contract) portions of our machinery in Mexico for several years, in order to serve our customers' needs. We did not find this particularly cost-effective, thus when the border "re-opened", we discontinued our operations, and moved the work back into the U.S.

If NAFTA is not enacted, it is entirely possible that Mexico may again raise a tariff

wall, making it difficult for us to keep the work in Piqua. If one of our foreign competitors started manufacturing in Mexico, we would definitely have to follow suit, moving jobs from the U.S.

Thus, NAFTA would strengthen our company and the opportunities available to the American workforce, certainly including Ohio.

I hope that you will vigorously support NAFTA implementing legislation. Please let me know your view.

Very truly yours,

DENNIS D. BRATTON,
Treasurer & Controller.

PMI FOOD EQUIPMENT GROUP,
Troy, OH, October 28, 1993.

Hon. JOHN A. BOEHNER,
U.S. House of Representatives, Longworth House Office Building, Washington, DC.

DEAR CONGRESSMAN BOEHNER: On behalf of PMI Food Equipment Group, I am writing to urge your active support for the North American Free Trade Agreement (NAFTA). I strongly believe that enactment of the NAFTA will aid in job creation and spur economic growth in both Ohio and the United States. As you may be aware, PMI Food Equipment Group (formerly Hobart Corporation) has operations in Ohio and employs several thousand individuals.

A ratified NAFTA will:

Create more U.S. jobs. NAFTA will boost demand for U.S. products in Mexico, creating an estimated 200,000 new export-related job opportunities.

Increase America's ability to compete in world markets. Under NAFTA, the U.S. will have a significant edge over European and Asian products in the rapidly growing Mexican market. This advantage will grow as the free trade area is expanded to include Central and South American nations.

I do not expect that the effects of NAFTA on our business will be all positive. Nevertheless, we believe that for our business as well as the American economy as a whole, the positives far outweigh the negatives. We, therefore, urge your support.

I hope that you will support NAFTA implementing legislation.

Sincerely,

J.W. DEERING.

PET INCORPORATED, COLDWATER, OH
November 16, 1993.

Hon. JOHN A. BOEHNER,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE BOEHNER: I am writing to you about the approaching votes in the United States Congress on the North American Free Trade Agreement.

While I cannot comment on other industries, I can comment from the perspective of my company, Pet Incorporated. Pet is a leading branded, packaged foods manufacturer with 83 percent of our sales in the United States last year.

Our company sees significant advantages from NAFTA in terms of future exports of our products, principally to Mexico but also to Canada. Longer term, we believe that similar advantages would result from expanding NAFTA to other markets in Latin America.

Our company sees no prospect of moving production from our present locations to Mexico as a result of NAFTA.

We also believe that NAFTA is very important in maintaining an open posture towards Latin America, a market that has more immediate export potential for our company than either the East European bloc or the Pacific Rim. For example, at present we are testing our Old El Paso sales products in Mexico and Venezuela. This potential new export from the United States would be helped by NAFTA's removal of tariff and other trade barriers.

Therefore, we strongly urge you to vote in favor of NAFTA and to support the agreement with your colleagues.

Very truly yours,

WILLIAM T. WARD,
Plant Manager.

JAMES F. DICKE II,
New Bremen, OH, November 2, 1993.

Congressman JOHN BOEHNER,
U.S. House of Representatives, Washington, DC.

DEAR JOHN: During my trip last week to South America as a part of the Young President's Association International Chapter, we had the occasion to meet, hear from and question the presidents of Argentina, Uruguay, Paraguay and Chile. What I found most interesting and wanted to share with you was their attitude about the importance of NAFTA, which was even stronger than I had realized.

Especially Presidents Carlos Menem of Argentina and Patricio Aylwin of Chile made it dramatically clear that their countries are looking to the U.S.A. for leadership in opening Western Hemisphere trade. Presidents Bush and Clinton have both impressed these leaders; and in their own markets, they have seen a roll back of their protectionism creating positive results. They see NAFTA as a critical test of U.S. intentions towards Latin America, and see the U.S. itself as the biggest economic winner. It seemed hard for them to imagine that we in the United States may reject NAFTA against our own interests and theirs too. I realize that you are already in favor, but thought perhaps this information could be helpful in reasoning with colleagues who might think their districts will be hurt.

Janet joins me in sending best regards.

Sincerely,

JIM.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from South Carolina [Mr. RAVENEL].

Mr. RAVENEL. Mr. Chairman, in my district I have a number of garment industries, some people call them cut and sew operations. Most are located in an economically deprived area. In these plants hundreds of people, predominantly women, work at sewing machines making a variety of clothing. Many are the sole support of their families. Because of the competitiveness of the garment industry, their jobs are relatively low-wage, but they are jobs providing the necessities of life and particularly the dignity that comes from gainful employment. These folks believe that if NAFTA passes, their jobs will move to Mexico. I share that belief.

What, Mr. Speaker, will then happen to these good people? Some say they can be retrained, but retrained for what? There are tragically inadequate job opportunities in that area. For many, welfare and dependency must be their only recourse. However, if NAFTA does not pass this day, the question can be revisited at a later date when safeguards can be provided for these, my constituents. As our country is, and into the future will be, the world's greatest and most lucrative market, this alternative should be no unsolvable problem.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Oklahoma [Mr. SYNAR].

Mr. SYNAR. Mr. Chairman, in 1803, America expanded its borders with the purchase of the Louisiana Territory. The move was controversial. After all, how could a nation as young and small possibly control or afford so much wilderness? But Thomas Jefferson had the courage and the vision to see in that wilderness the future of our Nation.

In 1867, Secretary of State William Seward purchased the Alaska Territory. The skeptics called the purchase Seward's folly. But Seward had the courage and vision that created one of the crown jewels of our Nation.

I am confident that future generations will recall that in 1993 America once again seized an opportunity, not through land, but through trade. Let history show that we had that courage and vision, like our forefathers, to secure, as Thomas Jefferson said, "an ample provision for our posterity." Let us expand our horizons, let us ensure our future, and let us pass this free-trade agreement.

□ 1230

Mr. GEPHARDT. Mr. Chairman, I yield 2½ minutes to the gentleman from California [Mr. TUCKER].

Mr. TUCKER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, as we move on past the vote, this historic vote tonight, and history reflects what we have done here on this floor tonight, if this NAFTA passes I can sadly say that history will not reflect that we had great vision, but history will reflect that we embraced the notion of expansion and of progress at the expense of people. For indeed, someone recently said that America should be about putting people first. But, more recently than not, it seems as though America is about putting profit first.

As I have talked to the average American in the last few days and weeks and unending hours of this discussion on NAFTA, people have been generally confused. They have asked, "What side should I believe?" And I have fathomed from that that it is entirely because there are many parts and many aspects of this North American Free-Trade Agreement that do make sense, that will generate profit, that will generate trade. But the question is not should we do this NAFTA. The question is how should we do this NAFTA.

NAFTA is a good concept. North American trade is a good principle. But at what expense? At what cost?

All of the proponents of NAFTA stacked up together cannot deny the fact that there is an eight-to-one wage disparity between Mexico and the United States. Over the last 12 years, the wages in the United States and Canada have gone up, but in Mexico they have not.

When you get down to the long and short of this NAFTA agreement, you will realize that no one is doing for the American worker what they are willing to do south of the border. When are we going to stand up for America and do what is right for our people?

Mr. KOLBE. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Lincoln, NE [Mr. BEREUTER], a senior member of the Committee on Foreign Affairs and the Committee on Banking, Finance, and Urban Affairs.

Mr. BEREUTER. Mr. Chairman, first, this Member would offer a few comments and a conclusion on what is actually obvious to a substantial majority of the Members of this House—the approval of NAFTA is the best interest of the United States of America and of the American people, both in the short term and certainly in the long term. It is also in the best interest of the working men and women of this country, farm families, and every other significant or every minor occupational or economic sector in this country. While one should not exaggerate the immediate benefits to America of NAFTA or the relatively small number of additional jobs created in the United States by NAFTA, there will be a net increase in U.S. jobs and there even will be a net increase in manufacturing jobs. More importantly, however, it will slow the loss of our jobs to other countries—to Southeast Asia, and yes, to Mexico, too.

Furthermore, approval of NAFTA will improve environmental conditions on both sides of the Mexico-United States border, while giving strong encouragement to election, labor, environmental, and many other areas of reform in Mexico. Clearly, too, the arguments recently raised about NAFTA threatening our sovereignty are so phoney they are unworthy of additional comment.

In short, this trade agreement, like all such carefully crafted agreements, benefits all the nations involved. Mutual reduction in trade barriers, even in an agreement as complicated as NAFTA, is not a zero-sum game. Both Mexico and the United States are net beneficiaries, and so is Canada. Indeed, I believe that a secret ballot would show that at least three-quarters of this House would vote "aye" on NAFTA today, for they know in their hearts and minds that the approval of NAFTA is overwhelmingly in our national interest and overwhelmingly positive for the American people. This vote isn't even a close call.

Mr. Chairman, second, this Member would assert, with respect to the foreign policy or international relations impact on the NAFTA decision, there is scarcely any possibility of overestimating the impact of the choice presented to us today. My colleagues, with no hyperbole I tell you this vote on NAFTA today is the most important United States hemispheric and most important United States-Mexican relation vote to come before the Congress in the 20th century.

The defeat of NAFTA would, by rejection of the Mexicans' initiatives and implicitly the worthiness of their ambitious reform programs, send a very negative message to other nations of Latin America and the Caribbean. Many of them are now committed to liberalization and political reform. In addition to other advantages they see in a NAFTA-like trade agreement with the United States, our neighbor countries to the south now understand that these reforms are also the key to greater trade and access to U.S. markets and U.S. exports. We must remember that a NAFTA agreement with Mexico is only the first step. Chile is the next of several countries impatiently waiting in line.

All of Latin America and the Caribbean is watching our vote today to see if we have the courage, political will, and the confidence in ourselves to act not only in our own best interests, but more importantly to lead this Western Hemisphere to a brighter economic future for all of its citizens. Those economic gains and the democratic, economic, income equity, and environmental reforms that can and should be stimulated for the citizens of each successive country which is accepted into this new multinational trade agreement is the grand opportunity we can secure for the citizens of the Hemisphere of the Americas. We must not hold out this hope to all of our neighbors south of our border and then because of faintheartedness pull it away by rejecting NAFTA. The damage to our hemispheric relations and the loss of a favored trade position within our own Western Hemisphere to our trade competitors in Western Europe, Japan, Southeast Asian nations, and Brazil cannot be overestimated. It is incalculable, but it would be a huge and continuing loss.

Neither should we doubt that what we do here today will directly affect our posture and chances for a successful conclusion to the Uruguay round of the GATT negotiations next month. Absolutely nothing is more important to global economic growth than an equitable conclusion to this round—for developed countries, for developing countries, and for the United States. If the House rejects NAFTA today one of two things will surely happen—the possible conclusion to the round will be dashed, or America, its resolve and leadership shown to be lacking, will be presented with a take-it-or-leave-it bad bargain of an agreement which it should not accept. Similar opportunities for American involvement in an emerging Asian-Pacific trade alliance also is jeopardized by a rejection of NAFTA.

Mr. Chairman, in concluding these necessarily too brief comments on the foreign policy implications of the NAFTA vote, this Member would share the following very apt editorial comments about the breadth of the foreign policy implications of this NAFTA vote by Mr. Al Koontz, writing in the Beatrice, NE, Daily sun of November 16, 1993:

> As we make the final turn toward the next century, other countries in the world will read NAFTA as a true indicator of which direction the United States will turn. Will the U.S. continue to be a forward-looking and progressive world leader, or move inward to isolationism. Obviously, there is too much riding on NAFTA not to vote yes.

Mr. Chairman, as a third part of these remarks I would address the following question. With these very positive domestic and international results of a favorable NAFTA vote, why then is this NAFTA vote controversial? I believe in part it is due to the fact that NAFTA has become a lightning rod for a widespread discontent in this country. A great many Americans are unhappy with a wide variety of things they see in our country, and certainly important on that list is the perception of declining job opportunities or prospects for themselves and their children and grandchildren. They are unhappy with the economic status quo, unhappy with economic trends, and distrustful of Government. Unfortunately this is an ideal climate for fear mongering, disinformation, misinformation, and xenophobic scapegoating. Unfortunately, we have seen all of those tactics used by some of the opponents to NAFTA at large in our land.

In addressing the subject of NAFTA the noted economist Robert J. Samuelson in his column in the November 17, 1993 issue of The Washington Post suggests that "the larger agenda of the NAFTA opposition is to advance avowedly protectionist and isolationist policies." And, indeed, undoubtedly that is the larger, hidden agenda of some of the better known American NAFTA opponents outside this body. Their rhetoric and argument play to and nurture many biases and faulty socioeconomic theories. In comparing the isolationism of the 1930's with the new patriotism espoused by the latent America first opponents of NAFTA, Samuelson has the following conclusion I hope my colleagues will consider: "The essence of isolationist illusion, then as now, is the denial of reality. The rhetoric is populist and patriotic, but the ideas are nutty. If Congress endorses them, it will be a low day for democracy." How true and how truly devastating an

example of democratic representation to see this Congress stampeded off a cliff by the hooting and hollering of the latest variant of the know-nothing gang.

Each time, on each element of NAFTA we need to ask: Are we better off with NAFTA or with the status quo? Or asked another way, does the approval of NAFTA reduce or increase the problem or concern of the critic? Invariably the provisions of NAFTA have a positive impact—make improvements on the status quo.

Now, beyond this angst of the American citizenry, add to this volatile mix the overt political threats aimed at many of our colleagues, especially on the other side of the aisle. Then one can understand the expected narrow winning margin for NAFTA today.

Mr. Chairman, may I applaud those Members who in the last few days, when faced with threats to their political survival, have courageously said: "No special interest owns, my vote; nobody pulls my chain; I am going to cast my vote for what is in the best interest of the United States as required by my oath of office; I will vote for NAFTA."

Mr. Chairman, ladies and gentlemen of the House, in conclusion this Member would assert that this is clearly one of the two or three most important votes we will ever cast in Congress. I ask you to think hard about how you will explain to yourself and your children, 5, 10, or 20 years from now why you didn't vote "aye" on NAFTA. One I suppose can conjure up a hundred excuses now or in the future for voting "no" today, but I predict those excuses will ring hollow within you.

Mr. Chairman, finally this Member wants to assure his constituents that in making this decision to vote "aye" on the NAFTA proposal before the House today I have set aside any partisan interests and particular sectoral and other special interests. My responsibility is to carefully examine the provisions of the NAFTA, and the arguments pro and con. The conclusion reached is that the approval of NAFTA is clearly in the overall best interest of the United States—both in the short term and long term; for my home State of Nebraska and its citizens, the case is even more overwhelmingly positive. Therefore, my oath of office, my conscience, my sense of responsibility to our country and my constituents, and now the favorable views of the majority of my constituents who have expressed an opinion on NAFTA all demand I vote "aye" on NAFTA.

Mr. HUNTER. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from New York [Mr. WALSH].

Mr. WALSH. Mr. Chairman, I rise in strong opposition to the proposed agreement. I am deeply concerned about its impact on American workers and the American economy. At a time when almost all major American companies are downsizing, laying off and firing manufacturing workers, many other companies are looking at moving some of their operations to Mexico. Granted, many have already gone, but with the promise of a formal agreement, a more stable Mexican Government, a less volatile labor situation, not to mention cheap labor and lax environmental laws, many more will go. It will eat away at our standard of living and disrupt the already fragile American family.

That is what I believe. There are others who believe in their hearts differently. And they will vote for the agreement because of those beliefs. I respect that.

What I do not respect is Members selling their vote to the highest bidder, whether it is the President or the lobbyists. In recent days NAFTA has become "Let's Make a Deal" with the President opening the U.S. Treasury to any Member who is on the fence. That is wrong, and it makes us all look bad.

The test that this deal must pass is the mirror test. When we get up tomorrow morning and look into the bathroom mirror, I think we will know whether we passed the test. If we can look ourselves in the eye and say that was the right vote for the right reason, we pass. If we have to roll our eyes away and say with a sense of half-hearted resignation, "Oh well, that's just the way it is," we fail.

Let us work together to create an environment in our country where business can grow and prosper at home before we decide we cannot manufacture here anymore. Let us work to reduce taxes, regulation, and government interference in business so they hire American workers, pay good wages and take the burden of supporting the American society off an overstressed government. Let us clean up our own backyard before we go looking for greener pastures in Mexico.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. MCCURDY].

Mr. MCCURDY. Mr. Chairman, all of us in Congress know that our careers are marked by thousands of small choices, and a few great ones. We face today one of the most important votes of our political lives.

I speak knowing the full measure of the anxiety and concern of American workers. One of my earliest memories is of my parents being laid off, and my father desperately looking for a new job. The only work he could find was clear across the State, and he lived apart from us for a year until we could move to join him.

I know firsthand the damage done to a family when Americans lose their jobs. But I also know that rejecting NAFTA will only make the problem worse.

My belief in NAFTA is not based so much on the treaty itself. On balance, it is good for America. But on its own, it offers no economic windfall. But NAFTA's real importance lies in its larger role in promoting the integrity of the global trading system.

In trade, our choice is very simple. It is about what kind of world we will leave for our children. Our choice is between the free exchange of goods and ideas, or a world of barriers and walls; between friendship among nations, or a new economic cold war; between competition that will make us strong, or isolation that will make us weak.

But free trade is not a one-shot deal; it is not a single decision made at one point in history. It is a gradual process, with pivotal choices made years or even decades apart.

Here is where the real importance of NAFTA lies. There is a straight line between NAFTA, the Asian-Pacific economic summit later this week, the conclusion of the GATT round next month, and the future of free trade.

NAFTA represents an historic moment for the world trading system. It embodies the fundamental decision that we, as a nation, must make between free trade and protectionism.

At stake is our standing in the international community and our ability to negotiate from strength in global trade talks. Our choice is whether we will make Mexico our economic partner, or stand aside and watch Mexico team up with Canada and Japan. Before us is the only chance we will have to create large numbers of new jobs for American workers over the next several years.

Consider what will happen if NAFTA fails. President Clinton will go into the Asian and GATT talks as a crippled leader. Other countries will scoff at our demands for opening their economies.

Then, companies from Canada, Asia, and Europe will rush to get the deal that we passed up. They will move into Mexico; and once there, they will export nearly tariff-free to the United States while ignoring Mexico's labor and environmental laws.

That, my friends, is the status quo. It is not a situation created by NAFTA.

Unable to compete on a level playing field, we will turn to protectionism. Mexico and our other trading partners will retaliate. We will respond. And in the end, it is the American worker who will suffer.

Hope for American workers cannot be found in shutting ourselves off from the world. Anyone who believes that should review the history of the Smoot-Hawley tariffs, and think a moment about what the Great Depression did to the American worker.

Free trade is our only hope for creating new jobs for Americans. We must invest in the future and create the best-trained, most productive work force in the world.

But if we are producing only for ourselves, our standard of living will remain stagnant, while Asia and Europe

race ahead. If we spurn the world's markets, our companies will wither and die while foreign corporations grow strong.

That is not the kind of future I want to leave to my children.

And what if NAFTA passes?

If we choose free trade over protectionism, we must be honest: There is no easy answer to the problem of competition. American jobs are on the line every day as our companies go head-to-head with their competitors abroad. But we cannot go back; we cannot return to the time when American companies dominated global trade almost without trying.

It is almost as if the opponents of NAFTA are hoping to close their eyes, vote against the treaty, and make foreign competition go away. It is almost as if they hope that defeating NAFTA will make all American jobs safe.

But the global economy is a reality, and we are a part of it. If we deny that, if we shut ourselves off from the world for short-term political gain, we betray the trust of all Americans. We must move forward, accept the challenge of competition, and resolve to win. That is the only honest strategy to build a better future for American workers.

I believe competition makes us stronger. Can anyone deny that our automobiles are better today because of Japanese competition? Or our electronics, or steel?

The irony is that American industry, after years of hard work, is finally ready to go head-to-head with anyone, to use the dedication and skill and pride of American workers to compete and win. In the end, I favor NAFTA because I have faith in the American worker; because I am not afraid of competition; and because I believe the key to our future prosperity lies in the global trading system.

□ 1240

Mr. GEPHARDT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Chairman, I rise in strong opposition to the NAFTA Agreement.

Mr. Chairman, I would like to be here and proclaim support as a free trader, as someone that believes in the global marketplace, the inevitable role that U.S. workers and manufacturing and other services play in that. The U.S. workers are the most productive workers in the world.

But the fact of this agreement is that it is a bad agreement. Candidate Clinton recognized that and said that he was going to change it. He tried. I commend him for trying. But he did not do it.

The fact is, this agreement should be based on the problems that have existed, on the track record in the past with Mexico. That track record is one in which there has been environmental degradation, where there has been a denial of political rights, where there has been a suppression of labor, where there has been an increase in productivity among the Mexican worker, who, I think, can be very productive, and a decrease in wages. It has an inflated peso.

We have all kinds of problems that are not addressed in this. We are not leveling the playing field. We are dealing with an equation that is not going to work.

This agreement protects copyrights. It protects and deals with tariffs. It protects a whole series of things that are important to corporations and industry in this Nation and others in business. But it does not deal with the fundamental rights. We should be using our leverage in a 21st century manner in terms of dealing with the political and economic realities of what is happening to the people in Mexico and in this Nation. We need to move forward in terms of structural economic change and trade.

But this agreement simply turns its back on it and continues the business as usual type of trading away from our competitive advantage in this country at the expenses of American working men and women in this country.

We are going to finance and be expected to finance the pollution cleanup and to finance the other deals that makes this trade go forward. We are taking on a population of 70, 80 million people to solve this particular problem at the expense of the American workers.

We need entry-level jobs in this country. Most of us that did not come into this world with a silver spoon started out and got to where we are on the basis of such entry-level jobs.

I urge my colleagues to reject this agreement.

Mr. Chairman, I rise in opposition to H.R. 3450, the North American Free-Trade Agreement [NAFTA] Implementation Act.

Over the past weeks and months, hundreds of my constituents from Minnesota have contacted me to express their views on this important issue. Some of them have expressed support for NAFTA because they believe that it will have a positive impact on our Nation's economy by producing jobs both in the United States and Mexico. Many others have expressed their opposition to NAFTA because they believe that this particular agreement will hurt our Nation's economy and will cost jobs in the United States as well as harm the Mexican economy and its workers in the final analysis. Both the proponents and the opponents of this proposal have expressed their views with sincere and often deeply felt conviction.

After months of studying this proposal and the subsequent side agreements, I have concluded that I must oppose this particular agreement in its present form for several reasons.

This agreement does not meet the fundamental economic challenges that could and should have been embraced in this trade accord. Certainly, our Nation must continue to strive to enhance trade relations with Mexico and participate in the global economy of trade and commerce on a sound policy foundation.

First and foremost, I believe that NAFTA will put at significant risk many American jobs and will drive down U.S. wages for millions of working men and women. The United States could lose hundreds of thousands of jobs after already experiencing a reduction of 2.6 million manufacturing jobs during the 1980's. Millions of Americans have been displaced and more are being displaced every day because of fundamental changes occurring in the United States and the world economy. To simply dismiss these difficult and painful economic changes as being inevitable without making every reasonable effort to mitigate these dislocations is irresponsible. Regrettably, this particular agreement falls far short of mitigating the impact and effects which even the proponents of NAFTA concede will occur for hundreds of thousands of American working men and women whose employment situation will be affected by NAFTA.

Wages will be driven down in the United States, especially for low-wage employment workers, because productive capital will go where labor costs are lower. In fact, Mexico has repeatedly trumpeted its low wages as an inducement to convince more American companies to relocate manufacturing from the United States to Mexico. Many companies have closed their United States plants and gone south or opened new manufacturing plants in Mexico when they could have expanded and opened new plants here at home. Many Mexican workers make less in a day than their counterparts in the United States earn in 1 hour.

One of the assumptions of free market theory is that as productivity increases, wages will also rise. This is not the case in Mexico. In fact, the Mexican Government has actively intervened as a matter of national policy to suppress Mexican workers' wages in spite of the fact that Mexican worker productivity rose by 41 percent between 1980 and 1992 and their workers' wages actually dropped. Indeed, for every $1 earned today by the average Mexican worker, an average American worker earns $7.

What does the Mexican worker's paycheck buy? Not as much as it should. Real wages in Mexico have declined by 25 percent since 1979. Even the Bank of Mexico and the Mexican National Commission on the Minimum Wage admit that the buying power of the minimum wage has fallen by an incredible 67 percent between 1976 and 1992. Mexican per capita purchasing power is only a fraction of that in the United States and Canada. The end result of the artificial suppression of Mexican workers' wages is that they are severely limited in the amount of discretionary income which they have at their disposal to buy American-made goods and services. Also, the inflated value of the peso by 20 percent has had a crushing effect on Mexican workers' earnings and, when readjusted to reflect its market value, will significantly reduce their purchasing power to buy U.S. imports to Mexico.

While free market theory assumes that increased free trade is automatically beneficial to all parties, we must look specifically at Mexico and the United States and assess how

each will supposedly benefit under NAFTA. While the United States is Mexico's largest trading partner, Mexico is the third largest trading partner for the United States. Furthermore, evaluation beyond the raw numbers is key to understanding the impact of NAFTA. For example, 37 percent of recent United States exports went to Maquiladora plants, mostly along the United States-Mexican border, which ship most of their output back to the United States as finished products. That is not a boost to the United States economy, but represents a loss of potential United States manufacturing jobs to Mexico. This is hardly a conventional export to be scored as a bona fide sale.

If NAFTA in its present form is approved, the flight of capital which could be used to produce good jobs for American workers in this country will continue and accelerate. Economist Donald Ratajczak of Georgia State University estimates that $1 billion of U.S. investment generates about 30,000 jobs. Assuming a relatively modest $2.5 billion annual capital outflow, that would mean 375,000 potential new U.S. jobs lost over 5 years—more than wiping out the claimed 170,000 job gain over 5 years estimated by the Institute for International Economics if NAFTA is implemented.

Second, NAFTA and its side agreements on labor rights and the environment are inadequate. In fact, the Clinton administration has even stated that the side agreements could be unilaterally renounced without prompting a U.S. withdrawal from the overall NAFTA agreement. This statement is especially disturbing in light of the President's earlier assurances that the concerns about labor rights and the environment would be adequately protected and that the side agreements were an integral part of the NAFTA package.

Today, workers in Mexico are effectively denied the basic right to freely organize for higher wages and better working conditions and are even jailed, beaten, or blacklisted based on objective reports of the Mexican workers' plight.

Mexico has some of the worst air and water pollution problems in the developing world. Many of these problems are apparent along the United States-Mexican border and affect both Mexican and United States citizens. Mexico has adequate environmental laws on paper, but in reality they are largely unenforced on the ground. The disconnection between Mexican laws and their enforcement under an evolving authoritarian political system raises profoundly disturbing questions about how NAFTA and its side agreements would be interpreted and implemented by Mexico. There is simply inadequate assurance that under the NAFTA side agreements that this situation will change. It is a leap in faith for the advocates of NAFTA to presume that the implementation of NAFTA will revolutionize Mexico's political establishment and institutions.

Third, it is important to note that it has been Mexico, not the United States, which has erected the high tariff barriers of recent years. While the administration of President Salinas is continuing important efforts at economic and political reform, and while average tariffs in Mexico have fallen in recent years, Mexican tariffs are still much higher than current United States tariffs on Mexican-made goods.

One of the most disturbing aspects of the debate over NAFTA has been the false assumption that it is the United States which must abolish its protective wall and open itself to free trade. Such admonishments simply misunderstand or misrepresent the true circumstances. The United States has had the most open trade policy in the history of the world. We have sought increased trade with nearly every country in the world as well as assuring increased access for American-made goods in the world market. Indeed, it is the United States which has sought to liberalize and achieve greater access to foreign markets. However, because of the continuance of high foreign tariffs and unfair nontariff barriers, American-made products have repeatedly been kept out of certain foreign markets. The reality of our common border with Mexico as well as important existing economic relations between our nations will not change, regardless of whether NAFTA is approved or disapproved. Trade liberalization to reduce tariff and nontariff barriers is now and has been in the hands of Mexico.

Finally, I must oppose NAFTA because it will significantly increase the Federal deficit. The Congressional Budget Office [CBO] has estimated that tariff losses to the United States over the next 5 years alone will be more than $2.5 billion. The Joint Economic Committee has found that the administration has significantly underestimated the direct costs of implementing NAFTA. Direct costs for implementing NAFTA could reach $20.1 billion over the next decade. Such costs would include a NAFTA-related Dislocated Worker Program which could cost $3.9 billion over the next decade and direct environmental and highway costs of $11.3 billion. The Joint Economic Committee has also found a potential $7.4 billion financing gap in meeting these direct implementation costs over the nest 10 years. Even now at the 11th hour, the administration has been offering inducements to Members which may drive the cost of this NAFTA Agreement higher than anyone now realizes. At a time when Congress and the administration are expected to slash Federal programs in housing, health care, education, and other urgent social needs, this is a cost we cannot afford.

Some have suggested that if the Congress rejects this NAFTA proposal that it would fundamentally undermine our future foreign relations not only with Mexico, but all of Latin America. In my view, the question of whether to implement this particular agreement is fundamentally an economic question and not a sweeping question of whether we wish to have good relations with Mexico and the other nations of Latin America. It is abundantly clear that the United States wishes to be a good neighbor and friend to Mexico and other Latin American countries. But bargaining away competitive advantages and winking at environmental, labor, and human rights standards is building a United States-Mexico relationship in a swamp of sinking and shifting ground.

The fact that the current proposal is seriously flawed should not prevent the administration from going back to the drawing board with Mexico and crafting an agreement which does what it is supposed to do to serve the best interests of all of the people of the United States, Mexico, and Canada. The Clinton administration has recognized and attempted to rectify the shortcomings in this agreement. That is why the effort was made to negotiate side agreements and why they have continued their efforts up to the final hour before the vote in the House to offer positive changes and inducements for Members in return for their support for this bill. It has been a moving target, but in spite of all the window dressing and decorating, this is still a flawed agreement.

A truly free and fair trade agreement should be based upon mutual benefits, competitive parity, and fairness to both United States and Mexican workers. A truly free and fair agreement would not carve out special protections for certain select agricultural commodities while ignoring the concerns of others. A truly free and fair agreement would protect the environment, natural resources, and human rights from exploitation at the expense of many for the benefit of a few. Unfortunately, this agreement simply does not meet the mark.

I urge my colleagues to vote against this measure.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the gentleman from Huntington Beach, CA [Mr. ROHRABACHER], a member of the Committee on Foreign Affairs and the Committee on Science, Space, and Technology.

Mr. ROHRABACHER. Mr. Chairman, today we decide if our businesses and working people will have the competitive edge, in freely selling in an expanding Mexican economy, while the Europeans and Asians keep paying a 10 to 20 percent tariff. We decide if our citizens will produce the technology and equipment used by the Mexican people to improve their lot and in the process make themselves even better consumers of American goods and services.

Let us not kid ourselves. If we reject NAFTA, the current reformers in that country could be replaced by corrupt, incompetent and anti-American leadership. Mexico could go into an economic tailspin, and that would turn what is a server illegal immigration problem today, into an immigration calamity tomorrow.

Shall we build an alliance of prosperity, in an economic trading bloc that is vast in territory, and is energy and resource independent—a trading bloc that will catapult the living standards of the citizens of all three countries?

I say yes. Let us build a better future together with out neighbors.

Mr. HUNTER. Mr. Chairman, I would inquire of the Chair as to the remaining time for the various segments.

The CHAIRMAN. The gentleman from Illinois [Mr. ROSTENKOWSKI] has 1 hour and 44 minutes remaining, the gentleman from Missouri [Mr. GEPHARDT] has 1 hour and 38 minutes remaining, the gentleman from Illinois [Mr. MICHEL] has 1 hour and 46 minutes remaining, and the gentleman from

New York [Mr. SOLOMON] has 1 hour and 35 minutes remaining.

Mr. HUNTER. Mr. Chairman, I reserve the balance of my time.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I support NAFTA because it means more jobs for the people of my district, my State and our Nation. Those that oppose NAFTA point to the wage differentials and say that we cannot compete. Wage differentials will be there with or without NAFTA.

What NAFTA does is reward American companies that keep their plants and jobs in our country, rewarding them by bringing down the barriers that currently exist to take their products into Mexico.

Let us talk about specific companies and specific jobs. In my State, Bethlehem Steel, Sparrows Point, 400 additional jobs, 200 in manufacturing steel that will be directly used in Mexico for structural problems, 200 to companies located in the United States that need steel in order to sell their products into Mexico.

McCormick Spice. They currently do $150 million worth of business in Mexico, but they have certain plans to produce products in Mexico because of the local requirements in Mexico trade law. Those requirements are gone under NAFTA. More jobs in Maryland for my people.

Let us talk about Citibank and RTKL. an architectural company that is located in Baltimore. As new contracts are awarded, there will be more jobs in downtown Baltimore doing architectural services.

Procter & Gamble manufactures Noxema and Cover Girl cosmetics in Baltimore, MD. There is a 20-percent tariff for bringing those products into Mexico. But those tariffs are eliminated under NAFTA. More jobs, more competitiveness for our products made in Baltimore, more jobs for the people of my area.

SCM makes titanium dioxide, the white powder that goes into making products white, from high-grade paper to the "M" on M&M's. Currently, there is a 15-percent tariff. That is gone. SCM estimates a growth of 50 to 100 percent in their Mexican market over the next 3 to 5 years. That is more jobs for the people of Maryland.

The State of Maryland depends upon the Port of Baltimore. Jobs increase by NAFTA. NAFTA means more jobs.

I hope my colleagues will support NAFTA.

Mr. GEPHARDT. Mr. Chairman, I yield 2 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from Vermont [Mr. SANDERS].

The CHAIRMAN. The gentleman from Vermont [Mr. SANDERS] is recognized for 3 minutes.

Mr. SANDERS. Mr. Chairman, corporate America and the big money interests have told us that NAFTA is a good deal. I do not believe them.

Recent history has told us that corporate America is concerned about one thing and one thing alone, and that is their own wealth and their own power.

NAFTA may be a good deal for the people who own our corporations, but it is a bad deal for American workers, for our family farmers. And it is bad for the environment.

Very briefly, four reasons why this NAFTA agreement should be defeated: No. 1, the American worker and family farmer should not be asked to compete against a desperate people of Mexico who are forced to work for a minimum wage of 58 cents an hour and an average manufacturing wage of $2.35 an hour. A Wall Street Journal poll of last year has already told us that 40 percent of the CEO's who were polled said that they are prepared to move manufacturing down to Mexico, 40 percent, if NAFTA were approved. And 24 percent said that they would use NAFTA to lower wages, to keep wages low. Wages in America today are already too low. We do not need NAFTA to lower them further.

No. 2, the United States should not merge economies with a nation that is not a democracy.

□ 1250

There is much evidence to suggest that Mr. Salinas, the President of Mexico, was himself illegally elected. Most of their state elections are rigged. The media is highly controlled. The workers there cannot form free trade unions.

What does this say about our commitment to democracy when we merge economies with an undemocratic nation? How do we have free trade with a nation that is not free?

The third point, Mexico, despite all the fine-sounding laws, which in fact are worthless, has allowed American companies to heavily pollute their environment with toxic waste, endangering health on both sides of the border. I regard it as an outrage that American taxpayers, some of whom have already been thrown out on the streets by American corporations going to Mexico, are now going to be asked to pay higher taxes to clean up the toxic waste caused by American companies that have gone to Mexico. Let the companies clean up their waste, not the American taxpayers.

Fourth and last, frankly, Mr. Speaker, it is a disgrace to this institution and to our country that President Clinton has had to spend billions of dollars of taxpayer money buying congressional votes for this treaty with military cargo planes, bridges, development banks, airline routes, renegotiated tariffs, et cetera. If the deal is such a good deal, one does not have to buy votes for it. Mr. Speaker, let us defeat this NAFTA.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Wilmette, IL [Mr. PORTER], a senior member of the Committee on Appropriations.

Mr. PORTER. Mr. Chairman, the issue is: After almost 50 years of Republican and Democratic administrations alike urging the world toward freer trade, can the United States, the world's largest economy, the world's greatest exporter, with the world's most productive workers, afford to trade freely with a weak economy to our south and a tiny economy to our north?

Are you kidding me? To ask the question is to answer it. Of course we can.

Is it to the advantage of American business, American workers, and the environment to do so? Overwhelmingly, yes.

Most importantly, after winning the cold war and at a time when U.S. influence in the world has never been greater, what would NAFTA's rejection mean to our leadership and ability to move the world toward our values, toward democracy, human rights, the rule of law, free economics, and greater and freer trade? Rejection of NAFTA would be a disaster.

Support NAFTA. Not to do so is mindless and lacks vision, courage, and the understanding of how free markets work for a better life for all people.

Mr. GIBBONS. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I am voting for this agreement because I honestly believe it will increase jobs and economic growth, and it will enhance America's power and prestige in the world. Some argue quite convincingly that it will suck jobs to Mexico and reduce wages in the United States. I simply do not accept that. I would never, never, never vote for an agreement to push Kansas' or American jobs to Mexico or to Japan or anywhere else. Doing that would not only violate my constitutional responsibilities, I would also be a damned fool in doing that.

Neither, might I add, would I allow my vote to be bought by anybody, and I doubt anybody in this Chamber would be in the same situation for an issue that affects America's national security. Frankly, the easier political vote is "no." That is because the intensity factor is on the no side. The fear factor is quite large.

People are worried about their jobs, but rejection of NAFTA does nothing to improve the status quo with Mexico, and it also demeans this country's No. 1 political status in the world, and it takes us back to the era of the 1920's and 1930's, when we buried our heads in the sand, hoped for a happy world, with no interest in what was happening beyond our borders, and set the stage for

the Great Depression and World War II. I want nothing of that.

My own State is an export State. Boeing sells the majority of their airplanes outside the United States Boeing employs 16,000-plus people in Wichita, and I believe failure to enact NAFTA jeopardizes Boeing's ability to sell airplanes in Latin America, especially when that predator Airbus Industries is ready to suck up our jobs in the event NAFTA is defeated.

NAFTA is neither heaven nor hell, it is neither nirvana nor the depth of depression. It just makes good sense for America's economic future. I urge my colleagues to vote for it.

Mr. GEPHARDT. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. STUPAK].

Mr. STUPAK. Mr. Chairman, over the past months much has been said about the material things that NAFTA will or will not do for this country. But NAFTA is much more than just material things and who has and who will not have a job.

I am here as a freshman, and I am wrapping up my first year in this prestigious body. I came here last fall in hopes that we could change the normal way of doing business in this institution.

I came here because I believe in this country. I came here because I believed in our Government, and I came here because I have some basic beliefs.

After watching all the wheeling and dealing, after watching all the side agreements, and after watching all the side promises, and the what-you-want-for-your-vote attitude that prevails in this Congress, I am, on the day of this vote, very disappointed in the way some people have chosen to govern. To govern, what does that really mean?

Does it mean get whatever you can and who cares about principles and beliefs? Does it mean make the best deal for yourself personally, and who cares about principles and beliefs?

To govern, does it mean to sell your vote for the largest, most expensive project in your district? To govern, does it mean that we cut a side deal for your industry, be it sugar, citrus, small appliances, wheat, broom corn, or peanuts?

Yes, I may only be a freshman, but I have some basic principles and beliefs, and I believe that all American workers are important, that principles and beliefs should not be traded or sold.

I believe in protecting our environment. I believe in democracy, the right of people to assemble, to come together, to collectively bargain with their employer. These are basic American beliefs and rights.

I do not believe that these American beliefs can be suddenly traded away. I do not think that they can suddenly become part of a side agreement, and I do not think they can become the basis for a pork-barrel project in your district. You cannot trade them away or cash them in, in hopes of future economic gains based on an agreement that fails to guarantee basic American principles and beliefs.

I had concerns about this NAFTA just like everyone else here, and I wrote the President. I asked him, coming from the Great Lake State of Michigan, "Tell me, Mr. President, what assurance exists under NAFTA to guarantee that our Great Lakes water will not be diverted to Mexico, as I and other environmental groups in the United States and Canada believe will happen under this NAFTA."

I received a response. It stated: "The President has been advised of your interest in this matter. You will receive a response from him in the near future." Well, thank you for no answer, because my vote is not for sale, so I really did not expect a response, but I thought our environment needed a response. I thought the diversion of Great Lakes water needed a response. I thought that American beliefs needed a response.

If my colleagues are listening today and if they have made their deal, if they have a deal for a project in their district, I have a question. I ask: Was it really worth the special interest to sell out our American beliefs and principles?

How do you go back home and face the American worker? How do you stand up for the environment? How can you justify human dignity, human rights, if you vote for this NAFTA?

So to those special-deals Members, I hope that you do not sell out our American principles and beliefs. I hope it is not business as usual, and that principles and beliefs mean more than material self-interest.

Vote "no" on this NAFTA.

Mr. DREIER. Mr. Chairman, I am happy to yield 2 minutes to the gentleman from Orlando, FL, Mr. MCCOLLUM, a hard-working member of the Committee on the Judiciary and the Committee on Banking, Finance and Urban Affairs.

Mr. MCCOLLUM. Mr. Chairman, our constituents expect us to study the issues and make the tough votes. I have looked at NAFTA, I have looked at the various side agreements, and I have reached the conclusion that we have obtained the best agreement possible. This agreement is what is best for central Florida and for this country.

Agriculture is Florida's second largest industry and job producer, and until the very favorable and enforceable side agreements with Mexico on citrus, sugar, and fresh vegetables were signed this past week, I was prepared to vote "no".

Since these concerns have been resolved, I have carefully reviewed the core criticisms of NAFTA which have been brought to my attention and I have found them wanting. I have read and studied the provisions of the agreement itself, especially those pertaining to areas such as immigration, United States sovereignty, and incentives or disincentives for United States business to open offices in Mexico and take jobs there.

A lot of people have wrongly been led to believe that NAFTA will give us completely open borders between the United States and Mexico. This is not so. Nothing will change with respect to our border checks and restrictions on entry from Mexico. Under a carefully monitored program certain specially trained professionals will be allowed to enter our country, complementing a similar arrangement we have with Canada. But this is a far cry from a legalization program or opening our borders.

The arbitration process for settling disputes under NAFTA is the same process we use today in other trade agreements, and is merely a commonsense business way of resolving questions that arise under the agreement, not an abrogation of United States sovereignty. It is the same practice that many United States businesses have been using for years to settle disputes.

Under the current trade regime with Mexico, American goods are taxed on an average 10 percent, while Mexican goods coming here are taxed on average only 3 percent. The United States already has a $5.4 billion trade surplus with Mexico, and common sense tells us that the removal of the 10-percent tariff on American goods will mean more of them will be sold in Mexico and more jobs created here, while the removal of the tiny 3-percent tariff on Mexican goods will be virtually meaningless in providing any further incentive for United States companies to move production to Mexico.

Most Americans do not know the terms of the NAFTA agreement and are being misled by a lot of false information. When these unjust criticisms are put aside, the case for passing NAFTA is compelling.

In order to have future economic growth and maintain our high standard of living in the 21st century, the United States must enter fair, new trade agreements with its Latin American neighbors to create new markets for our products and more jobs for our citizens. The passage of NAFTA is a critical step in this direction.

□ 1300

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Ms. ESHOO].

Ms. ESHOO. Mr. Chairman, I rise today in support of NAFTA. I believe this vote embraces the future and lets go of a past to which we should not cling. We must move forward with the economic tide of change and not tread water. We must stake our claim to world leadership and not retreat into isolation.

I believe that America was and still is the best idea that this world has ever seen. We are leadership; we are democracy; we are change; and we are the innovators. We are constantly stretching ourselves to grow, to be bold, to have a greater vision of the future.

NAFTA makes sense for America. It allows us to do what we have always done best—export our products, our democratic principles, and our values, but not our jobs. NAFTA will help the U.S. economy grow and proper, generate jobs, and provide our workers with greater economic security.

And as I have reviewed the agreement and listened to my constituents, I believe NAFTA makes sense for California and the 14th Congressional District. California's exports to Mexico are responsible for creating nearly 150,000 jobs. And we need more. NAFTA will provide them. Computer, electronic, and transportation products will be particularly big winners with NAFTA as Mexico's 20 percent tariffs on our exports come tumbling down. As Mexican markets for these products increase, jobs in the 14th District will increase. The 14th District, which includes Silicon Valley, is in the business of creating the future. NAFTA looks to that future.

NAFTA also makes sense for the environment. With this agreement, billions of dollars will be spent to clean up our polluted border with Mexico. For the first time, NAFTA's environmental side agreement obligates countries to enforce environmental laws, and backs them up with multimillion penalties and trade sanctions.

This vote represents the future for our country and our neighbors to the north and south. It says to our children that we welcome change and will move forward; that we are willing to make difficult decisions for a better tomorrow.

I urge my colleagues to vote in favor of NAFTA.

Ms. KAPTUR. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. STOKES].

Mr. STOKES. Mr. Chairman, I rise today to express my strong opposition to the passage of H.R. 3450, the North American Free-Trade Agreement Implementation Act. I believe that the North American Free-Trade Agreement [NAFTA], including the side agreements, is fatally flawed, and could prove an economic disaster for the United States, and its working men and women.

Clearly, the fundamental issue surrounding NAFTA is not simply a matter of whether we want to expand trade with Mexico, as we have already done with Canada. In the abstract, a unified North American market of the United States, Mexico, and Canada makes sense. Canada is already our No. 1 trading partner, and Mexico is our third largest trading partner. The essential issue is really the fact that any free-trade agreement between the United States, Canada, and Mexico should provide for a level playing field between all three countries.

Consequently, the question becomes how do we go about implementing a treaty which removes all tariffs and import duties between the United States and Mexico, while protecting the legitimate rights of workers in all three countries to a decent standard of living, and a safe workplace. We must also be concerned with how a NAFTA treaty protects the environment, especially in Mexico, where decades of rampant development, with little or no regard for the environment, have created numerous environmental nightmares. No agreement should be approved which ignores the fundamental concerns of working men and women in America, and which fails to provide critical safeguards to protect all of our children from the poisoning and destruction of our environment.

Mr. Chairman, the essential point to remember in this debate is that the United States and Mexico are very different countries, with dramatically dissimilar historical traditions of respect for individual rights and freedoms, especially in the area of workers' rights. In Mexico the right to freely associate, and form independent trade unions, is not recognized. It follows then that protections for workplace health and safety are not as strong, and the wage and hour laws are not as extensive or stringent. Linking respect for freedom of association and other basic worker rights should be the centerpiece of the framework of NAFTA, and all other international trade agreements entered into by the United States. The NAFTA treaty does not acknowledge these basic rights, in the treaty or in the labor side agreement. This is totally unacceptable.

Furthermore, the United States and Mexican economies differ dramatically, and we possess vastly different standards of living. Mexico has a gross domestic product only one-twenty-fifth as large as that of the United States. Wages in Mexico average less than 10 percent of the United States level, and the average per capita income in Mexico is $1,820 a year.

It is sad to say, Mr. Chairman, but the single comparative advantage of free trade with Mexico for American business is the poverty of its citizens and their willingness to work for subsistence wages. Studies have shown that employees in Maquiladora factories average productivity rates of about 85 percent to 90 percent of American workers. No matter how productive, U.S. workers cannot compete with labor costs of approximately $1 an hour. Also, as Henry Ford, an icon of corporate America preached, no matter how productive, factories cannot sell consumer products if workers cannot afford to buy them.

Approval of the North American Free-Trade Agreement in its present form would only serve to subject an increasing number of American workers to continuous pressure to lower their wages, benefits, and living standards in order to compete with low-wage Mexican labor using high-technology machinery and equipment. This is simply an intolerable situation.

Mr. Chairman, I believe that we have a duty to our constituents to insist that any North American Free-Trade Agreement approved by this Congress possess the highest standards for protection of workers and the environment in all three nations. We also have the obligation to insist that a NAFTA treaty contain strong enforcement mechanisms and sanctions against corporations and nations which violate those standards. It is disheartening to know that the North American Free-Trade Agreement we are being presented with, including the side agreements, does not even come close to satisfying these conditions. Therefore, I must reaffirm my opposition to the NAFTA treaty, and urge all my colleagues to vote against its adoption.

Mr. DREIER. Mr. Chairman, I am happy to yield 1 minute to the gentleman from St. Joseph, MI, Mr. UPTON, an able member of the Committee on Energy and Commerce.

Mr. UPTON. Mr. Chairman, we have a choice tonight, a choice to keep the status quo or to change it for the better.

Most of us have been threatened and bullied, but let us stop worrying about our reelection and put substance over politics and worry about the next generation. That is what this debate is all about.

We need to keep our companies and workers north and break the barriers so that those companies and products do not go south. This agreement removes the incentives to go down there. Instead of sending our workers we will eliminate the tariff, sometimes as high as 20 percent, and instead with this agreement send those products instead.

What is wrong with that?

As I have talked and listened to the employers in my district, both big and small, they tell me how NAFTA will help them grow in Michigan, not in Mexico. What is wrong with that?

So far this year GM has exported three cars to Mexico. This is in a market that is going to buy 750,000 new cars this year. The Big Three tell us, GM, Chrysler, and Ford, that they will sell 60,000 cars next year if this agreement is passed. What is wrong with that?

I urge my colleagues to vote "yes."

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. FARR].

Mr. FARR of California. Mr. Chairman, the future of our economic well-being lies not in the status quo. It lies

in change. NAFTA represents that change.

This country, is big enough, strong enough, and compassionate enough to open our borders to change. We sit on the greatest economic engine in the world. We have the power to make positive change for us—and for others—and we should use that power to do so.

The American worker is the most professional, hardest working laborer on the face of the Earth. I do not believe the prospect of fair competition frightens Americans. Those who raise the specter of hundreds of thousands—if not millions—of lost jobs, have no faith in the American workforce. Well, I do. This treaty is not about exporting jobs, it's about exporting our superior products made from a superior work force.

I initially opposed this measure, based on my impression that NAFTA would cost more American jobs than it would create. Reflecting upon my work as a Peace Corps volunteer in Latin America, and upon my work as Chairman of Trade Issues in the California legislature, and after listening to my district, I am convinced NAFTA will actually strengthen our economy and yield a net gain in employment. Improvement in the Mexican economy will assure more sales of United States products, not less. More sales means more jobs. More jobs means my district hardest hit by plant and base closure, will gain employment. That's good.

I respect and appreciate the views of those who genuinely believe that NAFTA's effects will be harmful. I once believed that myself. But it's my duty as a congressman to study each issue and make my best judgment, based on what is best for America and the 17th District of California. It would have been easy to vote no on NAFTA; it was the politically safe thing to do. But I plan to vote yes on NAFTA because it's the right thing to do.

Mr. GIBBONS. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Chairman, we have all seen the television ad that lists the names of those who support and those who oppose the North American Free-Trade Agreement. Well, let me add to each of these two lists.

In favor: Missouri's Governor, Mel Carnahan. Governor Carnahan endorsed the agreement yesterday, by stating:

> Today, I would like to announce my support for the North American Free-Trade Agreement. After careful consideration, I have come to the conclusion that the agreement would improve Missouri's economy and create more jobs by expanding our trade opportunities.

Opposed: The Japanese. A November 15 letter from the United States Ambassador to Mexico, a former Member of this House of Representatives, James R. Jones, states:

> I can tell you that I have now seen high level Japanese business delegations in Mexico. They met recently in Mexico with leading members of the cabinet and President Salinas and informed them that they will be ready with direct investment in Mexico immediately if the Congress defeats NAFTA.

Mr. Chairman, the consequence of voting against this agreement will be to help the Japanese expand their export markets at the expense of our fellow Americans.

Mr. Chairman, I place the entire November 15 letter from Ambassador Jones into the CONGRESSIONAL RECORD at this point.

NOVEMBER 15, 1993.

Hon. IKE SKELTON,
House of Representatives.

DEAR IKE: Just a short note to tell you how much I enjoyed visiting with you on my last trip to Washington.

As usual you are asking the right questions. You have every reason to be concerned about what will happen to America's position in Mexico and Latin America should NAFTA fail in the Congress.

I can tell you that I have now seen high level Japanese business delegations in Mexico. They met recently in Mexico with leading members of the Cabinet and President Salinas and informed them that they will be ready with direct investment in Mexico immediately if the Congress defeats NAFTA.

In my judgement the greatest economic growth potential for the U.S. is in Mexico and Latin America. If NAFTA is defeated the best we can hope is to share these markets with Europe, Japan and Asian countries. Right now we are the principal partner in Mexico and Latin America.

I appreciate your concerns.

Sincerely yours,

JAMES R. JONES,
U.S. Ambassador to Mexico.

(At this point Ms. DELAURO assumed the chair as Chairman of the Committee of the Whole.)

□ 1310

Ms. KAPTUR. Madam Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD of Michigan. Madam Chairman, I rise in opposition to H.R. 3450, the bill to implement the North American Free-Trade Agreement.

Today, America's workers are watching us. They know their jobs and their standard of living are at risk. NAFTA is a bad deal for American workers because it jeopardizes their future.

I have opposed this NAFTA from the outset. In 1991, I voted against granting the Bush administration fast track authority to negotiate a trade agreement with Mexico because I believed that Congress should not relinquish its right to amend an agreement that would affect each and every American worker. I was right. Congress was foolish to assume that our negotiators would reach a trade agreement that was so good for American workers, business, and consumers that it could not be improved.

This NAFTA promises that more American jobs will be threatened by competition with low-wage Mexico. This NAFTA fails to link Mexican wage increases with productivity increases, which would ensure that American living standards do not decline. This NAFTA fails to ensure that the hard-won health and safety standards of the American workplace will not be diminished in the face of competition from a country that fails to enforce its child labor, health, and safety standards.

Mr. Chairman, this agreement protects property rights, not human rights. In reality, it is an investment agreement, not a trade agreement. Its purpose is to secure American investments in Mexico, allowing American companies to take advantage of dollar-an-hour labor. It promotes capital investment in a Third World country, rather than the mutual advantage to all three countries of raising Mexico's labor and environmental standards to the first-world status of the United States and Canada.

Labor and environmental issues, inadequately addressed by the side agreements, should have been at the core of the agreement, not afterthoughts intended to placate wavering Members of Congress.

The effect of NAFTA on working Americans will be devastating. The Committee on Education and labor has heard testimony from workers whose jobs have been eliminated by American employers moving to Mexico, I want to mention two of these stories, stories will multiply if we make the mistake of approving NAFTA.

U.S. Auto Radiator used to manufacture auto parts in Highland Park, MI. It moved 300 jobs to Mexico. Hattie Smith worked for U.S. Auto Radiator for 12 years, earning $7.60 an hour. As her last duty before she was fired, Hattie was sent to Mexico to train her 65 cents an hour replacements—13-year-old girls working without protective gear.

When Electro-Wire Corp., which makes parts for General Motors and Ford, shifted its production to Juarez, Mexico, 3 years ago, 100 workers in Owosso, MI, lost their jobs. Bernadette Ford told my committee that she knew her job was in trouble when her plant manager hung on the bulletin board a letter from the mayor of Juarez expressing his pleasure with the new plant and offering to supply an unlimited work force for 53 cents an hour. Bernadette said the letter was used to explain to employees why they weren't getting any pay raises.

These are just two examples of Michigan's loss of 300,000 manufacturing jobs in the past decade. Over the same period, manufacturing jobs in Mexico have increased 700 percent. Prominent economists issue studies showing that NAFTA will create American jobs because of increased exports to Mexico. But these studies do not evaluate the devastating consequences

for American communities of the jobs lost because products that used to be made here are now made in Mexico.

One export industry NAFTA supporters do not mention exists to help American companies move their operations to Mexico. I obtained a solicitation from one of these businesses. It is called AIRS America, for Americas Industry Relocation Services, Inc., and it is based in Philadelphia. AIRS advertises its ability to help American companies, in the wake of NAFTA, "set up new offshore operations 100 percent owned by you or in a joint venture with a Mexican partner."

AIRS America, in its solicitation, explains that United States companies can save huge sums on labor costs by relocating to Mexico. For example, it calculates, an American company with 100 employees, paying the prevailing U.S. wage of $15 including fringe benefits, could save $2.9 million per year in labor costs.

With savings like this, you can be sure that our largest export to Mexico will be American jobs.

Corporate America has made no secret of its desire to move production to Mexico. In a well-known survey of American executives published in the Wall Street Journal last year, 40 percent said they were very likely or somewhat likely to shift production to Mexico under NAFTA. One-fourth said they were likely to use NAFTA as a bargaining chip to hold down wages in the United States.

Recently, the Clinton administration asked American companies to pledge not to export American jobs. The silence was deafening.

What will happen to American workers when their jobs are exported? The implementing legislation would provide a paltry $30 million appropriation to the job retraining program under the Trade Adjustment Assistance Program. That sum pales in comparison to the deals the administration has promised in exchange for votes.

Is this program effective? No, says the Department of Labor's inspector general and the General Accounting Office. The trade program has failed to train workers for jobs comparable to the ones they lost. This problem plagued program, the only salve for displaced workers, is no solution for the auto and other manufacturing workers in the 13th district who are going to lose their jobs.

If NAFTA is to create jobs based on higher exports, we need a plan to put my people into those jobs. I don't see one.

Finally, as chairman of the Committee on Education and Labor, I want to discuss the labor side agreement.

Designed to prevent American labor standards from sinking to Mexico's level, the side agreement is woefully inadequate to ensure safe and healthful working conditions for American or Mexican workers. It does not assure that each signatory to NAFTA maintains minimally acceptable labor standards. The side agreement provides only that each country enforce whatever labor standards it wants; therefore, Mexican labor standards could rise—or fall. We can be certain that NAFTA will result in pressure on American firms to weaken the labor protections provided here at home, because of competition from businesses operating under Mexico's lax enforcement of minimum wage, child labor, and health and safety standards.

The side agreement's glaring flaw is its failure to ensure Mexican workers the right to form and join independent trade unions, to bargain collectively, and to strike. We know that Mexico suppresses free trade unions and punishes workers who strike.

Sanctions may be pursued only if a country engages in a persistent pattern of failure to enforce its labor laws. Sanctions may not be invoked where that failure is a reasonable exercise of discretion or allocation of resources to other priorities. Under the procedures, a council comprised of the labor ministers of the United States, Canada, and Mexico is to investigate any complaints of failure to uphold labor law. The council may not subpoena documents but must rely on publicly available information, and its conclusions will not routinely be made public. Affected workers have no right to participate in the council's inquiry. The council's procedures are so time consuming and cumbersome that a senior Mexican official has assured Mexican businessmen that it is unlikely sanctions would ever be imposed.

Nothing requires any country to adhere to the side agreements. The NAFTA legislation does not include language to implement the side agreements. Any party can withdraw from the side agreement—while the benefit of reduced tariffs under NAFTA would continue.

Finally, Mr. Chairman, I want to comment on the attacks that NAFTA supporters, including the President, have made on the leaders of organized labor. Implicit in the criticism is the assumption that rank-and-file workers ought to support NAFTA but have been herded in a backward-thinking direction by labor leaders.

If you come from a district like mine, and you just talk to some of the working men and women who have devoted their lives to companies that now salivate at the prospect of moving jobs to a Third World country just a thousand miles away, you will know that opposition to this treaty is rooted in the hearts of the people who have made this country great, who struggle to pay their mortgages and send their kids to college, to save something for retirement and enjoy the fruits of their labor. They know this NAFTA is a bad deal for them.

That is why, Mr. Chairman, I urge my colleagues to defeat this agreement. We can and we must do better.

We should negotiate a new NAFTA, one that protects the economic interests of American workers while it encourages development in Mexico. I would support a NAFTA that, at its center, was committed to the principles of human rights, of labor rights, of environmental protection, and of the raising of living standards for the people of all three nations.

Mr. Chairman, I include documents which promote relocation of companies to Mexico:

AIRS AMERICAS.

Good Morning!

Thank you for contacting AIRS AMERICAS. We can help you relocate your facilities to Mexico. With the pending passage of a North American Free Trade Agreement, Mexico represents one of the best areas to expand your industrial base, market products and substantially reduce your labor costs. We can set up new offshore operations 100% owned by you or in a joint venture with a Mexican partner.

We can help your company successfully set up a facility in Mexico. We have a team of corporate, legal and fiscal professionals, both U.S. and Mexican nationals, with years of experience in Mexico and Latin America.

What can we do for you? We can prepare a Strategic Relocation Report defining an appropriate course to fulfill your objectives. We can assist in the implementation of the plan and establish all necessary governmental and private sector contacts on your behalf.

We believe that Mexico and Latin America represent many competitive advantages for you to consider. Interested to learn more about these opportunities? I would enjoy meeting with you to discuss your plans for expansion into Mexico. Plese call me in the USA at 215-533-4500. All discussions will be held in strict confidence.

Very truly yours,

BARRY S. FEATHERMAN,
Executive Vice President.

PRO FORMA LABOR SAVINGS WORKSHEET

The following average model provides you with approximate labor savings for a U.S.-based company with 100 workers. You can substitute your own labor and fringe costs, plus total number of employees to arrive at your actual savings. Fill in blank worksheet on opposite side of the page.

UNITED STATES

$15 U.S. labor with fringes/per hour times 40 hours worked per week equals $600 cost per worker per week dollars U.S.

100 number of employees times $600 weekly wage dollars times 52 equal weeks per year equals $3,120,000 yearly labor cost per 100 workers dollars U.S.

MEXICO

$1.00 Mexico labor with fringes per hour dollars times 40 hours worked per week equals $40 cost per worker per week dollars U.S.

100 number of employees times $40 weekly wage times 52 equal weeks per year equals $208,000 yearly labor cost per 100 workers dollars U.S.

LABOR SAVINGS FOR UNITED STATES COMPANY WITH 100 WORKERS RELOCATED IN MEXICO

$3,120,000 yearly labor costs dollars per 100 U.S. workers minus $208,000 yearly labor

costs dollars per 100 Mexico workers equals $2,912,000 savings per year in United States dollars.

Bottom Line: Labor costs in Mexico average about $1.00 U.S. per hour. If you operate a labor intensive manufacturing facility, you will increase your profits by relocating to Mexico.

Mr. DREIER. Madam Chairman, I yield such time as she may consume to my friend, the gentlewoman from Bellevue, WA, Ms. DUNN.

Ms. DUNN. Madam Chairman, I rise in support of NAFTA, because I am convinced it will open markets, it will increase trade opportunities, and it will increase jobs in the Eighth Congressional District of Washington State and throughout the United States.

Mr. DREIER. Madam Chairman, I yield 1 minute to my friend, the gentleman from New Hampshire [Mr. ZELIFF].

Mr. ZELIFF. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, let us examine the words and actions of those we respect about NAFTA.

When President Kennedy lowered trade barriers, America experienced one of the longest periods of economic prosperity in its history.

Treasury Secretary Lloyd Bentsen said, "If plants move out of the country solely for low wages, we should watch out for Bangladesh, not Mexico."

Jack Kemp said, "If Japan lowered its tariffs to the level that Mexico's tariffs are reduced by NAFTA, we would take the deal immediately."

Lee Iacocca declares, "It would be a shame for America to build up walls around ourselves, when the rest of the world is tearing down their walls."

I urge my colleagues to listen to the words of "Tip" O'Neill, who states, "I always lived by the principle that my central duty was to represent the bread and butter economic interests of working men and women. It is because I care about the creation of jobs and the expansion of the middle class of this country that I strongly support the North American Free-Trade Agreement," Tip O'Neill concludes.

American productivity can compete in the world economy. NAFTA may be controversial today, but NAFTA is essential for tomorrow.

I urge my colleagues to vote for NAFTA. It is good for New Hampshire and it is good for America!

Mr. EVERETT. Madam Chairman, I yield 4 minutes to the gentleman from New York [Mr. GILMAN], the distinguished ranking Republican on the Committee on Foreign Affairs.

Mr. GILMAN. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, over the past few months I have extensively reviewed all of the arguments for and against the North American Free-Trade Agreement.

I have talked at length with and listened to my constituents, to three past Presidents, to President Clinton and to many past and present Cabinet officers, to both our business community leaders and to our workers, and I have listened attentively to our floor debate.

Since the debate on this issue first began over a year ago, I have open-mindedly waited to hear and to understand any compelling arguments as to why this agreement truly benefits our Nation, our economy, and our Nation's workers.

But, the more I have heard, the less I am convinced that this NAFTA is good for our Nation. With its high price tag, NAFTA will cost our taxpayers billions of dollars. It will throw our labor markets into turmoil and will cost thousands of American workers their jobs.

The Joint Congressional Economic Committee reported that NAFTA will cause a potential gross job dislocation of 500,000 or more—and downward pressure on U.S. wages, as well.

NAFTA's environmental provisions are unwieldy, unworkable, and have been virtually closed to public participation. It will place the health and safety standards of our States at risk because we will simply be unable to effectively enforce them.

Equally important, this agreement is not linked to any guarantee that Mexican wages will rise as productivity increases in Mexico.

NAFTA will force American workers to compete with Mexican workers who make as little as $6 per day.

In some Mexican export industries, productivity is 80 to 90 percent of that in similar United States industries, but wages are only 10 to 15 percent of United States wages.

NAFTA's worker retraining program is not worth the name.

It proposes to spend the same limited amount of money to retrain hundreds of thousands of workers throughout the entire country as was spent to retrain the workers of only one automotive plant in New York.

Moreover, we must consider the threat of increased narcotics traffic crossing the Mexican border. Without question, the flow of illicit drugs into this country will increase as our borders are opened, as transportation systems are streamlined, and as border inspections are reduced under NAFTA.

This administration was able to find a $17 million customs duties break for the Honda Motor Corp. as part of this bill.

But it could not find any new funding to deal with narcotics traffic that is sure to increase, just as it erupted in Europe when the European Community opened its borders.

Liberalizing trade is an important goal and we should support Mexico in its economic reform efforts.

But in doing so, this agreement must not neglect our Nation's interests. And our interests are not well served by an administration which tries to buy a trade agreement at the expense of the taxpayer and the consumer with a number of sweetheart deals that amount to protectionism by any other name.

It is a sorry spectacle when the administration is willing to put us on the road to protectionism in the name of free trade. Yet this is precisely what is occurring when special protection is promised to our vegetable, citrus, sugarcane, and beet growers. The Congressional Budget Office should be required to provide us with the cost to the treasury and to the consumer of these and any other special interest deals designed to win approval for this agreement.

It is my understanding that this legislation is trying to lower trade barriers at the same time it is laying the cornerstone of several new centers, facilities, banks, and even bridges.

Voters' cynicism about Washington only worsens as the Mexican Government and United States corporations pour millions of dollars into the lobbying campaign for this agreement.

A study conducted last May by the Center for Public Integrity found that Mexico was spending at least $30 million to sell this agreement to the United States Congress. Since then, millions more dollars have been pumped into this effort.

According to the center, "Mexico has mounted the most expensive, elaborate campaign ever conducted in the United States by a foreign government."

The Mexican Government has also helped to finance a private investment fund set up to buy American companies and move their work to Mexico. AmeriMex has tried to target some United States manufacturing firms by promising to replace our $10 an hour workers with $1.50 an hour Mexican workers.

If NAFTA is adopted, many American companies are going to have a hard time paying decent wages not to mention complying with environmental and safety standards. In a poll conducted last year some 40 percent of 455 executives surveyed indicated they were likely to move some manufacturing to Mexico after NAFTA is passed.

Unlike the situation prevailing in the United States and in Canada, a government-dominated alliance of business, labor, and farm organizations in Mexico has broken the traditional tie between a worker's wages and his productivity with the result that wages are artificially set and are thereby prevented from responding to market forces.

NAFTA and the labor side agreement do not address this important problem. NAFTA proponents argue that Mexican wages have been rising over the past 2

years, but these wages are still at about the same level as that prevailing in 1980.

At present, the average hourly wage in the United States is $16.17 per hour versus $2.35 an hour in Mexico.

President Salinas has promised to address this wage and productivity disparity, but there are no guarantees that there will be a follow through on his commitment or that any successor Mexican administration will choose to honor it.

In regard to the critical question of job creation, there are no commitments about the agreement's effects on our labor market—only many confusing and contradictory studies. The administration bases its claim that NAFTA will create some 200,000 jobs over the next 2 years based on the short-term projections of the Institute for International Economics. Over a long-term scenario, however, this same institute projects a net job loss.

The Economic Strategy Institute estimates that NAFTA will stimulate foreign investment in Mexico, especially in its export-oriented industries, and that by the year 2002 as many as 220,000 jobs could move south.

A recent study by the Joint Economic Committee [JEC] concluded that the trade agreement could produce significant disruptions in the U.S. labor market and the gross dislocation of 500,000 workers.

Citing the 1993 trade statistics for Mexico from the Department of Commerce, the JEC study concluded that our trade surplus—and the related increase in United States employment—is fast disappearing.

Together with the fact that Mexico is likely to devalue its currency in the near future—with or without a trade agreement—the administration' claim of 200,000 new NAFTA jobs over the next 2 years appears to be completely unrealistic.

A study completed last month on the impact of the United States-Canadian Free-Trade Pact on Canada's labor market concluded that the net employment effect has so far been slightly negative. The migration of Canadian jobs southward to the lower wage and less regulated workplace in our country should be a red flag for the implementation of NAFTA especially in light of the much greater difference in wages and working conditions prevailing between the United States and its neighbor to the south.

While many American workers will find their wages being held down or reduced by the agreement, the American taxpayer will be asked to contribute billions of dollars for the agreement as well.

According to the Joint Economic Committee report issued last week, the total cost of NAFTA comes to $20.1 billion over the next 10 years. This includes $8.8 billion in lost revenues resulting from tariff reductions, $3.9 billion in proposed worker retraining which may be required and income support and $7.4 billion for the cost of the environmental cleanup and infrastructure development.

Other estimates for NAFTA's costs range from $13 billion to $54 billion depending on the estimates for the repair of large scale environmental problems along our border and for the comprehensive retraining and other support for labor force.

Our society could be impacted with other costs as well. Many experts believe that the increased commercial border traffic resulting from NAFTA will lead to an increase in the flow of illicit drugs into the United States.

A September 1993 GAO report on drug control efforts along the border indicated that the sheer volume of traffic makes effective interdiction an extremely difficult task. About 8 million shipping containers enter the country in a single year and thousands of vehicles cross the border from Mexico every day.

The drug problem lies in detecting which of these conveyances are transporting illegal drugs, without impeding commerce. According to the report, "an increased flow of commercial traffic under the proposed North American Free-Trade Agreement can only be expected to exacerbate the problem."

One of the leading experts on the flow of illicit drugs into this country, former U.S. Customs Commissioner William von Raab, who served under President Reagan, has warned that NAFTA "is likely to promote a quantum increase in drug availability" here. Such an increase has taken place in Europe when the border barriers were removed.

While the administration points to increased cooperative efforts of drug enforcement officials on both sides of the border, there are no guarantees that Mexico will continue its efforts if NAFTA is approved.

In advocating this agreement, the administration also points to increased Mexican cooperation in meeting the environmental pollution problems throughout that country and along the United States-Mexican border. The key environmental issue in regard to NAFTA, however, is the ability of the environmental side agreement to enable individuals or environmental organization to seek redress for any clear pattern of environmental abuses.

On this count, the environmental side agreement is seriously deficient. It fails to give these organizations or individuals access to the complaint and adjudication process. The process itself is overly long and tortuous.

The agreement establishes a commission whose main function is the discussion and study of environment problems. They are going to try to talk and study the problem to death. And when more than talk is required, its complicated and lengthy procedures—requiring up to 470 days to complete—will result in fines only after a country's repeated failure to enforce its laws.

The ineffectiveness of the Commission was described by top Mexican trade negotiator, Jaime Serra Puche, to the Mexican Congress on August 19, 1993. In his remarks, he noted the limited scope of the Commission's powers and the time-consuming process needed to reach enforcement recommendations. He concluded that the long timeframe of the process makes it very improbable that the fines or sanctions could ever be levied by any one of the governments against another.

In conclusion, Mr. Speaker, I believe that this agreement is deficient on too many counts. Accordingly, I call on my colleagues to defeat this agreement before us today and to work with all interested parties in crafting a credible agreement with Mexico that will truly improve living standards on both sides of the Rio Grande.

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Mr. GIBBONS. Madam Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. WYDEN].

Mr. WYDEN. I thank Chairman GIBBONS very much and commend him.

Madam Chairman, NAFTA is a job-creating machine, but it is also the best vehicle we now have to clean up pollution in North America. NAFTA directly links environmental protection to trade, funds environmental cleanup with $8 billion and penalizes countries for not enforcing their environmental laws with unprecedented penalties and fines.

I think it is also important that environmental reformers understand that if NAFTA goes down, the rules of the General Agreement on Tariffs and Trade [GATT] apply and GATT rules are weaker on environmental protection than are the NAFTA standards. That is why it is no accident that the Natural Resources Defense Council, the Environmental Defense Fund, the National Wildlife Federation, and millions of environmentalists are on record supporting this NAFTA.

Vote for cleaner air and water and less pollution in North America; support the NAFTA agreement.

Mr. GIBBONS. Madam Chairman, I yield 2 minutes to the gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. I thank the gentleman for yielding this time to me. I thank him for his very courageous leadership on this.

Madam Chairman, I just want to correct the record on some things that I have heard in this debate. I have heard people talking about how NAFTA opens borders. NAFTA does not open up any borders. We retain all control over our borders, as does the Mexican Government.

NAFTA lowers tariffs, it lowers tariffs against American products. On the average, an American product will be 20 percent less expensive after NAFTA. That means the average person can buy 20 percent more, that means more jobs in America making that 20 percent more.

I do not know how you increase jobs in this country unless you increase markets, and this is the way we increase markets. If we do not want to increase this market, there is a whole lot of other people willing to do that. It also brings in a phenomenal environmental progress that no one has seen before, and a strong labor side agreement.

Many people would say "not this NAFTA." Our friends south of the border, they perceive this as a second NAFTA. They did the first NAFTA with George Bush and then the new administration said, "No, we want another NAFTA." So there are two side agreements. I must say I think the environmental one is even better than the labor one, but they are very good side agreements. They are very historic, we have never seen them in another trade agreement.

From that side of the border, it looks like NAFTA II.

Now we have people saying, "That is not good enough, we want NAFTA III." How many? What do you want, a fast breeder NAFTA reactor out there? How many do you want? How many people come to the table? How long does this go on?

This is a good deal. I come from the America that has a driving dream, I come from the America that is not afraid of the world, that is willing to compete, not retreat.

If we vote "no" today, we are retreating, and that is a very, very bad sign for our future.

Ms. KAPTUR. Madam Chairman, I yield 3 minutes to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Madam Chairman, I rise in opposition to this North American Free-Trade Agreement (NAFTA), and H.R. 3450 which would approve and implement it. President Clinton has tried to fix the NAFTA he was left with by the former administration, but the agreement is still bad for jobs, bad for food safety, and bad for the environment.

We have all heard about the deals the White House has been making to try to get support, but I was appalled to learn today that the administration seems to be not only willing to give away taxpayer dollars but also environmental and health standards designed to protect the American public.

Just 1 week ago, the Environmental Protection Agency issued a proposed rule freezing use of a chemical called methyl bromide, used to fumigate fruit and vegetable crops, at 1991 levels.

In issuing its rule, EPA identified methyl bromide as a known ozone depleter, and as a result the agency is required by the Clean Air Act either to phase down or to freeze it altogether. Well, I have here a description of what purports to be the agreement that was worked out recently with the administration so that the Florida delegation would vote for this turkey and its fresh fruits and vegetable industry. This document says that this administration has agreed to impose no restrictions on the use of methyl bromide until the year 2000.

At this point, I will insert the following documents in the RECORD: the letter of U.S. Trade Representative Michael Kantor to Mr. Michael J. Stuart, executive vice president and general manager of the Florida Fruit and Vegetable Association, explaining that there will be no restriction on the manufacture or use of methyl bromide until the year 2000; the Florida Fruit and Vegetable Association's outline of the administration's agreement, including the administration's commitment not to restrict the use of methyl bromide until the year 2000; and finally two flyers issued by the Friends of the Earth identifying the Florida Fruit and Vegetable Association's understanding that the administration had agreed it would not restrict use or production of methyl bromide until the year 2000 and in which the Environmental Protection Agency appears to disagree with the commitment on methyl bromide the Trade Representative made in his letter to the Florida Fruit and Vegetable Association.

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC.

Mr. MICHAEL J. STUART,
Executive Vice President and General Manager, Florida Fruit and Vegetable Association, Orlando, FL.

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 us 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:

0702.00.1000—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 11/15, in any year, to the last day of the following February, inclusive;

0709.60.0040—Fruits of the genus Capsicum (peppers), other than chill, 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;

0709.00.2000—Celery, fresh/chilled, reduced in size;

0709.40.6000—Celery, fresh/chilled, not reduced in size 3/1–4/14, 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 your 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.

Under the proposed FDA 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 commercial 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 restriction.

With respect to the re-registration of minor use pesticides under the Federal Insecticide, Fungicide, and Rodenticide 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 1998 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.

FFVA AGREEMENT ON NAFTA-KEY POINTS

1. Expedited Import Surge Protection: The NAFTA implementing legislation calls for monitoring of imports of fresh tomatoes and peppers for a 15 year period ending January 1, 2009. The Trade Representative has assured us the Administration will vigorously utilize the early warning import surge mechanism, and will expedite any request for relief under the fast-track provisions of Section 202 of the Trade Act of 1974.

In addition, the implementing bill requires the Secretary of Agriculture to designate an office within USDA to be responsible for maintaining and disseminating data on: A) fresh fruit, vegetable and citrus product imports, B) inspections of fruits and vegetable entering the United States from Mexico; and C) Mexico's planted and harvested acreages, and wholesale prices, quality and grades for its fruits and vegetables, entering the United States.

2. Uruguay Round: The Uruguay Round of GATT talks are scheduled for completion late this year. Tariff cuts will range from 15 percent to 100 percent. The agreement states the Administration will not agree to tariff cuts in the Uruguay Round that are greater then 15 percent ad valorem for the following items: tomatoes, pepper (bell), head lettuce, other lettuce, cucumbers, celery, sweet corn.

3. Generalized System of Preference: The Generalized System of Preference (GSP) program permits duty-free access to the United States on certain products exported from developing countries. The agreement calls on the President not to use his authority to designate the items listed in number 2 as eligible articles under the GSP program.

4. Caribbean Basin Initiative: With regard to possible new participants in the CBI, the agreement states that the Administration will not grant benefits on fruits and vegetables to any new entrant that would adversely affect the industry.

5. Methyl Bromide: There will not be any restriction on the manufacture or use of methyl bromide until the year 2000. In addition, the Administration has committed to full funding of research into alternative soil and post harvest fumigation materials.

6. USDA Purchases: USDA will continue and expand purchases of fresh vegetables for the school lunch program, including the doubling of the purchases of fresh tomatoes and new purchases of sweet corn. The Department will work with the industry to put in place the necessary changes in the current system to accommodate fresh vegetables.

7. Other Provisions: The agreement contains other provisions dealing with the Administration's support for key industry initiatives: a. legislation to ease the re-registration of minor use chemicals; b. construction and full funding of the ARS Horticultural Research Facility, and expansion of the number of research scientists working on vegetable research; c. adjustment of the FDA's food safety inspection program to increase in imports of fruit and vegetable commodities.

ADMINISTRATION DENIES METHYL BROMIDE DEAL

Mickey Kantor's letter to the Florida Fruit and Vegetable Association states that "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". The Florida Fruit and Vegetable Association has reiterated this assertion as part of its understanding of the deal being offered.

However, Chuck Fox of EPA who is working in the White House has today assured Liz Cook, Friends of the Earth's chief specialist on ozone depletion, that the claim of the Florida Fruit and Vegetable Association is wrong.

Carol Browner, Administrator of EPA, stated in a conference call today with the heads of the Natural Resource Defense Council and the Environmental Defense Fund that there is no deal to change the methyl bromide freeze on manufacture at 1991 levels.

The EPA has also told Karen Steuer of the Merchant Marine and Fisheries Committee that the Office of the US Trade Representative cannot change the methyl bromide freeze on manufacture.

FLORIDA AGRICULTURAL GROUP BOASTS NAFTA DEAL THAT COULD COST THE ENVIRONMENT: METHYL BROMIDE RESTRICTIONS AT STAKE

The Florida Fruit and Vegetable Association is distributing materials saying that they obtained a deal from the Clinton Administration that would lift "any restriction on the manufacture or use of methyl bromide until the year 2000".

This deal would undercut environmentalists' efforts to reduce the use of this pesticide before the year 2000. Methyl bromide contributes to ozone depletion and is known to cause acute and potentially chronic health effects in humans, including poisoning, neurological damage, cancer and reproductive harm.

Under the Montreal Protocol, an international agreement designed to phase-out the use of ozone-destroying chemicals, the United States has committed to freeze the production of methyl bromide at 1991 levels by January 1, 1995.

EPA is also in the process of finalizing a rulemaking which would require a freeze of methyl bromide production at 1990 levels by January 1, 1994 and a phase-out by January 1, 2000.

Some sources in the Administration say that they haven't cut a deal that would change existing policies, but they have yet to make a public statement. It remains unclear whether or not they have tied their hands to initiate any more restrictive regulations if scientific evidence demonstrates the need or if alternatives are developed.

The Administration seems to have adopted a "deal now for NAFTA and deal with the consequences later" approach in their campaign to pass NAFTA. Rather than promoting NAFTA on its merits, it has negotiated backroom deals to gain votes. They have given away highways, research centers, agricultural deals, bridges, and military cargo planes. The C-17 military cargo planes deal for Texas will cost between $700 million and $1.4 billion dollars, roughly one-third to one-half the amount of EPA's operating budget.

NAFTA has enough environmental costs without backroom deals costing the environment.

Now, as a Member who has worked on NAFTA and as someone who has long been concerned about the health and safety of Americans, I want to tell you, I have had my worst fears confirmed. Not only does this NAFTA itself tend to pose a threat to our country's ability to maintain strong environmental and health regulations, but the administration also seems to be willing to jeopardize our environmental laws and regulations to get this agreement passed.

Let me tell you about the jobs situation too. Throughout my district the number of unemployed has risen so dramatically over the last 10 or so years, particularly the last year, that my constituents have become accustomed to meeting their friends and their neighbors in the unemployment compensation line.

I do not think any American should agree to a NAFTA that is going to cause this kind of upheaval in the American communities. Ablebodied Americans, men and women who want jobs, who need jobs, who had jobs, who had some of those jobs that have already gone south of the border, are the

ones I am talking about. Men and women like you and me, who were able to have entry-level jobs, who send their kids to school, who pay for the mortgages on their bungalows, who bought the Fords, who brought the Chevies, are the ones who are going to suffer. This is a NAFTA that is not going to enable future generations to do those kinds of things that those of us who are older have done. What kind of NAFTA is it that is not going to keep the same standard of living that we enjoy today? It is one that is going to cause our standard of living to fall, one that is going to say to those who are younger than I am, "No, no, you cannot achieve the quality of life that we did in America." Stop this NAFTA now.

Mr. Speaker, the American standard of living is built on the premise that workers should be paid a high enough wage so that they can buy the products they make. The opposite is true in Mexico. The Mexican Government suppresses wages, prohibits legitimate efforts of workers to organize and to bargain collectively, and breaks up strikes, as an attraction for United States and other foreign business to locate in Mexico.

As a result, with NAFTA, American workers' wages will either be dragged down by government-restricted Mexican wages, or their jobs will move to Mexico altogether.

Over the past 3 years, I have spent more time on NAFTA than any other issue. The Subcommittee on Commerce, Consumer Protection, and Competitiveness which I chair has held 14 hearings and briefings on NAFTA, and I have traveled to Mexico on three occasions to meet with Mexican officials and to see firsthand the living conditions in the border towns where the maquiladora factories are located. In addition, the subcommittee took a resolution to the floor of the House, which passed by a unanimous vote, expressing the view of the House that NAFTA should not threaten any health, safety, or environmental law of the United States.

From the outset, I expressed my view that NAFTA could have some real benefits for all three countries, if properly negotiated. Nevertheless, I had several concerns. First, and most importantly, for NAFTA to be worth doing it must improve the standard of living and create jobs in all of the countries. If instead, NAFTA will move jobs out of this country, or bring down wages, it should be defeated.

Supporters of NAFTA like to talk about jobs they believe NAFTA will create in the long run; they do not like to talk about all the jobs that will be lost now. The fact is that for hundreds of thousands of Americans, NAFTA could cost them their jobs now, with no hope of new and better jobs in the future. These are hardworking Americans who depend on jobs in factories to be able to pay their mortgages, feed their families, and educate their children.

A study by the Center for Urban Economic Development of the University of Illinois at Chicago, found that since 1980, over 67,000 jobs were lost in my State of Illinois to firms with operations in Mexico. The Chicago metropolitan area accounted for more than 47,000 of these jobs that were lost. Many of these jobs were jobs with some of my State's oldest and best-known manufacturing employers, for example:

Quaker Oats Company moved its Fisher-Price Division to Matamoros and Tijuana.

Zenith has moved to Chihuahua, Reynosa, and Matamoros.

American Hospital Supply moved to Juarez.

North American Philips moved to Juarez.

Lamkin Leather and Rubber Co. moved to Tijuana.

Gould Electric Products moved to Juarez.

R.R. Donnelly and Sons moved to Reynosa.

Cooper Lighting moved to Juarez.

Brunswick Corporation moved to Juarez.

Eureka Manufacturing moved to Juarez.

Outboard Marine Corporation moved to Juarez.

When manufacturing jobs move to Mexico or anywhere else in the world, those who lose their jobs are no longer tax-paying members of society; instead, they become tax consumers. Just recently, the Congress dealt with legislation to extend the number of weeks that unemployed Americans can receive benefits. If we do not soon stop the flow of jobs out of this country, there will not be enough money in the Treasury to provide benefits for all the unemployed Americans. We need to stop extending benefits, and start creating jobs for working Americans.

But I have other concerns about the agreement, too. I have taken a particular interest in the issue of food safety and trade agreements. I became interested in this subject when we reviewed changes the Bush administration made in meat inspection when the United States Canada Free-Trade Agreement went into effect.

Under the so-called streamlined procedures, Canadians were allowed to select the meat that would be subject to inspection by our inspectors. This intolerable situation was eventually reversed, but it taught me an important lesson that trade agreements can be used to reduce consumer safety. I should point out that the same authority in the Canadian Free-Trade Agreement that lead to the now infamous streamlined procedures, is also in the NAFTA implementing bill for Mexico as well.

Finally, based on my visits to the border, it was clear that the maquiladora factories were doing considerable environmental damage in the United States-Mexico border area. NAFTA could provide an opportunity to improve these problems, but it would require specific provisions to provide funding for the cleanup. Mexican environmental standards and enforcement would also have to be raised to levels here in the United States.

Unfortunately, I do not believe that NAFTA, even with the admirable efforts of President Clinton to negotiate environmental and labor side agreements, meets my concerns about the agreement.

Let me begin by discussing NAFTA's impact on jobs and wages. I must say that that single most important factor in my decision was my experience in the border towns visiting workers in the maquiladoras. The workers were living in terrible conditions. They lived in shacks with no running water or electricity. I saw their pay stubs indicating that they were working long hours for an average of only $1.64 an hour.

If Mexico does not stop constraining wages to attract investment, American workers will always be threatened, and under NAFTA that threat becomes a deadly reality. The failure of the Mexican Government to allow real labor unions to form so that wages could rise with productivity meant that American workers would see their standard of living fall instead of Mexican workers rising.

For example, I began to question a statement often used by NAFTA supporters that the average Mexican buys $450 of American products every year. It seemed to me that a Mexican worker would first have to have $450, before he or she could be expected to buy $450 worth of United States products.

I visited a worker at a Zenith plant. He could never hope to buy the television set he assembled, because his wages were so low. I began to question where were these average Mexicans who brought $450 of American goods, and whether claims of a large Mexican market for United States-made products were accurate.

After some research, we found out that the $450 figure was derived by taking all United States exports to Mexico and dividing that number by the total Mexican population. Included in these exports were parts shipped to the maquiladoras for assembly and then returned to the United States. Also included were capital goods used to build the maquiladora factories. In short, the average Mexican was really a U.S. corporation.

When I asked how much of our exports to Mexico were actual consumer goods that Mexican consumers could buy, the amount provided by the International Trade Commission was only $2.3 billion. That's $25 per Mexican consumer—a far cry from $450. So long

as wages are constrained in Mexico, we should remain skeptical of claims of a growing Mexican consumer market.

In the area of food safety, there was both good news and bad news in NAFTA. The good news is that the implementing legislation includes, at my urging, a provision which makes clear that U.S. food safety laws, as well as other health, safety, and environmental laws, cannot be weakened as a result of NAFTA.

The bad news is that there may be no practical way to ensure that food imported from Mexico may be safe. The Food and Drug Administration [FDA] only has 13 inspectors for the entire United States-Mexico border, and the agency has told me that Mexican produce exported to the United States is about twice as likely to have pesticide residue levels that violate United States standards, as is produce grown here in the United States.

In addition, we know that Mexico has approved 17 different pesticides for use on food that the United States has not approved. Only 7 of those 17 pesticides are even detectable by the tests that the FDA uses when it inspects fruits and vegetables imported from Mexico.

Finally, despite the efforts of the Clinton administration to negotiate a side agreement on the environment, the environmental problems at the border are likely to get worse, not better. In my view, there are three serious flaws in the side agreement.

First, there is no funding mechanism to ensure that those who benefit under NAFTA, namely the United States corporations that move their factories to Mexico, will be required to pay for the cleanup of the pollution that they have caused. Instead, it appears that funding, if any, for cleanup will be paid by the U.S. taxpayer.

Second, the side agreement only addresses problems caused by the failure of a government to enforce its environmental laws. It does not address the disparity in environmental standards.

We have constantly been told by NAFTA supporters that Mexican environmental standards are equivalent to ours, but that is often not true. For example, when we looked at the case of the Carbon I and II plants, which were built on the Mexican border and polluting Big Bend National Park, we found that the standards for power plants were quite different. For example, according to EPA, Mexico's standard for particulate emissions is 10 times weaker than the United States standard, and its standard for sulfur dioxide is 14 times weaker than our own.

Third, the side agreements are not tied to NAFTA. Under the provisions of the side agreements, a country can withdraw at any time, but still be entitled to the benefits of NAFTA. Despite commitments of the Trade Representative to fix this problem in the implementing bill, the bill we are voting on has no provision to deal with a country that withdraws from a side agreement. The Clinton administration has stated its intention to withdraw from NAFTA if another country withdraws from a side agreement, but other administration's may not. Indeed, it is no secret that many Republicans do not look favorably on those agreements.

So while we will be making a permanent decision on NAFTA, the side agreements may disappear. This certainly raises the question about how seriously the NAFTA proponents see the side agreements.

Let me say in conclusion, that I take no pleasure in opposing this agreement. There is much that is good in the NAFTA, and I hope that the three governments will all return to the negotiating table. I believe we need to take into consideration the recent elections in Canada so that our Canadian partners are comfortable with a new agreement. And by all means we should continue to strengthen our ties with Mexico. The Mexican Government, and President Salinas particularly, have made greater strides toward improving the relationship between our countries than any previous leader. We must make clear that we want that relationship to prosper.

But, above all else, we must never lose sight of the hundreds of thousands of American workers whose jobs are on the line. Unless NAFTA ensures they won't face unfair low-wage competition from Mexican workers whose wages are held down be government edict, their interests cannot be protected.

I oppose this NAFTA for the simple reason that it threatens the standard of living of working Americans. They deserve better from their Government.

Mr. DREIER. Madam Chairman, I am happy to yield 1 minute to a thoughtful member of the Committee on the Budget, the Committee on Energy and Commerce, the gentleman from Charlotte [Mr. MCMILLAN].

Mr. MCMILLAN. I thank the gentleman for yielding this time to me.

My colleagues, this vote ain't bought, it is carefully thought out over 2 years of dialog with my constituents and a trip to Mexico.

I rise in strong support of NAFTA. Even as a Congressman from a State with traditionally import-sensitive industries like textiles and furniture, whose workers, by the way, support this agreement, we have reason to be concerned about the past, but NAFTA is about the future. Those workhorses of the Old South, textiles and furniture, are joined in supporting NAFTA by workers in chemicals, paper, machinery, and electronics and agriculture. The reason is simple: Since Mexico began lowering tariffs 5 years ago, North Carolina exports have increased by 365 percent. Fifty-eight thousand North Carolina jobs now depend on Mexican imports; 36,000 of them in the last 5 years. NAFTA means more and better jobs for Carolinians, not just next year but as far as the eye can see.

Now is the time for the United States not to shrink inward, now is the time to build upon, to rise above our fears, and build upon our strengths.

I urge my colleagues to support this agreement.

Mr. DREIER. Madam Chairman, I am happy to yield 1 minute to a hard-working member of the Committee on Ways and Means, the gentleman from Corning, NY [Mr. HOUGHTON].

Mr. HOUGHTON. Madam Chairman, to me the debate boils down really into two basic points: First, you cannot have it both ways. You cannot crawl into your shell and ask others to crawl out of theirs. Adlai Stevenson once said it is not possible for this Nation to be politically international and at the same time economically isolationist. It is like asking one Siamese twin to do a high dive while the other plays the piano.

Second, I have found here that in most important votes such as this, there is a time lag. We saw this with catastrophic care and others saw this many years ago in a restrictive trade act.

□ 1330

In 1930, Smoot-Hawley was passed. In 1932, which saw the lowest reelection rate of this century, of the 121 Representatives who lost their jobs, 98 had voted for Smoot-Hawley.

As Mr. Santayana once said, "Those who cannot remember history are condemned to repeat it."

Madam Chairman, we must support NAFTA.

Mr. DREIER. Madam Chairman, I am happy to yield I minute to the gentlewoman from New Jersey [Mrs. ROUKEMA], the ranking Republican on the Subcommittee on Housing and Community Development of the Committee on Banking, Finance and Urban Affairs.

Mrs. ROUKEMA. Madam Chairman, I support NAFTA and I do so only after an extensive analysis of the extravagant claims and counterclaims swirling around this agreement.

You see, this is not a no-brainer as some have claimed. And, it is not about the jobs that this country has already lost.

It's about the future and where we are going, based on the facts and simple logic.

There's no secret that New Jersey's economy has been mired in difficult times over the past few years. We've witnessed the net losses of thousands of jobs in recent years. But since the 1987 opening of the Mexican economy, New Jersey jobs related to exports to Mexico and Canada have jumped by over 36,000.

Today, 72,000 New Jersey jobs are supported by manufacturing exports to Mexico and Canada.

In 1991, New Jersey exported $3.3 billion to our North American neighbors.

From 1987 to 1992, New Jersey's exports to Mexico grew 155 percent to $483 billion. Manufactured goods account for 97 percent of the total.

There's little doubt that NAFTA will only accelerate an ongoing, positive trend. In fact, Citizens for a Sound Economy projects that New Jersey may gain as many as 14,000 new jobs as a result of NAFTA. That's good in a State where jobs related to export, on average, pay 12 percent more than the typical U.S. job.

NAFTA will also provide new access to the growing Mexican market by United States financial services. For the first time, U.S. banks, securities firms, and insurance companies will be permitted to operate branches, nonbank lenders, commercial financing, mortgage lending, and credit card companies. All of these industries are integral parts of our New Jersey economy.

To me, NAFTA is about opening new markets for American products. It's not about the manufacturing jobs we've already lost to China and the Pacific rim and to Mexico. They are gone, with or without NAFTA.

No, this debate is about setting a foundation for the global economy for 5, 8, 10 years and for the next generation of Americans.

How will NAFTA benefit the current jobs of New Jersey residents? We are all very proud that New Jersey is our national headquarters for research and development in the pharmaceutical, chemical, telecommunications, and other high-technology industries.

That means protection of the intellectual property—patents, formula, compounds, and so forth—produced by the likes of Johnson and Johnson, Becton-Dickinson, AT&T, Merck, Schering-Plough, Hoffman-LaRoche, Warner Lambert, and others is critically important. NAFTA has variously been described to me as the strongest agreement yet on intellectual property and one that could serve as a benchmark for future agreements—including GATT. New Jersey industry needs protection from unscrupulous Mexican pirates and from damaging Government-sponsored licensing programs in Canada.

This debate is not about politics. It is about determining long-term trade policy for this Nation with serious economic and national security implications.

I understand that NAFTA has become the focal point for all the anxieties about our national ability to compete and our national ability to employ our workers in high value jobs which allow them to maintain their standard of living. For the first time in our history, Americans are insecure and anxious about our future. They see a significant erosion in the middle class.

I understand the fears of many American workers today who are concerned they may wake up tomorrow to find their jobs transplanted to another developing economy. Those fears are not allayed by all the talk of the worker retraining programs that will accompany NAFTA. The bottomline is, retraining for what? America needs new export markets.

I support the concept of a North American Development Bank and its related dislocated worker adjustment program. If properly structured, this program would provide invaluable assistance to individuals and communities affected by NAFTA.

I recognize that the rules of origin are critically important. We cannot tolerate a system whereby overseas competitors use Mexico, or Canada, for that matter, as an assembly platform for products made of their components to be shipped into the United States. While I have been well assured that NAFTA contains even stronger rules of origin than the Canadian Free-Trade Agreement, this is an area that bears our consent scrutiny.

Is NAFTA the answer to Mexico's and America's economic problems? No way. This is not a panacea. It is a trade agreement. Yes, an imperfect trade agreement that bears strict enforcement and constant surveillance.

I will vote for NAFTA today and then tomorrow begin the hard work of ensuring that its implementation and enforcement protects our national interest.

Mr. DREIER. Madam Chairman, I am happy to yield 1½ minutes to the gentleman from Atlanta, GA [Mr. LINDER], a hard-working new Member of Congress.

Mr. LINDER. Madam Chairman, in 1978 Jude Wanniski wrote "The Way the World Works" in which he showed how the Smoot-Hawley tariff bill impacted the market. Few noticed at the time, but on days when the lead story from Washington indicated the bill might pass, the market declined. When the story from Washington suggested difficulties for Smoot-Hawley the market climbed.

As we all know the bill was finally signed and nations around the world responded in kind by closing their borders to American exports. Our farmers, dependent on exports for survival, lost their markets. Then they lost their farms. Manufacturing followed suit.

Open markets are the most efficient markets. No one argues that. There have been no intellectual arguments made on behalf of barriers to free trade by opposing NAFTA.

Opposition to NAFTA is purely political. If you live in a State with a large Perot vote you will probably oppose NAFTA. If you have a large organized labor district you must be opposed. These are visions of the next election, not the next century.

The arguments from both sides regarding job creation are guesses at best. We lost over 1 million jobs to the Pacific rim over the last decade. That will continue with or without NAFTA. We have lost jobs to Mexico. That will continue with or without NAFTA.

Those who believe in free enterprise understand that capital seeks its most productive use. Capitalists desire to make their products as inexpensively as possible so that they can sell them at as low a price as possible. The consumers are the ultimate winners. NAFTA will not change that.

The United States will gain some jobs from increased sales of goods to Mexico as that nation replaces Japan in the next year or two as our second largest export market. We simply do not know how many we will gain, nor do we know how many will be lost. But in an economy with 119 million jobs, in which over 500,000 jobs are lost and gained every 3 to 4 months in the natural course of events, the changes due to NAFTA will be insignificant.

NAFTA is a foreign policy agreement. Today Mexico has the most honest government in over 100 years. They are privatizing large segments of the industrial base. They have the most robust economy and the most rapidly growing standard of living in our hemisphere. We are no longer the hated Gringo to the north. We are valued friends who products Mexicans not only prefer, but are proud to own.

Do we want to continue to nurture this growing friendship with our neighbor to the south, or do we want to say no to several years of improving relations and return to the Gringo days?

Mexico needs our approval as a trading equal as well as access to our capital markets. We need access to their consumers.

As we provide the technology and capital Mexico needs to grow and prosper, the Mexicans are looking south. They see 700 million consumers in Central and South America as a market for their products. If we choose not to be their partners they will turn to Japan and Germany. The marketplace works.

Mexico is an attractive market for investment today and it is unrealistic to believe that other nations will not respond to the opportunities that reside there. Indeed, over the last week end Canada, the third partner to this agreement, said that if we do not pass NAFTA they will seek a bilateral agreement between Canada and Mexico.

Protective measures will not change the flow of capital and jobs. Government can, of course, get in the way and make the markets less efficient. We can build walls around the Nation once again, and provide protection for our union jobs and inefficient industries, but that will only delay and prolong the changes that are inevitable. In our

procrastination other nations will fill the void leaving us greater challenges in the future.

Whether we like it or not, we live in a global economy. People cross national boundaries as easily as our grandparents crossed from State to State. We simply cannot leave walls between nations whose people want nothing more than increased trade among friends.

Recently Chris Patton, Governor of Hong Kong, issued a warning about protectionism in an article in the "Economist." He remarked that a Martian visitor traveling to the planet Earth four centuries ago from the tepee settlements of North America, to the mud flats of typhoid ridden London, past the warring cities and domains of Europe to the Ming mandarinate of 16th century Beijing would have concluded in a second that China would rule the world for centuries to come. China's sprawling but united country was governed by an efficient government. They had invented gunpowder, printing, and the compass. They had a powerful navy that could roam the seas. No nation or people could come close to the Chinese for civilized living and culture. Then they retreated behind the great wall, and history told a different tale.

NAFTA is not a jobs program or an economic booster shot. It is a foreign policy initiative between two peoples who have moved closer together in interests and aspirations and who desire to remove the barriers that artificially separate their entrepreneurs from our entrepreneurs. The walls should come down.

Mr. MATSUI. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Florida [Mr. BACCHUS].

Mr. BACCHUS of Florida. Madam Chairman, I rise today to support the North American Free-Trade Agreement.

The NAFTA will help us keep and create more jobs, and especially more high-paying manufacturing jobs in my district across Florida and across America.

As a former trade negotiator for the United States, I believe fervently that free, fair trade, and an ever-expanding world trading system will mean more jobs and more prosperity for everyone everywhere.

America has more to gain from more trade than any other nation, and the workers in my district have more to gain than most Americans.

Venture Products, Inc., in Cocoa, FL, distributes automotive parts. The company currently employs just eight workers, but when the NAFTA eliminates Mexican tariffs on auto parts, the company tells me that it will be able to sell more into Mexico and hire more of my constituents as workers in Brevard County.

The Sun Nuclear Corp., in Melbourne, FL, employs 25 people who manufacture medical instruments. They expect to sell more in Mexico and hire more workers in my district if the NAFTA passes.

A small plant in Osceola County employs 65 workers who make Gatorade. Because of increased sales that are anticipated to Mexico when the NAFTA passes, their company expects to double its work force in Osceola County.

We are in the process of deepening and widening Port Canaveral in my district to containerize it and bring it into the mainstream of world cargo trade. That over time will mean hundreds and literally thousands of new businesses and new jobs, and even more when the NAFTA passes.

The largest employer in my district is the Harris Corp., which employs 12,000 people. Their fastest growing market by far is in Mexico, but they have to pay 20-percent tariffs to sell in Mexico. There are competing against the Japanese there who are beginning to move plants into Mexico. If the NAFTA fails, the Harris Corp. will have an incentive to move jobs from my district down to Mexico to compete with the Japanese. If the NAFTA passes, they will be able to continue to employ my constituents in Melbourne and throughout Brevard County in Florida.

It is the opposite, the precise opposite of the sucking sound that Ross Perot talks about, and that is one more reason why we should pass the NAFTA.

Mr. MATSUI. Madam Chairman, I yield 2 minutes to the gentleman from California [Mr. BERMAN].

Mr. BERMAN. Madam Chairman, it is a political tragedy that a majority of my Democratic colleagues will shortly turn their backs on our party's proud legacy of opposition to protectionism. From F.D.R. to J.F.K., our great Democratic leaders understood that expanded foreign markets for American products is the sure and sound route to expanded job opportunities. Democratic President Bill Clinton understands that also.

The short time allotted me today does not allow me to demonstrate that lowering high Mexican tariffs and low United States tariffs will result in expanded United States exports to Mexico.

So, I would like to take my remaining time to address the left of the political process, which in its effort to defeat the NAFTA, has undertaken a campaign to vilify and demonize the Government of Mexico.

To hear them talk—and I include members of the anti-NAFTA forces here in Congress—as well as in the outside political process—Mexico is no better than Franco's Spain or Pinochet's Chile, an authoritarian, despotic regime that tramples mercilessly on the democratic process and on human rights.

It was not always so that the left was saying this. In the early and mid-1980's, that same left the same Member of Congress, and I include myself in that group—lionized Mexico for its opposition to United States policy in Central America and for its farsighted hemispheric leadership in the pursuit of a more peaceful path.

Then, Mexico was an ally rightfully seeking, in the Contadora process, a democratic, non-violent approach to hemispheric security—and those of us who consider ourselves progressive, who opposed the contras, who supported cutting military aid to El Salvador, had nary a negative word to say, about that wise Mexican Government and its wise foreign policy.

□ 1340

In the 6 years since those days Mexico has reformed itself more than anytime in its history, and now NAFTA represents a concrete opportunity to integrate the Mexican economy with our own and that of Canada. But it will do much more. It will bind Mexico closer in all respects to the United States and Canada. That can only have a salutary impact on Mexican society and its political process. The market reforms which will be instituted in Mexico as a result of NAFTA will weaken the hold of the ruling party in Mexico. It will expand the Mexican economy, strengthen a growing middle class, and increase the demands of Mexican workers for political change.

It will be seen elsewhere in our hemisphere that America has embarked on a new,approach with our closest neighbors, a policy designed for the post cold war era. It will finally demonstrate an end to the unilateral, 'big-stick policies that to this day have left a residue of resentment. It will hold out the prospect of a hemispheric-wide free trade zone that will help spread prosperity and strengthen democracy throughout this region.

Ms. KAPTUR. Madam Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. EVERETT. Madam Chairman, I also yield 2 minutes to the distinguished gentleman from Georgia.

The CHAIRMAN. The gentleman from Georgia [Mr. LEWIS] is recognized for 4 minutes.

Mr. LEWIS of Georgia. Madam Chairman, I rise today to make it plain and crystal clear that I cannot and will not support this NAFTA. This agreement is about more than trade. It is about the dignity of man and the destiny of democracy. This agreement betrays the American people and we as Members of this body have a moral obligation, a mandate and a mission to say no to NAFTA.

Let me be clear, I do want free trade, but not at the expense of our workers; not at the expense of our environment, and not at the expense of our commitment to human rights.

During this entire debate on NAFTA, there has been a deafening conspiracy

of silence when it comes to the question of human rights. Can we turn a deaf ear to the working conditions in Mexico? Can we turn a deaf ear to the starvation wages that many people are receiving? Can we turn a deaf ear to the large number of people who have been arrested and detained for no good reason? Can we turn a deaf ear to the number of people who have turned up missing? I ask of you today—can we turn a deaf ear to the large number of political assassinations?

We must never forget that in Mexico, workers are not free to organize—democracy is not yet a living reality. Those of us who believe in freedom of the press, those of us who believe in the right to protest for right, those of us who believe in certain God-given rights for all humankind, we have a moral duty to oppose NAFTA.

It was Martin Luther King, Jr., who said on one occasion that "If you don't stand for something, you will surely fall for anything!" This legislation should stand on its own merits. The dealmaking, horse trading and the outright buying and selling of votes by the administration is obscene and not becoming of a great Nation. If we pass NAFTA, we will be sending a message to the American people that human rights can be bought and sold like packaged goods over a store counter.

And let me say again, I am for trade. But I am not for trade at any cost, and any price. I say that with this NAFTA, the price is too high, the price is too costly.

Those of us who are opposed to NAFTA have nothing to offer except our votes. I did not come to this House in 1987 to trade my vote away. The people of the Fifth Congressional district of Georgia did not send me here to sell them out for a mess of pottage and 30 pieces of silver.

Madam Chairman, I do not know about you, but as Joshua of old said, "as for me and my house", I am going to cast my lot with the working people of America—the taxpayers, people who work with their hands every single day.

I also know what it is like to live under a vicious and degrading economic system where people work from sunup to sundown for starvation wages. As a child growing up on a tenant farm in the old South, I experienced the unrelenting poverty and despair of a system based on exploitation. I do not want America to nurture this system in Mexico. We must not go back to child labor, unjust wages and environmental destruction.

This little planet, Earth, is not ours to hoard. It is not ours to waste, but to use what we need.

We should leave this part of the planet to include the borders of Mexico and the United States of America a little more peaceful, a little safer, a little greener, and a little cleaner for unborn generations.

Consider the responsibility that we bear as the leading democracy in the world. We should vote against this NAFTA.

What does it profit a great nation, the United States of America, to gain a free trade agreement with Mexico and lose her soul?

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Williamsville, NY, Mr. PAXON, a member of the Committee on Energy and Commerce.

Mr. PAXON. Madam Chairman, the most important concern facing my constituents and all Americans is jobs, preserving those we have and creating new job opportunities. Throughout my region and across our Nation the facts are clear. Increasing U.S. trade means job protection and job creation, and that is why I am backing NAFTA.

Every week at home I visit a plant or a business. I walk on Main Street or stop at a farm, and the positive impact NAFTA will have in all these settings is overwhelming.

For example, Madam Chairman, in the Rochester region alone over 4,000 firms presently export, 2,000 to Mexico. From industrial giants like Kodak, Xerox, G.M., and Bausch and Lomb to smaller firms and farms, tens of thousands of folks earn their living there because of foreign trade. It is also true in the Buffalo area where we are already benefiting from the United States-Canada Trade Agreement with provisions similar to NAFTA.

Madam Chairman, I have here letters from hundreds of employers representing thousands of workers in our region who support NAFTA.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Arizona [Mr. KYL] a member of the Committee on Armed Services.

Mr. KYL. Madam Chairman, I rise in support of the North American Free-Trade Agreement [NAFTA].

Trade is not a zero-sum game. There is not a winner and a loser in trade. Perhaps what has been lost in the debate on NAFTA is simply this: trade between two people or two entities benefits both. To give the simplest of examples—when you buy something, say a computer, from a store, the gains are mutual; the money the store takes in helps it pay its costs and provides some profit and, you, the customer, purchase a desired product which makes you more productive.

However, when artificial barriers are forced into the equation, trade is inhibited. Extend the example—just as you are about to buy the computer, a government agent comes in and requires you to pay a $500 tax or tariff. The likelihood that the transaction will take place diminishes greatly with that requirement, and both you and the store are then the loser. I cite this example to make the point that seems to have gotten lost in all the rhetoric and statistical charges and countercharges. What NAFTA is all about is allowing free commerce for the benefit of both parties.

There is another aspect to NAFTA. It will benefit those who produce goods and services for export. Today, Mexican tariffs are 2½ times higher on average than United States tariffs, putting United States exporters at a disadvantage. NAFTA creates a level playing field for the United States by reducing the tariffs—or taxes—that the people in the United States must pay the Mexican Government in order to sell goods and services to the people in Mexico. When we speak of who will participate in free trade, we are not speaking about Mexico and the United States. Our countries do not trade anything with each other. Individual Americans and individual Mexicans are the actual merchants and customers. NAFTA removes restrictions of the Mexican and United States Government on the freedom of their citizens to trade with one another. In other words, NAFTA removes power from the hand of government and restores freedom to the individual.

Freer trade works. Since 1986 when Mexico began to liberalize its trade practices with the United States, America and Arizona have seen a tremendous increase in exports to Mexico. Exports from Arizona to Mexico increased by more than 90 percent in 1992. It is no wonder that, in a recently completed survey conducted by Temple, AZ-based O'Neill Associates for the East Valley Partnership, 92 percent of individuals living in the Phoenix area said they support NAFTA.

I noted that Mexican tariffs are still 2½ times higher on average than United States tariffs. Mexican tariffs average 10 percent compared to our average of three percent. It should be expected that United States exports to Mexico will increase even more with the implementation of NAFTA.

For some industries, the discrepancy in tariffs is even higher than the 10 to 3 ratio I just mentioned. Just to give you an example, I mention the products below:

[In percent]

Product—type/tariff	Mexican tariff	U.S. tariff
Chemicals	20	4
Cars/light trucks	20	2.2
Auto parts	13.1	0.4
Household app.	17	1
Machine tools	13	2

Some people are concerned that jobs will be lost to Mexico if NAFTA is implemented. Overall, the result should be the opposite because NAFTA will eliminate non-tariff barriers that block United States exports to Mexico. For example, the auto and autoparts industry Mexican local content rules and export requirements effectively shut out United States based producers of most

finished products and require United States automakers to shift production to Mexico. NAFTA will remove these requirements, allowing auto producers of finished goods to use components produced in the United States and ship from their United States operations.

The increase in exports as a result of reducing these and other tariffs will create hundreds of thousands of jobs. The U.S. Trade Representatives Office estimates that 200,000 new jobs are created for every billion dollars in increased exports.

Trade with Mexico directly supports over 600,000 American jobs. NAFTA is expected to increase that to 1 million within 3 years. In Arizona alone, according to Departmemt of Commerce figures, some 14,000 new jobs were created as a result of increased Arizona-Mexico trade between 1991 and 1992.

Allied Signal Inc. illustrates the types of opportunities and jobs that can be created as a result of United States trade with Mexico. Allied Signal has traditionally been a defense contracting firm but has shifted some of its business to the environmental technology industry. They make and sell catalytic converters and, converters are currently being phased in as a standard requirement for automobiles in Mexico. However, United States high technology products like the catalytic converter face some of Mexico's highest tariffs. NAFTA will eliminate tariffs on such high technology products. Allied Signal pays roughly $1 million per year in tariffs and has indicated that without NAFTA it may be forced to move production to Mexico in order to avoid Mexican tariffs. Hundreds of jobs could be kept in the United States by implementing NAFTA.

Mattel Barbies Inc. is another good example of how freer trade will result in increased jobs for the United States and Mexico. As a result of Mexico's freer trade policies and in anticipation of NAFTA, Mattel Inc. has moved its production, raw materials acquisition, and management facilities from Southeast Asia to the United States and Mexico.

These and other examples, which provide hundreds of thousands of U.S. jobs, are what NAFTA is all about. NAFTA does not change United States environmental laws (but will enhance environmental cleanup in Mexico) does not endanger U.S. sovereignty, and does not offset benefits that will result from freer trade.

By now, all of us should understand the positive implications of the NAFTA and pass this agreement. It is not acceptable to support the status quo and to let opportunity pass us by. NAFTA represents an opportunity for America to enter the 21st century as the preeminent economic power in an economically expanding hemisphere. For all of us who care about creating jobs and helping to restore our economic future, I urge you to vote for this agreement.

Mr. EVERETT. Madam Chairman, I yield 1 minute to the distinguished gentleman from New York [Mr. QUINN] a freshman member.

Mr. QUINN. Madam Chairman, we have heard an awful lot of discussion about NAFTA recently, and we will hear more later today. We have heard about the isolationism, we have heard about the expansionism, protectionism, and globalism. We have heard about open markets and closed markets. But I rise today not to discuss all the theories and the rhetoric about NAFTA, the implications of what may or may not happen if this agreement is passed or if it fails. And I rise today in defense of jobs, American jobs, jobs in my district, and western New York and across the country.

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I ask my colleagues today to examine the facts. NAFTA opponents are opposed to NAFTA because of actual economic practice by Mexico—my constituents do not want to hear about economic theories or political rhetoric. What they care about is jobs—the loss of their jobs.

There is no free market economy in Mexico. There is no invisible hand of supply and demand. Instead, there's a very visible hand of government * * * repressing wages, standards of living, and enticing American companies to invest there. Why? Cheap labor and lower environmental standards.

How can we compete against that?

Approximately 5.9 million U.S. manufacturing jobs are vulnerable under NAFTA. That's right—almost 6 million jobs in this country. My State of New York would be fifth hardest hit State in the Nation in terms of job losses. NAFTA indeed could devastate our fragile economic recovery, not only in New York State, but across the country.

Last, Madam Chairman, along with many of the American people I question why NAFTA can't be sold on its merits? Votes for NAFTA have been traded like stocks and bonds. Except, the administration is trading with the American people's tax money—money for sugar, bridges, roads and who knows what else has been promised behind closed doors. But I guess that's business as usual in Washington, DC.

I support free trade, but only when it's fair, and I call that smart trade.

I urge my colleagues vote down NAFTA and send a clear message to Mexico: Reform your autocratic economy and keep your hands off American jobs. NAFTA ignores jobs, income levels, and the environment.

We must protect American jobs, preserve America's standard of living, and support smart trade. Say "no" to NAFTA.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentlewoman from Tennessee [Mrs. LLOYD].

Mrs. LLOYD. Madam Chairman, as I have read the North American Free-Trade Agreement and listened to the arguments on both sides, I was left with one overriding question. What happens if we do not pass NAFTA?

Earlier this year, I expressed grave reservations over the NAFTA, as it was originally drafted. As the former chairman of the Congressional Textile Caucus and a strong advocate of the textile industry, I have been rather leery of trading pacts which I feel might imperil American industries and workers.

After considerable reflection on the most important vote of my career, I have concluded that the defeat of NAFTA will not save jobs, it will not prevent any American company from relocating to Mexico, nor will it solve our trade deficit.

Textiles are an important industry in Tennessee. Textile and apparel exports have grown at a 33-percent annual rate since 1987. In 1992, Tennessee's exports to Mexico totaled nearly $414 million, making Mexico the State's second most important foreign market. Under NAFTA, Tennessee's textile exports to Mexico will be able to grow faster. And most importantly, strict rules of origin ensure that Mexico will not be used as an import platform for Asian textiles and fabrics. President Clinton has personally assured me that the administration will increase the customs budget by $15 million in order to enforce trade laws on textiles and apparel. The administration also pledged to negotiate a 15-year phaseout on textile quotas in the final talks of the Uruguay round of the GATT.

In coming to a decision, I also considered the serious consequences the defeat of NAFTA will have for U.S. national interests. The cold war is over and America cannot remain an economic superpower if it turns down the opportunity to develop the largest common market in the world. The United States will be left with no effective responses to the regional trade strategies Europe and Japan are successfully employing to bolster their competitiveness. U.S. workers will be competing with one arm tied behind their back.

Rejection of NAFTA could delay or lead to the collapse of the Uruguay round of GATT trade talks. The United States has the most to gain from the GATT agreement, but our main trading partners may refuse to offer politically difficult concessions if there is any doubt of congressional approval. Collapse of the round could spark a new round of world protectionism—and a worldwide recession that would place millions of U.S. jobs at risk.

A defeat of NAFTA will send disturbing messages to Mexico and other Latin American countries which have made political and economic reforms in recent years. Mexico's President Salinas has taken important steps toward

creating a free-market economy over the past 5 years, including a significant reduction in tariffs. The United States has benefited from this through skyrocketing exports and the creation of hundreds of thousands of new jobs. Mexico may react to a rejection by closing its markets and seeking investment and trade with our competitors in Europe and Asia.

United States-Mexican relations could become tense, reducing cooperation on issues that Americans are deeply concerned—illegal immigration, illegal drug trade, labor rights, and the environment. The United States cannot address these concerns by itself.

Most importantly, if NAFTA fails U.S. international leadership will be in doubt, because we have just signaled to the world that America is not confident of its ability to compete with a neighboring economy only one-twentieth its own size.

Is this Congress ready to repudiate 50 years of market-expanding efforts under every American President since Franklin D. Roosevelt? Is Congress prepared to face the former Communist nations which will have lost their prime advocate for opening export markets to their products? Is Congress ready to weaken the Presidency at a time when political and economic tensions are so high across the globe?

I do not believe this body wants to abdicate its responsibility for global leadership and I therefore urge my colleagues to support NAFTA.

Ms. KAPTUR. Madam Chairman, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Madam Chairman, today we consider this agreement, the North American Free-Trade Agreement. Today we consider the present and future of our American economy, our wages, our standard of living, and the principles we hold in the highest esteem.

Mr. Speaker, I am a firm supporter of free trade. I believe that international trade provides enhanced opportunity for our precious industries. I believe that increased trade is essential for the future growth of our economy. However, today I say to my colleagues, I do not support this trade agreement because I believe it is flawed. Today, I say to my fellow Americans, the vote we are about to take is not a litmus test on the principle of free trade. Rather, it is a question of whether American workers and investors will benefit from this agreement.

Mr. Chairman, we live in a great Nation. The United States is the leader of the free industrialized world. Our Nation remains the only superpower in the world and the envy of all democracies. We are the first among democracies where free enterprise thrives, and we represent the model for the world. The distinction with our Nation relates to the value we place in raising our standard of living, our real wages, and leaving our children a strong future. We are competitive.

The truth is that we must lower our ideals and standards in order to enter into this agreement. If this body decides to pass this agreement, we give credence to the practices employed by our neighbors to the south—the premeditated suppression of wages. By entering into this agreement, we do not help the Mexican consumers, we settle and compromise for the sake of expediency.

Mr. Chairman, this agreement is about establishing a strong and lasting relationship with our neighbors. We all desire that Mexico be a strong nation with a rising standard of living. But this should not be done by pulling our own wages and standard of living down to accommodate the lower wages and lax environmental standards of our neighbor to the south.

I believe that NAFTA may be especially dangerous for the hard-working people of rural eastern North Carolina. In my district, only 57.8 percent of those 25 years of age or higher possess a high school diploma or equivalency, and we are also plagued with a poverty rate of 26 percent. In this regard, I am most concerned with the potential loss in low-skilled jobs which would result with the implementation of this agreement. I believe that NAFTA would also adversely affect the ability of small farmers to remain competitive.

We need to establish a trading pact in North America which is based on the principles that has made our Nation strong. We must call for a trading partnership which respects the right of average citizens and workers to have good wages and standards of living. Today, let us send a message to the global community that the United States demands more than just free trade, we demand free trade and fair play.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Kennedyville, MD on the eastern shore of Maryland [Mr. GILCHREST] a member of the Committee on Public Works and Transportation and the Committee on Merchant Marine and Fisheries.

Mr. GILCHREST. Madam Chairman, I thank the gentleman for yielding.

Madam Chairman, I would like to respond to an earlier speaker on the other side of the aisle who made a reference that those of us who are voting for NAFTA will lend a deaf ear to the oppressed and to those seeking jobs and a better life.

Those of us who are voting for NAFTA do not lend a deaf ear to the Mexican worker or the American worker. Those of us who are voting for NAFTA do not lend a deaf ear to the oppressed. With NAFTA, we can create jobs in America. With NAFTA, we offer the opportunity for workers in Mexico to raise their standard of living. With NAFTA, we unleash the spirit of democracy and the creative power of a market economy, which is what we believe in, which is what we have been working so mightily for since World War II.

One last thing: There is a mystery about human initiative. It reveals itself when there is responsibility present and when there is dignity present. President Clinton and President Salinas have given us the opportunity to raise the standard of living by offering responsibility and dignity to both sides of the border for American and Mexican workers.

Madam Chairman, I urge a yes vote on NAFTA.

I rise in support of the North American Free-Trade Agreement, and I request permission to revise and extend my remarks.

To anyone opposed to NAFTA, I have to ask: What is it about the status quo that you like so much? Do you think it's good that the United States market is wide open, while the Mexican market is largely closed? Do you like the fact that United States businesses can, and do, move south of the border, but that they can't stay here and export to Mexico? Do you think it's good that Mexico can currently use lax enforcement of environmental laws to attract investment? Do you approve of the fact that Mexico's tariffs are 2½ times as high as ours? If you oppose NAFTA, clearly, you think the status quo is a terrific idea.

Whether we pass NAFTA or not, American businesses will be able to move south of the border and export to the United States. Whether we pass NAFTA or not, the border area will be polluted, although NAFTA takes steps to clean it up. Whether we pass NAFTA or not, Mexican wages will be lower than ours. Whether we pass NAFTA or not, the Mexican Government will not be a perfect government.

But if we do pass NAFTA, American businesses will be able to stay here and export to Mexico. If we pass NAFTA, Mexico will be required to adequately enforce their environmental laws. If we pass NAFTA, we take the first step toward border cleanup. If we pass NAFTA, tariffs will be eliminated, and our businesses will be able to compete on a level playing field.

I completely fail to understand how anyone could say that the status quo is preferable to NAFTA. It is the status quo that has cost American workers jobs and polluted the border area. NAFTA is the first step to solving the problems created by the status quo.

Let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished freshman gentleman from Pine Bluff, AR, [Mr. DICKEY], a member of the Committee on Agriculture and a member of the Committee on Natural Resources.

Mr. DICKEY. Madam Chairman, I am for NAFTA. But I am also an observer of this process, and I think there are four bad points that I want to mention.

One, is I was only given 1 minute to talk; No. 2, is the enormous dollars, threats, and favors that have been given, that have been discouraging in a lot of ways, because the American people are left out; I also think that the working man's interests have been abandoned by the very people who supposedly are representing them, the lobbyists; I think too much emphasis has been on reelection. Too much discussion has been who is going to be reelected and how you are going to be reelected and how you are going to raise money.

The good part is the bipartisanship. That is, we have been doing this together. We have been showing the American people that the problems of America and our relationship to the world are more important than who gets the credit or who we are working beside or who we are working against. I think that is awfully good.

The working person is the very reason why this issue gets my vote. We are like a chain. Our country is like a chain. The weakest link has to be made stronger. That is why I am for the working person.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished freshman gentleman from Holland, MI, Mr. HOEKSTRA, a member of the Committee on Education and Labor.

Mr. HOEKSTRA. Madam Chairman, I rise today in support of NAFTA because it will create the opportunity for new jobs in the United States by expanding the marketplace for American produced goods. The argument that we will lose jobs because of NAFTA ignores reality. The ability to move jobs out of the United States exists today. By approving NAFTA, we will reduce the incentive to move jobs to Mexico by lowering and eliminating tariffs on United States goods. No longer will United States companies need to locate in Mexico to sell to Mexican citizens.

However, the challenge to create new U.S. jobs begins tomorrow. United States businesses need to take advantage of this opportunity that we are providing them, and this Government needs to create a job friendly environment. We need to allow job creators to go about their business with a minimum of Government interference. We need to reduce the paperwork that smothers initiatives, taxes that stifle investment, and mandates that strangle flexibility for workers and managers.

Mr. MATSUI. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. PETE GEREN].

Mr. PETE GEREN of Texas. Madam Chairman, I rise in support of the NAFTA and American jobs.

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Mr. MATSUI. Madam Chairman, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Madam Chairman, I rise in strong support of the North American Free-Trade Agreement [NAFTA]. As a farmer in real life, I feel very strongly that opening new markets for American products and promoting freer and fairer trade is imperative if we are to maintain our leadership position in the world economy. The only way that farmers in America have survived—those of us who have survived—is because we have engaged in the world market. Those of us who are involved in agriculture realized that we had to aggressively work to open markets around the world if we were to remain viable. America cannot afford simply to focus on our domestic market and ignore the rest of the world.

NAFTA is an important part of our effort to open new markets and compete in the international market. If we defeat NAFTA, it will be much more difficult for the United States to convince other countries to open their markets. The consequences of this action would be devastating for all U.S. industries.

NAFTA will have an extremely beneficial impact on U.S. agriculture. Mexico has an increasingly urbanized, growing population that represents a significant market for United States farmers. United States agricultural exports to Mexico have risen to nearly $4 billion. According to the Department of Agriculture, United States agricultural exports under NAFTA are expected to be $2 to $2.5 billion higher a year than it would be without NAFTA. By increasing U.S. exports in many income-supported commodities, NAFTA will reduce spending on farm programs.

NAFTA also presents a tremendous opportunity for the American energy industry. NAFTA will eliminate tariffs on oil- and gas-field equipment and allow American businesses to compete for the $8 billion in procurement contracts that Mexico's state-owned energy companies enter into each year. It will allow American natural gas and electricity companies to negotiate contracts directly with their Mexican counterparts. A recent Texas A&M study found that the energy provision of NAFTA could raise Texas' output of goods and services by an estimated $2 billion a year and create more than 29,000 jobs for Texans.

Although some of the opponents of NAFTA suggest that only the large multinational corporations will benefit, NAFTA will benefit small businesses who do not have the resources to overcome the barriers to the Mexican market that NAFTA will eliminate. I know of one small businessman in my district who lost a contract in Mexico by 1 percent because he was not able to overcome a 10-percent tariff. Numerous other small businessmen have told me that they expect to benefit from NAFTA. I would like to submit for the RECORD a list of some of the businesses in my district who will benefit from NAFTA.

SELECTED BUSINESSES IN THE 17TH DISTRICT OF TEXAS WHO EXPECT TO BENEFIT FROM FREE TRADE WITH MEXICO

FMC in Stephenville, Texas employs 200 people in producing valves, pumps and fittings for oil and gas producers. FMC estimates that NAFTA will increase their sales by $3.5 million and allow them to add twenty high-paying jobs in the Stephenville facility.

U.S. Brass in Abilene. U.S. Brass has been exploring opportunities to sell piping to Mexico. NAFTA will increase the likelihood that these efforts to expand business for U.S. Brass in Abilene will be successful.

The 3M factory in Brownwood, Texas which employs 574 people, anticipates an increased market for its products such as reflective sheeting. Last year, 3M signed a $30 million contract with Mexico to produce reflective sheeting for license plates that are sold in Mexico. NAFTA would make it easier for them to compete for more contracts of this type with Mexico and expand their business.

Industrial Technology Inc. in Mineral Wells, Texas, which produces high-tech test equipment for the telephone industry, already is benefiting from trade with Mexico and will do better with NAFTA. One-fourth of his sales are exports, 20 percent of which are to Mexico. At least four of their employees have jobs as a direct result of their sales to Mexico. NAFTA presents an opportunity for Industrial Technology Inc. to take advantage of the multi-billion modernization of the Mexican telephone system.

The question that I have posed to NAFTA opponents on numerous occasions is: How will America be better off than we are today if NAFTA is defeated? I have not received an answer to this question. Defeating NAFTA will not create jobs, control immigration, stop the flow of illegal drugs or clean up the environment.

On the other hand, defeating NAFTA would represent a threat to the American economy and national security. Defeating NAFTA would put cooperation on issues such as illegal immigration, drug trafficking, and other issues at risk. It would also jeopardize the political and economic reforms in Mexico. Economically, defeat of NAFTA will lock in the current unfair trading relationship in which Mexican barriers will continue to limit United States access to the Mexican market while Mexico will continue to enjoy virtually unlimited access to the United States market.

Madam Chairman, the vote on NAFTA represents a crossroads for American policy as well as for economic policy. While direct impact of NAFTA on the United States economy has been exaggerated by supporters and opponents of NAFTA, the ramifications of the decision we make on NAFTA go far beyond the issue of trade with Mexico. The issue before us is whether America is prepared to use our economic power to open foreign markets or return to isolationist trade policies. I urge my colleagues to consider the serious negative ramifications that returning to isolationist policies will

have on the American economy and take a risk for America. Vote for NAFTA. Vote for jobs.

Ms. KAPTUR. Madam Chairman, I yield 2 minutes to the gentlewoman from Indiana [Ms. LONG].

Ms. LONG. Madam Chairman, there is not much new to say in a debate like this. I hope, however, to present a different perspective than what I have heard so far.

My concern is the negative—in fact—disproportionately negative impact that this agreement would have on rural areas of our country.

Yes, NAFTA could be good for many sectors of agriculture. I am a farmer, most of my family are farmers, and we could personally benefit from increased commodity sales to Mexico. But agriculture accounts for only about 10 percent of the economies in rural communities. The NAFTA decision can not be based solely on agriculture.

True free trade should benefit all in our country—not just a few.

Even NAFTA proponents agree that there will be job losses. However, proponents are comforted by the hope that the losses will be outweighed by the gains.

My problem is where the job losses will come from, and where the gains will be—or more appropriately—where job gains will not be. The losses will take place—unquestionably—in the lower skill, lower wage jobs. Hopefully, the gains will be in higher skill, higher wage positions.

That may be good for our economy if it would all work out. But, I know something about economics, and I know even more about rural communities. Almost 70 percent of the low-skill, low-wage jobs we expect to lose are located in rural America. That is where the losses will come from—rural cities and towns in our country.

The job gains will not offset the losses in rural America. Smaller communities are already hard pressed to attract business. And once a company leaves a small city or town—the results can be devastating—because many times these companies are the largest employers in the area. These companies are often the lifeblood of the entire community.

Proponents of NAFTA say that if we are not competitive, let the jobs go. They argue that the low-wage, low-skill jobs are going to Mexico anyway. I agree, they are going to go eventually.

But NAFTA accelerates the process. And it does so at a time when rural communities are not yet prepared to deal with significant job losses.

These are the towns that have just learned the finer points of economic development in the last decade. They are just beginning to attract some firms from the larger metropolitan areas.

With NAFTA, we would be facilitating an exodus from rural America—at a time when small communities already lag in infrastructure developments like wastewater treatment, transportation, and so forth—that could help attract replacement jobs.

I have talked to town board presidents, county commissioners, and rural residents—they are not yet ready to compete for the promised new jobs that might become available.

The fact is that this particular NAFTA will result in disproportionate job losses in our Nation's smaller cities and towns, and we have no real plan to assist rural residents with what could be devastating losses—not just job losses—but losses of entire communities.

Madam Chairman, I cannot vote for that.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Bentonville, AR, Mr. HUTCHINSON, a member of the Committee on Public Works and Transportation and the Committee on Veterans' Affairs.

Mr. HUTCHINSON. Madam Chairman, I rise in support of NAFTA.

Mexico has made great, great strides in recent years. They have balanced their budget, privatized many industries, lowered inflation from over 250 percent to less than 10 percent, and they have expanded trade with the United States, all while lowering both corporate and personal income taxes, a pretty good model for the United States.

Rejection of NAFTA will be a kick in the teeth to the economic and political reforms that have occurred in Mexico. Under NAFTA, there will be no infringement on American sovereignty; not one scintilla of our sovereignty is sacrificed by the passage of this trade agreement.

No provision in NAFTA can supersede American domestic law or the Constitution of the United States.

Madam Chairman, I say that we must say no to the fearmongers. This is a free-trade agreement. It is not "apocalypse now." It is not the eve of destruction. But it can be the eve of opportunity, if we pass NAFTA. Free trade does not create a win-lose situation. Free trade benefits everyone.

I urge its passage.

Mr. KOLBE. Madam Chairman, I yield such time as he may consume to the distinguished gentleman from Millbrook, NY, Mr. FISH, the ranking member of the Committee on the Judiciary.

Mr. FISH. Madam Chairman, for weeks and months, I have listened to hundreds and heard from thousands of people who shared their hopes and concerns about the North American Free-Trade Agreement [NAFTA]. Though their arguments varied, the question for me has remained constant, What is in the best interest of my country? After careful study and consideration, I have concluded that NAFTA is in our best interest, and I will vote for it today.

Arriving at this decision has not been easy because people who I have always respected, and on whose judgment I have often relied, have directly opposing views on this issue. Particularly painful for me is the criticism my vote will draw from labor and environmental leaders—allies of mine over the years in the causes of social justice and environmental protection.

No issue has been more central to the NAFTA debate than jobs. While the extent of job loss or gain is disputed, the anxiety I sense from so many American workers who feel threatened is real. Ours is an economy in transition, and such rapid change is scary and often painful. The lingering recession of the past several years combined with defense conversion, increased foreign competition, increased American labor productivity, and the increased demand of American consumers for foreign goods have cost hundreds of thousands of Americans their jobs.

But protectionism is not the answer. A "no" vote on NAFTA will not bring back the jobs of my nearly 8,000 Hudson Valley neighbors laid off by IBM last spring or any of the other 500,000 jobs which have left New York State in the past 5 years. A "no" vote will not stop any others from leaving. But NAFTA, by phasing out high Mexican tariffs, removes the incentive to move production to Mexico. United States companies, enjoying highly productive American workers and superior infrastructure need not incur the expense of relocating to sell to the Mexican market.

I am encouraged by a number of reports from the business community about actions they will take if NAFTA is approved. More than 90 textile mills, accounting for the majority of textile production in the United States have signed a pledge not to move jobs, plants, or facilities to Mexico if NAFTA is approved. Philips Electronics will close plants in Mexico and move them back to the United States, and will be able to continue production in Manlius, NY, instead of moving that plant to Mexico. At least seven other companies, including AT&T and GM, have announced plans to relocate plants from Mexico back to the United States. In addition, numerous companies have plans to vastly expand their work forces in the United States if NAFTA is approved.

Large corporations are not the only beneficiaries of this agreement. Small- to medium-sized businesses all over the country, including two in Westchester County, NY—Eagle Export Trading Co., and ServiAlimentos—have told me how NAFTA will greatly increase their ability to compete for market share in Mexico and expand their operation in the United States.

I am convinced that a "no" vote on NAFTA threatens U.S. leadership in promoting world trade and the chance to position ourselves for a dynamic future of economic growth. A "no" vote puts at risk the GATT negotiations with their promise of vastly increased trade and jobs at home. A "no" vote on NAFTA denies United States products preferential treatment in the growing Mexican economy and corresponding jobs at home. And a "no" vote does nothing to promote cleanup of the toxic pollution in our border areas.

The increasingly high productivity of the American work force, producing as much as our country needs or wants, demands a larger market for the goods we produce. The only way to create and maintain additional jobs, particularly in manufacturing, is to gain increased access to foreign markets. Our best hope for the future is an expanding export market to Latin America. The prospect of markets in a Western Hemisphere free-trade zone lies ahead, and approval of NAFTA is the first step toward that goal.

NAFTA would create the world's largest trading alliance with 370 million consumers in Canada, the United States, and Mexico. New York State would be a major beneficiary of its approval. Mexico is already one of New York's fastest growing export markets, with our State's exports to that country having increased by more than 82 percent between 1987 and 1992. Since 1987, 8,300 jobs have been created in New York because of increased trade with Mexico and it is estimated that another 15,000 could be created by 1997 if exports continue at current rates.

But should NAFTA cause one job loss or 100,000 job losses in the near term, our response must be compassionate and immediate because every job is important and every day makes a difference to someone who is unemployed. The Federal Government must swiftly aid those who are negatively impacted by providing training and retraining, job search assistance, and counseling. Secretary of Labor Robert Reich has personally assured me that retraining of dislocated workers is his top priority and he has committed himself and his staff to a comprehensive overhaul of this country's worker-adjustment programs. Until this new program is in place, the implementing legislation before us establishes a program to provide financial assistance and training to workers facing economic dislocations associated with NAFTA. It also requires that a comprehensive study of the operations and effects of NAFTA be conducted 3 years after its entry into force, and this is something I will be carefully monitoring from day one.

Although the creation of new jobs in the United States is the most important single reason for Americans to support NAFTA, we must not lose sight of the fact that this agreement will also reduce push factors leading to illegal immigration by spurring economic growth in Mexico. Greater employment opportunities for Mexican citizens in their own country mean not only greater consumer demand for American products, but also incentives for Mexicans to remain at home and participate in Mexico's development. In Judiciary Committee testimony earlier this month, Immigration and Naturalization Service Commissioner Doris Meissner described NAFTA as "America's best opportunity to reduce illegal immigration from Mexico."

NAFTA has also been heralded by U.S. negotiators and private sector advisory reports as the strongest multilateral agreement on intellectual property rights ever negotiated. This is critical for U.S. industry, especially high-technology companies such as biotechnology, computer, pharmaceutical, and others, which depend heavily on such protections for their products. These innovative and creative industries make tremendous commitments to research and development and are major providers of the high-technology jobs that we need in this country. But their products are subject to piracy abroad. IBM, for example, invests over $6 billion annually in research and development, but estimates their losses worldwide to software piracy at about $1 billion annually. Clearly the need for strong intellectual property protection, such as that embodied in NAFTA, for U.S. companies operating in the global marketplace cannot be overemphasized.

It is important to put to rest the notion that our national sovereignty is surrendered by NAFTA provisions creating binational panels to resolve disputes. There is nothing in NAFTA that requires we change our laws as a result of a ruling by a binational panel. We are still in control of our laws. Also, we can disregard any ruling of a binational panel and not be any worse off. All that can happen is that the complaining country can raise their tariffs, which they are at liberty to do without NAFTA.

To those who have heard that NAFTA will sacrifice American sovereignty, Jack Kemp, Ronald Reagan, William F. Buckley, and other staunch defenders of U.S. sovereignty, respond that under NAFTA no international body has any legal authority over American domestic affairs, and no private individual or party would be allowed to bring suit against a sovereign nation.

Finally, environmental groups are split on the merits of NAFTA. NAFTA prohibits weak enforcement of environmental laws as an incentive for luring investment. Mexico already has environmental protection laws comparable to the United States but it is their enforcement of these laws which is a problem. NAFTA provides a mechanism for investigating allegations of weak enforcement, consultations, and ultimately penalties for an offending country to be penalized for failing to correct a problem.

The National Wildlife Federation, World Wildlife Fund, Nature Conservancy, Audubon Society, Environmental Defense Fund, Natural Resources Defense Council, and Defenders of Wildlife agree that NAFTA is a step forward in environmental protection and that the cleanup of the polluted border area between the United States and Mexico will only occur with the $4 billion included in this legislation. I commit myself to working with all environmental organizations to ensure that environmental protection laws are strengthened and that those already on the books are fully enforced.

Madam Chairman, for decades the United States has encouraged Mexico and other nations of Latin America to move toward development of free-market economies. In the past 5 years under the leadership of President Salinas, Mexico's economy has undergone dramatic change. Many barriers to investment have been brought down, many public sector enterprises successfully privatized, foreign private investment encouraged, and the GDP growth rate strengthened. Inflation is down and consumer disposable income is up. This has resulted in a tripling of United States exports to Mexico over the last 5 years, making Mexico the second largest market in the world for United States manufactured goods. NAFTA will lock in these gains, end the maquiladora program, and provide a stable foundation for continued progress.

The idea of free trade among nations is not new. The United States has had a longstanding commitment to fair and open trade in the world market. From the beginning of our Republic, the free flow of goods and services back and forth between nations has defined growing prosperity.

We now have the opportunity to put our words into action with our two closest neighbors. In 1979 President Ronald Reagan said, "* * * we can dare to dream that at some future date a map of the world might show the North American continent as one in which the peoples and commerce of it's three strong countries flow more freely across their present borders than they do today." Madam Chairman, that day is today and this significant window of opportunity will close tonight if this House does not approve this legislation to implement the North American Free-Trade Agreement.

"Not this NAFTA" is a catchy slogan but it is not reality. No person involved in these difficult negotiations over the past 6 years believes there is any possibility of renegotiation. This includes President Salinas who has stated emphatically and repeatedly

that Mexico will not accept renegotiation. So the time is now for us to embrace the future with characteristic American confidence, or we will lose this historic opportunity to regenerate and strengthen our economy with the promise of border markets for our goods and a robust economy for this generation and the next. I urge my colleagues to join me in supporting the legislation before us to implement the North American Free-Trade Agreement.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Madam Chairman, in the middle of one of Mexico City's most beautiful public spaces, Chapultepec Park, there stands a monument that recalls a very bitter time in the relations between our country and the Republic of Mexico. Rising far above the ground, El Monumento de los Niños Heroes, memorializes the brave and valiant Mexican youth who chose to take their own lives rather than become prisoners of the invading United States Army during the Mexican-American War. It is a stark and somber reminder of a time when mutual suspicion, hostility, xenophobia, and warfare characterized the relationship between the United States and Mexico.

How far we have come, Madam Chair, from those dark days. A culture of mutual respect and open friendship now permeates the relations between Washington and Mexico. For years, our communities along the border have coexisted and profited from the trade relationship between our two countries. This NAFTA presents an unique opportunity to set new and higher standards of trade between our nations. I don't believe this country has ever entered into a treaty that elevates our environmental and labor concerns to the level achieved by NAFTA.

The abuses that have plagued the United States-Mexico border cannot be attributed to NAFTA. Rather, NAFTA will address the needs of our border communities that have been ignored for far too long. NAFTA, through the North American Development Bank, will allow us to invest in the environmental and physical infrastructure needed to improve standards and practices in all three NAFTA countries. For the first time we are given a real opportunity to work with Mexico and improve the living conditions for both peoples living along the border.

My fellow colleagues, today we are witnessing a truly historical moment. NAFTA will help us move forward into a new era. It will reaffirm our leadership and strength in the world market as we negotiate other future agreements such as the Asia-Pacific Alliance and the GATT. Many people fear NAFTA and are not confident in our Nation's ability to compete in the international labor force. We cannot survive, let alone compete, if we become protectionists and isolationists. I say we must face our future with hope, demonstrating confidence in the American workers' ability to compete with the rest of the world. We must face this challenge head on and take this bold step forward to ensure America's long-term economic growth within the international marketplace.

In conclusion, I would like to say that there is no question that NAFTA will benefit the State of Arizona and my constituents in the Second District. Thank you Madam Chair, for providing me the opportunity to submit this statement and once again I urge my colleagues to vote "yes" for NAFTA.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Texas [Mr. COLEMAN].

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Mr. COLEMAN. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, this is a truly historic day for generations of American citizens. The North American Free-Trade Agreement [NAFTA] offers this Congress a unique opportunity to improve the livelihood and quality of life for millions of Americans which are increasingly dependent upon the vagaries of the global marketplace. I am convinced that we will do the right thing for the working people of this country, and for our children.

The vote I cast today in favor of NAFTA has been a decision which comes only after listening to my constituents and considering their opinions. This issue is one of the most emotional I have faced in all of my years of public service. I sincerely believe that to permit the status quo is unacceptable for my community and for all of America as we prepare for the 21st century. NAFTA is in the best interest of our country, my State and region, and my community.

NAFTA will have a direct impact on my congressional district along the United States-Mexico border. I am privileged to represent El Paso, TX, the largest city directly on the border with Mexico. Its 600,000 residents live and work in an international environment, a microcosm of trade and commerce governed by treaty, international laws, customs, cultural considerations, and informal agreements. Our sister city, Ciudad Juarez, Chihuahua has nearly 1.5 million residents who breathe the same air, share the same watershed, drive on the same bridges, and shop at the same stores as my constituents. Millions of people cross the boundary between El Paso and Juarez, both legally and unlawfully. Every day—on both sides of the border—families are united; tourists embark on journeys; children go to school; and workers travel to their jobs. Life on the border is both simple and complex. Our history and destiny are inextricably linked to one another. The problems and promises represented by NAFTA are embodied in a single community in the middle of the desert, thousands of miles from Washington, DC, and Mexico City.

Never has so much attention been focused on the Southwest border in recent time. Not since Gen. "Blackjack" Pershing and Pancho Villa carried out a military drama along the border in the early part of this century have we as a country looked to the Southwest. Relations between our two nations have witnessed moments of crisis on the one hand and occasional tributes to international cooperation and friendship on the other. What of our neighbors today? Will we again turn our backs on Mexico and our own negotiating credibility? NAFTA allows us to write another chapter in this book.

Madam Chairman, dozens of congressional delegations have visited Mexico and the Southwest during consideration of this legislation. Concerns have been raised over the quality of life and great needs which exist along the border. Certainly no person knows better than I the critical needs of the border region. I have been raising these issues in this Chamber for the past 11 years. Health problems in my district rival those of developing countries. Thousands of children in my district live in colonies without potable water or sewage services. Residents of my district live under a cloud of smog and dust generated by 2 million people. The Rio Grande River is one of the most polluted in North America. More than 30 percent of residents in my district live in poverty; almost 40 percent have no health insurance.

Do we again turn our backs on these problems as this House has often done? NAFTA gives us an opportunity to begin to address these problems.

Some of my colleagues will recall the Mexico of the recent past. Triple-digit inflation brought about a lack of earning power in that country that we cannot fathom. Have we forgotten that just 10 years ago in a desperate move to stabilize its economy, Mexico literally cut the value of its currency in half? The economic effect of that move brought about a nosedive in the economies of the border States in the Southwest. Illegal immigration soared. Small businesses from Brownsville to San Diego shut their doors in record numbers. Yet economic and political reforms have reversed that trend in a country that wants to join with us and Canada to move together into the 21st century.

Polls indicate that this agreement is not supported by a clear majority of the American people. Each of us is elected and sent to Washington under a compact with our constituents that, after listening to all of the arguments

on an issue, we will make a decision based upon the merits—and not on the politics. Clearly the facts stack up heavily in favor of NAFTA. Is there something that NAFTA opponents know that they have not shared with all 14 Nobel Laureates in Economics, every living American President, all living Secretaries of State, and every living Secretary of Commerce who is supporting NAFTA? Did every author of 23 independent studies on NAFTA lie in concluding that the net results would be job creation and not job loss? The Department of Commerce did not create numbers when it concluded that more than 200,000 jobs would be created under NAFTA in the first 2 years.

Why do the polls not reflect the support that this agreement warrants? It is because some opponents have stooped to the lowest common denominators to defeat NAFTA—fear and misrepresentation of the facts. The most widely distributed document challenging NAFTA was pilloried by independent observers, prompting a 74-page correction of its misstatements by the U.S. Trade Representative. Some aspects of this debate more properly belong in a circus, and this is a disservice to our constituents and the American public. I am particularly disturbed at the anti-Mexican and anti-immigrant slurs which have surfaced in some quarters which have absolutely no place in the debate.

Now let me turn to the foreign policy implications of NAFTA. The ramifications of rejecting this trade agreement would be profound, not only for the United States, but for the world. A vote for NAFTA will reaffirm our confidence at home and strengthen our credibility internationally. As has often been stated, nonratification would be the first rejection of a modern-day trade agreement. There is no doubt that this would hinder President Clinton's efforts at erasing trade barriers with other countries, including this week's Asian Pacific economic forum and the upcoming Uruguay round of the GATT. What signal would we be sending to the world if we reject the pact? Where is the international leadership upon which we Americans pride ourselves?

Mexico and Latin America in a non-NAFTA environment would retreat from permitting United States investment, and move toward courting Europe and Asia to the exclusion of American interests. Political and economic reforms throughout Latin America would suffer. Further, its defeat would have significant implications on undocumented immigration into the United States and exacerbate existing problems which occur in urban areas throughout the country as a result of illegal immigration. Efforts made to stop the flow of illegal drugs would be impacted. Cleanup of the U.S. border region would rely on unmet promises and delayed good will.

The gains of Mexico's trade liberalization over the years of President Salinas' administration would certainly be lost with the rejection of NAFTA. And with it, the good will directed at the United States by Mexico. We would return to the days of reacting to Latin America, instead of providing leadership, the old Band-Aid approach to foreign policy in this hemisphere.

The entire world is watching our action today. They will learn whether we are a country prepared to confront the future; whether we will choose hope over fear. The world is watching to learn if Congress has faith in the American worker, in his or her ability to compete and win against any economic foe, in her ability to adapt to the technological wave of the future.

By passing NAFTA, we can send a clear message to the international community: Open your markets to American products and you will find a partner in the United States with a highly skilled, flexible, and productive work force. President Clinton has demonstrated the strength of character our Nation needs to move us into a new era. Let me urge my colleagues to follow his lead and vote for a positive change for America.

Ms. KAPTUR. Madam Chairman, I yield 3 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Madam Chairman, I oppose this NAFTA agreement, but I must say, out of fairness, I think it is a close call. I have listened for 6 months, as all the Members have, and frankly, I think that the argument has been characterized on both sides by overstatement and political hyperbole. I think both the proponents and the opponents make up the facts as they go along. We hear exactly how many jobs are going to be won, exactly how many jobs are going to be lost, precisely how many new dollars there are going to be in profits, exactly how many bankruptcies are going to occur.

Just 2 weeks ago in Montana during a 1-week time period, the administration said, "We are going to create 3,000 new jobs in Montana if we pass NAFTA." Then a few days later USDA came out and said, "No, it is 6,000 jobs." Then remember when we had the closed circuit teleconference? At that time it was 9,300 new jobs in Montana. Nonsense, balderdash, horsefeathers.

None of us know, let us admit it, so how does one decide? What I did was look at the last free-trade agreement. That is with Canada. There were a lot of promises.

For example, no dumping of barley or wheat was going to occur. On, yes? Seventy-six percent more wheat dumped in this country since that agreement, 213 percent more barley, 130 percent more durum, and last week I checked at the Sweetgrass entry port, 2-million pounds of Canadian beef came into this country for us to eat. Out of the 2-million pounds, 144 pounds were inspected, 30 percent of it sent back as dirty, unhealthy, unsafe.

The Canadian Free Trade Agreement does not work, and know what, they used that as a model for this one.

Let me say a word about the process that got us here. It is called bipartisanship. It is a process that has opened up political fault lines in both parties which threaten to become chasms. We have Democratic leaders opposing their own sitting President. We have a majority of Republicans who never vote for the slightest help for American workers siding with the AFL-CIO. We have progressive Democrats agreeing with Richard Nixon. It is like Ghandi being for nuclear war.

If this is bipartisanship, I want partisanship. I want BOB DOLE in this corner, Bill Clinton in this corner. I want to get rid of the flat earth we are suddenly living on, and go back to a round one.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair advises that Members should avoid personal references to Members of the Senate.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Ennis, TX, Mr. BARTON, a member of the Committee on Energy and Commerce and the Committee on Science, Space, and Technology.

Mr. BARTON of Texas. Madam Chairman, I rise in strong support of the North American Free-Trade Agreement. This is really a vote on our vision for America's role in the world community. If we believe that we can compete, if we believe that we are No. 1 in productivity, if we believe that we are No. 1 in manufacturing, if we believe that we are No. 1 in exports today, vote for NAFTA.

Mexico wants fair trade, not foreign aid. This will benefit us. It will benefit my district. I happen to be the home district of the famous Alliance Airport that Mr. Perot is a partner in, so I will benefit, as he will, if we pass the agreement.

Our opponents, I think, are guilty of going to an optometrist and getting a faulty pair of bifocals. The bifocals tend to magnify the problems and minimize the opportunities. There are tremendous opportunities in NAFTA if we vote yes. It is a good deal for the United States of America.

Why not take yes for an answer? Why not turn one of our good customers for American goods and services into our best customer? Let us vote for the future. Let us vote yes on NAFTA.

Madam Chairman, I strongly support the North American Free-Trade Agreement [NAFTA]. I am very excited about the impact it will have upon our Nation's economy.

The agreement freeing trade between the United States, Canada, and Mexico will create jobs in each country. The United States, which has already gained 225,000 jobs due to improved trade with Mexico since just 1986, will

enjoy a net gain of another 171,000 jobs in this decade if NAFTA is implemented. Of the more than 316,000 jobs to be created in the United States, an estimated 113,000 of them will be in Texas. Job growth will be in all sectors of our economy: manufacturing, agriculture, and services. Already, 61,500 new jobs have been created by growth in Texas' manufactured exports to Mexico and Canada. In 1991, Texas exported $16 billion worth of goods to Mexico. This figure will escalate rapidly when the NAFTA agreement is signed.

The 316,000 new American jobs will be created because longstanding barriers to sales of American products into Mexico will be eliminated. The market for made-in-America goods will immediately expand when NAFTA is ratified as American products will not be subject to tariffs and duties in place now. Mexico consumers already purchase American-made products as 71 percent of their imports. As more American-made goods are purchased in Mexico, more jobs will be created in the United States.

Our close proximity to Mexico, in addition to our established ties with Mexican markets, puts Texas in the perfect position to benefit from this new trade package. The removal of trade barriers with Mexico will help Texas in energy, automobile manufacturing, telecommunications, electronics, computers, agriculture, chemicals, and other industries. Texas will benefit from the opening of Mexico more than any other State. A world leader in telecommunications and other related industries, the Dallas-Fort Worth Metroplex will gain more than any other city. Texas consumers will also find that many items made in Mexico, Canada and even the United States are cheaper with a free trade agreement.

Nothing in NAFTA will encourage American firms to move their operations to Mexico. Any company that wants to can already do so. In fact, the opening of Mexico will encourage firms to move back to the United States, where productivity, infrastructure and communications are better and where they will no longer face obstacles to doing business with Mexican consumers. If low wages were the only factor in a company's decision to move, most American firms would have moved to Puerto Rico, an American commonwealth where wages are lower and trade is free. But low labor costs are but a small part of doing business—American jobs have not left for Puerto Rico, and they will not leave for Mexico.

Products from Japan and other nations will not be able to enter American markets any easier. Domestic content rules still apply. For example, to be considered a North American product enjoying free movement in NAFTA, an automobile must have 62.5 percent North American content. This means that the Japanese cannot ship parts to Mexico to be assembled into cars for shipment to the United States. All Mexican and Canadian companies will still have to comply with United States and Texas standards on safety, health, environment, quality, and other important issues.

This agreement will also benefit Mexico. Over one million jobs will be created in Mexico, and Mexico's standard of living, now approximately $3,000 per capita, could easily double in 5 years. That is good news for America, especially for border States like Texas, which has been fighting a never-ending battle against illegal immigration. If Mexicans can find good jobs in their home country, they should not need to come to the United States for a job.

I can assure you there is no hidden agenda for NAFTA. President Bush directed his trade negotiators to secure a free trade agreement solidifying the opening of Mexico and was very pleased with their final draft of NAFTA. Now, President Clinton, many labor officials, large and small businesses, economists, and millions of American consumers have all given NAFTA an enthusiastic stamp of approval.

This agreement, negotiated by President Bush, will be voted on in the Congress during this year. If passed, it will go into effect in 1994. Half of all tariffs, affecting 81 percent of United States products exported to Mexico, would be immediately reduced to zero. When implementation language for NAFTA is considered on the floor of the House, I will vote for it because I believe creating jobs and economic growth in the United States is a very good idea.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Hickory, NC Mr. BALLENGER, a member of the Committee on Education and Labor and the Committee on Foreign Affairs.

Mr. BALLENGER. Madam Chairman, I will vote "yes" this evening on the North American Free-Trade Agreement. We have already heard a lot of theories regarding NAFTA's effect on the national economy, but I would like to share with you facts about the possible effect of NAFTA on my home State of North Carolina. Evidence from both the private and public sectors show that NAFTA will be a boon for North Carolina. It also shows that NAFTA will create more demand for goods and services which will lead to an increase in high paying jobs in North Carolina.

As the chart shows, between 1987 and 1992, North Carolina's overall exports to Mexico, furniture, textiles, lumber, and agricultural crops, dramatically increased from $95 to $346 million, a 365-percent increase. This demand was due to the Mexican Government's reduction of trade barriers from 25 to 15 percent. The bottom line is that reduced Mexican trade barriers increased demand for North Carolina-made goods and services, increased exports between our State to Mexico which resulted in good paying jobs for North Carolinians. Once NAFTA is passed and trade barriers are totally eliminated, demands for North Carolina products will continue to increase.

I urge my colleagues to look at the facts in their own districts and States—I believe members will see equally impressive trade figures as I did in my district. NAFTA is good for North Carolina, NAFTA is good for each of the 50 States, and NAFTA is good for America. Vote "yes" on NAFTA.

Madam Chairman, I include the chart depicting industrial exports from North Carolina to Mexico:

NORTH CAROLINA'S EXPORTS TO MEXICO, BY INDUSTRY SECTOR

[By percent and thousand dollars]

	1987	1992	Percent change	Dollar change
NC'S exports to Mexico	$94,670	$440,076	364.9	$345,406
Agriculture, forestry & fisheries	734	869	18.4	135
Agriculture—crops	65	561	758.6	496
Forestry	9	21	125.4	11
Manufacturing	93,312	431,088	362.0	337,776
Food Products	623	5,660	808.4	5,037
Textile Mill Products	3,115	32,584	946.0	29,469
Apparel	7,600	47,406	523.7	39,806
Furniture & Fixtures	70	4,829	6813.4	4,759
Chemical Products	16,923	89,269	427.5	72,346
Indus. Mach. & Computers	24,371	109.935	351.1	85,564

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Naperville, IL, Mr. FAWELL, a member of the Committee on Education and Labor and the Committee on Science, Space, and Technology.

Mr. FAWELL. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, 170 years ago, a historian said about ancient Greece: "Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular." While much about the world has changed dramatically since ancient Greece, human nature has changed little; that free trade is fundamentally good for all nations has been, and always will be, a hard sell.

I know that there are deeply held feelings on both sides of the NAFTA issue. I have listened to those on both sides. I have never questioned the motives of the vast majority of proponents and opponents of NAFTA. They are patriotic Americans who want what is best for this country, but have an honest difference of opinion. I have received a great deal of mail and calls on NAFTA, with proponents slightly outnumbering opponents (943 to 808). I respect the views of those on both sides, and I thank those who took the time to communicate their views with me.

Now, however, it is time to vote. In the end, I must cast my vote for what in my judgment is best for all of my constituents, and for what I believe is best for my country.

Madam Chairman, after weighing both sides, I believe the case for NAFTA is overwhelming. To those who remain opposed, I have but one request: Put aside the rhetoric on both sides of the issue for a moment and focus on what NAFTA actually does. Focus on what NAFTA would mean to real U.S. companies, employing real U.S. workers, trying to sell real U.S. products.

Caterpillar's chairman, Donald Fites, made the most compelling argument for NAFTA recently in a few paragraphs that would make plain speaking Harry S. Truman (another advocate of free trade) proud.

At Caterpillar, we can't understand how such hyperbole, coupled with a pocketful of pithy one-liners, have created such a fuss about this trade agreement. For us, NAFTA is essentially a tax cut. Mexico, Canada, and the United States will eliminate the taxes * * * charged on each other's products. The big winners will be U.S. manufacturers and their employees.

* * * It seems that what really bothers NAFTA critics is the mere notion of "free-trade" with Mexico. That perplexes us. For caterpillar and most other American manufacturers, ending the Mexican tax on American-built products will provide us with an enormous competitive advantage in Mexico.

Here's how it would work. Currently, when Caterpillar ships an East Peoria-built bulldozer South of the Border, the Mexican Government tacks on a 10 percent duty. Our Mexican customers think of the tariff as a tax that's intended to discourage the purchase of American products. Send a Mossville-built marine diesel engine, and the duty is 15 percent. For an Aurora-built excavator, Mexico charges a 20 percent tax.

NAFTA will change that. On January 1, 1994, NAFTA will obligate Mexico to eliminate its duties on those products.

* * * Is there a catch? There surely is, and it's a big one. Mexico's tariff reductions will apply only to products made in North America. That means products made by competitors in Japan, Europe, and Korea will still be subject to Mexico's high import taxes.

Is that fair? If you ask someone who sells European or Asian products, they will tell you in no uncertain terms that NAFTA is blatantly unfair. And they're right. The business reality of NAFTA is: If it's not made in North America, it won't be sold in Mexico.

So what is it about NAFTA that creates all the concern? NAFTA opponents will tell you * * * jobs, jobs, and more jobs. But what does that mean? It's easy to see how NAFTA will discourage creation of European and Asian jobs. It's also easy to see how NAFTA will create American jobs. The challenge is to understand how NAFTA will—as NAFTA critics claim—hurt the American workers.

Granted, in exchange for Mexico eliminating its hefty tariffs on United States products, the United States agrees to eliminate duties on Mexican products coming into the United States. But that is where rhetoric abandons reality. For most products, U.S. tariffs represent nothing more than nuisance taxes. Take the U.S. duty on construction equipment as an example—it is only 2.5 percent. For agricultural equipment, the U.S. tariff is zero.

That is the real point of NAFTA. The U.S. market is already open. The Mexican market is not. If NAFTA fails to pass Congress, Mexico will still be able to ship its products into the United States with minimal tariffs [in fact, half of all Mexican goods enter now with no restriction or tariff]. Unfortunately, American manufacturers will lose an opportunity to have what would amount to "preferential" access to the growing Mexico market.

* * * as [Illinois'] largest manufacturer, Caterpillar is part of [the] export boom. Cat exports of nearly $200 million to Mexico in 1992 generated work for 1,300 U.S. Caterpillar workers and 2,700 employees at our U.S. suppliers * * * we estimate the free trade agreement will boost our U.S. exports by another $50 million over levels without NAFTA. And that will generate work for another 1,000 employees at Caterpillar and its suppliers.

I could not have put it any better. Of course, Caterpillar is but one company. What about other companies? Let's look at what NAFTA requires of the United States and Mexico across the board.

TARIFFS OVERALL

Mexico within 15 years phases out tariffs on United States goods which average 10 percent. The United States phases out tariffs on Mexican goods, which average 4 percent. Fifty percent of Mexico's tariffs are eliminated immediately on implementation of the treaty.

AUTOMOBILES

Mexico reduces tariffs on United States cars from 20 percent to 10 percent immediately, and eliminates all of them in 10 years. Mexico also immediately eliminates the quota on new car imports—now only 20 percent of the market. It also phases out the trade balance requirement, which forces United States producers to locate in Mexico and replaces Mexican content requirement with North American content requirement.

The United States immediately eliminates the 2.5 percent tariff on Mexican autos that meet the 62.5 percent North American content requirement. Without NAFTA, United States car makers are virtually shut out of selling any cars to the growing Mexican market for new cars, 750,000 new cars this year. In the first year of NAFTA, U.S. automakers estimate that auto tariff reductions will enable them to sell an additional 65,000 cars and increase sales by $1 billion, creating 15,000 American jobs. Of course, United States-made cars, with NAFTA, will have a tremendous advantage over cars made in Japan, or any other countries that are not part of NAFTA.

PETROLEUM

Mexico will substantially lift foreign investment restrictions on 14 of the 19 basic petro chemicals. The U.S. makes no comparable changes.

INTELLECTUAL PROPERTY

Mexico must strengthen protection from trademarks, patents and copyrights, including those on computer programs. No change for U.S. in intellectual property.

MAQUILADORAS

Phase out this program, which was designed as a platform for exports to the U.S.

AGRICULTURE

For Mexico, within 15 years, eliminate tariff and nontariff barriers, some of which are very strict. For the U.S., eliminate tariffs and barriers over 15 years.

When one puts aside the rhetoric surrounding the agreement, and focuses on what it actually says, one point comes through loud and clear: NAFTA is largely a list of things that Mexico must do. The one-sided nature of NAFTA does not mean a bad deal for Mexico, however. Mexico needs to rapidly attract technological know-how and capital to build its infrastructure and economy. As with every liberalized trade agreement in this century, free-trade benefits all parties.

NAFTA WILL REDUCE LIKELIHOOD OF U.S. JOBS MOVING SOUTH

Madam Chairman, we have heard over and over again from NAFTA opponents that the agreement will move jobs to Mexico. First, there is nothing preventing companies from moving to Mexico right now. If low wages were the motivating factor in locating businesses, Haiti would be the manufacturing mecca in our hemisphere because it has the lowest wages in our hemispheres. If businesses feared the political situation in Haiti, they could set up shop in the Dominican Republic, or even Puerto Rico. But these nations, or commonwealth in the case of Puerto Rico, are not attractive to most companies because other factors such as labor productivity—where we have a five to one advantage—and infrastructure are critical factors.

Moreover, the question at hand is not "will companies move to Mexico?" Many already have moved there without NAFTA. The real question is "will passage of NAFTA make it more or less likely jobs will move from the United States to Mexico?"

Again, forget the emotional rhetoric on both sides, and look at real-world decisions confronting U.S. companies with and without NAFTA. Companies now exporting to Mexico are faced with Mexican import regulations and tariffs that are many times ours. The only way around these tariffs and regulations is to build products in Mexico. That means moving United States jobs to Mexico. But with NAFTA, the tariffs and regulations disappear, and American companies are far more likely to manufacture products in the United States and ship to Mexico.

THE 1986–1992 TRADE EXPERIENCE PROVES NAFTA WILL WORK FOR THE U.S.

The American people do not have to take our word for it, that reducing Mexican tariffs and barriers is a good deal for the United States. We've already had a 7-year experiment; since 1986, Mexican President Salinas has been unilaterally reducing tariffs and wiping out barriers. While tariffs are still high, they are down significantly. The results have been dramatic:

During this period, United States exports to Mexico have tripled from $12.4 billion annually to $44 billion last year.

During the same period, the United States transformed a $5 billion trade deficit with Mexico to a $5.6 billion trade surplus.

The best opponents of NAFTA have been able to argue in the face of these facts is to claim that those figures hide the fact that many parts are shipped to Mexico, assembled there, then exported to the United States. But these trade

surplus figures already take into account all imports and exports to both countries. There is simply no way around it. As Mexico's tariffs come down, our trade surplus goes up. That means more U.S. jobs. And remember, export-related jobs pay an average of 17 percent more than other jobs in the United States.

EXPORTS ARE THE GROWTH PART OF OUR ECONOMY

Today, exports are the growth part of our economy. They are the success story creating millions of new jobs. Since 1986, exports have increased 90 percent and we've regained our position as the world's largest exporter. Mexico helped put us over the top. They have now become our third largest trading partner.

The success of exports was no accident. Every administration since Franklin Roosevelt has pursued free trade with the rest of the world. No major free-trade agreement has been defeated by the U.S. Congress since FDR. The last agreement we entered into—the Canadian free-trade agreement—resulted in a 19-percent increase in United States exports to Canada in 2 years. Illinois exports to Canada doubled.

WHAT IS IT IN THE AGREEMENT THAT WOULD CAUSE THE LOSS OF JOBS?

The one question opponents of the treaty have failed to answer is "Specifically what is in NAFTA that will cause the loss of U.S. jobs?" Opponents inevitably point to: Some United States jobs moved to Mexico; Mexico has lower wages than the United States; and Mexico's enforcement of environmental laws is poor.

To all three statements I say, "I agree." These things have happened without NAFTA. It simply makes no sense to blame these problems on NAFTA. These problems already exist without NAFTA. NAFTA is part of the solution to these problems, it is not the cause. To argue that we should not pass NAFTA because these problems exist is analogous to our saying we should not cut Federal spending now because for the past 27 years we've racked up huge deficits. Using this line of thinking, we should not pass the welfare reform/workfare legislation because our welfare system has failed. Or, we should not reform our health care system because our health care system is too expensive and access to insurance for some is limited.

PLAYING ON THE FEARS OF AMERICANS

The world is changing rapidly. There is great economic upheaval. This worries all of us. We are worried about our jobs, our income, our purchasing power, losing our pension or health insurance, our children's future. The lifelong career with one company is becoming a thing of the past. The leading opponents of NAFTA have tried to tie these fears to NAFTA. But what is the true basis of these fears? Why are these things happening?

They are happening because technology—particularly the computer chip—has brought the world closer together. It is an increasingly global economy and marketplace. It is happening because we face increasing competition from the developing pacific rim nations. It is happening because with the end of the cold war, we are downsizing our military.

These changes present challenges and painful transition for many American workers. But they also present us with tremendous opportunities for new markets for our goods and services.

Defeating NAFTA will not solve any of these problems; In fact, its defeat will only make them worse. No nation which isolates itself with protectionism will prosper. This has always been the case, but is increasingly so. Since the industrial revolution began 200 years ago, the growth of trade has been the fundamental building block for raising the standard of living throughout the world. The spread of high technology to developing countries has created new competitive challenges for existing industrial powers.

When existing industrial countries respond to competitive challenges by improving their productivity and permitting the new producers to export, the world economy prospers. Conversely, when they pursue protectionist trade policies, such as those of the 1920's and 1930's, the world slips into depression.

In the face of these challenges, we have a choice. We can wring our hands, put up a wall to the rest of the world, and blame low wages in Mexico—a nation with a gross domestic product one-twentieth the size of ours and a workforce one-fifth as productive—for our Nation's problems.

Or, we can roll up our sleeves and do everything we can to be the most productive Nation in the world and compete. In a sense, our Nation has already decided to take the later course. That is precisely what entrepreneurs, companies, and workers are doing all over this great land of ours. They have outproduced and beat our competition, making the United States the world's biggest exporter.

It is the United States Congress that is threatening to pull the rug out from under this export boom with Mexico because Congress fears we cannot compete with Mexico.

Some viewers may have viewed as a stunt Vice-President GORE's handing Ross Perot a picture of Senator Smoot, and Representative Hawley the other night on Larry King. But, I believe the Vice-President was quite justified in doing something dramatic to grab the attention of several generations of Americans who are far too young to remember the crucial lesson of our Nation's last great depression.

He reminded Americans that the last time Congress resorted to protectionism it committed the most infamous blunder in the 20th century: The passage of the Smoot-Hawley Tariff bill in 1930. Smoot-Hawley, which raised barriers to trade, was passed to protect jobs in a weak economy. [Sound familiar?] Stock markets declined within 2 weeks of passage of Smoot-Hawley and they did not bottom until 1932. That was the last time Congress passed anything like Smoot-Hawley. There is no contemporary protectionist event whose stock market impact can be easily gauged.

In the post-World War II period, the lessons learned from Smoot-Hawley led to 50 continuous years of free-trade policies of Democrat and Republican Presidents alike. With this free-trade policy came the General Agreement of Tariffs and Trade [GATT]. During the post World War II period, the United States took advantage of free-trade to become the world's greatest economic power.

DEFEAT OF NAFTA WOULD HAVE REPERCUSSIONS FAR BEYOND MEXICO

There is far more tied up in this vote than our relationship with Mexico.

"The shock waves of a NAFTA defeat would echo around the globe," says Robert B. Zoellick, Undersecretary of State under President Bush.

Just as new Latin leaders in Central and South America have finally decided to adopt the political and economic principles we have been promoting for generations, the U.S. would be telling them those principles were mere rhetoric. Asians and Europeans would conclude that we had lost confidence in our economic future, in our ability to complete with developing nations and in ourselves.

The U.S. will have passed up a superb chance to develop integrated, continental operations that would have made us more competitive globally. We will have cast away leverage that could have helped us open markets in Asia in Europe * * *.

The global trade negotiations, the Uruguay Round of GATT, would he set back badly, perhaps permanently. The French, who have been resisting their European partners' pleas to swallow an agricultural deal, would question why they should commit political suicide at home to cooperate with an American president who has had a trade agreement rejected by Congress.

In short, "if NAFTA losses, it will be a stunning defeat, the first rejection of an international trade accord since Congress gave the President authority to negotiate trade matters in 1934," concluded Business Week magazine. "A defeat could cast a pall over Clinton's presidency and tarnish the U.S.'s reputation as a world trade leader."

ENVIRONMENTAL ISSUES

Mexican President Salinas has said, "poverty is the environment's worst enemy." How true it is. The world's most polluted nations are those that are economically poor, such as in eastern Europe. Whereas Mexico, as it grows economically, invests more in environmental spending.

NAFTA's opponents are right when they say Mexico has not enforced its

environmental laws. However, as with job loss, the question is whether NAFTA will improve or harm Mexico's environment. Again, the evidence is overwhelming that NAFTA will improve Mexico's environment because it will have more resources to commit to a cleaner environment, and Mexico will be subject to international standards for enforcement.

MEXICAN LABOR PRACTICES—STANDARD OF LIVING

One of the most bizarre aspects of the debate over NAFTA has been the role played by leaders of groups who usually regard themselves as social progressives, such as the AFL–CIO. They claim to oppose NAFTA not only because of their fear of low-wage competition, but because they argue Mexico does not deserve this trade agreement because their wages are too low, their working conditions too deplorable. Once again, NAFTA is not the cause of Mexican wages being lower than they are in the United States. I think the AFL–CIO leaders understand that.

To some extent, pre-Salinas Mexican governments did suppress trade unions—but not to bolster trade. Under the pre-Salinas policies of restricting foreign investment and trade, Mexico needed repressive labor policies for the same reason the Soviet Union and Eastern Europe did: Its industries were uncompetitive. This was a natural outgrowth of other well intentioned but misguided policies which effectively shut Mexico out of the world economic system.

Before the 1910 Mexican revolution, Mexico aggressively promoted foreign trade and investment. After the revolution, however, Mexico severely restricted trade, using an economic model that was embraced by much of Latin America as well as many formerly colonial countries in Africa and South Asia. As we now know, this protectionism, along with Marxism, was a dismal failure. In the 1960's and 1970's, when the Asian countries were taking off, Mexico failed to share in the boom because her economic policies still limited her access to the world trading system. Mexico's protectionist trade policies produced a downward spiral in the country's economic performance. Mexican workers could not improve their standard of living by purchasing foreign goods or moving from low wage employers to export oriented sectors that pay more because of higher levels of productivity. This closed economic system resulted in a few families and business groups getting very rich, but the vast majority of Mexicans did not share in the economic growth occurring in much of the rest of the developing world. Ironically, Ross Perot and the United States unions point to these wealthy families as a reason to oppose NAFTA, to oppose opening trade with Mexico.

What President Salinas has achieved since the mid 1980's is quite remarkable. Most serious analysts of Mexico agree that he has gone further in modernizing Mexico's economic structure than any President in this country. He has moved to open the economy to world competition, privatize state banks, break the oil unions' strangleholds in energy, deregulate capital markets, modernize infrastructure, balance the Government's fiscal accounts, and replaced the Ejido system of state communal farms with private ownership.

These policies have resulted in a 58 percent increase in GDP per capita since 1988 and Mexican wages have increased by 36 percent between 1987 and 1992.

What is truly amazing is that environmental and United States labor groups, in opposing NAFTA, are saying no to the Mexican reforms of the last 7 years that have resulted in great progress in precisely the two areas they care about most: Labor practices and the environment! Do these groups really believe that less trade and less engagement with the United States will lead to higher wages, and a cleaner environment?

Finally, I would be remiss if I closed without mentioning what NAFTA means with respect to our immigration problems. Obviously, the key problem driving millions of illegal Mexican immigrants into the United States is lack of jobs and decent wages in Mexico. The best way to solve this problem is an economically viable and growing Mexico.

President Clinton said in last year's campaign, "Protectionism is just another word for giving up." I do not want the U.S. Congress to give up. This is a very important vote. President Clinton correctly stated on November 10, that NAFTA "has become the symbol of where we want to go in the world."

Our Nation's third President had a similar view: "Instead of embarrassing commerce under piles of regulating laws, duties and prohibitions, could it be relieved from all its shackles in all parts of the world, could every country be employed in producing that which nature has best fitted it to produce, and each be free to exchange with others, mutual surpluses for mutual wants—the greatest mass possible would then be produced of those things which contribute to human life and human happiness."

Madam Chairman, Thomas Jefferson, William Jefferson Clinton—and most Presidents in between—have pursued free trade because they understood free trade is in the best interest of our Nation. Now, it is time for Congress to do what I think the majority of its members know is clearly in our Nation's best interest: Support NAFTA.

□ 1420

Mr. EVERETT. Madam Chairman, I yield 2 minutes to the distinguished gentleman from South Carolina [Mr. INGLIS].

Mr. INGLIS of South Carolina. Madam Chairman, I thank the gentleman for yielding the time and I rise to talk to Members of this body about an argument that they are not hearing very much against NAFTA. We have heard a number of discussions here this morning about the trade advantages of NAFTA.

Well, there is another side of the story that needs to be focused on, and that is what happens to investment dollars given the passage of NAFTA. I believe that NAFTA makes Mexico investment-friendly. It fixes several things. First, if you have an industry outside of the maquiladores area, you have to have a 50–50 Mexican partner. Second, you cannot repatriate your profits. Third, you are not protected against expropriation, and fourth, you do not have any intellectual property protection. Those things are fixed by NAFTA. That is nice for Mexico, but consider that in the totality of the environment in which we operate. That is, unfortunately, just about daily in this body we are making America investment-unfriendly. We are taking steps to make America investment-unfriendly. As long as that continues, here is a conversation tomorrow morning, if NAFTA passes, in a boardroom somewhere in America.

"Folks, here is a choice. We have $100 million to invest in a new plant. Where shall we put it, Mexico? Well, the good news about Mexico is it is now investment-friendly. What is the news about America? Well, the news about America is that it is constantly becoming more and more investment-unfriendly."

Given that contrast, there is quite a possibility that that board of directors is going to decide to locate that plant in Mexico, not in the United States. And that means a loss of jobs to Americans.

That is what we have to fix, in my opinion. First let us fix the investment climate in America by making sure that we make it positive before we throw our industries into competition with other countries who are investment-friendly.

I urge my colleagues to vote no on NAFTA, and let us create a positive investment climate in America for investment here and jobs here.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. MAZZOLI], distinguished subcommittee chairman of the Committee on the Judiciary.

Mr. MAZZOLI. Madam Chairman, I thank the gentleman for yielding the time and I rise in support of the NAFTA. I have concluded after study and consultations with my friends and

constituents that NAFTA's passage will in fact create new markets for products made in the Third District of Kentucky as well as around the country.

It is also a positive foreign policy step in that it tends to stabilize this hemisphere, and that is always to the good.

But Madam Chairman, American workers are apprehensive and they are concerned, and they are almost afraid about what the future holds for them. Now this is not simply due to NAFTA, but this certainly is augmented by the possible passage of NAFTA. So if this North American Free-Trade Agreement does pass tonight, I think our obligation, and the incumbency on us as a Congress is to make sure that the side agreement on labor rights and protections does in fact work, and, if it does not, we have to pass or secure the passage of those understandings and protocols that will put teeth into those agreements.

To do anything less than to protect the American workers and those industries which are affected would obviously not bring honor to this Chamber. We have to protect those people.

Ms. KAPTUR. Madam Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PETERSON] who has been so valiant in these efforts.

Mr. PETERSON of Minnesota. Madam Chairman, during the 1992 campaign, candidate Clinton outlined problems that he saw in NAFTA. He said these problems would need to be fixed before he would support the agreement as President Clinton.

Unfortunately, in spite of all the last minute deals we have seen going on around this place, most of these problems still remain, such as: Protection of domestic environmental, consumer, State, and local law from challenge under the agreement; safeguards for U.S. manufacturing jobs and wage levels; safety of imported foods; fairness for America's family farmers; new adequate funding for worker retraining, environmental cleanup and border infrastructure; guaranteed highway safety for American's; democratic accountability; and open citizen participation in our trade negotiations.

After reviewing this agreement for provisions to address these problems, it appears to me that by President Clinton's own standards, NAFTA is flawed and a bad deal for America.

Madam Chairman, our Subcommittee on Employment, Housing and Aviation held nine hearings to review many of these problems candidate Clinton's pointed out about NAFTA. We examined the labor side agreements, we examined worker productivity, retraining programs and other employment related aspects of NAFTA. Our hearings confirmed these concerns were valid and largely not addressed despite all the side deals that are going on. Madam Chairman, the subcommittee has just received a GAO study in response to our hearing on worker retraining. During that hearing the GAO and the inspector general for the Department of Labor said the Trade Adjustment Assistance [TAA] Program was flawed and has not worked for the 19 years of its existence. This is the program the administration is using to model their NAFTA worker retraining program. The GAO just came back with a study that said that this is not going to work as well.

Madam Chairman, if NAFTA was such a good deal for America they would not be having to make all of these deals to get the votes to pass it.

I am going to vote "no" on NAFTA, but I am ready to work with the administration and other Members to fashion a new NAFTA that will be good for America, good for the workers and the families, and that will live up to President Clinton's demands for this agreement.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Baton Rouge, LA [Mr. BAKER], a member of the Committee on Banking, Finance and Urban Affairs, the Committee on Natural Resources, and the Committee on Small Business.

Mr. BAKER of Louisiana. Madam Chairman, I thank the gentleman for yielding the time.

Madam Chairman, if we could only see beyond the present moment, to know for a certainty what the future will hold, we could take away the risk and uncertainty and fear of what tomorrow may bring. But we cannot, and it has never been so.

The pioneers who came to this great country forged across the mountains and went to the wilderness of the West and they did so, amazingly enough, without Government regulation. They did it on their own. They faced the fear and the challenge and they conquered.

We should turn our fears of Mexico into anger over our own Government's regulation of free people here and of businesses in this country, because American workers are the most productive, they are the most creative. They can face any competitor on even ground and always win.

We should pass this agreement, and then we should turn to Washington and get rid of the silly, costly, meaningless regulations that drive businesses out and keep American jobs from being created. That is the answer to America's vision for tomorrow, not telling the workers of the next generation do not worry, Congress will protect you from competition.

It has not been so. It will never be.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Loveland, CO [Mr. ALLARD], a member of the Committee on Agriculture, the Committee on the Budget, and the Committee on Natural Resources.

Mr. ALLARD. Madam Chairman, I thank the gentleman for yielding me the time.

Madam Chairman, I rise today in support of the North American Free-Trade Agreement. Perhaps the most fascinating aspect of NAFTA has been that it has completely blurred party lines. When was the last time anyone in Congress remembers a Republican whip rounding up votes for a Democrat President while the Democrat whip was furiously trying to defeat his President. If NAFTA has accomplished anything over the past several weeks it has been to shake up the status quo around here, which is a pretty big accomplishment in itself.

The NAFTA agreement addresses the most important issue all of us faced in last year's election, jobs. Opponents of NAFTA claim that agreement will encourage American companies to move to Mexico. But American companies that have already relocated to Mexico have left because Mexican tariffs on American goods are, on average, 2½ times greater than American tariffs on Mexican goods. The incentive to do business in Mexico now is to avoid high tariffs. By passing NAFTA we do not provide incentives to move to Mexico, we eliminate incentives to move to Mexico.

Trade with Mexico accounts for jobs in every State, in Colorado 4,000 jobs, from agriculture to energy, are supported by our trade with Mexico. A concrete example of how we are going to win comes from my district. One of the largest employers in Colorado's 4th Congressional District is Monfort Industries. This year alone they shipped 40 million pounds of beef to Mexico. The purchasing power of Mexicans and the potential demand for American products is staggering.

But that potential will not be fully realized without NAFTA. In November of last year Mexico enacted a 25-percent tariff on beef due to European subsidized beef forcing their livestock producers out of business. Our meat producers and processors are subject to those tariffs without NAFTA. That tariff is going to hurt American jobs at Monfort Industries, the Community of Greeley, and a lot of members of the United Food and Commercial Workers.

Madam Chairman, NAFTA will eliminate tariffs on beef and on many other American products that would otherwise be too expensive for the Mexican consumer. Those tariffs will remain in place on products outside of North America. NAFTA is a good deal for all of us.

Mr. HUNTER. Madam Chairman, I yield 4 minutes to the distinguished gentleman from Florida [Mr. BILIRAKIS].

□ 1430

Mr. BILIRAKIS. Madam Chairman, I am a strong believer in the benefits of

free and fair trade. Since coming to Congress I have supported legislation to open foreign markets to United States products and when plans to negotiate a free-trade agreement with Mexico were initially announced, I was optimistic that such a trade pact would present new opportunities for United States business.

After long and careful deliberation, however, I find that I cannot support the agreement before Congress today. Throughout the entire negotiation process, I worked with other members of the Florida delegation to ensure that our State's agricultural industry—our State's second largest employer—would not be devastated by NAFTA.

I believe the present agreement represents an improvement, but the growers in my district are simply not convinced that enough has been done. I do not believe they should be forced, by political expediency, to accept a flawed agreement.

But my concerns go far beyond Florida agriculture. As a member of the Energy and Commerce Committee, I have heard extensive testimony on the safety of pesticide residue and food.

In Mexico, 17 different pesticides can be used in food production that are not approved for use in the United States. I am informed that only seven of these pesticides are detectable by the tests that the Food and Drug Administration uses when it inspects imported fruits and vegetables.

According to the FDA, Mexican produce is twice as likely to have pesticide residue levels that violate United States standards—standards which are themselves often criticized as inadequate.

Madam Chairman, we have been told that the many side agreements to NAFTA have perfected this document, or at least alleviated our worst concerns.

Yet under NAFTA, a country may unilaterally withdraw from the side agreements but still enjoy the benefits of NAFTA. This arrangement not only questions the effectiveness of the side agreements, but undermines their fundamental purpose.

We must remember that in 1991, Mexico successfully challenged United States tuna import restrictions under GATT. Under NAFTA, Mexico or Canada would be able to lodge similar challenges to other United States environmental laws. Some of our laws that could be challenged include the Marine Mammal Protection Act, the Endangered Species Act, the Wild Bird Conservation Act, the Seal Turtle Conservation Act, and the High Seas Driftnet Enforcement Act.

NAFTA also allows 63 different professions special entry into the U.S. market. Foreign nationals in each of these 63 professions—ranging from economists and engineers to interior designers and social workers—will not be required to obtain employment authorization for temporary entry.

No wonder it is difficult for some of us in this Chamber to understand how NAFTA will work to improve employment opportunities for U.S. citizens. It would seem only to improve job opportunities for foreign professionals.

Although billed as an agreement to free up trade, the implementation of NAFTA will create a complicated bureaucracy to administer its provisions. At least 17 different working groups, subcommittees and panels will be established under NAFTA.

However, despite this explosion in bureaucracy, we have no assurances that disputes under NAFTA will be resolved quickly. Past experience with steel imports and other commodities should give us pause to expect anything approaching prompt relief for trade violations.

Proponents of NAFTA have argued that the average Mexican consumer buys $450 of United States goods each year. This is just plain wrong and we should know better.

The International Trade Commission estimated that only $2.3 billion in actual consumer goods were available to Mexican consumers—that's $25 per Mexican consumer, hardly a robust market for high technology United States goods.

What we do know about NAFTA is that it will cost us money and jobs now—while any benefits that accrue will occur somewhere down the road.

NAFTA will cost $2.5 billion in lost tariffs, $1.7 billion in worker training and adjustment, an estimated $20 billion in border environmental cleanup, and another $15 to $20 billion in infrastructure improvements. Under NAFTA, we will alter payroll collections to raise $2.2 billion and increase international travel fees by $758 million. In other words, we will pay the bill now for NAFTA and hope that the agreement delivers for us somewhere in the ill-defined future.

I think the Government of the United States should be able to do business like most consumers and private corporations. That is: Cash on delivery. Instead of a level playing field, NAFTA is pay now, hope later. Is this really the best deal we could make?

Not too long ago, Congress passed a Budget Reconciliation Act that called for major new taxes in the near term and budget savings in 3 to 5 years. To me, this was the "new math" of deficit reduction. We were told that we could cut the deficit by taxing more and spending more now—while cutting Government spending later.

In a nutshell, NAFTA uses the same flawed reasoning. We will incur the costs of the agreement upfront, experience job losses, let our markets be exposed to low-wage goods and then hope that down the road, the agreement will allow us greater access to an improved consumer market in Mexico. This amounts to pay now, pay later and hope for the best. This may be the stuff of dreams and aspirations, but it should not be the substance of international trading agreements.

We should have a new trading arrangement with Mexico and Canada and with other nations in the Western Hemisphere. NAFTA, however, is not the model for progress; it is a prescription for repeating the mistakes of the past.

I would hope that we can reject this agreement and move forward on more steady ground. The American people deserve a better deal.

Mr. MATSUI. Madam Chairman, I yield 1½ minutes to the gentleman from Ohio [Mr. SAWYER], the distinguished chairman of the Subcommittee on Civil Service.

Mr. SAWYER. Madam Chairman, I rise in support today, and in all honesty, a decision of this kind has been a tough call for someone from my region of the country.

Arguably no other district has suffered more from the loss of heavy manufacturing jobs, in my case in tires and rubber, over the last 20 years. No other industry is more global or transnational or has become so more quickly. The fact though is that loss happened without NAFTA.

That bitter experience has become the repository for anger over past job losses and fears of an uncertain future. But just as arguably no other district is better poised to benefit from new markets for the export-dominant products and the jobs they will create. The truth is NAFTA is neither the doomsday trigger for the collapse of the American economy that its opponents would make of it, nor is it the salvation of America's place in world trade that some advocates would suggest. At best it is one small element in the larger work of meeting the commercial challenges of the European Community trade blocs, the Pacific rim, and new productive capacity of the emerging nations of the world.

Its support is grounded in the future, a sense of security, and the size and resiliency of our economy and confidence in our ability to compete on terms not just with Mexico but with the world. We are on the threshold of a new era. The change is upon us whether we want it or not.

The fact is that change is not something to fear. We cannot change the tides, as dangerous as they may be, but we can learn to navigate at the crosscurrents of some of the greatest challenges we have faced in a century.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Texas [Mr. SARPALIUS].

Mr. SARPALIUS. Madam Chairman, NAFTA is not about today. It is about tomorrow. It is about the future,

whether America should rise to the challenge of the world market or sink down below walls that we have created around this country.

What we have done in this country is we have built these giant walls. That is what this debate is about is bringing down these walls and extending our hands to our brothers and sisters to the north and our brothers and sisters to the south, coming together and creating the world's largest market, $6.5 trillion.

This debate is about giving our children a real future, a prosperity, an opportunity to dream their dreams and to make their dreams come true. This debate is about giving our children the legacy to open up the doors of the future, giving them an opportunity to step into those rooms and take advantage of those opportunities that are given to them.

Let us pass NAFTA today.

Mr. MATSUI. Madam Chairman, I yield 2 minutes to the gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY. Madam Chairman, I rise today in support of the North American Free-Trade Agreement because the NAFTA will provide new opportunities for American workers and businesses, and create new jobs and spur economic growth.

The intensity of the NAFTA debate reflects legitimate fears about our economy and about the future. For too long middle-class families have endured stagnant wages, skyrocketing health care costs, and diminished opportunities. Madam Chairman, Americans are angry—and they have good reason to be.

In the last 35 years New York City alone has lost 600,000 manufacturing jobs, New York State has lost a third of its manufacturing base in just the last 20 years. However, NAFTA did not cause American jobs to relocate, and NAFTA's defeat will not stop more jobs from leaving.

The fact is that NAFTA will, on balance, make the United States and the New York region more competitive. It will create new export-related jobs to help replace the hundreds of thousands of jobs we have lost to foreign competition over the last several decades. It will allow American businesses and American workers greater access to a growing market of 90 million consumers hungry for American products. This increased trade will mean more jobs for American workers here at home.

In the New York metropolitan region NAFTA's passage will expand key service and high-technology industries like banking, finance, telecommunications, and computers. It will also provide our small businesses and manufacturers a level playing field to compete and win in Mexico. Since 1987 exports from New York State to Mexico have increased by over $400 million, generating real jobs throughout our region. NAFTA will accelerate this positive trend.

My bottom line in reaching this decision was jobs creation and economic growth. I believe that NAFTA passes the test on both counts, and I urge my colleagues to vote for it.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Richmond VA [Mr. BLILEY], the ranking member of the Committee on Energy and Commerce.

□ 1440

Mr. BLILEY. I thank the gentleman for yielding this time to me.

You know, my colleagues, we have a $7 billion trade surplus with Mexico today, and that is in spite of a 10- to 20-percent tariff. Now, you remove the tariff from the United States while you keep it on for the Pacific rim countries and the European countries, and the only way for that trade to go is up. Those balances will increase. That means more jobs for Americans.

We hear talk that, well, this will be bad for the environment. I cannot see how, if NAFTA goes down, that the environment in Mexico will improve. The way to improve it is to pass it and keep engaged. They say the wages, well, the wages will only improve as their economy gets better. And that is why this trade is good for Mexico as well as the United States.

The same for child labor. But just as important are the foreign policy considerations. If this goes down, the President need not bother to go and meet with the Asians later this week, and GATT will fail as well.

Mr. KOLBE. Madam Chairman, I yield 1 minute to one of our newest Members, the distinguished gentleman from Cincinnati, OH, Mr. PORTMAN, a member of the Committee on Government Operations.

Mr. PORTMAN. I thank the gentleman for yielding this time to me.

Madam Chairman, I rise today in support of NAFTA because it will create jobs for Americans. Not satisfied by the data that I was getting from either side of the NAFTA debate, I conducted my own survey of a cross section of businesses in my district in southwest Ohio—over 400 small, medium, and large companies, randomly selected. I found that by a 10 to 1 margin, the respondents expect NAFTA to create new jobs at their companies. Not one of the businesses surveyed said NAFTA would lead them to set up operations in Mexico.

When responding to the survey, many wrote personal notes explaining exactly why the provisions of this agreement will help them put people to work in my district.

The general manager of a small company that manufactures coatings and wax emulsions put it simply: NAFTA will significantly reduce his company's cost of sales to Mexico. Why? Because the 15 percent tariff they now face goes to zero. With more exports, they will have more jobs in my district. More importantly, if NAFTA fails today, with the margins in this industry as thin as they are, the company says it has no choice but to move some of its United States operations to Mexico, just to get around these tariffs and compete.

NAFTA represents hope, opportunity, and economic growth. We need it.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the gentleman from Monticello, IN, Mr. BUYER, a member of the Committee on Armed Services and the Committee on Veterans' affairs.

Mr. BUYER. I thank the gentleman for yielding this time to me.

Madam Chairman, I came to Congress with bedrock ideals and core values with a commitment to do that which is in the long-term best interest of Indiana and the country. I saw a Congress that was filled with politicians who focused on the short term and allowed the emotion of the moment to dictate our domestic policy. So Congressmen were casting votes on how it affected their next election, and that clouds the reality with political spins. I will not now or in the future, put my finger in the air and vote according to prevailing winds. Decisions of statecraft must be based upon intellect, not emotion.

There are few votes that any Member of Congress will cast in a career that will have the national and international implications that this vote carries. In light of this burden, I decided last spring to conduct a thorough and thoughtful study on the North American Free Trade Agreement, its short- and long-term implications on America, on Indiana, and on the Fifth District.

I have researched, read, studied, and listened. I have had scores of meetings with both proponents and opponents. I have met with President Clinton and Vice President GORE. I have met with administration officials: Ambassador Mickey Kantor and Treasury Secretary Lloyd Bentsen. I have met with well-known private citizens: Ross Perot, former Trade Representative Carla Hills, and Lee Iacocca, and others. I have met with business representatives from my district: Chrysler Corp., General Motors, Delco Electronic, Bethlehem and Inland Steel, J.C. Penny, 3-M Corp., Federal Mogul * * *. I have met with union representatives: United Auto Workers, the Teamsters, and Electrical Workers * * *. I have met with agriculture interests: Indiana Farm Bureau, Indiana Pork Producers, Indiana Soybean Growers Association, Indiana Corn Growers Association, Farmers Union, and Individual farmers, I have met with Republicans; I have met with Democrats; and I have met with members of United We Stand.

Most importantly, I have met with men and women from all walks of life in my District. At over 40 town meetings, NAFTA has consumed over half the discussion. Few Members of the House have undertaken the study and examination of the issue of NAFTA as I have done.

Throughout this process the No. 1 question in my mind that had to be addressed was: Is NAFTA in the best interests of America, Indiana, and the Fifth District?

I was elected to Congress just a year ago; I have never held political office before. I was elected to be an instrument for change. I will always give thought and study to issues, as I have with NAFTA, no matter how long or arduous the process. I will vote according to the best interests of my constituents, my State and my country.

From my readings and discussions, I have reached the conclusion that NAFTA is in the long-term best interests of the United States, Indiana, and my constituents in the Fifth District. I will vote in favor of NAFTA.

JOBS

The opponents of NAFTA are correct in one thing—the debate on NAFTA has centered around jobs. Only the opponents have the wrong answer, America does not lose jobs under NAFTA—America is the big jobs winner.

Job dislocation will happen with or without NAFTA. If the opponents have not recognized it yet, the global economy is not the future—it is now. Our businesses and industry do not just compete with the company down the street, or across town, or across the State line. American industry is in competition with industry in Europe and Asia. Competition is the character of America; we must not fall into a comfort zone. The last two decades have not been easy ones economically, as business and industry have launched efforts to be globally competitive. Plants have closed, and some workers have lost jobs. I have seen this pain first hand in my district as the auto industry restructured to compete in the world market.

What NAFTA will do, is position the United States well to compete in the Mexican marketplace and that in turn will create jobs in the United States. As 10 former Secretaries of Commerce, both Republican and Democratic, recently wrote me:

> NAFTA is a job creation engine. Exports to Mexico already support an estimated 700,000 U.S. jobs. Conservative estimates are that the U.S. will experience a net gain of 200,000 jobs as a result of the NAFTA in the first year alone. And these will be good paying jobs—export-related manufacturing jobs that pay 17% more than the average job.

American jobs depend on exports. For every $1 billion on new exports, 19,000 new U.S. jobs are created.

Mexico is already one of the best customers for American products, resulting in a trade surplus in America's favor year after year. This was not always the case. Before the Mexican reforms of 1986, the United States had a $6 billion trade deficit with Mexico. After Mexico decreased some of its tariffs and opened its market to our products, it shifted to a $5 billion surplus—an $11 billion shift in America's favor. This increased trade with Mexico since 1986, has created 400,000 American jobs according to the United States Department of Commerce.

Indiana, in particular, is well-suited to take advantage of reduced trade barriers to Mexico. Our auto part manufacturers, small parts manufacturing, agribusiness, and farmers should benefit greatly by the lowering and ultimately elimination of tariffs that have prohibited United States companies from competing in the Mexican market. Indiana exports support approximately 95,000 Hoosier jobs—many in the Fifth District. Since 1988, nearly 20,000 new Hoosier jobs have been created due to exports to Mexico and Canada. Over 11,400 Hoosier jobs are supported by Exports to Mexico alone. The Indiana Department of Commerce ranks Mexico fourth among Indiana's export markets; Canada ranks first. Indiana companies stand to benefit by NAFTA.

Dalton Foundries, Inc., in Warsaw, wrote to me regarding NAFTA. They believe "enactment of the NAFTA will create additional jobs for our company." With NAFTA, Dalton Foundaries will be able to compete on an equal playing field with their Mexican counterparts and increase their exports.

Chrysler recently announced it was investing a quarter billion dollars in their Kokomo facility for new equipment, continuous quality improvement, and capacity expansion. Additional spending is also still under consideration. Bob Eaton, chairman of the board and CEO of Chrysler wrote, "If Chrysler had any intention of reducing its operations in Kokomo, we wouldn't be investing hundreds of millions of dollars in that facility." Mr. Eaton estimates that 64,000 more transmissions from Kokomo would be sold in Mexico if NAFTA is approved in the first year alone—that means jobs in the Kokomo plant. Without NAFTA, this increase in exports will not materialize and it weakens job security at the plant. Therefore, without NAFTA, Chrysler will have to increase its investment in Mexico to support increased production there. Mr. Eaton said, "This could jeopardize our level of investment and jobs in the United States and your district." The United States Department of Commerce projects that our Nation's automotive exports to Mexico could rise by $1 billion in the first year alone—which is good for the Fifth District.

A union member and Chrysler worker agreed with Eaton and called my office and simply stated, "It [NAFTA] will eliminate trade barriers and allow us to sell cars in Mexico. We are afraid if we do not have this agreement what might happen. We will build more transmissions if it passes.

General Motors has assembled 4.5 million cars in the United States this year and only 3 have been exported to Mexico. With NAFTA, GM projects exports to rise to 20,000 vehicles next year, and to 60,000 annually after 5 years. That means job security to hundreds of workers in Marion and the possibility of increasing employment to meet the new demand of production.

Inland Steel and Bethlehem Steel are two of the world's largest steel manufacturers, all with facilities located in northwest Indiana. They support NAFTA and believe it will increase their competitiveness in Mexico. Over the last 4 years, Inland Steel alone has quadrupled its exports to Mexico, even with the current trade barriers in place. Inland believes those exports will increase under NAFTA as it removes those barriers.

Other Indiana manufacturing industry and the jobs it supports will be winners with NAFTA. Monon Corp. in Monon, IN, is one of the more competitive manufacturers in the trailer industry in the United States. Monon Corp. recently hired 700 new employees to keep up with demand of new orders. The Canadian Free-Trade Agreement opened a huge market in Canada and Monon is now one of the largest suppliers of trailers in Canada. Monon Corp. believes the same could be true with Mexico if the trade barriers in Mexico are removed. Tom Rosby, president of Monon Corp. wrote, "With NAFTA, we expect our employment to climb even higher."

Federal Mogul in Logansport, who has four plants in Mexico said, "Had the NAFTA been adopted much earlier, it would not have been necessary for us to build those plants in Mexico. However, the local content rule required that goods sold in Mexico be produced in Mexico." Federal Mogul firmly believes NAFTA is good for American job security.

In Wabash, Ford Meter Box Co. employees manufacture exports that accounts for 10 percent of current sales. Currently exports with Mexico only account for $100,000. Terry Agness, president of Ford Meter Box, believes that with NAFTA their exports to Mexico can reach $1 million. Additionally, right now they are exporting $1 million to Canada and again, NAFTA will allow them to compete and increase their share of that market too.

One of the largest employers in the Fifth District is Delco Electronics. Delco favors NAFTA because they provide auto parts to Chrysler who will ultimately sell more cars in the Mexican market. Presently, restrictions in the Mexican market are considerable and

they prohibit the auto sector from fair competition.

AGRICULTURE

Besides the auto industry and other manufacturing, the other big winners under NAFTA will be American farmers and agribusiness. According to the Purdue University Agriculture and Economics Department, using 1991 prices, after the full implementation of NAFTA, it is expected to increase farm cash receipts in Indiana by nearly $100 million. Most of these gains are in corn and soybeans. The Indiana Corn Growers Association and the Indiana Soybean Growers Association support NAFTA. It is projected that the farm value of corn will increase by $38 million and soybeans by $40 million. Livestock, grains, and oil seeds are also expected to make considerable gains.

The pork industry would make remarkable gains. The Fifth District is one of the largest pork producers in the country and it alone accounts for over 27 percent of Indiana's pork sales. NAFTA would have a $7 million impact in sales on the Fifth District according to Danita Rodibaugh, executive director of the Indiana Pork Producers Association.

Joseph Sebring of Indiana Packers in Delphi said that NAFTA will help create jobs in the Indiana agribusiness industry. Failure to ratify NAFTA could have devastating consequences, according to Sebring, as agriculture depends on open, overseas markets for growth.

Iowa Beef Packers [IBP] is the world's largest exporter of beef and pork. Mexico's consumption of beef has increased 40 percent in the last 2 years alone, again with trade barriers that make it difficult for the United States to compete. IBP believes NAFTA will greatly benefit their plants, including their proposed Logansport facility—if their purchase agreement is completed.

Harry Pearson, a Fifth District farmer and president of Indiana Farm Bureau, agrees that NAFTA will strengthen Indiana's exports and jobs. Pearson stated, "Hoosier exports to Canada have increased by more than $1 billion since the 1989 Canadian Free-Trade Agreement." He believes opening Mexico's doors will have a similar impact, if not greater.

Creighton Bros. employs approximately 200 people and has operations in both Kosciusko and Marshall Counties that produce and process eggs and egg products. They are strong supporters of NAFTA and believe passage will open markets and as a result will create a significant number of new jobs.

Jasper County farmers Kendall and Tammy Culp speak for many Hoosier farmers with whom I have met. They believe NAFTA is crucial to their farm because it allows the agriculture industry to compete in a market that is currently very prohibitive. "Farmers have to take what the market gives them and free trade is essential to the family farmer. We can compete with anyone in the world when the deck isn't stacked against us. NAFTA removes those boundaries, therefore opening a huge new arena for us that will be very beneficial for us. NAFTA means profits and jobs for Indiana's farmers," according to the Culps.

Finally, Rick Heyde, plant manager of Viskase Corp. in Kentland believes, "The elimination of import licenses on corn and wheat, and tariffs on many agricultural commodities, will have a positive influence on our local agriculture industry and their related fields."

SIDE AGREEMENTS

The side agreements negotiated by United States Trade Representative Mickey Kantor provide the needed assurance that Mexico will enforce its environmental and labor laws, by committing Mexico to strengthen its administrative and judicial procedures and to provide Mexican citizens with access to legal processes to help enforce Mexican Laws. Article 3 of the environmental agreement commits each government to "ensure that its laws and regulations provide for high levels of environmental protection" and to "strive to continue to improve those laws and regulations."

The National Wildlife Federation said, "NAFTA is clearly a change away from business as usual. It fully assures environmental protection will not take a back seat to economic concerns." They believe the environmental side agreement is a real opportunity to change the nature of trade, and its effect on the environment.

This is the first labor agreement negotiated specifically to accompany and build on a trade agreement. The labor side agreement promotes improved labor conditions and strong enforcement on national labor laws in all three countries.

This agreement creates a Commission on Labor Cooperation to work jointly on labor issues such as child labor, health and safety, minimum wages, and worker benefits. The labor side agreement is a step in the right direction to assure that Mexican economic growth does not come at the expense of the Mexican worker.

U.S. SOVEREIGNTY

Some opponents of NAFTA from the far right of the political spectrum fear the loss of U.S. sovereignty, our very being as a nation. They believe that the trilateral dispute resolution mechanisms in NAFTA would endanger U.S. law and rule. This argument is a red herring.

Other opponents of NAFTA believe that produce contaminated with pesticides outlawed in the United States will be sold in United States grocery stores; that unlicensed Mexican truck-drivers in unsafe vehicles will cross the border and come careening down United States highways posing safety threats to unsuspecting American motorists. These are unfounded claims.

Nothing in NAFTA interferes with the ability of the United States to conduct international relations or to enact and enforce our own laws. The supplemental agreements on environmental and labor standards require that each country enforce its own laws. The side agreements establish special commissions on the environment and labor. Each commission consists of representatives of the three NAFTA governments and a Secretariat. Their only focus is on failures of a country to enforce its own sovereign laws.

NAFTA does not override Federal or State or local standards. NAFTA will not allow unlicensed Mexican truck drivers on United States roads. Furthermore, Mexican trucks will be subject to all American safety and environmental standards. Currently, produce containing pesticides banned in the United States cannot be marketed in the United States. NAFTA does nothing to change this requirement. The Food and Drug Administration, the Department of Health and Human Services, and the U.S. Customs Service are charged with ensuring that imported foods meet the same requirements as domestic products.

THE UNITED STATES AS A WORLD LEADER

Unfortunately, very little attention has been focused on the consequences of NAFTA on the influence and leadership of the United States in a changing world.

Dramtic changes have taken place in the world. The Soviet Union is no more, the Berlin Wall has fallen, and the cold war is over. The European Community is currently the world's largest trading bloc. Asian countries are openly discussing the creation of a free-trade zone that would include Hong Kong, Japan, Korea, Singapore, and China.

With the end of the cold war, the United States stands alone as the superpower of the world, militarily, politically, and economically. Is this a position we are willing to lose?

I have met with many business representatives in the Fifth District: GenCorp, Eli Lily, 3-M, Thompson Consumer Electronics, Tenneco, United Technologies, who have explained the tremendous advantages of NAFTA; advantages which we should seize before another nation, or nations, broker a similar agreement leaving the United States alone.

Former Indiana Governor and Ambassador to Singapore, Bob Orr, said, "If NAFTA is defeated, the United States will be deemed an unreliable and untrustworthy trading partner." The Asian community will certainly not want to include the United States in discussions of Pacific rim trade. Furthermore, many believe the defeat of NAFTA could have dire implications

on the current discussions of the General Agreement of Tariffs and Trade [GATT].

If the United States cannot capitalize on its proximity to Mexico to reduce barriers to the export of our products to the Mexican market, how can we hope to succeed in reducing barriers to our products with other nations, most notably the Japanese. If NAFTA fails, the Mexican Government will not wait for us to rewrite another treaty. Japan, Korea, Germany, and others stand ready to negotiate trade agreements with Mexico if the United States backs out. The Korean Government is already giving its companies tax incentives and low-interest loans to locate plants in Mexico to gain access to that market. There is no economic vacuum. Some nation will enjoy a privileged trading status with Mexico and I would like to see that nation be the United States.

How ironic. Those who complain most vociferously about the barriers erected by other nations to United States products, especially Japanese barriers to American automobiles, rice, beef, and oranges, for example, now complain about efforts to eliminate barriers to United States products in our very own neighborhood. You cannot have it both ways. Either the elimination of barriers is good or the elimination of barriers is bad. I believe that the elimination of barriers to trade can only benefit the United States and her people.

President Salinas has taken bold steps to improve the standing of the people of his nation. President Salinas knows that where economic freedom blooms, there political freedom blooms—ask the peoples of the former Soviet Union. It is in our interests to have a free economy on our border to the South; one that welcomes free trade with us.

CONCLUSION

I will vote in favor of NAFTA. I have studied long and hard and I have given thoughtful consideration to all arguments. My decision to support NAFTA is in the best interest of our Nation, of my State of Indiana, and of the Fifth District. It means jobs and economic opportunity for Americans. And it enhances the role of the United States as an economic and political superpower.

Americans are used to meeting challenges. We carved a nation from the wilderness. We settled the vast expense of the American West. We defeated the totalitarian dictators of the 20th century that threatened global security in World War II and in the cold war.

Soon we will enter the 21st century. I have no doubt that Americans can meet the opportunities that will come with NAFTA and secure the economic well-being of our children and our children's children.

Mr. MATSUI. Madam Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. COPPERSMITH].

Mr. COPPERSMITH. Madam Chairman, with our hectic schedules it is easy to get lost in the daily whirl, to have no time for thought. Much of what we vote on in this body does not seem to matter after the day is done. But today's vote demands that we consider both history and the future.

History shows that reducing trade barriers time and time again has benefited the economies on both sides of where there used to be a wall. As for the future, we vote today not just on NAFTA, but also on the role the United States can and will play in the world economy.

If not this NAFTA, then what NAFTA? Who in the world, when we go to negotiate a trade agreement, would listen to us? Canada's Government indicates it will pursue free trade with Mexico with or without the United States. Europe and Japan are eager to establish economic footholds in the rapidly growing markets of Latin America. If we reject this NAFTA, why should Mexico and Canada give us another NAFTA? What on Earth could that new NAFTA say that is not in this NAFTA?

Both sides in this debate have used some overheated rhetoric. Given the size and the ordinary churn of the U.S. economy, NAFTA represents a relatively small step. But today we decide whether we will take that step forward or backward.

People will remember this vote as a vote that determines our Nation's direction. Let us vote for opening new markets, let us vote for expanding trade and opportunity, and let us vote for creating new jobs.

Let us cast a vote that serves the best interests of all Americans, not just for today, but for the future as well.

Ms. KAPTUR. Madam Chairman, I reserve the balance of my time.

Mr. KOLBE. Madam Chairman, I yield 1½ minutes to the distinguished ranking member of the Committee on Energy and Commerce, the gentleman from Glendale, CA, Mr. MOORHEAD.

Mr. MOORHEAD. I thank the gentleman for yielding this time to me.

Madam Chairman, I rise today to support the North American Free-Trade Agreement and to provide some background as to how I came to that decision.

There has been no shortage of advice on how to vote on NAFTA, both from the proponents and the opponents. However, as I listened carefully to the pros and cons, I kept returning to one, inescapable conclusion—voting in favor of NAFTA is the right thing to do. I firmly believe that NAFTA is a good agreement for my constituents, for California, and for the United States.

First, and most important, the reason to all of us, is jobs.

The second reason is that the agreement will preserve U.S. sovereignty over its domestic policy. Unlike some of the assertions made by opponents of NAFTA, nothing in NAFTA, or the side agreements, can force the United States to change laws or take action we do not wish to make.

Third, critics of NAFTA assert that approving the agreement will be bad for my home State of California. California is one of the States that will benefit most from NAFTA. Mexico is California's fastest growing market, accounting for over 10 percent of California's exports of manufactured goods. This is in spite of tariffs of 20 percent or more on the kinds of high-technology products manufactured in California.

NAFTA contains other significant advantages for California industries, like improved intellectual property protection for motion pictures and computer software. Because of such provisions, the agreement will help produce high-wage, high-skills jobs in southern California which will go a long way toward compensating for the recent cutbacks in defense spending.

Fourth, without NAFTA we have no leverage with the Mexican Government to try to stop illegal immigration, and absent real growth in Mexico, there is no incentive for the Mexican people to stay in their own country.

My decision to vote in favor of NAFTA was not an easy one, but it was the right one.

Mr. KOLBE. Madam Chairman, I yield 1 minute to my distinguished colleague on the Committee on the Budget and the Committee on the Judiciary, the gentleman from San Antonio, TX, Mr. LAMAR SMITH.

Mr. SMITH of Texas. I thank the gentleman for yielding this time to me.

Madam Chairman, over 700 constituents have written me about NAFTA during the last few days. They favor NAFTA by a 6-to-1 ratio.

Like them, I feel an increase in exports will mean an increase in jobs for hard-working Americans. And like them, I feel NAFTA will spur an economy recently burdened by new taxes and too many defense cuts.

However, those of us who support NAFTA should be careful not to oversell it. The trade agreement will be phased in over 15 years and it is unlikely to have an immediate economic impact.

Opponents also should be careful not to over-criticize it. The trade agreement contains an escape clause and the United States can always withdraw from the trade agreement if it proves harmful to American interests. That should reassure those who harbor doubts.

If NAFTA does pass, credit should go to Republican leaders like BOB MICHEL, NEWT GINGRICH, and DICK ARMEY, who have made it possible. A majority of Republicans will likely support it, while a majority of Democrats probably will not.

NAFTA is not a panacea for our economy's doldrums but it will help Americans compete in a world market; it will give America an opportunity to export more goods and services; and it will allow us to look forward to a more promising economic future.

Mr. MATSUI. Madam Chairman, I yield 2 minutes to the gentleman from the State of Washington [Mr. INSLEE].

Mr. INSLEE. Madam Chairman, you find rapidly when you take this job that there are hard decisions, but I am at peace in voting for NAFTA because I believe a pro vote for NAFTA is part of the American tradition, for three reasons. There are three things we can say we believe in in America.

First, we believe in action, action this day. It is a temptation to many of us to hide, if you will, in inaction. It was a temptation back in the early days of the cold war when voices were heard that said, "Not this NATO," but we did not hesitate. We took action.

When voices said, "Not this Louisiana Purchase, let's get a better deal," but we took action.

Sometimes when you are climbing a mountain and you are are in trouble, you have got to move. This country needs to move.

Second, Americans believe in progress, and Mexico is making progress. Mexico is not America, but the new Mexico is neither the old Mexico. More inspectors for safety, $2.5 billion for environmental cleanup. Mexico is making progress.

In 1957 when we established the Civil Rights Commission in this country, we did not say, "Not this Civil Rights bill." We said that was progress. We have to make progress.

Third, Americans believe in fairness, simple fairness for the American worker. You know, if our tariffs were all zero today and equal, would we vote to give Mexico tariffs twice as high as ours? No, and we should vote to make theirs zero like they belong.

We have got to vote today, and when they chisel my name in the history books, it will be a vote for action. It will be a vote for progress. It will be a vote for fairness. It will be a vote for NAFTA.

Mr. KOLBE. Madam Chairman, I yield 1½ minutes to the distinguished gentleman from Erie, PA, Mr. RIDGE, a member of the Committee on Banking, Finance and Urban Affairs and a member of the Committee on Veterans' Affairs.

Mr. RIDGE. Madam Chairman, I thank my friend and colleague for yielding this time to me.

NAFTA. Never in recent memory has an issue stirred so deep and so divergent a set of emotions across Pennsylvania. But make no mistake about it, NAFTA represents more than simply a trade agreement. It is a contest over two sharply contrasting visions of a changing world and how America and Pennsylvania are to find their place in it. It is about our future, as a country and as a Commonwealth.

For many Pennsylvanians battered by years of hard economic times, particularly those in my home of western Pennsylvania, NAFTA is not only the focal point for present day frustrations and future uncertainties but a release valve for the emotional and economic pain accumulated over more than two decades.

For these Pennsylvanians, NAFTA pours salt on wounds that have yet to heal from years of plant closings and job losses. You cannot have roots in the Steel Valley and have gone through life in western Pennsylvania, as I have, and not be touched by the pain of these events. My heart knows well that it is these experiences that spark the deep-seeded anxieties and fears about NAFTA.

But if there is ample emotional ammunition taking aim at NAFTA, the intellectual arguments against the pact run thin. My mind tells me that the policies of open markets and eliminating trade barriers are not what caused the economic shifts that occurred throughout Pennsylvania.

Rather, those shifts were the product of radical technological, social, economic, and cultural changes that transformed not only the United States but the entire world. Defeating NAFTA will not bring back what once was. Nor will it arrest the irreversible and accelerating changes of today and tomorrow.

Likewise, it is not at all clear how the defeat of NAFTA will provide Pennsylvania workers with any greater guarantee of future economic security. Indeed, just the opposite seems true. NAFTA's defeat, and the larger retreat of the United States from the global stage that it signals, is likely to leave us less secure.

America's preeminence in the 21st century will depend on its economic leadership as much as its military capability. Promoting greater freedom and fewer restrictions in the global marketplace are clearly in our best national interest. The risks are calculated and manageable. The rewards are significant and long-lasting.

Important to recognize too is that our economic well-being is becoming increasingly intertwined with the rest of the world. Since the mid-1980's alone, exports have been responsible for over 40 percent of all economic growth and 25 percent of all job growth. Pennsylvanians take note. Virtually all of the job growth in manufacturing has been related to exports.

That the link between exports abroad and economic growth and job creation at home will only grow stronger over time, not weaker, is undisputed. Given this reality, it is a fool's errand to think that we can erect protective trade walls around our Nation—the logical consequence of NAFTA's defeat—and somehow still maintain, much less improve, our standard of living. That task can only be achieved by finding new markets and new customers.

The future economic security and prosperity of our great Commonwealth then lies firmly in the camp of free and fair trade. Pennsylvanians have always been a people who have believed strongly in themselves and their own natural abilities. There is no doubt in my mind that we can compete with anyone in the world. And we must not be afraid to do so.

But my belief that America and Pennsylvania will come out on top with the passage of NAFTA is driven by more than my faith in our people. It is driven by experience and fact as well.

Since Mexico began to liberalize its economy in 1986, Pennsylvania exports have grown by over 300 percent and created nearly 11,000 new export-related jobs in the state. Roughly 14,000 jobs statewide are now supported by trade with Mexico.

Mexican-bound Pennsylvania exports have not only meant more jobs for our workers, but better jobs as well. Wages in those manufacturing industries that are among the State's leading exporters to Mexico—primary metals, industrial machinery and computers, and chemicals—are among some of the highest paying jobs in the State.

These gains have come in spite of Mexican tariff barriers that remain, on average, 2½ times higher than our own and nontariff barriers that require our companies to locate in Mexico in order to sell there. All of this will be eliminated under NAFTA. That, in a nutshell, is really what NAFTA is all about: tearing down barriers to the Mexican—not the United States—economy.

That such a step should lead to greater growth and opportunity for those on both sides of the border should, in this day and age, be axiomatic. For if we have learned anything in the nearly 60 years since the disaster of Smoot-Hawley, it is that all nations are winners when barriers to commerce are lowered.

That free trade will create both winners and losers here at home is not to be denied. Yet even the most conservative estimates reflect a net gain of 175,000 new jobs from NAFTA.

This Congress has done nothing to put people back to work. We have increased taxes, imposed new mandates, and created even more regulations. No new jobs as a result of this legislative effort—probably even fewer because of it.

We have extended unemployment benefits—the right thing to do, but no one went back to work.

There is only one way to preserve and to create jobs. Whether selling

lemonade or locomotives, America and Pennsylvania must constantly seek new, friendly markets and new customers. Canada and Mexico offer these in abundance.

Sadly, Pennsylvania has been losing jobs for reasons totally unrelated to trade and NAFTA. Surely, in a global economy with worldwide competition, companies will continue to migrate and jobs will be created and lost with or without NAFTA. It is the inevitable consequence of global markets. It is all the more reason to search for new and friendly markets for American products. Export means jobs, good jobs.

NAFTA. For Pennsylvanians, it is a choice of whether our future lies in looking forward and outward, or backward and inward. It is an issue of whether we will embrace the challenge of change and make it work to our advantage, or whether we will continue to drain our energies to fight yesterday's wars.

I believe in the ability of America and Pennsylvania to compete and to win. I cast my vote for the future and the opportunities offered by global change. I cast my vote for NAFTA.

Mr. KOLBE. Madam Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Madam Chairman, I rise in strong support of NAFTA.

Madam Chairman, of all the arguments that have been made both in favor and in opposition to the North American Free-Trade Agreement, there is one aspect that has largely gone unmentioned. Concern has been expressed for the laborer, for the businessman, for the bureaucrat, and the environmentalist. But underlying the differences of opinion that may exist among these different groups of people is a characteristic that brings them all together, a characteristic that will result in everyone benefiting through NAFTA.

This characteristic is that all of these people are consumers, and all consumers seek safe, high quality products at competitive, affordable prices. A simple but neglected rule of economics is that free trade helps a country by providing its citizens with the variety of products that allows them to receive the best value for their purchases. The key is competition, which induces low prices but also provides consumer choice.

As Doreen Brown, president of Consumers for World Trade, stated:

> All workers are consumers; not all consumers are workers. Tariffs serve as hidden, regressive taxes; they hurt low- and fixed-income consumers since tariffs are applied most heavily to the necessities of life, such as agricultural products and textiles. The passage of NAFTA represents a victory for all Americans.

By eliminating $500 million in import taxes, NAFTA will increase imports, stimulating the national economy and inducing competition, which will provide consumer with more choices in the marketplace at affordable prices. Former U.S. Trade Representative Carla Hills pointed out NAFTA is the first international trade agreement to eliminate quotas on textiles and apparel. Additionally, U.S. consumers will particularly benefit from lower costs and longer seasonal availabilities of certain agricultural products such as fruits and vegetables, including tomatoes, cantaloupes, and cucumbers.

The U.S. economy is the most open in the world. Until recently, Mexico's was one of the most protected. Because NAFTA gives producers increased opportunities to sell to Mexico, they will be able to expand production and reduce per unit costs and, as a result, reduce prices charged to all American consumers. One recent study showed that easing trade barriers with Mexico could reduce prices by 6 percent or more.

According to Tom Duesterberg, director of the Competitiveness Center at the Hudson Institute: "Some of the affected goods [will be] household glassware, with current tariffs as high as 38 percent—brooms, 32 percent; rubber shoes, 65 percent; cantaloupes, 35 percent; canned tuna, 35 percent; and orange juice, 26 percent." Consumers should also benefit from lower transportation costs on imports from Mexico.

Americans already only spend about 8 percent of total personal income on food consumed at home, compared to 11 percent for Canadians and 19 percent for Germans and Japanese. We also have a much higher standard of living because our markets are more open. NAFTA will open our markets even further.

NAFTA could add as much as $30 billion to the U.S. economy over the next 10 years—$315 for the typical household. It is American families that are going to be the prime beneficiaries of this agreement, as they will be spending less of their income on their children's clothing, on peanuts, and on a host of other household items.

I believe in supporting the American family, and it is for this reason that I support NAFTA. I urge my colleagues to think of their constituents, remember that they are all consumers and that consumers are the prime beneficiaries of open borders, and vote for NAFTA.

Mr. HUNTER. Madam Chairman, I yield 4 minutes to the distinguished gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Madam Chairman, I want to thank the Representative of the minority for yielding this time to me.

Madam Chairman, the proponents of this treaty would like the citizens of our country to believe that a pro-NAFTA vote is of historical significance. I disagree. For at least the past 40 years this Congress has voted on a regular basis go give sweetheart tax breaks to foreign corporations. There is nothing new about that.

For at least 40 years they voted to increase taxes on the American people. There is nothing new about that.

For at least 40 years they have voted to increase the deficit. There is nothing new about that.

On the other hand, if this Congress chooses to cast an historic vote, they will be given that opportunity by voting against NAFTA.

You see, it would be historical if just once this Congress said, "No. We have given you enough."

If this body is ever going to learn to say no to the special interest groups in this country who demand more spending, then should we not begin by saying no to tax giveaways and increased spending in Mexico?

A little over 100 days ago the majority in this body decided that the deficit was so horrible that they had to raise taxes on American citizens and American corporations.

A little over 100 days ago the minority in this body said that the increased domestic spending was so horrible that they would not raise taxes on Americans.

Now 100 days later this body will vote tonight on a treaty that according to our Congressional Budget Office report of November 4, 1993, says that we will raise taxes on Americans, raise domestic and Mexican spending, our money in their country, and raise the American deficit.

In November, just 1 year ago, the citizens of this country sent a message to Congress. They said they were sick of business as usual. They told Congress to cut spending. They told Congress to cut the deficit and they told Congress, if you can, cut taxes.

Tonight this body will vote on a message that raises spending both here and in Mexico on sweetheart projects, and by the admission of our head of the Environmental Agency, Ms. Carol Browner, we will spend billions of dollars to clean up waste water in Mexico, not in America, but in Mexico, and it will increase the American deficit.

This country already has the world's most open markets. Those people who say we do not are deceiving the American public. If you do not believe me, go out and try to buy an American television. You cannot. In 1968 the people of this country bought about 2 million color televisions. Every one of them was made in this country. Last year the people of America bought over 21 million color televisions, not one was made here.

You cannot buy an American-made VCR. You cannot buy an American-made camera or wristwatch. One-third of the automobiles on our roads come from other countries.

During the Reagan and Bush administrations we had over $1 trillion trade deficit. How much more open do we need our markets?

If free trade has been so great, why are we always the loser?

The defeat of NAFTA does not close our markets. The defeat of NAFTA does not turn our backs on the world. The defeat of NAFTA says that just once we are listening to the American public. We will not raise your taxes. We will not increase your spending and we will not add to the deficit.

Mr. HOAGLAND. Madam Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Madam Chairman, each of us here today is truly concerned about how we, as legislators, can help maintain and create good jobs for those we represent.

As a member of the Ways and Means Trade Subcommittee, I have spent a good bit of time studying NAFTA. I have spent a good bit of time in hearings listening to experts, both opponents and supporters.

And I have spent a good bit of time listening to the people back home. I have heard—and I understand—the concerns of those who fear losing their jobs.

Madam Chairman, I have come to support the North American Free-Trade Agreement because I believe it will maintain and create jobs—good jobs—in my congressional district and across the country.

Some of my constituents have raised concerns about NAFTA's effect on the textile and apparel industries.

Included in NAFTA is a provision I offered which strengthens the rules of origin for textiles and apparels.

This amendment helps our United States textile and apparel workers by guaranteeing that under NAFTA, duty-free treatment will apply only to those products that are spun, woven, and sewn in North America—not China, not Pakistan, not India.

This means that the United States will be more competitive in the world textile and apparel markets and more jobs for American workers.

I believe that today's vote is historic.

It is historic because by passing NAFTA, we are saying that we are confident that America—and American workers—can compete and win in the global economy.

It is historic because passing NAFTA says to the Asian leaders the President will meet with tomorrow in Seattle, and to the GATT negotiators still meeting in Geneva: We mean what we say—we want markets more fully open all around the world.

We know that our economic future—and our prosperity—is directly linked to our ability to open new markets for our products.

I urge my colleagues to vote for NAFTA. Say yes to economic growth. Say yes to creating new jobs for Americans. And say yes to a confident and prosperous future for our Nation.

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Ms. KAPTUR. Madam Chairman, may I inquire as to the time remaining?

The CHAIRMAN. The gentlewoman from Ohio [Ms. KAPTUR] has 1 hour and 12½ minutes remaining, the gentleman from Nebraska [Mr. HOAGLAND] has 1 hour and 11½ minutes remaining, the gentleman from Arizona [Mr. KOLBE] has 1 hour and 16½ minutes remaining, and the gentleman from California [Mr. HUNTER] has 1 hour and 14 minutes remaining.

Ms. KAPTUR. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. DINGELL], the chairman of the Committee on Energy and Commerce.

Mr. DINGELL. Madam Chairman, we are presented today with two bad choices. The concept of the North American Free-Trade Agreement is sound and deserving of support. But we are not voting on a concept. The particular agreement we are voting on today is deeply, and in my view, fatally flawed.

A properly negotiated NAFTA could give us the tools to help solve the problems of illegal immigration, worker exploitation, and environmental degradation. A well-crafted agreement could promote real democratic reforms in Mexico, create jobs in and enrich all three signatory countries, and enhance our economic position within the hemisphere.

This agreement, even with its side agreements on labor rights and the environment, fails to accomplish these worthy goals. It is clear that Mexico lacks any real counterpart to most of our environmental laws, or the will to enforce its existing laws. For example, Mexico has no equivalent to our Superfund or RCRA statutes to address the cleanup of hazardous wastes. Mexico does not have a program to remedy the environmental problems from leaking underground storage tanks. Mexico does not have community right-to-know reporting requirements similar to those imposed on United States industry.

As to labor issues, the mechanism for addressing complaints about child labor practices, health and safety problems, and the like, is cumbersome and too complicated to be effective. The Mexican Government refused in the negotiations over labor rights to address the fundamental question of Mexican workers' rights and ability to form independent unions and bargain collectively.

Madam Chairman, I particularly have concerns about the auto provisions of the NAFTA.

When we considered the Canadian Free-Trade Agreement [CFTA] in 1988, the Committee on Energy and Commerce was critical of the domestic content provisions of that agreement. We believed that a 50-percent content level was too low and urged that the level be raised to 60 percent soon after approval of the CFTA. The Bush administration committed to achieve that goal. However, Canada resisted and the Bush administration was less than enthusiastic about pushing Canada to accept this higher level.

NAFTA does achieve a higher standard of 62.5 percent of North American content. But that level will not be reached until after the turn of the century. As a result, the standard our committee urged for the 1990's in Canada will not be achieved until after 2000. In my judgment, this is a wonderful gift to the Canadians and to the Mexicans.

Much has also been said about the changes in the Mexican auto decree which has hindered sales in Mexico of automobiles produced in the United States. NAFTA addresses the decree, but like the content issue, takes 10 years to rectify. Because of that long delay U.S. workers today will not realize the benefits of NAFTA for years to come.

NAFTA supports argue that the agreement's defeat will not prevent American companies from relocating plants and shipping jobs to Mexico. That may be true—but that is not a valid argument in favor of this agreement. With or without NAFTA, companies will be tempted by Mexico's low-wage economy and its lax or nonexistent environmental standards. But this NAFTA amounts to the United States subsidizing Mexican industrial development.

The basic flaws in NAFTA are not of this administration's making. The side agreements represented a valiant, sincere, but ultimately unsuccessful attempt to rectify the problems inherent in the main agreement. I will cast my vote against this agreement, and urge my colleagues to do the same.

Madam Chairman, I would like to submit for the RECORD letters from the U.S. Trade Representative and the Environmental Protection Agency that were submitted in response to inquiries from the Committee on Energy and Commerce, as well as additional material relevant to our consideration of this matter.

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, November 17, 1993.

Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of October 13, 1993, transmitting follow-up questions regarding the North American Free Trade Agreement. I appreciated the opportunity to testify before your Committee on this critical component of the President's agenda, and welcome this opportunity to provide further information.

The Office of the U.S. Trade Representative and the Environmental Protection Agency (EPA) have worked together to answer the Committee's questions. The questions not answered in the enclosed have already been submitted separately to the Committee by EPA.

I apologize that the demands of finalizing the implementing legislation and other elements of the NAFTA package for transmittal to Congress prevented me from responding sooner. Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

MICHAEL KANTOR.

ANSWERS TO QUESTIONS FOR THE ENVIRONMENTAL PROTECTION AGENCY AND THE U.S. TRADE REPRESENTATIVE CONCERNING NAFTA ENVIRONMENTAL MATTERS

(Submitted by the House Committee on Energy and Commerce)

Question 1: At the briefing, I pointed out that the environmental supplemental agreement states in Article 1(d) that it supports "the environmental goals and objectives of the NAFTA." I pointed out that the "objectives" of NAFTA are set forth in Article 102 and they do not mention the environment. In the case of Chapter 7, the scope is agriculture and sanitary and phytosanitary measures. The latter term, as noted by the USTR in its September 29 letter, covers only certain environmental measures. The USTR said that: "Environmental standards such as the Clean Air Act standards are not sanitary and phytosanitary measures as that term is defined in the NAFTA." As far as I can tell, the words "environment" or "environmental", do not appear in NAFTA, except in Article 104 in regards to other agreements with trade obligations. Thus, I reiterate that it appears that the above quote in Article 1(d) of the supplemental agreement is merely hortatory and that the side agreement, while helpful, is independent of the NAFTA.

In short, NAFTA fails to recognize the need to protect, conserve and promote the environment in its implementation. The side agreement does not change that fact. If you disagree, please explain the basis for that disagreement. What is Mexico's and Canada's objection to, at a minimum, revising Article 102 of NAFTA to correct this perceived omission?

Answer: We disagree. NAFTA does recognize the importance of environmental protection. Several provisions in NAFTA were negotiated with environmental concerns in mind (and in response to concerns of U.S. environmental groups), and are designed to ensure that NAFTA implementation is sensitive to those concerns. First, the NAFTA parties have agreed that economic development should take place in an environmentally sound manner. The NAFTA Preamble itself states that one of its primary purposes is to:

"Contribute to the harmonious development and expansion of world trade * * * in a manner consistent with environmental protection and conservation; * * * promote sustainable development; * * * [and] strengthen the development and enforcement of environmental laws and regulations."

In addition, section B of Chapter Seven explicitly affirms the rights of governments to take sanitary and phytosanitary measures to protect human, animal and plant life and health. (Article 712(1)). Furthermore, Chapter Nine explicitly recognizes environmental protection as a legitimate objective of governments and affirms the right to take standards-related measures "relating to safety, the protection of human, animal or plant life or health, the environment or consumers." (Articles 904(1) and 915).

Perhaps NAFTA's most important environmental provisions are found in the Investment Chapter, in Article 1114, and which also include the term "environmental". Article 1114 provides that each party may impose stringent environmental requirements to ensure that investment activity in its territory is undertaken in an environmentally sensitive manner, so long as the requirements do not discriminate between domestic and foreign investors. This includes, for example, the requirement in many states for environmental impact assessments of new private construction as well as government projects. (Article 1114(1).) Further, in Article 1114(2), the parties renounce the relaxation of health, safety or environmental measures for the purpose of attracting or encouraging investment. The text sets forth a procedure for compulsory consultations between parties in case such a relaxation occurs, with the purpose of ending the practice. The term "environmental measure" as used in Article 1114 encompasses any environmental "law, regulation, procedure, requirement or practice" and is accordingly broad enough to include most if not all of the environmental standards of the three NAFTA parties.

Even with these provisions, President Clinton believed that NAFTA's environmental benefits could be buttressed, and he accordingly sought a supplemental agreement on the environment. The supplemental agreement, a separate but related agreement, gives the Commission on Environmental Cooperation the responsibility for cooperating with the NAFTA commission on environmental matters and for an ongoing consideration of the environmental effects of the NAFTA. (Article 10(6).)

Finally, the fact that the three NAFTA signatories have entered into a supplemental agreement in which they agree to support "the environmental goals and objectives of the NAFTA" is clear evidence of their understanding that NAFTA contains such environmental goals and objectives. For these and other reasons, there is no need to revise Article 102.

Question 2: Do any of the provisions of either side agreement require implementing legislation? Please explain. Are the side agreements trade agreements under U.S. trade law and are they to be referenced or incorporated in the implementing legislation of each Party? (I assume that the U.S. would not unilaterally include them in such legislation.) In this regard, are they agreements under the Fast Track law? Are the side agreements considered agreements under Article 103 or 104?

Answer: The supplemental agreements are not trade agreements for purposes of fast track procedures. The implementing legislation submitted by President Clinton on November 4 is limited to provisions authorizing the President's participation in and expenditures for the labor and environmental supplemental agreements. Legislation necessary to implement the United States-Mexico Agreement on Border Cooperation is also included.

The implementing legislation also provides that the President may not bring NAFTA into force until Canada and Mexico have taken the necessary steps to bring the labor and environmental supplemental agreements into force.

The supplemental agreements are not among the agreements referred to in Article 103. Article 103 applies to preexisting agreements to which all three NAFTA governments are parties, including bilateral, trilateral, and multilateral agreements. Because the supplemental agreements were negotiated after the NAFTA was concluded and will come into force immediately following the NAFTA (see Env. Article 47; Lab. Article 51), they are not subject to Article 103.

Although the North American Agreement on Environmental Cooperation is an environmental agreement for purposes of Article 104, it does not need to be listed in Annex 104.1 both sides it is a later in time agreement and because the three governments specifically provided in the Environmental Agreement for the suspension of NAFTA benefits.

Question 3: At the briefing, I believe the USTR gave support to the view that if a Party gives notice under Article 50 of withdrawal from the side agreement, the U.S. should exercise its withdrawal under Article 2205 of NAFTA. Mr. Kantor indicated that the implementation legislation might be drafted to make this clear. I would like to understand how and to what extent you propose to provide such a directive to the Executive Branch in such legislation. Also, if a Party, such as Canada, gave such notice, would the U.S. terminate NAFTA only in the case of Canada and reinstate the Canadian Free Trade Agreement or would the termination apply to both Mexico and Canada? What are the possible implications of such termination for U.S. businesses under the NAFTA?

Answer: Section 101(b)(2) of the implementing bill provides that the NAFTA will not enter into force for the United States with respect to either Canada or Mexico unless that country has provided for the entry into force of the supplemental agreements on the environment and labor.

Furthermore, in the Statement of Administrative Action submitted to the Congress, the Administration specifically committed that if Canada or Mexico withdraws from a supplemental agreement on a non-consensual basis the United States will cease to apply the NAFTA to that country. That would not be the case if the withdrawal is consensual. The Administration will consult with Congress in this regard.

Question 5: Have you made a similar analysis of Canada's laws and standards? If so, please provide the results. In the case of Canada, Annex 41 of the side agreement provides that on date of signature or on exchange of notifications under Article 47, "Canada shall set out in a declaration a list of any provinces for which Canada is to be bound with respect to matters within their jurisdiction." It also states that Canada can modify that declaration. Has Canada provided that declaration as yet? Does this mean that Canada could decide not to list any provinces or some, but not all? If so, what is the benefit of the side agreement if one or more of the provinces, such as the western provinces, are not bound, particularly since much of Canada's environmental law is dependent on the provinces concurring.

Answer: Canada has not yet provided its list of provinces pursuant to Annex 41 of the environmental supplemental agreement, and we would not expect them to do so before the exchange of notifications.

The supplemental agreement binds Canada for all matters subject to its federal control, including the enforcement of national environmental laws throughout the provinces. Canada's constitutional system limits its ability to accept the agreement's obligations on behalf of a province for matters under provincial control. To redress this imbalance among the Parties and to encourage provincial participation, the agreement commits Canada to use its best efforts to bring the provinces into this agreement, and limits its ability to take advantage of dispute settlement procedures according to the extent of provincial participation. For example, Canada may not request consultations or the establishment of a dispute settlement panel at the request of or primarily for the benefit of a non-participating province. In addition, Canada may not seek consultations or dispute settlement for the nonenforcement of a U.S. or Mexican environmental law that would, in Canada, be within provincial jurisdiction until provinces representing at least

55 percent of Canada's gross domestic product are participating in the agreement.

While Canada's constitution reserves a significant proportion of environmental regulatory authority to the provinces, many environmental laws are administered by the federal government and would be fully covered by the agreement, including their implementation and enforcement in provinces that were not listed pursuant to Annex 41. Moreover, much of the benefit of the supplemental agreement is its creation of the Commission for Environmental Cooperation and that Commission's potential to improve environmental cooperation throughout North America. Canada will be a full participant on that Commission. Finally, the Administration fully expects Canada's provinces to be brought on board, and will be following closely their progress in this regard.

Question 9: The United States and Mexico currently have a bilateral agreement regarding waste shipments. Is there a reason why this agreement is not in Annex 104.1 where the related agreement with Canada is listed? Also, how would NAFTA affect the current ban on shipments of hazardous waste to Mexico for the purpose of disposal?

Answer: The U.S.-Canada and U.S.-Mexico bilateral agreements concerning shipments of hazardous wastes are listed in NAFTA Annex 104.1. The U.S.-Mexico rules are contained in Annex III of the Agreement on Cooperation in the Border Area. According to Article 104, in the event of an inconsistency between the specific trade obligations of those agreements and the NAFTA, the environmental agreements prevail.

The NAFTA does not affect Mexico's current ban on shipments into Mexico of hazardous wastes for disposal. Because Mexican disposal facilities are currently inadequate, such imports could present a significant health hazard. In fact, the United States would be concerned about the transboundary effects and natural resource implications of a lifting of such a ban now. Over time, however, we expect U.S. and Canadian waste management companies to take advantage of liberalized trading regimes to help Mexican authorities create the waste treatment infrastructure that Mexico needs.

Question 10: What factors would be used under a NAFTA dispute settlement proceeding to distinguish a legitimate environmental measure from an illegitimate trade barrier, and how does this differ substantively or procedurally from the current analysis under the GATT?

Answer: Environmental measures can take many forms. Accordingly, it is not possible to provide a detailed description of all the considerations that could be raised in a NAFTA dispute settlement proceeding concerning such measures. However, any measure subject to NAFTA dispute settlement, including environmental measures, will be evaluated under the rules of environmental measures, will be evaluated under the rules of the NAFTA. These rules include the general national treatment obligation in Article 301, the general prohibition against import and export restrictions in Article 309, and the requirements for measures related to investment and services. These rules also provide for a number of exceptions, including the GATT Article XX exceptions incorporated into Article 2101.

Environmental measures that are sanitary or phytosanitary measures within the scope of Section B of Chapter Seven that are challenged by a NAFTA party will also be evaluated according to the criteria set forth in Section B of Chapter Seven. These criteria include, for example, whether such measures are based on scientific principles and whether they are based on a risk assessment as appropriate to the circumstances. (for more detail, see our answers to Questions 30 and 33 that you previously submitted.)

Environmental measures that are standards-related measures within the scope of Chapter Nine will be judged according to the criteria set forth in Chapter Nine. These include, for example, whether the measures provide national treatment or whether they provide treatment no less favorable than that provided to goods or services of another country.

Many of the NAFTA disciplines are taken from the GATT. For example, Article 301 and Article 309 specifically incorporate GATT obligations. The Agreement on Technical Barriers to Trade ("Standards Code") provides many of the same rules as are in Chapter Nine of the NAFTA. The GATT does not currently contain an agreement on sanitary and phytosanitary measures. The current Uruguay Round of GATT negotiations contains proposed texts on both sanitary and phytosanitary measures and standards-related measures. The NAFTA provisions on sanitary and phytosanitary measures and standards-related measures were drawn from the proposed texts in the Uruguay Round, modified to meet the needs of the three NAFTA countries.

Question 12: A number of bills are pending before this Committee (H.R. 963, H.R. 1076, H.R. 2848) would provide states or local communities with the authority to restrict shipments of municipal solid waste generated outside the state, which would include waste from Canada or Mexico, from entering landfills within the state. Does such a provision contravene the Canadian Free Trade Agreement or NAFTA, or is it subject to challenge under either treaty?

Answer: It is not feasible to speculate about such provisions in general. Any such measure by a state or local government would need to be examined on a case-by-case basis.

Question 13: For the purposes of standards-related measures in Chapter 9, would the definition of "standard" or "technical regulation" encompass regulations containing standards and criteria for environmental marketing claims of provisions specifying plastic recycling codes? What obligation would be imposed by Article 905 on a federal agency such as the Federal Trade Commission or the Environmental Protection Agency to use or adopt relevant international standards?

Answer: The definition of "standard" or "technical regulation" in Article 915 and as used in Chapter 9 could encompass regulations containing standards and criteria for environmental marketing claims or provisions specifying plastic recycling codes.

In the NAFTA, a "standard" means:

(a) characteristics for a good or a service,

(b) characteristics, rules or guidelines for:

(i) processes or production methods relating to such good, or

(ii) operating methods relating to such service, and

(c) provisions specifying terminology, symbols, packaging, marking or labelling for:

(i) a good or its related process or production method, or

(ii) a service or its related operating method,

for common and repeated use, including explanatory and other related provisions, set out in a document approved by a standardizing body, with which compliance is not mandatory.

Standards can be either government standards, or more commonly they can be private standards developed by private standardizing bodies.

The term "technical regulation" refers to mandatory (and therefore governmental) product standards. Under the NAFTA, a technical regulation means:

(a) characteristics or their related processes and production methods for a good,

(b) characteristics for a service or its related operating methods, or

(c) provisions specifying terminology, symbols, packaging, marking, or labelling for:

(i) a good or its related process or production method, or

(ii) a service or its related operating method,

set out in a document, including applicable administrative, explanatory and other related provisions, with which compliance is mandatory.

Article 905 of the NAFTA provides for the Parties to use relevant international standards, where such standards would be effective or appropriate to fulfill the NAFTA Party's legitimate objectives, as a basis for each NAFTA Party's own standards-related measures, in order to facilitate trade among the parties. At the same time, the NAFTA explicitly affirms the right of each NAFTA party to have standards-related measures that achieve a higher level of protection than the relevant international standard. U.S. federal agencies are therefore expected to use international standards where effective and appropriate, but NAFTA does not demand adoption of international standards where the agency considers that the international standard would be an ineffective or inappropriate means to fulfill the agency's objective.

This is similar to the current requirements for federal agencies under U.S. law. Section 402(2) of the Trade Agreements Act of 1979 generally requires federal agencies in developing standards to base the standards on international standards, if appropriate.

Question 17: The Side Agreement provides for a Commission for Environmental Cooperation governed by a Council. It directs the Council to cooperate with the NAFTA Free Trade Commission. Will there now be two independent Commissions and Secretariats and related Councils, etc.? Does the NAFTA Commission have any powers over the side agreement commission? What is the NAFTA Commission's role in environmental and related matters?

Answer: The NAFTA will have a Free Trade Commission and a Secretariat. The North American Agreement on Environmental Cooperation will have a Commission for Environmental Cooperation, which will comprise a Council, a Secretariat, and a Joint Public Advisory Committee.

The NAFTA Free Trade Commission, established under Article 2001, does not have authority over the Commission for Environmental Cooperation. We expect constructive cooperation between the Commissions since the respective U.S. Commissioners, the U.S. Trade Representative and the Environmental Protection Agency Administrator are members of the same Administration, and will coordinate their positions on issues that affect both Commissions. Moreover, for any given NAFTA matter each government may select the appropriate cabinet officer it wishes as its representative. Where an environmental matter comes before the NAFTA Commission, the U.S. may wish to have the relevant Cabinet officer take responsibility for the matter (e.g., the Secretary of Interior, the

Secretary of Commerce, or the Environmental Protection Agency Administrator).

The NAFTA Commission's role in environmental and related matters is the same as for other matters—it is responsible for supervising the implementation and further elaboration of the Agreement, resolving disputes that may arise regarding its interpretation or application, and supervise the work of the committees and working groups established under the Agreements. Where an environmental issue arises—e.g., consultations under Article 1114, questions of interpretation regarding the sanitary and phytosanitary measures provisions, or oversight of the work of a committee endeavoring to harmonize certain environmental standards, the Commission would be involved. The Council of the Commission on Environmental Cooperation will cooperate with the Free Trade Commission in environment-related matters, as is specified in Article 10(6) of the environmental agreement.

Question 18: (a) Article 14 appears to establish a process governing submissions by any non-governmental organization or person asserting that a Party is failing to effectively enforce its environmental law. Even if the Secretariat considers that the submission warrants developing a factual record, it cannot do so unless the Council, by a two-thirds vote, instructs it to do so. Is it true that without such an instruction, the process ends? If the Secretariat gets such an instruction and prepares the record, please explain why it cannot be made public except by a two-thirds vote. Assuming there is an affirmative vote to make the factual record public, what happens then? Must the affected Party take any action? Please explain.

(b) Under Article 14, a Party has 30 days to advise the Secretariat "whether the matter [under submission] is the subject of a pending judicial or administrative proceeding, in which case the Secretariat shall proceed no further. * * * For purposes of Article 14(3), "judicial or administrative proceeding" means "a domestic judicial, quasi-judicial or administrative action pursued by a Party in a timely fashion and in accordance with its law." Such actions are defined as "mediation; arbitration; the process of issuing a license, permit, or authorization; seeking an assurance of voluntary compliance or a compliance agreement; seeking sanctions or remedies in an administrative or judicial forum; and the process of issuing an administrative order." Does the reference to mediation and arbitration includes non-binding mediation or non-binding arbitration? What criteria will be used to define or interpret the phrase "in a timely fashion"?

Answer: (a) It is true that if the Council does not vote to instruct the Secretariat to prepare a factual record the Secretariat will not further investigate the submission.

Once a factual record has been prepared, the parties decide whether to establish a dispute settlement panel. This is true whether or not the record has been made public. It is also the case that the Council may vote to establish a dispute settlement panel regarding matters for which no Secretariat factual record was prepared.

Factual records serve multiple purposes, but their primary purpose is to inform governments, who are the ones who must decide whether to proceed with dispute settlement. Regardless, as Administrator Browner stated in her testimony November 10, 1993 before the House Merchant Marine and Fisheries Committee, the United States will support making available to the public all non-confidential elements of factual records prepared by the Secretariat.

We assume that when a factual record is made public, the "sunshine" of public attention is likely to encourage the Party whose enforcement practices are the subject of the report to take corrective actions, in which case further dispute settlement proceedings may not be required.

(b) Yes, in some instances the reference to medication and arbitration could include non-binding mediation or arbitration. "Mediation" often does not suggest a result that is binding.

The reason that the language "in a timely fashion" was included in the Agreement text is that the U.S. did not want long and unnecessarily drawn-out proceedings to prevent a matter from being looked into by the Secretariat. We did not think a government should be able for long periods of time to frustrate the Commission's work, for example, by withholding a final determination on a matter. While there is no specific time period specified, this language prevents unnecessary delay in proceedings from hampering the Commission's investigation of allegations of non-enforcement of environmental law.

Question 20: What other letters or agreements on wheat, agriculture generally, cross-border pollution, or other matters are being discussed with Canada or Mexico or both? What is their status? What is their effect on the NAFTA?

Answer: The NAFTA package that the President transmitted to Congress on November 3rd and 4th describes the complete set of agreements and related correspondence with Mexico and Canada related to the NAFTA. These include the supplemental agreements on labor, the environment, and import surges; agreements concluded with Mexico relating to citrus products and to sugar and sweeteners; the border funding agreement with Mexico; letters agreeing to further negotiations to accelerate duty reductions, and a list of more technical letters related to NAFTA that have previously been provided to the Congress and that are already on file with the Senate Finance Committee. None of the letters pertaining to specific products contain permanent exceptions to free trade; all pertain to the transition from the status quo to free trade. As you know, the NAFTA already provides some differentiation in the pace of removal of barriers for different products and industries, depending on the sensitivity of those industries.

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, November 15, 1993.

Hon. JOHN DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your follow-up questions to the Administrator's testimony at the September 29, 1993 NAFTA hearing, sent by letter October 13. EPA and USTR have reviewed the questions, and determined that some of the questions should most appropriately be answered by USTR, which will respond by separate letter. The attached EPA responses are in answer to questions 4, 6, 7, 8, 11, 14, 15, 16, 18(b), and 19.

Please let me know if we can be of further assistance to you. Thank you.

Sincerely yours,

ROBERT W. HICKMOTT,
Associate Administrator.

QUESTIONS AND ANSWERS

Question 4: At the briefing you said that EPA recently began a new analysis of Mexico's environmental law and standards to see if, for example, they are, in fact, comparable to [U.S. environmental statutes]. * * * Also, I understand that EPA has found the submissions by Mexico are not always complete. Some standards are considered comparable apparently on the basis of EPA assumptions that are not yet verified as accurate through discussions with officials from Mexico. Further, EPA staff have stated that Mexico's standards will not likely be adequately developed for full analysis for some time to come. Do you disagree with these comments?

Answer: EPA expects to have a preliminary draft of its report on Mexican environmental standards available to the Committee on October 29. We hope to have received by that time comments from Mexico through the Mexican Embassy in Washington.

We generally agree with Committee comments in question four, but make the following points:

The EPA report will not include an analysis of Mexican standards comparable to those U.S. standards developed under either the Safe Drinking Water Act or the Superfund Act. As we discussed in some detail with Committee staff, Mexico has no analogue to either of these two pieces of U.S. legislation. As noted below, Mexico does have a small, voluntary "Superfund"-type program but it is not comparable to the U.S. program in terms of size or impact.

Also, EPA's review of Mexican laws, regulations and standards has been limited to pollution and pollution prevention laws, regulations and standards and will not include a review of those Mexican laws that might be compared with the Endangered Species Act or the fish and wildlife laws.

As we discussed with Committee staff, we think exploring the notion of comparability of two standards in a large number of cases is less useful and revealing than looking to see whether the two countries, through the development of their regulatory regimes are attempting to achieve comparable levels of environmental protection. We have sufficient information on Mexican standards in the areas of air, water, waste and pesticides to make this judgment. That will be the focus of the October 29 draft.

Question 6. The following questions address the comparability of Mexico's hazardous waste laws with our Resource Conservation and Recovery Act (RCRA):

(a) Does Mexico require pretreatment of hazardous waste before disposal similar to U.S. land ban requirements adopted in the 1984 amendments?

Answer: Mexico's laws and regulations governing hazardous waste do not require treatment of hazardous waste prior to land disposal. However, Mexican officials authorizing any such disposal may require such treatment for specific hazardous wastes or on a case-by-case basis.

(b) Does Mexico have anything comparable to the RCRA "corrective action" program to insure cleanup of operating facilities which have a treatment, storage or disposal permit?

Answer: Mexican law establishes general requirements for response to a spill of hazardous waste. However, we could find no specific requirements for cleanup of permitted facilities comparable to the RCRA Section 3004(u) corrective action program.

(c) Does Mexico have comparable closure or financial responsibility requirements for hazardous waste treatment, storage and disposal facilities?

Answer: Mexican law contains general closure requirements for hazardous waste units, but no financial responsibility requirements.

(d) Does Mexico set comparable standards for tanks, incinerators or surface impoundments?

Answer: We could find no specific requirements for hazardous waste tanks, incinerators, or surface impoundments under Mexican law. However, we do not know the extent to which such units are actually used or authorized for use under Mexican law.

(e) Does Mexico have a program to remedy environmental problems from leaking underground storage tanks as the U.S. does in Subtitle I of RCRA?

Answer: We could find no specific remedial program for leaking underground storage tanks under Mexican law.

(f) Does Mexican law require hazardous waste treatment, storage, or disposal facilities to obtain permits specifying conditions to protect public health and the environment?

Answer: Mexican law does require that all hazardous waste generators and management facilities receive a specific authorization to operate from the government.

(g) Finally, does Mexico have comparable "Subtitle D" minimum federal criteria (location, design, groundwater monitoring, corrective action, closure and post-closure care) for municipal solid waste landfills, such as the U.S. rules which were promulgated on October 9, 1991?

Answer: As in the U.S., treatment and disposal of municipal waste has traditionally been governed by state and local law, rather than by Federal law. EPA has not yet undertaken an analysis of Mexican state environmental law. Like EPA, SEDESOL has only normative responsibility over municipal waste. SEDESOL has identified three types of "correct" landfills and provides ongoing technical assistance and guidance to municipalities.

Question 7: In a February 1992 report, the General Accounting Office stated that "Mexico has not yet been able to identify all hazardous waste generators and not all generators are providing manifests for their hazardous waste shipments." I understand that Mexico does not have similar requirements to manifest and track shipments of hazardous waste that based on currently available information, the authorities believe that only 30 percent of the hazardous waste generated is being accounted for. Is that accurate?

Answer: Since the creation of SEDESOL's Procuraduria Federal de Proteccion al Ambiente (PFPA) in June-July, 1992, Mexico has conducted nearly 15,000 inspections country-wide, including more than 2,144 inspections in the border area. A primary goal of this aggressive schedule of inspections has been to identify facilities which generate hazardous waste, and determine their compliance with hazardous waste recordkeeping and shipment tracking requirements. According to SEDESOL statistics issued for inspections through February of 1993, the PFPA estimated that 65 percent of the maquiladora facilities that generate hazardous waste had complied with recordkeeping requirements for documenting waste generation, and 40 percent had complied with the requirement to export the waste to the country of origin of the raw materials. This represents a significant increase in compliance rates from estimated compliance at the time the GAO report was published. Moreover, by launching its aggressive inspection program, which has resulted in total or partial temporary closure of more than 241 facilities in the border area since SEDESOL's creation, SEDESOL's enforcement program is establishing itself as a credible deterrent against violators. Accordingly, we suspect that the compliance rate with waste recordkeeping, tracking, and export requirements has improved even more in the last six months.

We are working with SEDESOL on a pilot database for confirming shipments of hazardous waste. We are currently beginning efforts to cross-check Mexican and U.S. waste shipment information in the database to verify data integrity. With proper funding of this effort, the database has potential to become a key tool for both the U.S. and Mexico to monitor compliance with waste shipping requirements, and to target violators.

Question 8: Does Mexico have a Superfund program or any program requiring cleanup of old sites or sites previously contaminated? Does Mexico have comparable Community Right-To-Know reporting requirements on its industry similar to those imposed by Title III of SARA in 1986 and the Pollution Prevention Act of 1990?

Answer: Mexico has no Superfund program comparable in either size or impact to the U.S. program. It does have a small voluntary program in which polluters pay into a fund. The fund is not large and the law does not mandate participation.

Mexico does not have on the books Community-right-to-know reporting requirements. EPA has every reason to believe, however, that such measures will be enacted in Mexico. Mexico has subscribed to the United Nations APPEL process which is akin to the U.S. community-right-to-know regime, has signed on to declarations at the U.N. Conference on Environment and Development held at Rio de Janiero in 1992, calling upon governments to keep their populations apprised of hazardous materials stored in communities and, in the Environmental Agreement, Mexico has agreed with the U.S. and Canada that the Council of Environmental Ministers formed by the Agreement (which includes Mexico's Environment minister) shall promote and develop recommendations regarding public access to information concerning the environment that is held by each government, including information on hazardous materials and activities in its communities and opportunities to participate in decision-making processes related to such access.

Question 11: Does Mexico have comparable criminal sanctions for environmental violations, both as to the scope and type of activities covered and as to the severity of the fines and length of possible imprisonment?

Answer: SEDESOL may refer a criminal case to the Federal Attorney General to initiate prosecution at any time it believes evidence of a crime exists, including during the conduct of administrative enforcement proceedings. Such proceedings, although rare, have been increasing, particularly in cases involving hazardous waste disposal, where disposed wastes may provide clear evidence of patently criminal activity. In the recent Mexico case, for example, involving mismanagement and illegal disposal of wastes brought to a solvent recycling facility which lacked adequate recycling capacity, we understand that the facility operator was arrested, and the ensuing prosecution resulted in cooperation of the operator in cleaning up the waste and a stiff fine.

In general, our discussions with Mexican officials on their environmental enforcement program have focused on SEDESOL's PROFEPA and its civil administrative program. We have not had direct discussions on criminal enforcement with the Federal Attorney General. However, SEDESOL PROFEPA officials acknowledged in last March's meeting with EPA lawyers to study Mexico's environmental laws that some review of criminal offenses might be needed to better pursue prosecutions of environmental crimes. Particularly, they indicated that more precisely defining criminal offenses may facilitate application to intentional violations of environmental regulation, but that such changes would be subject to Congressional debate.

Question 14 (a): In the case of the Carbon II plant near Predras Negras, Mexico, I understand that the emission rate under the Mexican rules is about 1.9 million Btu's. EPA said that if the plant was located in the U.S. it would be subject to a new source performance standard, the requirement of new source review pursuant to the Prevention of Significant Deterioration regulation, and the requirement of best available control technology. Am I correct in my understanding that Mexico has no comparable requirement for Carbon II under its technical norm for sulfur dioxide (SO_2), particulate, and nitrogen oxides (NO_X) emissions?

Answer: EPA has reviewed the Mexican norm applicable to this source (NOM-CCAT-005/93) and compared it to the relevant U.S. New Source Performance Standard (40 CFR 51.60). Pursuant to the Mexican norm, a plant's emissions of SO_2, PM, and NO_X are subject to limits measured by kilograms of pollutant per cubic meter of dry coal burned. Because the Mexican emission standard is thus tied to coal density and heat (Btu) value of the coal to be burned, conversion to comparable U.S. units must be based on the individual characteristics of the coal and burners at issue. Based upon the coal's heat value specified for the Carbon II facility, EPA staff estimate the standards applicable to Carbon II as follows:

SO_2: Mexico, 8.7 lbs. per million Btu; United States, 0.3 lbs. per million Btu.

PM: Mexico, 0.31 lbs. per m Btu; United States, 0.03 lbs per m Btu.

NO_X: Mexico, 0.86 lbs. per m Btu; United States, 0.5 lbs. per m Btu.

These comparisons, along with a summary of U.S.-Mexico discussions to date and the ways in which comparable issues would be addressed under NAFTA, are discussed in detail in a recent response to your July 13 letter to Administrator Browner. This response was signed by Michael Shapiro, the Acting Administrator for EPA's Office of Air and Radiation.

Question 14 (b): Please explain whether the (comprehensive environmental) assessment is the same as would be required in the U.S. under the National Environmental Policy Act of 1979, and provide us with the status. Also, what are the Bank's guidelines? How do they compare with our laws? Treasury said that a meeting was to be held in August by the Bank with Mission and the staff of the EPA, as well as other Federal agencies. What was the result and who attended?

Answer: We understand that Mission Energy had decided not to continue its involvement in the Carboelectrica plant and will not be seeking World Bank funding. We expect that any further discussions would take place in a bilateral context and would not implicate multilateral financial institutions or their environmental procedures and requirements.

Question 15: Please describe the current status of the Mexican investigation and enforcement systems with respect to environmental violations, including the judicial and penalty systems, and indicate its effectiveness and problems. Is there a problem of a

lack of trained people and inadequate technical and other support? Is there a problem of corruption?

Answer: The General Ecology Law vests authority to enforce environmental laws, regulations and standards primarily in SEDESOL. Mexico has been increasing its emphasis on enforcement and reorganized its environmental authorities, creating within SEDESOL a semi-autonomous enforcement infrastructure, the Procuraduria Federal de Proteccion al Ambiente (PFPA or PROFEPA), roughly translated into English as the Federal Attorney General for Environmental Protection.

INSPECTION AND ENFORCEMENT PROCEDURES

Environmental Enforcement in Mexico generally involves one or a combination of four techniques: plant closings, which may be permanent or temporary, and total or partial; the negotiation of compliance agreements, particularly in response to a temporary plant closing; the posting of a surety bond to secure compliance with an agreed or ordered schedule of compliance; and the imposition of fines. These enforcement tools are implemented administratively, with SEDESOL acting both as prosecutor and adjudicator. Judicial proceedings, which would require referral of the matter to the Federal Attorney General's office, are reserved for criminal prosecutions, which are rare.

When SEDESOL investigates a facility and takes enforcement action, all the formalities of Mexican law must be strictly observed by the investigators. SEDESOL inspectors must document inspections by obtaining an inspection order which identifies the place to be visited, the reasons for the inspection, and the scope of the inspection. The inspection order must be presented to company personnel, along with the inspector's credentials. The company must provide access to all operations and documents necessary to carry out the inspection, as outlined in the order. Refusal of access may result in the inspector requesting police assistance.

Upon concluding the inspection, the inspector must prepare an inspection report on the premises, to be signed by two company witnesses designated by the inspector. The company is given an opportunity to include any comments or objections in the report, and copies of the report are provided to the company.

If the inspector finds an ecological imbalance or irregularity which may impact human health or the environment, the facility is notified of the initiation of administrative proceedings, and given 10 days to prepare a response to the inspectors' findings. This triggers an administrative adjudication process which is generally conducted by the creation of a written record of each party's offering of proof, as opposed to the conduct of oral hearings. Through the offerings of proof, SEDESOL describes in detail the irregularities it found; the facility is given an opportunity to present rebuttal evidence; a determination is made on which counts to proceed; and needed corrective actions are identified. Within 30 days of the offering of proof, SEDESOL will render its resolution of the matter, including corrective actions to be implemented, time periods for implementing, and sanctions or penalties. SEDESOL notifies the facility of its decision, which must then execute the decision.

To effectuate a decision to apply a fine, SEDESOL must transmit its decision to the Treasury Department. If a facility shutdown is ordered, SEDESOL's decision will specify what actions must be taken before the facility may reopen, as well as compliance or corrective requirements which continue after reopening. Within 5 days of the term specified in the decision, the company must report on the status of its compliance with the decision. If a followup inspection uncovers non-compliance, SEDESOL may double the monetary penalty and shut the facility down, or modify a pending shut-down order to impose more stringent conditions for reopening.

Companies may petition for reconsideration of SEDESOL's decision within 15 days. The petition for appeal must identify injury sustained by the company in the underlying proceeding, and controverting evidence. SEDESOL's final decision, which may sustain, overturn or modify the original decision, must be made within 15 days of submission of the appeal petition. Judicial review of administrative decisions for Constitutional violations may be obtained through the use of amparo procedures. Use of this procedure has been rare but increasing. Because the Mexican civil law system does not rely on precedent, the courts are likely to grant considerable discretion to the substantive decisions of the administrative agency in such appeals, narrowly confining the scope of review to procedural irregularities which violate Constitutional protections of individual liberties.

SANCTIONS AND SETTLEMENT NEGOTIATIONS

A primary enforcement tool utilized by SEDESOL is the plant closure, which may be temporary or permanent, and may involve closing the entire facility or only a portion of its operations. A closure order results when SEDESOL inspectors discover a direct and significant threat to the environment or human health, or a high level of nuisance, such as noise pollution.

Temporary closures are ordered when the immediate problem creating health or environmental threat is remediable. Such temporary closings are intended to lead to consultations between SEDESOL and corporate entities formally charged with violating environmental law. The closings occur in advance of negotiations, and the plant is allowed to reopen only after the company resolves the immediate problem, and an agreement with timetables for achieving full compliance is reached. In negotiating a compliance agreement, SEDESOL may use its discretion to allow industries—especially the smaller industries—a reasonable time to comply with its requirements. These legally enforceable agreements are monitored by SEDESOL.

Permanent closures are employed more rarely than temporary closures, but the threat of permanent closure serves as a major deterrent to noncompliance. A permanent closure might be ordered where a facility has huge emissions problems, perhaps exacerbated by the fact that it is located in a highly-populated area where exposure risks are increased. Permanent closures are likely to be ordered when the problems are impossible or too expensive to fix; however, this sanction may also be imposed punitively, such as where there is a history of extreme noncompliance even though it may be possible to mitigate the immediate environmental risks created by the plants' operations.

SEDESOL prefers, however, to order total, but temporary closure, and negotiate solutions wherever possible that will allow the plant to reopen. At times, plants subject to temporary closure orders may terminate operations permanently if the operational changes sought by SEDESOL are too expensive to implement. When a plant closes permanently and relocates, it will be subject to all SEDESOL requirements for new operations, including permit requirements, environmental impact assessments, and compliance with regulations and ecological norms.

Both SEDESOL and EPA rely on negotiated settlements to achieve compliance and remediation of environmentally unsound conditions. Approximately 95% of EPA's administrative and civil judicial actions are concluded as negotiated settlements. The primary distinction between the Mexican system and the U.S. system is that in Mexico, a strong sanction—facility shutdown—is imposed prior to initiation of negotiations, and continues in effect until negotiations are complete and the facility initiates agreed to corrective measures to SEDESOL's satisfaction.

In the United States, in both administrative and judicial enforcement, negotiations usually take place during the pendency of the enforcement proceeding (i.e., after filing of a complaint) which seeks to impose sanctions, including civil penalties and injunctive relief. At times, the government negotiates a settlement with the facility prior to the filing of a complaint, and a consent agreement and formal complaint are filed simultaneously. The court or administrative tribunal must approve and enter the terms of any settlement. Once entered, the settlement is judicially enforceable.

In contrast to the Mexican system, in the U.S., only when the government satisfies a high burden of demonstrating that a company's actions present an imminent and substantial endangerment to human health and the environment, or that emergency injunctive relief is otherwise warranted, will a court or administrative tribunal enjoin continuing activities of the subject of an enforcement action prior to full adjudication or settlement of the matter. In the absence of clear emergency conditions, it may take years before a case is adjudicated or settled, resulting in an enforceable order to correct violations and remedy any environmental problems caused thereby. In the Mexican system, the authority to shut down a facility pending the negotiation of a compliance agreement provides SEDESOL with substantial bargaining power in promoting rapid and favorable settlements.

SEDESOL's use of fines has been variable. In the early 1980's, SEDUE relied primarily on fines in its enforcement approach. In middecade, however, SEDUE changed its strategy, becoming reluctant to use fines in the belief that available capital should be directed instead toward investment in pollution control equipment. Prior to the reorganization, SEDUE began rethinking its strategy once and appeared poised to use fines more frequently as an enforcement tool against violation of fines to deter noncompliance. SEDESOL also intends for these charges to help pass along inspection costs to the company.

Existing law permits the imposition of fines equivalent to 20 to 20,000 times the daily minimum wage in the Federal District of Mexico. According to Mexican officials, fines can be imposed on a per-day, per-violation basis for as long as the violation persists. By comparison, most U.S. environmental statutes allow for civil penalties up to $25,000 per day per violation. Thus, the range of monetary fines that can be imposed by SEDESOL is comparable to, and can even be greater than, those imposed by the United States.

In practice, just as in U.S. administrative and civil judicial enforcement cases, the penalties sought or agreed to in settlement for

initial violations may be much lower than the statutory maximum, based upon considerations of economic fairness and the seriousness of the violation. However, while as U.S. consent decrees often contain stipulated penalties for failure to comply with its provisions which are generally higher than the initial penalty agreed to in settlement, SEDESOL may double the fine for persistent violations, creating a powerful deterrent against failing to implement the terms of an agreed or ordered compliance schedule.

Another tool that Mexico has used is administrative detention, which is distinguished from a criminal arrest. Administrative detention can result in the deprivation of a corporate officer's freedom for up to 36 hours. More commonly, it is applied for several hours on a daily basis until agreement is reached on a compliance plan and schedule.

Criminal prosecutions are contemplated under specific regulations. SEDESOL may refer a criminal case to the Federal Attorney General to initiate prosecution at any time it believes evidence of a crime exists, including during the conduct of administrative enforcement proceedings. Such proceedings, although rare, have been increasing, particularly in cases involving hazardous waste disposal, where disposed wastes may provide clear evidence of patently criminal activity. In the recent Mexico case, for example, the criminal arrest of the operator of a solvent recycling facility for mismanagement and illegal disposal of wastes brought onsite despite inadequate recycling capacity, the facility operator was arrested, resulting in a fine of $30 million pesos and the cooperation of the auditor in cleaning up the waste.

Mexican officials acknowledge, however, that some review of criminal offenses might be needed to better pursue prosecutions of environmental crimes. Some Mexican courts have been reluctant to impose criminal sanctions in environmental or analogous types of cases, with judges declaring the legal description of the criminal offense in legislation or regulations overbroad, and therefore invalid. Thus, to improve the usefulness of criminal prosecutions as an environmental enforcement tool, the Mexican legislature may have to redesign some of the offenses. Such an effort may take place in the context of Congressional debate over the very role of enforcement, as opposed to investing in environmentally sound technology from the start, in promoting a clean environment.

ENFORCEMENT RESOURCES

The government of Mexico spends 1% of its gross domestic product on environmental protection. This week, the Mexican government provided EPA with updated enforcement data. By the end of 1993, SEDESOL will have issued 140 official standards (regulations) comprising all environmental media. These regulations are issued in consultation with industry and scientific and technical experts. SEDESOL will continue to issue regulations in order to fully implement the General Ecology Law, which is the framework for environmental regulation in Mexico.

Since 1992, SEDESOL has conducted over 16,000 inspections of Mexico's 500,000 facilities. SEDESOL has 472 inspectors and will have 500 by the end of 1993. Over 300 of these inspectors were trained in a cooperative inspector training program developed by EPA and SEDESOL.

Question 16: Articles 3 and 10 of the Environmental Side Agreement state that each Party shall ensure that its laws and regulations provide for "high levels of environmental protection" and that the Parties shall strive to continue to improve those laws and regulations. What is the baseline for Mexico, Canada, and the U.S. upon which one will be able to measure such improvement? What is contemplated by the word "improve" in the case of each Party's laws and standards?

Answer: This language provides that the "laws and regulations" shall provide for high levels of environmental protection. While the overall regulatory regimes of the two countries may be geared to the achievement of high environmental protection levels, this language provides a basis for consultation and joint work where individual regulations, or the standards that implement them, do not in the view of a Party promote the overall achievement of high levels of protection. For example, where the U.S. perceives (as was the case with SO_2 emissions from the Carbon I and II coal-fired power plants in Mexico) that a Mexican standard for a particular industrial sector could cause transboundary environmental harm to the U.S., these Chapters provide formal mechanisms to address such discrepancies and to promote more stringent Mexican standards.

Question 18(b): Does the reference [in Article 14] to mediation and arbitration include non-binding mediation or non-binding arbitration? What criteria will be used to define or interpret the phrase "in a timely fashion"?

Answer: Yes, it would probably refer to non-binding mediation or arbitration. "Mediation" often does not suggest a result that is binding. Moreover, if the definition includes seeking assurance of voluntary compliance, we assume that "arbitration" would include an ongoing arbitral proceeding, in which the parties have agreed to participate, whether or not it would result in a binding decision.

The reason that the language "in a timely fashion" was included in the Agreement text is that the U.S. did not want long and unnecessarily drawn-out proceedings to prevent a matter from being looked into by the Secretariat. We did not think a government should, for example, by withholding a final determination on a matter, be able for long periods of time to frustrate the Commission's work. While there is some imprecision in the language, we think it prevents unnecessary delay in proceedings, from hampering the Commission's investigation of allegations of non-enforcement of environmental law.

Question 19: What is the expected annual cost of this side agreement to the U.S.? Will that cost be budgeted through the State Department or the EPA budget? What will be the role of the EPA? Will the EPA be required to assign any of its own full-time equivalents to the Commission? If so, please indicate the number of FTEs that will be dedicated to implementing the environmental side agreement.

Answer: The Agreement on Environmental Cooperation among Canada, Mexico and the United States, signed on September 14, 1993, creates a North American Commission on Environmental Cooperation (NACEC). The three countries' governments will contribute equally to fund the Commission.

The current annual cost estimate for the NACEC is approximately $14.4 million: the U.S. government will pay one third of total costs, or $4.8 million. This estimate includes funding for a Council, which would govern the Commission's activities and be comprised of "a cabinet-level or equivalent representative" from each NAFTA party, a Secretariat which supports the Council operationally and is composed of an Executive Director and somewhere between 45–75 staff, and a Joint Public Advisory Committee. Given that the staff may grow from 45 to 75, EPA anticipates that costs for the Secretariat would increase accordingly in subsequent years.

Several options exist for funding the NACEC. These options include full EPA funding, full State Department funding, and a joint funding arrangement between EPA and the State Department. No decision has been made yet on how the NACEC will be funded.

NACEC's Secretariat will consist of an international, nongovernmental staff, to be funded, but not staffed, by the three representative governments. Consequently, EPA is not required to assign any of its full-time equivalents to the Commission; however, EPA does foresee the possibility of detailing personnel to the NACEC for career development and some support purposes.

Mr. KOLBE. Madam Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Madam Chairman, I rise in support of NAFTA.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Ramsey, MN, Mr. GRAMS, a member of the Committee on Banking, Finance and Urban Affairs.

Mr. GRAMS. Madam Chairman, I believe, a vote for NAFTA is good for my State of Minnesota and for the American people.

For Minnesota, NAFTA means new opportunities for Minnesota products and better jobs for Minnesota workers.

NAFTA is good for Minnesota farmers. NAFTA means up to a 70-percent increase in exports to Mexico for corn, wheat, and soybeans. Exports from the beef, pork, poultry, and dairy industries could increase up to 500 percent under NAFTA.

And contrary to what NAFTA critics claim, we cannot send Minnesota farm land to Mexico, only Minnesota farm products.

NAFTA is good for Minnesota businesses—particularly those in the fields of high technology and health care. Mexico needs American goods and services.

And by meeting those needs, we will not be exporting jobs to Mexico, we'll be exporting products—American-made products—and that means more jobs here for the people of Minnesota and across America.

Finally, NAFTA is good for Minnesota workers. From 1987–92, Minnesota's exports to Mexico grew by nearly 200 percent, creating 5,700 new jobs in 1992 alone. To shut the door on United States-Mexico trade would put an end to these jobs—and that is simply wrong.

Let us do what is right for a change—for our farmers, our businesses, our workers and our future. Let us support NAFTA.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Wisconsin

[Mr. GUNDERSON], a member of the Committee on Education and Labor.

Mr. GUNDERSON. Madam Chairman, the question before us is simple: are we willing to frame the future by taking an active role in the global economy? Or sit passively and allow the world to change around us? If we look at the facts, the choice is clear—we must approve NAFTA.

For the Nation, NAFTA means lower barriers and an expanding trade surplus. Since 1986, this country's trade balance with Mexico has improved from a $5 billion deficit to a $5 billion surplus. We can't afford to walk away from a surplus when we are running a trade deficit with Asia of $75 billion. Our current merchandise exports to Mexico support 700,000 jobs; that figure will increase with the lowering of Mexico's trade barriers. Mexico's tariffs average 2.5 times greater than United States tariffs. The NAFTA will gradually remove these barriers as well as non-tariff barriers, leveling the playing field for U.S. exports, industrial and agricultural.

For Wisconsin, NAFTA provides a unique opportunity for strengthening Wisconsin industries and jobs. In 1992, Wisconsin exported $2.3 billion to Canada and Mexico, its first and sixth largest export markets. Manufactured exports to Mexico and Canada currently support 54,873 jobs in Wisconsin. Since 1987, exports to Mexico increased by $170 million and created 6,000 jobs. In the first 10 years after NAFTA is passed, it is predicted that $104 million will return to Wisconsin through increased exports. A recent study by the University of Wisconsin concluded that NAFTA means 20,000 jobs for Wisconsin. But this tells only part of the story.

In western Wisconsin, the NAFTA is a win-win deal for both agriculture and manufacturing. The USDA projects that Wisconsin will be selling an additional $150 million to $300 million of its agricultural products to Mexico after NAFTA is implemented. That means better prices for farmers and a better economy for all of Wisconsin. Why? Because exports enhance producer prices.

In the last 5 years, we have had 2 years where there have been significant increases in dairy exports. In 1989, dairy exports increased by 1.918 billion pounds over the prior year and the average M–W price went up by $1.34/hundred-weight. In 1992, dairy exports increased by 3.424 billion pounds over the prior year and the average M–W price went up $.82/hundredweight. Clearly, there is a direct relationship between exports and producer prices.

In the last 5 years, we have had 2 years where there have been significant increases in dairy exports. In both of these years, the average M–W price for milk also increased substantially. This put an extra $324 million in Wisconsin dairy producer's pockets in 1989 and an extra $197 million for Wisconsin dairy farmers in 1992. Why is that important to Wisconsin's economy? Quite simply, every dollar that a farmer spends is turned over in the economy seven times.

The passage of NAFTA will result in significant increases in Wisconsin farm commodity exports to Mexico over the next decade according to estimates by the USDA and the Texas A&M Ag Economics Department: A 60 percent increase in corn exports (6 cents/bushel); a 100-percent increase in dairy exports; a 150-percent increase in poultry exports; a 200-percent increase in beef exports; and a 250-percent increase in pork exports.

Wisconsin agriculture is clearly a big winner under NAFTA—that's why it's been endorsed by the Wisconsin Farm Bureau, Wisconsin dairies, the Wisconsin Cattlemen's Association, Land O' Lakes, the Wisconsin Port Producers, and the Mid-America Dairyman, to name just a few.

NAFTA benefit are important for the industrial base as well. Under NAFTA, there will be a $2 billion increase in rail delivery. This means 12,000 new jobs.

The NAFTA will also greatly benefit the manufacturing industry in western Wisconsin. The Advance Transformer Co. in Grant County is one example. The company employs over 1,400 workers in manufacturing transformers for fluorescent lights. Advance sold $7 million of its products in Mexico last year, despite a 20-percent tariff. If we approve NAFTA, that 20-percent tariff will disappear and Advance will more than double its Mexican sales next year. All of this production would be done with Wisconsin workers.

If NAFTA does not pass, however, Advance will likely be forced to start a plant in Mexico. A chief U.S. rival, Valmont Electric, has already moved its assembly to the maquiladora region. If NAFTA is not passed, Advance will have to combat the high tariffs by moving its production for Mexican markets to Mexico so that it can remain competitive with its rival, Valmont.

The same is true for other products such as canned vegetables from Cumberland; conveyer systems from Potosi; food products from Augusta; audio components from River Falls; electronic equipment from Menomonie; and small appliances from Eau Claire.

And that is only a small sample.

Other benefits include the following:

Since 1987, exports of wood products and furniture have expanded over 2,500 percent. Think of what will happen with NAFTA?

NAFTA will bring a $1 billion increase in auto parts and cars. That will support 15,000 jobs.

Tires are currently subject to a 20 percent tariff in Mexico. With NAFTA, that tariff will drop off, allowing greater exports.

In the end, I believe that America must truly venture out into the global market. It must compete with full force instead of retreating inside the false fences of protectionism. NAFTA is good for Wisconsin. It is good for America. And it merits our full support.

Mr. HUNTER. Madam Chairman, I yield 3 minutes to the very distinguished gentleman from Oklahoma [Mr. INHOFE].

(Mr. INHOFE asked and was given permission to revise and extend his remarks.)

□ 1510

Mr. INHOFE. Madam Chairman, we have heard many eloquent speeches today and we have seen many polished theatrics, but you know and I know that not one vote on this floor will be changed based on what is said today. This show is for the folks back home; and, Madam Speaker, it is already predetermined that NAFTA will pass tonight. Oh, it will look like a narrow margin, but there will be 15 or 20 Democratic Members of Congress who have told the President, "Mr. President, you know you can count on me; if my vote is the deciding vote, I will vote for it. But if you don't need me, I'll vote for the constituents back home." That's the game we play.

But, Madam Chairman, I have to say something for the RECORD. I will match credentials with anyone in this legislative body on free trade. There are none more dedicated to free trade than I. And second, Madam Speaker, I understand and love the Mexican people. I used to work with Mexicans. When I was mayor of Tulsa, we established the first, the very first commercial and business relationship between a city in the United States and a city in Mexico. This was 14 years ago between the cities of Tulsa, OK, and San Luis Potosí, Mexico. Also, when I was mayor of Tulsa, I began the first Hispanic affairs commission and only last month received the Award of the Americas. Yo he estado trabajando con mexicanos for varios anos y yo intiendo la gente de mexico como me famalía.

Having said that, imagine how surprised I was when I received the final documents called the North American Free-Trade Agreement. Since I am on the Public Works and Transportation Committee, I gave them the elements of the NAFTA that deal with transportation and asked for their interpretation. The result: We gave away the store in our negotiations.

Here we have a President who passed a retroactive tax increase on small business and issued mandates on health requirements, labor requirements, and environmental requirements and turns right around and promotes a trade agreement that exempts our Mexican competition from these mandates. In

other words, a Mexican trucker will be able to compete with a United States independent trucker from point to point within the United States and not have to comply with our emission requirements and other mandates.

A Mexican national can own 100 percent of an American transportation company while we can only own a 49-percent interest in a Mexican transportation company. This inequity will not be corrected until the year 2004.

The gentleman from Michigan who spoke before me said there are only two bad choices. Let me suggest a good choice, Madam Speaker. Let's renegotiate and correct the unlevel playing field that has been offered. The big question is, "Can we renegotiate or will the Mexican Government renegotiate?" I was told by close friends in the Mexican Government last August that if the NAFTA failed, President Salinas would spend an additional 5 weeks in renegotiations. Now we have been told that they will not renegotiate. Of course, that is just a part of the negotiation process. So, all this discussion today is academic. The votes are there and it will pass unless—and this is a big unless—a handful of probusiness, pro-free-trader Members of Congress will opt for choice No. 3: To renegotiate for a real free-trade agreement, a free-trade agreement that is good for the United States, that is good for Mexico, and is good for Canada. The concept is right, the negotiations are wrong.

Mr. HOAGLAND. Madam Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Madam Chairman, the North American Free-Trade Agreement is the most important U.S. policy decision since approval of the Marshall plan following World War II. Not only did the Marshall plan chart the course of economic recovery for war ravaged Europe, it established the United States as the leading voice in world economic and foreign policy. Because the Uruguay round of the GATT negotiations were underway before the fall of the Soviet Union in 1991, NAFTA is the first major international agreement debated by the United States since these Earth-shaking changes occurred.

Untold opportunities exist today if we are open to change and work for the creation of new markets. Today we have a choice. We can ignore change or we can invite it. We can get run over by change or become change agents.

I want to share a little-known fact: The United States currently has a $6 billion dollar trade surplus with low-wage Mexico and a $36 billion trade deficit with high-wage Japan.

Despite its underdeveloped economy, Mexico already buys United States goods in huge quantities. On a per capita basis Mexicans purchase $350 worth of American products every year, compared with $266 for each European. Mexico's middle and upper classes make up 20 percent of its population, or 20 million people. This consumer class is about the size of the entire population of Canada. We cannot walk away from a market this large.

In my own State of Minnesota, 300 companies already export goods and services to Mexico, supporting 5,700 jobs in our State. The majority of those jobs have been added since 1988, when Mexico began reducing its tariffs on United States goods. The NAFTA will eliminate all tariffs over a 15-year period creating even greater opportunities for trade in the future.

But, most importantly, Mexico is the bridge to the entire span of Latin America. In Central and South America the population will increase by 22 percent over the next 7 years, reaching 500 million by the end of the decade. Clearly, the next frontier in trade is definitely south of the U.S. border.

We cannot create American jobs without markets. We cannot create markets without trade. The NAFTA offers a forward looking trade policy.

An anti-NAFTA vote is a vote for retreat.

A pro-NAFTA vote is a vote for the future.

Mr. OBEY. Madam Chairman, I yield 2 minutes to the distinguished gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Madam Chairman, I am for free international trade, but free trade tempered by fairness.

A common economic market, encompassing the entire North American continent, free of barriers to the movement of people, goods, and capital is an enticing dream—one that should be a goal for the Canadian, American, and Mexican Governments and people. It is also one that we can achieve under the right conditions.

The proposed North American Free-Trade Agreement on which we will vote today falls so far short of the goal of free and fair trade that this NAFTA should be defeated, renegotiated by the Clinton administration, the defects cured, and the agreement resubmitted to Congress next year.

This NAFTA fails the tests of fairness to United States workers, enforceable protection for Mexican worker's rights, and enforceable protection for environmental values.

The labor supplements designed to benefit American workers are weak, insufficient, and, worst of all, unenforceable.

Investment capital, on the other hand, is very specifically and effectively protected in the core agreement. Such important matters as intellectual property rights, repatriation of profits, and other investor rights are not only included in the basic agreement, backed by stiff sanctions, but they are also removed from the Mexican court system, covered, instead, under the dispute resolution mechanism.

The agreement tilts heavily in favor of capital and industry, while leaving American jobs vulnerable and Mexican workers subject to continued exploitation at low wages and few or no worker benefits.

We should not approve an agreement that will leave Mexican workers subject to exploitation, American industry vulnerable to unfair cost competition, and the environment unprotected against degradation by both Mexico and the United States, as well as other foreign firms that may locate in Mexico in the future.

A renegotiated NAFTA, that meets the tests I have spelled out would, indeed, be in the best interests of both countries and I urge my colleagues to vote down this NAFTA and I further urge the administration to take up the challenge of expanding trade between the United States and Mexico by negotiating a truly effective and fair agreement next year.

Mr. DREIER. Mr. Chairman, I am happy to yield 1 minute to our thoughtful colleague from Waterbury, CT, Mr. FRANKS, a member of the Committee on Energy and Commerce.

Mr. FRANKS of Connecticut. Madam Chairman, history has shown that the free-trade agreements with Israel and Canada have helped all countries involved. Protectionism in the past resulted in a despression. With few exceptions, long-term jobs have been created when risks were taken. Greater access to new markets means more sales, and typically more sales means more jobs.

Madam Chairman, when the opponents of NAFTA claim that corporations are going to move a large number of jobs to Mexico, they are ignoring the fact that it is not in the corporation's best interests to have high unemployment in America, because the unemployed cannot purchase their products.

For corporations to derive the maximum benefit from NAFTA, they need to increase consumer purchases by Mexicans. But, more importantly, corporations need to maintain, if not increase, the purchasing power of Americans. That would yield the highest profits for corporations, and, Madam Chairman, that will mean jobs for Americans.

Americans are can do people. We are not can't do people. We can make NAFTA work for America.

Mr. DREIER. Madam Chairman, I am happy to yield 1 minute to the gentleman from California [Mr. MCKEON], the president of the freshman class and the former mayor of the city of Santa Clarita, CA.

Mr. MCKEON. Madam Chairman, I rise today in strong support of NAFTA. I would like to share with you a letter I recently received from a manufacturer in my district. His comments demonstrate how the passage of

NAFTA will maintain and create jobs here in the United States and conversely, how the defeat of NAFTA will serve to destroy jobs.

This manufacturer claims his business will survive with or without NAFTA. For him it is simple. Without NAFTA, he moves his factory to Mexico to avoid the cumbersome trade barriers and high tariffs under current regulations. He says, "My problem is solved." But, "of course over 100 workers in my * * * plant will be out of work." Without NAFTA, Madam Chairman, those 100 jobs and many others from similar industries will go to Mexico.

However if NAFTA passes, this manufacturer will be able to service the Mexican market from Santa Clarita unencumbered by burdensome trade barriers. This will result in increased exports translating to increased jobs.

Madam Chairman, the message is clear. NAFTA will create jobs which in turn will build our economy. I urge a "yes" vote today.

I include the letter referred to for the RECORD.

DEAR SIR, I work for a manufacturing company in the Los Angeles area. We sell equipment for the plastics industry. The market for our products in the United States is mature and is not growing. In order to grow, or even just to survive we need to tap export markets.

Having analyzed the markets in Mexico and the rest of Latin America, I know there is untapped demand for our products. However there is one major problem facing us: tariffs. In Mexico, for example, our equipment faces a 20% tariff.

Whether NAFTA passes or not, I can still get around this problem. However, how I can get around this problem does depend on whether NAFTA passes or not. Let's examine the following 2 scenarios:

1) NAFTA passes: My problem is solved. I can service the U.S. and Mexican markets from my Los Angeles area factory unencumbered by tariff barriers. Furthermore, as projected free trade agreements are signed with other Latin American countries, I can also look forward to serving those markets from my Los Angeles factory.

2) NAFTA is rejected: I can still solve my problem. I simply move my factory to Monterrey, Mexico. Checking the Harmonized Tariff Schedule, I find that my equipment is entitled to duty free entry into the United States when imported from Mexico. Furthermore I will have duty free access to the Mexican market. But wait. It gets even better. Mexico has a free trade agreement with Chile and is in the process of implementing agreements with Colombia and Venezuela and further accords are in the works with the rest of Latin America. My problem is solved. Of course, over 100 workers in my Los Angeles area plant will be out of work.

With average duties of only 1.9% of Mexican products currently entering the United States. I am sure many other American companies can gain the same advantage as I can by moving to Mexico if NAFTA is not passed.

Sincerely,

———.

Mr. DREIER. Madam Chairman, I yield 1 minute to our valiant appropriator, the gentleman from Parsippany, NJ, Mr. GALLO.

Mr. GALLO. Madam Chairman, I rise today in support of the North American Free-Trade Agreement. Since it was first advanced as an idea by Ronald Reagan in his Presidential campaign, I have closely examined the development of NAFTA and the export market as an industry. The evidence overwhelmingly indicates that the United States benefits from free-trade agreements, and there is no accurate data indicating that it will be different by expanding trade with Mexico.

Contrary to claims that this agreement will result in a mass exodus of American companies to Mexico, this free-trade agreement will likely have the opposite affect. American companies are already free to move operations abroad but many businesses prefer to operate in the United States citing our skilled and educated work force, incomparable infrastructure, and abundant energy resources.

Export growth is one of the most important components of a successful economy, and it has been one of only a few industries that has steadily created new jobs throughout the recession. Historically, free-trade agreements have given American companies access to lucrative new markets providing opportunities to grow. Mexico's 85 million consumers will give the United States the economic boost that we sorely need.

Currently, the State of New Jersey benefits from $3 billion worth of exports to Canada and Mexico combined. In 1987, when Mexico lowered its tariffs from 100 percent to 20 percent, New Jersey's merchandise exports to Mexico grew over 155 percent in 5 years, making New Jersey one of 38 States whose exports to Mexico have more than doubled. And export-related jobs pay as much as 17 percent higher wages than non-export related jobs.

Nationwide, a free-trade agreement among the three countries is worth $6 trillion. When Mexico's tariffs on United States goods dropped from 100 percent to 20 percent, United States exports shot from $14 billion to $40 billion, creating 520,000 jobs in the United States. About 70 percent of Mexico's imports come from the United States. Mexico imports more per capita from the United States—$450 per year—than the Europeans—$295 per year—or the Japanese—$385 per year. And, the United States accounts for almost two-thirds of direct foreign investment in Mexico.

On labor issues, some Americans were led to believe that NAFTA would not protect United States workers from the lax enforcement of Mexican labor laws. Also, Americans have been told that because Mexico is much poorer than the United States, expanded trade would reduce our standard of living. Though this argument appears logical on the surface, businesses consider many other factors other than wage rates to decide on a location to do business.

Companies look for locations to manufacture based on transportation facilities, communications, infrastructure, market, energy resources, and education level. United States workers compete successfully with lower wage Mexican workers because American workers are five times more productive. These factors give U.S. companies the ability to support higher wages.

With stronger trade ties, job creation will be enhanced. For the United States, every $1 billion in exports creates 20,000 new jobs. Twenty-five percent of United States unionized jobs are manufacturers of our top exports to Mexico. Export related jobs pay 17 percent higher wages than non-export related jobs. And one in eight jobs depends on foreign trade.

Aside from the clear connection between free trade and economic prosperity from this agreement, it is written to protect U.S. sovereignty in the areas of environmental standards. The agreement struck by the three countries during supplemental negotiations clearly states that each country retains its own standards, and affirms a commitment to harmonize upward, each country's environment.

Though Mexican environmental laws are actually stronger than United States laws, Mexico has been lax in enforcing its laws. With this agreement the United States has much greater leverage in pressuring Mexico to enforce its laws and it gives the United States, Canada, and Mexico an historic opportunity to unite in cleaning up the borders that has been suffering from years of neglect.

Madam Chairman, the facts surrounding our past free-trade agreements should lay to rest the fears of NAFTA opponents that we will have a mass exodus of jobs or decrease in standard of living—the protection and enhancement of which is my foremost consideration in agreeing to support this trade agreement.

□ 1520

Mr. HUNTER. Madam Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. EVANS].

Mr. EVANS. Madam Chairman, I am opposed to NAFTA because I believe that it will hurt American workers. This agreement is nothing more than an investment agreement that will ease the movement of capital between the United States and Mexico and increase the profits of big corporations at the expense of workers, consumers, communities, and the environment in all three countries. In the last 10 years, Illinois has seen 70,000 jobs move to Mexico and this agreement would put 380,000 more jobs at risk. And the jobs that stay will suffer from wage depression as companies use threat of relocation to squeeze wages and benefits.

Mexican workers make about $1 an hour. American workers are the best in the world, but they can't compete with those wages.

We are told that the treaty will open a vast consumer market for Illinois firms which will create jobs. But in reality, only about 10 percent of Mexican consumers can afford to buy United States products, and only 8 percent of all of our exports to Mexico are consumer products.

NAFTA supporters say that Illinois firms benefit from trade with Mexico, which will increase with this agreement. Yet, half of these Illinois exports are intra-company transfers. For example, an Illinois clothing company cuts cloth in Illinois, sends it to a Mexican subsidiary for assembly, which is then shipped back to the United States for sale. Illinois workers lose jobs in this shell game.

This agreement follows the same road that we have traveled the last decade—lost jobs, depressed wages, closed factories. We need free and fair trade. But NAFTA will not deliver it. We have to say No to NAFTA.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Madam Chairman, I rise in favor of the North American Free-Trade Agreement.

After many weeks of examining my reservations about this agreement in the light of many expert opinions and economic studies pro and con, I am unable to shake the strong feeling that to vote against NAFTA would be to look backward, not forward, and would send a signal to the world that our country does not have enough self-confidence even to enter a free-trade agreement with a small neighbor on our own border.

And I have concluded that the risks of the not going forward are greater than the risks of approving the agreement.

Four factors played the most prominent role in my decision:

First, my concern that NAFTA might encourage jobs to leave the country eventually gave way to the conclusion that there is very little to discourage jobs from going to Mexico now, without NAFTA. An agreement that will cause Mexico to drop its high tariffs discouraging entry of American products should, it seems, help create jobs.

Second, on Thursday the President will travel to the Asian Pacific Economic Cooperation meetings in Seattle. Our trade representatives continue to negotiate in Geneva at the Uruguay round of GATT talks. I do not see how the President or our trade negotiators can speak with any authority when they demand that foreign markets be opened to our products if we have refused to enter a free-trade agreement with an economically small nation on our own border.

Third, the domestic impact on Mexico that would result from defeating NAFTA is a serious matter. After generations of economic stagnation and anti-American demagoguery, Mexico is finally opening its economy and taking steps to build a genuine democracy. To turn down this historic opening would not advance our long-term interest in having a stable, prosperous neighbor that imports our products rather than exports its labor.

Fourth, finally, I cannot ignore the disproportionately positive impact NAFTA is projected to have on my own State and city. Trade between Texas and Mexico in 1992 totalled $18 billion, 38 percent of all Texas exports. Under NAFTA this is projected to increase by another $8.2 billion over the next 10 years. Over 40 percent of the 180,000 jobs protected to be created by NAFTA in Texas are expected to be in the Dallas-Fort Worth area. These facts, coupled with the infrastructure improvements, health programs, and environmental cleanup slated for the Texas border under the various provisions accompanying this agreement, are predicted to cause an enormous positive impact on our region.

I believe the opponents of NAFTA are sincere. This agreement could have been much stronger. And years and years of bad trade agreements and job losses have given us all good reason to be skeptical of any agreement with a lower wage country.

But a careful examination of the facts—our present low tariffs have little effect on job retention, while their high tariffs have a significant negative effect, for example—leads me to the conclusion that, on balance, it is in the national interest to vote yes.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentlewoman from Utah [Ms. SHEPHERD].

Ms. SHEPHERD. Madam Chairman, I rise in support of the North American Free-Trade Agreement. I owned a business and I know that a business that is not growing is dying. This principle holds true for our economy as well. If we yield to the politics of preservation and cries for protectionism, if we retreat from the emerging global economy by voting against NAFTA, we will be condemning our economy to a slow, but certain death. There is no safety in hiding.

Understandably, many Members of this body and citizens of our country are concerned about job loss. I am as well. I am supporting this agreement because increased exports and job creation go hand-in-hand. Through eliminating insurmountable trade barriers and removing prohibitive tariffs we will enable companies in my district, in all our districts, to expand their markets and their employment. It is tragically ironic that as we are attempting to pry open markets in Asia and liberalize trade with Europe through GATT, many would close the door of opportunity with our Mexican and Canadian neighbors.

This was an incredibly difficult decision. Many of my friends and supporters do not agree with me. Yet, for me the bottom line is this: Mexican tariffs on United States goods are 2½ times higher than United States tariffs. If we don't take this opportunity to remove these barriers, sell American products and create a better future for our children, Japan, Germany, or Asia will.

Mr. OBEY. Madam Chairman, I yield 1½ minutes to the gentleman from Ohio [Mr. FINGERHUT].

Mr. FINGERHUT. Madam Chairman, I rise today as part of this significant debate to both say my piece and to marvel at the politics of this Capital City.

Just a few weeks ago, as the debate focused on the simple but powerful question of American jobs, the NAFTA agreement appeared dead in the water. While the claims of the opponents regarding the precise number of job losses were frequently challenged, even the supporters admitted that there would be, in their phrase, "short-term losses."

Having failed to persuade Congress and the public that the agreement would create jobs, the proponents shifted the debate to foreign policy. What will the world say, they argue, if the United States turns its back on its neighbor to the south? This will be a shot heard round the world, they argue.

Madam Chairman, it is not surprising that the second argument worked much better than the first. No Member of this body, however they vote today, wants to undermine the President of the United States in the eyes of the world. Every Member is a patriot; they all believe in a strong America.

But even as the proponents have raised their new arguments with great skill, they have found it impossible or inconvenient to say a few simple words: We do not accept job losses, not even one. We will fight to save every job. We will promote trade and help businesses penetrate other markets while making it clear that we want them to stay here and invest at home. I waited more than 9 months from the day I was sworn in to hear those words before announcing my opposition to NAFTA. Even with all the sound and the fury of the debate, I have still not heard them.

Madam Chairman, it is fundamental that a government protects its citizens first. No mayor in my district will accept a company leaving their city without a fight, no Governor will do the same in their States. Why then do we accept these short-term losses without a fight?

I represent the industrial heartland of our country—big plants and little plants. I have worked hard on policies to support these industries, and I will

continue to work on an export promotion strategy and industrial policy that will help our businesses that compete abroad. But why did our Government stand by while jobs left this country for Southeast Asia and Mexico? Why don't we have tax policies that unequivocally favor investment in equipment and employment here in the United States? These would be signals to business that if they stay at home and invest at home, they will be rewarded.

Madam Chairman, I am filled with sadness at the conclusion I have reached. But I agree with Abe Rosenthal, writing in yesterday's New York Times:

> The genuine fears of frightened workers are dismissed by the Clinton administration, press and academia. If that is true now, while workers are still fighting, what care will be shown them or their thoughts if they are defeated and find themselves out of work in the name of grander interest?

For these reasons, I will vote "no" on the NAFTA.

Mr. DREIER. Madam Chairman, I yield 1 minute to the gentleman from Appleton, WI, Mr. ROTH, an incisive free trader.

Mr. ROTH. Madam Chairman, never before in American history has a trade agreement generated such an intense public debate. During these past months, I have carefully listened to all sides. I have listened to the witnesses at our committee hearings.

I have talked about NAFTA with the President, with Ross Perot, with Pat Buchanan, with business leaders, and with union leaders. Most important, I have heard from thousands of average citizens across northeast Wisconsin—people with no axe to grind, but who are concerned about our country: Who are concerned about keeping good paying jobs here at home; who are concerned about economic growth; and who are concerned about our national sovereignty, and keeping our country strong.

By itself, NAFTA is not the issue with most people. After all, NAFTA is just a tariff agreement with a friendly neighbor whose economy will always be a small fraction of ours.

But NAFTA has become the lightning rod for the deep-seated fears—and the fervently held hopes—for our country's future.

That's why each of us in this House owes it to the American people to cast our vote on principle—on what each of us truly believes is in the best interest of our country and the American people.

But in recent weeks—indeed at this very hour—we have seen this serious issue turned into a sorry spectacle.

The Oval Office has been turned into a bazaar, open for business to buy votes for NAFTA with favors and special deals.

On the other side, the union bosses have used threats to bully Members into voting against NAFTA.

Even Ralph Nader, who the press once canonized as America's conscience, has carried out a campaign of threats and intimidation. Well after today, Ralph Nader is just another lobbyist.

The American people, regardless of what side they are on, deserve better from their President and their Congress.

Today I will vote for NAFTA, because NAFTA is in the best interest of our country and northeast Wisconsin.

My decision is based not on what the President said, but what thousands of average people in northeast Wisconsin have said to me and wrote to me about NAFTA.

No one buys my vote, and no one threatens me, because I listen to the people who sent me here. The people ask only one thing of their Congressman: to exercise our best judgment on their behalf, free of favor or threat. And my best judgment is that NAFTA will increase American exports, will create new jobs here at home, and will help our economy grow.

Here are the facts. In the last 5 years, United States exports to Mexico have nearly tripled, from $14 billion in 1987 to over $40 billion in 1992.

Using the Commerce Department's long-standing estimate that every billion of exports translates into 20,000 jobs, this 5-year increase in exports has added over 500,000 jobs for American workers.

In Wisconsin, exports to Mexico have gone up 220 percent in 5 years. That is an increase of more than 3 times, now totaling $250 million. That is on top of the nearly $2 billion that Wisconsin exports to Canada, our other partner in NAFTA.

Wisconsin is one of America's leading exporting States, because we in Wisconsin learned long ago that exports are the key to future growth, and that exports produce good jobs—in fact American workers who make products for export are taking home 20-percent higher wages, on average.

Our Wisconsin government economists estimate that NAFTA will create 6,000 new jobs in Wisconsin over the next 7 years, and 20,000 new jobs in the next 17 years.

NAFTA is good for every major sector of Wisconsin's economy—and therefore for every major sector of Wisconsin's work force. For Wisconsin's paperworkers, they will see more jobs created as their companies increase sales.

As Mexico's tariffs come down on American paper products, companies like Fort Howard in Green Bay and Scott in Marinette and Oconto Falls will increase exports.

As Mexico accepts more United States dairy products, Wisconsin dairy farmers will see a 50-percent increase in powdered milk sales. Other Wisconsin dairy products will go to Mexico, increasing sales by 15 percent. Wisconsin's high-technology companies will increase exports to Mexico, creating new jobs in our State for American workers.

FMC's plant in Green Bay, which makes packaging machinery, has already seen a 200-percent increase in its exports to Mexico since 1987. Mexico still has tariffs as high as 15 percent against FMC's products. Once those tariffs are gone, FMC's Green Bay plan will see even greater increases, which will mean more work for the 250 workers in that plant—and even more jobs.

Green Bay also is the home of Schneider National, one of America's leading transportation companies.

NAFTA will mean an increase in Schneider's freight hauling business, resulting in more work for Schneider's dedicated employees. These are specific examples of the reality that NAFTA will create new jobs in northeast Wisconsin.

And more jobs is what America needs for our economic future. All across the industrialized world, job creation is the top priority. From Tokyo and Seoul in Asia to Bonn and Paris in Europe, jobs are the top concern of governments.

We here today can take a step toward creating jobs for Americans, right here at home. Given that prospect, all the other arguments fade into irrelevance.

NAFTA is good for America.

NAFTA is good for northeast Wisconsin.

Today, I urge my colleagues to join me in voting for our country's future.

Mr. DREIER. Madam Chairman, I yield 1 minute to the gentleman from Fond du Lac, WI, Mr. PETRI.

□ 1530

Mr. PETRI. Madam Chairman, as I promised last year, I have tried to consider the NAFTA with an open mind and listen to everyone with a view. In the end, I will vote "yes."

We will lose some jobs. I agonize over that. But we are losing those jobs anyway. With NAFTA, we will gain other jobs.

Yes, Mexico has cheap labor. But if cheap were the key, all our jobs would have gone long since to Bangladesh or Haiti.

In Wisconsin we have skilled, productive workers, efficient factories, and quality infrastructure. We need not fear Mexico, or anyone else. We can compete.

In fact, NAFTA will mean more exports, and more and better jobs, across central Wisconsin. If there is any giant sucking sound, it will be products going south, not jobs.

But beyond that, accepting NAFTA sends a vital signal to the world. It says: after winning the long struggle against communism—a great victory for free minds and free markets—we will not now shrink back in fear from those principles in the very hour of our

triumph. Rather, we will take the lead, as the strongest nation on earth, in working to open the world economy for the benefit of all.

Mr. DREIER. Madam Chairman, I am happy to yield one minute to the gentleman from Minnetonka, MN, Mr. RAMSTAD.

Mr. RAMSTAD. Madam Chairman, as a member of the historic bipartisan pro-NAFTA whip group, I want to applaud President Clinton for his strong leadership on this job-creating pact.

Republicans, Democrats, and the White House have worked together in an unprecedented way to insure passage of this job-creating treaty.

We have worked together for people like Cheri Cohen and Peggy Knapp from Minnesota, who have spent the entire week here at their own expense to convince Members of the need for NAFTA to allow their small business to expand its exports and create more jobs.

Without a strong coalition of progrowth, projob and proopportunity Republicans and Democrats, the fate of this agreement would have been sealed months ago.

Supporters of NAFTA know what the rest of the world knows: Given a level playing field, American workers can compete. American workers can excel.

Madam Chairman, again I thank Members from both sides of the aisle who have shown the American people that Congress is capable of rising above gridlock and working together in a bipartisan way for the best interests of our great Nation.

Madam Chairman, I urge my colleagues to do what is right for America and pass this historic job-creating treaty.

Mr. MATSUI. Madam Chairman, I yield 1 minute and 30 seconds to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Madam Chairman, this is a painful vote. When I look at the ranks of those who opposed NAFTA, I see many friends I have stood with for over a decade. I hear their speeches and their words are familiar. I have made those speeches about working men and women, people just like my family, people who struggle in an economic system that can be both rewarding and ruthless.

However, today I must respectfully disagree with my many friends, and my many friends and colleagues in labor and in Congress. We have heard a lot of economists quoted on the floor today. I would like to quote another counselor. His name was Bob Dylan. He wrote 30 years ago, "You'd better start swimming or you'll sink like a stone."

Our economic times are truly changing. Our future is in global competition. Expanded trade is an opportunity. It is not a reason to panic. We have the most productive workers in the world, we have the best farmers, and we are blessed with natural resources other nations only long for.

America need not apologize. America can compete. NAFTA gives us a new market, a new opportunity, and a new challenge, a challenge to provide the education and training and resources for America's future so that we can continue to lead the world into the 21st century.

Mr. OBEY. Madam Chairman, I yield such time as he may consume to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Madam Chairman, I rise in opposition to this NAFTA.

Madam Chairman, deciding to oppose the North American Free-Trade Agreement in its current form was not a conclusion I reached easily. NAFTA is a complex issue, with many valid arguments—for and against. I support continued trade discussions with Mexico, and before reaching a decision, I met with many people on both sides, read hundreds of articles and letters, and gave the question many hours of serious thought.

Frankly, I believe both proponents and opponents have overstated NAFTA's impact. It's important to cut through the fog of press releases and slick advertisements to learn the facts.

There were several points that played important roles in my decision:

Under this NAFTA, the White House Office of Management and Budget admits that billions of dollars in higher taxes will be needed to pay for lost tariff revenue, for cleaning up the environmental disaster along our border, and for a Mexican development bank. NAFTA supporters contend illegal immigration will slow if more jobs are created in Mexico, but virtually everyone concedes that illegal entry into the United States will definitely increase over the next decade.

Exports to Mexico have been increasing without NAFTA, and they will continue to whether or not NAFTA is approved. The Department of Commerce ranked our State 47th last year, having less than a tiny two-hundredths of 1 percent of total United States exports to Mexico in dollar value. Exports to Mexico will inevitably be a less significant factor for South Dakota than for many other States, with or without NAFTA.

Unlike the European Community—which linked improved wages, worker rights, and democratization to entry into the EC—NAFTA attempts to bond the United States with a nondemocratic nation that has 58-cents-per-hour minimum wages, largely unenforced environmental laws, worker organizations kept under the thumb of the dominant political party, a muzzled press, and more than 200 opposition political leaders killed during the past 4 years.

An analysis of studies on this NAFTA by the congressional Joint Economic Committee concluded that there could be a decline of more than 1 percent in U.S. wages. Council of Economic Advisers Chairman Laura Tyson said the link between trade and wages is still an open question. If this question is still open, how can we justify plunging forward to approve NAFTA?

The November 1, Wall Street Journal reported that President Clinton has asked United States companies to pledge that they will not move jobs to Mexico if NAFTA passes, but few companies have been willing to make such a pledge. Perhaps they have read the Mexican Government's "Yes You Can In Yucatan" advertisement targeted to executives who, in the words of the ad, "can't find good, loyal workers for a $1 an hour within 1,000 miles of here." NAFTA would encourage U.S. investment to be shifted south, costing jobs in this country. Likewise, other nations could invest in new plants in Mexico, taking advantage of the labor market and tax environmental enforcement.

According to North Dakota Commissioner of Agriculture Sarah Vogel, NAFTA is flawed in its rules affecting, United States exports to Mexico of wheat, milk powder, cheese, corn, barley, and dry edible beans. It is lightly possible, instead of increasing southward flow of these products, NAFTA could hinder our farm exports.

NAFTA advocates overlook its potentially negative impacts on the livestock industry. Mexico already exports about 1 million feeder calves to the United States yearly, and its role under NAFTA will surely grow, serving to lower the market price for South Dakota feeder calves. Also, as trade in livestock from Mexico has increased, so has the incidence of tuberculosis in cattle, which United States producers have spent thousands of dollars to control. In 1988, there were only 70 cases of TB. But by the first half of 1992, there were 224 confirmed TB cases—92 percent from Mexico.

The Canadian Free-Trade Agreement has alerted us to potential problems with border inspection of foreign products, particularly meat. A border inspector, quoted in the September 10, 1990, Wall Street Journal, said:

> I found fecal material, blood clots, hair, bruises, green pus-filled abscesses that should have been obvious to the people preparing the product.

Another inspector said nearly 10 percent of meat coming from Canada would be rejected if all meat were inspected instead of simply being spot checked. Potential problems with Mexico are far greater because of its poorer animal health standards.

With NAFTA's protections for foreign investment, Mexico would become the side for investments in new, high-technology meatpacking operations. As a result, the U.S. packing industry would tighten, further threatening the future of facilities like Sioux Falls' Morrell plant.

It's difficult to oppose a President of my own party on an issue that he has said is important to his administration. Yet, it's even more important to vote for the position that I believe ultimately is in the best interest of South Dakota. On this particular NAFTA, in my judgment, that vote is "no."

Mr. OBEY. Madam Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. COYNE].

Mr. COYNE. Madam Chairman, the House must make an important decision today. Reject the North American Free-Trade Agreement and the House will send a message that the United States demands free and fair trade that promotes the interests of working people. Pass this agreement and we signal

that the United States will accept a flawed treaty that does nothing to slow the erosion of good paying American jobs.

I will vote against NAFTA because a bad trade agreement is worse than not having any agreement at all. I say this because that is the issue before the House today. The NAFTA agreement first negotiated by President Bush was fundamentally flawed. While President Clinton worked to correct problems with Mexican labor and environmental standards, unacceptable problems remain that would hurt workers in both the United States and Mexico.

First, Mexico wants to continue unfair labor practices that keep Mexican wages low even while Mexican and foreign companies grow and prosper. Even proponents of this agreement admit that Mexico has failed to protect the rights of its own citizens in the work place. The Mexican Government has shown repeatedly that it will side with those who benefit by paying Third World wages at modern industrial plants.

This one-sided position hurts United States workers who will compete against more productive Mexican plants where the average wage could still be $2.35 an hour. The House has been offered promises by the current Mexican President that the disparity between Mexican wages and productivity will be diminished, but the legislation before the House today fails to provide a legal assurance that progress will be made on this front. The fact remains that Members must vote on the specific law being debated here today. We should not vote based on promises of what may be done in the future.

Madam Chairman, some say only low income jobs would be affected. The reality is that a lot of Americans depend on low paying jobs to provide for their families. There is too little in this agreement to offer hope for those who will find their jobs under increasing pressure as a result of an open trade border with Mexico. In addition, there has been an unacceptable lack of specificity about how displaced workers will be assisted in obtaining new skills or new jobs.

Another problem is the failure to guarantee enforcement of Mexican environmental laws. Mexico has some good laws on paper, but also has a horrible enforcement record. This endangers both Mexicans and United States citizens. Industrial pollution does not respect international borders, and this agreement fails to provide sufficient environmental protections for Americans who live up wind or up stream of Mexico.

The question is not one of opposing free trade with Mexico. The United States must also have fair trade with Mexico. I support both free and fair trade, which is way I did vote for the United States-Canada Free-Trade Agreement and the United States-Israel Free-Trade Agreement. The facts remain that NAFTA does not provide both free and fair trade with Mexico. Again, a bad treaty that fails to protect the interests of workers or the environment is worse than having no treaty at all.

Madam Chairman, the proposed NAFTA does not achieve the goal of free and fair trade in North America, and should be defeated. We can do better.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the distinguished gentleman from Oklahoma City, OK, Mr. ISTOOK, a member of the Committee on Appropriations.

Mr. ISTOOK. Madam Chairman, I favor NAFTA, but I understand why many Americans are fearful.

Too many politicians campaigned last year by creating fear. They told us that America is weak, and our economy is in danger, and it is all Reagan and Bush's fault. Now, to pass NAFTA, the American people are told that our Nation is strong, and it can out-compete other countries. No wonder the public is confused.

All sorts of twisted tales are being told about NAFTA, often by people who sincerely believe them. Where have people learned how to generate such confusion? I say they have learned by example—the bad example they have seen here in Washington.

Those who spread fear should not be surprised that it causes panic. We need to reassure people who are honestly scared, rather than condemning them.

I spent long hours separating the facts from the fiction. I have concluded that:

We will lose more jobs to Mexico if we do not pass NAFTA, and we will lose a major chance to expand our economy through trade; and we will lose our commitment to free enterprise, which has served America so well.

Instead, let us win.

I urge you to join me in supporting NAFTA today.

Mr. HUNTER. Madam Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Madam Chairman, I thank the gentleman for yielding time to me.

Madam Chairman, tonight the Members of this body will be voting on a trade agreement that will fundamentally change the way we negotiate future trade agreements, and I believe this change will be harmful to our country.

Madam Chairman, under this NAFTA, the two basic elements that have made America great—capital investment and consumer purchasing power—would be radically undermined.

Under this NAFTA, billions of dollars of investment capital would flow not within the United States, but south of the border to Mexico.

Under this NAFTA, the flight of jobs and dollars to Mexico would put significant downward pressure on American wages and purchasing power.

Under this NAFTA, American environmental laws would be undermined if they were viewed as barriers to trade.

Under this NAFTA, American citizens would be taxed billions of dollars to subsidize the loss of American jobs.

Under this NAFTA, Mexican workers would still not have free and independent labor unions to help improve their purchasing power.

Madam Chairman, because of these problems, and many others, I have concluded that this NAFTA is fatally flawed and must be defeated.

I urge my colleagues to reflect on the loss of American jobs and investment, and the ability to protect our environment, if this NAFTA is approved.

I urge my colleagues to protect those investments, those jobs, and that sovereignty.

I urge Members to vote this NAFTA down.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from California [Mr. TORRES].

Mr. TORRES. Madam Chairman, my announced intentions to support the NAFTA have been characterized by my many labor friends as a desertion from my labor roots. It is, in fact, not. I reached this decision as a direct outcome of my labor background, my training, and my sympathies.

The administration added two critical points to this treaty. First, they added a North American Development Bank, a vehicle to target investment capital to provide a safety net for workers, for workers.

Second, the new agreement contains a flexible job assistance program targeting training and income assistance.

Are there problems with NAFTA? You bet there are. There are problems in this country without a NAFTA.

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Frankly, NAFTA is far from being a perfect document. I see it as a blueprint, as a beginning vehicle for grappling with the inevitable market relocations and reorganizations that have to take place.

So I call upon my friends in labor to grasp this enormous opportunity and the potential of NAFTA in spreading the vision and the reality of industrial democracy throughout this hemisphere. Sure, corporations and capital are being welcomed in Mexico through NAFTA. But labor must realize its own potential in providing leadership in this hemisphere for all workers.

The upcoming vote on the North American Free-Trade Agreement [NAFTA] has been called the most important political decision of this century.

Hyperbole, widely differing facts and figures, high emotions, and drama have pitted allied

against old friends, regions against States, haves against have-nots, businesses against businesses, elected official against each other and the administration, and labor against industry.

Madam Chairman, my announced intention to support the NAFTA has been characterized by my friends in the U.S. labor movement as a desertion from my labor roots—it is not. In fact, I reached this decision as a direct outcome of my labor background, training, and sympathies.

Will NAFTA help or hurt? We have only to look to our north to learn of its potential effects. Before doing so, we need to understand that in the real economic world, the causes and effects of the 5-year-old trade agreement with our Canadian partners are difficult to sort out.

In general, the Canadian economic picture is rough. Job growth has been stagnant, the agreement's architect and prime supporter became the most unpopular Prime Minister in Canadian history, and free trade has become everyone's scapegoat. One could argue, however, that the Canadian economic downturn has more to do with global economic ills than the United States-Canada Free-Trade Agreement.

The primary lesson for the United States in this experience seems to be: prepare for massive adjustments in very specific sectors. The Canadian agreement demonstrates that there will be sectors of the economy with wins, and those with losses.

Now, I chose to put my support behind the new NAFTA because the administration added two critical components which address directly the lessons learned in Canada. First, they added a North American Development Bank, a vehicle to target investment capital, to provide a safety-net for workers, should displacement occur. Second, the new agreement contains a flexible job assistance program to target training and income assistance into specific areas. These additions to NAFTA address directly potential economic and job losses.

Are there problems with NAFTA? You bet. There are problems for this country without a NAFTA. Frankly, NAFTA is far from being a perfect document. I see it as a blueprint, as a beginning, a vehicle for grappling with inevitable and unavoidable market relocations and reorganizations.

What has surprised me is that my friends in the North American labor movement, so far, have failed to grasp the enormous opportunity and potential, in the NAFTA, for spreading the vision and reality of industrial democracy throughout this hemisphere.

Multinational corporations and capital are being welcomed into Mexico through NAFTA. Labor must realize its inevitable linkages to these new directions and definitions of national sovereignty. Labor must insist upon being partners in implementing a NAFTA which will achieve their long held dreams and aspirations of social justice.

For, just as the NAFTA lowers tariff and other barriers to United States industry and investment in Mexico, it provides an opening for United States and Canadian labor to work directly, and in solidarity, with Mexican workers to address the most pressing needs.

These joint efforts would include raising wages, strengthening trade union democracy, organizing new hemisphere-wide unions and consequently to help United States and Canadian labor reverse their decline in membership and influence. NAFTA can become labor's vehicle for renewing and revitalizing its historic commitment to social and economic justice in this hemisphere.

Labor's justifiable apprehensions over Mexico's low wages, poor industrial labor practices, failure to enforce environmental and democratic safeguards can be overcome only if the trade union movement rises to the vision and opportunity of working directly and in formal affiliation with the rural and industrial workers of this hemisphere.

The negative social and environmental realities of the maquiladora process pays stark tribute to what can happen when organized labor does not become a full partner in the economic development process.

Labor is right to criticize these shortcomings and injustices, but historically, they achieve more lasting results through organizing than merely criticizing.

Technological changes have blurred national boundaries as barriers to trade and investments. The corporate community have responded to these changes. NAFTA is a manifestation of this new direction.

Canadian and North American labor face historic challenges through these changing trade patterns. Whether these are opportunities to better wage and working conditions, and to increase organizational strength, depends upon the vision, imagination, courage, and solidarity of labor's new direction.

The AFL-CIO's commitment to, and support for, trade union democracy in Poland through its affiliation with Solidarity, and the UAW's past working relationship with the formation of the auto councils in Mexico, are intimations of future directions for organized labor in industrial, service, and agricultural sectors under the NAFTA and other trade agreements.

Congress never legislated labor's mandate to organize the unorganized. Visionary and socially conscious trade union leaders forged organizing strategies and commitments to extend union democracy, initially, from craft industries, to manufacturing, and more recently into agricultural and service industries.

NAFTA is a challenge to all sectors of our economy, and to all partners in this agreement. I believe in the democratic future of American workers—both North and South American. It seems to me that NAFTA provides an initial blueprint for an exciting future for both industry and labor. It's not a perfect agreement, and begs adjustment, additions, and fine-tuning to protect workers and regions where dislocations may occur. This process begs the full participation of organized labor—if they grasp this vision and potential for historic change.

History demonstrates that there can be no lasting social and economic justice for workers without organized labor.

Bitter experience has taught both the Canadian and United States labor movement that legislation or trade agreements alone do not guarantee proper enforcement of wage and labor standards, unless there is constant vigilance from a trade union presence.

This experience mandates the direct participation of labor in the NAFTA not only to guarantee the equity of its social and economic effects, but to enhance labor's own commitment to solidarity and to the growth of free and democratic trade unionism throughout the Americas.

Mr. OBEY. Madam Chairman, I yield 10 seconds to the gentleman from Indiana [Mr. JACOBS].

Mr. JACOBS. Madam Chairman, CNN is reporting that the Japanese stock market is soaring with the news that this bill may pass.

To quote a great man, "Think about it."

Mr. OBEY. Madam Chairman, I yield 1½ minutes to the gentleman from Wisconsin [Mr. BARCA].

Mr. BARCA of Wisconsin. Madam Chairman, I rise to urge Members to vote no on this NAFTA. We can do better and we should do better for the American businesses and workers.

In fact, if we were debating the merits of this agreement alone, I believe it would be easily rejected. But it has become increasingly clear in the last couple of weeks as we have renegotiated everything from peanuts to tomatoes that this agreement is flawed.

But if we ratify this tonight, we will have foreclosed future opportunities to renegotiate. Instead we will lock in some of the worst features of this NAFTA.

The goal of any NAFTA or trade agreement, most importantly, is to improve the standard of living for American businesses so that we can create more family-supporting jobs for our workers. But like so many past trade agreements, this is flawed.

In Mexico, while productivity has gone up, their wages have gone down in the last 10 years, and at 58 cents an hour for their minimum, wage, it is questionable how many of our products and services they can buy. And the likelihood of our trade sanctions ever being imposed are minimal, and that has been acknowledged by the proponents, and that is why this is flawed.

I will conclude by saying the cost of this agreement is $2.5 billion this year alone, rising to something over $20 billion, and we do not have a clue how we are going to pay for it. What ever happened to the principle of pay as you go? What ever happened to the principle of free and fair trade?

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Picacho, NM, Mr. SKEEN, a member of the Committee on Appropriations.

Mr. SKEEN. Madam Chairman, I thank the gentleman for yielding me this time.

Madam Chairman, today is the day. There is a yes vote and there is a no vote, and there ain't no maybe one. You decide either whether you are going to be for it or against it. We are not going to revise the agreement again, we are not going to rewrite it today. And if Members want to hang

this whole question on jobs, that horse left the barn years ago, and you did not do anything about it, not a word was said by the special interests who are raising all kinds of cain about the NAFTA agreement, and who sat idly by because we were very comfortable as a Nation that did not really have to compete because we had a great consumer market that was held captive.

Well, those days are gone. We have a chance today to get in there and compete, because the jobs horse left when we let the Asiatic and Pacific rim countries take the jobs that we have, move them over there, operate them and then send the products back.

By the way, the textile folks who are concerned about this should read the labels on most of the goods, textile goods, in the stores today. They all come from Pacific rim countries.

Now is the day for us to get our heads out of the bunker, get up here and start competing, and the way to do it is to vote for NAFTA.

Mr. KOLBE. Madam Chairman, I am pleased to yield 1½ minutes to the very distinguished gentleman from Findlay, OH, Mr. OXLEY, a member of the Committee on Energy and Commerce.

Mr. OXLEY. Madam Chairman, what are we afraid of? Are we afraid of trading with a country that is one-twentieth the size of the United States and whose workers are one-fifth as productive as Americans? Are we afraid that if the Mexicans lower their trade barriers, which in some cases are as high as 20 percent, down to zero, that somehow we will not sell more products, more farm products and more machinery, more equipment and chemicals and the like into Mexico?

If the Japanese came to us tomorrow and said we will reduce our tariffs down to zero, everybody in this Chamber would rush and say, "Yes." When Mexico makes that same offer, we say we are not going to take yes for an answer.

Madam Chairman, many of us in this Chamber have had tough votes before. This, in my estimation, is not one of them. This makes sense for our country, it makes sense for my home State that is the third largest exporter, and it makes sense for all of us who believe in the process of free and open trade by free people.

That is really what it is all about.

One of the worst arguments I have heard on this floor is that somehow the drug trade will be increased if NAFTA is approved. Nothing could be further from the truth, and Judge Bonner, who is now the head of the DEA, made it clear that one of the best ways that we can deal with the drug problem is to pass NAFTA.

NAFTA is good for America. Let us pass it today.

Mr. MATSUI. Madam Chairman, I yield 2 minutes and 15 seconds to the gentlewoman from Florida [Mrs. MEEK].

Mrs. MEEK. Madam Chairman, I support NAFTA. My decision was very carefully and prayerfully delivered and deliberated.

I grew up in a great depression. I have seen much change in our country. However, after seeing decades of deprivation and adversity in our society, I have come to the conclusion that we need some new solutions to the age-old problems of unemployment and the lack of economic opportunity.

I have heard many principled arguments on both sides from well-meaning, intelligent people of good will who are struggling to do what is best for our country, as I myself have struggled with this question. In the end I have decided that old solutions to the unemployment problems and the lack of economic opportunity have not worked.

NAFTA is right for the times. It is time for America to go in a new direction.

Several months ago I opposed NAFTA because at that time I felt it would adversely affect American jobs and jobs in my district and in my State of Florida. In recent weeks, as NAFTA has been improved and additional analyses have become available, I have reconsidered my position. After an objective analysis of the best evidence available, I have decided to vote in favor of NAFTA, because I believe NAFTA is a job creator that will increase the economic opportunities for every American, including African-Americans who have been so long left out of the economic scene.

I believe the time has come for America to take a bold and a very forceful economic step forward to increase the potential of our faltering economy, and to create more jobs and more economic opportunities for Americans of all races, colors, and creeds.

No one has a crystal ball. The agreement is complex, and all sides can find something in it to prove their point.

In addition, international trade is the key to revitalizing our economy. NAFTA will create the world's largest trade zone, and in Miami and Florida, and in these United States, we will take advantage of it.

The real issue here is whether or not we can deliver new solutions for old problems.

Mr. OBEY. Madam Chairman, I yield 1½ minutes to the gentleman from Illinois [Mr. LIPINSKI].

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Mr. LIPINSKI. Madam Chairman, today we vote for the American dream, or we vote against the American dream.

Each Member of the House will make that decision today. I oppose NAFTA and that is a vote for the American dream. This is not a fight about saving the AFL–CIO. It is about saving good-paying, American middle-class jobs. This is not a fight to protect just manufacturing jobs. It is about saving an economic way of life for middle class Americans. This fight is not about protectionism. It is about protecting the American dream. This fight is not about creating a Mexican middle class. It is about saving the American middle class.

If we want this Nation to again be the economic power-house of the planet, let us start up that highway today. Let us vote no and save the American dream. And then develop an American policy of economic nationalism. Only after we have done that can we then start trying to save the world again.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the very distinguished gentleman from Albuquerque, NM, Mr. SCHIFF, a member of the Committee on Science, Space, and Technology.

Mr. SCHIFF. Madam Chairman, I rise in support of passage of the North American Free-Trade Agreement.

I believe that we need to increase the export of American goods, and in Mexico there is an emerging consumer market with a desire for American goods.

In the last 5 years, without NAFTA, trade with Mexico has grown tremendously with the balance of trade in favor of the United States.

The opponents of NAFTA argue that under NAFTA companies can move and move jobs from the United States to Mexico. That is true. But that is true today without NAFTA. Those companies that want to go can go.

The average tariff now against goods coming from Mexico to the United States is relatively low, and that is the point. The average tariffs in Mexico against United States goods is still relatively high. By mutually lowering tariffs, NAFTA will provide an advantage for United States goods by reducing the tariffs more than the reduction in tariffs against goods coming into the United States.

That is why I think NAFTA is good for the United States, and I urge its passage.

Mr. MATSUI. Madam Chairman, I yield 1 minute to the gentleman from Texas [Mr. TEJEDA].

Mr. TEJEDA. Madam Chairman, the issue before us is the course of our economic future. To remain the world's economic leader we must expand our consumer market. We cannot retreat into protectionism. We have witnessed over the past few years fantastic global changes—new democracies, new technologies, and new opportunities for trade. We must think globally. For years we have been telling our high school graduates that they no longer compete only with the high school graduates across town, but with high school graduates from across the world—Japan and Germany. If we reject NAFTA we limit their future potential.

We must pass NAFTA and teach our graduates by example. We must also send the world a message. The United States intends to remain the world's economic leader!

There are those who argue that the United States will lose jobs because of low wages in Mexico. I submit to you that when a business looks to build a new facility or relocate, they consider not only wages, but also infrastructure, transportation, and communications. If wages were the only consideration then places like Bangladesh and Haiti would be booming. If we are afraid of competing in other markets, then we need to pack our bags and go back to school and learn basic economics 101.

Mr. OBEY. Madam Chairman, I yield 1½ minutes to the gentleman from Georgia [Mr. BISHOP].

Mr. BISHOP. Madam Chairman, I rise today in opposition to NAFTA.

It is not in the best interests of our country. NAFTA will compromise our national security. We must not allow key components of our national defense to be moved to Mexico.

United States defense contractors have set up subsidiaries in Mexico to underbid their American competitors. We cannot rely on the production of computer chips from Mexico for guided-missile systems in the United States.

NAFTA is bad for Georgia's agriculture. Some claim that a deal has been struck for peanuts. Make no mistake about it, Georgia's peanut farmers are 100-percent opposed to NAFTA.

Georgia produces 45 percent of the Nation's peanuts and almost 40 percent from my district. NAFTA will cost Georgia peanut farmers $60 million to say nothing of the losses for other peanut States.

Critics claim that Mexico cannot produce because of a lack of investment capital for machinery and equipment used in production. But that is what this NAFTA is all about, directing big business capital investment into Mexico.

NAFTA reduces the economic risk and gives full faith and credit backing of three governments to the investment capital needs of Mexico. When you combine capital equipment with Mexico's cheap labor, you put American workers and American farmers out of work.

Finally, NAFTA is flawed in that it does not address the disparity between wages in Mexico and the United States. The real hourly wage in Mexico has fallen 32 percent since 1980, while manufacturing productivity has risen more than 30 percent.

The side agreements do not address this fact, and results in a playing field slanted against American workers and our sliding American wages.

I am for free trade but also fair trade.

We cannot compromise our Nation's security. We cannot turn our backs on dislocated workers. We cannot turn our backs on our farmers.

Mr. KOLBE. I yield such time as he may consume to the gentleman from Utah [Mr. HANSEN].

Mr. HANSEN. Madam Chairman, I rise in strong support of the North American Free-Trade Agreement.

Madam Chairman, I rise today in support of the North American Free-Trade Agreement. The main reason that I support NAFTA is because a vote for NAFTA is a vote for American jobs.

Every single job in America depends in some way on customers and clients, and the citizens of Mexico are among the world's best customers for American made products. On a per capita basis, Mexicans buy over $450 worth of products from the United States a year, more than their counterparts in Japan and Europe. This is more than any other group buys from America other than Canada.

Reducing tariffs and other barriers to trade will dramatically open up this already expanding market. Before Mexico joined the General Agreement on Tariffs and Trade in 1986, tariffs on United States products were as high as 100 percent. Today, they are down to an average of 10 percent. From 1986 to 1992, American exports to Mexico more than tripled from $12 billion to $41 billion. The United States runs a $5 billion trade surplus with Mexico, and this is in real dollars and exports.

Under NAFTA, this trend toward greater trade will only accelerate. Despite the progress that has been made under GATT, many markets remain closed to U.S. products and companies.

As demand for U.S. products expands and exports increase, American businesses will grow and hire new workers. The U.S. Commerce Department estimates that every additional $1 billion in exports generates over 19,000 new jobs. Since 1986, increased exports to Mexico have created more than half a million new American jobs.

Countless businesses and constituents in my district have contacted me regarding the importance that passage of NAFTA will have. These businesses are generally creating the well-paid, highly skilled jobs that Utah and America need.

The notion that NAFTA will cause an immediate and massive job migration to Mexico is based more on fear than on facts. If low wages were the only incentive, America would be losing jobs to China and Haiti, not Mexico. United States firms can presently locate to Mexico without NAFTA. Critics point to cheap labor as a threat to United States jobs, but they fail to recognize that United States workers are five times more productive than their Mexican counterparts. I know that when placed on a level playing field, American workers can compete with anyone. Critics of NAFTA fail to give American workers the credit they deserve.

Additionally, one of the major issues of the NAFTA debate concerns the alleged threat that NAFTA poses to our national sovereignty and our Constitution. In the words of one of the foremost experts on the Constitution, Judge Robert Bork said, "The first and shortest reason that NAFTA poses no threat to the sovereignty of the United States is that no treaty or executive agreement can bind the United States if it wishes to withdraw from the agreement's obligations." In other words, the only thing that can change the constitution is an amendment to the constitution. NAFTA is a trade agreement like many others that we have entered into, that Congress can override at any time.

Once NAFTA is examined on its merits and not on the misinformation being disseminated by its proponents it is easy to see the benefits. The economic benefits of free trade are well established. This is not a perfect agreement by any means, but the consequences of moving toward protectionism would be severe. I would urge my colleagues to move forward toward greater free trade and not backward toward protectionists policies of the 1930's.

Mr. KOLBE. Madam Chairman, I yield such time as he may consume to the gentleman from California [Mr. PACKARD].

Mr. PACKARD. Madam Chairman, I rise in strong support of the NAFTA agreement, and I urge my colleagues to support it.

Madam Chairman, NAFTA will launch the creation of a North American free-trade zone. In an effort to increase its economic muscle abroad, we have seen the European countries undertake a similar step, creating the European Community. NAFTA will increase America's muscle in our hemisphere, creating the largest free-trade zone in the world—over 370 million people—opening new markets to U.S. products. This will allow us to maintain our position as the world's economic superpower.

The vote on NAFTA is truly an historic one. This vote is essentially a yardstick by which we will measure our fears against the future. The rest of the world is watching—our confidence and faith in economic progress will be judged by the outcome of this vote. Passage or defeat of NAFTA will determine the pace of American competitiveness. This vote will decide, during this economically transitional time, whether we choose to move forward, to meet the new challenges of the 21st century—to lead the world—or resist inevitable change and relegate American to a second-rate economic power.

Critics of NAFTA have had two things going for them: Virtual information overload and an American public whose mood is economically introspective at the moment. These two elements have given the anti-NAFTA forces the leverage to market some baseless arguments. Ultimately, opponents of NAFTA rely on transparent arguments that play upon people's chief fear—job loss.

Since the debate about NAFTA began heating up several months ago, the public has been bombarded with reams of conflicting statistics about the effect NAFTA will have on our economy. The issue has been clouded by wild predictions of jobs fleeing across the border on one hand, while the other side claims hundreds of thousands of jobs will instantly be created. Both claims are exaggerated. However, because of the current sluggishness of the U.S. economy in general and California's economy in particular, the argument of job loss has been potent.

Two things about the job loss argument: There is nothing to stop United States companies from relocating to Mexico without NAFTA.

I will not stand here and deny the obvious: There are companies who have chosen to take jobs across the border to Mexico. Ironically, these jobs were lost primarily because we do not have a free-trade agreement with Mexico.

Because of the current tariff structure imposed by the Mexican Government, it is extremely difficult for United States businesses to compete there unless they physically move their production to Mexico and hire Mexican workers. Under NAFTA, United States businesses will not have to pay these kinds of tariffs, and will not have to move their companies to Mexico in order to compete in the market.

Second, dire predictions about the giant sucking sound of jobs being lost as United States companies flee to Mexico are ridiculous when you consider the facts. NAFTA opponents base their job-loss argument on the assumption that low wages are the sole determinant of economic success. This contention is not supported by the body of economic evidence, or by decisions most businesses and employers have made, and will continue to make, in the future.

If cheap labor was the sole determinant of economic success, the Dominican Republic would be an economic powerhouse. It is not. No matter how cheap labor is, the bottom line to business is that the work force must have a level of education equal to or greater than the task at hand. United States workers are nearly five times more productive than their Mexican counterparts. This, combined with America's superior infrastructure is more than enough to offset the lure of cheap labor. The reason most U.S. companies flee this country is to escape high taxes and excessive regulations, not cheap labor.

SOVEREIGNTY

Critics whip up another flimsy argument against passage of NAFTA, when they charge that it will somehow erode American sovereignty. They point to the international commissions created to mitigate labor and environmental disputes among the three countries.

My colleagues, anyone who has studied this agreement will recognize this as a transparent appeal to fear.

Under NAFTA, no international body has any legal authority over American domestic affairs. Furthermore, NAFTA does not allow any private individual or party to bring suit against a sovereign nation.

The bottom line is that sovereignty means autonomy. Is the United States able to export its goods to Mexico without artificial obstruction such as tariffs? Not currently.

However, with passage of NAFTA our economic autonomy will be strengthened by the elimination of barriers to trade and investment in Mexico.

The United States will regain the power to make its economic decisions based upon the freedom to trade with Mexico. It will no longer be forced to play by somebody else's economic rules. When we have an even playing field on which to compete America is virtually unbeatable. This is what NAFTA will provide, thus giving America more economic sovereignty.

TAXES

This brings us to the heart of America's economic security: How much of their income do Americans get to keep. Currently, Americans pay too many taxes; their real income is eroded by endless taxes and hidden taxes such as tariffs. That is another reason why I support NAFTA. The centerpiece of NAFTA will amount to a $1.8 billion tax cut for American consumers over the next 5 years.

When two Americans trade goods on the marketplace, the Government takes a cut—this is a tax. But, when an American and a Mexican trade goods in the marketplace, the Governments of both countries tax us twice. Not only is the product slapped with a tax in the production process, but it is taxed again at the border in the form of a tariff. What's even worse, American products are taxed at 2½ times the rate of Mexican goods.

When taxes are raised or lowered, economic activity responds accordingly. When taxes are low, the market is more active since buyers and sellers exchange more goods. The same principle applies for tariffs. When tariffs drop, international economic activity increases since buyers and sellers find it makes sense to trade more goods.

Not only do lower tariffs mean we can trade more goods, we can trade more types of goods. A product that was not tradeable at a high tariff because of the marginal rate of return, may suddenly be able to enter the market because the after-tax return becomes profitable.

On the average, American consumers pay a 4-percent tax on goods that come into our country from Mexico. NAFTA would eliminate that tax. Anyone who votes against NAFTA is voting against a tax cut for consumers in this country.

MARKETS

In terms of consumers, lowered trade barriers with neighboring Mexico offers the most lucrative opportunity to find an expanding market for American goods. It truly is intellectually difficult to make a case against a market of over 370 million people for our goods.

By passing NAFTA we will remove investment and trade barriers, and the quality of our products and the superiority of our work force will translate into economic growth for our struggling economy.

New and virtually untapped markets like Mexico are, after all, where profits for business lie. When businesses can expand and grow to meet the increased demand of larger markets, jobs are created. Every $1 billion in exports supports 20,000 high-skilled, high-wage jobs. So, in a nutshell, exports equal jobs, and NAFTA equals more exports for America. In the long run, NAFTA will produce a net gain in jobs.

COMPETITIVE EDGE

Finally, passage of NAFTA gives our products a competitive edge. While other countries will have to continue to add 10 to 20 percent tariffs to the prices of their goods, these tariffs for American products will be eliminated. After passage of NAFTA, our products will enjoy a huge price advantage and hold a secure and permanent place in the expanding Mexican market.

Again, I see this vote as a barometer of our confidence as Americans. Passage of NAFTA will allow us to unleash our competitive energy on new markets, free of artificial barriers to trade. Killing NAFTA is a step backward economically—it is a vote for the status quo.

I urge my colleagues to vote for the economic progress that is the future. I caution them that progress will happen with or without America—if we don't get on the train now, it will leave the station without us. Our ability to compete in global markets is the basis of our economic future.

I urge my colleagues to pass the agreement for the greater good of all America, not for political or parochial reasons. I urge you to pass NAFTA.

Mr. KOLBE. Madam Chairman, I yield 1 minute to the gentleman from New York [Mr. LAZIO], a very distinguished freshman from Bridgewater, a member of the Committee on Banking, Finance and Urban Affairs, and my colleague on the Committee on the Budget.

Mr. LAZIO. Madam Chairman, I have listened—carefully—to hundreds of constituents on both sides of the NAFTA issue. They expect me to make the hard choices, on the merits, without regard to political consequences.

NAFTA is clearly in the best interests of Long Island and the country. NAFTA will not only preserve, but create jobs. And they will be good jobs, because our advantage is our highly productive work force.

America in 1993 finds herself in the midst of a global economy. The world is inhabited by 5.4 billion people. America's future depends on our aggressively pursuing these vast markets. To retreat means we shoot ourselves in the foot.

I reject as unacceptable the current economic situation, which is why we must seize this opportunity for a better future, by tearing down trade barriers and opening up a potentially vast new market for American-made products.

If NAFTA is defeated, we will never know what would have happened. But if it passes, we can always opt out with 6 months notice and for any reason.

If we want our children to have the opportunities past generations have enjoyed, we must have the courage to reject fear and accept opportunity.

(At this point Mr. MFUME assumed the chair as Chairman of the Committee of the Whole.)

Mr. HUNTER. Mr. Chairman, I yield 2 minutes to Mr. BARCIA of Michigan.

Mr. BARCIA of Michigan. Mr. Chairman, as I have said since last year's congressional campaign, I support fair trade not free trade, and therefore, plan to vote against the North American Free-Trade Agreement. My greatest consideration in taking this position is that American and Mexican workers, the North American environment, and many American small businesses and entire industries stand to be big losers unless we make the pact much stronger in several areas. I remain concerned about the impact of NAFTA on our small farmers and particularly the sugar industry.

Even though Mexico has agreed to modifications in NAFTA which may reduce the problems sugar producers

might face, I believe this new provision needs further deliberation. Other industries such as flat glass, textiles, and other consumer goods will be hurt by the necessity of competing with Mexican workers who do not receive a fair wage or benefits. Am I to be reassured that losing jobs is OK because we will have so much money available for worker retraining? If we will gain so many jobs from the NAFTA, why have worker readjustment benefits been such a key aspect of proponents' arguments against labor concerns. Our citizens want to keep their jobs, not trade them in for a handout, no matter what you call it.

Mr. Chairman, as a Congressman from Michigan, I am also quite concerned about the effect on our environment and the risk to the Great Lakes.

We must act swiftly and responsibly to once again make America the most attractive place in the world to produce goods. Instead of passing a NAFTA now, we also need to make sure that we help Mexico improve its ability to enforce environmental, health and safety standards and workers' rights.

If there are no guarantees that the Mexican people will be rewarded with higher pay as their productivity rises, how can we guarantee an increase in export-related jobs in the United States. Who will buy these products.

Perhaps proponents of this agreement are correct when they say that a vote against this agreement is one of fear. But, I ask my colleagues and the citizens of my Fifth District of Michigan if fearing for the well-being of my friends and neighbors is such a bad quality to have. I submit to you that it is not.

The problems with, and questions about, the NAFTA as it stands, Mr. Chairman, are far too significant to wash away my fears. We must fill in the blanks before our workers, businesses, and environment can be considered safe. Not safe from competition, but safe to compete. Then, and only then, a NAFTA might be productive for all of our countries.

Mr. MATSUI. Madam Chairman, I yield 3 minutes to the distinguished gentleman from Indiana [Mr. HAMILTON].

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Mr. HAMILTON. Mr. Chairman, the Members of this House face today an important and difficult vote—as important and difficult as they will ever cast. We often flatter ourselves—mistakenly—that all the world watches what we do. This time the world really is watching.

The stakes in this vote are enormous. So is our responsibility. The political passions run high. But it is my judgment that most of us will vote on the basis of what we think is best for the country.

What's at stake? Jobs, growth, and exports; United States leadership in the world; the ability of the President to negotiate trade agreements; the success of the GATT talks; our relations with Mexico; and Latin America's hopes for closer economic ties with the United States.

THE CLIMATE

The debate over NAFTA has become an epic battle. NAFTA has become a symbol of something larger than itself; it is much more than a trade agreement. We are at a great turning point.

All of us recognize the fears and anxieties among American workers, and sympathize with them. They worry, legitimately, about their jobs, their wages, and their security. They see NAFTA as a threat.

NAFTA symbolizes the enormous changes coursing through our international economy. Tougher competition. Stagnant wages. Fewer blue collar jobs. Declining military spending. A shift in opportunities from unskilled to skilled jobs.

NAFTA presents a choice between two fundamentally different views of the world, two visions of America's future. Will the United States seek to expand its political and economic influence around the world, or will we withdraw and disengage? Do we embrace or resist change? That is why the world is watching.

THE TEST FOR NAFTA

The test to apply to NAFTA is a simple one: Will NAFTA make things better or worse for the United States?

Will NAFTA help those Americans who are hurting?

Will NAFTA improve the North American environment?

Will NAFTA promote political reform in Mexico?

Will NAFTA make for a stronger, more prosperous America?

MY POSITION IN BRIEF

I am convinced we will be better off with NAFTA than without it. Nearly every problem we face gets worse if NAFTA is defeated, and becomes easier to solve if NAFTA passes.

NAFTA passes the test.

WHY I SUPPORT IT: THE DETAILS

A: ECONOMY

First, the economic arguments. Economically, NAFTA will have a small but positive impact. Some jobs will be lost, probably low-skilled ones, and we must help those who lose their jobs. But the net result of NAFTA will be job gains, not job losses. All serious studies reach this conclusion.

Opponents argue NAFTA will entice American companies to go to Mexico. But neither logic nor experience support this argument. A United States firm in search of low-wage Mexican labor can leave now, with no restrictions. But if we pass NAFTA, Mexico's tariffs, which are 2½ times as high as our own, will come down. Nontariff barriers will be wiped out. There will be less incentive for American firms to move to Mexico. NAFTA levels a playing field now sharply tilted in Mexico's favor.

By approving NAFTA, we give up a little; we get quite a lot. I do not know how a wealthy country like the United States can grow wealthier and create more jobs unless there is growth through trade.

Our work force already can produce as much as this country will buy. To create and maintain new manufacturing jobs, we need access to foreign markets. The United States, to prosper, must not only open up trade with Mexico, but with the world.

B: SIDE AGREEMENTS

NAFTA's side agreements are not perfect but, on balance, they are valuable. They give us the means to promote improved environmental protection in Mexico. Without NAFTA, we have no such leverage. The status quo, which is unacceptable, will continue.

Through NAFTA, we are creating financing mechanisms to help pay for border environmental cleanup. Without NAFTA, the border environment becomes more lethal.

The labor side agreement will keep Mexico moving forward in enforcing its labor laws and standards. Without NAFTA, we have no leverage, and the deplorable conditions will simply continue.

Defeating NAFTA will not curb pollution, or alleviate the exploitation of labor. Enacting NAFTA will do both.

C: FOREIGN POLICY

NAFTA comes at a crucial moment for U.S. foreign policy. Decisions will be made in the coming weeks, not only on NAFTA, but at the APEC summit, and in the GATT talks. These critical events will define United States trade relationships with Latin America, Europe and Asia for years to come. They will shape our global economic future. How we respond, in turn, will shape our world.

Passing NAFTA will show we are engaged and standing by our commitment to open markets. NAFTA confirms our historic role in promoting free trade. Make no mistake: NAFTA's defeat will define our foreign policy as isolationist and protectionist.

The debate so far has been framed mostly in terms of jobs. But NAFTA has become one of the most important foreign policy decisions of the decade. We should pass NAFTA because important American foreign policy interests are at stake.

NAFTA will promote closer cooperation with Mexico on issues Americans care about, such as illegal drugs and immigration. These are problems we cannot solve on our own.

NAFTA will stimulate economic and political reform in Mexico and, over time, foster a more prosperous Mexico, politically stable Mexico. This is a vital U.S. national interest.

NAFTA is a turning point in our relations with Latin America. It will help consolidate political and economic reforms already underway in Latin America, a region that could become a huge export market for the United States.

NAFTA will promote progress in global trade talks, by reminding our key trading partners that we have alternative markets close to home.

D. CONSEQUENCES OF REJECTION

We also face serious consequences if NAFTA is rejected.

If NAFTA fails, our relations with Mexico and Latin America will be seriously damaged.

If NAFTA fails, the President's ability to maneuver in the international arena—whether the forum is GATT, APEC, or NATO—will be crippled.

If NAFTA fails, our leverage in other important negotiations will be undercut. If we turn our back on free trade with Mexico, how will we persuade Germany, Japan, France, and others to make politically difficult concessions in the GATT talks?

If GATT fails, global trade expansion, underway since World War II, will be at risk, and so will U.S. jobs.

If NAFTA fails, we have no meaningful response to the regional trade strategies of Europe and Japan.

If NAFTA fails, a President will be wounded, and our commitment to free markets and the liberal world trade system undermined.

E: FLAWS IN OPPONENTS' ARGUMENTS

NAFTA is not a perfect agreement, but its opponents make the classic mistake. They are making the best the enemy of the good. They have many complaints about NAFTA. But we cannot solve every problem between the United States and Mexico in a single trade agreement.

"Not this NAFTA," they say. "We can negotiate a better one that does more for the environment, more for Mexican workers, and more to bring full democracy to Mexico."

Those who await a better NAFTA will be waiting a long time. The truth is, if not this NAFTA, then no NAFTA—at least for years to come.

NAFTA's opponents are also wrong to view trade as a zero sum game. If Mexico gains, they say, we lose. They see only so much output to be produced, a finite supply of capital to be invested. They believe that if NAFTA creates economic growth in Mexico, it will come at our expense.

History proves the reverse: When trade expands, both parties gain. Market economies that engage in free trade grow richer together—not at each other's expense. Trade is a positive sum game.

NAFTA's opponents are pessimistic about America's economic strength. As one worker put it to me: "The center of our concern is fear—fear that we cannot compete."

If you listen to NAFTA's opponents, our negotiators were outsmarted. Our core industries can survive only with protection and subsidies. The United States is in inevitable economic decline and must close its borders.

NAFTA's opponents paint a distorted picture of the world's strongest economy.

F: NAFTA IS AN OPPORTUNITY

NAFTA is an opportunity for America.

NAFTA is an opportunity for growth, not only for the United States, but for Mexico and, eventually, all of Latin America.

Put aside the statistical games. Despite all the studies that conclude that NAFTA's gains exceed its losses, no one can predict future economic trends with certainty. There will be losers, but that is no reason to defeat NAFTA.

A wider market and increased competition will benefit all three economies. NAFTA builds on the open trading system that has served us well since World War II. It offers better jobs and higher incomes, and it will promote democracy and political pluralism and stability in Mexico.

CONCLUSION

This vote today is among the most important votes any of us will ever cast. Our responsibility is to do the right thing, what we think is best for the country.

Our decision comes down to a fundamental choice. NAFTA's opponents offer a pessimistic vision of America's prospects, a vision whose message is: We cannot compete. We cannot lead. Let us withdraw, isolate ourselves, and protect our markets.

NAFTA's supporters, along with President Clinton, Vice President GORE, and all the living former Presidents and Nobel Prize-winning economists, offer a different vision. Our message is: We can compete. We will open our markets. We must grow. We will not disengage. We will lead.

If NAFTA fails, we lose. We lose jobs and exports. We lose progress toward a GATT agreement, and we lose credibility and stature in the world.

If we pass NAFTA, we gain. We gain more jobs, a healthier economy, better relations with Mexico and Latin America, momentum toward a GATT agreement, and leadership in the hemisphere and in the world.

I urge my colleagues to vote for NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. HOLDEN].

Mr. HOLDEN. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in strong opposition to NAFTA. But that does not mean that I am protectionist. I believe in free trade, but it must be fair trade. We have a free and fair trade agreement with our neighbors to the north, with the Canadians. On balance, both countries have benefited.

I have heard a great deal of argument today in this Chamber that says there is a possibility we will lose American jobs to Mexico if this agreement is confirmed, and I agree with that belief. The administration has taken the time to address this concern, and they have recommended a side agreement. Have any of our Members read the side agreement that deals with the Mexican wages? It is a bureaucratic nightmare and a lawyer's dream come true.

Mr. Chairman, this is supposed to be a North American free-trade agreement, not a Mexican free-trade agreement. Then why, why are there so many examples where our tariffs come down immediately and Mexican tariffs come down over 5, 10, 15 years?

Mr. Chairman, that is not fair trade, that is not even free trade.

Finally, Mr. Chairman, there is this rumor going around this Chamber, has gone around for weeks, that the Japanese are hoping that this agreement is defeated because they then will be able to enter into a free-trade agreement with Mexico. That is not true. The Japanese market is soaring. Why is it soaring? Because they are after the American market. The Japanese want to produce goods in Mexico, take advantage of cheap labor there and the environmental laws not being enforced, come across the border duty-free, and sell those products to the American citizens.

I urge all my colleagues, please defeat this agreement.

The CHAIRMAN. The Chair would advise Members controlling the debate time that the gentleman from California [Mr. MATSUI] has 58½ minutes remaining; the gentleman from Wisconsin [Mr. OBEY] has 59½ minutes remaining; the gentleman from Arizona [Mr. KOLBE] has 63 minutes remaining; and the gentleman from California [Mr. HUNTER] has 64½ minutes remaining.

Mr. KOLBE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. GILLMOR].

Mr. GILLMOR. I thank the gentleman for yielding this time to me, and I rise in support of NAFTA.

Mr. Chairman, over the course of the last few months I have met with literally hundreds of people from around my district and the State of Ohio, representing both those for NAFTA and those against NAFTA. During that time I have received thousands of letters and phone calls in my office on both sides of the issue, and I have reviewed large quantities of information prepared by both national and local groups for and against the proposed trade treaty.

In addition, I have done a survey of 1,100 businesses in my district to ascertain the impact the NAFTA agreement might have on them and on employment in the district. I have also met personally with prominent proponents including President Clinton, and with such prominent opponents as Ross Perot to discuss the issues.

From the beginning, I have said that one of the principal factors in my decision would be

the likely impact on economic growth and on jobs in my district and in the State of Ohio.

After receiving all this information I have decided to vote for approval of this trade agreement for two reasons:

First, the agreement is better for jobs and for the economy in our area than the current situation; and

Second, if the agreement does not work out to America's advantage we have an express right under the agreement to withdraw from it at any time by simply giving 6 months notice. We can withdraw from it 6 months after it is approved, a year after it is approved, 5 years after it is approved, or any time that we wish.

The debate over NAFTA has become a very emotional debate and sometimes the facts and the provisions of the agreement have been lost in that emotional debate.

For example, I have heard from some of my supporters in the Fifth District, some of whom have said that if I vote for NAFTA they will never vote for me again, and from other supporters who say that if I vote against NAFTA then they will never vote for me again. The moral of the story is that you can't please everyone. There is only one thing to do. That is to make an honest evaluation of the arguments and use your best judgment to vote for what is in the best interest of your district, your State, and your country.

When making a decision on NAFTA one has to look at the current situation without NAFTA, and compare it to what would likely happen economically with NAFTA. Opponents of NAFTA are contending that jobs are moving to Mexico now. They claim that is a reason to oppose NAFTA. The fact is that jobs are moving to Mexico because of the current situation, not because of NAFTA.

Without NAFTA there are clear incentives for American companies to move jobs to Mexico. One of the principal things that NAFTA does is to remove incentives to move jobs out of the country, and creates incentives to keep jobs here.

Mexico is a low-wage country and that does not change by the passage of NAFTA. However, the fact is there is a tax called a tariff on American goods going into Mexico that is on average 2½ times the tax on goods coming into the United States from Mexico. That creates a huge incentive for larger companies to move jobs out of America and into Mexico. One thing that NAFTA does is to eliminate that tax disadvantage and make it more profitable than it is now for American companies to keep jobs here.

If someone is concerned about job loss in America now, then it seems to me they ought to want to change the current situation which encourages that job loss. NAFTA does change that situation and changes it in a way that is likely to be positive for jobs and the economy in the United States.

Opinion in my district is divided on the question of NAFTA. I do not know of any scientific poll in my district on the issue, but generally poll results in my district are close to results of national polls.

In this respect, the two most recent national polls on this issue are interesting. A Washington Post/ABC News poll conducted November 11 to 14 showed 42 percent in favor of NAFTA, 42 percent opposed, and 16 percent undecided. A Wall Street Journal/NBC News poll conducted November 14 and 15 showed 36 percent in favor of NAFTA, 31 percent opposed, and 33 percent undecided.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. FIELDS], the very distinguished ranking member of the Committee on Merchant Marine and Fisheries and a member of the Committee on Energy and Commerce.

Mr. FIELDS of Texas. I thank the gentleman for yielding this time to me.

Mr. Chairman, this is a historic occasion for the House of Representatives. Today, the House will consider H.R. 3450, legislation implementing the North American Free-Trade Agreement. The outcome of this debate will have a profound effect on the lives of American citizens, and it will define the U.S. role in the world into the 21st century and beyond. Passage of NAFTA will result in a better life for all Americans, Mexicans, and Canadians; rejection of NAFTA will create a giant sucking sound of 700,000 American jobs dependent on trade with Mexico going down the drain.

If approved by Congress, NAFTA would create a free-trade zone on the North American continent linking the economies of the United States, Mexico, and Canada in one giant market. NAFTA will, over the next 15 years, create a fully integrated $6 trillion trading bloc of 370 million Mexican, American, and Canadian consumers—a trading bloc 25 percent larger than the European Economic Community. Creation of this North American free-trading zone will allow the United States, Mexico, and Canada to trade freely among themselves, as well as compete more effectively in the larger international arena.

The already close trading relationship between Texas, Mexico, and Canada will expand, and will bring about even greater economic benefits for my home State if NAFTA is approved. Exports to Canada and Mexico already support 389,000 Texas jobs. Currently, Mexico and Canada are Texas' first- and second-largest export markets. Since 1987, exports from Texas to Mexico have increased by 191 percent, rising from $6.5 billion to nearly $19 billion. And while it may sound unbelievable, the port of Houston is Mexico's largest port; more Mexican cargo passes through the port of Houston—7.9 million tons last year—than through all the ports in Mexico combined.

Mr. Chairman, NAFTA is an important investment in America's future. The fact is that free and fair trade benefits everyone, rather than helping only a few at the expense of others. Those who oppose NAFTA believe incorrectly that because Mexico gains from this agreement, the United States must lose. However, if one looks at the facts, rather than the misinformation, it is clear that NAFTA is good for U.S. companies and their workers.

NAFTA will open Mexico's $6 billion telecommunications market to competition for United States firms offering everything from central office equipment and voice mail to private network and data processing. Telmex, the Mexican telephone company, is beginning a 5-year, $10 billion modernization program. NAFTA will give American exporters a cost advantage of up to 20 percent over other foreign competitors, meaning the massive project will be dominated by American firms. Telecommunications firms that operate in Texas like Southwestern Bell, AT&T, MCI, and DSC will have a unique advantage in competing for this business.

In the financial services arena, NAFTA is the most comprehensive trade agreement that the United States has ever negotiated.

Under NAFTA, Mexico will immediately eliminate tariffs on 60 percent of United States chemical, rubber, and plastics imports, giving United States companies a 20-percent price advantage over Japanese, German, and other competitors. Houston-area companies such as Goodyear and Air Products & Chemicals will benefit significantly.

Eliminating import duties through NAFTA on United States-made computer projects will mean increased computer exports to Mexico—and that will benefit Compaq employees in Houston, IBM employees in Austin, and Dell employees in Dallas.

NAFTA will enhance energy trade by giving United States companies a greater opportunity to expand expansion into Mexico's gasoline, petrochemical, and natural gas markets. It will also open the door to the energy equipment and service industries which will help replace some of the 500,000 jobs lost in our domestic energy industry in recent years. In fact, NAFTA will open up major export opportunities for the energy industry in Texas. By the year 2000, expanded energy exports to Mexico could expand the Texas economy by an estimated $2 billion a year, and could create 29,000 additional jobs for Texans.

Mr. Chairman, if we reject NAFTA, United States-Mexican relations would suffer irreparable damage. The United States would jeopardize its world economic leadership while our bolder competitors, like Japan and the European Community, would immediately move to establish closer economic ties with Mexico. Further, we would show the world that our country cannot follow through on its commitments. Defeat of NAFTA would surely threaten the succession conclusion of GATT negotiations and would tie President Clinton's hands during his upcoming trade negotiations with the Pacific rim countries.

I urge my colleagues to separate the rhetoric from the reality and support this historic agreement. The facts speak for themselves.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the gentleman from New Hartford, NY, one of the more thoughtful Members of our Congress and a member of the Committee on Science, Space, and Technology.

Mr. BOEHLERT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of NAFTA.

That is a sentence I was not sure I would be uttering as recently as 24 hours ago. And, frankly, it is an uncomfortable statement to make. The easier vote for me—the more politic vote—would be to oppose this agreement. I feel uneasy standing apart from the labor movement when we so often stand together, and I am equally uneasy when there is such division within the environmental community—all the more so because proudly I say color me green.

But politics are not the only complicating factor here. This decision is so difficult because the substantive policy issues are a close call.

It is easy to lose sight of that amid the overheated rhetoric and personal attacks that have characterized this debate. But contrary to any claims made by either side, Perot, Jackson, BONIOR, and GEPHARDT are not the Four Horsemen of the Apocalypse; and our former Presidents are not named Moe, Larry, Curly, Shemp, and Joe. The unseemly spectacle that has been the NAFTA debate has consisted largely of exaggeration.

The hard truth is that NAFTA is unlikely to have an enormous economic impact any time soon in either direction and that its impact is difficult to evaluate in any event. Still, most analyses indicate that the benefits of NAFTA outweigh the costs, and that conclusion is in accord with what I'm hearing from my own district.

Dairy farmers in my region are eager for NAFTA because it could help alleviate the Nation's dairy surplus, which depresses their incomes. Business leaders in my area support NAFTA, not because they are planning to leave, but because it can mean more business and more jobs throughout our congressional district.

Corning has told me that NAFTA will mean more jobs for Oneonta. Proctor & Gamble has told me that NAFTA will mean more jobs for Norwich. Oneida Ltd. has told me that NAFTA will mean more jobs for Sherrill.

And our State's past experience lends credibility to these claims. New York's exports to Mexico have grown 80 percent in the past 5 years as Mexico has opened its markets. Already 17,000 workers in New York State owe their jobs to trade with Mexico—and that's while high tariffs continue to exist. Jobs is my favorite four-letter word; jobs are what this debate is all about.

Still, workers in my area are understandably fearful about the agreement; our region has been wracked by years of job loss and defense cuts have clouded the outlook for the future. But the unpleasant truth is that most firms that would relocate in Mexico would do so with or without NAFTA, but most new export jobs would be created only with NAFTA. NAFTA may not be a boon to labor, but labor is likely to be worse off without it.

The Washington Post's editorial yesterday captured the issue well. The editors wrote, "The vote on NAFTA requires each member of Congress to think carefully about the American future." Not about my future or the next election, but about the American future. And that is what I have done. I have tried to set aside the rhetoric, the simple political considerations, and the exaggerated claims; I have tried to think carefully about the Nation's future.

And so I do rise in support of NAFTA—with discomfort, reluctance, hesitation, even a little trepidation. But I can't allow myself to be ruled by uncertainty and fear in the face of all the evidence of this agreement's potential benefits. I have decided to hope that this is an instance where the only thing we have to fear is fear itself.

Mr. KOLBE. Mr. Chairman, I yield 1 minute to the gentleman from Adison, MI [Mr. SMITH], a member of the Committee on the Budget and a member of the Committee on Science, Space, and Technology.

Mr. SMITH of Michigan. I thank the gentleman for yielding time to me.

Mr. Chairman, if the advantages of NAFTA seem so obvious, why is the vote so close? I suspect the answer is that the debate is no longer about tariffs and the details of the agreement. Rather the concerns are a reflection of politics and the uncertainty about the state of America.

Over this country's history, American workers have shown that they can compete with anyone in the world, and because of this, we are the richest nation on Earth.

NAFTA's opponents have generated fear by suggesting job loss. The real threat of job loss comes from a spendthrift Congress that has placed one burden after another on U.S. businesses and U.S. workers.

We cannot be afraid of competition. Imports from Mexico are about one-half of 1 percent of our GNP. American jobs will depend upon our fiscal, monetary, and social policies, not on Mexico. Mexico is not the enemy, the U.S. Congress is the enemy by enacting increased taxes and overzealous regulations that place our producers at a competitive disadvantage.

If we decide, in this vote today, to reject a zero tariff in one of the fastest growing markets in the world so we do not have to face competition, we will help ensure that our standard of living continues to decline.

A vote for NAFTA is a self interest vote for the United States to continue to prosper and to continue to be a world leader.

□ 1610

Mr. HUNTER. Mr. Chairman, I yield 4½ minutes to the very distinguished gentleman from Maryland [Mr. BARTLETT].

Mr. BARTLETT of Maryland. Mr. Chairman, I am a very strong proponent of free and fair trade. Early in the NAFTA discussion I was enthusiastic because I realized that we must be a member of a trading bloc commensurate with the challenge of the European community, and more especially of the Pacific rim countries; but as I have studied more and learned more and considered the opponents and the proponents of NAFTA, I reluctantly concluded that I must vote against NAFTA.

There are several concerns I have about NAFTA and several very good reasons why my vote is no. In these few moments I will discuss but one of them.

Initially NAFTA will be a significant drag on our economy. This is recognized almost unanimously by those who support it and those who oppose it. We will lose initially some jobs to Mexico. That is understandable and other circumstances it would be tolerable.

Americans understand deferred gratification. That is the reason that our young people go to college, rather than spending their time on the beach; so we could tolerate a loss of jobs to Mexico now if it was going to mean more and better jobs for Americans in the future, and under the right circumstances I firmly believe that is what free and fair trade will do; however, our economy is now already suffering under the Clinton tax increases, the largest tax increase in history, and pending health care reform will mean additional taxes and additional drag on our economy.

We cannot afford yet another risky economic adjustment so close to President Clinton's tax increases and his upcoming health care taxes.

I view NAFTA as the equivalent for our country as elective surgery for a patient. You wait until your patient is in good health and then the elective surgery which initially has a drag on the patient ultimately will procure good for the patient.

I am firmly a supporter of free and fair trade. I think that we run a high economic risk to add the early drag of NAFTA to an already imperiled economy.

What we need if we are to embark on NAFTA now, and I think we should do it sooner rather than later, what we need is broad support, not a support which is bought at 7 plus million dollars per vote.

If our economy, as I fully expect it will do, will turn down as a result of

these taxes and as a result of NAFTA should NAFTA pass, then we need a broad spectrum of support so that we have the staying power to stay with it.

I am very fearful that free trade, which I thoroughly support, is going to be blamed for a downturn in our economy. We need to give free and fair trade every chance.

The future of our economy and our position in the global marketplace may depend on it, but there are simply too many unknown questionable and politicized aspects of NAFTA to warrant my vote.

Free-trade agreements need to be done right, and NAFTA is not the right one and this is not the right time.

Vote no and then we need to send a message to the world that we want to quickly renegotiate a treaty which has a broad spectrum of support so that it will have the staying power necessary to do the good things that we know free and fair trade will do for this country.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, I understand the concerns of those who are anti-NAFTA because of the lousy U.S. agreements from the past that have lost hundreds of thousands and millions of jobs; but this agreement is moving us in the right direction, in a new direction.

The original NAFTA agreement was negotiated, as we all know, by President Bush, but improved significantly by President Clinton.

This agreement will be responsible for a net gain of jobs for America.

I know American workers can compete successfully and win in the international economic market.

We have seen what has happened in Europe with EC–92. We have seen what has happened in the Asian countries and the Pacific rim.

Under NAFTA with 360 million consumers, a production rate on an annual basis of over $6 trillion, North America will undoubtedly become the single largest and most successful market on the globe today.

Mickey Kantor, our U.S. Trade Representative, is negotiating with 110 countries to bring down the tariffs, and we are going to put all that in jeopardy if we do not approve NAFTA.

NAFTA is about investment in our national economic system.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. DIXON].

Mr. DIXON. Mr. Chairman, today I rise to voice my opposition to the North American Free-Trade Agreement [NAFTA] Implementing Act (H.R. 3450). My decision to vote against NAFTA was an extremely difficult one. As a former member of the Foreign Operations Appropriations Subcommittee, I understand the importance of promoting free trade.

The arguments for and against NAFTA are very compelling. President Clinton's decision to negotiate side agreements on labor and the environment to improve the enforcement provisions of NAFTA is admirable. However, I have thoroughly reviewed NAFTA and the side agreements, and believe that this agreement fails to adequately protect American jobs, fails to provide effective environment safeguards, and maintain health and safety standards.

My vote against NAFTA is not a vote against the future of our foreign policy, or a vote against the leadership of this great Nation or a vote for isolationism. I am deeply concerned about our competitiveness in world markets and the future of the American work force. My vote is for the workers of America who are at risk of losing their jobs.

While the U.S. economy appears to be growing at least moderately, there has been no discernible improvement in the economy of California or Los Angeles County. California's unemployment rate climbed from 9 percent in August to 9.8 percent in October, in comparison to the unemployment rate for the Nation, which was 6.8 percent in October. California's jobless rate is the highest among the 11 major industrial States. The unemployment rate for Los Angeles County during the same period reached another high of 9.7 percent. As a result of a downturn in defense spending and base closure, more jobs are expected to be lost, and the short-term outlook for Los Angeles County is discouraging. NAFTA, in the near term, may cause even greater hardships for my region.

We can ill afford to lose more jobs in Los Angeles, and NAFTA does little to allay the fears of those who could possibly lose their jobs as a direct result of enactment of the agreement. The number of U.S. jobs that may be lost as a direct consequence of the agreement cannot be predicted with any reasonable degree of accuracy. However, studies single out lower-skilled, lower-income, blue-collar workers as those who are most at risk from increased competition with Mexico's low-wage workers. A study by business week estimates that even if new investment in Mexico were limited to only $2.5 billion a year, the resulting job loss would be 375,000 over 5 years.

NAFTA does not guarantee that Mexican average wages and working conditions will rise with productivity. Without such clear and enforceable provisions, adoption of NAFTA would be a lost opportunity for millions of individuals in the United States and Mexico.

My vote is also for enforceable environmental standards. California has some of the toughest environmental laws in the country, and many of us have worked hard to improve the air and water quality in my State. When I was in the California State Assembly, I joined my colleagues in passing tough environmental laws so that our next generation could enjoy the beauty of California. There is a strong possibility that NAFTA may jeopardize Federal, State, and local laws, and possibly lower standards, particularly in health, safety, labor, and environmental matters.

The enactment of NAFTA will cost the taxpayers about $2.7 billion over 5 years. I support the administration's decision to establish a Trade Adjustment Assistance Program for training dislocated workers who have lost their jobs because of a shift in production to Mexico or Canada, as well as due to imports. However, as the administration and Congress seeks to drastically reduce our budget deficit, many vital programs are being reduced. Over the years, we have seen a reduction in basic unemployment benefits, and Congress has yet to pass the Unemployment Compensation Act that will provide additional benefits to unemployed workers. Later this week, Congress will vote on a measure to rescind $2.58 billion in domestic spending programs, defense and foreign affairs, and as part of President Clinton's plan to reinvent government, the administration is proposing to cut another $9 billion over 5 years. I believe that the administration may find it difficult to fully fund this much needed dislocated worker adjustment program, community-based economic development projects, environmental cleanup efforts at the border, and the North American Development Bank.

Mr. Chairman, over the last several months, I have received hundreds of letters, postcards, and telephone calls from concerned constituents who have spoken out passionately on both sides of the NAFTA issue. This is clearly an issue that will have a far reaching impact on each and every one of us. However, the agreement before us today fails to provide the necessary safeguards for America's work force, including the enforcement of sound health, safety, and environment standards. I urge my colleagues to join me in voting against this act in order to renegotiate a stronger, enforceable agreement that will provide security and prosperity for our country.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman, I rise in opposition to the NAFTA implementation legislation.

Mr. Chairman, sometime later today the House will vote on the North American Free-Trade Agreement and complete our constitutional obligation toward this agreement.

It is safe to say that every Member of this body has been lobbied many times by both sides, and for many tonight's vote will come as quite a relief. As the rhetoric and postulating reach a crescendo, I believe that it is important to look back a few years to see exactly how we arrived at this moment in time, this point in our history.

In 1989, President Bush asked for and received from Congress the fast-track authority. Although I voted against this polite request to eliminate Congress from these negotiations, both the House and the Senate agreed with the President.

For 2 years, the Bush administration, with its own negotiators in place, hammered out a free-trade agreement which was available for submission to Congress before the 1992 elections. For whatever reason—lack of time or lack of a majority—President Bush allowed this agreement to be held over for special priority this year. As we are all aware, President Bush and his negotiators are not around to push for the agreement that they concluded without the input of Congress.

The next dramatic event affecting NAFTA took place recently in Canada. The party which negotiated NAFTA and their prime minister were badly beaten in the recent Canadian elections. The new party is decidedly cool toward the agreement.

About the only thing that hasn't changed is the intensity of Mexico's lobbying effort to get this agreement through Congress.

Mr. Chairman, let me reduce this to its most basic elements—almost 40 percent of this Congress was not here in 1989 when the Congress imprudently agreed to fast track. The United States President who negotiated the agreement and his Canadian counterpart are gone. Much of the Canadian parliament is gone and all that we are left with is an agreement which offers neither free nor fair trade. The side agreements, our only chance at addressing our concerns in the areas of workers and the environment—are too little too late and have no real effect.

Congress did itself and the Nation a disservice by waiting so long before asserting itself into this agreement and as a direct result we automatically excluded most of the American public from the debate.

It comes as no surprise that my calls and letters are running 10 to 1 against NAFTA. Once my constituents read the fine print in this 1,200 page recipe for disaster, they could never support it.

Western Pennsylvania knows all too well about job loss to other nations. We realize that having a steady job with decent pay is always better than an illusive promise of a fair-trade agreement with more worker retraining provisions.

When the head of the Immigration and Naturalization Service Doris Meissner admits that this agreement will not stem the flow of illegal immigration into this country, my constituents were not surprised.

When the Joint Economic Committee announced that NAFTA would cost tens of billions of dollars and up to 500,000 jobs, no one in Western Pennsylvania was surprised and no one could give them any kind of guarantee that their jobs would not be included in that number.

When reports of pork barrel deals to bring Members over to the pro-NAFTA side became public, Western Pennsylvania was not surprised but they were angry that their tax dollars might be used to threaten their jobs and darken their futures.

Mr. Chairman, my district does not care about ambiguous interpretations of economic models or about continually changing rosy scenarios about how NAFTA is the next best thing to sliced bread. They care about jobs—their jobs, their communities jobs and the jobs around this Nation. They are not willing, and I agree, to put their livelihood on the table with no guarantees and no chance to recover from economic consequences of the act.

I rise in opposition to the North American Free-Trade Agreement and hope that its defeat will allow calmer and more rational thinking to prevail during the next round of multilateral trade negotiations.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentleman from Pennsylvania [Mr. KLINK].

Mr. KLINK. Mr. Chairman, I ask you on this NAFTA implementation not to listen to my words, but to listen to the words of Mary Hervey from Downing Town, PA, who wrote me this letter. She says:

I didn't vote for Perot, and I am not in any union. What I am, however, is unemployed.

When my grandparents immigrated to the United States in 1890 from Poland they passed on a powerful message to my father. If you work hard, you can make it in America. In 1967 I left school and had more job offers than I could accept. They were plentiful. By 1974, the good paying jobs were just starting to shrink and I had to work two jobs at times to make ends meet.

Still believing in my father's message, at 34, a divorced mother of two, and sick of being "1 paycheck away from a welfare check," I earned my G.E.D., enrolled in Lebanon Valley College the same year, and working full time at my job and a full load at school, I graduated with a B.A. 4½ years later. My father's motto stayed within my mind and saw me through the difficult process of earning my degree. He always told me that "I could do anything if I wanted it bad enough." Now I feel that I am not the one who gave up, rather my government has given up on me. My father and grandparents were not around when we started shipping jobs to Asia. They weren't around when we gave companies incentives to move to Puerto Rico to get huge tax breaks. They aren't around now to see the latest sell out to the workers who prospered in the 50's or their children and grandchildren who seek work now.

Mary Hervey adds that this Friday, November 19, she will receive her last unemployment check. She says she does not want unemployment. She wants a job. The only job she can find pays $6 an hour.

Mr. Chairman, this NAFTA will not help Mary Hervey. It will create more Mary Hervey's. Vote no on this NAFTA.

Mr. Chairman, as a founding member of the anti-NAFTA caucus, I thought I knew all the reasons to oppose NAFTA: the loss of hundreds of thousands of U.S. jobs, massive environmental degradation, and a decline in health and safety standards for workers.

But then the Banking Committee, on which I serve, herd several weeks of testimony on NAFTA about abuses within Mexico's political, regulatory, judicial, and financial services sectors.

The committee heard testimony from Mrs. Lucia Duncan, who described several accounts of the Mexican courts allowing seizure, without cause, of property owned by Americans.

IBM's political agent in Mexico, Kaveh Moussavi, told the committee he has been named Public Enemy No. 1 by Mexico for filing formal fraud complaints with the Mexican Government. When Mr. Moussavi contacted a Mexican attorney to obtain judicial redress in that nation, the attorney said, and I quote, "Your naivete is touching; this is not the United Kingdom nor the United States."

Mr. Moussavi decided to go public with his case. He was then threatened over the telephone that if he testified before the United States Congress about the corruption in the Mexican Government, that when he returned to Britain, he would have one less child.

Mr. Alex Argueta, a developer from Tucson, AZ, is living proof that large, centralized banks in Mexico defraud their clients and steal their savings. Mr. Argueta testified that gangster tactics were used against him after he obtained a $2 million loan from a Mexican bank. After being held incommunicado for 2 days, he was imprisoned for 1½ years. He was released only after he signed a promissory note which changed the terms of his loan, and, subsequently, deprived him of $20 million.

In addition, the committee heard more generally about the lack of banking regulations in Mexico and the large volume of drug money being launched by Mexican banks.

Finally, and perhaps scariest of all, is the fact that Robert Bostick, former Associate Deputy Undersecretary for International Labor Affairs at the United States Department of Labor, whose responsibilities included negotiating NAFTA, pleaded guilty to agreeing to accept 10 percent of the net profits from a Mexican worker housing project on the United States-Mexican border.

Let me say that again: Mr. Bostick was a NAFTA negotiator who took kickbacks on housing projects on the border. He faces a 5-year prison sentence and a $250,000 fine.

The Banking Committee ultimately reported the banking section of the NAFTA legislation before us with an unfavorable recommendation because the North American Development Bank is such a sham.

The more I learn about NAFTA, the more reasons I have to oppose NAFTA.

My colleagues who are still undecided should oppose NAFTA, too.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. LEWIS].

Mr. LEWIS of Florida. Mr. Chairman, I rise in support of NAFTA.

Mr. Chairman, when I look back at the 3 years that I and the entire Florida congressional delegation have been involved in the North American Free-Trade Agreement process, it is hard to believe that on the day of the vote I rise in support of passage of NAFTA.

I have long been opposed to passage of the NAFTA based on its potential damage on Florida's $6 billion agricultural industry. However, in a good faith effort undertaken by the Florida congressional delegation with the U.S. Trade Representative, solutions have been successfully negotiated and completed to ensure that Florida farmers will be treated fairly under the NAFTA. That effort was undertaken truly based upon the merits of the issues, and I commend the administration for taking the extra effort to conclude binding and substantive agreements with the Mexican Government.

Mr. Chairman, I want to take this opportunity to thank the Florida delegation, the fourth largest in size but undoubtedly the largest in unified determination, for sticking together to make this NAFTA a better agreement for the State of Florida. It was truly the resolve and commitment of the entire delegation that enabled the crafting of a new NAFTA that guaranteed fair competition for Florida agriculture. We stood together in the interest of the second largest industry in the State of Florida, an industry with an overall economic impact on the State of over $16 billion. Mr. Chairman, today Florida agriculture is part of the overall picture that is referred to when discussing the NAFTA. My gratitude goes out to the delegation for making this possible.

Mr. Chairman, while I was in the category of people who used to say not this NAFTA, I believe that we have crafted a new agreement

that will benefit Florida and all of America. I have full confidence that America and Florida can compete with anyone globally, and look toward the future with hope, not fear, about the effects of free trade.

I hope that my colleagues will truly vote their conscience and do the right thing, Mr. Chairman, and for this reason I will vote in favor of the NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. GRANDY], a member of the Committee on Ways and Means.

Mr. GRANDY. Mr. Chairman, when dealing with foreign nations, America usually has three choices. We can trade, we can provide aid, or we can invade. With Latin America, we usually boil that down to two choices. We can either rattle sabers or we can restructure debt, both of which usually just widen the gap between the Third World and the First; but today we can break that cycle. We can pass the North American Free-Trade Agreement and we can say to the Mexican Government, "Yes, we want a new partnership with one of the most successful and fastest growing free market experiments in the world," or we can draw ourselves up into our most imperious, neocolonial posture and say, "No deal, Mexico. You are not democratic enough. Your factories are not clean enough. Your immigration laws are not tough enough. We will not assist you in improving your living standards until you correct these glaring flaws in your national character."

□ 1620

This is like telling a diabetic, "No insulin until you get better."

But however, we vote, let us not demean this debate with these weary stereotypes and blatant misconceptions that the Salinas government is some corrupt and contemptible 1990's version of the Latin American dictatorship our CIA propped up in the mid-1950's. The truth is our economy should be rebounding as fast as Mexico's. Our Congress should be making the historical economic reforms that Mexico is enacting, and our Presidents, Bush and Clinton, should have the guts to make the hard decisions that de la Madrid and Salinas have made for the last 8 years.

What am I talking about?

Example: A 200-percent inflation rate in the mid-1980's, down to 7 percent today; this despite a major earthquake in Mexico City and the collapse of oil prices. Four hundred government firms privatized, 95 percent of them acquired by Mexico entrepreneurs. We cannot even close ASCS offices in Manhattan. Oh, yes, and a balanced budget by 1994. Mexican wages are still too low. We know that, but by that logic the United States should have rejected the Marshall Plan when Germany's wages were just 17 percent of ours. They are now 60 percent higher.

Mr. Chairman, we were right then, and we are right now. The opportunity is today. The vote on NAFTA is aye.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. EDWARDS].

Mr. EDWARDS of Texas. Mr. Chairman, listen with me to this statement. During four-fifths of our history we have had protective tariff laws, and all the advancements and progress that have come to the Republic have come because of the beneficial operation of this policy which protects American labor and American capital from inflation by those in a far lower level industrially, commercially, and financially than are the people of the United States.

Members, this is the primary statement or argument against NAFTA. That is that we must protect American jobs from cheap foreign labor by maintaining higher tariffs. There is only one problem. The statement I just read was not made today against NAFTA. It was made on June 13, 1930, by Senator James Watson of Indiana in supporting the Smoot-Hawley tariff bill.

Mr. Chairman, Smoot-Hawley protectionism in 1930 was a disaster for American workers. In more recent times is it not ironic that Mexico itself has learned that protectionism has been a disaster for its workers? It sounds good, but it does not work. The politics of fear; that is what protectionism is all about.

Mr. Chairman, protectionism is a misnomer. It does not protect jobs; it kills them. Just look at Smoot-Hawley. Senator James Watson and Smoot-Hawley were wrong in 1930. Let us not repeat that terrible mistake some 63 years later.

My colleagues, let us reject the misguided politics of fear, and to demonize Mexico here in this House may be a cleaver scare tactic, but it demeans a valued ally and neighbor and brings no dignity to this House.

A vote for NAFTA is a vote for American jobs and an historic step forward in our relations with Latin America.

Mr. OBEY. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, today this body will vote on legislation which will affect our economy for decades to come: the North American Free-Trade Agreement. Each and every Member of this body stands concerned about the economic prosperity of this country. Many of us approach this agreement with different views and different perspectives. But we all do so with what we each believe to be in the interests of our State, our economy, and our country. We have had vigorous debate for many months. Such debate is an essential part of the democratic process. I respect my colleagues for their decisions, but at the end of the day, many of us will differ. Of that we can be certain.

As a Nation, our overriding goal must be an increased standard of living for all Americans. This is what the American people want and this is what they rightfully deserve.

This debate has exceeded the scope of protectionism versus free trade. I would submit that most of the Members of this body opposing this agreement believe in free trade and the need to improve our competitive standing. I do. The larger question is not whether the United States wants to trade but how we are to trade—not just with Mexico—but with the world. The time has come for the United States to regain its strength and stability as a world competitor.

I believe that a strong trade policy must be part of an integrated national economic strategy and one that stresses growth. As we work to address the pressing issues facing this Nation, we cannot ignore that a comprehensive trade strategy is vital. In a shrinking global economy, harmonizing international trade is a complex task and one worthy of thorough consideration and thoughtful contemplation.

Other than health care, this is perhaps one of the most difficult votes many of us will make. Whether you vote to support or to oppose this agreement, so much uncertainty remains in the balance. And only time will tell. Economic theories, muddled models and formulas aside, economic reality is the ground on which this vote must be cast.

This agreement was intended to promote free and fair trade in our hemisphere. But I believe its costs are high and disproportionate as the interests of our Mexican neighbor clearly outweigh our own.

I supported the Bush administration's attempts to negotiate a solid agreement and was disappointed. I was pleased when President Clinton pursued further negotiations to improve the text. While this may be the first agreement of its kind, I do not believe it is the best agreement we could have negotiated.

The rejection of this agreement does not forecast doom and gloom as many are inclined to predict. My belief is that rejection of this agreement will be a reverberating signal to this Nation. Debate of this agreement is not just about tariff reductions and trade barriers. After all, they are already disappearing. This debate surrounds the livelihood of each and every American working to make ends meet in a disparate economy. NAFTA will not wash away the economic uncertainty felt by working men and women. It will not right the wrongs of the past. Nor will it serve as an illustrious model for future trade agreements or policy.

I believe there is a better policy to be had with Mexico. We must engage in discussing progressive policies for working conditions, human rights, and

environmental issues. Of importance to this debate—and absent from the agreement—are assurances regarding the Mexican standard of living, and constitutional and political freedoms. These should be priorities not obstacles when entering into an agreement of this magnitude. These are not expendable options at the bargaining table. But rather they are inherent to a progressive and comprehensive proposal.

As drafted, NAFTA contains injurious trade provisions which are blatantly unfair to American industries and workers. I am not opposed to a North American free-trade zone. I am not opposed to improving our competitive standing in the international marketplace. But I do contend that this agreement lacks sufficient benefits for American workers and it lacks certain safeguards for American industries struggling to survive. In my mind, any agreement or policy entered into by this country, whether foreign or domestic, must have one goal, one priority and that is the quality of life for the American people. I have participated in this debate for years as a member of the Ways and Means Committee. I had hoped to support a free-trade agreement. I have given this careful consideration. However, this agreement, my colleagues, is one I regretfully cannot support.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, the 16th Congressional District of Illinois is a microcosm of the Nation. It's heavily involved in manufacturing and agriculture. I do not represent companies. I do not represent labor unions. I represent people who are concerned about their jobs. I support NAFTA because it will bring jobs to the 16th District, the rest of Illinois, and the Nation.

NAFTA means that 75 workers at the Triseal Corp. in Hebron will continue to sell automotive seals to Mexico.

NAFTA means that workers at the Chrysler plant in Belvidere will be able to sell between 3,000 and 5,000 of the newest cars on the market—the Neon—directly to Mexico.

NAFTA means that the workers at Green Giant in Belvidere will sell processed frozen corn directly to Mexico.

NAFTA means that the workers at Ingersoll in Rockford will sell more machine tools to Mexico.

Mr. Chairman, NAFTA will create jobs. I urge a yes vote.

Mr. HUNTER. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Chairman, to my colleagues who are considering voting "yes" today based on last-minute side deals I say, "I urge you to think again. I don't care whether your deal was the one for citrus, winter fruits and vegetables, flat glass, bed frames, brooms, peanuts, wine, home appliances, or textiles. I urge you to look at what has happened to wheat under the last trade agreement, the Canadian Free-Trade Agreement adopted in 1987."

To make certain Canada did not unfairly subsidize grain exports to the United States, Mr. Chairman, the Great Plains States sought assurances and protections, and, boy, did they get them. Wheat is mentioned in the report language. Wheat is included in the bill. Protections were placed in the text of the treaty itself. In total these protections are much stronger than any of the side deals recently cut, but look at what has happened. Canadian wheat imports are up 500 percent, grain prices have been suppressed, and it has cost the farmers I represent tens of millions of dollars. In spite of the treaty protections, the last administration did absolutely nothing, and this administration only became interested in our problems as it feverishly dealt for votes for NAFTA.

□ 1630

Mark my words, those of you who are voting "yes" based on last minute deals are likely to be disappointed should this agreement be adopted. The promises you have won will not be worth the paper they are written on, assuming you even got them in writing, without enforcement and follow-through later on. This supplemented, amended, and changing up to the last minute agreement is not a secure basis to launch an unprecedented trade experiment. Not this NAFTA. I am convinced it is a bad move for North Dakota and the country.

I urge Members to vote "no" on this flawed agreement.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, last week, I came to the floor of the House to announce my decision to support the North American Free-Trade Agreement. At that time, I told my colleagues how important I felt this agreement was, not only to our ability to compete in the global marketplace, but to the future of American workers and their families.

Since that time, my commitment to this agreement is, if anything, stronger. Passage of NAFTA will create the world's largest trading block. It will remove trade barriers between the United States and Mexico, and will allow the free flow of goods and services between our first and third largest trade markets. At a time when the rest of the world is clamoring for trade agreements and new markets, it just makes sense that we protect our own markets and build toward future economic security.

Failure to pass NAFTA, on the other hand, will open the door of opportunity for our European and Asian competitors. Mexico is ready to take on trade partners. Japan and Europe are willing suitors just waiting for an opportunity. We cannot afford to stand behind outdated trade barriers while the rest of the world expands the free flow of goods.

The debate we complete today will include little new in revelations. We are all aware of the facts, and more to the point, the fears which are fueling opposition to this agreement. The predictions of doom—job loss, environmental damage, unfair treatment of labor—are not visions of the future. My colleagues, all of that exists today.

Many of the dangers we face if we do not approve NAFTA are even greater than the ones predicted with its passage. Without NAFTA, Mexico has no incentive to improve its environmental protection. Mexico has no incentive to enforce humane labor standards. Without NAFTA, many American businesses will have no choice but to move south if they want to tap into the fastest growing marketplace in the western hemisphere. With NAFTA, we gain access to a vital new market, we assure cooperation—not competition—with our neighbors, and we provide Mexico with the incentive to address the very concerns that worry us the most.

Put simply, we have much more to fear without NAFTA than we do with NAFTA.

In some ways, our debate today is as old as our democracy. Spirited, and even bitter, discussions about tariffs and trade policy have divided Americans since the earliest days of the Republic. From the time that New England manufacturers and Southern planters squared off over tariff policy in the 1780's, perhaps no single issue has been so persistently at the center of our Nation's economic and political conflicts.

While we continue our debate, the rest of the world is moving inexorably toward greater economic integration through freer trade. Standing against that tide will only cut us off from the opportunities that are essential if we are to prosper in the coming century. Rather than leaving the trade battle, we must lead it.

NAFTA is absolutely essential.

There will always be legitimate concerns about any trade agreement, and legitimate grounds to oppose trade agreements. But, as hard as we may wish for it, we will never achieve a risk-free agreement that protects all American interests.

In my mind, NAFTA is not a perfect agreement. But I have concluded that it is unlikely that we could produce another agreement, at least in the near future. It is more likely that our place will be quickly taken by one or more of our economic competitors. In any case, the opportunity lost is an opportunity gained for Europe, Japan, and other Asian countries who are making steady progress toward building their economic markets.

In the final analysis, I must be guided by the interests of the people I represent. There are almost as many opinions on that issue as there are individual North Carolinians, but I believe that NAFTA will be good for any State.

Since 1987, North Carolina's merchandise exports to Mexico have grown by 365 percent. In 1991 alone, North Carolina exported $2.2 billion in goods to Mexico and Canada. Perhaps most important, 57,000 North Carolina jobs are supported by manufactured exports to our North American neighbors, and the State, according to some estimates, will reap a net gain of over 1,300 new jobs if NAFTA is implemented.

North Carolina and the Nation cannot afford to turn our backs on NAFTA. We cannot afford to pass up the opportunity for measurable improvements in Mexico's environmental and labor policies just because the agreement does not solve all the problems in these areas. We cannot afford to turn our backs on a good agreement because of the vague, and surely illusory, promise of a perfect agreement. Finally, we cannot afford to let fear of an uncertain future paralyze us from action. Time, and our competitors march on.

The North American Free-Trade Agreement will be good for the United States in the long term. I will vote for it, and I urge my colleagues in the House to support it.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Mr. Chairman, I rise today in opposition to the proposed North American Free-Trade Agreement. At stake is our very system of representative and democratic government itself. In the balance hangs the ability of working people to secure a decent life and the kind of government under which we want our children to live.

NAFTA will sacrifice as never before in the history of this Nation the vision of responsible, representative, and democratic government held out for us by the founders of our country. NAFTA puts Federal and State laws in jeopardy, as they will be targeted for undoing as so-called barriers to trade. NAFTA will undermine the fundamental constitutional principle of a balance of powers among three coequal branches of government by transferring functions from one branch of government to another. NAFTA will also set up numerous international bodies that will have intrusive powers both on U.S. businesses and government.

And all of this from a trade deal that was negotiated in secret, but from which the biggest multinational corporations and banks are set to make billions of dollars. The six volumes of texts, annexes, tariff schedules, and side agreements stand over eight inches thick. But who among the supporters has actually read this agreement? Only one in ten of the economists who endorsed NAFTA for the President have read it. Fewer local proponents have. NAFTA is much more than just a trade agreement. It raises many complex questions that have not been dealt with. If NAFTA is passed, we as Members of Congress, will be abdicating our constitutional responsibility to serve and protect the citizens of this country as representatives and as legislators.

Further, the main reason NAFTA may pass in the U.S. House of Representatives is due to all of the pork and special deals handed out by the Clinton administration. Not since coming to Congress have I seen such unabashed vote-buying. If someone in business did the same things the President has done to get this deal passed, they would be convicted of bribery. And it's the taxpayers of this country—whether they supported or opposed NAFTA—that will foot the tab for years to come for all this dealmaking.

As chairman of the House Committee on Banking, Finance and Urban Affairs, I have pursued my concerns about the finance and banking aspects of NAFTA. As I have said before, NAFTA would be more accurately labeled the North American Free-Trade and Finance Agreement, for the finance provisions are the driving force behind the agreement. I convened hearings of the Banking Committee and found that NAFTA will put the safety and soundness of the finance and banking systems of this country at risk; it will put in jeopardy the most basic banking laws of this country that were put in place as a result of the Great Depression; it will worsen the already dire problem of international money laundering; and it will open the door to risky investments by United States taxpayer insured financial institutions and banks in Mexico. I also found that this part of the agreement was negotiated in collusion with the largest banks and financial interests, namely those set to make the most money from the deal, not those charged with protecting the well-being of this country and its citizens.

We have already experienced so-called free trade in San Antonio when a garment plant closed up shop and moved to Central America under another trade liberalization effort. Over 1,000 jobs were lost and as many lives ruined. The worker retraining programs proved to be woefully inadequate. Many of these people are still out of work. No supposed benefits of more jobs from increased trade have trickled down to these displaced workers. If this is what free trade means, I what nothing of it.

NAFTA is an enticing siren's song. It sounds good to many on the surface, but it will bring this country further up on the rocks of economic and governmental ruin. Yes, international trade already exists—as it will continue to—and democratic government is already in a critical state in this country. That is no reason to take one more step down the slippery slope by approving a bad deal. The tide has to be turned if we are to have a chance.

The presiding bishop of the Episcopal Church, Edmond Browning, made the call that no trade agreement should be approved that does not balance economic growth with protection for working people. I would add to this that no deal should be approved that undermines our system of democratic government. NAFTA fails on all of these counts. I have found NAFTA to be inimical to the best interest of the greatest number of people in all three countries involved. For these reasons and more, I am voting against NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey [Mr. MENENDEZ].

Mr. MENENDEZ. Mr. Chairman, we should face up to—and not fear—free trade. But we must insist on fair trade. We should welcome—not fear—competition, but we must insist on a level playing field.

We should look forward to entering the 21st century as hemispheric partners. But we must insist that all of us benefit before we enter into any trade agreement.

I take issue with those who say that a vote against NAFTA is a vote for isolation, or a vote for fear, or a vote for the past. For many Americans, the detrimental effects that a NAFTA would bring are too serious a matter for us to dismiss. I joint many Americans in harboring serious reservations about this NAFTA. And I assure you today that no deal is worth my vote for this NAFTA.

When hundreds of garment assembly, glass, and other small manufacturing jobs go from my congressional district in New Jersey to a state in Mexico, there are painful consequences for our workers and their families.

Unemployment is now 10.5 percent in the 13th District of New Jersey—this is the highest rate in the entire State and way above the national average. I do not want to add to it.

The experts have a catchy word for losing your job. They call it dislocation. Actually, they are right. Your job goes from this location here to that location overseas. That is what dislocation is all about.

We tried job retraining in the 1980's. Did it work? It did if success means earning $6 or $7 an hour to learn something new while searching for another job; if it takes you 3 years before you find a new job, which pays you 25 percent less than the one you lost. Is that how America takes care of workers she throws on the street?

A.M. Rosenthal of the New York Times puts it well:

> The genuine fears of frightened workers are dismissed contemptuously by the Clinton Administration, press, and academia. If that is true now, while workers are still fighting, what care will be shown them or their thoughts if they are defeated and find themselves out of work in the grander interest?

Why will I vote "no"? Just look at the merits. Will NAFTA raise the standard of living of the American people? No. Will NAFTA mean better jobs and better wages for American workers? No. Will NAFTA protect the environment? No. Will lower tariffs in Mexico cause United States companies to invest more here at home? No. Mr. Chairman, the entire Mexican market is smaller than my home State of New Jersey's market. Will NAFTA cost us billions in lost revenue and related costs? Yes.

I will not vote against the best interests of the American people. And I will

not vote against the best interests of my constituents. Say "no" to this NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. LEACH], the ranking Republican on the Committee on Banking, Finance and Urban Affairs.

Mr. LEACH. Mr. Chairman, all of us recognize there are risks in free-trade agreements, particularly with societies with lower standards of living. But, in the final measure, free trade is a better answer to the world's economic disequilibrium than foreign aid; shared economic hope is a more effective deterrent to war than competitive protectionism.

When it comes to advancing peace as well as prosperity, big fences simply do not make good neighbors. If there is any hope of countries and peoples coming to have shared values in a world of nuclear weapons and fractured group identities, competition must be in trade, not arms; in markets, not land masses. NAFTA, in this context, is a step toward providing citizens of the globe a common self-interest—shared prosperity based on shared economic growth.

Of all the major economic issues before Congress, NAFTA is a decision for which there are a large number of meritorious arguments on each side. There are certain risks involved in enacting NAFTA, but my best judgment at this point is that the American economy, especially the Iowa economy, will benefit in the long run from freer trade and that more jobs will be created than lost in the United States because of NAFTA.

My support for NAFTA is based partly on a look at the benefits of free trade throughout American history. One of the lessons of the 1930's was that protectionist legislation such as the Smoot-Hawley tariff lengthened and deepened the Great Depression. By reverse logic, in recessionary times, promoting policies that impel the growth of international trade is likely to serve as an economic stimulant. Trade barriers are particularly harmful to Iowa's agricultural-based economy; hence the importance of regional agreements like NAFTA and the larger multicontinent GATT process.

It cannot be stressed enough that defeat of NAFTA will produce a double whammy for the Iowa farmer: loss of new markets south of our border and loss of the last vestiges of leverage for fairness in agricultural trade in the GATT discussions. If NAFTA goes down, the French would crow. The contention on the continent would be that Americans have no right to petition for fairer trade in agricultural commodities—that is, reduced subsidies—if we refused to embrace free trade in our own hemisphere.

Our farmers are the most productive in the world, yet in the absence of international markets this very productivity is the largest contributor to our excess supply problems. What Iowa farmers need is open markets abroad that are based on fair and equal trade. This is also true for Iowa's manufacturing and services economy.

Many companies with substantial capital investments in the First District like HON Industries in Muscatine expect to be able to create more Iowa jobs because they will not only be subject to lower Mexican tariffs but the dismantling over time of made-in-Mexico product requirements. Some companies will always seek the lowest wage environment. For this type of company, Mexico is more attractive without than with NAFTA because Mexico will not have to adjust its labor or environmental standards and will be able to keep in place discriminatory tariffs. With or without NAFTA some jobs will flow to Mexico. With NAFTA more new jobs are likely to be created in the United States than would otherwise be the case.

Several years ago the United States established a free-trade agreement with Canada. In advance of the agreement, most economists suggested it would be good for the United States and even better for Canada. In retrospect, the agreement has proven good for Canada and even better for the United States. Canada which had very high tariffs on United States goods, has been required to drop far more trade barriers than the United States. In this regard, a like circumstance exists with Mexico. Their tariffs are extremely high, often 3 to 10 times higher than very modest U.S. ones and their current nontariff barriers put U.S. companies in a competitively untenable position.

Under NAFTA, in exchange for assured access to the United States and Canadian markets, the Mexicans must give the most on tariffs and on accepting changes in their environmental and labor policies. While free-trade arrangements with lower-wage societies holds particular risks for some companies, midwestern farmers as well as farm implement, food processing, and trucking companies centered in cities like Cedar Rapids and the Quad Cities should be benefited. And, it must be emphasized, without NAFTA United States companies are free to invest in Mexico. All NAFTA does is lower already low barriers to Mexican imports and in exchange lower what are substantially higher barriers to United States exports to Mexico.

The most risky aspect of the agreement relates to the significant wage differential in Mexico. This could pose a problem in some industries, but it should be stressed, the same problem exists without an agreement. One protection for us that seldom is noted is that the effect of an agreement can be measured over time and either party will retain the right to withdraw if it does not prove fair. Here, those of us who are fortunate enough to live north of the Rio Grande must understand that when opportunity and hope are lacking at home, individuals will make the obvious decision. They vote with their feet for a better life. President Salinas is neither exaggerating nor threatening when he suggests the choice for America is whether we want more Mexican products or more Mexican people.

Another factor of interest is that the Asian countries, which unlike Mexico have developed an enormous trade surplus with the United States in recent years, radically oppose the agreement. They conjecture that a partnership of countries of North America will cause more job creation here and a lower reliance on imports from Asia. Economists point out, for instance, that when the United States imports a finished product from the Far East, almost all the component parts are manufactured in the Far East. In Mexico, the reverse is the case. A growing jobs base in Mexico can potentially impel a growing jobs base in the United States. As Mexican buying power increases, so will Mexican demand for United States goods. Likewise, our European competitors are very apprehensive of NAFTA because they fear they will be boxed out of the Mexican market because they will be forced to pay tariffs that United States firms will not. One Cedar Rapids company, for instance, tells me they expect to be in a position to replace a European company's current dominance of the Mexican market for agricultural byproducts.

Finally, two notes about the democratic process. First, critics of NAFTA are right to be upset with the tactics of the administration in pledging other peoples' money—that is, taxpayer dollars—to influence votes. For instance, however meritorious establishment of a North American development bank might be in another context, I voted in committee against establishing such a mechanism as part of the NAFTA agreement because I considered it grossly unseemly to advance a multimillion dollar spending program just to influence a few votes to favor NAFTA. People can credibly be for or against NAFTA, but positions should be based on principle not promises of programs.

In a more positive sense, it is interesting, perhaps profoundly so, that an important policy identified with a sitting President should be supported in the majority by the party that has the greatest interest in seeing the President not succeed, while less than 40 percent of the President's own party is expected to vote for the position advocated by their leader. Whatever the merits of NAFTA—and, as a policy initiative it is most decidedly a close call—it is remarkable that so many members of the President's political

opposition are putting their view of the country's best interest above partisanship. This is particularly remarkable given the fact that individual election politics, in almost all instances, is better served by an anti-NAFTA vote.

This vote thus symbolizes an aspect of American democracy that is unlike that of any comparable democratic society. It would simply be inconceivable that an opposition party would bail out a French or German or British or Australian Prime Minister in a like setting. But many Republicans understood that the Presidency more than the President was at issue and that American leadership in the world, most notably on economic issues like GATT, but also political issues from Korea to Bosnia would have been weakened if President Clinton had been dealt a setback on NAFTA.

For all these reasons, I believe that ratifying NAFTA is the best economic choice that America can make at this moment and that the risk of pushing ahead is not as great as the risk of doing nothing. If the agreement later proves not to benefit the United States, it can and should be reassessed.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. BORSKI].

Mr. BORSKI. Mr. Chairman, I rise in strong opposition to the North American Free-Trade Agreement.

I deeply regret having to oppose this agreement because increased trade among the three North American countries is essential to economic growth. However, if we approve this agreement today, we will lose a historic opportunity to negotiate a trade agreement that would improve the standard of living of all the workers from the United States, Mexico, and Canada.

To attract foreign investment, the Mexican Government deliberately suppresses the wages of Mexican workers. Because of the huge wage disparities between United States and Mexican workers, thousands of American jobs have already been relocated to Mexico.

NAFTA could have and should have been used as an effective instrument to raise the living standards of workers in all of North America. Through the NAFTA negotiations, we had an opportunity to bring about changes in the Mexican labor market that would have prevented job dislocation and leveled the playing field between United States and Mexican workers. We could have negotiated an agreement that guaranteed universally recognized labor rights and wages that increase with productivity. In short, we had a historic opportunity to negotiate an agreement that would have increased trade without dislocating workers.

Regrettably, that is not the agreement before us today. Instead, we must vote today on an agreement that will lock into place a policy that keeps Mexican wages low and attracts American investment, production, and jobs south of the border.

Furthermore, by improving the investment climate in Mexico, NAFTA will actually accelerate the trend of job dislocation. With this agreement, we will be putting the endorsement of the United States Government behind American corporate investment in Mexico.

Even more disturbing, the mere threat of job dislocation under NAFTA will create a tremendous downward pressure on U.S. wages. This threat will give companies a powerful bargaining tool over their workers in labor negotiations. When competing with low-paid, productive Mexican workers, the American workers may be forced into choosing between accepting a lower wage or losing their job.

This NAFTA will accelerate the two-decade trend of declining real wages, forcing middle-income American families to get by with less. For America to be a strong and competitive nation in the 21st century, the standard of living of working Americans must rise. Instead of raising Mexican living standards, this NAFTA will force down American wages.

NAFTA will also weaken our ability to enforce and maintain stringent health, environmental, and safety standards. An investigation of NAFTA's transportation safety issues conducted by the Public Works and Transportation Subcommittee on Investigations and Oversight, found many questions unanswered.

Will there be older, less safe trucks entering our Nation? Will there be an adequate inspection program in Mexico? Will strict American safety standards apply to Mexican truck drivers on America's roads, and how will they be enforced? Will a system of exchanging information on driver violations be implemented on a timely basis? These questions remain unanswered.

Mr. Chairman, this debate today is not about whether Congress supports free trade or protectionism. It's not about whether we're looking forward or backward. This debate is about whether the NAFTA before us today is good for the jobs, wages, and economic future of this country and its citizens.

America's workers are still the world's most productive workers. When the rules of trade are fair, they can compete with anyone in the world. But this NAFTA puts American workers at a serious competitive disadvantage, putting American jobs and wages at risk. We need a trade agreement that will allow American, Mexican, and Canadian workers to compete on a level playing field.

Mr. Chairman, this NAFTA hurts working Americans. We can and must do better. Let's defeat this NAFTA and negotiate a better trade agreement that keeps productive jobs in America, respects the rights of Mexico's workers, protects strong United States standards and improves the standard of living of all North Americans.

Mr. MATSUI. Mr. Chairman, I yield 1½ minutes to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND. Mr. Chairman, this has been a really difficult decision to make. The people in the Eighth District of Georgia are split on NAFTA.

I have had two principal concerns that especially affect the people in the Eighth Congressional District. First, I have had concerns about the apparel industry located in almost every small community. The day before yesterday I received a letter from the President in response to a letter several of us had written. Many of these concerns were addressed by the President.

Second, I have been concerned about the future of the peanut industry. We have long sought a cap for peanut butter and peanut paste coming into the United States from Canada because the products displace quota peanuts. This action has subsequently required more money to go from the Federal treasury into the Commodity Credit Cooperation. If nothing is done, the increase of these peanut products would essentially destroy the peanut industry in our State.

This morning in a meeting with Secretary of Agriculture Mike Espy, the Secretary said he was more acutely aware of this problem than he had been, and committed to me and I quote,

> I give my assurance that I will work vigorously in my negotiations with Canada to limit the amount of Canadian exports of peanut butter and peanut paste, which would include your suggestion of a cap of 1 percent of U.S. domestic consumption.

Further commitments to the peanut industry in my State were also made.

In addition, I do not believe that there will be a shift of jobs away from the Eighth District and my State. Rather, we would be able to increase exports to Mexico above the $6 billion trade surplus our country has now there. I will cast a vote in favor of NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Michigan [Miss COLLINS].

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Miss COLLINS of Michigan. Mr. Chairman, the North American Free-Trade Agreement before us today is a trade bill, sure enough. It is a trade bill because it trades away jobs. And not only does it give away jobs, it gives away the hopes of millions of Americans who want a job, today and tomorrow.

NAFTA is not about free trade or global competition. NAFTA is an investment instrument, which will send money through a well-greased funnel to Canada and Mexico, at a time when our own cities are rotting at the core.

Look at my own city of Detroit. Thirty-five years ago it was a thriving metropolis of 2 million people that provided good manufacturing jobs. It gave many families, mine included, a secure working-class, middle-class life. Then plants closed their doors; some moved south. Today, Detroit has barely a million residents. It is a city where 10,000 people will stand in line 4 miles long in the cold to apply for a job in a casino that doesn't even yet exist.

The American people are in pain today; the economy is sputtering. In my district, the poverty rate is 37 percent. The unemployment rate for African-Americans is over 19 percent. This NAFTA will bring more suffering, more pain for millions of hard-working and decent people.

This Nation was built on the sweat and tears of our working men and women. And how do we repay them? With a handout to corporate America that virtually invites employers to send our jobs to Mexico? Has this Congress lost its humanity? What this NAFTA is symbolically saying is, "When we've got you on the ground, when your wages are depressed, when your factories are closing, when you are 45 years old and have spent your life in a manufacturing job that has vanished, we are sending the jobs across the border." And the final kick in the head is that we have a job training proposal that is just that, a proposal, a wisp of a program that might happen at some indefinite point in the future if we have the money.

How can we in good conscience pull the rug out from under an entire class of people, the middle class? And when these jobs are gone, what do we do with the shells of communities that remain, like the neighborhood I grew up in, in Detroit?

NAFTA conjures up frightening images of lost opportunity, of ghost towns, of job lines. I cannot remember a vote that has so deeply touched so many Americans and that has created so much uncertainty for so many decent people.

I ask my friends to search their hearts and souls on this vote. NAFTA may be good-intentioned, but this NAFTA is wrong. If we were elected for anything it was to create good jobs at good wages, to revitalize our economy and to sustain the American dream for all of our citizens.

I would like to share with my colleagues several additional points that demonstrate how NAFTA will adversely impact African-Americans.

JOB LOSS

Over 30 percent of the African-American labor force is employed in manufacturing, compared to less than 20 percent of the white labor force. Of the 6 million African-American women in the work force, 14 percent are employed as operators, fabricators, laborers, and in precision production, crafts, and repairs; 9.3 percent of their white counterparts work in these groups. Of the 5.6 million African-American men in the work force, 30.4 percent are employed as operators, fabricators, and laborers; white men are 18.4 percent of their total labor force in these same jobs. By encouraging imports and by encouraging United States basic manufacturing companies to relocate to Mexico where wages and costs of doing business are lower, American jobs will vanish.

Basic manufacturing has traditionally been the entry point into the middle class for many African-Americans, and even without NAFTA, the number of workers in manufacturing has been declining over the last two decades. The type of jobs that will move out of the country under NAFTA are mostly like to be the type of jobs held by many African-Americans, with no programs in place to ease current trends or NAFTA dislocations.

The following estimates predict job losses under NAFTA:

Some 22,500 jobs could be lost in the first 18 months.—U.S. Department of Labor.

Some 145,000 jobs would be lost over 5 to 6 years.—Gary Clyde Hufbauer and Jeffrey J. Schott, economists.

Some 300,000 to 600,000 jobs would be lost.—Joint Economic Committee.

Some 500,000 jobs would be lost.—Economic Policy Institute.

Some 912,000 jobs would be lost over 9 years.—Economic Strategy Institute.

These estimates are for losses directly related to trade and do not, for example, take into account job loss by the suppliers of these companies or jobs in many community businesses dependent on the wages of these workers.

EQUAL EMPLOYMENT OPPORTUNITIES

The volume of Federal contracts with U.S. companies today exceeds $195 billion. For Federal Government procurement, NAFTA would treat Canadian and Mexican companies as "United States companies," thus effectively negating "Buy America" policies. Currently, Federal contractors must maintain an equal employment opportunities program. Of all contractors, 96 percent have required affirmative action programs. These requirements have served as important leverage on the private sector to provide equal employment opportunities.

Several studies—Rand Corporation, University of California—have confirmed that these EEO requirements on Federal contractors have increased minority employment, contributed to occupational advancement, and have increased minorities' wages.

Opening up Federal contracts to Canadian and Mexican companies will dilute this action-forcing requirement. With fewer American companies getting Federal contracts, there will be fewer equal employment opportunity programs in the private sector.

DAMAGE TO URBAN COMMUNITIES

Minorities disproportionately hold nonmanagerial positions in public employment. As State and local governments lose revenues from companies relocating to Mexico, government services will have to be curtailed, causing job losses. Cities may have to offer new revenue-losing tax incentives to lure businesses, causing further public employment cutbacks.

The New York Times has cited United States intelligence reports warning that drug traffickers have already started buying manufacturing, trucking, and warehouse businesses on the United States-Mexico border for drug shipments. Facilitating the flow of drugs will mean further deterioration of American cities.

In addition, I would like to insert in the RECORD the official position of the Congressional Black Causus.

THE CONGRESSIONAL BLACK CAUCUS POSITION PAPER: NORTH AMERICAN FREE TRADE AGREEMENT

The Congressional Black Caucus stands in opposition to the North American Free Trade Agreement (NAFTA). While it is recognized that NAFTA was originally proposed to help spur economic growth within the United States through increased trade and increased competition in the global marketplace, there are areas of concern that have not been addressed. Without sufficient attention to the areas of concern, the Congressional Black Caucus will remain firm in opposition.

AREAS OF CONCERN

Opposition principally is focused on factors affecting jobs, the environment, minority business opportunities and the potential effects on the Caribbean region.

Jobs.—Our trade deficit with Mexico has already grown in many industries. Estimates of probable job losses due to NAFTA have reached as high as one million. State and local governments will lose tax revenues from businesses who relocate and individuals who become jobless. In those regions that suffer the most intense job losses, the corresponding loss of tax revenues will be substantial. NAFTA will have a negative impact on the generation of revenues in this country precisely at a time when entitlement benefits and services are under great peril. Also, an examination of the average hourly wages for production workers in those industries already affected reveals that the jobs being lost are high-wage, not only low-wage manufacturing jobs. Those who lose jobs because of import competition do not climb up the job ladder, but fall back to lower wages or fall off the job ladder into unemployment. There is little to support the claim of NAFTA proponents that free trade will create higher wage jobs for U.S. workers because Mexican workers will take jobs at the lower end of the skills ladder while American workers will move up to better paying jobs.

Environment.—There has not been sufficient progress made with Mexico related to environmental protection. NAFTA must preserve the rights of states and the federal government to set high individual standards for the environment, conservation, health and safety. NAFTA does not provide a secure, dedicated source of funding for border cleanup, environmental infrastructure, conservation initiatives, protection of communities

and worker health. The treaty does not prevent the flight of industries which seek to take advantage of lax environmental, health and safety standards in other countries. Further, there are not sufficient opportunities for public participation in trade and environmental disputes and in investment and trade decisions affecting individual communities.

Minority Businesses.—The Minority Business Community has never been fully consulted or considered on NAFTA. There are no current proposals to provide technical, financial marketing or educational assistance to small business in general, or to minority business in particular, interested in trade with or investment in Mexico. Remedies must be carefully explored and should accompany the NAFTA.

The Caribbean.—Preferential treatment for Mexico—especially in areas of sugar, citrus and apparel—could result in significant diversion of trade from the Caribbean. Such a diversion would stall economic growth, and dislocate productive activity in both the United States and the Caribbean. If NAFTA takes effect in January, U.S./Caribbean commerce could erode by next spring. Using the textile industry as an example, NAFTA calls for a progressive reduction of tariffs on Mexican textiles and apparel over the next decade. This disrupts U.S. and regional trading patterns, because Caribbean Basin Initiative garments made from U.S. textile would * * * apparel made from Mexican textiles.

NAFTA is not primarily a free trade agreement. It is an investment agreement designed to protect investments which U.S. companies make in Mexico. The Congressional Black Caucus stands in strong opposition to this treaty as drafted.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. KING].

Mr. KING. Mr. Chairman, it is a unique privilege to be a Member of the U.S. Congress. It is an even greater privilege to be a Member of this body during a defining moment in our Nation's history. This NAFTA debate is such a moment.

Mr. Chairman, the vote we cast today will define America's role in the post-cold-war world. Our vote will send a clear signal to the world as to whether the United States has the courage and the vision to assume the role of economic leadership or whether, instead, we will retreat behind the walls of protectionism.

I support NAFTA for the same reasons that our predecessors supported NATO and the Marshall plan and the space program—our national security and our Nation's future demand it.

Mr. Chairman, NAFTA is not a Democrat issue or a Republican issue, it is an American issue. Our country is strong because in times of national challenge and opportunity Americans have come together to transcend politics and put their country before their party.

President Clinton is not of my party and I disagree with him on many issues. But the President is right on NAFTA and I commend him for the courage he has demonstrated in taking this issue to the American people. I must also express my sincere admiration for the Republican leaders who stood by the President and served the national interest. They epitomize what Mr. Lincoln meant when he said that we serve our party best when we serve our country.

Mr. Chairman, a vote for NAFTA is a vote for jobs and economic growth. It is also a vote for the politics of reason and hope and a rejection of the politics of fear and demagoguery.

A vote for NAFTA is a vote for closer cooperation with Mexico and Latin America. It is a vote for free markets and economic reform.

Mr. Chairman, a vote for NAFTA is a vote for our workers, for our future, and for our country.

Mr. HUNTER. Mr. Chairman, I yield 3½ minutes to the distinguished gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Chairman, along with my Florida colleagues, I have worked during the past months to improve a treaty, side agreements, and the enabling legislation for NAFTA.

While the Florida delegation has been successful in securing some improvements in NAFTA, I cannot in good conscience support NAFTA today.

As this treaty and bill are presented to Congress, we are forced to unfairly choose between winners and losers. Based on my recent work and experience in international trade, today I must reject this unfair approach.

For example, in Florida, citrus concentrate and sugar will be saved. However, much of the remainder of Florida's agriculture industry will not survive the next decade.

Just look at the facts: Mexico has 6 million agricultural workers, all earning at or below the 50-cent-per-hour minimum wage. This is equal to the entire work force of my State who earn at least our U.S. minimum wage.

Florida agricultural workers are regulated by the Department of Labor, USDA, HHS, EPA, INS, FDA, and numerous other regulatory agencies. Mexico ignores even the most basic labor standards and working conditions.

While several Florida agricultural concerns have been satisfied, is it fair to abandon the others? Still opposed today is a majority of the agricultural associations, not to mention what is now estimated to be 95 percent of the independent growers in my State.

I cannot vote today to cast aside one worker or one business in favor of another. Unfortunately, agriculture is not the only industry that will be unfairly impacted.

As another example, the president of an Orlando manufacturing company has written and said, "In order to compete, we would be obliged to move the labor intensive portions of our production from Florida to Mexico."

While some U.S. manufacturers under this treaty would be winners, others clearly would be losers.

I fear that to benefit a few, we will undermine many. Truly, the Mexican market for American goods has been overstated.

Their economy is only the size of Luxembourg, and their buying capacity is clearly limited by a work force where only 1 in 26 earns a United States minimum wage.

Under this treaty, where would any business person choose to locate their new or expanded manufacturing facilities? In any of the 50 States with tough local, State, and Federal regulations? Or would they in fact choose to locate in a place where regulations and laws are ignored, and then freely moved goods across the border on roads and bridges improved by U.S. taxpayers?

This is a good treaty between the United States and Canada. It would be a good treaty just as Europeans have formed between equal trading partners with nearly equal wages, judicial systems, and regulatory standards.

But this is not a good treaty with a Third World nation who has none of those important mechanisms in place.

Finally, I cannot in good conscious support this treaty or this legislation because I have seen firsthand the blatant disregard Mexico has shown for its environment. Nowhere in the Western Hemisphere or the world is there such complete disregard and contempt for the environment.

And to add insult to injury, American taxpayers are now asked to pay the tab for years of environmental destruction and neglect.

It is because of these concerns today that I will vote in opposition to NAFTA. I urge my colleagues to vote against NAFTA.

Mr. HOAGLAND. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Chairman, I rise in strong support of NAFTA because I believe that the status quo in the United States-Mexico relationship is unacceptable economically and environmentally. In supporting NAFTA, I am casting my vote for the young people of America and for the future.

In studying NAFTA, I have been most impressed by the support it enjoys among the young. Our young people have high hopes about the future and understand that we must have a regional trade agreement in our hemisphere if we are to compete successfully in the global economy. Expanding markets for our products will create more jobs and more opportunity for all Americans.

In addition, Mr. Chairman, we must get on with cleaning up the United States-Mexico border. A vote for NAFTA is a vote for the young children there on both sides of the border who are exposed to serious health risks every day because of environmental degradation. That is why I am pleased to join the Natural Resources Defense

Council, the Environmental Defense Fund, the Audubon Society, the World Wildlife Fund, and other environmental groups, as well as the great Governor of Texas, Ann Richards, who urges a "yes" vote on NAFTA.

NAFTA will work because it will create jobs. I commend President Clinton for addressing the concerns of American workers. His initiatives include worker retraining, the North American Development Bank, and his commitment to use his authority for sanctions if Mexico deprives its workers of their internationally recognized labor rights. I commend him for his leadership in fighting for a brighter future for our country and for our young people.

Mr. Chairman, closer to home, my district of San Francisco was built on trade and early on recognized the importance of exports to our economy's vitality. NAFTA will be good for San Francisco and it will give a needed boost to the California economy, which will, in turn, help the national economy. Vote "yes."

Mr. Chairman, on the subject of human rights, there is an ongoing debate in my State about whether people are leaving Mexico for jobs, as I contend, or for social services, as others contend. There is no serious contention that people are fleeing political persecution in Mexico. We all agree that Mexico must improve its record on human rights, but let us not play into the hands of the world's tyrants by equating Mexico with the authoritarian regimes of China or Burma.

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Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. EDWARDS].

Mr. EDWARDS of California. Mr. Chairman, I urge a "no" vote on NAFTA.

Mr. Chairman, as one who has been involved in human rights and civil rights for all my time in Congress, more than 30 years, I deeply feel that the approval of NAFTA would be a tragic mistake.

NAFTA was written not by working men and women, or poor people, but by the privileged people.

Its basis is classic, old fashioned, trickle down, which says that whatever makes money for business will ultimately be good for the workers.

Amongst the key reasons our manufacturing corporations move to Mexico is because the wages are one-sixth ours, often as low as $1 an hour.

And Mexican environmental laws are weak and not enforced, meaning further savings in overhead.

NAFTA's passage would exacerbate these factors. As the new Roper poll indicates, up to 40 percent of our corporations would look favorably on a move to Mexico.

NAFTA would actually encourage more moves to Mexico because the treaty legitimizes the move, giving the move assurance of Government support, both Mexico's and our own.

And think of the advantage in wage disputes NAFTA gives to manufacturers here at home. They can put the squeeze on labor in wage disputes by saying simply—"If you don't take our offer, we'll move to Mexico where the Government guarantees low wages and no strikes".

California, already buffeted by job losses resulting from companies moving to Mexico, will suffer as more companies are encouraged to move South to take advantage of cheap labor, weak environmental laws and Government supported strikebreaking.

The NAFTA decision is a profound human rights issue. Working men and women and poor people need the support of their government. NAFTA stacks the deck against their legitimate human rights.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I also urge a "no" vote on NAFTA.

Mr. Chairman, this vote puts Members in a very difficult and in a very unfortunate position. I agree with the fundamental goals of NAFTA. I am in favor of lowering tariffs and allowing free trade between the United States, Mexico, and Canada.

It is important to remember that just 1 year ago, every Member of this House voted for a resolution that directed the President not to negotiate any trade agreement that jeopardizes health, safety, labor, and environmental laws. The resolution also stated that the House would not approve NAFTA if it jeopardizes those laws.

I have carefully evaluated this agreement to determine whether it meets the standard established by the resolution. In order to clarify the meaning of the agreement, I have exchanged numerous letters with the U.S. Trade Representative to determine whether NAFTA meets the test of the House resolution, and I ask that these letters be placed in the record.

It is my view that the agreement represents a step backward in terms of environmental laws; it represents a step toward uncertainty in terms of food safety laws; and it represents a lost opportunity in terms of protecting American workers. Therefore, I have no choice but to vote against the agreement.

We don't have to approve this NAFTA. I am convinced that we can do better. We can have a NAFTA that accomplishes the important goal of free trade without adversely impacting health, safety, and environmental laws, as well as American workers. I urge my colleagues to vote against this NAFTA and to support a renegotiated agreement that protects our laws and our workers.

SUBCOMMITTEE ON HEALTH
AND THE ENVIRONMENT,
Washington, DC, June 23, 1993.

Hon. MICKEY KANTOR,
U.S. Trade Representative, Washington, DC.

DEAR MICKEY: I am writing this letter to follow up our recent meeting in which we discussed the potential impact of the North American Free Trade Agreement on U.S. environmental, health and safety laws. While the meeting and subsequent discussions between our staffs have been useful in clarifying a number of issues, it would be extremely helpful to receive your written response to the following questions:

1. NAFTA requires that regulatory standards pertaining to food be based on "risk assessment, as appropriate to the circumstances." Article 712, para. 3. As you are aware, for food additives, color additives and animal drugs, the Delaney clauses in U.S. law prohibit the addition of any substance to foods if the substance is an animal carcinogen. 21 U.S.C. 348(c)(3)(A), 376(b)(5)(B) and 512(d)(1)(H). Under the Delaney clauses, a traditional risk assessment is irrelevant. Public Citizen v. Young, 831 F.2d 1108 (D.C. Cir. 1987). I would like your evaluation of whether the NAFTA agreement in any way jeopardizes the Delaney clauses in U.S. law. Specifically, how does the Delaney clauses' statement that the theoretical risk to humans is irrelevant square with the requirement in Article 712, para. 3 that U.S. laws be based on a risk assessment?

2. NAFTA declares that each party may adopt food safety regulation "only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economical feasibility." Article 712, para. 5. What provisions in NAFTA would prevent Canada or Mexico from successfully challenging U.S. laws as NAFTA inconsistent, including the Delaney clauses and laws relating to pesticide residues in foods, on the grounds that they are most stringent than "necessary" to achieve the appropriate level of protection chosen by the U.S.?

3. I want to ensure that the U.S. has not ceded its authority to restrict trade in order to promote protection of our global commons. Please explain whether the language in NAFTA would prevent the U.S. or other signatories from restricting trade in order to protect an extraterritorial resource, assuming that such a restriction is applied in a way that is non-discriminatory. For example, would NAFTA preclude the U.S. from prohibiting the sale or import of specific varieties of seal pelts with the objective of protecting seal populations that are not listed as endangered under the Convention of International Trade in Endangered Species? Would nondiscriminatory restrictions on the sale or import of products producing greenhouse emissions for the purpose of protecting the global climate be consistent with NAFTA?

4. I also want assurances that NAFTA will not prohibit the use of trade restrictions as a sanction for the failure to comply with future international environmental accords not listed in NAFTA Article 104, especially on the issue of global climate protection. Please explain whether NAFTA would discourage the adoption in any new multilateral agreement on global climate of provisions imposing trade sanctions on non-complying nations, analogous to the trade sanction provisions which have proven so effective in the Montreal Protocol for Protection of the Stratospheric Ozone Layer.

5. Section 105 of NAFTA provides that the parties are to insure "all necessary measures are taken in order to give effect to [its] provisions * * *, including their observance * * * by state and provincial governments." Does this require the U.S. to preempt any state and local laws, and does the Administration intend to include any preemption provisions in its implementing legislation?

I appreciate your response to these questions in the hope that we can resolve these

important issues. Since Congress may be considering these issues in the near future, I request that you provide response by July 16, 1993. Please have your staff contact Bill Schultz or Greg Wetstone of my staff at 226-7620 if you have any questions.

With every good wish, I am

Sincerely,

HENRY A. WAXMAN,
Chairman.

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, September 7, 1993.

Hon. HENRY A. WAXMAN,
Chairman, Subcommittee on Health and the Environment, Committee on Energy and Commerce, Washington, DC.

DEAR CONGRESSMAN WAXMAN: Thank you for your letter of June 23, 1993, in which you raise a number of questions concerning the interpretation and application of the provisions of the North American Free Trade Agreement (NAFTA) in connection with several environmental concerns.

The NAFTA will establish the largest market in the world, create jobs in America, and enhance the region's competitiveness. The NAFTA, together with the supplemental Agreement on Environmental Cooperation concluded last week, provides a number of strong steps to promote environmental protection. The NAFTA itself begins with the Parties' commitment to "promote sustainable development; strengthen the development and enforcement of environmental laws and regulations" and undertake the NAFTA commitments "in a manner consistent with environmental protection and conservation."

These commitments are reflected in the provisions of the NAFTA that follow, including explicit recognition of the rights of governments to maintain measures to protect human, animal or plant life or health, the environment and consumers; recognition of the rights to establish the level of protection governments consider appropriate; a commitment to work jointly to enhance the level of safety and of protection of human, animal and plant life and health, the environment and consumers; and renouncing the relaxing of health, safety or environmental measures to encourage investment.

The Agreement on Environmental Cooperation will ensure that economic growth is consistent with goals of sustainable development. The Agreement on Environmental Cooperation further promotes environmental protection, including by ensuring that laws and standards continue to provide high levels of environmental protection and that those laws are effectively enforced.

I will respond to each of the specific questions in your letter in turn.

Question 1: NAFTA requires that regulatory standards pertaining to food safety be based on "risk assessment, as appropriate to the circumstances." Article 712, para. 3. As you are aware, for food additives, color additives and animal drugs, the Delaney clauses in U.S. law prohibit the addition of any substance to foods if the substance is an animal carcinogen. 21 U.S.C. 348(c)(3)(A), 376(b)(5)(B) and 512(d)(1)(H). Under the Delaney clauses, a traditional risk assessment is irrelevant. Public Citizen v. Young, 831 F.2d 1108 (D.C. Cir. 1987). I would like your evaluation of whether the NAFTA agreement in any way jeopardizes the Delaney clauses in U.S. law. Specifically, how does the Delaney clauses' statement that the theoretical risk to humans is irrelevant square with the requirement in Article 712, para. 3 that U.S. laws be based on a risk assessment?

Response: The NAFTA was carefully drafted, with the Delaney clauses and other provisions of U.S. law firmly in mind, to safeguard the ability of governments to ensure food safety. To understand how the NAFTA applies to these and other "sanitary and phytosanitary measures" (covered in Section B of Chapter 7), it is important to distinguish between two key concepts—the level of protection that a government chooses and the measure that the government uses to achieve that level of protection.

The NAFTA makes explicit that each government may establish those levels of protection for human, animal or plant life or health that the government considers to be appropriate (Article 712(2)). A government's choice of the level of protection of human health need not be based on a scientific rationale or on a "risk assessment." The NAFTA implicitly recognizes that such choices are based on societal, not scientific, values.

The Delaney clauses, in the first instance, establish a level of protection. They reflect a decision by the Congress that there should be no risk of cancer to humans from the substances those clauses cover. That decision is fully protected under the NAFTA.

The NAFTA does require governments to meet certain elementary requirements when applying laws and regulations to achieve their chosen level of protection in order to safeguard against blatant trade protectionism in the guise of a health regulation. Our trading partners have repeatedly sought to exclude perfectly safe U.S. products from their markets by citing false "health" pretexts.

For example, the NAFTA requires that the sanitary or phytonsanitary measure used have a scientific basis and be based on a risk assessment appropriate to the circumstances.

It makes sense to require governments to meet these tests since legitimate health laws and regulations would have a scientific basis and are the product of a risk assessment. For example, a determination that a particular food additive poses a health risk is made on scientific grounds. Similarly, legitimate food additive regulations are based on "risk assessments" of the type required in the NAFTA. The term "risk assessment" is defined in the NAFTA in relevant part as an evaluation of the potential for adverse effects on human life or health arising from the presence of an additive, contaminant, toxin or disease-causing organism in a food, beverage, or feedstuff. Importantly, "risk assessment" as used in the NAFTA is not limited to quantitative risk assessment, which is a particular type of risk assessment used to evaluate the potential for carcinogenesis.

The Delaney clauses are entirely consistent with the NAFTA's requirements in this regard. The determination that a particular substance poses a risk of cancer is a scientific determination, based on an evaluation of the potential for carcinogenic effect. Based on scientific principles, the United States has determined that if a substance induces cancer in animals, it poses some risk of human carcinogenesis. And since the level of protection under Delaney requires that there be zero risk of carcinogenesis, we prohibit the substance.

The Public Citizen case dealt with the question of whether there was a de minimis exception under the color additives Delaney clause, not whether it was appropriate to evaluate whether a particular substance is an animal carcinogen and thus such substance poses a risk of carcinogenesis. The court's determination that there was no de minimis exception under the Delaney clauses does not change the fact that all three Delaney clauses are themselves based on a risk assessment and are consistent with the NAFTA requirements.

Question 2: NAFTA declares that each party may adopt food safety regulation "only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economic feasibility." Article 712, para. 5. What provisions in NAFTA would prevent Canada or Mexico from successfully challenging U.S. laws as NAFTA inconsistent, including the Delaney clauses and laws relating to pesticide residues in foods, on the ground that they are more stringent than "necessary" to achieve the appropriate level of protection chosen by the U.S.?

Response: Article 712(5) of the NAFTA provides as follows: "Each Party shall ensure that any sanitary or phytosanitary measure that it adopts, maintains or applies is applied only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economic feasibility." (Emphasis added.)

This provision addresses how a health law or regulation that is in place is applied. It does not address the validity of the underlying health law or regulation itself, or the level of protection afforded by those laws.

Article 712(5) provides no basis for challenging the levels of protection that the Congress has established in the Delaney clauses or laws relating to pesticide residues in food. The fact that those chosen levels of protection reflect a more conservative approach than other countries toward the level of protection that we desire in setting specific standards does not render these laws subject to question under Article 712(5).

This provision is meant to ensure that governments do not enforce or apply their health laws or regulations in a way calculated to provide a special advantage to domestic producers. For example, this provision is designed to guard against a country imposing a two year quarantine on imported cattle (and not coincidentally protecting the domestic industry) when a 10 day quarantine would be sufficient to guarantee the cattle are not diseased.

Article 712(5) does not require governments to avoid taking any action that has trade restrictive effects. And it recognizes that governments may legitimately take economic and technical factors into account in the manner that they apply their health regulations to imported goods. Finally, the provision is drafted so that a government will always be able to apply its health measures in a manner that fully achieves the country's chosen level of protection.

Question 3: I want to ensure that the U.S. has not ceded its authority to restrict trade in order to promote protection of our global commons. Please explain whether the language in NAFTA would prevent the U.S. or other signatories from restricting trade in order to protect an extraterritorial resource, assuming that such a restriction is applied in a way that is nondiscriminatory. For example, would NAFTA preclude the U.S. from prohibiting the sale or import of specific varieties of seal pelts with the objective of protecting seal populations that are not listed as endangered under the Convention on International Trade in Endangered Species? Would nondiscriminatory restrictions on the sale or import of products producing greenhouse emissions for the purpose of protecting the global climate be consistent with NAFTA?

Response: This Administration is committed to taking effective action to protect global environmental resources, including the global commons. Far from ceding our authorities in this area in the NAFTA, the agreement itself and the supplemental Agreement on Environmental Cooperation affirm the commitment of all three countries to protection of the environment and the promotion of sustainable development. In a provision that has no precedent in trade agreements, NAFTA Article 104 expressly provides that the obligations of the NAFTA parties under international environmental agreements shall prevail over any inconsistent obligations undertaken in the NAFTA.

The NAFTA does not change U.S. obligations concerning the use of trade sanctions to protect a particular resource outside the United States. The NAFTA will not impair the ability of the United States to impose the kinds of non-discriminatory trade restrictions cited in your examples. Thus, a nondiscriminatory prohibition on the sale of all domestically- and foreign-produced seal pelts in the United States would generally be consistent with the NAFTA. Similarly, a ban on the sale of all domestic and foreign-made goods producing greenhouse gas emissions would generally be consistent with NAFTA requirements.

As you may know, the broader question of the use of trade measures to protect resources outside a particular country's jurisdiction is currently under discussion in a number of international fora, including the Working Group on Environmental Measures and International Trade under the General Agreement on Tariffs and Trade (GATT), and in the Organization for Economic Cooperation and Development (OECD).

This issue arises most clearly in connection with the "general exceptions" to the GATT, a number of which have been included as general exceptions to the NAFTA as well. The exceptions most directly applicable to environmental protection are GATT Article XX(b) (protection of human, animal and plant life or health) and Article XX(g) (conservation of exhaustible natural resources). Some GATT countries, and an earlier, unadopted GATT panel report, have asserted that those exceptions are not available for measures to conserve or protect a resource outside the jurisdiction of the country taking the measure. The scope of those articles are the subject of on-going dispute settlement proceedings before a GATT panel concerning a challenge by the European Communities and the Netherlands to U.S. import restrictions on tuna in order to protect dolphins.

In those GATT dispute settlement proceedings, we have made clear that Article XX fully guarantees the ability of the United States to take measures to protect resources outside its jurisdiction. The inclusion of these Article XX provisions in the NAFTA does nothing to jeopardize the U.S. position on this question.

Question 4: I also want assurances that NAFTA will not prohibit the use of trade restrictions as a sanction for the failure to comply with future international environmental accords not listed in NAFTA Article 104, especially on the issue of global climate protection. Please explain whether NAFTA would discourage the adoption in any new multilateral agreement on global climate of provisions imposing trade sanctions on noncomplying nations, analogous to the trade sanction provisions which have proven so effective in the Montreal Protocol for Protection of the Stratospheric Ozone Layer.

Response: The NAFTA is intentionally designed to be flexible enough to accommodate additional international environmental or conservation agreements that contain trade obligations. Article 104 of the NAFTA gives precedence over the NAFTA to the trade obligations contained in a list of international environmental agreements. That list includes the Montreal Protocol on Substances that Deplete the Ozone Layer.

Article 104 explicitly contemplates adding new environmental or conservation agreements to the list as the NAFTA countries may agree. If a new multilateral agreement on climate change contains trade obligations, it could be added to the list in accordance with Article 104.

Question 5: Section 105 of NAFTA provides that the parties are to insure "all necessary measures are taken in order to give effect to [its] provisions . . ., including their observance . . . by state and provincial governments." Does this require the U.S. to preempt any state and local laws, and does the Administration intend to include any preemption provisions in its implementing legislation?

Response: Article 105 is intended to ensure that the federal government in each of the three NAFTA countries is fully accountable for any state or provincial measures covered by the agreement. This provision is drawn virtually verbatim from the United States-Canada Free-Trade Agreement (CFTA).

Article 105 does not establish or require federal preemption of state or provincial measures. It does mean that the federal government will be held accountable if it cannot secure state or provincial compliance with NAFTA obligations.

The precise legal relationship between the NAFTA and a country's domestic law is a matter for each participating government to decide. For example, we understand that Mexico intends to adopt NAFTA into its domestic law, thus superseding any pre-existing, inconsistent Mexican federal or state law.

In the United States, this issue will be addressed in the NAFTA implementing bill. The Administration will be working with the Congress to develop the NAFTA implementing legislation, including any provisions necessary or appropriate to implement Article 105.

It is important to note that where a question arises concerning the consistency of a state law with U.S. international trade obligations, the Executive Branch works with the state through cooperation and consultations. We ensure that our states are fully briefed on any discussions with other governments concerning state laws and are kept involved in any dispute settlement proceedings that may be initiated. In the case of the NAFTA—as we have done in connection with the CFTA—we would expect state representatives to be full participants in any panel proceedings concerning their laws.

In the one instance where state measures were successfully challenged before a GATT panel, we have not had recourse to preemption or lawsuits. Rather, we have worked with the state involved to see what, if any, solutions to the question can be found that would fully protect state interests in the matter. We expect our practice of consultations and cooperation to continue under the NAFTA.

We would note that there is no preemption under the NAFTA in another sense, which is that state and local laws are free to differ from federal regulations and still be consistent with the NAFTA. In fact, there is nothing in the NAFTA that refers to federal standards as any point of reference for state standards. Instead, the same NAFTA requirements that guard against standards being used to provide a special advantage to domestic producers are applied to federal standards and to state standards.

Thank you for this opportunity to clarify these issues. I look forward to continuing to work with you in preparing for the implementation of the NAFTA.

Sincerely,

MICHAEL KANTOR.

SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT,
Washington, DC, September 16, 1993.

Hon. MICKEY KANTOR,
U.S. Trade Representative, Washington, DC.

DEAR MICKEY: As we discussed last Thursday, I have attached below a summary of my concerns regarding environmental aspects of the North American Free Trade Agreement. It remains my hope that we can work together to address each of these important issues.

Process Standards.—It appears that U.S. laws that restrict market access to products that are produced in a way that harms the environment or human health could be subject to challenge under NAFTA as non-tariff trade barriers, even if we apply these laws equally to domestic and imported products. For example, although drift-net fishing is known to be extremely destructive of aquatic life in our oceans, a ban on sales of fish caught by drift-net fishing could be found to violate NAFTA. The same problem, of course, arises in the context of the U.S. law restricting the import of tuna caught in a fashion that kills dolphin. It appears that such restrictions would not be "standards related measures" or "technical regulations" under Chapter 9 of the Agreement and could therefore be found to be barriers to trade.

International Agreements.—The list of international agreements in Article 104 of NAFTA is not sufficiently inclusive, and may present an obstacle to the inclusion of trade sanctions in future multilateral environmental agreements. In fact, it appears that trade restrictions in future international agreements to address global environmental problems such as global climate change might well be found to be violative of NAFTA. Although future multilateral agreements could be added to the list in Article 104, such action requires approval of all parties. A recalcitrant North American nation could therefore use NAFTA to undermine the key forcing mechanism of trade sanctions. This problem would, of course, be exacerbated if NAFTA were expanded to include other nations of central or South America.

Border Air Pollution.—Major new pollution sources are being constructed on the Mexican side of the U.S.-Mexico border without air pollution controls. The most troubling example is the Carbon II power plant now under construction in Piedra Negras. This massive new facility will not include the stringent controls required for all new facilities in the U.S. and is expected to release hundreds of thousands of tons of sulfur dioxide pollution into our common air supply—dramatically reducing visibility in Big Bend National Park, and perhaps in other national parks as well. Failure to require controls on new facilities not only subjects large areas of the Southwest U.S. to additional air pollution, it also provides an unfair competitive advantage to Mexico—allowing that country to lure new facilities with reduced environmental costs.

Food Safety.—Your letter of September 7, 1993 partially addresses my concerns about the impact of NAFTA on U.S. food safety laws. You have indicated that Article 712(3)(c), which requires that sanitary and phytosanitary measures must be "based on risk assessment, as appropriate to the circumstances," does not require that food safety laws be based on a conventional risk assessment because Article 712(2) states that each country may establish its "appropriate levels of protection," including a level of protection that does not rely on conventional risk assessment. Can you give me similar assurances with respect to sections 712(3)(a), 712(3)(b) and 715(3)(b)?

It has also been suggested that section 715(3)(b), which states that each party must "avoid arbitrary or unjustifiable distinctions in [its appropriate level of protection] in different circumstances," could be the basis for a successful challenge to the Delaney clauses. Can you assure me that this provision does not jeopardize the Delaney clauses?

Your September 7 letter also responded to my concern regarding NAFTA language providing that each party may adopt food safety regulation "only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economic feasibility." Article 712(5). You state that this language applies to how a law or regulation or law is enforced and not to the content of the law or regulation. I would like assurances that your statement applies to any administrative regulation or order and would not allow challenges to the choices made in setting regulatory standards under such regulations or orders. For example, am I correct that this provision could not be a basis for a challenge to an agency decision to ban a pesticide rather than to reduce its use; to ban export of pesticides rather than to use import inspections to guard against import of foods with unapproved pesticides; or to require batch-by-batch testing of infant formula rather than periodic testing?

Most importantly, please provide statements from Canada and Mexico indicating that they agree with your interpretation of the provisions in the Agreement that raise questions with regard to food safety. This statement should be in a form that would bind future signatories of the NAFTA.

Preemption.—I am concerned about the preemptive effect of implementing legislation and would like the opportunity to review your legislative language to insure that it does not unnecessarily interfere with state and local laws.

Thank you for your cooperation in addressing these important matters.

With every good wish, I am

Sincerely,

HENRY A. WAXMAN,
Chairman.

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, October 26, 1993.

Hon. HENRY A. WAXMAN,
Chairman, Subcommittee on Health and the Environment, Washington, DC.

DEAR HENRY: Thank you for your letter of September 16, 1993 summarizing your concerns regarding environmental aspects of the North American Free Trade Agreement (NAFTA). That letter raised concerns regarding: process standards, international agreements, border air pollution, food safety, and preemption.

Let me note at the outset that the case for the NAFTA comes down to two compelling points: the NAFTA will increase economic growth and jobs in the United States, and the NAFTA will help us resolve problems that trouble Americans in our current relationship with Mexico. Prominent among those problems are issues related to environmental protection and our citizens' health and safety that I know are of particular interest to you.

The combination of the provisions of the NAFTA and the NAFTA side agreement on the environment (the North American Agreement on Environmental Cooperation) constitute truly path-breaking advances in the area of trade and the environment. The NAFTA and the side agreements of the NAFTA show heightened sensitivity to safeguarding our rights to protect the environment, health and safety. They also contain provisions aimed at seeing that the benefits of increased trade and economic growth are accompanied by measures to improve standards and enforcement of laws affording these protections.

Let me address each of your specific concerns in turn.

PROCESS STANDARDS

In your letter, you state that U.S. laws that restrict market access to products that are produced in a way that harms the environment or human health would not be "standards-related measures" or "technical regulations" under Chapter Nine of the NAFTA and could therefore be found to be inconsistent with the NAFTA.

As an initial matter, it is incorrect to state that Chapter Nine of the NAFTA (Standards-Related Measures) prohibits measures that are not "standards related measures" or "technical regulations." Chapter Nine provides for a series of disciplines on standards-related measures, as defined in that chapter, and applies only to "standards-related measures of a Party, other than those covered by Section B of Chapter Seven [of the NAFTA] (Sanitary and Phytosanitary Measures), that may, directly or indirectly, affect trade in goods or services between the Parties, and to measures of the Parties relating to such measures." (Article 901)

If a measure is not a standards-related measure, then Chapter Nine does not apply to it. (A technical regulation is one type of a standards-related measure, as defined in Article 915.) Any measure of the type described in your letter would need to be analyzed on a case by case basis.

We disagree that such measures would generally be inconsistent with the NAFTA. For example, as you know, the question of U.S. embargoes under the Marine Mammal Protection Act of 1972 (MMPA) on imports of yellowfin tuna in order to protect and conserve dolphin is currently the subject of a dispute settlement proceeding under the General Agreement on Tariffs and Trade (GATT). In that proceeding, the United States has maintained that the U.S. embargoes are consistent with the GATT by virtue of GATT Articles XX(g), (b) and, in the case of the intermediary nation embargoes under the MMPA, Article XX(d) as well.

Those GATT articles are incorporated into the NAFTA through Article 2101 and would be available if U.S. measures were challenged under the NAFTA.

From our perspective, consideration of the issue of "processes and production methods" or PPMs is a high priority element of the workplan for the Council under the North American Agreement on Environmental Cooperation. This involves the very complex, and often sensitive, questions of how to address any environmental effects of products due to the processes or production methods associated with them. Questions like: how was the product harvested?, how was it processed?, what effects will its consumption have on, say, the environment?

These questions are of a global nature, not limited just to North America. Therefore, while the Administration is committed to taking them up with our North American neighbors in the context of the NAFTA and the supplemental agreement on environmental cooperation, we are also seeking a broader dialogue. Indeed, preparatory discussions are already under way in the Organization for Economic Cooperation and Development (OECD) to develop a sound analysis of PPMs. We are actively involved in those discussions.

Another important step from our perspective will be to engage the GATT, beginning with a post-Uruguay Round workprogram on the environment, which we hope will be launched at the conclusion of the Uruguay Round. This work would of necessity have to include a thorough examination of the adequacy of the GATT's substantive rules as they relate to PPMs. Broadly, our objective is to ensure that countries are able to effectively address environmental objectives while not providing a means for arbitrary limit on trade. Easier said than done. This project will take time—but we will take it on in good faith, multilaterally and in the North American context.

INTERNATIONAL AGREEMENTS

You expressed concern that the list of agreements in Article 104 and its Annex is not sufficiently inclusive. The agreements listed in article 104 and its Annex had been identified as the agreements where there was particular concern that the relationship to the NAFTA should be made explicit. We did not list a number of other international environmental agreements. The NAFTA, in article 2101, incorporates the general exceptions to the General agreement on Tariffs and Trade (GATT). These exceptions generally provide for environmental measures to protect human, animal or plant life or health as well as for measures relating to the conservation of living and non-living exhaustible natural resources. This could include measures to implement international environmental agreements.

We recognize that trade measures under international environmental agreements can play an important role in the implementation of those agreements. For example, the trade obligations of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) have been vital to ensuring the preservation of endangered species. Article 104 affirms the importance of these measures.

For greater clarity, I have recently received agreement from the government of Canada and Mexico that we will modify Annex 104.1 of the NAFTA to include the following additional agreements:

(a) The Convention Between the United States of America and the United Mexican States for the Protection of Migratory Birds and Game Mammals, done at Mexico, February 7, 1936; and

(b) The Convention on the Protection of Migratory Birds, done at Washington, August 16, 1916.

We are currently studying which additional agreements it may be appropriate to include on the list, and I look forward to continuing to work with you on this issue.

BORDER AIR POLLUTION

Your letter expressed concern that major new pollution sources are being constructed

on the Mexican side of the U.S.-Mexico border without air pollution controls, and cited as the most troubling example the Carbon II power plant now under construction in Piedras Negras.

The Carbon II power plant will use state-of-the-art electrostatic precipitators to control particulate pollution. Since the sulfur content of the coal to be used by the plant is very low (one percent or less), no controls are currently planned for SO_2 emissions from the plant. As was true in the U.S. until recently, no such controls are required by Mexican standards in this circumstance.

With respect to visibility in Big Bend National Park, we understand that technical studies are being undertaken to better estimate the magnitude of the effect from SO_2 emissions from the plant. Consultations involving the Department of State, the Department of the Interior, the Environmental Protection Agency, and the Mexican government are continuing on this issue.

We also understand that the local air quality effects of emissions from the plant are not a significant issue. U.S. as well as Mexican health and welfare-based ambient air quality standards for sulfur dioxide will be met.

The way the Carbon II situation is being managed through cooperative work between our two governments shows how the closer ties between the United States and Mexico fostered by the NAFTA and the Supplemental Agreements greatly improve our ability to work out issues that may arise between us as neighbors. The Mexican government has given us assurances that they will work with us to reach a resolution of the issue. Indeed, officials of the Departments of State and the Interior and of the Environmental Protection Agency met with Mexican officials at least twice in the past few weeks on this topic and will meet with them again next week.

Mexico began building the Carbon I and II power plants—the only coal-fired power plants in Mexico—several years ago to meet its growing needs for electricity. The power is strictly for domestic use in Mexico. The project will continue, with or without NAFTA. What NAFTA and the Supplemental Agreements provide is closer ties among the North American countries and an environmental commission that will give us a better way to deal with such situations as they arise—or even before they arise—in the future.

More to the point, the North American Agreement on Environmental Cooperation contains explicit commitments to work together toward higher environmental standards. This will help reduce existing differences between U.S. and Mexican standards by bringing their standards up, not by lowering ours.

FOOD SAFETY

Your letter also sought assurances with respect to additional questions on the interpretation of the sanitary and phytosanitary provisions of the NAFTA not raised in our earlier correspondence on this issue. You sought an assurance that Articles 712(3) (a) and (b) and 715(3)(b) do not require that a NAFTA country base its level of protection for food safety on a risk assessment. As we stated in response to a similar question with respect to Article 712(3)(c), each NAFTA country is free to establish its appropriate level of protection for food safety, including a level that does not rely on a risk assessment.

Article 715(3)(b) obligates each NAFTA party, in establishing its appropriate level of protection, to avoid arbitrary or unjustifiable distinctions in its appropriate levels of protection in different circumstances, where such distinctions result in arbitrary or unjustifiable discrimination against a good of another party or constitute a disguised restriction on trade between the parties. As noted in my September 7 response to your earlier letter, the NAFTA was carefully drafted, with the Delaney clauses and other provisions of U.S. law firmly in mind, to safeguard the ability of governments to ensure food safety.

The Delaney clauses, in the first instance, establish a level of protection. They reflect a decision by the Congress that there should be no risk of cancer to humans from the substances those clauses cover. As I also noted in my letter of September 7, 1993, that decision is fully protected under the NAFTA.

We do not view the level of protection established by the Delaney clauses as arbitrary or unjustifiable distinctions in U.S. appropriate levels of protection in different circumstances, nor do the Delaney clauses result in arbitrary or unjustifiable discrimination against a good of another party or constitute a disguised restriction on trade between the parties. The measures applied under the Delaney clauses apply equally to goods whatever their origin.

With respect to Article 712(5), measures that are adopted, maintained or applied are to be applied only to the extent necessary to achieve the government's appropriate level of protection. However, each government retains the right to establish the level of protection that it considers appropriate. Your letter proposed several examples, including an example in which an agency, in applying an administrative order or regulation that it has adopted or maintains, decided to require batch-by-batch testing of infant formula rather than periodic testing. In that example, the question under Article 712(5) would be whether, taking into account technical and economic feasibility, applying batch-by-batch testing was applying a measure beyond the extent necessary to achieve the agency's appropriate level of protection, and would periodic testing achieve that level of protection. A similar analysis would apply to the other examples cited in your letter.

The discipline provided by Article 712(5) is reasonable and is not burdensome. Since the government established the level of protection it considered appropriate in the first place, it would be surprising for the government to seek then to apply a measure to achieve a level of protection beyond the level that government considered to be appropriate.

Your letter also requested that we provide statements from Canada and Mexico, in a form that would bind future signatories of the NAFTA, that they agree with the interpretation we have provided of the NAFTA provisions applicable to measures to ensure food safety. The best assurance of the meaning and application of these provisions is the test of the NAFTA itself, which has already been agreed to by the governments of Mexico and Canada and which would bind future signatories of the NAFTA. My letter of September 7, 1993 was based on the plain language of the NAFTA. We also intend to make sure that the Statement of Administrative Action reflects the explanation of the NAFTA provisions I provided earlier. As you know, the Statement of Administrative Action is the single, contemporaneous compilation of the Administration's statements of what is in the NAFTA (its terms, how it will work, what it means for the United States) and is approved by the Congress.

I will consider your request for statements for Canada and Mexico. However, assurances of the type requested raise some potential difficulties—they would actually be additional international agreements, requiring that we enter into negotiations with the governments of Mexico and Canada. These negotiations could invite those governments to re-visit the NAFTA provisions. We have received numerous other requests for further agreements with the governments of Mexico and Canada on various provisions of the NAFTA, and I assume those governments have also received similar requests.

PREEMPTION

Your letter expressed your desire for an opportunity to review the language of the draft NAFTA implementing bill to insure it does not unnecessarily interfere with state and local laws. I share your concern that the implementing bill not unnecessarily interfere with state and local laws. As you may know, we are currently engaged in a process of extensive consultations and review with the Congress of draft implementing legislative language. I look forward to working with you as we move forward in that process.

Thank you for this opportunity to address your concerns. The NAFTA and the side agreements contain both provisions to ensure that trade liberalization does not come at the expense of environmental protection and provisions to help improve environmental protection.

Sincerely,

MICHAEL KANTOR.

HOUSE OF REPRESENTATIVES,
Washington, DC, November 12, 1993.

Hon. WILLIAM J. CLINTON,
The President, The White House, Washington, DC.

DEAR MR. PRESIDENT: I appreciate your taking the time to meet with me last week about the North American Free-Trade Agreement (NAFTA). Your personal effort to ensure congressional approval of this pact has been extraordinary.

As you know, I have a longstanding interest in the effects of trade agreements on our health, safety, and environmental laws. Last year, I sponsored a resolution, adopted by the House of Representatives, that declared that Congress would not approve the NAFTA if it jeopardize these laws. Since June, I have been working with the Office of the U.S. Trade Representative (USTR) to understand fully how the NAFTA would affect our domestic laws. In a series of letters that I have exchanged with the USTR, some points have been clarified. Serious concerns remain, however.

After considering this issue as carefully as I can, I want to urge you to withdraw the NAFTA enabling legislation from Congress and initiative negotiations on a new agreement with Mexico and Canada. Although I strongly support the liberalization of trade laws and have consistently opposed protectionist legislation, I reluctantly have to oppose the Agreement as it is now written.

This issue transcends the traditional "for or against" free trade debate. For many of us, the current NAFTA creates a conflict between our support for increased international competition and our commitment to progressive environmental, health, and safety laws. I have struggled with this choice and concluded that under your leadership we can—and must—do better than the NAFTA before Congress.

Despite what some have said, the NAFTA would allow another country to challenge our health and safety standards. Mexico

could for the first time challenge a U.S. law that protects our food supply on the ground that it "arbitrarily or unjustifiably discriminate[s]" against imports, or creates a "disguised restriction on trade." Article 712(4), 712(6). These provisions open the door to challenges to many statutes, including laws that establish standards for infant formula, carcinogens in foods, pesticides, and Proposition 65, California's law that requires labeling of certain carcinogens in foods. Even key provisions of the Clean Air Act, such as requirements to reformulate gasoline, could be challenged as an "unnecessary obstacle to trade." Article 904.4(b).

Although our laws should be expected to meet these tests, disputes would be decided by a process that is repugnant to basic concepts of due process and openness that are so fundamental to our democracy. The NAFTA expressly requires that the entire dispute resolution process be shrouded in secrecy. Article 2012(1)(b). The briefs are secret, oral arguments are closed to the public, and the NAFTA even prohibits disclosure of any dissent to a panel's decision. Article 2012(1)(b).

In addition, only countries can be parties. Article 2008. Citizens and State governments (which may wish to defend challenges to State laws) are not allowed to participate, even if a future President refuses to defend one of our laws. And, as I understand the Agreement, most decisionmakers would be trade experts with little understanding of health and environmental laws.

These concerns became all too real last year when an international trade panel held that provisions of our Marine Mammal Protection Act designed to prevent the slaughter of dolphins violate the General Agreement on Tariffs and Trade (GATT). If endorsed, that decision would undermine one of the most important tools we have used to address global environmental problems: the use of restrictions that apply equally to imported and domestic products to promote environmentally responsible behavior.

The NAFTA would have the same effect. It would discourage the use of trade sanctions in new international environmental accords. Although an exception to the NAFTA's limitations on trade restrictions is specifically included for the Montreal Protocol on Substances That Deplete the Stratospheric Ozone Layer and a small number of other listed accords, new environmental agreements would be similarly protected only after the unanimous approval of all NAFTA parties. Article 104. Trade restrictions in important new accords—including a likely pact for climate change—could be found to violate the NAFTA and be effectively precluded. Without trade restrictions, however, a climate change agreement would likely be ineffective.

In addition, the NAFTA appears to retain the prohibition on trade restrictions against products produced in environmentally damaging ways established in last year's GATT panel ruling. Although the U.S. has formally challenged the panel ruling, the NAFTA includes by reference the GATT language interpreted to prohibit such "process-based" trade restrictions. Article 2101(1). Current or future U.S. laws barring import of, for example, fish caught in ways that kill dolphin, or fish caught with destructive draftnets, would therefore be subject to challenge under this Agreement.

I know you share my concerns in these areas and have worked hard for constructive solutions. But while the current NAFTA's language recognizes the potential for problems, it lacks the specific provisions that guarantee a cure. As a result, Congress is faced with a choice between efforts to promote trade and potential threat to the integrity of our laws, some of which I have battled against industry for years to enact. The unfortunate reality is that a future Administration opposed to our environmental and safety laws could undermine these important statutes simply by mounting a weak defense when these laws are challenged.

I am also concerned that the NAFTA lacks specificity regarding economic reform in Mexico. I am especially disappointed that the Agreement does not guarantee that Mexican average wages and working conditions will rise with productivity. This is an essential component for progress. Without such clear and enforceable provisions, adoption of the NAFTA would be a lost opportunity for millions of people both in Mexico and the United States.

Finally, I recognize that the environmental side agreement that you negotiated would establish a forum for focusing attention on border and other environmental problems. However, the agreement does not address the concerns that I have raised above. I was also disappointed by the decision not to bind the environmental side agreement to the NAFTA. As a result, a future President could withdraw from the side agreement while retaining the NAFTA, without having to obtain approval from Congress.

During these past weeks, many advocates for the NAFTA have told me that my concerns are legitimate but not central to this issue. I disagree. I believe they are too fundamental to be ignored. Yet, under the "Fast Track" procedure, which I voted against, these concerns cannot be resolved by Congress. The only way to improve the Agreement is to defeat it and begin renegotiation.

I realize, of course, that you are concerned that defeating the NAFTA will eliminate any opportunity to reach an agreement with Mexico and send a dangerous signal to the international community. Those of us with concerns about the NAFTA have a special responsibility to ensure that a different message is sent. Accordingly, I want to make it absolutely clear that I unequivocally support a free trade agreement with Mexico and Canada, and stand ready to immediately begin working with you on a new agreement that successfully reconciles both our commercial and non-economic values.

Again, this is a difficult decision, but I urge you to withdraw the NAFTA from the Congress. With your tremendous commitment to this issue, I am confident we could reach a much better agreement in the future.

Sincerely,

HENRY A. WAXMAN,
Member of Congress.

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, November 16, 1993.

Hon. HENRY A. WAXMAN,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WAXMAN: The President has asked me to respond to your letter to him regarding your decision to oppose the North American Free-Trade Agreement (NAFTA). I was surprised by your decision, particularly because the reasons you give are primarily related to concerns about the environment.

I believe your opposition to the NAFTA package submitted by the President would be a grievous mistake. Approval of the NAFTA and the accompanying package of environmental and labor measures will advance the cause of environmental protection in the United States and the rest of North America. By contrast, rejecting it would be a setback for our country, our economy and our efforts to enhance protection of human health and the environment throughout our continent.

I have enclosed more detailed comments on the particular points you raise in your letter, because it seems that your criticisms are based on misconceptions of the NAFTA and the supplemental agreements, and of their effect on our existing relationship with Mexico. Certain points, however, warrant particular emphasis.

First, the NAFTA and the side agreements mark a major step forward in showing that the economic growth and development we seek for the United States and our neighbors by opening markets and expanding trade can be accompanied by enhanced environmental protection and cooperation. The NAFTA itself is the most environmentally sensitive trade agreement ever negotiated, including protection not only for our own environmental laws, but also for major international environmental agreements, as well as commitments to greater transparency and to refrain from relaxing environmental laws to attract investment. We have gone further in the environmental side agreement and in the bilateral agreement on border funding. Those agreements will encourage improved environmental laws and enforcement of those laws, lay a strong base for continued cooperation on the many transborder issues, and bring needed financial resources to improving the health and environment of the border. As the Natural Resources Defense Council said in announcing its support, "The Clinton Administration has successfully linked strong environmental measures, for the first time, to international trade and economic integration."

Second, rejecting NAFTA would not immunize our laws protecting health and the environment from trade challenge, as your letter seems to suppose, but rather will leave all such measures subject to challenge under the rules and processes of the GATT. The NAFTA's rules and dispute settlement processes are more environmentally sensitive than those of the GATT, owing largely to the significant role of environmental groups in advising U.S. negotiators of the NAFTA. At the suggestion of environmentalists, the United States insisted on the right to force any GATT challenge by Mexico or Canada about U.S. standards to be heard instead in the NAFTA.

Finally, it is a tempting but dangerous illusion to think that rejection of this NAFTA package will soon be followed by a replacement agreement which somehow keeps the virtues of the present accord while adding additional advantages in the different ways various critics see NAFTA as falling short of their respective ideals. The NAFTA package is the product of more than three years of tough negotiations under two U.S. Presidents. It is easy to forget that Mexico which has its own history of mistrust of the United States, has committed to moving an enormous distance and in unprecedented ways in these negotiations.

The sometimes acrimonious debate in the United States, in which criticism has too often had more vehemence than logic or consistency, could hardly serve to encourage Mexico to quickly re-engage in negotiations with the United States. Even if there were such a disposition (and President Salinas has said there is not), we face a crowded domestic and international agenda, and Mexico

will quickly be embroiled in the campaign to choose President Salinas's successor. In short there is neither time nor disposition to remake the NAFTA package, let alone to remake it in a way that keeps its virtues for the United States while satisfying all of the diverse and even conflicting critics.

This NAFTA package represents a once in a generation opportunity. It would be a tragic loss to reject this excellent deal because it falls short of the ideal, when the alternative will be to leave us with an unhappy or even deteriorating status quo.

Environmentalists from six major environmental groups, representing a majority of environmentalists in this country, understand that. As Kathryn Fuller of the World Wildlife Fund said on September 15 when endorsing NAFTA, "our support of the NAFTA and the Agreement on Environmental Cooperation boils down to this: ultimately, the environment of North America will be better with the passage of NAFTA than without it."

I know and respect you as an individual deeply committed to the environment. For that very reason, I hope you will consider carefully the points raised in this letter and its attachment before casting your vote on Wednesday. I am convinced that a yes vote is the right vote for our country's future, including sustainable economic growth, enhanced environmental protection, and more and better jobs for our workers.

Sincerely,

MICHAEL KANTOR.

POINT-BY-POINT RESPONSE

Assertion: NAFTA opens the door to challenge to our health and safety standards.

Fact: This assertion misreads the NAFTA and its effect on the status quo in two ways: First, it appears to confuse the ability to challenge a U.S. law with the ability to in such a challenge. Second, NAFTA does not "open the door" to trade challenge. Those laws could be challenged now under the rules of GATT. Under NAFTA those U.S. laws are less likely to be challenged and a challenge is even less likely to succeed.

U.S. laws, such as the Clean Air Act, set requirements that are legitimate protections of the environment and food safety. They are not disguised restrictions on trade nor do they arbitrarily or unjustifiably discriminate against another country's goods and products. Because our laws are based on science and legitimate efforts to protect health and safety, they would not be successfully challenged under NAFTA.

The Consumers Union, which publishes Consumer Reports and has taken no position on the NAFTA, recently wrote to Reps. Matsui and Wyden saying "We have examined NAFTA's likely impact on food safety, and believe that the agreement offers adequate protection in this area."

NAFTA is intended to prevent a country from erecting protectionist barriers under the guise of the health and safety standards. The fact is, some of our trading partners resort to this tactic. For example, one country prohibits imports of U.S. walnuts, purportedly because of coddling moths. However, there is no scientific basis for this barrier to U.S. exports since our shelled walnuts are not a host for coddling moth. Similarly, another of our trading partners has banned the importation of some of our wheat, claiming it contained prohibited pesticide residues, even though thorough evaluations by FDA scientists and six other scientific institutions in three countries unequivocally concluded it did not.

Many of the provisons cited as problematic are obligations the United States has lived under for years, both under the General Agreement on Tariffs and Trade (GATT) (in force since 1948) and the Standards Code (in force since 1980).

So, it is incorrect to say that "Mexico could for the first time challenge a U.S. law." Mexico or Canada can challenge a U.S. health standard right now under the GATT. Again, that does not mean they would win.

Assertion: NAFTA expressly requires the entire dispute settlement process to be shrouded in secrecy.

Fact: The NAFTA's dispute settlement procedures are not like a U.S. court case. The NAFTA dispute settlement mechanism is designed to help the NAFTA parties resolve their differences amicably, first through consultations and negotiations. Although panel hearings, like those of the GATT and our free trade agreement with Canada, are confidential, the Administration will follow its normal procedures of consultation with relevant Congressional committees and interested private parties during the course of such discussions, soliciting their views and keeping them fully abreast of developments.

If consultations fail, the NAFTA provides for non-binding arbitration. The panel of arbitrators is made up of private citizens, not judges, who will have expertise in international trade matters or matters particularly germane to the case at hand. These panels have no authority to make "rulings," bind the parties, or order changes in the domestic law. The most they can do is recommend. Once those recommendations are tabled, it is up to the parties to decide—through further negotiations and consultations—what is to be done.

Although Canada and Mexico will have the right to maintain the secrecy of their own briefs, the United States has taken a commitment to make copies of its own submissions to international trade dispute settlement panels available to the public. This practice will continue under the NAFTA. Furthermore, the Administration has committed in its Statement of Administrative Action to the fullest possible participation of state government representatives in all aspects of dispute settlement proceedings affecting their interests, including state government participation in panel hearings themselves.

In preparing briefs, the United States will continue its practice under the GATT and the U.S.-Canada Free Trade Agreement to give public notice of the dispute, receive comments on the dispute from interested parties, and solicit advice and input from relevant private groups in preparing U.S. briefs and oral arguments to dispute settlement panels. States or local governments whose laws are challenged will be part of the U.S. team defending the measures.

The NAFTA explicitly calls for the publication of panel reports (Article 2017) and explicitly provides for dissenting opinions (Article 2017 (1) & (2)).

Finally, as EPA Administrator Browner testified last week, the Administration is fully committed to transparent dispute settlement procedures under the environmental supplemental agreement.

Assertion: Most decision-makers would have little understanding of health or environmental laws.

Fact: NAFTA dispute settlement panelists cannot be characterized as "decision-makers". As noted above, panelists are private citizens whose role is to make non-binding findings and recommendations to the participating governments. Panelists have no power to "decide" anything for the parties or to compel any behavior.

Furthermore, the NAFTA does not require or favor the selection of panelists with trade as opposed to environmental or health expertise. In fact, the NAFTA explicitly states that NAFTA panelists may have expertise in "* * * law, international trade, or other matters covered by the Agreement * * *" Article 2009. Those matters obviously include health and environmental laws.

The Administration has specifically committed under section 106(c) of the NAFTA implementing bill and in the Statement of Administrative Action to encourage the appointment of environmental experts in any panel convened to consider a U.S. environmental law. In addition, the NAFTA creates a unique mechanism, the "scientific review board," to assist panels in any case in which they need help in addressing environmental or other scientific issues.

The fact is that NAFTA, the implementing bill, and the environmental supplemental agreement contain numerous pro-environmental safeguards and procedures. The NAFTA package represents a true advance for environmental protection in an international trade context.

As the National Wildlife Federation has said, "NAFTA and the environmental side agreements clearly represent our best hope for coming to grips with trade and environmental issues in North America."

Assertion: the NAFTA enshrines GATT panel decisions that are unfavorable to the environment.

Fact: This assertion is based on the flawed assumption that GATT panels make "decisions" that are "enforced" and further assumes that the United States has agreed, or will agree, with the panel report on "tuna-dolphin."

It is disconcerting to see the flawed reasoning of the panel report in the tuna-dolphin dispute with Mexico portrayed as fact. That report has not been adopted by the GATT, much less put into effect in the United States. Indeed, this whole issue is currently being re-visited by another panel where the United States has refuted in detail the previous panel's reasoning. To imply that adverse GATT panel findings on this subject have somehow been carried into the NAFTA appears to pre-judge the outcome of the second proceeding.

If there are problems with the GATT panel reports, they must be fixed in the GATT. The NAFTA, which only applies among three countries, cannot fix the GATT rules or reports, which apply to over 100 countries. Our ability to accomplish reform of the GATT rules, either during the coming weeks in the Uruguay Round or in more substantive reforms in the coming years, will be seriously undermined if the Congress turns its back on the NAFTA. Our trading partners are watching closely; they will work with us if they know that our country is seriously committed to both trade liberalization and environmental protection.

To charge that the NAFTA somehow places at risk U.S. laws against the use of destructive driftnets is not accurate. Neither Canada nor Mexico use driftnets in their fisheries and thus would have no incentive to challenge U.S. laws against their use. Furthermore, Mexico has significantly improved its efforts to protect dolphins so that its dolphin protection is now roughly equivalent to, or in some cases even better than, that for the U.S. fleet.

Assertion: The NAFTA will not allow the United States to use trade sanctions under international environmental agreements.

Fact: The NAFTA is the first international trade agreement to protect precisely that right.

The NAFTA specifically exempts from trade rules the use of trade measures under the Montreal Protocol and other major international environmental accords. Making these agreements take precedence over NAFTA's trade rules—and over the GATT—is a major, precedent setting step forward in the effort to link environmental protection and trade. Furthermore, the NAFTA specifically provides for including additional agreements, including future agreements, in this list. In fact, we recently reached agreement with Mexico and Canada to add our treaties on migratory birds to the list.

The United States is committed to pursuing vigorous international environmental agreements. As later-in-time agreements, future environmental agreements that include NAFTA countries would prevail over the NAFTA in the event of any conflict. Moreover, as noted in the Statement of Administrative Action submitted to the Congress, we do not foresee any conflict between the requirements of the NAFTA and the trade obligations imposed by the environmental agreements listed in Article 104 or by other agreements not currently listed.

Assertion: Even if the NAFTA has some good environmental provisions, future Administrations might not defend U.S. environmental laws as vigorously as this one.

Fact: This is an argument for abandoning all international trade agreements, since this one is by far the most pro-environment in history.

The NAFTA contains important, groundbreaking, specific provisions to protect the environment. The NAFTA is not a choice between promoting trade and threatening the integrity of U.S. environmental laws; it is just the opposite. The NAFTA itself begins with a commitment to promoting trade in a manner consistent with environmental protection and conservation and with the commitment of the NAFTA countries to promoting sustainable development. And the new institutions created under the supplemental agreements will help solidify U.S. commitments to environmentally sensitive trading regimes.

No one can guarantee what a future Administration, or a future Congress, will do. But this is no reason for abandoning the progress we have made in the NAFTA and leaving us solely with trade agreements that do not adequately take the environment into account. Taken to its logical conclusion, such an argument would suggest that we should abandon the world trading system that has contributed so greatly to this country's prosperity over the past 45 years.

Assertion: The NAFTA does not guarantee an increase in Mexican minimum wages.

Fact: While it is correct that the NAFTA does not guarantee that average Mexican wages will rise with productivity, the labor supplemental agreement fully addresses such concerns. The very day in mid-August that we initialed the supplemental agreements, President Salinas announced that increases in productivity will result in proportional increases in the Mexican minimum wage. This measure was subsequently adopted by Mexico's Wage and Price Board and is now binding law in Mexico. Moreover, increases in the minimum wage, linked to productivity, will echo throughout the Mexican economy because, unlike in the United States, many Mexican labor contracts and wages are expressed in terms of multiples of the minimum wage.

The supplemental agreement on labor cooperation obligates countries to enforce their own laws, including laws and regulations related to minimum wage. In the event that Mexico persistently failed to abide by this minimum wage policy, the United States would be ale to pursue dispute settlement procedures—including the possibility of trade sanctions--under the agreement. In short, the Mexican commitment is a genuine commitment, and the U.S. has recourse to dispute settlement should Mexico fail to take it seriously.

The vast economic development generated by trade since 1945 increased wage rates wherever trade has been the greatest. It is well to remember that Japan and Germany were denounced only a few years ago as unfairly low-wage producers. No one makes that argument any more and yet those two countries continue to account for a very substantial amount of our trade deficit. Mexico, by contrast, is a net importer of U.S. products.

Assertion: The Administration did not bind the supplemental environment agreement to the NAFTA.

Fact: This statement is simply wrong.

We note at the outset that there is more than a little incongruity between an assertion that the supplemental agreement is inadequate and a complaint that the Administration did not do enough to make sure that it remains in force.

Section 101(b)(2) of the implementing bill provides that the NAFTA will not enter into force for the United States with respect to either Canada or Mexico unless that country has provided for the entry into force of the supplemental agreements on the environment and labor.

Furthermore, in the Statement of Administrative Action submitted to the Congress, the Administration specifically committed that if Canada or Mexico withdraws from a supplemental agreement on a non-consensual basis the United States will cease to apply the NAFTA to that country. With respect to the United States, if a future President were to terminate a supplemental agreement, Congress has more than sufficient authority to ensure that the United States could no longer apply the NAFTA as well. If NAFTA is rejected, the precedent-shattering environmental supplemental agreement will never even have a chance to prove its value.

SUBCOMMITTEE ON HEALTH
AND THE ENVIRONMENT,
Washington, DC, November 17, 1993.

Hon. MICHAEL KANTOR,
U.S. Trade Representative, Executive Office of the President, Washington, DC.

DEAR AMBASSADOR KANTOR: I am writing in reference to your letter of November 16, 1993. While I appreciate your prompt response, I remain convinced that the NAFTA in its current form would undermine crucial health, safety and environmental laws.

Although it would serve little purpose to provide a complete point-by-point rebuttal to your letter, there are some observations that I want to share with you. I believe that it is useful to clarify where we agree and where we differ on important aspects of the NAFTA. In this regard, I find it significant that you do not dispute the accuracy of my interpretation of crucial provisions of the NAFTA.

First, you do not dispute that under the NAFTA another country could challenge our health and safety standards, including laws that establish standards for pesticides, infant formula and certain requirements in the Clean Air Act. Instead, you argue that countries already have ability to challenge our laws under the existing GATT agreement. While this is technically true, it is not significant. Under GATT, unlike the NAFTA, panel decisions are unenforceable: they can be blocked by any country that is a member of GATT, including the country whose laws are being challenged. The availability of a GATT challenge is therefore hardly comparable to challenges authorized under the NAFTA, which can lead directly to trade sanctions.

Second, you do not contest my statement that the NAFTA dispute resolution process is shrouded in secrecy. For this reason, it is hard to understand your statement that the NAFTA embodies commitments to "greater transparency." In particular, your statement that U.S. briefs will be released is directly contrary to section 2012(1)(b) of the NAFTA which mandates that "all written submissions to and communications with the panel shall be confidential."

You also state that the panel has "no authority to * * * bind the parties." However, Article 2019 of the NAFTA expressly provides that if a panel has declared a U.S. law to be inconsistent with the NAFTA, the country challenging our law can impose unilateral trade sanctions on the U.S.

Third, you do not dispute my concern that the NAFTA incorporates the GATT language that was the basis for the GATT panel decision holding that the U.S. Marine Mammal Protection Act violates GATT, or that there are a number of other laws that could be challenged on the same legal theory. Unfortunately, in light of the adverse panel decision, the U.S. position that the GATT panel decision interpreting this same language is incorrect has little significance.

Finally, you do not appear to dispute my concern that the NAFTA would make it more difficult in the future to enter into treaties such as the Montreal Protocol to protect the ozone. You are correct that future agreements that include all the NAFTA countries could prevail over the NAFTA, but this aspect of the agreement effectively gives a single NAFTA country the ability to block the United States' ability to apply a future agreement to that country. The long term problem is even more serious because other Central and South American nations are granted similar veto power as they join the agreement.

My decision to oppose the NAFTA was particularly difficult because I strongly support the goals of NAFTA, and none of the provisions that concern me is a necessary component of the NAFTA. A NAFTA which accomplishes everything that the Administration wants to accomplish could have been negotiated without jeopardizing our health, safety and environmental laws.

It is my hope that in future trade agreements the Administration will address the legitimate concerns that I have raised in correspondence and discussions with you on this important matter.

Sincerely,

HENRY A. WAXMAN
Member of Congress.

Mr. OBEY. Mr. Chairman, I yield 1 minute to the other gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Chairman, three Democratic and Republican Members of this House who represent San Diego,

CA—the largest city on the United States-Mexican border—all oppose NAFTA.

Perhaps more than anyone else in this Chamber, we San Diegans understand the disastrous consequences of NAFTA for our constituents—and for Mexican citizens.

Today—and every day—50 million gallons of raw sewage flow through my district from Tijuana. With NAFTA, we see that getting twice as bad.

Today—and every day—several thousand immigrants seeking a better life, cross illegally through my district. With NAFTA, we see that getting twice as bad.

We have lost thousands of sheet metal fabrication, furniture manufacturing, auto parts production, and carpentry jobs to Mexico. With NAFTA, we see that process accelerating.

San Diego—and this Nation—simply cannot afford this NAFTA.

I urge my colleagues to vote "no."

The CHAIRMAN. The Chair wishes to advise those Members controlling the debate time that the gentleman from California [Mr. MATSUI] has 50 minutes remaining, the gentleman from Wisconsin [Mr. OBEY] has 52 minutes remaining, the gentleman from Texas [Mr. ARCHER] has 55 minutes remaining, and the gentleman from California [Mr. HUNTER] has 54 minutes remaining.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. CAMP].

Mr. CAMP. Mr. Chairman, I have visited coffee shops, union halls, farms, factories, and small businesses. I have listened to families, employers, and people worried about their jobs. I have listened to their hopes and their fears of what the North American Free-Trade Agreement may mean to Michigan's Fourth District, my home State of Michigan, and America.

Mr. Chairman, after reading the agreement and considering all I have read and all I have heard, I am voting for Michigan and in favor of the North American Free-Trade Agreement. I believe we must look to the future. Michigan's exports to Mexico are already supporting 26,000 jobs in the State. Our Michigan workers are selling their products south of the border at the rate of $165,000 an hour, and that is with the tariffs and quotas in place.

Mr. Chairman, while this is not a perfect trade agreement, no agreement can be. The future is for us to put our manufactured goods, agricultural products, and services into foreign markets. We have the best workers, the best technology, and the best competitive spirit. We will win with trade barriers coming down.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. POSHARD].

Mr. OBEY. Mr. Chairman, I also yield 1 minute to the gentleman from Illinois.

The CHAIRMAN. The gentleman from Illinois [Mr. POSHARD] is recognized for 2 minutes.

Mr. POSHARD. Mr. Chairman, a month ago, we agreed to a budget which seeks to reduce deficit spending in this country by $500 billion over 5 years. We agreed, in this House, that any new program we advocated above this budget authority would require one of two things. You have to have the courage to put a new tax on the table to pay for it, and to convince the American people it is worth the new tax.

Or you have to go to other parts of the budget, cut out existing programs, and use that saving for any new program. We told the American people that further cuts would be applied to our $4 trillion debt. We said we wanted to put this country on a pay-as-you-go basis.

How many billions of dollars will this agreement cost? How will we pay for the new North American Development Bank, which will be underwritten by the American taxpayer, and commits this country to infrastructure development and environmental cleanup in Mexico and here? How will we pay for job training for those workers who lose their jobs? How will we pay for the loss of tariff revenue? It is the American taxpayer which will be guaranteeing the security of our investments in Mexico, not the industries who move there.

Has there been even one of my colleagues on the Republican side of the aisle who has offered a new tax to pay for this agreement? No. Has there been even one of my colleagues on the Democrat side of the aisle who has offered to cut other programs and use that money for this NAFTA? No. How then will we pay for this investment in Mexico?

We will do what we always do, we will find a way to borrow the money, increase the deficit, and put pay-as-you-go government on the back burner one more time.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. LEHMAN].

Mr. LEHMAN. Mr. Chairman, a vote for NAFTA represents the continuation of a proven economic strategy that has served us well for 200 years. Like our forefathers, we must be bold enough to seize this opportunity to build a better future.

We will not have economic growth without expanded trade—58 percent of our growth since 1988 has come from exports, and export-related jobs pay 17 percent more than other jobs.

Without NAFTA, Mexican tariffs will remain 250 percent higher than ours. With NAFTA, the only way Europeans and Asians will be competitive effectively in this market is by reducing their tariffs on American goods—so do not tell me American workers will not benefit from this agreement.

All the negative effects that NAFTA naysayers predict are occurring now without NAFTA. Mr. Chairman, the future is here whether we recognize it or ignore it, whether we fear it or embrace it.

American workers are ready to compete and win. The question is whether or not we will let them. The political vote is "no," but the right vote is "yes."

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. SHAW], a member of the Committee on Ways and Means.

Mr. SHAW. Mr. Chairman, we have reached a critical point in the development of the relationship between the United States and Mexico. NAFTA represents a broad economic agreement between our two countries, but in truth, it means much more. The legal enforcement of trade agreements cannot and should not be divorced from mutual respect and cooperation in criminal matters.

Historically, the Government of Mexico has never extradited one of its citizens to the United States—no matter how heinous or violent the crimes committed on United States soil. In fact, the extradition treaty that has been in place since 1978 between the United States and Mexico has been a one-way street. We extradited; they did not. But that did not stop the Mexican Government from continuing to request the extradition of United States citizens to Mexico, and we cooperated and abided by the treaty.

I have been greatly concerned that if the Government of Mexico refused to abide by the spirit of a treaty on matters as important as the extradition of violent felons, how could we depend on Mexico to abide by the letter and spirit of an agreement as broad as far-reaching as NAFTA?

For almost 13 years I have been working to change the longstanding Mexican policy on extraditions. Finally, after much hard work on this issue by myself and senior officials in the Mexican Government and our own, the Mexican Government has agreed to begin the extradition process in Mexico should the suspect in the particular case I have been most concerned with be apprehended on Mexican soil.

Because of the cooperation displayed by the Mexican Government on this sensitive issue and the commitments made on their part, I am confident that the Government of Mexico will proceed in good faith under the terms of the extradition treaty, and I also believe that the good faith displayed on this issue will carry over into the fulfillment of obligations under NAFTA.

I particularly want to thank our Attorney General, Janet Reno, and Mexico's Attorney General, Jorge Carpizo, for effecting this historic change in the extradition policy of Mexico. United States Ambassadors Jim Jones and

Mickey Kantor and Mexican Ambassador Jorge Montano were also most helpful in bringing about this new era of cooperation in the enforcement of our criminal law.

I am also satisfied that the recent agreements concerning citrus and winter vegetables have resolved most of the concerns of the Florida agricultural industry.

NAFTA will be good for Florida. NAFTA will be good for the United States. Americans are not afraid to compete, and I will vote for NAFTA on the floor today.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Chairman, I rise today in opposition to the NAFTA agreement. I have long been a supporter of free and fair trade. I have authored legislation that promotes international trade, but I cannot, in good conscience, vote for this agreement. I would have liked to have voted for the side agreements, but they are not part of the accord and can be left on the sideline and totally ignored.

NAFTA rides roughshod over our environmental laws. The U.S. Trade Representative has confirmed that with this agreement water can be traded away as a commodity. Under NAFTA, our Columbia River water can be diverted to Canada and eventually Mexico, and we will be powerless to stop that from happening.

NAFTA is a bad deal for our industries * * * and our citizens. As a freshman Member of Congress, I was elected to change Business as usual. But this NAFTA simply cements business as usual in place. By opposing NAFTA, we are keeping our commitment to the American people to proceed into the 21st century making sure that their jobs and their environment are secure.

Mr. Chairman, I urge a "No" vote.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. ORTIZ].

Mr. ORTIZ. Mr. Chairman, I rise today in support of the North American Free-Trade Agreement.

These, my friends, are the facts about NAFTA:

NAFTA is good for the United States. It is time for us to launch the United States into the 21st century as the leading country for free trade in the world market.

NAFTA would create a free trade bloc with a market of 360 million people and a combined GNP of $6 trillion. Mexico's tariffs on our goods, which are 2½ times higher than United States tariffs, will be eliminated.

Economic security in Mexico will be the surest way to combat illegal immigration.

NAFTA will be good for the environment, providing for enforcement of domestic laws and sanctions for nonenforcement.

This is not a perfect world, and this is not a perfect agreement. But it is the only agreement in town.

Someone asked me what about if there is another oil embargo. Mexico will be ready to fill this void.

Another NAFTA, some say, another time. Another NAFTA? The way the Mexican people have been treated and insulted, we wonder whether there will be time for another NAFTA. Take the opportunity today. Vote for NAFTA.

Let me expand upon the points I have just raised.

When history is written, a fundamental change in the direction of a nation seldom turns on one single event. Rather, it is a gradual change in course marked by several events.

A number of developments have led to this day, including the emergence of the trading blocs of the Pacific rim and the concept of the European Common Market, followed by the end of the cold war and the collapse of the Soviet Union. As the security of nations relies more heavily on successful commerce than on conventional arsenals, fair and balanced commerce among nations provides the most secure basis for expanding economic growth and opportunity. NAFTA is the foundation of that economic security and opportunity.

As the Congressman representing a district which borders Mexico, I would like to address some of the concerns I have heard expressed by my colleagues during this debate. I would ask that you listen to the majority of those who live on the border. That's where I come from. My constituency overwhelmingly supports NAFTA. Why? They know firsthand the tangible benefits of increased commerce with Mexico and the risks of turning our backs on this opportunity. Very simply, increased trade has brought more jobs and more money to the pockets of workers to support their families. My constituents have seen, firsthand, the common sense behind the theory that more trade equals more money, equals more jobs, and a better future.

Many in this Chamber have expressed concern about the effect of NAFTA on the environment along the border. In fact, NAFTA offers the best prospect to continue and expand the environmental cleanup that has already begun. Furthermore, NAFTA puts the teeth in Mexican environmental laws, and demands compliance.

For those who are concerned that NAFTA might mean increased immigration from Mexico, it is important to understand why Mexican nationals emigrate in the first place. Mexicans generally emigrate north for economic reasons. NAFTA will mean more opportunities at home for Mexicans. With more and better jobs available at home, there is no incentive to relocate illegally to the United States. Economic security at home will be the biggest deterrent to illegal immigration.

I have heard opponents of the agreement talk of another NAFTA. What other NAFTA? We have only this before us—and if we reject it, we have precious little hope of even trying to negotiate another. Renegotiation of another NAFTA would probably not be possible, and even if it were, we would not see it for yet another generation. This is the only train leaving the station, and if we are not on it, we will miss this window of world trade opportunity. To paraphrase another Texan, "It's just that simple."

My colleagues, I urge you to vote for NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentleman from Missouri [Mr. WHEAT].

Mr. WHEAT. Mr. Chairman, after a thorough review of the North American Free-Trade Agreement, and after extensive outreach with citizens of my district and my State, I have made the decision to vote against this NAFTA.

I do not cast my vote out of fear, but out of my confidence that we can do better.

Let me be clear: A vote against today's NAFTA is not a vote against more open trade. Throughout my career, I have come to this floor to vote for initiatives to level the playing field and break down barriers to trade all over the world.

A vote against NAFTA is a vote for the opportunity to craft a new agreement that will take on the tough issues of wage discrepancies, Mexican labor standards, and job training.

It is a vote for the chance to negotiate a better pact that will include workable plans to fund initiatives to adequately retrain U.S. workers, clean up the environment, and replace lost tariff revenue.

Mr. Chairman, I have complete confidence in American workers' ability to compete and win against the workers of any other nation. Our obligation, as policymakers and as legislators, is to ensure that the playing field on which our workers compete is level and fair.

The current NAFTA simply does not meet this fundamental standard.

It fails to sufficiently take into account the enormous differences between the United States and Mexican economies, provide for adequate assistance and training for American workers, or secure basic labor rights for Mexican workers.

A free and fair agreement must do more to link in increase in Mexico's artificially low wages with increases in productivity. Mexico's wages have been suppressed and distorted by a policy known as El Pacto. El Pacto must end if we are to begin a free and fair trade agreement with Mexico.

A free and fair agreement must do more to provide for an effective retraining initiative for Americans thrown out of their jobs. And, most of all, a free and fair agreement must not threaten to diminish our standard of living by pressuring U.S. wages down an even steeper slope of no return.

Some proponents of this NAFTA have brought up the parallel of European Community integration among Germany and the less developed, less prosperous economies of Spain, Portugal, or Greece.

But they neglect to mention that EC integration didn't occur until those

less affluent nations took significant political and economic reforms and the more affluent nations provided tens of billions of dollars in transition and structural adjustment assistance. The EC has provided over $120 billion since 1986 alone and $22 billion this year for adjustment assistance.

The gulf between Mexico and the United States—both politically and economically—is far wider than that between the rich and less well off EC nations.

Mr. Chairman, NAFTA is an unprecedented agreement, but it will set a precedent that will have far-reaching consequences in future trade pacts with our Latin American neighbors. It is critical to set the right precedent, not the wrong one.

If we don't act to right the wrongs in this agreement today, we will see those same flaws carried over tomorrow in trade agreements with nations throughout the rest of the hemisphere.

It is important—and it is possible—to take the time to do this right for the United States and American workers, right for Mexico, and, by extension, right for the rest of the Americas.

Working together, we can develop a new and fair agreement that will safeguard American interests while opening up further market opportunities for U.S. products.

That fundamental principle must be our goal today, tomorrow, and into the future. And that, Mr. Chairman, is why I cannot and will not support this NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska [Mr. BARRETT].

Mr. BARRETT of Nebraska. Mr. Chairman, today we are going to decide whether to embrace the dramatic opportunities taking place in Mexico and in other Latin American countries, or we will decide to stumble into the future with blinders on to the realities of world trade.

Many are familiar with the use of blinders for horses. The reasoning behind these blinders is that what the horse can't see, can't get scared or distracted and deter it from its path.

There was a time when U.S. trade policy wore blinders. We were the world's only economic superpower, countries had to meet our terms, and we could take a course of action more or less blind to any trade competitors. But do any of us really believe that this is policy that will succeed in the 21st century?

The opponents of NAFTA believe that if we reject this agreement, they will have won a victory for America because they will have proved that America comes first, that America wasn't sold down the Rio Grande.

To the contrary, defeat of this trade agreement sells out to a certain level of cowardice. Why, I ask, do certain special interests have no faith in the abilities of U.S. business and industry to compete?

Yes, compete. We're good at it; we win at it; we shouldn't cower from competition. And that is what NAFTA offers us—the ability to compete fairly with our neighbors.

Today, it is up to this Chamber to remove the blinders and take notice and take advantage of the opportunities Canada and Mexico offer as full trading partners and economic allies.

NAFTA is not the perfect solution to all of Mexico's problems, nor to all of our own economic ills. And neither does it address every aspect of fear of U.S. labor unions and isolationists.

But NAFTA removes the blinders and gives us the means to look at and deal with these problems straight on. NAFTA will enable us to help bring, among many things, democratic reforms and improvements in labor and environmental enforcement.

I urge the House to seriously think about this for our children's sake, not for our own political futures and catchy sound-bites on tonight's news. Parochial interests and concerns about the next round of campaign dollars need to be set aside for the future of the entire country.

After clearing away all the rhetoric about jobs lost, jobs gained, et cetera, et cetera, it all really comes down to simple facts about lowering tariffs and giving American workers the chance to fairly compete in Mexico.

I ask my colleagues to remove the blinders of trade protectionism and short-shortsightedness. Look south and see the world as it really is—one that wants U.S. products, that wants to improve its environment and labor standards, one that wants to move toward hemispheric cooperation and prosperity.

I urge my colleagues to support NAFTA.

Mr. HUNTER. Mr. Chairman, I yield 4 minutes to the very distinguished gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Chairman, I thank the gentleman for yielding the time.

Mr. Chairman, I rise in opposition to NAFTA, and I am opposed because I am convinced that NAFTA will mean many of the jobs in Kentucky will be lured to Mexico, especially the nonskilled jobs. It will mean we will be extremely hard pressed as well to attract in the future those jobs to our district, and to our State, and I think to our country.

Those of us who oppose NAFTA are doing so I think primarily because we fear the loss of jobs for our people. Are we justified in that fear? Well, think about it this way: All of our States, Mr. Chairman, are in stiff competition with each other every day to attract new jobs, new industries to our States and to our regions. We compete. We are all bound by the same United States laws, and we have basically similar attributes, similar wage scales and the like. So even the very smallest advantage that one State can gain over the other will mean that you fail to win or you win that new factory.

Suppose overnight, Mr. Chairman, that my State of Kentucky were able to eradicate all of the U.S. laws governing safety in the workplace, environmental restrictions, we erase the minimum wage law, and the workmen's compensation law, the unemployment compensation law, tax laws, zoning restrictions and everything else that governs doing business in this country. Suppose Kentucky were able to erase all of those restrictions that we are bound by, all of those things that drive up the cost of doing business, wherever you are doing business. What if overnight Mr. Chairman, we were able to reduce the land costs to a negligible sum, and then suppose, Mr. Chairman, we were able in Kentucky to reduce the pay scale of worker to $1 an hour.

Question: Do you think Kentucky would be able to successfully compete for those new industries looking for a place to go? Boy, give me that chance. You bet. Kentucky would be flooded with industry moving from all over the country, and indeed all over the world, coming here for those kinds of advantages. There would be no contest. We would beat New York, we would beat Louisiana, we would beat Texas, we would beat Tennessee, we would beat every other State in the Union. It would be no contest.

They would be able then to undercut, Mr. Chairman, with factories in Kentucky, all of their competitors all over the world, and they would all then be forced to come and get these advantages. All of the rest of you would scream to high heaven of the unfair advantages that your competitors are getting in Kentucky, and you would demand the same in your State.

Folks, that is what we are talking about here. NAFTA, in effect, makes Mexico just another State, the 51st State for economic competition purposes. But this State would not be subject to U.S. laws, and its dollar-an-hour labor would be absolutely plentiful. Mexico's low wages, its lax laws on safety, the environment, taxes and workers' benefits and the like would inevitably lure our factories from this country who depend upon unskilled labor. That low wage scale there also would drive down the wages for those who are left in the United States under the threat of moving to Mexico, and the wages would be driven down.

That is why working America, Mr. Chairman, is opposed to this unfair advantage we are giving to Mexico.

Reject NAFTA. Bring back a new NAFTA that equalizes the playing field and does not make the current playing field a slippery slope to Mexico.

Reject this NAFTA.

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Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. JOHNSON].

Mr. JOHNSON of Georgia. Mr. Chairman, I rise in support of the North American Free-Trade Agreement. Let's be honest: No one can predict with any certainty the number of jobs that will be won or lost by the passage or failure of NAFTA. There is some gamble as to whether the short-term risks outweigh the long-term opportunities in passing his agreement. I my view, however, NAFTA is a good bet for the 10th District of Georgia, and it's a good bet for America.

In the 1930's there were many who believed that we could build a wall around this country to protect American industries from the perils of foreign trade. That philosophy gave us the Smoot-Hawley protectionist trade laws and contributed to the deepest economic depression this country has ever seen.

The United States is now the lead player in the international economy and we cannot extract ourselves from it. We should not hamstring the American industries which are most competitive in this market by trying to fight the free-market economic forces which have made some of our industries less competitive. This is a fight that cannot be won by protectionist policies. We have to recognize that industries at risk will not be saved by rejecting NAFTA. American industry can compete and win in the global economy if given a fair shot at open markets, and that's what NAFTA gives us.

You don't have to look far to find Georgia industries that will benefit from NAFTA: the poultry, textile, computer products, business services, manufactured housing, medical products, forest products, commercial equipment, and transportation industries are only few. All of these industries are currently providing jobs in Georgia, and all of these industries will be able to export more of their products to Mexico when that country's restrictive tariffs are eliminated. The reduction of export restrictions to Mexico for these companies means more jobs for Americans in America.

Let me mention just a few of the businesses in my district which expect to benefit from NAFTA: ABB Inc., in Athens, employs 500 people. They wrote to me to say that NAFTA would open up Mexico's Government-owned electric utility to their products. Hercules Inc. employs 600 people near Covington in the manufacture of textiles; their ability to penetrate the Mexican market is dependent upon the passage of this agreement. And Springs Industries, which operates a textile mill in Washington and employs 220 people, will sell more sheets and towels when NAFTA is passed.

It's clear: NAFTA means American workers producing American goods for sale in global markets. We cannot pass up this opportunity to allow our industries to compete more effectively. I urge my colleagues to vote "yes" on NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. KLEIN].

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. KLEIN].

The CHAIRMAN. The gentleman from New Jersey [Mr. KLEIN] is recognized for 2 minutes.

Mr. KLEIN. Mr. Chairman, I rise in opposition to NAFTA.

We have all seen the projections of potential long-term job gains or losses from NAFTA. But even the economists who made them have no assurances that these projected job gains will ever occur.

What I do know is that in the short run this NAFTA will cause a loss of jobs in north Jersey, already hard hit by unemployment.

The stark reality of this came to me one day last winter not from a labor leader, but from a small businessman. I was walking in a snow storm and a car pulled up beside me. The driver said, "I'm a constituent. I own a small manufacturing business. NAFTA will wipe me out."

A few weeks later, the same man came to my office with a letter he had received from a Mexican trade group inviting him to move his business to Mexico. The letter told him that he could buy all the labor he needed "for one dollar an hour, including taxes and fringe benefits." My constituent told me, "HERB, I employ 250 people. If NAFTA passes, I have two choices: move to Mexico, or go out of business." Since then dozens of other small manufacturers have told me a similar story. There are thousands of unskilled and semiskilled workers in jobs like these in New Jersey. If NAFTA passes, most of these jobs will be lost. These aren't economic projections. These are real jobs of real people who are already hard hit by rampant unemployment.

I believe in free trade—but on a level playing field. And with the huge disparity between United States wages and Mexican wages—kept low artificially by the Mexican Government—there is no level playing field. Any trade agreement should be accompanied by real reform in Mexican labor practices, enabling Mexican workers to get decent wages and giving American workers an opportunity to compete fairly and keep their jobs.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Chairman, I am convinced NAFTA is right for this Nation and right for my State of Delaware for two major reasons, job growth and the long-term economic and political interests of the United States.

In my district, the entire State of Delaware, we gathered economic information from as many sources as possible. We carefully and thoroughly analyzed this data and compiled this list of Delaware businesses and industries which will benefit from increased exports and create more jobs in my State if NAFTA is enacted.

If Delaware's job growth and opportunities are multiplied by hundreds of other congressional districts throughout this country, this represents real gains for America and Americans. This is a compelling reason to support NAFTA.

We also must look at NAFTA for its long-term advantages. The bottom line is not hope versus fear. It is opportunity gained versus opportunity lost. The United States of America, the greatest economic power in the world, must not retreat into isolationism.

When one breaks through the politics and the rhetoric, NAFTA boils down to an economic agreement which will benefit Canada, Mexico and, most importantly, the United States.

I urge passage of NAFTA.

WHAT NAFTA MEANS TO DELAWARE

(Based upon representations from numerous Delaware industries)

Auto Manufacturer Employers: Chrysler, Newark, export 5,000 additional cars to Mexico.

Chemical Industry Employers: DuPont, Delaware, quadrupled exports to Mexico in last 3 years; Hercules, Middletown, eliminate 125% cumulative Mexican tax; and ICI, Atlas Point, double sales to Mexico of major customer.

Pharmaceutical Employers: DuPont, Merck, Delaware, increase access to Mexican market and FMC Corporation, Newark, transfer foreign production to Newark.

Manufacturing Employers: DuPont Nylon Plant, Seaford, gain 15% advantage over Europe and Asia; Scott Paper Company, Dover, increased exports, added 100 employees; and Hewlett-Packard, Wilmington, 15%–20% growth in exports to Mexico.

Financial Service Employers: Delaware Incorporated Banks, 23 Banks support NAFTA, none oppose and Citibank, Dover, expand insurance and financial services in Mexico.

Transportation Employers: Port of Wilmington, expand shipping services for exports to Mexico.

Small Business Employers: Sterwin Laboratories, Millsboro, increase poultry vaccine sales in Mexico and Plastic and Rubber, Delaware, increased exports to Mexico 436 percent, and 1987–91.

Agricultural Employers: Delmarva Poultry, Mexican trade barriers eliminated and Delaware Farm Bureau, seeks expanded trade opportunities.

Mr. SOLOMON. Mr. Chairman, I yield 5 minutes to a distinguished freshman, the gentleman from Georgia [Mr. COLLINS].

Mr. COLLINS of Georgia. Mr. Chairman, NAFTA has been a very tough issue for me. I have 31 years of experience as a business and I know very well the importance of free trade. I am a strong supporter of the fact that a true free-trade agreement in North America will be good for the United States.

But, that does not necessarily mean that NAFTA will be good for the United States. I have closely studied the issues of NAFTA. I have asked many questions about the nature and impact of this agreement. The answers I have found cause serious concern about the impact that this agreement will have on our domestic economy.

Question: Is NAFTA actually a free-trade agreement?

Answer: No, it is not free trade.

First, NAFTA does not equalize all tariffs between the United States and Mexico: many will remain unequal for several years; and, second, NAFTA will install protectionist provisions: Mexico is awarded the only monopoly in the oil and gas industry; and protections are included for textiles and agriculture.

We are not creating free trade if we are legislating protectionist provisions.

Question: Is the North American Free-Trade Agreement actually a North American agreement?

Answer: No. There is no limitation on the amount of investment coming from other countries outside of North America. There are content regulations, but nothing to prevent a country from coming in, building a production facility from ground up, and successfully avoiding tariffs while penetrating the newly expanded market created by NAFTA.

Question: What is a more appropriate name for NAFTA?

Answer: It should be called the MIA—the Mexico Investment Agreement because the primary purpose of this agreement is to open up all of Mexico for private sector development and investment.

NAFTA is structured to draw companies into Mexico for investment. With the freeing up of Mexico's nationwide market, companies currently located and limited to the Maquiladora zones will move into other regions of the country in order to find even cheaper available labor, and avoid the escalating environmental cleanup costs currently associated with the Maquiladora areas.

Question: Will NAFTA create jobs?

Answer: Yes. Certainly in Mexico. But what kind of jobs will be created for the United States and in what domestic industries? Supporters argue that we will see an increase in demand for U.S. made consumer goods; and as a result, an increase in job opportunities here at home.

In reality it is true that job creation will occur in low cost, U.S. consumer goods production. But a close look at Mexico's economic structure and it becomes clear that there will not be an enormous increase in demand from the masses in Mexico.

Mexico: 85 million people.

Average annual income: $3,000.

GDP: $290 billion.

Unemployment: 25 percent.

United States: 260 million.

Average annual income: $22,000.

GDP: $6 trillion.

The figures for Mexico do not add up to a consumer economy. It is no secret that Mexico is having severe economic problems and it is imperative that they succeed in getting industrial investment into their markets.

The United States is the market for consumers and through NAFTA we will make Mexico the leading market for manufacturing.

So what kind of jobs will be created in the United States by passing NAFTA? We will most likely see job creation in the production of capital equipment that will be used in moving and building new production facilities in Mexico.

Question: Will NAFTA cause job loss?

Answer: Yes. Estimates of short-term job loss range widely. A supporter of NAFTA in my district brought me this report. It is a study done by Prof. Thomas Schoenbaum at the University of Georgia and it clearly states:

> Even if critics are correct, the economic effect of the loss of even a few hundred thousand low-wage jobs over 10 years will be negligible in the United States with an employment force of over 120 million people. Most job losses would not be through lay-offs but though lack of job creation.

"Lack of job creation." That quote alone should be enough to send chills up the spine of every legislator in this Chamber. Job creation is what our economy is all about. An economy that loses a few hundred thousand jobs because of a lack of job creation means a grim economic forecast for the United States under NAFTA.

Question: Why have companies gone to Mexico so far?

Answer: Not just wage/labor costs alone; Government regulation: OSHA, EPA, elimination of investment incentives from the Tax Code during 1986 reform, mandated insurance, workers compensation, family medical leave requirements, labor unions; all have contributed to the departure of business from American soil. With the passage of NAFTA, we add to the incentives to leave, and reduce the incentives for companies to invest in America.

Question: Are we prepared to compete under the parameters of NAFTA?

Answer: No. We must prepare our country for such a dramatic change in trade policy. Yes—we can vote this NAFTA down and work toward creating a real free-trade agreement that better serves the United States and Canada, while still providing much needed opportunities for economic growth in Mexico. A free-trade agreement should address the following issues:

First, remove monopoly provisions for Mexico that restrict investment in Mexico's oil and gas industry;

Second, require that foreign companies beyond North American, that invest in Mexico's manufacturing industry pay regular tariffs for their products traded within this region. Otherwise it is not a true North American agreement;

Third, level the playing field by immediately equalizing tariffs for all three countries: the United States, Canada, and Mexico. No more unbalanced tariff levels;

Fourth, require that transportation vehicles and operators be subject to U.S. safety and registration requirements when they enter our country for trade/shipping purposes;

Fifth, call for the elimination of Mexico's El Pacto agreement between government and business and elevate Mexico's minimum wage to United States levels in 3 years;

Sixth, eliminate the bureaucratic trinational commissions. They only add to the regulatory and restrictive nature that makes NAFTA a managed trade agreement, rather than a free-trade agreement;

Seventh, address environmental problems in the border region by requiring that cleanup projects on each site must be underway by a minimum of 15 percent before the trade agreement takes effect;

Eighth, make the agreement effective 1 year from date of passage;

Ninth, include a 6-month review and cancellation clause; and

Tenth, most importantly we should prepare our domestic markets by giving the private sector the ability to compete with new manufacturing markets in Mexico. We should return to the Tax Code the very necessary incentives we need in U.S. markets that will give businesses a real reason to stay and investment in U.S. markets and create jobs. We can do this by implementing an investment tax credit; a capital gains break for tangible goods, not stocks, investment paper, and so forth, eliminating the alternative minimum tax, changing the depreciation schedule for passive loss rules, creating tax-free IRA to encourage savings, and by lessening the mandates on private businesses.

And rather than allow Mexico to lure our manufacturing industries south, why not give them good reason to move into United States urban, inner-city areas and create jobs where now there is high unemployment and escalating dependency on welfare? With the right tax incentives, manufacturing industries, such as apparel textiles, could move into these areas and create jobs. By preparing our country for a free-trade agreement first, we can do for our poverty areas what the current NAFTA promises to do for Mexico's poor.

There is an alternative to the current NAFTA. I strongly urge my colleagues to vote this agreement down and allow an opportunity for us to prepare our domestic economy by installing incentives that will allow our private markets to compete on a level playing

field, and renegotiate a true free-trade agreement.

□ 1720

The CHAIRMAN. The Chair wishes to remind those Members controlling the debate time: The gentleman from California [Mr. MATSUI] has 47 minutes remaining; the gentleman from Wisconsin [Mr. OBEY] has 48½ minutes remaining; the gentleman from Texas [Mr. ARCHER] has 41 minutes remaining; and the gentleman from New York [Mr. SOLOMON] has 42 minutes remaining.

Mr. MATSUI. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. SWIFT].

Mr. SWIFT. I thank the gentleman for yielding time to me, and I rise in support of this trade agreement.

Mr. Chairman, "You're retiring from this place. At least the NAFTA vote will be easy for you," a colleague said to me on the floor the other day. Wrong. Deciding whether to vote for the North American Free-Trade Agreement or not is the most difficult vote I will cast in my 16 years in Congress.

My close relationship with organized labor has never been a matter of political convenience. I believe that workers should be able to organize so they can speak for themselves. It is a logical extension of our free enterprise system.

My voting record these past eight terms is strongly pro-labor, and of that I am very proud. But a person cannot agree with best friends, always. I have disagreed with labor from time to time on trade issues. The NAFTA, however, is not just another trade issue, and I have worked hard to understand the thinking of both its supporters and opponents.

The decision has been agonizing because, after meeting with rank-and-file workers both at home and here in the Capitol, I am convinced that their opposition to the NAFTA is very real and based upon a certitude that it will threaten their jobs and reduce their standard of living.

In talking with the workers themselves, you quickly see this is not a case of their repeating arguments suggested by labor leaders. There is real fear and real anxiety about the NAFTA.

But that begs another question: How did American workers become so anxious, their confidence in their future become so fragile?

I have had more than one business person express to me their utter consternation at the vehemence of individual workers' opposition to the NAFTA. To business the issue is, to use Lee Iacocca's words from his TV ad, "a no brainer." The fact business people are surprised is, in itself, a little startling in light of labor's opposition to our even negotiating the treaty.

More importantly, the surprise of American business at worker reaction reflects, in a very basic way, a major part of the problem because it demonstrates how extremely out of touch business and industry is with their employees and their lives, aspirations and anxieties.

If the NAFTA is defeated, this attitude, which ranges from mere disinterest to overt delight with the decline of the lot of organized labor in recent years, will be at the root.

THE ANTI-WORKER ACTIONS OF THE 80'S ARE A MAJOR CAUSE OF ANTI-NAFTA REACTION

Review the record, Labor—and I mean unorganized workers as well as members of unions—has suffered enormous set-backs over the last dozen years or more. Some have resulted from unforeseen events as when the collapse of the Soviet Union resulted in sever cut-backs in many defense-related industries. Some grow out of a determined and active anti-labor policy, especially in the Reagan administration.

Specifics? President Ronald Reagan's huge over-reaction to the air traffic controllers' strike. By firing all striking controllers he rejected any effort to resolve the matter amicably. Intentionally or not, he initiated a new era of labor/management conflict.

His firing of striking government workers encouraged business and industry to take a harder line with their employees—stealing techniques directly from the administration.

Labor responded by trying to pass a bill that would prevent management from firing employees who were engaged in a legal strike. Management set up the cry that this would disturb the traditional balance between them and labor. The truth is that Ronald Reagan upset the traditional balance because American industry had really never used the technique before. But the bill that, in truth, would have restored the balance was fought bitterly by both the Reagan-Bush administrations and industry. Now striker replacement legislation has support from President Clinton and was passed in the House of Representatives last June, but has not yet passed the Senate.

Look at other efforts to help American workers.

A bill that simply required a company that was actively considering the closing of one of its plants to tell its workers a few weeks in advance, was fought as hard as if it actually prevented plant closures.

The effort to revise the Hatch Act to let Federal Government workers participate in the political life of this country like every other citizen was rejected repeatedly for years. It was only recently passed into law.

Just this year we finally passed a family leave bill which sought to establish for American workers what workers in virtually every other industrialized nation in the world have: The right to stay home to care for family in emergency circumstances without losing their job—and, notably, without being paid. This was opposed bitterly by the Reagan and Bush administrations.

None of these proposals was remotely radical.

And most recently, one of the first actions of the Clinton administration, to try to create jobs in the present recession, was turned down by Congress. The opposition mindlessly cried "Spending" at a time President Clinton knew we needed to put Americans back to work. Surely its passage would have addressed some of the concerns of working Americans and reduced anxiety enough to make less adamant their opposition to the NAFTA.

Business cannot expect to stick its thumb in the eyes of its workers for more than a decade without a reaction. What goes around, comes around, and relentless opposition to the NAFTA by labor is best understood in the context of relentless opposition to workers' interests.

If the NAFTA is defeated, it will be, in my judgment, the direct result of policies and actions by Government and business over the last dozen years or so which have treated workers with such disrespect and caused such a high level of frustration and worry that labor has no trust left, little faith left, and no capacity to resist the fear of change.

NEW ECONOMIC CLIMATE MAKES NOW A BAD TIME FOR BUSINESS AND LABOR TO FIGHT

All of this has been occurring during a period of jarring transition. Not only has the demise of the Soviet Union changed many economic equations, technology is making the world smaller and demanding major changes in our economic thinking. It is not a matter of whether we want to have a world marketplace. Rather it is that there is a world marketplace and we have to figure out how to function in it.

That requires change.

American industry was slow to embrace change. The best example is probably our automobile industry.

Government is slow to change. Every single one of our trade competitors has a government/private sector cooperative system to advance its best interests. It's called industrial policy. Yet, right up to and through the Bush administration we have adamantly refused to consider such a strategy. We sat here happily believing that others could go into the game with talent and a game plan and we could win with talent alone, no game plan. What arrogance. What stupidity. Only with the Clinton administration are we beginning to maximize our opportunities in foreign trade by developing strategies to do so.

Further, it must be noted that Ronald Reagan's idea of free trade was to talk about it but not lift a finger to insist on fair treatment in return. His reputation for forceful military policy hid his monumental timidity in trade policy.

That has changed. Under Trade Representative Mickey Kantor the Clinton administration has been pursuing a free trade policy, but with a vigorous insistence on fair trade response from our trading partners.

And labor has been slow to change. That labor has little control over events that impact on it makes this transition an especially threatening one for workers. But, wishing for the 60's, hoping change will go away, mistaking new challenges for old frustrations or letting the fear of the unknown force you into reactionary policies will not serve the interests of American workers in this changed world.

AND THAT BRINGS US TO THE NAFTA

Into this time of uncertainty and transition comes the issue of the NAFTA.

I have listened to the arguments with care, asked many questions, reviewed many responses. Having tried to understand the natural complexities of the issue, I now try to reduce it back to basics, for that is what policy ultimately is.

Much of the analysis has been little more than "My economist can beat up your economist" which makes it difficult for mere mortals to sort out. But there are some exaggerations and contradictions.

Example: Pro-NAFTA forces say the reason NAFTA will not result in low Mexican wages reducing high American wages to some mediocre level in between is that the entire Mexican economy is no larger than the economy of Los Angeles. Even if the blending were to occur it would have minimal effect on United States wages.

Then, pro-NAFTA forces tell you how great it will be for American products to have tariff-free access to the huge Mexican market. Well, I don't know of a company that would not want access to the Los Angeles market under any circumstances. But either the Mexican market is relatively small or relatively large. It can't be both.

My view? It's a modest but worthwhile market. Just as we wouldn't want to exclude ourselves from selling into the LA economy, we should be interested in that of Mexico. Perhaps more important, however, are the economies of the rest of the Western hemisphere which can follow Mexico in opening up to us. There lies great potential.

Example: What will happen if we defeat NAFTA. I have been assured by pro-NAFTA forces that Mexico will be embarrassed, could not and would not renegotiate and would enter into negotiations for a similar trade agreement with Japan.

Anti-NAFTA forces say, "Of course, they have to say that." But they go on to assure me that Mexico will leap at the chance to renegotiate a better treaty if this one is turned down.

Pro-NAFTA people respond, "Of course, they have to say that."

Who knows what the truth is? I don't. It's speculation on both sides. It does seem reasonable, however, that Mexico would be at least a little miffed at a rejection of the treaty. And, why would Japan not try to exploit that irritation by discussing a treaty that would give them a trade beachhead on our side of the mutual, natural market of the Pacific Rim?

THE SUCKING SOUND: WILL THE NAFTA EXPORT JOBS TO MEXICO?

There are a few central issues to each side of the debate. First, the anti-NAFTA side has been worried from the beginning about the loss of high paying American jobs to low-paid Mexican workers if the NAFTA is passed.

Ross Perot has called this, "The great sucking sound."

I have concluded that the sucking sound is, in fact, Ross Perot sucking up to American workers by trying to exploit their fears and anxieties. Perot has, to quote the Washington Post, "spun the public's reasonable anxieties into a web of dark conspiracies, fabricated numbers and fantastic claims."

But think about it. For many industries in America such a move would not make sense because the savings in labor costs would not compensate for the capital expenditure of duplicating in Mexico existing United States plants, the costs of dealing with Mexico's poor infrastructure and, often, the much lower productivity of largely poorly trained Mexican workers. Besides, if Mexico is such a draw, they could have already moved there without a treaty.

Another truth is that for many, many products, labor costs are not the most important consideration. Other costs of doing business exceed labor costs in importance. I've taken a little malicious delight in asking business people who tell me that, why they don't share that fact with their workers. I get usually only embarrassed hems and haws, but a few have frankly said that such an admission would not be useful when it's time to bargain the next labor contract.

If business has been exaggerating the proportional cost of labor in order to keep wages down, one can forgive workers if, based on that exaggeration, they fear low-wage Mexican competition. But it doesn't make it true.

OUR STANDARD OF LIVING: IS THE NAFTA A THREAT TO IT?

Tied with the wage issue are workers' concerns about their standard of living. We all know that today there are more families where both parents have to work to earn the same standard of living one parent could provide just a few years ago. We all see homeless people on our streets that were not there a decade ago.

However, NAFTA did not cause those problems. Defeating NAFTA will not cure them.

To deal with this disturbing trend in our quality of life is going to require that we do some things differently. Change always causes uncertainty. Uncertainty causes anxiety. Anxiety can cause timidity. Timidity can prevent one from acting when you need to.

NAFTA, as renegotiated by the Clinton administration, offers the prospects of some positive change in things that having been driving our standard of living down. Defeating NAFTA does absolutely nothing whatever to change the conditions that have led us to our unsatisfactory status quo.

MEXICAN LABOR CONDITIONS: DOES THE NAFTA DO ENOUGH?

Late in the debate in a new and very legitimate issue was raised by those who oppose the NAFTA. Pointing to the sorry lot of Mexican workers, the point has been made that the NAFTA does not do as much as we'd like to improve labor laws and working conditions for Mexican workers. Further, the enforcement procedures of the provisions that do exist are too weak, it is asserted.

There is little there to argue with, except that what NAFTA does contain is better than the status quo. It is not often that we can achieve an ideal goal with any single effort. Most goals are achieved a piece at a time. This NAFTA is not where we should stop in efforts to improve conditions In Mexico, but it is a place to begin. This NAFTA does too little. Defeating NAFTA does nothing whatever.

DOES THE NAFTA CREATE U.S. JOBS?

Proponents made huge claims for job creation growing out of the NAFTA. I think these are exaggerated. But I believe that it does move us in that direction. When you cut through the war of economic projections, expert analysis and all the rest, what is left is this: we presently have few trade barriers against Mexican goods coming into the country, while Mexico has substantial tariff barriers slowing our exports to them. NAFTA makes those barriers go away. That creates new opportunities for American sales which create jobs. Let's just not exaggerate.

DOES THE NAFTA RECOGNIZE THE NEW ECONOMIC REALITIES?

Most important of all to me is this question: Does the passage or defeat of NAFTA help move the United States aggressively into the new world economic climate?

As a nation, we've had it pretty good most of the time since 1945. We were the industrial nation in the world then. Everyone else had been bombed flat. We bestrode world commerce. And, I believe, we grew to believe that was our birthright—to always lead, to always be first and best. The attitude made us a bit complacent and, in time, we were shocked to find that other nations could create and produce and have strong economies too. We were slow to respond and then spent a precious decade, when we should have been catching up, listening to a President wandering around the South Lawn murmuring the mantra of free trade rather than moving us vigorously into effective competition.

That has changed. We have a President now who sees clearly what we must do by the end of this century to assure that the next is another American century. The NAFTA, rightly or not, will be seen as a major symbol of whether we are willing to do the things necessary to be a vibrant, successful and prosperous leader in the new world economy.

Passing the NAFTA says yes. Defeating NAFTA will be interpreted by our competitors as evidence that we are no longer flexible enough to change, no longer confident enough to grasp new challenges and no longer ambitious enough to want to compete with the best.

It will be felt first in GATT and there is no telling when it will be felt last. We must simply acknowledge that this NAFTA is neither ideal nor fatally flawed. Rather it is a step—a necessary step—we have to take on the way to a better future.

For those reasons, I will vote for the NAFTA. But, even so, this is not an easy decision: there is yet a caution.

A LAST OBSERVATION

Just as I have suggested that there are serious repercussions if we defeat the NAFTA, I think there are some equally serious things we must prepare to meet if the NAFTA passes.

In effect, I have argued here that organized labor specifically and American workers generally have been fighting the last war; the frustrations of the last dozen years or more have so savaged their confidence and optimism, have so threatened their capacity to provide a secure future for their families that they can see the NAFTA only in terms of its risks, not its opportunities.

If that is true, passage of the NAFTA—especially in the short run—is going to send a new wave of anxiety through the working people of the land. You cannot have listened carefully to the rank and file on this issue and mistake their sincerity or their fear.

After one particularly wrenching session in my office with some union folks from home, a young staffer in my office looked at me and said, "My God. Those people are scared to death."

That is a reality that every NAFTA supporter better deal with. Ours is a time of considerable political unrest. American workers can easily be radicalized. The things they asked for in the 80's and were denied will look like sweet reason itself compared to their demands if workers become completely disassociated from mainstream American political life. We

are closer to that right now than I think politicians generally realize. It will come as a thunderbolt of surprise to those leaders of business and industry who even now say they have no idea why workers oppose the NAFTA.

Creation of a radical workers movement including a new political party is not impossible. The capture of their support by politicians who wish to exploit their frustrations is not a technique exclusive to bored and egomaniacal billionaires. All sorts of demagogues can play at that game.

And such political chaos would come at a time we should be tending to other serious business if we are going to compete effectively in tomorrow's world.

Should that unpleasant vision become our future, there will be lots of blame to go around. But it will be a pointless, pathetic argument that can roil along while other nations tie up the markets of the world.

To guard against such an eventuality if the NAFTA passes, the administration and Congress with the active participation of American business needs to signal a new and more balanced attitude toward American workers. It needs to encompass a government willingness to include labor along with business in forging basic decisions affecting the economy. Government and the private sector must cooperate with labor to find and provide ways to achieve greater economic security for workers during this period of transition. And business, working with labor, must find and implement new models of management that treat workers like the essential players they are, rather than as expendable commodities to be sacrificed at will.

If the NAFTA passes and those things are not done, the victory party will be short and bitter. The NAFTA is not an end. It is a beginning. But its passage will require a whole new agenda—not only for planning our trading policy and strategy, but for addressing the domestic implications of those policies. Secure jobs is what it's all about. These who envision that goal in the NAFTA have a responsibility to reassure with deeds the promise they see in that approach.

The opponents of the NAFTA, many of whom are my friends, are looking backward. Defeating NAFTA will change nothing for the better. The proponents of the NAFTA are looking ahead. The important questions: are they looking ahead far enough? And will they follow through?

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentlewoman from Arkansas [Ms. LAMBERT].

Ms. LAMBERT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I come before you today to voice my support for the North American Free-Trade Agreement, and I urge my colleagues to do the same.

Mr. Chairman, I represent a district of 25 rural counties that are predominantly agricultural in their economic makeup. We grow more rice than any other district in the country, we rank third in soybean production, and sixth in cotton production. In other words, Mr. Chairman, we farm, and we do it well. There is no doubt in my mind, nor in the minds of the producers that I represent, that NAFTA represents a much needed opportunity for economic growth.

For years we have known that increased prosperity in the farm economy would only come from expanding existing markets and creating new ones. As agricultural policy is continually budget driven, the days of increased Federal outlays are indeed numbered. Increasing exports of U.S. agricultural commodities is absolutely vital to the economic health of America's farmers.

Since 1987, Arkansas crop exports have increased by an incredible 3,500 percent.

In an age of increased competition, we must look to new markets to remain prosperous. Without attracting new customers, we cannot create more jobs. Mexico is already the third largest foreign market for our agricultural products in spite of an average 13 percent tariff on imported commodities. For a market of approximately 90 million customers, NAFTA presents a marketing opportunity that cannot be abandoned.

Mr. Chairman, it is not only agriculture that stands to benefit from the NAFTA. Since 1987, Arkansas exports have increased by 213 percent—clear evidence of the benefits of opening new markets.

Like many Members, I had concerns over the potential impact on the environment and labor. The side agreements represent a significant step toward addressing those concerns. More important, the side agreements provide an opportunity for all the member countries to ensure that each nation's laws are adequately observed and enforced.

In the end, this is a vote for the future, a vote of confidence for America's role in the 21st century economy, and a statement, contrary to the rhetoric, that America's work force—the best and most productive in the world—can compete and win in any market.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut [Mr. GEJDENSON].

Mr. GEJDENSON. Mr. Chairman, I rise in opposition to this agreement. We need a NAFTA, but not this one.

All trade agreements that are worth anything have both risks and rewards for those who enter into them. NAFTA is no different. The problem with NAFTA is not that it is not risk free or that it doesn't have any rewards, but that all the risk is assumed by working men and women while all the rewards are enjoyed by large corporations.

The first great risk that American workers are being asked to take is that the companies they work for will not pack up and move to Mexico before the ink is dry on NAFTA. This is no idle concern; 40 percent of American businesses surveyed last year said that they would move to Mexico if Congress passed NAFTA. President Clinton, in a valiant effort to reassure Americans, got a similarly unnerving response when he asked corporate America to take a pledge not to move to Mexico; silence. Not a single business would promise not to move south if NAFTA passes.

The second risk that American workers take is that Mexico's living standards will rise fast enough under NAFTA to enable Mexicans to buy a lot more American goods. This is a gamble since Mexico's per capita income is currently only 14 percent of that of the average American and it could easily take decades before they are able to buy enough to start reemploying Americans who were thrown out of work when NAFTA passed in the first place. What, we have to ask, are those unemployed Americans supposed to do in the meantime? In any case, by the time Mexicans are ready to buy in sufficient quantities, they may not even need to buy from us because they will probably have developed their own manufacturing base out of the companies that will have left the United States under NAFTA.

The third major risk Americans take with NAFTA is that trade adjustment assistance will be enough to help those who lose their jobs due to this agreement. As Andy Romegialli, a representative of the International association of Machinists from Middletown, CT, said at a hearing before my trade subcommittee, "What are people going to be retrained for, what types of jobs?" Worker retraining alone is not enough, he says. People have to know that they are being retrained for jobs that will actually exist. Businesses, however, are still unwilling to make a commitment that jobs will be there for retrained workers. They would prefer that we trust what they call the natural evolution of the U.S. economy to create those jobs. That, I think, is just too much a toss of the dice for most workers to stomach.

While working America is taking all the risks for NAFTA, corporate America is getting ready to reap the rewards. By all assessments, there will indeed be substantial gain for those companies who, unlike their employees, can pick up and move to Mexico. They are likely to increase their profits as they lower their labor costs by employing Mexicans who earn less than $4 a day. They will be able to escape a multitude of labor and environmental laws in the United States that create safer and cleaner workplaces but which add to the cost of doing business here. And, they will face no real challenge to their business practices if some of them do cut corners because NAFTA's enforcement provisions are weak.

I do support free trade agreements but only when both the risks and the rewards are equally shared by the working men and women of America and by the corporations that employ them. I do believe that it is possible to negotiate such an agreement but after 12 hearings on NAFTA over the past 3 years I have to conclude that this agreement does not meet this criteria of fairness. The people of eastern Connecticut have been hurting too long for anyone to ask them to take more risks with their economic futures. And NAFTA, above all else, represents risk for most and reward for only a fortunate few. For that reason I cannot support NAFTA.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise today to oppose approval of the North American Free-Trade Agreement. I oppose this NAFTA because it leaves thousands of American workers with the prospects of losing their jobs, and being thrown onto an uncertain market looking for another job.

If we want to encourage United States investment in Mexico then it seems to me that we have to provide for the possibility of lost jobs. The decision to close up and move to Mexico will not be with the worker's approval. They will be issued a pink slip and left to their own devices to find a replacement.

The campaign of 1992 was about jobs. The people all across the country were hurting. They wanted the Congress to do something about jobs. Unemployment lines were growing. Thousands were being told that they were going to lose their jobs because of downsizing of businesses in America. Thousands more were soon to lose their jobs because of base closures and announced cuts in Government jobs.

The President tried to push through a modest jobs bill early in his administration. It died. Since that day, no jobs program has surfaced. Our promise to the American people stands empty. Jobs lost under NAFTA will likewise lie without any real promise of fulfillment.

Unemployment compensation expired on October 3 for hundreds of unemployed workers. Sadly, their families are still going hungry because the Congress can't agree on how to pay for it. How do you suppose we are going to find the money to pay for NAFTA and all the side agreements promised to win votes if we can't even find the money to pay for those who are unemployed now?

The 1992 campaign was about finding ways to build capital investment in America. Instead we are now debating how to help our corporations take their capital out of the country.

We do not need to be highly intelligent to know what will happen. Companies will move to Mexico. thousands of American jobs will be lost. Corporations are assured that they can hire workers in Mexico at paltry wages without any possibility of a trade union movement having a chance to improve the workers status. With lower costs of production, lower environmental standards, profits will soar. Couldn't some of these profits be set aside to help American workers who lost their jobs because their employer moved to Mexico?

This is a patently unfair trade of profits for jobs. American jobs have clearly sacrificed and there is no plan whatsoever to take care of these displaced workers.

I want this plan to be renegotiated so that our workers have guarantees of retraining and education so that they can get one of these high-tech jobs that they have been asked to trade for their current jobs. Its only fair that this assurance be in place before we allow these jobs to be lost.

I want NAFTA to guarantee the workers of Mexico the right to organize and to bargain for better wages. If our companies are being encouraged to move to Mexico to induce a greater unity of foreign policy, then it is only right and proper that we work to improve the vast difference of wages between these two countries. Not to do so is merely to give lip service to the lofty ideals of comity without helping to achieve it. Yet NAFTA is silent on these matters.

As I see it, America is being asked to give up 500,000 jobs solely so that American business can make higher profits.

Vote "no" and do not abandon the American worker.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. HYDE], a Member of our leadership.

Mr. HYDE. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would think if jobs are going to move down to Mexico, that is, if NAFTA is ratified, I just wonder why Bangladesh or Haiti are not the industrial centers of the world; that is, if cheap labor is the secret to success and not infrastructure, not marketing——

□ 1726

The CHAIRMAN (Mr. MFUME). The Sergeant at Arms will restore order, the Sergeant at Arms will restore order. The committee will be in order.

The Chair notes a disturbance in the visitors gallery in contravention of law and the rules of the House. The doorman and the police will remove those persons from the gallery participating in that disturbance.

The Chair will further advise those persons seated in the gallery that they are here as guests of the House of Representatives and that any display of approval or disapproval of the proceedings will be prohibited.

The time belongs to the distinguished gentleman from Illinois [Mr. HYDE], who may continue.

Mr. HYDE. Mr. Chairman, I just want to say that is the last time I will ever wear that aftershave lotion.

Mr. Chairman, this legislation, if it passes tonight—and I think it will—will pass with substantial Republican votes. And I think that is worth noting. While credit has been bestowed right and left on people who have worked very hard on this, the fact is that the Republicans in this body have been and are a responsible minority. Our opposition to the Clinton budget was a principled opposition, and our support for NAFTA is a principled support.

The term "national interest" is something that we all try to locate and define, especially when we talk about foreign policy, but national interest is very important in international trade. It seems to me our national interest is served by removing trade barriers, by lowering tariffs, which is another way of saying cutting taxes. When you cut taxes, you increase exports, and when you increase exports, you increase the jobs, you get more jobs.

Mr. Chairman, for 50 years we have had an economic growth that has been fueled by liberalizing international trade. This growth has given us a standard of living that is the envy of the world. We need a world trade policy that is centrifugal, not a centripetal view. NAFTA is only one incremental step in encouraging worldwide economic growth, and it demonstrates American leadership in the quest for global prosperity.

Mr. Chairman, the question is often asked: Is the North American Free-Trade Agreement [NAFTA] truly a treat to the sovereignty of the United States? Will this trade agreement allow foreign countries and international tribunals to run roughshod over our laws and our Federal, State, and local governments? Despite the predictions of the trade pact's wary, if not imaginative opponents, NAFTA will not preempt the will of the American people and lead to our subjugation by sinister forces.

NAFTA is a trade accord between the United States, Canada, and Mexico that reduces or eliminates tariffs and other trade barriers between the three countries over a 15-year period. Negotiated by the Bush administration, the accord strengthens our country in many ways. It removes obstacles to free trade and gains broad access to new markets for American products. It will accelerate economic growth in all three countries and create jobs in its wake. Increasing the size of Mexico's economy will also serve as a major disincentive to illegal immigration. More Mexicans will stay at home creating a larger market for American goods and services. In short, it is a win-win situation.

The side agreements to NAFTA negotiated by the Clinton administration—while adding little of value to the accord—do not give supranational powers to the commissions and secretariats created for labor and environmental issues. The United States retains all legislative, judicial and administrative authority for writing, amending, and enforcing our laws. Explicitly stated in the side agreements is the recognition that each country will continue to determine its own level of environmental protection and labor standards.

Nonetheless, these appendages to NAFTA have some unappealing features. If requested by two member countries, working panels of the commissions are empowered to investigate complaints of persistent failure to enforce national laws regarding environmental protection, occupational safety and health, and child labor or minimum wage violations. If the complaints are valid, fines can be issued against national governments. If they go unpaid, tariffs limited to pre-NAFTA levels can be reimposed against the specific industry sector

involved. However, in no event will a country suffer a worse penalty than the tariffs that exist today. Annoying as they are, the flawed side agreements do not alter the basic nature of NAFTA and certainly do not negate the benefits it promises to bring.

NAFTA is a good example of why we fought so hard to win the cold war. Democracy and free enterprise are inextricably bound together. With the defeat of international communism and the notable failure of centrally controlled economies, it is essential to our national interest that free market principles fill the vacuum left behind. By example, NAFTA boosts free market forces throughout the hemisphere and beyond. It offers strong encouragement to the world's remaining nonmarket economies to rid themselves of the straitjacket of government controls. Our goal should be to ultimately extend this free-trade zone from the Article to the Antarctic, strengthening fragile democracies and fostering the expansion of free enterprise and lucrative throughout the hemisphere.

To reject NAFTA and thus slam the door in Mexico's face is to alienate our next-door neighbor, as well as our other friends in the hemisphere and may ultimately disadvantage U.S. exporters as they compete with Japan, China, and others for markets throughout Latin America. Defeat of NAFTA would also seriously weaken the hand of political and economic reformers in Mexico who have made great strides to modernize that country during President Salinas' tenure. It could easily reverse that favorable trend, sending Mexico's economy into a tailspin and straining our historical friendly relationship with that country.

Claims that NAFTA threatens the sovereignty of the United States are simply not credible. It does not mimic the Maastricht treaty, as some have claimed. Europe has been on the declared path of political and economic integration for decades. North America is on a very different path. We do not seek to combine our political institutions with our neighbors or to create a common currency. Until it was contrived by NAFTA's opponents here, concerns over sovereignty arose only north of our border where an entire psychological discipline is devoted to representing pervasive fears of being swallowed whole by the United States. Looking southward, anxiety over Mexican designs on American sovereignty has not been evident since 1848 when our forebears handily defeated Santa Anna and acquired from Mexico everything from Texas west to the Pacific coast.

Americans have been advocating free trade for centuries. As Thomas Paine wrote in 1792 in the "The Rights of Man." "The prosperity of any commercial nation is regulated by the prosperity of the rest. If they are poor, she cannot be rich; and her condition, be it what it may, is an index of the height of the commercial tide in other nations." Economic growth will benefit all partners in free-market trade. More jobs will be created, higher wages and salaries will be earned, and living standards will improve.

NAFTA is about preserving, strengthening, and extending our values and our beliefs. It will not diminish America, nor will it threaten others. On the contrary, it will strengthen us. It is an important step to secure a better tomorrow for all Americans.

The CHAIRMAN. The Chair appreciates the gentleman's patience and his humor.

Mr. SOLOMON. Mr. Chairman, I reserve the balance of my time.

Mr. MATSUI. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. JOHNSTON].

Mr. JOHNSTON of Florida. Mr. Chairman, I rise in favor of NAFTA.

Mr. Chairman, the vote on NAFTA is not simply about Mexico and jobs: It is a referendum on the Nation's willingness to build a new institutional architecture for international relations. The real question before Congress is whether the United States has the guts and vision to replace the deadly geopolitical confrontation of the cold war with a new geoeconomic competition based on open markets, free trade, and regional alliances.

Such defining moments are rare in history. Only twice before in the 20th century has Washington faced a decision of such magnitude. Once it punted, with disastrous results. In 1920, Congress rejected President Woodrow Wilson's request for membership in the League of Nations, effectively turning the Nation isolationist and protectionist. The Smoot-Hawley Tariff Act followed, triggering the Great Depression and paving the way for World War II.

Perot and other critics cite a litany of ills facing the United States. But none of these problems would improve if NAFTA fails. Quite the contrary. The evidence of history is convincing: Expanded trade leads to greater prosperity. Congress would be making a huge mistake if it rejects NAFTA.

NAFTA: A DEFINING MOMENT FOR AMERICA

On Nov. 17, Congress will cast its first official vote on America's role in the post-cold-war era. The vote on the North American Free Trade Agreement is not simply about Mexico and jobs: It is a referendum on the nation's willingness to build a new institutional architecture for international relations. The real question before Congress is whether the U.S. has the guts and vision to replace the deadly geopolitical confrontation of the cold war with a new "geoeconomic" competition based on open markets, free trade, and regional alliances.

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The horror of that war drove home to America the disastrous consequences of retreating from the world. Congress voted to finance the Marshall Plan for Europe, create NATO, and join the International Monetary Fund and the General Agreement on Tariffs & Trade. America took the leading role in constructing the international organizations that defined the next half-century, thereby preserving for itself relative peace and a great deal of prosperity.

The same choice between global leadership and pusillanimous retreat is before Congress once again. A bizarre alliance of groups is pounding away at the 30 or so Congress members wavering on NAFTA. They are led, of course, by the would-be William Jennings Bryan of modern day America—Ross Perot. The populist poseur, his image riding across America's TV screens, is trying to rally the fearful and the wounded to fight against the forces of global competition.

THE CHOICE IS LEADERSHIP OR RETREAT

Just as Bryan in the 1890s called for a silver standard and inflation to defend farmers from industrialization, so Perot calls for protectionism to save workers from globalization and technological change. Perot's famous quote about jobs, the "giant sucking sound from the south," is the equivalent of Bryan's "you shall not crucify this nation on a cross of gold." Like Bryan, Perot offers false hopes and false solutions.

It's not that the pain of working people in America isn't real. When Pat Buchanan says that NAFTA is "an insider's deal among the transnational elite," he expresses the anguish and anger felt by millions of blue- and white-collar Americans at the corporate managers who ordered huge downsizings and layoffs in recent years. While many top-rank managers floated off on golden parachutes, working stiffs on assembly lines and in offices found themselves on the slippery slope of downward mobility. Sure they're angry.

Yes, competition creates dislocation, but labor's response to global competition is as misguided as it is self-destructive. Unions are not simply fighting against lower tariffs with Mexico. They are arguing, by extension, that all low-wage producers are a threat to U.S. jobs and living standards. In fact, unions are really saying that the low wages, poor environmental and safety regulation, and lack of worker rights that inevitably exist in the less-developed world in themselves constitute unfair trade barriers. By that logic, unions would prefer to keep tariffs high—and build them even higher—against imports from all the ex-communist and statist countries that have converted to market capitalism.

And they are not alone. The French are making similar noises about restricting trading to high-wage countries. "The question now is how to organize to protect ourselves from countries whose different values enable them to undercut us," said Prime Minister Edouard Balladur recently.

DEMOCRATIZING MEXICO

That is why the stakes on the NAFTA vote are so high. The French are already balking at signing the Uruguay Round of GATT, which would lower tariffs and further free trade around the world. A "no" vote on NAFTA would undermine the Clinton Administration's ability to complete the GATT negotiations on schedule by yearend.

A "no" vote would humiliate the President as he meets with the heads of 14 Asian and Pacific nations on Nov. 18 in Seattle, a day after Congress votes. Many Asian businessmen profess to worry about a Fortress America excluding their products and would like Congress to vote NAFTA down. The more sophisticated leaders, however, realize that any vote in Congress against free trade with a low-wage country is as much a slap at them as at Mexico.

There is a crisis of demand around the world, and the solution is more trade, not less. Anti-NAFTA forces argue that Americans can't compete against cheap Mexican labor, but the truth is that Mexico is sucking up U.S. exports, not jobs. Exports to Mexico quadrupled over four years, to $40.6 billion in 1992, as Mexican tariffs dropped.

Mexican President Carlos Salinas de Gortari has curbed wage hikes to cut Mexico's 160% inflation rate in 1988 to 9.5% this

year. That done, he has just signed a pacto with business and labor raising workers' wages in step with productivity gains. As Mexico's growth speeds up, demand for American goods will increase. Higher wages also will expand the middle class and spur the democratization of Mexico, as they did in Korea and Taiwan.

Finally, President Clinton deserves high marks for embracing what is, after all, a Republican initiative. He was right to recognize that the Democrats need NAFTA. Moderate "New Democrats" who advocate free trade, market solutions to social problems, and smaller, more efficient government would be bludgeoned by the old-line, union-based, tax-and-spend crowd should NAFTA fail. That would make the Democratic Party a reactionary force in politics, not a progressive one.

Perot and other critics cite a litany of ills facing the U.S. But none of these problems would improve if NAFTA fails. Quite the contrary. The evidence of history is convincing: Expanded trade leads to greater prosperity. Congress would be making a huge mistake if it rejects NAFTA.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from Georgia [Mr. DEAL].

□ 1730

Mr. DEAL. Mr. Chairman, I have come to this podium on few occasions. I do so today because of the importance of this issue, and I do so in support of NAFTA.

All of us can find parts of this agreement that we do not like, so can the Mexicans and the Canadians.

Although some of my constituents will not agree with my decision, all of them expect me to make this hard decision based on the best facts available.

The CHAIRMAN (Mr. MFUME). The gentleman will suspend.

The Chair notes a disturbance in the Visitors' Gallery has occurred in contravention of the law and the rules of the House of Representatives. The doormen and the police will remove those persons from the gallery participating in that disturbance.

The Chair again wishes to advise all persons seated in the gallery that you are here as guests of the House of Representatives, that any display of approval or disapproval of the proceedings on the floor will be prohibited.

The Committee will be in order.

The Chair wishes to advise the gentleman in the well that he may begin with the full allotment of his time.

Mr. DEAL. I thank the Chair.

I would like to assure the gentleman from Illinois that it was not his aftershave, because I use a different brand.

Mr. Chairman, although some of my constituents will not agree with my decision, all of them expect me to make this hard decision based on the best facts available, and that is what I have done.

I have concluded that if we are to be a true world leader, we must display courage on an issue where the political condemnation is immediate and the vindication must await the future.

I am convinced that on international issues the nations that prevail are those that promote their strengths rather than dwelling on their weaknesses.

I believe that our greatest strength is the spirit of our people, a spirit that welcomes challenge and opportunity. That is what NAFTA offers.

Faith must prevail over fear. I will vote "yes," because I believe in the strength of the United States of America.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. Mr. Chairman, I rise again in opposition to NAFTA, to underscore that opposition.

I generally support the ideal of free trade. It appeals to all of my intellectual and competitive instincts. In an ideal world, or a nonideal world where things were at least relatively equal, we can and should have free trade. Thus, I supported the Canadian-United States Free-Trade Agreement—indeed, I was probably its strongest proponent in the Congress, and also opposed the protectionist textile bill.

But we have to remember some basic precepts as we look at NAFTA, an agreement involving Canada, on the one hand, and Mexico on the other. Our whole concept of a government based on laws, not men, is one that is shared by Canada. Our tradition of free and fair elections is shared by our neighbors to the north. Free and fair judiciary, policy, and business practices are other important traditions that the United States and Canada share. Canadian wages are as high or higher than those in the United States; working conditions there are equal to or better than those enjoyed by United States workers. And Canadian environmental laws and their enforcement are also at least equal to our own.

These similarities enabled the historic United States-Canada Free-Trade Agreement. And conditions similar to those between us and Canada enabled a comparable agreement to be reached between the United States and Israel.

Regrettably, the similarities that enabled these agreements do not exist with respect to Mexico. Wages in Mexico are radically lower than they are here—roughly 10 to 15 percent of our wage rates. All too often Mexican workers toil in abysmal working conditions. The environmental conditions in Mexico, due to lax enforcement of what would otherwise be reasonably good laws, are more like those in Russia or Eastern Europe than in the United States or Canada. Since early in this century Mexico has been ruled by a one-party regime that shows few compunctions about respecting election laws or other niceties of democracy. The Mexican judiciary is far from independent; and the police have a reputation for extra-legal activities. And doing business in Mexico often means knowing and practicing too many of the intricacies and illegalities of under-the-table wheeling and dealing.

I should mention that I consider myself a strong friend of the Mexican people. During the 1980's, when Mexico and other Latin American nations faced a serious economic crisis, I led efforts in Congress to provide relief from oppressive foreign debt for those nations. In 1986 I steered legislation through Congress calling on the United States to take the lead in creating an international debt management facility for just that purpose. Unfortunately, that bill was vetoed and the veto message specifically mentioned my efforts on behalf of debt relief. In 1988 I was more successful, getting the legislation through again and signed into law. Angel Guerria, chief debt negotiator for Mexico, said that I had "done more to give hope" to Mexico than any other Member of Congress.

I was flattered when President-elect Salinas' office contacted me after his November 1988 election, to invite me to his inauguration. And that gesture was in spite of my introduction in 1986 of a bill to repeal the Maquiladora program. I had done that because I had seen first hand—in my congressional district, elsewhere in the United States, and in Mexico itself—how that program had hurt workers in both countries.

So I take a back seat to no one in terms of my support of Mexico and her people over the years. And I believe that this history gives me standing to comment on the NAFTA before us today and to join the debate over whether or not it should be approved.

One thing that bothers me is the degree of exaggeration that has been engaged in during the debate, by both proponents and opponents of NAFTA. What I hope the Nation has observed, however, is that more exaggeration and distortion has come from outside the walls of Congress, and the level of debate within these walls has, on the whole, been reasoned and rational. I am proud of that and of the fact that once again Congress as an institution is treating a serious matter seriously.

Before proceeding on the substance of this issue, however, I would like to comment briefly on some of the kinds of things that have been said about those of us who oppose this NAFTA. It disturbs me that opponents of this NAFTA are being painted as protectionists, as myopic, as people who look toward the past, not the future. This is surely not true for all of this NAFTA's opponents.

It's a nice debating point to say that NAFTA opponents are the equivalent of supporters of the Smoot-Hawley tariffs of 1930. That makes a good photo opportunity, but it's fundamentally false. Very few NAFTA opponents believe that we should build up high tariff walls. Unlike then, the United States now is the world's most open market, and we are leading the fight to get the rest of the world to catch up with us. I bow to no one in my zeal to level the trading floors for all, through the proven benefits of free and fair trade.

But I have a great many concerns about this particular NAFTA. First, there is a potential for serious job losses in the United States. It is impossible to predict the number of jobs that will be lost, but the underlying fact is that the jobs that will be lost are real jobs held by hard-working Americans. There has been little if any consideration about the alternatives that will be available for these workers. The proposal contains but a pittance for retraining, but even if an effective retraining regime were to be implemented, one has to ask—retraining for what? Again, we do not have a reasonable answer to this crucial question.

Second, and more importantly, it is very likely that NAFTA will have a seriously depressing effect on U.S. wages. In a 1993 Wall Street Journal pool, some 40 percent of corporate executives said that they would consider moving some operations to Mexico if NAFTA passes, and another 25 percent said they would use Mexican wage rates in their bargaining with their United States workers. I have no doubt that this will reduce U.S. wages or constrain wage increases, thus contributing to a further lowering of our workers' purchasing power, and our Nation's standard of living. This NAFTA seems to be governed by the lowest common denominator—pursuing a low wage strategy versus a high wage, value-added strategy. As two economists from Amherst and the University of Massachusetts said Monday in the New York Times:

[NAFTA] would bind all three countries in the straitjacket of 19th century free market economics, jeopardizing governmental efforts to promote long-term growth of productivity and better living standards throughout the continent.

Third, I believe that this NAFTA will also have an adverse impact within Mexico itself. There is the real potential for further exploitation of the Mexican people. It has been estimated, for example, that a million to a million and a half Mexican farm workers—principally those in the corn and dairy sectors—will be wiped out over the next decade and become immigrants, either to already over-crowded and opportunity-poor Mexican cities or to the United States, exacerbating the illegal immigrant problem we already have. And even when multinational investors move jobs to Mexico there is no certainty that the Mexican workers will be well treated—look at the Maquiladora program and the fact that in many of that program's plants the wage rates are lower than in other sectors of the Mexican economy.

These are just some of the harmful effects that I see. But perhaps the greatest reason I have for opposing this NAFTA is the lost opportunity that NAFTA entails. We had a chance here to deal with more than just dry economic issues—to deal, instead, with human rights and the exaltation of the human spirit.

Some of us who have qualms about this NAFTA look at an agreement of this kind and ask not only what it does, but what it might do. Rather than just viewing it in terms of dollars and cents and pesos, as do its proponents, we should look toward a grander design. We should not lose sight of one of the central purposes of life on this Earth—to elevate the living conditions of all human beings to just levels, not only here in the United States, but throughout the world. In this sense, this is not just an economic debate, but a moral one as well.

I, of course, bring certain prejudgments on this score. My thoughts about the lives of working men and women have been shaped over the years by, among other things, three path-finding Papal encyclicals. Two influenced the first speech I ever gave, in high school, on the subject of work in human society. These were "Rerun Novarum" by Pope Leo XIII and "Quadragesimo Anno" by Pope Pius XI. And much more recently, just a couple of years ago, Pope John Paul II weighed in on this subject with his encyclical, "Centesimus Annus." I found his thoughts on this so important that I held a hearing of my Small Business Committee on the encyclical.

My developed beliefs are that every human has certain basic rights—and that the right to a job is one of those basic rights, and that government should somehow ensure, or try to ensure—by creating an appropriate socio/economic/political climate—a job for every human being. Through a job one can gain dignity and human worth. But we need to make sure that the jobs do in fact provide just that—dignity and worth. To do that they must provide just wages, just working conditions, a just environment. These—a just wage, just working conditions, a just environment—are concomitant basic human rights—concomitant to the right to a job. These are what lead to a just and decent life. There is another right of workers that is basic and concomitant to the right to a job. That is the right of working men and women to associate together, to organize themselves so they can speak and bargain collectively for all the rights of a just life—a just wage, just working conditions, a decent environment. As Pope John Paul II said in his enduring encyclical, "On Human Labor,"

Man's life is built up every day from work, from work it derives its specific dignity * * * through work man not only transforms nature, adapting it to his own needs, but he also achieves fulfillment as a human being and indeed in a sense becomes more a human being * * *."

Under President Carter the United States, Mexico, Canada, and virtually every other nation in the world entered into the International Covenant on Economic, Social and Cultural Rights, which requires all signatories to afford their citizens these basic human rights. I have pointed out on numerous occasions how this treaty parallels the Clinton administration's statements about human rights and the kind of priority they should receive in the conduct of our foreign policy, and I have noted that the agreement could, properly enforced, be a powerful tool to help eradicate human rights abuses in Mexico.

Unfortunately, the U.S. Senate has not seen fit to ratify this international treaty. That's bad enough. But Mexico has signed and ratified it. In these circumstances, one would think that would mean Mexico could easily agree to incorporate into NAFTA the kind of protections called for in this multilateral treaty. But the fact is that Mexico's Government flaunts its provisions, mocks them, by the way Mexican laborers are treated.

Earlier I mentioned the fundamental right of workers to associate together, to speak and bargain collectively for just wages, working conditions, and other employment-related matters. This right simply does not exist in fact in Mexico. Labor conditions there are somewhat similar to what they were in the United States before the 1930's, when we enacted modern labor laws and took them seriously. Only after establishing those fundamental principles in our laws, and enforcing them, did we become the great Nation we are today. Yet this essential right isn't even in the side agreements to NAFTA, either as a condition precedent or as a condition subsequent. No, it is merely a hope. I am sure everyone knows the destination of the road that is paved with good intentions.

And our history is not the only guidepost on this issue. Look at Poland in recent years. There, the workers were also deprived of their basic rights to just wages, just working conditions, a decent environment. But they took action, and I would ask where the world would be today without what was done by Solidarity. There is a very good chance that the Berlin Wall would still be standing and the Soviet Union would still exist, but for Solidarity and its constancy in standing up for the proposition that workers can organize for their mutual benefit.

But just as Solidarity stood as a model for the then-Communist world, so too will NAFTA be a model for U.S. relations with Third World nations. Wouldn't it be nice if NAFTA stood for the same principles that Solidarity did and does? Latin America and nations from throughout the world will be watching what we do today. I submit that this NAFTA is a poor model for the developing world, a poor model for Chile, for Argentina, for Brazil, for the Caribbean nations, and for all other nations who wish to extend their economic ties and grow their economies in a more just world. I submit that having a model which fully spells out the rights of workers is crucial, and that for this reason alone we should go back to the drawing board and do it right.

I fear this NAFTA is a ploy, perhaps deliberate, perhaps not, on the part of multinational corporations which simply want a cheap beachhead—a place from which to launch their products most cheaply and most profitably to the rest of the world. We should make no mistake about these huge conglomerates. They may be headquartered within the United States, and U.S. citizens may hold a substantial portion of their stock, but these entities have little loyalty to our Nation or to anything except the pursuit of profits. There is nothing wrong about the profit motive, of course; it is a central premise on which our economy is built. But the profit motive unchecked by a concern for man and the human condition all too often can become rapacious and unreasonably exploitative.

These multinationals too often want to make their products without having to worry about dealing with effective unions backed by strongly enforced labor laws. They don't want to have to worry about strict enforcement of environmental laws. They don't use these words, of course, but look at their actions. Why else do they move $15 per hour jobs from the United States and pay $2 per hour in Mexico? Why not move those jobs somewhere at $7 or $8 per hour? The reason is obvious—they will only pay what they have to pay, and under prevailing conditions in Mexico, that is far from a just and reasonable wage. They are exploiting the situation, exploiting the people. Affluent stockholders will further flourish, but the poor will remain oppressed. We must pursue a preferential option for the poor.

During his campaign last year, President Clinton said that he was dissatisfied with the NAFTA that had been negotiated by President Bush, and that unless three tough side agreements could be reached he would have to reject it. Now he asks approval of this NAFTA

based on side agreements that he has negotiated with Canada and Mexico. Yet as Ralph Nader has said, "most of the NAFTA improvements that candidate Clinton had demanded never even made it to the table during the side-agreement negotiations."

One of these side agreements deals with what are known as "import surges." What does it say? Essentially little more than the underlying NAFTA agreement itself says.

Another deals with environmental protection along the border and elsewhere in Mexico. Is it strong? The Sierra Club says: "NAFTA poses a threat to United States and State environmental laws and to international environmental conventions."

The third side agreement deals with worker rights. How tough is this one? Not very. The AFL–CIO says: "The accord contains no agreement on or definition of minimal international worker rights and labor standards."

Why are these side agreements so weak? One reason might well be that the multinational corporations didn't even want side agreements at all. They fought hard to water down anything that might be included in them. So our interests have been subverted not by foreign lobbyists, but by American lobbyists whose interests have transcended our Nation's, or any nation's.

But more importantly, these side agreements are not even binding. Salinas has not sought their approval by the Mexican Congress, and President Clinton has expressed his view that he need not submit them to the United States Congress for approval, either. Incidentally, neither the Mexican Chamber of Deputies nor the Mexican Senate has had one hearing or debate on NAFTA. So much for nascent democracy. The side agreements remain, then, worthless pieces of paper—nonbinding and unenforceable in any court of law.

In 1985 I gave a speech called "Religion, Politics and Justice in a Democracy," in which I noted that "* * * economic decisions, policies, and institutions should all be at the service of human beings. The economy was made for people, and not the other way around." Central questions to any economic debate must be what proposed actions do for people, and what do they do to people. We hear time and again about NAFTA's impact on trade balances, its effect on our budget deficit, et cetera, but we hear little if anything about what the central purpose of any economic decisions, policies and institutions should be: to serve human beings.

There are three principles that I believe should apply in judging the soundness of proposed actions put before us. One, the fulfillment of the basic needs of the poor is of highest priority. Two, increasing participation of those on the margins of society takes precedence over the preservation of privileges of the powerful and the wealthy. And three, meeting human needs and increasing participation in society should be priority targets in the investment of wealth, talent, and human energy. NAFTA fails all three guiding principles.

We are told time and again that this NAFTA contains a number of provisions which would involve actions by Mexico that would improve both her trade relations with the United States and Canada and help the internal Mexican economy as well. But almost all of these proposed actions can be taken right now, by Mexico acting alone—unilaterally—without benefit of this or any NAFTA. For instance, an opening of the Mexican banking system to our large banks can and probably should be done right now, regardless, and doing that would probably help both the United States and Mexico. Similarly, if lowering tariff barriers between the United States and Mexico will help Mexican consumers, then Mexico can continue the long-standing trends toward lower tariffs that started, without benefit of NAFTA, several years ago. Why aren't these and other unilateral steps being taken? Because what's really at stake here is the desire for a good housekeeping seal of approval on the part of the Salinas government—an enshrinement of their perfect dictatorship.

When we addressed and passed the fast-track legislation, I predicted what would happen when NAFTA came back to the Congress. We were told at the time that we would be able to debate NAFTA on the merits, and vote it up or down based on whether or not it was a good agreement. I was skeptical that would be the case, and I was right. For now we are told that failure on the part of Congress to pass NAFTA would be cataclysmic. We are not told that regardless of the merits of the proposal, we have to go along or the sky will fall. Well, I believe that it is important to say "no" both because this NAFTA is deficient on the merits and because Congress should make it plain that it has the authority to enter into trade arrangements with other nations, and it does not intend to cede that authority willy-nilly to any administration, Republican or Democrat.

But we will be insulting the Mexican people, we are told. Would we? I submit that the Salinas government is certainly not the same as the Mexican nation or her people. Indeed, most objective observers would agree that President Salinas didn't even receive a majority of the votes when he ran for that office. The leader of Mexico's primary opposition party, Mr. Cardenas, the man who probably really won that 1988 election, has said that he opposes this NAFTA. Or look at opinion polls. They show that the Mexican people are just about as split about this agreement as are the people in the United States and Canada.

There is a lot of apocalyptic talk about this—doomsday messages that defeat of NAFTA will sour United States-Mexican relations for decades, that it will diminish United States prestige in the world, that it will undermine GATT and other pending international deals, et cetera. I find these end of the world scenarios a little tiresome. The United States will still be the only superpower in the world, with or without NAFTA, and other nations will continue looking to us for leadership.

Armageddon is not upon us. A Presidency does not hang in the balance. If GATT fails, it won't be because of NAFTA but because of domestic politics in France. Everyone knows that, but too many of us don't want to admit it.

With or without NAFTA, the world changes and moves on. Look at the three leaders who negotiated NAFTA, the world changes and moves on. Look at the three leaders who negotiated NAFTA. Two—President Bush and Prime Minister Mulroney—have been removed from office. We don't know yet who will succeed President Salinas next year, except that it will be his appointee, someone who will be elected openly and freely, if possible, but fraudulently if necessary. This, too, we know all too well, try as we might like to ignore such a disquieting fact.

What will happen to United States-Mexican relations if NAFTA goes down? I see no reason why the significant progress that has been made over the past several years cannot continue. If NAFTA does fail, it will be by a narrow margin, making it clear to the Mexican people and her leaders that there is every reason to believe that a responsible NAFTA can and should be negotiated. Many NAFTA opponents have joined me in supporting the creation of a common market in the Americas, embodying principles that should be considered in the context of further dealings with Mexico and other Third World nations. A bill we have sponsored to accomplish this end, the American Common Market Act of 1993, lays out standards of democracy, wage levels, a social charter for health and safety, and a policy on competition as minimum requirements for joining an American Common Market.

We can have a better future—a better future for us, for Mexico, for all of the Americas. We need only adhere to our basic American values. To do that we cannot separate economic issues from democratic and moral principles. We must remember who we are and what we are. We must remember and adhere to our root values.

In June of this year Secretary of State Christopher said: "Democracy is the best way to advance lasting peace and prosperity in the world." And he went on to say that the Clinton administration "* * * will weigh human rights considerations in trade policy." It is not too late to apply these policies to NAFTA.

This NAFTA is myopic. This NAFTA is short-sighted. This NAFTA is based on 19th century economics. This NAFTA is a lost opportunity. We should reject this NAFTA and seek instead an agreement that comports with our grand vision of the future of our continent, our hemisphere, our world. No economic agreement should be divorced from human rights or from the realities of the human condition. We should pursue instead an American Common Market that will help ensure, in Mexico, in the United States, and elsewhere, an interconnecting, a coupling, a marriage between trade goals and human and societal rights.

The CHAIRMAN (Mr. MFUME). The Chair appreciates the cooperation of most visitors in the gallery who are here, as most of us, because of your interest in the matter before the House today.

Mr. OBEY. Mr. Chairman, I yield myself 30 seconds simply to say that if those ill-advised souls who have just engaged in the last demonstration think they are helping that cause, they do not understand the democratic process.

Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Chairman, I would first like to start off by congratulating

President Clinton and the gentleman from Michigan [Mr. BONIOR] for their leadership on this issue, and the gentleman from New York [Mr. SOLOMON]. No matter how this issue ends up, I think it is important for us as a party and a country to come together after this important debate and debate health care, debate welfare reform, and interestingly enough, Mr. Chairman, to debate issues of trade such as the importance of engaging in trade with China in the future; but this agreement has been called the most important free-trade vote in the last decade. It is accurately named that for all the wrong reasons.

Members have been freely trading votes for promises, projects and parochial interests, tomatoes, peanuts, sugar, you name it.

But what about people? What about iron workers? What about auto workers? What about people like carpenters in the Midwest who will lose jobs? Where are our lobbyists for those workers?

As designated on the front page of the New York Times today in almost a caricature-like fashion, we have these people arguing for the interests of those special interests, rather than the interests of the people.

I would also like to say that this is only free trade and not fair trade. It does not reflect the new ideas of managed trade. It does reflect the old and out-dated free-trade ideas that have lost us jobs, that have increased our trade debt, and caused us to lose out on new markets.

This agreement needs to reflect free and fair trade. It needs to reflect fair human rights standards. It needs to reflect fair and free political parties in Mexico.

As a supporter of an eventual NAFTA treaty, let us move toward one that moves through Central America and South America to engage Argentina and Brazil and not settle for this flawed NAFTA treaty.

Mr. Chairman, throughout this debate over the North American Free-Trade Agreement [NAFTA] many of the accord's supporters have labeled its opponents as "protectionist," and unnecessarily afraid of a market that is only one-twentieth the size of the U.S. market. Let me be clear on one point—I oppose NAFTA but I am neither protectionist nor fearful of our southern neighbor's economic potential.

On the contrary, I fully support the integration on the American, Mexican, and Canadian economies because I truly believe that a North American trading bloc could outdistance the world's other regional trading alliances in nearly every respect. In fact, I envision a North American-South American trading relationship in the future that will be both unprecedented in its structure and its economic potential.

I believe that I share this vision with many of my colleagues who today speak in favor of NAFTA. What we disagree about is the vehicle with which to accomplish this task.

I oppose the NAFTA that is before this Chamber today.

My opposition rests in the fact that the agreement does not accurately reflect the nature of the Mexican labor force and that the pact's crafters failed to realize the agreement's adverse effects on the working men and women of our Nation.

While there has been wide disagreement over the actual number of jobs that will be either lost or gained as a result of NAFTA, the GAO has found, and Noel laureate economists have confirmed, that there will most certainly be a loss of jobs employing unskilled workers. In a perfect world, our Nation's work force would report everyday to high-skilled, high-wage jobs. But that is simply not the case, and we have a responsibility to those low-skilled workers whose jobs are threatened by this agreement.

Assurances that the nature of the Mexican work force will have a negligible effect on the United States are simply not true. The low wages, high productivity, and sheer numbers of the Mexican labor market rebuke this assertion.

A recent Joint Economic Committee report found that, even if the United States turned out to be a marginal winner in net job gain, NAFTA would have a substantial negative impact for a large number of Americans. In fact, according to the committee, NAFTA could result in gross dislocations of between 300,000 and 600,000 jobs, and create a downward pressure on U.S. wages, especially for nonprofessional workers.

NAFTA supporters in this Chamber today have argued that the agreement will not reduce U.S. wages. Throughout the course of this debate, they have claimed that Mexican wages have risen relative to United States wages in recent years and will continue to do so. But this argument overlooks the huge decline in Mexican wages relative to United States wages that occurred earlier than the 1980's. Even after accounting for the increases in Mexican wages since 1987, the average Mexican hourly compensation in all manufacturing is now only 15 percent of United States levels, far below the 22 percent in 1980.

Many NAFTA proponents assert that low wages reflect low productivity, and would not provide a cost savings for manufacturers. In Mexico's case, nothing can be further from the truth. While real wages have declined in Mexico, manufacturing productivity has been rising. Studies indicate that in Mexican export industries productivity is 80 to 100 percent of that in similar United States industries. In fact, in a growing number of industries, labor productivity in Mexico is even higher than in comparable United States factories because the Mexican plants are newer and the workers often get more training.

Many have pointed to the relatively low tariffs that exist between Mexico and the United States and conclude that NAFTA would not lure any American employment across the border because, if companies wanted to move south, they would have already moved. The reality is that NAFTA is meant to make Mexico more appealing to United States investors and does in fact accomplish this goal. In short, NAFTA removes many of the obstacles that have kept hundreds of companies from ever considering expansion to Mexico. These companies are not the manufacturing giants of the world, but smaller, labor-intensive manufacturers.

I represent a district in the Midwest that was once a manufacturing powerhouse and still remains the home of small businesses that produce quality goods. Over the last decade my district has been the site of many plant closings, and has experienced the loss of countless manufacturing jobs. In fact, just last week, a machine tooling plant announced that it would be closing December 1 and will put nearly 60 employees out of work. I do not assert that these jobs went to Mexico, but I do believe that we have a lesson to learn about the residual effects that job dislocation due to plant closure leaves on a community.

It has been the case in north central Indiana that when a plant closes, it leaves behind a work force that is unable to find employment through no fault of its own. The problem is that new jobs are not being created in our region to keep pace with the escalating numbers who find themselves out of work. And often, those fortunate enough to find work often do so only after taking a pay cut. This results in less disposable income that has a direct—and usually immediate—negative impact on the local economy.

While I do not expect any North American Free-Trade Agreement to outlaw job movement from one country to another, I do assert that such an agreement could and should recognize the unique nature of each participant's labor force and seek to increase employment in all countries. Trade does not have to be a zero-sum game.

At this time, this NAFTA is unwise. The agreement's negotiators picked winners and losers and its clear that the losers are American workers.

NAFTA should be defeated.

The CHAIRMAN. The Chair would advise the gentleman that he was also ceded an additional minute by the gentleman from New York [Mr. SOLOMON].

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. HOAGLAND].

Mr. HOAGLAND. Mr. Chairman, for the past several months a distinguished panel of 13 educators, economists, and lawyers from Nebraska's universities and political bodies have studied the North American Free-Trade Agreement and concluded that NAFTA would have a modest, but positive impact on Nebraska's economy.

One thing we know for sure is that Mexico is a major consumer of corn, that corn exports to Mexico could nearly double if the NAFTA is ratified, increasing corn prices by approximately 10 cents a bushel, and increasing total farm income in Nebraska by nearly $100 million by the year 2000.

We know that Nebraska's exports to Mexico have increased from about $44 million in 1987, after Mexican trade barriers were lowered, to $100 million in 1992, and that, with NAFTA, these trends will continue.

NAFTA will mean more jobs at our railroads. The employees of companies

like ConAgra, Kellogg's, and Campbell Soup, and the Omaha Works AT&T plant, and many other businesses, will benefit as we further open the Mexican market and create jobs to manufacture or grow more of our products.

But the reasons for NAFTA go far beyond the concerns of eastern Nebraska.

The NAFTA debate poses two visions of the world.

One is the zero sum game theory, that we win only if Mexico loses, and that, further, we win in trade with China, Brazil, Japan, or any other trading partner, only if they lose.

The other vision is that trading partners grow and prosper together, and further, knowing that Mexico has many problems making its democracy work, as do we, that we spread our values of democracy and markets through engagement, not disengagement.

This second view holds that not only does a rising tide lift all boats, but that our boats will rise higher because we have a sounder economic and political structure and will continue to out compete them as we sell to their markets.

It is this second vision that is the vision proven by history and the principal reason we must ratify this agreement.

Mr. OBEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. SANGMEISTER].

Mr. SANGMEISTER. Mr. Chairman, I rise in opposition to the NAFTA agreement. We could do much better, and hopefully there will be a second NAFTA.

Mr. Chairman, today I cast my vote against the North American Free-Trade Agreement.

As an elected official for much of the past 10 years, I have always considered the interests of American working men and women as a top priority in my decisions. The basis of America's past and present greatness has always been due to a growing, strong and vibrant middle-class. I have no doubt this formula must continue if we are to pass on a worthwhile legacy to future generations. Regrettably, this agreement in its present form endangers the standard-of-living for America's middle-class.

In the end, history is the only sure thing to show us whether the North American Free-Trade Agreement is, on the whole, good for the United States. Frankly, everything else is pure speculation. For every study praising NAFTA, there is another study criticizing it. There is only one steady guide to rely on when sifting through such conflicting information—and that guide is common sense.

After much consideration and reflection, I have finally concluded that there is clearly a long-term need for a North American Free-Trade Agreement. However, the current NAFTA proposal does not provide adequate protections to the American worker and I believe the United States should renegotiate a more balanced pact. I do not accept the proposition that whether or not you support this agreement defines whether you are an optimist or a pessimist for our country's future. Rather, I believe this NAFTA vote defines to what extent an elected representative is willing to risk the jobs and wages of millions of working Americans.

If NAFTA was only about lowering tariffs, then I believe the vote today would be a unanimous one. However, it is much more than tariffs. This NAFTA is a direct challenge to our labor, environmental, health, and safety standards. This NAFTA will reduce the risk of American investments in Mexico, thereby, making it more attractive to move capital south across the border. This NAFTA provides another route for Japanese and European products into the United States. This NAFTA ignores the vast differences between the political institutions of the United States and Mexico.

If tariffs were the only issue, political traditions would not be very significant. But due to the extensive integration of the United States and Mexican economies laid out under this NAFTA, we would be abrogating our responsibility as stewards of American democratic institutions if we did not address the issue of the authoritarian nature of the Mexican Government. As good a man as President Salinas is, NAFTA is an agreement between entire societies, not between just three men. For those people who do not wish to offend Mexico by raising these concerns, then I say you are not in a position to ask the American people to support the economic integration of Mexico and the United States, without providing sufficient protections for their rights and high standards that they have earned.

My problem with this NAFTA is not only with its content. I believe the process should give one serious concerns as well. Why has it come to a point that the entire future of Mexican-American relations rides on this single vote? Why was Congress not able to debate and vote on minor agreements with Mexico over the last 5 years of the Salinas administration so that American and Mexican citizens could become more familiar with the issue at stake by the time a major agreement was signed by the respective leaders of the United States, Mexico, and Canada? Under the Bush administration, I voted against the implementation of fast-track procedures for NAFTA because I believed it was important for the Congress to maintain the right to modify such an important agreement.

I believe one reason why the House of Representatives is so divided on this issue is because there are so few examples of the United States making any kind of economic agreements with Mexico. Considering that the United States has shared a lengthy border with Mexico since its founding, one has to ask why all the focus has been placed on this one agreement.

Supporters have argued that opponents of NAFTA based their decision on fear and paranoia. Ironically, the NAFTA supporters appeal to people's fear when they claim that if the United States does not agree to this NAFTA now, then: Mexico will enter an agreement with Japan and the European community; illegal immigration will increase; and America's competitiveness will further decline.

The United States has more to lose than to gain with this NAFTA. The U.S. market is second to none in the world. We should be more worried about selling American products to Americans than to Mexicans. Japan and Europe understand that the United States is still the premium market to compete in. These two competitors have not been overly anxious to extend their markets into Mexico. I believe the threat of Mexico agreeing to a similar NAFTA with the European economic community and Japan is not at all consistent with the trade practices of these advanced industrial powers.

The crux question for me is: Will the NAFTA create a significant net gain of good paying jobs for Americans within a reasonable period of time? Let's look at some facts. The U.S. gross national product is over $6 trillion. Mexico's GNP is only 4 percent of ours. The population of the United States is over 255 million while Mexico's is about 95 million. The minimum wage of the United States is $4.25 and in Mexico it is $0.58. The average manufacturing wage in the United States is $16.17 and in Mexico it is $2.35 in the interior and $1.64 in the maquiladora.

What I find disturbing about these facts is the combination of a very small market for United States goods in Mexico with a very large Mexican work force willing to work for very small wages. Furthermore, Mexico does not have a free and independent collective bargaining process, and there are no assurances that Mexican wages will increase if this NAFTA is approved. Increases in productivity are not tied to wage increases under the pact. When this wage differential is coupled with the NAFTA provisions that would reduce obstacles and risks of American investments into Mexico, I believe this could be a formula which could work contrary to our best interests. Although American workers are the most productive in the world, this wage gap will only lure United States factories and jobs into Mexico. I am not satisfied with the protections this pact provides to keep jobs in the United States and believe it presents a direct threat to the American standard-of-living.

There are no clear answers about NAFTA's impact on American jobs and the American economy. With unemployment where it is today, especially in the 11th Congressional District, I cannot approve of further incentives for businesses to move south. Our economy is too anemic right now to take such a risk which, again, is based solely on speculation.

We must remember that this is a three-nation pact. With the results of the Canadian elections, the coalition is seriously weakened. It is widely anticipated that the new prime minister will seek to renegotiate the NAFTA proposal. As it now stands, two of the three nations are very wary over the pact.

Besides the issue of jobs, I am not convinced that NAFTA has seriously addressed environmental concerns. Attention has been paid to the creation of an environmental commission which would respond to complaints of violations of environmental law. However, the total staff has been restricted to only 60 members with a yet agreed upon operating budget. I believe the resources of the commission will be grossly insufficient to cope with the expected number of serious and technically complex complaints by citizens from all three member nations.

The side agreements clearly do not provide adequate guarantees that Mexico will raise its

labor and environmental laws up to the higher American and Canadian standards. I also have serious doubts concerning the effectiveness of the complex and secret enforcement process.

As a member of the House Subcommittee on International Law, Immigration, and Refugees, I have a particular concern with the absence of a United States-Mexico extradition treaty. Currently, Mexican citizens who commit felonies in the United States and flee back to Mexico are not returned to our country to stand trial. I believe this makes a mockery of our judicial system.

Lastly, I am very concerned about approving such an extensive agreement that will further integrate the Mexican and American economies. Mexico is a developing nation with a long way to go to become a liberal democracy. The current NAFTA seems to treat Mexico as if it were an advanced industrial and democratic nation. Of course Mexico is neither of these. By passing NAFTA we will be doing a disservice to all the people of this country that have fought so hard to achieve high levels of labor, economic, political, and environmental standards. NAFTA will place an enormous stress on these achievements, diminishing their significance.

Supporters of NAFTA claim that a defeat of NAFTA is a victory for American protectionism. NAFTA is an issue about Mexican protectionism not American. The American market is among the freest in the world and will remain so without NAFTA. Why do you think that a protectionist nation like Japan has been so successful in the American market?

I urge President Clinton to immediately renegotiate the NAFTA proposal. Mexico and Latin America are too important to the future of the United States not to agree on a well-constructed economic plan under which all nations can prosper. America needs NAFTA and I intend to work for the right one.

Mr. OBEY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Washington [Mrs. UNSOELD].

Mr. SOLOMON. Mr. Chairman, I yield an additional 30 seconds to the gentlewoman from Washington [Mrs. UNSOELD].

The CHAIRMAN. The gentlewoman from Washington is recognized for a total of 2 minutes.

Mrs. UNSOELD. Mr. Chairman, I would like to share with my colleagues what my opposition to this NAFTA is all about, but first I want to say what it is not about.

It is not about whether I believe in a global economy. Global economic integration is inevitable. Our task is to direct it in a way that serves our people.

It is not about whether I support President Clinton. I will continue to be a strong supporter of the President, because I believe on many fronts he is moving America forward.

It is not about bashing Mexico. Those of us voting against NAFTA are doing so in part because we also want what is best for Mexican workers and the Mexican economy. We understand that by virtue of geography the American and Mexican futures are linked, and that a healthy Mexico with rising living standards is in the best interests of the United States.

So why am I voting against this NAFTA? Because the good it might do is undone by two fatal shortcomings. First, it does nothing to establish basic labor rights in Mexico, and second, it works against the sustainable use of the Earth's resources.

Let me cover the first point. This NAFTA does a lot to protect intellectual property rights. It does a lot to protect the security of foreign investment in Mexico. But it does nothing to help raise the standard of living in Mexico so that their workers might become consumers of American goods and so that their low wages don't draw away United States investment and United States jobs. And why is that? Why does this NAFTA make investment in Mexico secure and keep Mexican wages low? Because that is what the Bush administration wanted it to do. They negotiated this agreement to serve the interests of large United States corporations, not to serve the interests of the average Mexican or American worker.

That is not a charge I make lightly. It clearly reflects the basic mind set of the Bush administration. Let me give you an example. In October 1990, while the Bush administration was negotiating NAFTA, then Commerce Secretary Robert Mosbacher was holding daylong seminars to convince United States companies to invest in Mexico. And what do you suppose part of the argument he made was? He gave those business executives materials that claimed Mexico was a better place than the United States for their investment dollars because "the gap between the U.S. minimum wage and the Mexican direct wage will in fact increase.* * *"

It is interesting to note that Secretary Mosbacher was joined in his pitch by his Mexican counterpart Jaime Serra Puche, the same Mexican official who has been widely quoted as dismissing any concern that NAFTA's side agreements will be enforced. In his words, "the timeframe of the process makes it very improbable that the stage of sanctions could ever be reached."

President Clinton has been very critical of the previous administration's approach to trade negotiations. He recognized the fundamental failings of the Bush NAFTA. That was the reason behind his demand that side agreements on labor and the environment be negotiated. I and many others waited to see what those negotiations would bring. And I and many others were profoundly disappointed when we discovered that the President's original concerns were addressed superficially. What is more, there is now serious question as to whether the side agreements are inseparable from this NAFTA, so even the small gains they bring to labor rights are perched precariously and could be severed from the rest of the NAFTA text.

A NAFTA that demanded progress on labor rights equal to changes achieved on intellectual property rights and security of investment would have been worth supporting. It could have ended the Mexican Government's policy of suppressing wages. And let us be clear on that point, wages in Mexico are held down by the denial of basic labor rights. As a result, since 1980 Mexican wages have declined 32 percent even as Mexican productivity increased 41 percent.

A NAFTA that is truly in the best interests of our workers and of Mexican workers would provide the Mexican people with the fundamental right to organize and to strike. It would give the Mexican people, more than half of whom live in poverty, some hope for a better future. This NAFTA doesn't.

For America, that means a low-wage but increasingly productive Mexican work force will act as a magnet for United States investment. That is something most of those vaunted studies on NAFTA's economic implications completely miss. Most of them do not even factor in what NAFTA would mean to the flow of investment dollars in North America and what that means in turn for U.S. jobs. The Joint Economic Committee of Congress rightly sites this as a flaw that brings into questions whether most of those studies are worth the paper they are written on.

Fortunately, some folks have been asking the question about investment flows, and what they are telling us is disturbing. In last week's Business Week, Aaron Bernstein cited one estimate that NAFTA will divert $2.5 billion in investment from the United States to Mexico annually. He cites another economist's projection that capital displacement of that magnitude could cost us 375,000 American jobs over 5 years.

Let us be clear. That capital would be going to Mexico to exploit cheap labor. Unless NAFTA is renegotiated to improve Mexican wage rates and labor rights, we can waive goodbye to those investment dollars, and to a lot of United States jobs. So it again comes down to whether Mexicans are allowed the fundamental rights that Americans have been fighting so long to secure in this country. It brings us back to the fact that Mexican workers and American workers share the fight for decent wages and a decent standard of living. This NAFTA points living standards for all the workers of North America in the wrong direction.

Now let me turn to what I believe is the second fatal flaw of this NAFTA—it's failure to promote the sustainable use of the Earth's resources.

Beyond labor rights, this debate should also be about something else,

something which has been left on the sidelines for far too long when it comes to trade negotiations. It should be about whether we will have a bountiful planet to hand over to our children, or whether we will continue to plunder it irresponsibly.

I commend this administration for recognizing the clear link between trade and the environment. Even though the side agreement on the environment—like the side agreement on labor—suffers from the precariousness of its link to the main text, it does break some new ground, and I acknowledge that. But Mr. Chairman, there is a huge hole in both NAFTA and GATT—a hole so big that the world's oceans and their resources can flow right through it.

Under both GATT and NAFTA, we are surrendering our right as a nation to impose sanctions upon other nations that irresponsibly exploit resources found in international waters.

I have a lot of firsthand experience with this issue—in part because I come from the Pacific Northwest, and in part because I sit on the Merchant Marine and Fisheries Committee. I have spent my 5 years in this Chamber fighting to protect our oceans from driftnets and other practices that decimate fisheries. We have won some of those battles and lost others. But if NAFTA and GATT stay on their current path, those who pillage our seas will be shielded from punishment and the battle to save our seas will be lost.

In the last Congress, this body passed a piece of legislation mandating sanctions upon any nation that continued to use driftnets—those 30-mile-long curtains of death. The law bolstered a U.N. resolution prohibiting the use of driftnets in international waters. The ban took effect on January 1 of this year and since then our own Coast Guard has caught four vessels using the nets. Yet our Government hasn't even attempted to follow U.S. law and impose sanctions. Why? I have tried to get an answer from our Government, and I am left to assume it is because our trade agreements would find it an unfair barrier to trade.

In fact, there is good reason to fear our law would be overturned. A GATT panel, in a dispute involving the United States and Mexico, determined that another United States law was in violation of GATT because it dealt with production and process methods, or PPM's, and because it related to actions taken outside the territory of the United States. What does that mean? It means that any nation can do anything it wants on the high seas—it can rake the ocean clean of fish using driftnets or any other contraption one might devise, and the United States has no standing to deter that nation with trade sanctions.

Recently, another example brought this same failing of our trade agreements home with new force.

In the Bering Sea, outside the territorial waters of the United States and Russia, there is an area known as the Donut Hole. Fishing for pollock—fish originating in the waters of Russia and the United States—began there in the mid-1980's. The annual catch quickly expanded from roughly 360,000 metric tons in 1985 to 1.4 million metric tons in both 1988 and 1989. The United States and Russia tried to slow the harvest, restricting the catches of their own vessels, but other nations continued to grab all the fish they could. Eight international meetings were held to try to halt the plundering, but nothing came of them because there was no leverage—no tool available to enforce sustainable use. By 1992 the harvest had plummeted to 10,000 metric tons. The fishery was destroyed.

That kind of horror story will be repeated unless we change course in our trade negotiations. In voting against NAFTA, we can send our trade negotiators back to the table to get it right. We can send the message that our trade agreements must be consistent with the sustainable use of the world's marine resources.

This issue is critical to NAFTA not only because resource management among NAFTA signatories is critical, but because an approved NAFTA will establish the U.S. position in current and future GATT rounds. If we are not willing to demand that a trinational agreement be made compatible with sustainable use of the planet's fisheries, there is very little reason to believe we will demand it when negotiations involve the more than 100 member nations of GATT.

Some may believe this matter is esoteric or remote. Well, it isn't. It goes to the heart of whether there will be any fish left in the seas for future generations. It goes to the heart of whether we will be good stewards of the Earth. It goes to the heart of whether NAFTA and GATT look to the future or remain tied to the past.

In sum, two seemingly different reasons lead me to vote against this NAFTA, but in one critical respect, sustainable use of resources and the advancement of basic labor rights are intertwined. They are both necessary if we are to secure a brighter future for our children. They would both be part of a NAFTA worth of support. They are absent in this NAFTA and I urge my colleagues to vote no.

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Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I support NAFTA, but as the gentleman from Illinois [Mr. HYDE] stated, I oppose the President on the tax-and-spend bill. Based on principle, I support the President on NAFTA. On the same principle I would say to the President, Republicans can help you pass NAFTA. But if your administration drops its focus on management of the agreement, opponents' fears will come to fruition. Its success or failure rests with the President. Republicans lack the block of votes to control management.

The CHAIRMAN. The Chair advises the gentleman from California [Mr. CUNNINGHAM] that all comments should be directed to the Chair.

Mr. CUNNINGHAM. Mr. Chairman, NAFTA is important to my district. Thousands of jobs in San Diego County already are linked to trade with Mexico, and the Citizens for a Sound Economy estimates over 16,000 new jobs that will be created in San Diego alone. The San Diego Chamber of Commerce, the National Federation of Independent Businesses, the San Diego Economic Development Center, and six Presidents support NAFTA, and who are these groups? They are the groups that create jobs in this country, and we ought to listen to them.

Mr. Chairman, this is one of the toughest votes I will cast. I have a tremendous number of patriotic, sincere constituents who have good arguments on both sides of this issue.

But I am voting for NAFTA.

I am for new American jobs, and for the future of my State and this Nation. I believe that American business and American workers are strong, and that with NAFTA, we can compete and win against any in the world in fair and open commerce.

Let's talk about NAFTA and jobs.

Citizens for a Sound Economy released a study last Friday that said lowering trade barriers through NAFTA would create 16,400 jobs in San Diego County alone.

A large number of businesses from north San Diego County have assured me that NAFTA creates more export opportunities and more American jobs. Two of those businesses have plants in Mexico because the tariffs today make that profitable. Under NAFTA, with lower tariffs, they will move those plants and those jobs back to the United States.

In shipbuilding, a major San Diego County employer, NAFTA gives United States shipbuilders a 25-percent price advantage over Europe and Asia when we export ships to Canada. That's a major competitive advantage. And that's how NAFTA will create American jobs.

Let's talk about leverage—leverage with Mexico to solve our problems with the environment and with illegal immigration. Many of my friends who follow Ross Perot raise a good point. Our border environment, our illegal alien problem, our concern with Mexican labor laws and corruption, are all major, major problems. They require action. The question is over the best way to act.

I contend that our choice isn't between this NAFTA and not this NAFTA. Our choice is between this NAFTA and no NAFTA at all. By enacting NAFTA, it is in the interest of the Mexican Government to cooperate with the United States to solve these problems as neighbors and friends.

By defeating NAFTA, we ensure that Mexico closes its doors to the United States and

opens its export market of 90 million people to every other nation that wants its own trade deal.

There is no time for another deal. We snooze, we lose.

Nations like Korea, Japan, and the nations of Europe know a growth market when they see it. And they are looking for the opportunity to open Mexico's markets tomorrow—if we defeat NAFTA today.

If we defeat NAFTA, we'll never get Mexican cooperation on Tijuana sewage, on illegal immigration, on pollution from the maquiladoras, on human rights, and labor laws. We will get no cooperation at all.

Enacting NAFTA gives America a fighting chance to address and solve these challenges together.

Finally, I believe this historic vote is about America's place in this world, today and tomorrow. Patriotic Americans do and will disagree about the particulars of NAFTA.

Yet we must ask these questions.

Is America strong and free, innovative and entrepreneurial, and capable of winning in commerce? Even in recession, are we or are we not the envy of the world in liberty, standard of living and economic power?

Or is America a fragile giant, fearful of the future, an economic bum, needing protection from the strong so we can look good in comparison with the weak?

My colleagues: If America is strong in your eyes, join me and vote for NAFTA, and keep us winning and make us stronger.

But if America is a weak, old has-been, and beyond hope, then vote against NAFTA. Take our marbles and go home, and ensure America's fate in the dustbin of economic history.

It is just that simple.

Thank you, Mr. Chairman.

I urge my colleagues to show courage and confidence in America and vote for NAFTA.

Mr. SOLOMON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, at this point in the debate, I think it is appropriate to make a few remarks about the corruption of the legislative process which has been on display during the debate on NAFTA.

Over in the other body, the distinguished President pro tempore of the Senate has made 14 speeches in recent weeks discussing the fall of the Roman Republic.

According to Senator BYRD, the Roman Republic fell after the Senate had ceded too much of its authority—especially its authority over the public purse—to the generals, and consuls, and tribunes—to the executive branch, so to speak.

Well, such is the history of Rome according to Senator BYRD.

But with all due respect to him, I would like to suggest a different reading of Roman history—an interpretation that has particular relevance to the NAFTA debate.

I believe the more pertinent explanation for the fall of the Roman Republic simply involves the fact that the Roman Senate—the legislature—could not legislate.

And it could not fulfill its legislative obligations because too many Senators discovered over time that they could dip into the public treasury for any and every private purpose that came along.

The greatest of Roman Senators, Cicero, said that the liberties of the Nation are secure until people discover they can vote for themselves benefits from the public treasury.

And I tell you, Mr. Chairman, the raids on the Treasury—the vote-buying—that has taken place in order to get this bill through is the most insidious thing I have ever seen in 15 years as a Member of Congress.

And then, of course, we remembered how the same thing happened in August in order to buy passage of the reconciliation bill.

In both cases, the normal legislative process in this House has been corrupted almost beyond recognition.

We are not legislating today any more than we legislated in August.

This bill is not being considered on its merits any more than the reconciliation bill was.

No, what we have here is a naked effort to buy passage of legislation—damn the merits, just buy the votes.

There is not a Member here who knows all of the deals that have been cut—and there is not a Member here who knows the budgetary implications of those deals.

And then we wonder why we can never seem to get the budget under control.

Mr. Chairman, if being President involves nothing more than being ringmaster of a game show—"let's make a deal"—then maybe we should elect Bob Barker, and at least we would have a professional in charge.

But if this process continues much longer, we are in trouble.

If a bidding war starts taking place every time an important bill comes before the House, the legislative process will be destroyed.

I realize that horsetrading is part of politics and part of reaching a compromise.

But, sooner or later, legislation has to be considered on its merits—or this whole process will be nothing more than a sham.

As legislators we must demonstrate that we can legislate—or this Congress will go the way of the Roman Republic, not to mention such 20th century failures as the Weimar Republic in Germany and the Fourth Republic in France.

Believe me, my friends, it can happen here.

And the process by which this bill is being decided represents a giant step in the wrong direction.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. DOOLEY].

Mr. DOOLEY. Mr. Chairman, we in this House have the opportunity today to pass NAFTA and send a powerful message to the rest of the world about the direction the United States is heading.

I urge my colleagues to pass this North American Free-Trade Agreement and send the message that the United States intends to press its leadership position and be actively engaged in the changing world economy.

I am convinced that if this NAFTA fails, we will be sending the worst possible signal.

This is a critical moment in our history. It is paramount that we reach out and provide leadership to the world's other industrialized nations, many of which are on the brink of economic recession and are facing enormous political pressure to back away from a reduction of trade barriers.

By passing this NAFTA we are reaffirming our role as leader. We are telling the rest of the world that the United States is open for business, that we expect fair trade, and that we don't shy away from competition.

Some Members of this House would have us bury our heads in regard to trade with Mexico. They say, "We shouldn't be trading with countries whose social or economic agendas aren't equal to our own."

That is a dangerous sentiment. It smacks of a darker side of our national psyche. Today is our opportunity to cast aside that ugly notion.

Let us take advantage of this opportunity to open trade doors. Let's not isolate ourselves. Let us march forward.

I want to make a few remarks about the positive influence NAFTA will have on American agriculture.

As a farmer from California, I have seen firsthand the ability of my State's dynamic agriculture industry to export its products around the world. Many other States have discovered or are discovering the dramatic impact that enhanced exports can have on the creation of good jobs.

This NAFTA clears the way for additional agricultural trade. What's more, it establishes a fair-trade benchmark that we should be pursuing all over the globe.

This NAFTA also is a chance for us to impact the serious problem of immigration between the United States and Mexico.

Most Mexican emigration is for economic reasons. Mexican people come to the United States—legally and illegally—looking for a more secure future for their families. With this NAFTA, they will have a better opportunity of realizing economic security in their home country.

In making the case for trade agreements such as NAFTA and GATT, I often refer to population projections.

Over the next 20 years, the population of the United States will increase by 30 million. At the same time, the rest of the world will grow by 2 billion. It does not take a rocket scientist to realize that most of the world's consumers will be outside the United States.

If our economy is to continue to grow and create jobs—if the United States is to have a chance to flourish economically as the new global economy emerges—then we should pass this NAFTA and go on about the business of negotiating other trade agreements.

Some critics of NAFTA would have Americans believe that our country has no business embarking on this enterprising trade agreement.

That kind of isolationist thinking is dangerous. Competing on an equal basis in the world market is the kind of challenge that Americans have never backed down from. We must not start now.

Let us show the rest of the world that we mean business. Let's show Mexico that we have a stake in its future, and in solving our common problems together. Let us show the world that we are not about to isolate ourselves from progress.

I urge my colleagues to support NAFTA—this NAFTA.

Mr. LEWIS of Georgia. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey [Mr. PALLONE].

The CHAIRMAN. Does the gentleman from Georgia seek to control the time of the gentleman from Wisconsin [Mr. OBEY]?

Mr. LEWIS of Georgia. I do, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. PALLONE] for 1½ minutes.

Mr. PALLONE. Mr. Chairman, I rise today to express my strong opposition to the North American Free-Trade Agreement.

Mr. Chairman, this NAFTA will increase the incentives for United States manufacturers to invest in production facilities in Mexico, to take advantage of lower wages, substandard occupational health and safety regulations and lax environmental enforcement. American workers whose jobs don't go south of the border will have far less leverage in negotiating pay increases and benefits, given the lack of parity between United States workers and their counterparts in Mexico. Furthermore, the idea of a large and growing middle class of consumers in Mexico with enhanced buying power and an appetite for American products is greatly overstated. In fact, at least a third of the United States exports to Mexico in 1991 consisted of machinery going to outfit United States factories in Mexico. Given the small Mexican consumer market, the bulk of the finished goods produced by these machines will come back north of the border to the United States market. Simply put, we will be exporting factories and capital to Mexico, and importing the fruits of this cheap labor.s

Mr. Chairman, it seems that almost every time I pick up a newspaper from New Jersey I read about layoffs and downsizing at yet another plant in my district. This is a trend that will only accelerate under NAFTA. I cannot go back to the people in my district, look them in the eyes and tell them I voted to send their job to Mexico on the promise that we might gain over the long term.

Mr. Chairman, we should devote our energies to worker retraining, investing in new technologies here at home. That's what the people in Central New Jersey and all over the country are counting on Congress to do. We should defeat NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. JOHNSON], one of this Nation's great heroes.

Mr. SAM JOHNSON of Texas. Mr. Chairman, listen. We have been hearing a lot of things about misstatements of facts that are going to occur if this agreement is passed, and a lot of it is just not true. As trade increases, so do jobs. Every $1 billion in trade creates 19,000 jobs, and by opening up Mexico we are going to have new jobs created. Over the past 6 years 400,000 jobs have been created in this country, and to think that that would not increase with increased trade is just crazy. Industries that are going to benefit if NAFTA passes are the computer industry, petrochemicals, financial services, grain producers, telecommunications, manufacturers, paper, steel, pharmaceuticals, and a lot of consumer goods. Without NAFTA problems are going to persist.

Mr. Chairman, we need to take on those trading blocs in Asia and in Europe and keep America No. 1 in the economic world. Pass NAFTA. NAFTA is the vehicle that will ensure our economic success in the future.

The CHAIRMAN. Does the gentleman from Oregon [Mr. KOPETSKI] seek to control the time of the gentleman from California?

Mr. KOPETSKI. Yes, I do, Mr. Chairman.

□ 1750

Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. PRICE].

Mr. PRICE of North Carolina. Mr. Chairman, I rise in support of H.R. 3450, legislation implementing the North American Free-Trade Agreement [NAFTA].

I support this agreement because it will be good for the U.S. economy, expanding our export markets and creating good jobs in North Carolina and across our Nation. It will raise labor and environmental standards in Mexico, encouraging political and economic reform in that country and reducing the incentives some firms have had to relocate there. And it will reassert United States leadership in this hemisphere, solidifying a more constructive relationship with Mexico and improving the prospects for economic development and democratization throughout Latin America.

I will expand on each of these points in turn. But I want first to comment on what I have heard in this Chamber today, because I believe our debate is in danger of going astray. Some NAFTA opponents seem to see this vote as a referendum on economic and political conditions in Mexico or on the state of our own economy. It is neither. Some seem to think that the question before us is whether this is a perfect treaty and whether it adequately addresses every conceivable U.S. interest. But that is not the question we face.

The question, Mr. Chairman, is not whether this is a flawless treaty but whether it is better than the status quo. Will we be better off with this treaty or without it? It is ironic that so many speakers here today, eloquently decrying what is wrong with the Mexican and United States economies and voicing the legitimate grievances of working people on both sides of the border, have then ended up embracing the status quo. In fact, they are doing worse than that, for if we defeat NAFTA we will in all likelihood regress, jeopardizing the economic and diplomatic progress we have made so far.

We must not deceive ourselves. It would not be easy to pick up the pieces from a defeat here today, the glib assurances of NAFTA opponents to the contrary notwithstanding. A "no" vote might be appealing as a way of venting frustration, and of course one can always focus on this or any complex measure's imperfections. But we should not assume that another NAFTA would be easy or even possible to come by. If this agreement were to go down, Mr. Speaker, I would not want to have a "no" vote on my record or on my conscience, for I believe a defeat here today would be a blow from which our President, our country's trade prospects, and our relations with our neighbors in this hemisphere would take many years to recover.

So this is not a vote to cast lightly or symbolically, without thinking long and hard about the disastrous ramifications of defeat. But I want to concentrate on the more positive and hopeful aspects of this agreement, for it promises many benefits for our country and for our Canadian and Mexican neighbors as well.

A. GOOD FOR THE ECONOMY

First, NAFTA will be good for the U.S. economy, expanding our export markets and creating good jobs throughout this country. Mexico has become our third largest and our fastest growing export market, and with NAFTA the United States, Canada, and Mexico will comprise the largest market in the world—a combined economy of $6.5 trillion and 370 million people. Some 400,000 export-related jobs have been created since Mexico began opening its market in 1986. Over 700,000 United States jobs are now supported by exports to Mexico, a number NAFTA should increase to 900,000 by 1995. And these are good jobs, paying some 12 percent above our average wage.

There also will be some job losses, far fewer than the job gains, as investments in Mexico become more legally

and financially secure and disparities between the United States and Mexico in labor and environmental standards persist. But those disparities will narrow over time, and NAFTA will eliminate Mexican import restrictions and the investment and domestic content requirements which have forced some manufacturers to locate in Mexico in order to sell there.

NAFTA's lowering of tariff barriers will benefit United States exporters more than their Mexican counterparts, for Mexico's tariffs are 2.5 times greater than ours. But even that reflects the partial, unilateral opening of the Mexican market which Presidents de la Madrid and Salinas initiated in the mid-1980's, and the expansion of trade we have enjoyed since that time gives an indication of what is in store. United States merchandise exports to Mexico have increased 228 percent since 1986, reaching $40.6 billion in 1992 and turning a $5.7 billion trade deficit, 1987, into a $5.6 billion trade surplus. Some have questioned these figures, charging that these exports are largely components to be incorporated, under production sharing arrangements, in products that will be shipped back to the United States. But only 22 percent of United States exports to Mexico in 1992 fit this description, and approximately 83 percent of this growth in United States exports to Mexico over the past 5 years was for Mexican consumption, not reexport.

My State of North Carolina is poised to reap the benefits of NAFTA. Our exports to Mexico have increased by a spectacular 365 percent over the past 6 years, exceeding $440 million in 1992. This reflects not only the opening of Mexico's markets but also the growth, diversification, and export-mindedness of our State's economy. All sectors have benefited from the expansion—agriculture, textiles and apparel, furniture and wood products, chemical products, electronic equipment, industrial machinery, and computers. Recent growth in trade with Mexico has created over 6,000 new jobs in North Carolina, most of them paying well above the State's average wage. And the State of North Carolina is ready to open a trade office in Mexico, opening up further opportunities.

Stanley Black, a distinguished economist at the University of North Carolina at Chapel Hill, recently noted that our State was mainly exporting its higher-value type products to Mexico and was likely to accelerate this trend under NAFTA. "If we envision a future with better jobs at higher pay for North Carolinians," he concluded, "we must encourage larger markets for our highest value products."

I am not suggesting, of course, that NAFTA is the total solution. The growth it fosters will be of little benefit to many of our people unless they have the training necessary to claim these new jobs. I am encouraged by the success of tech-prep educational ventures in our State, by the establishment of innovative apprenticeship programs in some of the firms which stand to benefit most from NAFTA, and by our progress in upgrading community college offerings through my Scientific and Advanced Technology Act. NAFTA will help ensure the creation of more good jobs, but we must also make certain that our young people and our mid-career workers are equipped to claim those jobs.

B. BETTER LABOR AND ENVIRONMENTAL STANDARDS

The second major argument in NAFTA's favor is that it would give the United States and Canada a far greater potential for upgrading labor and environmental standards in Mexico than we have now or would have without the agreement. Much has been said about the difficulties and dangers of tying ourselves so closely to an economy so different from ours. But we are already deeply affected by these economic, environmental, and political disparities, and it is hard to see how the defeat of NAFTA could make them anything but worse. The side agreements negotiated by the administration, fulfilling President Clinton's campaign promise of last year, would not give us all the leverage we would like, but they certainly would give us far more than we have now, and in significant respects they break new ground.

The labor agreement commits the parties to wide-ranging principles including the right to bargain collectively and to strike, and it sets up machinery for intergovernmental consultations and independent expert evaluations of labor problems. It clearly relies on consultation and cooperation more than on enforcement, and provides for the possible use of trade sanctions only in the areas of health and safety, child labor, and minimum wage. Most of my own questions about NAFTA have concerned the alleged limitations of the labor provisions, and both the U.S. Trade Representative and the AFL-CIO have been forthcoming with helpful—if not entirely consistent—interpretations. I am left with a concern, for example, that member countries, through their control of the national administrative offices which each would establish, might be able to suppress information about labor complaints and discourage investigations. I wish there were stronger assurances that the Mexican minimum wage would in fact reflect increasing productivity and that a future Mexican Government could not abuse its ties with labor organizations to keep wages artificially low. At the same time, I believe the charges that NAFTA would nullify or weaken the leverage the United States has under existing trade laws have been greatly exaggerated, and that treaty opponents with their worst-case scenarios have greatly underestimated the potential of consultation and mediation to resolve problems short of the full-blown imposition of sanctions.

The environmental agreement is stronger than the labor agreement and less restrictive regarding areas of potential enforcement. NAFTA is the first trade agreement to have these sorts of provisions, designed to ensure that environmental safeguards are not sacrificed to gain a competitive economic advantage. As with the labor agreement, the relevant question is not whether the agreement might have been better but whether we would be better off with the agreement than without it. Jessica Matthews, former vice president of the World Resources Institute, argues persuasively that the answer is "yes":

> NAFTA's defeat would mean less immediate cleanup in Mexico, less growth, less environmental technology transferred through U.S. investment, and less Mexican demand and capacity for environmental improvement (both of which rise with income). It would wipe out the precedents this agreement sets for other trade talks. And it could lay the base for a dangerous and retrograde environmental/protectionist alliance. If NAFTA goes down, the environment loses—now and later.

C. U.S. LEADERSHIP

Finally, Mr. Chairman, we should approve NAFTA to reassert United States economic and political leadership and to solidify new constructive relationships with Mexico and our other neighbors in this hemisphere. In listening to this debate over these last several months I have been struck by the defeatist tone of much of the opposition. Is this any way for the most powerful and most richly blessed nation on earth to conduct itself? What has happened to our confidence, our openness to new ventures, our readiness for challenges? President Salinas and the Mexican people have advanced a great deal, instituting far-reaching economic and political reforms, often at our urging. By our vote here today we either encourage and build upon these changes or turn our backs on the whole enterprise and cast ourselves, in Senator Christopher Dodd's phrase, as the "hypocrites of the hemisphere."

House Foreign Affairs Committee chairman Lee Hamilton leaves no doubt as to the importance of NAFTA to Mexico's democratic future:

> A fully democratic Mexico would be a more stable and reliable neighbor . . . [and] NAFTA is the most effective, least intrusive step the U.S. can take to promote democratic political change in Mexico. Mexico's political leadership has been divided over economic reform. But NAFTA's approval is likely to tip the Mexican balance permanently toward the reformers.

Conversely, NAFTA's defeat could set back the reform process for years, and the United States' perceived rebuff of Mexico would have a chilling effect on our relationships throughout the

hemisphere. Let me quote from a sobering letter recently sent to all House Members by 32 directors of Latin American studies at leading U.S. universities:

NAFTA will continue an unprecedented spirit of cooperation with the United States on important issues for both countries . . . environmental deterioration, narcotics trafficking, undocumented migration, and cross-border crime. . . . On the other hand, the failure to pass NAFTA will shatter the good will built up over the past few years. Because Mexico's leadership has invested so much political capital in NAFTA, we fear that a profound mistrust would color Mexican attitudes toward the United States. Does America want a Mexico as a willing partner committed to solve our joint problems? Or a Mexico which has been rejected as unworthy? We believe the United States wants a cooperative Mexico.

Mr. Chairman, I am convinced that NAFTA offers our country manifold opportunities for job creation and export growth, but I believe that these diplomatic and political considerations are equally compelling. The NAFTA debate is being carefully watched not only by Mexico but by other Latin American nations eager to build an improved relationship with the United States in the post-cold war era. Our President goes to Seattle for the Asia-Pacific Economic Cooperation meetings later this week, and his hand will be decisively strengthened or weakened by what we do here today. Indeed, the whole world is watching, hopeful that in our action here today we will show the leadership that will be required if the GATT negotiations are to be successfully concluded.

In voting for NAFTA we vote for a future of expanding economic opportunities and we voice the United States' confidence that we can play to win in the expanding international arena. And we vote for U.S. leadership in forging a new partnership in this hemisphere—not just the world's largest market, but a community of free and democratic nations committed to solving our problems cooperatively and to securing the brighter future for all of our people.

Mr. LEWIS of Georgia. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. WYNN].

Mr. WYNN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise this evening in opposition to the North American Free-Trade Agreement. Is this the best we can do? Is this the best we can do? We are running after this treaty as though it was a panacea for our economic ills. Yet Mexico is only our third leading trading partner, representing about 8 percent of our overall trade.

Mr. Chairman, I am particularly offended by those who say, "Well, if you are not for the North American Free-Trade Agreement, you are acting out of fear and you are not looking at the future."

Mr. Chairman, in an era of downsizing, in an era of recession-prone economics, in an era of persistent unemployment, I do not think those are fears. I think those of us who are against the North American Free-Trade Agreement are acting out of compassion, compassion for the people who are going to lose their jobs as low wage jobs and blue collar jobs go to Mexico. That is not an irrational fear. That is compassion for the American public.

Mr. Chairman, are we ignorant to the future? I do not think so. To borrow a phrase from the old football coach, George Allen, "The future is now." For those people who lose their jobs, for those people who lose their homes, for those people who lose a chance for a college education for their kids, the future is now. That is the future we need to protect. That is why I am opposed to NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida [Mrs. FOWLER].

Mrs. FOWLER. Mr. Chairman, it is no surprise that the debate over NAFTA has been a contentious one.

This issue is complex and controversial, but when it comes right down to the bottom line, it is about people. Will there be enough jobs for Americans in the future? How will our economy fare in the years to come—and how will that affect our children? Is NAFTA the right thing to do for the American people?

After spending a lot of long days and late nights studying this agreement, talking with my constituents and with experts on trade and economics—not to mention President Clinton, Ross Perot, and representatives from many organizations on both sides—I have concluded that NAFTA will benefit the American people. I encourage my colleagues to ignore the pressure and the politics and vote for NAFTA and the economic future of this Nation.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana [Mr. MCCRERY], a member of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Chairman, I serve on the Republican Whip organization. I have also served on the NAFTA whip team and, over the last few days, on the combined Republican and Democratic whip organization supporting NAFTA. As a result of those duties, and my desire to see NAFTA adopted by the Congress, I have had occasion to talk with a great many Members of the House about this trade agreement. Have I talked with any who were holding out their vote for some concession or project? Yes, I have. Like it or not, that is inherent in the legislative process. But I want to make clear that for every 1 Member I talked to who was holding out his hand, I talked to 10 who were searching their hearts.

Mr. Chairman, I am a Republican, and I do not like the direction this House, dominated by Democrats, has taken on a number of issues in the 5 years I have been here. But in the course of this campaign to pass NAFTA, talking with both Republicans and Democrats, my cynicism regarding Congress has not been heightened; on the contrary, I have, in the main, been impressed with the depth of concern shown by my colleagues for the best interests of their districts and this Nation.

There are some in this body who will tonight cast a vote which they know may not be in their best political interest. But they will cast it nonetheless, because they understand that occasionally, a public servant must subordinate his own personal, parochial, or political interests to those of the common good: otherwise he serves no one but himself.

My experience in this effort to pass NAFTA has been a good one. It has convinced me that, by and large, the halls of this House are filled with good men and women who want to do what's best for our country. And that is why, Mr. Chairman, I believe this NAFTA will pass this evening. It is a momentous step in the direction of a bright future for our Nation and our hemisphere.

Mr. SOLOMON. Mr. Speaker, I yield 5 minutes to the distinguished gentlewoman from Maryland [Mrs. BENTLEY], the next Governor of the State of Maryland.

Mrs. BENTLEY. Mr. Chairman, I rise in opposition to this agreement. The vote tonight will be for the soul of America—the destiny of this Republic. We are not voting on a run-of-the-mill trade agreement, rather we are voting on a new form of governance run by tri-national bureaucrats not answerable to the Congress nor the American courts, and thus, not answerable to the American people over whose lives they will have so much control.

A Washington Post article on November 14, called this new structure, "an embryonic NAFTA government." It continues to explain, "NAFTA is creating a variety of continental institutions—ranging from trade dispute panels to labor and environmental commissions."

Imagine how large this new governmental structure will be when as the article states, "NAFTA will be a consortium of 92 states, and provinces, plus scattered federal districts, territories and dependencies."

In August 1992, Walter Russell Mead, contributing editor of Harpers, wrote as follows about NAFTA, "the result will be a historic shift in the constitutional system of checks and balances of the Federal Government and between the Federal Government and the 50 states."

A prestigious Washington constitutional law firm comments on the loss of the power of the Congress in the NAFTA agreement which cedes power

from the Congress to the President. It divests the Federal courts of jurisdiction over matters specifically reserved to the court by the Constitution.

In addition, NAFTA establishes transnational panels which have the power to rule directly on U.S. law—or to make rulings that require the United States to change its law and pay tribute. NAFTA also impairs the powers of the States. It deprives U.S. citizens of their traditional and constitutional rights to petition the courts to redress grievances.

In fact, confirming this statement is the gentlemen from Texas [Mr. ARMEY], one of the leaders of the pro-NAFTA forces, who wrote in "Why This Conservative Favors This NAFTA," that "According to Article 2021 of NAFTA, private parties do not have a right of action in U.S. courts based on Commission findings."

Mr. ARMEY's statement affirms the opinion of the Washington law firm that NAFTA deprives U.S. citizens of their constitutional rights to petition the courts which makes this a vote on constitutional issues rather than on trade.

Equally important, NAFTA violates article I of the Constitution because the President can unilaterally interpret or change the provisions in the implementing NAFTA legislation without coming back to Congress. Essentially, the President is assuming the right to legislate which is the job of this legislative body.

NAFTA violates the appointments clause which is article II, section 2 of the Constitution because the members of the dispute panels are not appointed by the President as is required by the Constitution. Establishment of the panels violates article III, section 1 of the Constitution, which provides not only for the Supreme Court but for Congress to establish lesser courts.

□ 1800

Remember, similar panels under the existing Canadian Free-Trade Agreement have overturned three decisions of the U.S. International Trade Commission.

The best summary of NAFTA appeared in the Washington Post this summer under the signature of former Secretary of State Henry Kissinger, who referred to a revolution in this hemisphere and a new international order.

He stated, "It is this revolution that is at stake in the ratification of NAFTA. What Congress will soon have before it is not a conventional trade agreement but the hopeful architecture of a new international system."

Mr. Chairman, it is revolution we are voting for tonight. I refuse to vote for a revolution to forever change the face of America. I vote "no" on NAFTA and, thus, "yes" for the American people and their future.

Mr. KOPETSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. KREIDLER].

Mr. KREIDLER. Mr. Chairman, I rise in support of the agreement.

Mr. Chairman, I have spent my career fighting for American workers and for the protection of our environment. After months of careful thought and dozens of meetings with constituents, I have come to the conclusion that voting to approve NAFTA continues this record. I believe that in the long run, the agreement will benefit the American economy, American workers, and the environment of both Mexico and the United States.

This has been the most difficult decision I have faced since being elected to Congress, and one of the most difficult in my political career. I have listened to many, many people on both sides. I have been guided by an overriding concern for NAFTA's impact not only on working people in my district, but in Washington State and throughout our Nation.

For too many years, American trade policy was passive and weak. We failed to play from our strength in the growing world marketplace. We failed to demand that those countries seeking to trade freely also trade fairly. It is no wonder that so many Americans find it hard to believe that any trade agreement can benefit them.

But this trade pact is different. Bill Clinton is providing the leadership on trade that working Americans need and deserve. He has worked hard to open markets all over the world to American exports, and has made it clear that America will not sit by and watch our industrial competitors take over those markets.

Approving NAFTA tells the world that America is back in the race, that American workers and American products are ready to compete with anyone, any time. It strengthens our hand in the critical worldwide trade negotiations that conclude this year. By knocking down Mexican trade barriers, NAFTA opens up a huge potential market for American exports. Those exports are the key to protecting the jobs of American workers and providing more future job opportunities in America.

The administration also reached an agreement that requires each country to enforce its laws relating to child labor, minimum wage, and occupational safety and health. I had hoped this side agreement would go further to strengthen worker rights in all three countries. But it is the most progressive trade-related agreement for working people that we have ever negotiated. Rejecting it along with NAFTA would not help American or Mexican workers.

NAFTA also goes further than any past trade agreement to protect the environmental standards and safeguards that I have always supported. It recognizes each country's right, and the right of each State, to set its own levels of environmental protection, and encourages all three North American countries to "harmonize upward" their environmental standards. The administration also negotiated an agreement which I support, that allows each country to require its neighbors to enforce their environmental laws.

Is NAFTA a perfect agreement? No trade agreement can be. Trade agreements always reflect compromise between countries. I would like to see stronger provisions to help Mexican workers bargain freely for better wages and working conditions, and stronger protections for this contingent's environment. But, along with the side agreements the administration negotiated, I believe this is the best agreement we can expect.

I have met with a lot of people who oppose NAFTA because it does not go far enough to protect American jobs, Mexican workers, or the environment. I have asked them how a decision to reject NAFTA would lead to improvements. Some of them have assured me that we can reach a new and better agreement if we reject this one.

That might be true, but I believe it is more likely that the Mexican Government and people would see rejection of NAFTA as a rejection of their historic effort to drop trade barriers and modernize their economy. Mexico may well find trading partners in Asia or Europe, instead of the United States, if we pass up this opportunity. No one who understands this century's unhappy history of United States-Mexican relations thinks rejecting NAFTA would bring Mexico back to the bargaining table.

So the question is whether American workers, American consumers, and the environment we share are better off with or without the agreement we have. That is the real choice we face.

The reality of the world today is change—economic, political, and social. The nation that best competes is the one that best adapts to that change—not the one that most strongly opposes it.

But I know how change can foster anxiety and insecurity. The working men and women of this country endured the antiworker policies of two Presidents for 12 years. Their government did not do well by them, and their mistrust of government is wholly understandable. So is their mistrust of corporations which have used the threat of job losses to win wage concessions, and which have polluted the environment in this and other parts of the world.

I have listened to many people in the Ninth District of Washington express their fears about this agreement. I understand their anxiety, because it reflects the larger frustration and uncertainty we all feel about our economic future and about the air, water, and natural resources we share. But we cannot allow our fear and anxiety to paralyze us or blind us to opportunities. The answer to our economic stagnation is not isolation or withdrawal, but boldness and action. We must be willing to reach out beyond our borders, develop new markets, and play to win in the global economy.

None of us can predict the future and we cannot know with certainty what all the effects of this agreement will be. From all that I have heard, I believe it will have beneficial, if limited, effects for the United States. If, after the agreement is implemented, we learn that is not the case, then I will be the first to insist that the United States withdraw, as it can at any time. I will also support the kind of comprehensive assistance American workers whose jobs may be at risk deserve, and I call on NAFTA's supporters in the business community to do the same.

No one has ever accused me of being too cautious. I do not believe taking "safe" votes

will make things right in America. I have always tried to vote my conscience. It is clear that the "political" vote for me would be to vote "no," to vote with the labor and environmental groups that have supported me. But in this case, a "yes" vote is the right vote for all Americans.

America is the greatest nation in the world, the healthiest democracy, and the most powerful economic force in history. We did not achieve that greatness through timidity or protectionism. We cannot avoid change; we must make it work for us. We cannot shrink from challenge; we must embrace it. NAFTA represents the future, and that is why I am voting for it.

Mr. KOPETSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. SKAGGS], one of the leaders of the NAFTA pro vote side.

Mr. SKAGGS. Mr. Chairman, history will judge today's vote on the NAFTA Implementation Act. How will it be remembered? Will this Congress be remembered as confident or fearful? Will we vote today to take a step forward to open the door to new opportunities, or will we retreat, pulling a curtain across our borders?

It is probably not an overstatement to say that this vote represents a referendum on America's role in the world. Approving NAFTA will, I believe, strengthen our economy, sharpen our competitive edge, improve our relations with Latin America, demonstrate our leadership in world affairs, and prove we are serious about working for a more open international trading system. However, the risks—economic, strategic, and geopolitical—of failing to pass NAFTA are great.

Defeating NAFTA likely means: Losses in export opportunities and export-drive jobs; slowed progress toward economic and political liberalization in Mexico; continued piracy of United States copyrighted products; a more uncertain future for the GATT talks; and serious questions in the world about U.S. leadership.

But defeating NAFTA will not solve the problems most opponents cite in opposing it. Threats to American jobs won't cease; toxic discharges along our border will not go away; enforcement of Mexican labor standards won't get better. And we'll have even less leverage to do much about any of these problems.

I don't wish to minimize the concerns that some have expressed about NAFTA. I held lengthy meetings in Colorado with opponents and supporters of the treaty before taking a final position. After acquainting myself as fully as I could with these views and the wealth of information available, I decided to support NAFTA.

There are a lot of misconceptions and just plain incorrect information circulating about what NAFTA will and won't do, especially with respect to Mexico. I would like to try to dispel just a few of the fictions that have caused a lot of the fears.

Opponents say: "not this NAFTA," with the implication that we can "get a better NAFTA." But I'm afraid the reality is, it's this NAFTA or no NAFTA for the foreseeable future. We shouldn't kid ourselves about getting back to the negotiating table any time soon. The Mexican and Canadian Governments simply aren't in a position to win approval in their own countries of a new treaty more favorable to the United States than this one. Especially for Mexico, it's hard to imagine a Mexican Government, already beset by criticism for getting too close to the Americans, returning to negotiate a second deal that gives us more after being humiliated by NAFTA's defeat. So, the choice before us is between the status quo, which is clearly unacceptable, and a historic chance for positive change in all three countries.

Opponents say NAFTA hurts America's economic interests. To the contrary, the NAFTA package will level the trade playing field for U.S. products. Currently, we are getting the short end of the stick. Mexican tariffs on United States goods are two-and-a-half times our tariffs on their products. The United States market is relatively open to Mexican goods but Mexico sharply restricts American access to its market. For instance, Mexico arbitrarily limits the importation of United States-made cars to only 1,000 a year. With NAFTA, that restriction will be lifted, and United States auto makers will be able to compete freely, boosting sales to Mexico and creating more high-paying jobs for American workers.

Opponents say NAFTA means more American companies will move to Mexico. Nonsense. NAFTA eliminates far more incentives than it creates for United States firms to open production plants in Mexico. The problem with the status quo is that, for many American businesses, the only way to sell in Mexico is to manufacture in Mexico. NAFTA prohibits these unfair and restrictive trade barriers that hurt American workers, opening the Mexican market to products made here in the U.S.A.

Opponents say cheap labor in Mexico will cost U.S. jobs. This overestimates the importance of wages in a company's decision about where to locate. Though American workers are paid more than their Mexican counterparts, they're also eight times more productive. In addition, inferior infrastructure, unreliable services, and other "headache" costs make Mexico unattractive for many United States firms. Jolly Rancher, a company in my district, Mercedez-Benz and BMW are just a few examples of firms who have recently decided to expand their operations or locate new plants here in America rather than Mexico. That is because this country offers benefits that far outweigh the lure of lower Mexican payrolls.

Opponents say that Mexicans are too poor to buy U.S. products. This is simply not true. Mexico has a middle class that is larger than the entire population of Canada and is hungry for goods with the "made in the U.S.A." lable. Mexico today provides the second largest market for U.S. manufactured goods. Mexicans spend 70 cents of every import dollar on U.S. goods. I couldn't characterize the opportunities that the Mexican market offers for us better than the CEO of Celestial Seasonings, another great Colorado company, who wrote in a recent letter to me: "Ninety-five million people live south of the border, and we would like to sell them tea. Please vote for NAFTA."

Opponents say NAFTA threatens the environment. The status quo—not NAFTA—is the real threat. For decades, Mexico has looked the other way when companies polluted. Under NAFTA, though, a country will face trade sanctions if it tries to attract business by cutting corners on environmental standards. NAFTA specifically renounces relaxing environmental, health and safety measures to attract investment. Finally, the economic growth that NAFTA will encourage, especially in Mexico, will make it easier for that country to afford the costs of pollution controls.

Opponents say that NAFTA will undermine existing U.S. laws. This is also inaccurate. The agreement explicitly states that it does not affect the authority of federal, state and local governments to adopt whatever standards they choose.

Americans are worried and frustrated by the uncertainty they face about their jobs and the economy. But NAFTA isn't the cause of our current difficulties. It's the status quo that's the problem, NAFTA seeks to turn the tide in the right direction by giving us important new tools to improve the job picture here at home and leverage real reform in Mexico. NAFTA's not perfect, but it's a lot better than the drift of doing nothing.

To any colleagues who may still be undecided, I say, America's domestic economic renewal depends significantly on export expansion. That's the real bottom line on saving U.S. jobs. We need to sell more of our goods abroad if we want to create jobs and compete successfully against Europe and Asia in today's exceedingly competitive world.

And I'd also say this: Cleaner manufacturing practices and better environmental enforcement in Mexico requires us to engage with Mexico, not humiliate her. We need to cooperate with Mexican reformers, giving Mexicans the incentive and wherewithal to stop polluting and start protecting. That's the bottom line on cleaning up the environment. Passing NAFTA gives us better leverage to do so.

America's greatest victories have come at moments when, through leadership and vision, we looked to the future and took bold and confident steps to embrace it. We have an opportunity to take such a step tonight. Though it is but one step, it will necessarily mean the choice of a particular path and direction.

I want desperately for us to choose the path and direction that is right for our country—one that is true to our heritage of expecting and insisting on the best from ourselves and our friends. NAFTA is an early milepost on that path, in that direction.

It has moved me deeply to see the number of colleagues in the last few days who have resisted enormous political pressure and who, with courage, have determined to vote their convictions. You do yourself proud, as you do your country a great service.

Mr. LEWIS of Georgia. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. VOLKMER].

Mr. SOLOMON. Mr. Chairman, I yield 30 seconds to the gentleman from Missouri [Mr. VOLKMER].

The CHAIRMAN. The gentleman from Missouri [Mr. VOLKMER] is recognized for 1½ minutes.

Mr. VOLKMER. Mr. Chairman, I have been asked many times why I oppose NAFTA.

In the short time I have I cannot fully explain all of the provisions that need to be corrected to make NAFTA fair to the American public. Provisions to be corrected are sanitary and phytosanitary standards; enforcement or dispute resolution; rules of origin; environmental protection; Mexican labor safety, health, hour and minimum wage provisions. Without these corrections, products that would not meet our standards will be imported from Mexico; when the corrupt Government of Mexico files a complaint that a law of Missouri or of St. Louis, MI, violates the NAFTA then that dispute is decided by a tribunal in secret and the state of Missouri or St. Louis could not be represented or even heard in regard to the dispute; the rules of origin will permit goods to be transhipped through Mexico from other countries to evade tariffs.

What happens to jobs here in good old USA under NAFTA? Well, the proponents tell us we will have 300,000 new jobs paying an average of $5.00 an hour and we know we will lose 500,000 present jobs paying an average of $9.00 an hour. What this means is a lower standard of living for all working Americans. Who benefits—the big investors who will invest in plants and business in Mexico to take advantage of cheap labor.

There is general agreement among economists that the standard of living for workers in the USA will decline to reach the level of the Mexican worker.

For the stockholders, and big investors of large companies there is a big economic windfall if NAFTA passes.

This NAFTA is not good for America. We need to negotiate a new and better NAFTA. I do not oppose fair trade with Mexico. I do oppose this NAFTA and I will vote against it today.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. HORN].

Mr. HORN. Mr. Chairman, I want jobs with dignity, with hope, and with opportunity. That is why I am for the North American Free-Trade Agreement.

At long last, for the first time in this century, Mexico has broken with its tradition of state control of the economy and is moving away from anti-Americanism. It has chosen the route of private enterprise and economic growth as have the emerging democracies of Eastern Europe and the former Soviet Union.

I applaud Mexico's desire to develop and provide the opportunities for its people comparable to those which we have enjoyed here in America.

Let us reject the caricatures of Mexico as a nation of a few rich people with the rest living in abject poverty. There is a major middle class in Mexico that is growing. They aspire to the same things that Americans aspire to: Good jobs at good wages, home ownership, education, and the desire to pass on a better life to their children.

They want American goods, they are buying American goods, and they will be able to buy even more American goods once this agreement is implemented. That means more jobs in America for Americans.

There is poverty in Mexico as there is throughout the world, including the United States. The implementation of this agreement will mean expanding trade for both nations and the opportunity for good jobs at good wages for every American and Mexican.

This afternoon, in a meeting of Republican freshmen, we went around the room, and we all agreed that there has been no coercion placed on the Republicans to vote against their conscience on this issue. I might add, that has been my experience during my 11 months in this House.

I would hope that Republicans who would have supported this agreement if a Republican President were in the White House, would continue their support even though a President of the other party is now in the White House. As with the successful bipartisan foreign policy that brought about the fall of communism, partisan politics, or the desire for domestic partisan advantage, must continue to stop at the water's edge, be it the Atlantic, the Pacific, or even the Rio Grande.

This agreement is good for America and Americans.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. EWING].

Mr. EWING. Mr. Chairman, I appreciate having the opportunity to address this very important issue.

Discussions leading up to tonight have been very lengthy and intense. I believe America will be glad when we vote tonight, and they will be glad when we vote positively to pass NAFTA.

We have had so many negative things said about this NAFTA—job loss, moving industry, pollution, illegal immigration, and taxes.

The thing which those who speak out against NAFTA fail to tell us, though, is those are the things that we are getting now, and we do not have NAFTA. It is time that we took a turnaround and took a positive approach. We can all agree on one thing in this House. We want jobs. We want to improve and renew the economy of this country.

Passage of NAFTA is one thing we can do to take a step in that direction.

□ 1810

Mr. Chairman, American industry has too long been on a level lane, lagging behind our major competitors around the world in job creation. We need new markets to conquer. Jobs will be created with new markets.

Let us set free our great industrial machine in a new and bigger market where will receive free and fair access for our industry.

The same is true of American agriculture. In the heartland of America, our agricultural giant slumbers, but we all know that once awakened, this giant can out-produce any other country in the world with the best and cheapest grain, cattle, poultry, dairy, and hogs of any agricultural nation.

Hardworking men and women in industry and agriculture deserve NAFTA. They deserve NAFTA and, hopefully, it will lead on to a GATT negotiation.

Had our Founding Fathers taken any other step but to take down barriers between the States, we would have had another Europe here in America. I urge my colleagues to vote for NAFTA.

Mr. Chairman, for the record I add comments of Illinois Governor Edgar and two Illinois Senators in support of NAFTA:

OFFICE OF THE GOVERNOR,
Springfield, IL, October 22, 1993.

Hon. DAN ROSTENKOWSKI,
U.S. House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR DAN: I want to thank you for your support of the North American Free Trade Agreement. The NAFTA provides enormous opportunities to create jobs in Illinois and the United States by increasing exports to Mexico and improving our competitive position by becoming the world's largest free trade area. NAFTA represents the future and by adopting it Americans can show the world we are ready, willing and able to compete anywhere in the world.

In Illinois, our exports to Mexico have increased $1 billion since 1987 creating 19,000 new jobs in Illinois. Our total trade with Mexico supports 28,600 total jobs in Illinois. Mexico is Illinois' second largest trading partner, behind Canada. Illinois' merchandise exports to Mexico grew 385 percent from 1987 to 1992, from $278 million to $1.3 billion.

A study by the Illinois Department of Commerce and Community Affairs indicates that 13,000 Illinois jobs will be created before the end of 1995 if NAFTA passes. Similarly, the U.S. Department of Commerce and DCCA estimate that over 500,000 jobs in Illinois are supported by direct and indirect exports and that one in four Illinois manufacturing jobs depends on trade.

Unfortunately, the NAFTA debate has been driven by the fear of the unknown. Defeating NAFTA will do nothing to improve our economic future; in fact, it will surely make it worse. Although projections show some job loss, it will be small. That is why I am supportive of worker retraining programs for those adversely affected by NAFTA.

Canada and Mexico represent 37 percent of all Illinois exports. The following Illinois exports to Mexico accounted for 82 percent of total 1992 exports to that country:

Industrial Machinery ($508 million);

Transportation Equipment ($165 million);

Electric and Electronic Equipment ($138 million);

Primary Metal ($109 million);

Food Products ($93 million); and

Chemicals ($89 million); not to mention services and agriculture with our corn exports to Mexico growing to one-third of market share from current levels of one quarter.

For instance, tariff schedules will be eliminated in some key areas for Illinois industries like industrial machinery (10–20% tariff), transportation equipment (5% tariff), and electric and electronic equipment (as high as 20%). These markets and tariff cuts mean more jobs and higher wages for Illinois workers since increased exports create jobs which are higher paying than non-export-related jobs.

To stand still, to not be bold and daring is to surrender our opportunity to others in the world who are more courageous, more visionary, more aggressive and more undaunted by challenge. To not take advantage of the opportunity before us is to retreat into economic isolationism that the country could not withstand in the 1920's and cannot afford today.

Thank you again for your strong leadership on NAFTA. I hope you can persuade undecided Illinois members to support the agreement.

Sincerely,

JIM EDGAR,
Governor.

EDGAR SAYS NAFTA MEANS JOBS FOR ILLINOIS

WASHINGTON, DC.—Stressing that Illinois industry produces goods that are much in demand in Mexico, Illinois Gov. Jim Edgar today said that a three-way trade agreement between the United States, Mexico and Canada would create thousands of jobs in Illinois.

"Today more than ever is the time to compete, not retreat," Edgar said. "Take a look at what Mexican consumers are shopping for. Look at what we in Illinois export today. The two lists match. When NAFTA lowers Mexico's tariffs on our goods, reducing the price of our products, we will sell more than ever."

Primary exports by Illinois companies include industrial machinery, transportation equipment, electric and electronic equipment, food products and chemicals.

"Dozens of studies have been done on NAFTA's effect on the nation's economy, and the vast majority say the same thing—NAFTA is good for America, good for jobs in America and good for jobs in Illinois."

Illinois, already a major exporting state, realized a 23 percent increase in exports during the first half of this year, making it the nation's leader in export growth. Nationally, exports grew by 4.5 percent during the same period.

The Illinois Department of Commerce and Community Affairs predicts that job gains attributable to NAFTA, combined with expected growth in exports regardless of a trade agreement, will mean 13,000 additional Illinois jobs by 1995.

In addition, a University of Illinois study projects that NAFTA will generate an additional $150 million to $200 million in annual Illinois agriculture exports, raising farm income by $5 per acre for corn producers and $16 per acre for soybeans.

Exports to Canada and Mexico represent 37 percent of all Illinois exports.

"We have heard a lot of talk from the naysayers, NAFTA's opponents, who fear a giant sound of U.S. jobs being sucked away to Mexico if NAFTA is approved," Edgar said. "In fact, the only giant sucking sound we are going to hear is the economic health and vitality of our citizens being sucked away if NAFTA is not approved."

Pointing out that exports now account for one in four Illinois manufacturing jobs, Edgar and Illinois exports to Mexico have increased almost five-fold to nearly $1.4 billion during the last five years.

Edgar's comments came during an electronic "town hall" meeting sponsored by the U.S. Chamber of Commerce to boost support for the trade pact, which is scheduled for a ratification vote in the U.S. House of Representatives on Nov. 17.

"NAFTA represents the future, offering this country both challenge and opportunity. To stand still, to not be bold and daring, is to surrender our opportunity to others in the world who are more courageous, more visionary, more aggressive and more undaunted by challenge," Edgar said. "To not accept the challenge, to not take advantage of this opportunity is to retreat into economic isolationism that this country could not withstand in the 1920s and cannot afford today."

APPENDIX: GOVERNORS SUPPORT THE NAFTA

Governor Pete Wilson (R-California):

Commerce between the United States and Mexico freed of the constraints of tariff and non-tariff barriers means increased trade, and increased trade translates into vitally needed jobs on both sides of the border. Between 1987 and 1990, California's exports to Mexico more than doubled—creating tens of thousands of new jobs.

Governor Roy Romer (D-Colorado):

I really believe that NAFTA will create jobs and benefit American business and the American worker. The fact is that NAFTA will create jobs and benefit American business and the American worker. I wouldn't support it otherwise.

Teaming up with a Mexican partner can start a long-term relationship that can create jobs in both countries and enable both to compete with Europe and Asia. In Colorado's case, [we have sent] almost monthly missions to Mexico for the last year and a half.

The North American Free Trade Agreement will need refinement through the implementation process. It may create losers as well as winners. On balance, however, it will clearly enhance trade, create jobs in both countries, improve relations with our neighbors to the south, and make all three countries more globally competitive.

Governor Jim Edgar (R–Illinois): The NAFTA will provide thousands of jobs for Illinois and an economic boost for our state, particularly in the long term. Illinois exports to Mexico have more than tripled in the last five years, and the elimination of trade barriers will mean our businesses and their workers can continue to prosper from that trend.

The reality is that the elimination of trade barriers allows Midwestern farmers to increase their grain sales to Mexico by millions of tons every year. In addition, a northern Illinois steel and wire products firm, which began exporting to Mexico last year, expects its sales to Mexico to increase by 40 percent.

Governor William Schaefer (D–Maryland): One of the greatest challenges I face as governor is trying to convince the citizens of Maryland that we must recognize the realities and opportunities of foreign competition. When I travel about the state, I often hear people suggest that we should "stick to our knitting" right here at home and not worry about building relationships with other

U.S. SENATE,
Washington, DC.

To: Ann/Tim, Office of the Minority Leader
Fax: 5–7733.

From: Mike Funk, Office of Senator Simon
Voice: 4–7016.

STATEMENT OF SENATOR PAUL SIMON ON HIS SUPPORT FOR THE NORTH AMERICAN FREE-TRADE AGREEMENT

I support NAFTA because I believe that it will create good jobs for the working people of the United States. My study of the NAFTA agreement began skeptically. By studying NAFTA's impact in Illinois, a State that is an economic microcosm of the nation, I have come to believe that it will strengthen the nation's economy. NAFTA's overall benefits to this generation and to future generations make this a fight worth spending political capital to win.

STATEMENT OF SENATOR CAROL MOSELEY-BRAUN ON NAFTA

When I have a chance to vote on the implementing legislation on the North American Free-Trade Agreement, or NAFTA, as it is known, I will vote for it. My reasons are uncomplicated and straightforward. The history of opening up trade is a history of increasing economic growth. When trade barriers are removed, trade increases. When trade increases, jobs are created.

The future depends on our capacity to relate effectively to a new global village. The world has changed. We really are closer together. And our economic relationships are more closely intertwined than ever before. NAFTA is about meeting that change and facing the future.

ILLINOIS AND THE NAFTA: EXPORTS AND JOBS

JOBS

Illinois Jobs Supported by Trade with Mexico and Canada—139,600.

EXPORTS

Illinois Exports to Mexico and Canada Reached $6.6 billion in 1992.

Illinois was one of 17 states which ranked Mexico among their top three export destinations. Canada, our other NAFTA partner, was Illinois' top export market; Mexico was second largest.

28,600 jobs in Illinois in 1992 were supported by exports to Mexico. Almost 70 percent of those jobs were created in the past five years, since Mexico began liberalizing its import regime.

Illinois' merchandise exports to Mexico grew 385 percent from 1987 to 1992, rising

from $278 million to $1.3 billion. Illinois was one of 13 states which more than quadrupled their exports to Mexico during this period.

The dollar increase in Illinois' exports to Mexico ranked fourth among all 50 states for the 1987-1992 period.

Illinois ranked eighth among all states in the percentage increase in exports to Mexico over the five year period. Nonborder states registered the greatest percentage growth in shipments to the Mexican market.

In 1992, Illinois ranked fifth among all 50 states and second among the North Central states in the value of exports to Mexico. Major industrial states in the Midwest have been among those with the largest increases in the dollar value of exports to Mexico.

Illinois' exports to Mexico grew 385 percent from 1987 to 1992, 292 percentage points faster than export growth to the rest of the world.

Illinois boosted exports of an extremely wide range of manufactured goods to Mexico over five year period. Sectors that recorded significant gains were: industrial machinery & computers (up $394 million), transportation equipment (up $142 million), primary metal industries (up $99 million), electric & electronic equipment (up $96 million), and food products (up $89 million).

In 1992, Illinois' exports to Canada totalled $5.2 billion. Illinois' exports to Canada have increased by more than 90 percent over the past five years, during which the U.S.—Canada Free Trade Agreement was implemented (January 1, 1989).

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentlewoman from Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, for a long time I intended to vote "no" on NAFTA because I believe the United States could have negotiated a better trade agreement with stronger environmental and worker protections. However, I will vote "yes" for two reasons:

First, over the past 2 weeks, I have become convinced that the Third District of Kansas is overwhelmingly supportive of NAFTA, and all reports indicate that Kansas, in particular, will benefit from NAFTA.

Second, the deciding factor in my decision to support NAFTA was the fact that I became convinced that if we do not get this agreement, we may not get another chance. I think we must have NAFTA to retain the U.S. economic leadership position in the world, and I believe that if we reject NAFTA, we may not have another opportunity. Other industrialized nations are searching for new export markets, and if we reject this agreement, Mexico will soon enter into trade agreements with other countries and lock us out. This would be very destructive to our economy, to small business as well as large, and to agriculture.

Mr. KOPETSKI. Mr. Chairman, I yield 1 minute to the gentlewoman from Texas [Ms. EDDIE BERNICE JOHNSON].

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, in a matter of hours, this body will vote on the North American Free-Trade Agreement, finally putting to an end months of hype and hysteria.

What has been at the root of this frenzy?

Fear and misinformation.

As one who knows the danger of ignorance and the destructive power wielded by fear, I would like to talk briefly on why I am supporting NAFTA.

After over 9 months of research, investigation, and deliberation, last week I announced my support for NAFTA.

I listened to constituents, labor representatives, small business owners, large business representatives, and environmentalists.

Of every businessman who came in my office, I asked the same question, will NAFTA cause you to increase your employment in my district?

Every single one of those CEO's, large and small, said that they could add workers as a result of NAFTA.

Last year, Texas exported $19 billion to Mexico. Those are American jobs.

If NAFTA passes, the Dallas-Fort Worth metroplex alone will see an increase of 75,600 jobs.

But NAFTA is not about Texas, it is about this Nation and its future.

Labor laws that guarantees the right of membership, strike, and so forth, are written into the Constitution of Mexico.

It is a rare occasion when a political issue captures the attention of the American population the way NAFTA has.

However, one of my greatest disappointments with this debate has been the polarization which has occurred as a result of the fears which have been played on all too well by NAFTA's opponents.

Many of my colleagues have decided to vote against NAFTA out of the fear that NAFTA will inordinately impact the black community, and say it is easier for me to support NAFTA because I am from Texas.

But I believe NAFTA is an opportunity for all black Americans. And the true challenge of leadership is to identify an opportunity and seize it.

I would like to share a few statistics on NAFTA and its impact on black people.

Last year, the United States exported over $4 billion in motor vehicles and parts to Mexico—11.5 percent of the workers who produced those parts were black Americans.

Those jobs are export-based jobs located in this country.

We exported $1.5 billion in other manufactured goods to Mexico last year—10.3 percent of employees in the manufactured goods sector are black Americans.

Those are American jobs in this country.

Some of the biggest opponents of NAFTA have been blacks in labor organizations; their greatest fear: job loss.

According to the Department of Labor, 36.7 percent of all union members are Government employees—Federal, State, and local.

Those jobs are not going to Mexico.

Blacks comprise 13.4 percent of workers in transportation services.

It is only logical that if trade increases, employment in this sector will increase, too.

Those jobs will not go to Mexico.

Right now, there are approximately 67,000 blacks employed in jobs tied to exports to Mexico and that number will increase as we export more.

There is another side of this discussion which I would like to address before I yield and that is NAFTA's impact on black businesses.

The national coalition of 100 Black Women recently stated, the appetite for goods and services in Mexico could be a major boost to the influx of new capital into the black cottage industry.

Black female entrepreneurs in this industry, many of whom experienced the glass ceiling—the invisible barrier that prevents women and minorities from climbing too high on the corporate totem pole—could seize the opportunity to create trading relationships that fuel a long-term period of economic gain and business growth.

NAFTA represents a tremendous opportunity for black businesses and this Nation.

I cannot deny that blacks are particularly sensitive to the economic health of the national economy.

But I must point out that our national economy is increasingly dependent on our exports.

With the fierce competition which lies beyond our shores, we cannot let ourselves be paralyzed by fear.

We must continue to strive to create opportunity, hope, and jobs.

NAFTA will create those opportunities, for blacks, hispanics, white men, and women, and lead us into the next century.

Mr. LEWIS of Georgia. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. BROWN].

Mr. SOLOMON. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. BROWN].

The CHAIRMAN. The gentleman from Ohio [Mr. BROWN] is recognized for 2 minutes.

Mr. BROWN of Ohio. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, on the way over today I was riding in an elevator with another Member of Congress and said, "You are voting for NAFTA, right?" And he said, "Yes." I said, "You are going to vote for a $50 billion new government program that is unfunded?" And he said, "Yes, I am."

I said, "How are we going to pay for that? How are we going to pay for the environmental clean-up? How are we going to pay for worker retraining? How are we going to pay for infrastructure? How are we going to pay the $10 billion the Governor of Texas asked for? How are we going to pay for more border security and Customs officials?"

He said, "That is your problem. You are in the majority. You worry about it later." True story.

Voters last year voted for change. They voted for change in the White House. They voted for 120 of us as new freshmen. Voters voted last year not for more unfunded programs, not for more borrow-and-spend programs, not for more business as usual, not for trickle-down economics, but, Mr. Chairman, NAFTA is all of that.

With NAFTA's trickle-down economics, Mr. Chairman, there are so many corporate jets at National Airport carrying so many corporate lobbyists that there are literally not enough parking spaces for them today at that airport. There are lobbyists wearing $800 suits swarming all over the Halls of Congress today saying, "We want NAFTA. Give us NAFTA."

NAFTA is again business as usual. Votes have been bought and sold by pro-NAFTA forces: $1.4 billion for C–17 planes, $10 million for a trade center, millions for a development bank, sugar deals, cotton deals, peanut deals, citrus deals, all protectionism, in the name, I might add, of free trade.

Fifty billion dollars for this NAFTA, and no money to pay for it, and no indication from the supporters of NAFTA how they are going to pay for it. Many Members of Congress who have planned to vote for this agreement today do not support and probably never will support worker retraining, or even unemployment benefits for workers who lose their jobs because of NAFTA.

Mr. Chairman, they want it both ways. They want this agreement without paying for it. It is the same old story. Go home, go home, those Members who are voting for this $50 billion unfunded program, go home, look your voters in the eye and explain that to them.

NAFTA is a bad deal. Kill it.

Mr. ARCHER. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. CRANE], the ranking member on the Subcommittee on Trade of the Committee on Ways and Means, a gentleman who has been extremely active in advising during the negotiations, in helping and developing the legislation.

Mr. CRANE. Mr. Chairman, I thank my distinguished colleague, the ranking member on the Committee on Ways and Means.

Mr. Chairman, I think, to put this into a little bit of historical perspective, there are a couple of things we ought to focus on. One is, historically, the major division between our two parties throughout the greater period of the existence of the Democrat Party and the Republican Party was trade. The Members over here on the Democrat side were the free traders, and it was the Republicans that tried to put the walls up around the country to protect industry and jobs.

Then we had some historic moments. The McKinley Tariff of 1890 directly contributed to the panic of 1893. It was two other Republicans in 1930, Mr. Smoot and Mr. Hawley, well-known Republicans, who guaranteed that our depression went worldwide.

In the post-World War II era, our parties switched positions. The fact of the matter is that the Democrat Members inherited that legacy from the original Republican Party, and our Republicans tended to move in the direction of free trade.

Grover Cleveland made an interesting observation as President. He said, "Protectionism inflicts its greatest injury on that man who earns his daily bread with the sweat of his brow." That is absolutely correct. Free trade is for the benefit of consumers, and those people in lower and middle income brackets are the chief beneficiaries of free trade.

In this particular instance, Mr. Chairman, we have abundant examples of what free trade has done in terms of job creation. It is a job creator. A $1 billion increase in exports accounts for almost 19,000 new jobs created here in our economy, and on average, they are higher paying jobs than the average job in this country.

Mr. Chairman, if we look at what President Salinas has managed to accomplish unilaterally during his tenure as President of Mexico, and keep in mind he got a Ph.D. in economics here in the States, and that he has Chicago School of Economics in his thinking, he has privatized virtually everything down there. He inherited a $100 billion national debt, and last year he came in with a budget surplus with no new taxes.

□ 1820

I mean, he is our kind of person, and he unilaterally reduced those tariffs.

If you go back to 1987 our total exports to Mexico were $14.5 billion. Last year we came in at almost $41 billion in total exports, but more importantly, we had a trade deficit with Mexico approaching $5 billion in 1987, and last year it was over a $5 billion surplus.

We are looking at almost 500,000 jobs that have been directly created over the last 5 years because of that unilateral action, and yet Mexico still has tariffs in the range of 10 percent to 20 percent.

We have had half of the NAFTA in place already, because most Mexican goods can come in here duty-free or at max they are paying a 4-percent duty at the border.

We have not been able to enjoy reciprocity thus far, and that is what NAFTA is calculated to do.

In my home State of Illinois if you look at our manufacturing exports over the last 5 years, they have gone up with Mexico 420 percent. Our agricultural exports have gone up 370 percent. There are 156,000 jobs in my home State of Illinois already directly related to our trade with Canada and Mexico, and they are prepared to increase quite dramatically.

But keep in mind something else. The American auto industry could not afford to pay those duties and sell American cars, so what they did is jump the border, build plants down there and manufacture cars in Mexico. Right now GM is contemplating closing one of its plants down there, moving all of that back up to Ypsilanti, Michigan. We have a potential here for guaranteeing that small business at last has access to that Mexican market too.

I urge my colleagues to look at the figures, to talk to the businesses in their districts, and especially those in the export business. It is a benefit for all, Canada, the United States, and Mexico.

Vote "aye."

Mr. KOPETSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. Chairman, I rise today in support of the North American Free-Trade Agreement. This agreement will create new and good jobs for the working people of this country and send a clear signal for the rest of the world that trade barriers are a way of the past, and that free and fair trade is the wave of the future.

NAFTA sends a message to the Japanese and to others that our trade with them will be based on their markets being opened to our goods.

NAFTA sends a message to Latin America and to Eastern Europe that capitalism works and that free markets are the key to world prosperity.

This is a fundamental message sent by President Kennedy 30 years ago when he tossed aside trade barriers and led our Nation to prosperity.

It is true that we have lost millions of jobs to other nations, and it is also true that the debate that has occurred in this Chamber and across our country has ripped open a wound in the American people, and has exposed a sense of abandonment that too many people in this country feel. They pick up the newspapers, they read, they see it on the television that millions of jobs are leaving, and they see IBM, and they see Boeing Aircraft and others laying off tens of thousands of American workers.

I believe all of us that support the NAFTA agreement have a fundamental responsibility to those millions of Americans to say that we are going to join together from here on in and create a social compact where we say to them that not only are we gong to look out for corporate America, but we are going to look out for the working people of this country, we are going to invest in their education, we are going to invest in the infrastructure, and we are going to ask corporate America to help to pay for this plan to get our workers trained so that we can compete with the Germans and the Japanese, and so

that we do not have to see our good jobs go overseas and see a sense of abandonment by the American people, for if we bring ourselves to it and reestablish the social compact that was in existence when President Kennedy called for his trade agreement with the Mexicans and Canadians and his trade agreements throughout the world, this country will create millions of good jobs for the working people of America.

Mr. LEWIS of Georgia. Mr. Chairman, I am pleased and delighted to yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Mr. HUNTER. Mr. Chairman, in the interest of comity, I yield 1 minute also to the gentlewoman from Connecticut.

The CHAIRMAN. The gentlewoman from Connecticut [Ms. DELAURO] is recognized for 2 minutes.

Ms. DELAURO. Mr. Chairman, today we have the opportunity to make a new beginning, to take what we have learned through months of vigorous and heartfelt debate, and learn from it.

A defeat for NAFTA—a "no" vote—is not the end, it is the beginning. It is the beginning of negotiating an agreement that protects the rights and jobs of workers in both the United States and in Mexico; the beginning of an agreement that would promote a high-wage, high skill strategy here in the United States; an agreement that would provide adequate environmental and health safeguards; and an agreement that would end the policy of artificially low Mexican wages which will drain jobs from the United States.

This NAFTA does none of these things. This NAFTA turns its back on workers in the United States who have already suffered a decade of decline in their real hourly wages; it works to depress their wages even further; and it does precious little to help retrain those who do lose their jobs.

Only about 5,000 workers a year will be retrained under the Administration's program for dislocated workers.

Mr. Chairman, when I was a child I visited my mother as she worked in the heat and dirt at her sewing machine in a New Haven sweat shop. It was her dream to make sure that I did not have to do the same. I cannot vote for an agreement that could lead American workers back down that low-wage path; and that will ensure that Mexican workers cannot find their way out.

This NAFTA will drain resources from the United States—precious financial resources at a time when our economy is already weak and vulnerable; precious jobs when we have already suffered a tremendous hemorrhaging of jobs. It is not the best we can do.

We are not divided here today on the benefits of free trade. We all embrace it. We are divided on how to best achieve it. We know that we have to compete globally to survive. So does the Mexican Government. And neither we nor they will turn our backs on this goal if this agreement is defeated.

Who can argue that Mexico will walk away from the table when the United States accounts for three-quarters of its exports and almost three-quarters of its imports?

We can negotiate a new agreement. We can begin again. And we will be better off for it. Vote for an agreement that shows we understand the hopes and fears of American workers. Vote for an agreement that will protect their interests, our economy, our hard fought environmental and health laws. An agreement that pushes for higher wage jobs here at home and helps the workers in Mexico have a better life as well. Vote for the future. Vote "no" on this NAFTA.

Mr. CRANE. Mr. Chairman, I yield 2 minutes to our distinguished colleague, the gentleman from Florida [Mr. MILLER].

Mr. MILLER of Florida. Mr. Chairman, I rise today in strong support for the North American Free-Trade Agreement. This was not an easy decision for me to make. Politically, the easy thing to do would have been to oppose NAFTA. But, I have always said that I was willing to make the tough choices, and this is one.

We stand here today at the economic crossroads of the postcold war era. Down one road is a return, to the failed policies of protectionism, defeatism, and fear. Down the other road is a continued willingness to hope, compete and prosper in the global marketplace.

The bottom line is, we have no choice. The United States is already competing with the rest of the world. The only decision we face today, is between openly embracing new markets for American products, or burying our heads in the sand. If we choose to hide, our competitors will flourish, meeting the new demands of Mexico's growing consumer class. Defeating NAFTA will not save American jobs, but it will keep new American goods out of Mexico.

The workers of the United States are the most productive in the world. There is only one way to ensure their economic futures. We must continue to compete abroad, discovering new markets for American goods and new job opportunities for American workers.

I support NAFTA because I have an undying faith in the American spirit. A vote for NAFTA is a vote for real change. It is a vote of America's future. It is what we need to remain competitive in the new global economy.

Mr. HUNTER. I yield 5½ minutes to the very articulate gentleman from Florida [Mr. STEARNS].

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Mr. STEARNS. Mr. Chairman, for almost 3 years I have wrestled with this issue. On one hand, I believe this Nation needs to move forward on the issue of trade in order to create new markets. On the other, I continue to be disturbed by the ever-increasing regulatory and tax burdens placed on America business and the negative effect this has had on our competitiveness.

The main reason I ran for Congress 5 years ago was that, as a small businessman, I saw the Federal Government gradually eroding our economic base. The destructive combination of mandates and taxes were making it harder and harder to run a successful business and meet a payroll. Since coming here to Washington, nothing that I have seen indicates to me that there is going to be significant change in that trend.

Just this year, the administration proposed and Congress approved, the largest tax increase in American history. In recent years, we have passed the Clean Air Act, the Family and Medical Leave Act, and the Civil Rights Act. And soon, we may be adding a higher minimum wage, stricter environmental restrictions, striker replacement legislation, and of course, mandated health care coverage.

Whatever the merits of these laws individually, no one can deny that each adds an additional cost to the already difficult task of running a profitable business here in the United States.

The need result has been that millions of American jobs have been lost to overseas competition. Corporations overseas could produce goods more cheaply with a government that often worked with them, not against them. Many American companies were faced with the choice of "leave the United States and survive" or "stay, fight and die." Thus, we have seen our unemployment rate hover around seven percent and the number of manufacturing jobs decline to historic lows.

I believe that expanded trade helps ameliorate the employment losses we have experienced in many of our basic industries. However, we need to address first the underlying government policies that have driven so many buisnesses and industries away from the United States before we open our borders completely to nations that have much lower regulatory costs such as Mexico.

In a perfect world, tax and regulatory relief at home would balance out the increased competition from low wage countries abroad. That would be a true win-win situation.

What I believe we will see with this NAFTA is a situation where some big businesses and large manufacturers benefit and do create jobs. These corporations have the clout in Washington to protect themselves from the downsize of NAFTA while enjoying the new opportunities in Mexico.

But small businesses, small communities and individuals at the lower end

of the wage scale will be left more vulnerable than ever by a NAFTA agreement that is not tied to tax and regulatory relief. I am concerned that what we will see over the next few years is a draining away of the jobs in these areas—the same ones already under assault by big government policies.

The Clinton administration, in its attempts to win the support of its own party, negotiated a series of environmental and labor side agreements to NAFTA. NAFTA and these side agreements raise serious concerns that NAFTA will increase, not decrease, regulatory costs on this side of the border, moving the United States further away from the direction we need to go to become more competitive internationally.

NAFTA will create the following new bureaucracies: the Commission on Labor Cooperation, the Commission on Environmental Cooperation, a bilateral Border Environmental Cooperation Commission and a North American Development Bank. Each of these new agencies will add new layers of bureaucracy, new regulations and new red tape—the same job killers that already have done so much harm to our economy. Plus it will cost taxpayers $10 billion that will be funneled through multilateral banks, there is a foreign aid program to Mexico all the while our deficit is increasing.

The administration should have focused its efforts on removing many of the obstacles to manufacturing and agricultural industries here in the United States. With a pro-competitiveness initiative, we could have ensured that the benefits of NAFTA were broad-based and spread evenly.

Instead, I am concerned that we will see those who have the least bear the brunt of this agreement, as lower wage/lower skills jobs leave the United States for Mexico.

I applaud all the attempts to make this treaty more fair for the people of Florida and congratulate my colleagues on the work that was done to ensure a more level playing for American fruit and vegetable growers.

Nonetheless, the late hour of these agreements and the difficulty I have experienced determining whether or not these deals are binding causes me to retain my skepticism that this deal can work for my State.

It is my impression that these agreements, especially those on vegetables that are most important to my district, do not have the binding effect of law. I regret that these agreements couldn't have been reached earlier so that members whose districts are affected would have had adequate time to research them.

Nonetheless, we should not fool ourselves that this agreement will serve as a great engine of American jobs. Even under the administration's favorable assumptions, 200,000 jobs will be created in the next 5 years. That is only a few more jobs than were created in the last month without a NAFTA. At the same time, we know that significant economic dislocation will occur in areas such as mine that are heavily reliant on agriculture.

It is unfortunate that the prevailing policies in Washington make it difficult for me to support this agreement. We should not, however, accept NAFTA when it will harm our basic industries in agriculture and industry. This is why the price of NAFTA appears too high to me.

Mr. KOPETSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from the great State of Washington [Mr. MCDERMOTT], a neighbor of the State of Oregon.

Mr. MCDERMOTT. Mr. Chairman, I rise in support of NAFTA.

Mr. Chairman. On most issues before the Congress, deciding how to vote is relatively easy. In most instances, I base my vote on principles I have developed over the course of my political career and on what I perceive to be the consensus of my constituents.

In the case of my vote on the North American Free-Trade Agreement, however, it has not been easy to decide. From the outset, there have been thoughtful, articulate, concerned people who I have known for years whose views are diametrically opposed on this issue. In addition, I found that my own longstanding support of labor and the environment and human and civil rights was being challenged by my belief that the more openly we trade with the world, the less likely we are to become engaged in international situations that may lead to war.

As I evaluated the arguments put forward by the two sides, there seemed to be no firm basis on which to decide the issue. Both sides seemed to be partly right and partly wrong. So, for me, the issue turned on the long-term implications for our relationship with our closest neighbors and with the rest of the international trading community.

Our history with Mexico has not been a friendly one. It began with the Mexican-American War that resulted in the United States taking a large portion of Mexican territory, including California. Understandably, bad relations existed until the 1880's, when trade began to open and, in fact, boomed as we entered Mexico to gather oil rights and to try to control the Mexican transportation system. Consequent anti-American feelings in Mexico fueled a revolution in the early 1900's which lead to the erection of the tariff barriers of today.

Now, in 1993, we are considering a trade agreement which is in fact an investment treaty. The truly significant aspects of the treaty are not the lower tariffs, which will have some effects, but the investment protection of "intellectual properties" and financial and insurance arrangements. This investment protection will allow the flow of capital into Mexico for small and medium sized businesses. Given the existing problems in organizing and running labor unions in Mexico, it is not impossible to conceive that labor in Mexico will be exploited at the expense of American jobs. It is for this reason that both labor and environmental side agreements were negotiated. Both should have been stronger in my opinion. Our efforts to guard against and prevent such exploitation should continue.

The labor issues raised by NAFTA are particularly distressing because they involve painful job dislocations. These must be addressed not only in the context of NAFTA but in a broader context as well. Both our recent failure to pass a 7-week extension of unemployment benefits and our chronic failure to offer meaningful worker retraining underscore the depth of our difficulty in this arena. These problems are not limited to NAFTA; they accompany the Clean Air Act, the Endangered Species Act, and countless other desirable public policies that also displace workers in our economy.

In the final analysis, I have concluded that job losses which will occur over the long term if the United States retreats from a strong pursuit of new world markets will outweigh the painful, short-term job dislocations which will occur under NAFTA.

I have particular concern about the environmental degradation which has become increasingly apparent around the maquilladora plants in Mexico. We agreed to take back into the United States all of the toxic wastes produced by operations of maquilladora plants. But the truth of the matter seems to be that we have put insufficient personnel and money into monitoring this cleanup, and the result is that it now appears that American taxpayers will be forced to pay for it. The costs should be paid by the companies that created the border contamination.

In face of all these problems, then, what are the compelling reasons to vote for NAFTA? As far back as the late 1930's, Secretary of State Cordell Hull began to lay the groundwork for an international plan to use free trade as a method to prevent future world wars. He reasoned that if the world was intertwined in international trading, its political powers would not go to war.

To that end, he led the United States to establish the United Nations as an institution to resolve international political disputes. He also led in establishing three international trade-related institutions which have served their purposes well. They are the World Bank, the International Monetary Fund, and GATT.

He learned from our failure to join the League of Nations after the First World War and the subsequent passage of the Smoot-Hawley Act that the failure to create an open international trading system resulting in the formation of trading blocs which led to political blocs which led to military blocs which led to the Second World War. He resolved this must not happen again.

This plan worked reasonably well until the world began to change in the 1980's. The GATT agreement of the 1940's did not even mention the issues of the 1980's: intellectual properties and banking and insurance arrangements. So the Uruguay round of GATT talks was begun in the late 1980's. Because these talks have stalled, two things have happened. First, we negotiated a free-trade agreement with Canada and, second, we began discussions with both Mexico and Canada to develop a North American free-trade zone.

The importance of NAFTA is twofold.

First, it opens a door to Mexico that has been closed since the early part of the century. It is inconceivable that two neighbors could remain antagonistic toward each other given the common problems we share. Our only hope of overcoming our environmental and labor problems begins with the groundwork laid by this agreement. Although certainly not a perfect document, it begins a process which I believe will not be as good and quick as its proponents suggest nor as disastrous and final as its opponents contend.

The second reason that NAFTA is important is that it lays the basis for the President to lead the world to a conclusion of the GATT talks. In many ways, this future GATT agreement looms much larger on the international screen if for no other reason than that it affects the entire world.

Could we have written a better NAFTA? Yes. The human and labor rights issues and the environmental concerns will not go away and must be addressed. Yet, as we enter a new global landscape, it is crucial that the United States not shrink from its role as the leader of the free-trading world. To weaken our President in his efforts to lead the world in this endeavor is good neither for us in the short run nor for our children in the long run.

For those reasons, I have decided to vote for the North American-Free-Trade Agreement.

Mr. KOPETSKI. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. MEEHAN].

Mr. MEEHAN. Mr. Chairman, whether NAFTA is approved by the House today or defeated, the great free-trade debate of 1993 has taught all of us—the public as well as Members of Congress—about economics, history, and today's global economy.

Besides the strong feelings that people have on both sides of the issue, the one thing that has become most clear in all of my discussions about NAFTA is that all of us are desperately seeking a stronger economy and more jobs. Over the past 5 years, eastern Massachusetts—which I represent—has been through nothing short of a depression.

I believe that America can compete against any country in the world because our workers are more productive, hardworking, and competitive.

NAFTA tells the Germans, the Japanese, and the rest of the world that the United States is ready to take them on and we're strong enough to win. As a country, now is the time to take the first big step forward to winning in the global economy. I know we're ready.

NAFTA means more jobs for Americans.

Mr. DERRICK. Mr. Chairman, I yield 1½ minutes to the gentleman from Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Chairman, I speak in support of the working people of America who are in opposition to the North American Free-Trade Agreement which will cause massive and devastating job losses in vital sectors of our economy, accelerate the erosion of the industrial base, and hasten the flow of investment to Mexico where wages are low and enforcement of labor, environmental, health and consumer-product safety standards is weak or nonexistent.

The economic benefits of NAFTA will be enjoyed by a privileged few, and those who suffer will be the same who too often endure hardship and sacrifice in the interest of the imperatives of commerce.

Like most of my colleagues, I support the concept of a hemispheric trade agreement. I wanted to support the President on NAFTA. My committee met extensively with the administration. We went to Mexico. I sat down with the U.S. Trade Representative on numerous occasions and we had candid discussions about the shortcomings of NAFTA.

At my request, the administration included provisions in the implementing legislation that better protect minority business programs. The inclusion of these protections in an international trade agreement is an important step in safeguarding these critical programs. The Government Operations Committee will work to include similar provisions in the General Agreement on Tariffs and Trade [GATT] Government Procurement Code that is scheduled for completion next month.

But it is not enough. Despite this progress, despite my belief in the good intentions of this administration, I must vote against ratification of NAFTA because NAFTA cannot be fixed. It cannot be fixed with side agreements, implementing legislation or a statement of administrative action. And it shouldn't be bought with pork-barrel promises.

Is the future of working Americans worth a $10 million center for the study of trade, a $17 million break for Honda, or a couple extra C-17 planes built in your district? We are trading away our future with these pork barrel deals.

This agreement subordinates fundamental American values—the right to earn an honest wage, the right to organize, the right to good health and a sound environment—to the only currency of importance to multinational corporations: The imperatives of commerce.

NAFTA, is a high stakes gamble, a game of winners and lowers played with loaded dice.

If you are a multinational corporation, you win. If you are a blue-collar worker from Detroit, you lose. If you want to pay your workers less, you win. If the plant where you work moves south, you lose. If you own a small farm, you lose. If you are poor—like nearly 1 in 5 Americans are—you lose. If you do not have a college degree, you lose—and if you cannot put your kids through college, they will lose too.

You know that under a NAFTA regime people will suffer. They will lose their jobs, their families and communities may disintegrate, and they may not ever recover. If you vote in favor of this agreement, then you are telling these people that they don't matter, that their jobs and their communities don't matter, and that their future is irrelevant.

These are not American values, Mr. Chairman. We cannot, we must not codify these values in an international trade agreement. We must vote against this agreement, not out of pessimism or fear, but because a vote against this NAFTA is a vote for American values and the optimism and faith that we can do better.

I yield back the balance of my time and ask for unanimous consent to revise and extend my remarks.

Mr. CRANE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. ARMEY], our distinguished Republican conference chairman who has his doctorate in economics.

Mr. ARMEY. Mr. Chairman, nations do not trade with each other, people trade with each other. And for those people, we have before us a fundamental question of freedom. The issue is, will we allow our citizens the freedom to decide when they can benefit from free exchange?

NAFTA supporters endorse Mr. Smith's right to trade with Mr. Sanchez, and we recognize their ability to make decisions in their own interests. We also know that both can be made better off by trade. Most important, we believe that no agency in Washington, no bureaucracy in Mexico City, no ministry in Ottawa is qualified or justified in obstructing trade between Mr. Smith and Mr. Sanchez.

The other side of this debate holds a less charitable view of the American people. They believe governments know best. They believe government should tax, regulate, and restrict agreements between free people. They say, given the freedom to trade, Americans will lose.

In this debate, Congress must choose the side of freedom.

Why?

Mr. Chairman, since World War II our Nation has worked to build a prosperous and peaceful world. A world founded on the principles of free enterprise, open markets, and democracy.

And as the world became more free and prosperous, so did we.

Today America's economy is the most powerful in the world, and America is the No. 1 exporter. Thirteen million Americans work in export-related jobs. If America's export sector were a separate economy, it would be the world's 12th largest.

We are now living in the post-cold-war era, the dawn of a new era of freedom. Across the world, nations are embracing American principles of free enterprise and democracy. These nations are the growth markets of tomorrow.

Now, we face today's historic decision on NAFTA. The outcome will chart our Nation's course for decades. After leading the fight for freedom, will we retreat and leave to others the benefits of expanded world trade? Will America capture these new markets or leave them to our competitors?

If you defeat NAFTA today, you turn our economic agenda over to the timid—to those who believe we cannot compete.

Mr. Chairman, no nation ever grew rich by restricting its people's ability to conduct commerce—at home or abroad.

If we pass NAFTA tonight we reaffirm our belief in the ability of America's entrepreneurs and workers, and uphold the sovereignty of American consumers. We proclaim that Americans will compete and prosper in the world marketplace, not cower in the face of competition.

A vote for NAFTA is a vote for freedom. And freedom works.

□ 1840

Mr. CRANE. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Illinois [Mr. HASTERT].

Mr. HASTERT. Mr. Chairman, I rise in support of NAFTA.

Mr. Chairman, yesterday I announced my intention to vote in favor of NAFTA, the North American Free-Trade Agreement, because I believe it will increase jobs in the 14th Congressional District.

This has not been an easy decision. I have received literally hundreds of calls and letters on both sides of this issue. I want to thank the constituents who called and wrote me over the last several months to express their views. Their ideas and opinions are important, and I wanted to take the time to listen carefully to you.

I am supporting the NAFTA because I believe it will increase jobs in Illinois. As the high level of tariffs among North American countries has been lowered in recent years, Illinois companies and Illinois farmers have pursued new sales into the Mexican and Canadian markets aggressively and they have been very successful. Canada and Mexico are Illinois' first—and second—largest export markets. Exports to our neighbors, both north and south, have grown at a rapid pace over the past several years, and eliminating the trade barriers currently imposed by Mexico will lead to new jobs for our citizens.

I also believe it is imperative that the United States takes a leadership role in the development of international trade—not only with Mexico and Canada—but around the world. American workers, when allowed to compete, are second to none. In that regard, successful completion of the GATT is vital to American jobs. I believe our failure to pass NAFTA would signal to the world, and especially to our trading partners in Asia, such as Japan, that they can continue protectionist policies and keep American goods out of their countries.

Those who have called and written in opposition to the agreement argue it will lead to additional job losses. We have lost some jobs to Mexico in the past, in part because American companies could only avoid high Mexican tariffs by producing in Mexico. Because NAFTA lowers those high tariffs, I believe it will enable us to competitively ship Illinois goods to Mexico—not Illinois jobs. While I believe this agreement is in the best interests of the United States, it is important to remember that we have the ability to withdraw from it 6 months after announcing our intent to do so. This clause of the agreement gives us an added measure of security to guarantee that the NAFTA is beneficial for our Nation, both now and in the years to come.

The future of this Nation, and the prosperity of the people of Illinois, rest increasingly on our ability to compete effectively within a framework of open markets, and the North American Free-Trade Agreement is an important step in that direction.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida [Mrs. THURMAN].

Mr. DERRICK. Mr. Chairman, I yield an additional minute to the gentlewoman from Florida [Mrs. THURMAN].

The CHAIRMAN. The gentlewoman from Florida is recognized for 2 minutes.

Mrs. THURMAN. I thank the gentlemen for yielding this time to me.

Mr. Chairman, thoughtful people can have honest differences of opinion about how American employers will react—what choices they will make—if the North American Free-Trade Agreement passes tonight.

But let us talk about some facts, not speculation. Fact: NAFTA will be costly. Estimates say NAFTA will cost up to $40 billion for environmental cleanup, worker retraining, roads, bridges, and sewage treatment.

Fact: We passed a budget a few months ago which freezes domestic spending for the next 5 years. We will make deeper cuts in a few days. I ask you, where is this money going to come from?

Do not get me wrong. I am very happy that Florida agriculture was finally heard and President Clinton, to his credit, took steps to protect some commodities from unfair competition.

But the good news is misleading. The agriculture community is not united. A lot of citrus growers, strawberry growers, tomato growers, peanut producers, and the Florida Farm Bureau and others are still opposed to NAFTA.

And so are the citizens of the 5th Congressional District of Florida. Thousands have contacted me in opposition to this NAFTA.

Side agreements and letters cannot fix what is fundamentally wrong with this NAFTA.

There is nothing in this NAFTA which forces the Mexican Government to grant basic labor rights to its workers, to allow wages to rise with productivity or to enforce basic environmental standards.

Mr. Chairman, the last few days have been instructive.

I ask you, if we can successfully negotiate side deals and concessions up to the 11th hour, doesn't this prove conclusively that this NAFTA is full of holes, that it is incomplete, that it can be improved?

I say we owe it to those most vulnerable—our working families—to go the extra mile to negotiate an agreement for which we can all be proud.

For the sake of America, vote no on this NAFTA.

Mr. KOPETSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. JEFFERSON], a member of the Committee on Ways and Means.

Mr. JEFFERSON. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise today to reiterate my support for the North American Free Trade Agreement. I support the agreement because I believe it will be of tremendous benefit not only to my district of New Orleans and my State of Louisiana, but also to the Nation as a whole.

In my district, we have the port of New Orleans, the second largest port in tonnage in the country. Through our port pass trade goods of every kind, agricultural, petrochemical, food products, wood and paper goods to name just a few. While there are honest differences on the effect of NAFTA, I strongly believe that this agreement encourages and enhances this trade activity and will be of tremendous benefit to our local and State economies. In 1992, Louisiana ranked seventh among the 50 States and second among the south central States in the value of exports to Mexico. The New Orleans region's services industries such as medicine, business/professional tourism and educational services already export to Mexico. 11,000 jobs in Louisiana in 1992 were supported by exports to Mexico, most in my district, and almost 50 percent of those jobs were created within the past 5 years, since Mexico began liberalizing its import regime. To quote the president of the Port Authority of New Orleans, J. Ron Brinson, "The time has come to start realizing the tremendous potential of the rest of the hemisphere."

One anticipated result of NAFTA will be a substantial increase in both imports and exports through area port facilities with more ships calling at area terminals, more maritime service service businesses expanding, and more port revenues, jobs and incomes.

Furthermore, our area's ports have excellent intermodal connections with container-handling and water-rail-trucking intermodal facilities that link readily to U.S. manufacturing and market centers likely to be stimulated by NAFTA.

Further anticipated benefits of NAFTA to the New Orleans area include the attraction of offices of Mexican companies as they seek to establish a foothold in or expand into the

United States additionally, there should be an increase in business-related travel demand focusing on area hotels, restaurants, and entertainment businesses associated with the expanded import/export cargo activity and business relationships with U.S. companies in the New Orleans region.

On a national level, it is clear that the world powers of the 21st century will not be military powers but rather economic powers. Prosperity and a rising living standard in this Nation are integrally related to our ability to find and penetrate new markets for innovative U.S.-produced goods and services that are created with such quality and care as to be competitive with the products of any and all of our trading partners.

Mr. Chairman, there are new frontiers for us to conquer. Low-income jobs leaving us in droves without NAFTA, and will continue to do so. This is not where our future lies. Our future lies in creating higher-paying jobs and educating our people to handle those jobs created through expanding imports. They are within our vision, they lie within the markets of Latin and South America, the European Community, the Pacific Rim, and Africa. It is time for us to take up the challenge that Americans historically have always responded to with optimism, vigor, and ingenuity. We can begin with the adoption of NAFTA.

The CHAIRMAN. The Chair wishes to advise Members that the gentleman from South Carolina [Mr. DERRICK] has 36½ minutes remaining; the gentleman from Illinois [Mr. CRANE] has 31½ minutes remaining; the gentleman from New York [Mr. SOLOMON] has 26½ minutes remaining; and the gentleman from Oregon [Mr. KOPETSKI] has 31 minutes remaining.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentlewoman from Missouri [Ms. DANNER].

Ms. DANNER. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise today in opposition to NAFTA.

Mr. Chairman, I believe in a NAFTA in which the acronym denotes not the North American FREE-Trade Agreement, but the North American fair-trade agreement. Therefore, I believe we should renegotiate NAFTA.

You have heard Members of this body stating various and sundry reasons why this agreement should be renegotiated. I would like to speak about one in particular, the issue of sovereignty, because I think its important for the American public to know that NAFTA relinquishes much of our national sovereignty.

In the past, decisions affecting Americans have been made by Americans.

However, under NAFTA, decisions with regard to United States trade laws will be made by an international panel composed of Mexicans, Canadians, and Americans—none of whom are elected officials answerable to our American people.

□ 1850

Many agree that there is a genuine question as to the constitutionality of much of NAFTA. I believe that it is better to do it right than to do it fast.

□ 1851

(At this point Mr. DE LA GARZA assumed the chair as Chairman of the Committee of the Whole.)

Mr. CRANE. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. LEVY].

Mr. LEVY. Mr. Chairman, outside this Chamber, the anti-NAFTA forces are hearing this debate and they are in an absolute panic. And, as the hours go by, they are becoming more and more creative.

Earlier, they tried telling us that NAFTA causes cancer. That was disproved and now—on my way over here—I was lobbied against NAFTA on the ground that—get this—NAFTA's passage will lead to the drainage of all the water from the Great Lakes. I am still working on that one.

Let us stop the nonsense—the scare tactics and the misinformation.

It all boils down to these questions:

Does the United States want to take part in the new world financial order or retreat from it? Do we want to unite with our hemispheric partners to compete with Japan and Germany or maintain barriers between this country and our most obvious trading partners?

The United States has traditionally been a world leader in the area of international trade. By defeating NAFTA we will be signalling to the world that we can no longer compete, that we support protectionism instead of free trade.

We will be telling our neighbors "Look elsewhere, not to us, for an industrial power from which to purchase goods and services free of tariffs that inflate prices artificially."

Those who argue against NAFTA say that the treaty's passage will lead American companies to Mexico, taking American jobs with them. Why?

Nothing in our present law prohibits companies from locating in Mexico or conducting part of their operations there. They can do that if NAFTA passes or if it doesn't.

The fact of the matter is that, under NAFTA, tariffs that raise the price of American products in Mexico will be eliminated, more products will be sold, and jobs will be created in this country to meet increased demand.

By passing NAFTA today we send a signal to the world that Americans do not shrink away from the challenge of competition. We welcome it and we expect to win.

We also send a message to our constituents that, in an appropriate case, we can act in a bipartisan way to do what is right for the country.

Mr. Chairman, I disagree with the President more often than I agree with him but he is right on NAFTA. I will be voting "yes" on the treaty today and I urge my colleagues to do the same.

Mr. HUNTER. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland [Mr. MFUME].

Mr. MFUME. Mr. Chairman, I urge a no vote on NAFTA.

Mr. Chairman, I rise today in opposition to the North American Free-Trade Agreement, or NAFTA. My opposition stems from the fact that while I am a proponent of free trade I am a stronger supporter of fair trade, and NAFTA, in its current form, is not fair.

To begin, NAFTA is not fair to American workers. Despite claims of jobs gains if NAFTA passes, a Roper Organization survey of 455 senior executives of manufacturing companies perhaps says it all. A third of the executives polled think NAFTA will be somewhat unfavorable to American workers. As many as 40 percent say that it is likely that, under the agreement, they will shift some production to Mexico in the next few years. And a quarter of the executives polled admit that they would use the threat of moving as a bargaining chip in forcing concessions from unions.

Which American workers will be hurt? The Congressional Joint Economic Committee estimates that as many as 500,000 American workers—half a million men and women—will lose their jobs because of NAFTA over the next 10 years. The majority of these jobs will come from the manufacturing sector—the people who work to produce motor vehicles, textiles and apparels, electric machinery and equipment, and processed fruits and vegetables.

These people who will lose their jobs when American factories relocate are those who work for the minimum wage or slightly more. They are the people who use the majority of their paychecks to meet the basic needs; they can least afford to lose their jobs. Furthermore, according to the Congressional Joint Economic Committee, these workers are not likely to find replacement jobs in the same industry. According to the committee:

> This is especially true for . . . workers losing jobs in textiles and apparels, where the trade related job losses will be accompanied by structural changes in the industry's volume and method of production, which will lower the overall employment requirements for the industry.

The fact of the matter is that the legislation before us authorizes only $28 million a year to assist workers displaced by NAFTA. The Bush administration—never considered a friend of the unemployed—had proposed $335 million per year, or 12 times the current proposal.

Furthermore, NAFTA supporters argue that NAFTA will create new jobs; better paying jobs in high technology industries. You cannot tell me, however, that a man or woman who has worked on an assembly line for 10 years and may have, at most, a high school education, will be scooped up by all these new high technology firms begging for employees.

In short, NAFTA could potentially displace a large number of hard working American men and women and to date no one has given me anything near an assurance that they will not simply fall through the cracks.

NAFTA is also unfair to the Mexican labor force. The minimum wage in Mexico is 58 cents an hour, and the Mexican Government plays a large role in maintaining that figure. Individuals trying to assert the right to collective bargaining are at best discouraged, and at worst harassed, jailed, tortured, or shot.

Furthermore, despite all of the talk we have been hearing about the recent increases in the Mexican economy, the standard of living for the average Mexican worker has dropped and gains in productivity have not resulted in an equal gain in wages.

Another concern I have with NAFTA is the impact it will have on the American, Mexican, and global environments. Despite the fact that Mexico has some of the toughest environmental laws on the books, they also have some of the most pervasive environmental problems. The Mexican Government's lax attitude toward enforcing environmental regulations is a serious problem; this problem is exacerbated by the industries that have freely polluted the United States-Mexican border for years, dumping waste and fostering corruption in accommodating border towns desperate for jobs.

If the United States is already uncomfortable with the role of world policeman, then the issue of environmental enforcement is an example of every politician's worst nightmare; a domestic squabble.

Another issue of concern to me is the fact that NAFTA is not fair to some of our most important historical trading partners; our Caribbean neighbors. Although there were rumors of a Caribbean parity bill which would put many Caribbean nations on equal footing with Mexico, the proposal never came to fruition.

At risk is a score of industries, such as textiles, apparel, sugar, and citrus products whose markets could dry up as a result of NAFTA. Trading patterns of Caribbean nations could be disrupted and several nations' economies thrown in turmoil as they are forced to compete at a disadvantage with Mexican products given free entry into American markets.

Finally, as chairman of the Congressional Black Caucus and as a Member of Congress representing a predominantly African-American congressional district I share a number of my colleagues' concerns about the impact NAFTA will have on African-Americans and on African-American businesses. The agreement before us contains no provisions to assist minority businesses to help them compete with multinational corporations for trade from Mexico.

I do not need, at this point, to discuss the problems that African-American and other minority-owned businesses currently face. Suffice it to say, however, that if NAFTA passes these problems are likely to be exacerbated by the fact that African-American businesses, unlike many other American businesses, will not be receiving any assistance from the Federal Government to make inroads into all of these new opportunities that NAFTA's supporters are touting.

As I said earlier, I support free trade. In fact, I believe that free trade is necessary if we are going to remain strong and economically healthy in the next century. The agreement before us, however, presents more problems that it does solutions, and is inherently unfair.

I support and encourage free and fair trade, but unfortunately the agreement before us is not fair. While NAFTA may benefit the executives and investors of large American companies who want to do business in Mexico, it also risks the alienation of long-term friends and trading partners, displaces American workers, and poisons the well, literally and figuratively, on both sides of the United States-Mexican border.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. MANN].

Mr. MANN. Mr. Chairman, I rise to speak in support of NAFTA. In some ways in recent weeks it seems like a lifetime of study of the issue as scores of people literally have contracted me, met with me. I have received hundreds of letters, hundreds of telephone calls.

I keep coming back to one simple point of logic. The main thing that NAFTA does is eliminate the tariff barriers that stand between American-made products and their sale in Mexico.

The major change with NAFTA is that those barriers will be removed. We should be able to export more American-made products to Mexico. That should mean more jobs for Americans.

There is a fundamental question whether we believe in ourselves, whether we have confidence to support this change.

There is also the question whether we are going to stand true with the traditional support of this country for free trade. I think we must and I think we should.

I believe that NAFTA is good for American workers. I believe it is good for Ohio workers, and I plan to support NAFTA this evening.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Oregon [Mr. DEFAZIO].

Mr. HUNTER. Mr. Chairman, I yield an additional minute to the gentleman from Oregon [Mr. DEFAZIO].

The CHAIRMAN. The gentleman from Oregon [Mr. DEFAZIO] is recognized for a total of 2 minutes.

Mr. DEFAZIO. Mr. Chairman, I thank both gentlemen for yielding this time to me.

Mr. Chairman, we have heard much from those who preceded me in this debate, about NAFTA as an export-oriented job-generating competitive agreement. In a perverse way, they are absolutely correct. The United States will see an increase of exports in scarce capital to build plants in Mexico.

The United States will export more jobs to Mexico while Americans pound the pavement in search of employment.

Responsible U.S. firms will be forced to compete with corporate polluters who seek safe haven under a corrupt and greedy dictatorship.

This agreement does not represent change. It locks into place the failed trade policies of the last 15 years, an era when the United States of America lost hundreds of thousands of jobs to unfair foreign competition, slid from a 70-year trade surplus to the depths as the world's greatest debtor nation under the rubric of free trade.

Under this agreement, foreign policy concerns supersede concern for U.S. workers and the domestic economy. Mexico will be given the opportunity to build up competing industries behind new and continued tariffs.

Read it, read it, my colleagues, the 700-page annex in Spanish, the new and continued tariffs granted to Mexico under this agreement. I know you have not read that if you support his agreement.

What bizarre version of free trade is this?

Finally, there has been much debate about the merits and demerits of the so-called side agreements on labor and the environment. If you based your vote on the enforcement of the side agreements on labor and the environment, you based your vote on a lie.

You are legislators. You know that you cannot take a side agreement and adopt it by Executive order. It is not part of the legislation before you here tonight. It is not being enacted into law by the United States of America. It is not enforceable under our Constitution unless it is enacted into law. This is not enacted into law.

Vote "no" on NAFTA.

Mr. CRANE. Mr. Chairman, I yield 2 minutes to our distinguished colleague, the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Chairman, I rise to urge all of my colleagues to support the North American Free-Trade Agreement.

During the past year, I have spoken to people throughout my district, employees and employers, union and nonunion. After carefully studying enormous tracts of information, I announced my support last month for the North American Free-Trade Agreement, because it will mean more and better paying jobs for the American people.

The existing trade relationship between the United States and Mexico is not a fair one. Mexican tariffs on United States goods are much higher than United States tariffs on Mexican made goods. For United States made computers, Mexican tariffs are as high as 20 percent, and for United States made telecommunications equipment, Mexican tariffs can be as high as a staggering 35 percent. If the Congress approves the NAFTA, U.S. computer and telecommunications companies will not have to pay these tariffs.

Much of the current opposition to NAFTA is driven by fear, not fact. Defeating NAFTA will not increase wages

in Mexico, or improve labor conditions in Mexico, or improve the environment in Mexico, especially along the United States border.

Defeating NAFTA will mean that Mexico will continue to keep the existing barriers to United States goods and services. Defeating NAFTA will mean the world will look at the United States and wonder if protectionism is now ruling our country.

But by approving the NAFTA, the United States will have some ability, through trade sanctions, to make Mexico enforce its own environmental laws and improve worker rights.

By approving the NAFTA, we will open up a growing market to American employers and employees. My home State of Massachusetts will see strong growth in the areas of telecommunications, computers, software, financial services, and many other industries. With this economic growth will come increased job security and employment in Massachusetts and throughout the United States.

This NAFTA will create tens of thousands of new jobs, jobs that pay better wages. Jobs that come about by producing high value added products, among the best products America makes.

This NAFTA will let the world know that the United States is willing to compete, and willing to let the productivity of the American worker take control in a world economy.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Mississippi [Mr. PARKER], a distinguished member of the Committee on Public Works and Transportation.

Mr. PARKER. Mr. Chairman, today, we are considering an issue that I consider to be the most important economic vote to come before this body in the last 60 years.

There is this little fellow from Texas who has been heard to say that the "devil is in the details." So is confusion.

Both sides have engaged in exaggeration.

The pluses are not as great as the proponents say, and the minuses are not as great as the opponents claim.

NAFTA is not a cure-all for our economic woes. Just what is it? It is a determination of the role that our Nation is going to play in a newly integrated world.

It is about how we will view other countries—and how we want to interact with them in terms of economics. It is about the willingness of America to live together with the family of nations that make up this world.

Do we want to turn inward or look outward? Do we want to abdicate world leadership?

Make no mistake, this debate is about world leadership.

Whatever we do here, the world will follow us. In 1930, we turned inward, erecting high tariffs and walls against trade.

It was a coalition of right wing isolationists and organized labor that convinced the country that we could become prosperous with that policy.

As we all know, what we got in the place of prosperity—was reaction from the rest of the countries of the world, who followed us and raised their own tariffs and walls against our goods and services. What we got was worldwide depression.

History is our most important teacher. NAFTA is about the future. It is about change. While change may be scary, the past can be terrifying.

We have a choice here—we can move into the shadow of Japan and of Europe, and—unbelievable as it sounds—live in fear of Mexico; or we can lead the world into tomorrow. It is our choice. Join me in voting for NAFTA.

□ 1900

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Chairman, the House of Representatives is about to decide the fate of the North American Free-Trade Agreement [NAFTA]. The deciding factor must be whether this agreement is in the best interest of our country and the people we represent. Use of this criteria dictates that I must oppose this measure.

I must seriously take issue with the concessions and special projects—pork—the administration is giving away to undecided Members of Congress and special interest groups.

So many concessions have been made to various special interests that this NAFTA doesn't look like free trade at all. The administration has granted protections to the citrus, flatglass, wheat, broomcorn, appliances, and sugar sectors. The list goes on, and it keeps growing.

Supporters have also raised unreasonable fears about Japan waiting in the wings to go into Mexico if NAFTA fails. Nothing could be further from the truth.

The Japanese are generally astute business people. They usually do not act impulsively. If Japan saw increased profits in Mexico, it would have more of a presence than a mere 4 percent of foreign investment there. A recent Business Week article spells this out. Japan wants us to lead the way by passing this agreement, so it can be assured of a stable business environment in Mexico and an open door north to the United States and Canada for Japanese goods.

This past September Japan's Consul General drove up from Chicago to Milwaukee to lobby me on behalf of NAFTA. Unless he was using reverse psychology, he was expressing Japan's support for NAFTA in no uncertain terms.

Even without NAFTA, 15 companies have moved a portion or all of their operations from Wisconsin to Mexico in the last 15 years. That movement alone has meant 3,500 lost jobs for Wisconsin. More will follow if NAFTA passes because companies will take advantage of our reduced tariffs and Mexico's minimal worker protections, lax environmental standards, and cheap labor.

It is time to go back to the drawing board. Join me in defeating this NAFTA.

Mr. CRANE. Mr. Chairman, I yield 3 minutes to my distinguished colleague, the gentleman from California [Mr. THOMAS], who has done yeoman work in this legislation in the area of agriculture.

Mr. THOMAS of California. Bear with us folks. We have only about 2 hours to go. Everything that needs to be said has been said, just not everybody has had a chance to say it.

Mr. Chairman, it is a real pleasure taking the floor and knowing that in about 2 hours I will be casting my vote with more than 100 Republicans who will share the green lights with more than 100 Democrats to pass the North American Free Trade Agreement. This show of bipartisanship is a long time coming because there has been way too much partisanship on a number of issues for too long.

I say to my colleagues, "If you listen to the opponents, they say it's not this NAFTA, it's we could have done this, we should have done that. Well, when you look at the woulda's, the coulda's, and the shoulda's, the ifs and the buts, as Dandy Don Meredith used to say on Monday night football, 'If ifs and buts were candy and nuts, we would all have a Merry Christmas.'"

But let us look at what has been done in the real world between countries who are jealous of their sovereignty and hung on to it. First of all, I think we have to commend President Salinas of Mexico. We have to give a lot of credit to former President Bush. We have to give credit to President Clinton. We have got to give credit to the Democratic leadership and the Republican leadership in this House, to the chairmen and ranking members of the committee who moved this forward in one of the most negative, nasty climates I have ever seen.

My colleague, the ranking member on the Trade Subcommittee, said that I have been involved with this bill in the agriculture area. I was involved with the United States-Israeli Free Trade Agreement, with the United States-Canada Free Trade Agreement and now bringing Mexico into the North American Free Trade Agreement. This is the best one yet. I say, "The more you work at it, the better you get, and this is the best bilateral trade agreement the United States has ever made."

I say to my colleagues, "If you look at specific sections, areas that I have a

great concern about in agriculture, transshipment of goods, point of origin of goods, the content that's in those goods, where did it come from? Is it what it says it is? If you take a look at the protection of intellectual property rights, these are the best agreements we've ever reached. This is now the standard for the world."

Now I apologize for getting into the nuts and bolts of this particular agreement, but, after all, not only have I looked at all of those pages, not only have I read them, but I helped write them.

As my colleagues know, it is not uncommon to have a bipartisan working relationship in the area of foreign affairs or in trade, so Democrats and Republicans coming together in this bipartisan way is not necessarily unique. What I hope is unique is that from this night forward we continue to try to work in a bipartisan way, not just on foreign policy, not just on trade agreements, but on absolutely necessary domestic policy.

I just also happen to be the ranking Republican on the Health Subcommittee of the Committee on Ways and Means, and I cannot tell my colleagues how much I would be pleased to come to the floor and vote for a bipartisan solution to change health care in this Nation.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BEILENSON].

Mr. BEILENSON. Mr. Chairman, I rise in strong support of H.R. 3450, legislation implementing the North American Free-Trade Agreement [NAFTA].

Seldom have we faced a more significant vote in Congress; seldom is so much at stake. And seldom do we have such a clear-cut opportunity to move our country forward toward a future that offers so much hope for our own well-being, as well as for that of our neighbors.

NAFTA deserves our support because it will generate more economic growth for the United States, as well as Mexico and Canada, and create more highly paid export-related jobs for American workers. It will bring about a closer relationship with Mexico, which will enable us to better address such issues as illegal immigration, drug trafficking, and environmental protection. And, it will strengthen the leadership of the United States in world affairs.

Opening up new markets is the key to the creation of jobs and increased prosperity. Over the past half dozen years, trade exports have been the strongest part of our economy, creating about 2 million new American jobs.

Mexico has already become a vitally important market for United States exports. It is now our third leading export market, our second leading market for manufactured goods, and our third leading market for agricultural products. Export to Mexico have more than tripled in the past 6 years—from $12 billion in 1987 to almost $42 billion last year. Six years ago, we had a $5.7 trillion trade deficit with Mexico; now we have a $5.4 billion trade surplus. More than 700,000 U.S. jobs are now supported by exports to that country.

By removing the remaining barriers to trade with Mexico—particularly by reducing Mexican tariffs, which are 2½ times higher than ours—this accord presents a golden opportunity to build on our success in supplying the vast and growing Mexican market.

NAFTA's approval will ensure Mexico the flow of investment capital it needs to sustain a growth rate of 6 or 7 percent a year. In another 15 years or so, Mexico will have a trillion dollar economy—almost double the size of our biggest current customer, Canada—and guarantee American business unrestricted access to all that purchasing power. We will be creating a huge market right next door, for which the United States will be the best-situated, most-favored, supplier of goods and services. Because Mexico's barriers will only be reduced for United States and Canadian products, and not for Asian or European ones, most of the benefits of this rapidly growing market will go to U.S. companies.

If investors in Mexico are largely American, as they will be if NAFTA is approved, the equipment going into new plants, the construction companies building them, and the parts and the intermediate materials used for production will probably come from the United States. That will promote long-term as well as short-term U.S. job gains. Otherwise, new investment, along with parts, capital equipment, and engineering, is likely to come from Japan and Europe. If that happens, Mexico could be turned into a foreign-export platform aimed at the United States.

Under NAFTA, many more export jobs for Americans will be created, and since export jobs pay 17 percent more than the average for the whole economy, those will be high-paying jobs. And, American consumers will benefit from lower prices on goods and services from Mexico.

In California, where the recession has been more severe and long-lasting than most other States, NAFTA will be particularly advantageous. Between 1987 and 1992, exports to Mexico from our State grew by nearly 200 percent, more than exports to any other country. A very large share of those exports have been from California's high-technology sectors such as industrial machines, computers, and electronic equipment. NAFTA will generate even more growth for those products.

Opponents argue that if NAFTA is approved, more companies will move their production to Mexico to take advantage of cheaper labor. But just the opposite is true. There is nothing to stop companies from moving to Mexico right now. Some that relocate there do so because Mexico's tariff and domestic content requirements make it necessary for United States businesses to relocate to Mexico in order to sell there. NAFTA will prohibit those requirements, thus allowing for the first time American companies to ship products to Mexico that have been produced in the United States.

In addition, hundreds of thousands of small and medium-sized firms in the United States—which create 80 percent of the new jobs in the United States—would have access to the Mexican market for the first time. Most are now unable to do business in Mexico because they lack the time and resources needed to contend with Mexican trade barriers.

Besides being good for our economy, NAFTA will also be good for our relationships with other nations. It will promote a closer relationship not only with Mexico, but also with our neighbors throughout the Western Hemisphere who are hoping for improved trade with us in the future, and who are watching this vote closely as a sign of our willingness to increase trade with them.

A prosperous and growing Mexican economy will help that nation cement its considerable progress toward economic and political reforms, which will lead to more cooperation with Mexico in addressing such issues as drug trafficking, illegal immigration, and environmental protection.

Illegal immigration, which is placing an enormous strain on communities in southern California, will be eased by NAFTA—not just because there will be greater cooperation between the two countries, but also because NAFTA will generate more and better job opportunities in Mexico. By doing so, it will help stem the tide of Mexicans who enter the United States illegally in search of jobs.

Economic growth in Mexico will also provide that country with the resources it needs to enforce environmental laws. New rules for solving differences over environmental matters will ensure that our own high standards are not compromised. And, if Mexico fails to enforce its environmental laws, its government would be fined; if violations persist, trade sanctions could follow.

This is the first trade agreement to use fines and trade sanctions to back up environmental protection. In fact, the degree to which environmental considerations have been addressed in this accord is unprecedented; it is the most environmentally responsible agreement we have ever negotiated. Significantly, its approval will set a standard for incorporating environmental considerations into future trade agreements the United States negotiates.

And, finally, Mr. Chairman, the issue before us today, in a very real sense, is about much more than NAFTA, important as that agreement is to our economy.

It is about our place in the world, and the role we will play, and the way others see us.

It is about American political leadership in the post-cold war world, and whether or not we still believe in the open markets and increasingly freer trade we have been working toward for these past decades.

It is about how the United States will relate to the rest of the world in the years ahead—as an optimistic, confident, competitive leader and trading partner, or as a frightened, defeatist, and unreliable nation which is unwilling to act in its own national interest, and in the interest, as well, of market-oriented growth and democratic political reform in the developing nations of the world—particularly of our neighbors to the south, whose dramatic reforms of the past decade deserve our strongest support and approbation.

Approval of NAFTA will point our Nation in the right direction: toward the opening of world markets to trade and investment, and the economic benefits our Nation and others will reap as a result, and toward retaining and strengthening our Nation's leadership in world affairs.

This is a truly momentous occasion. It is one of those defining moments in our history, and I hope and pray that we respond in a manner befitting the proud history of this great Nation. Our decision will determine whether we go on in the post-cold war era with confidence and optimism—or whether we retreat from our obligations to others, as well as to ourselves. The world still needs us; let us not turn away from our ideals, and our responsibilities.

Mr. Chairman, for the sake of the economic well-being of our people, our national security, and our leadership in the world, it is essential that we approve H.R. 3450. I urge my colleagues to vote for this important legislation.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. MCHALE].

Mr. MCHALE. Mr. Chairman, by insisting upon a renegotiation of NAFTA, the United States has an unprecedented opportunity to promote not only free trade and economic prosperity, but to renew our nation's historic commitment to democratic equality, individual liberty, and the empowerment of workers within a free market system, both in our own Nation and in Mexico.

The North American Free-Trade Agreement, now before us, seeks to achieve profit through the abandonment of principle. If NAFTA is ratified in its current form, Mexican wages will continue to be artificially suppressed by that government's authoritarian economic policies; U.S. workers, no matter how skilled or productive, will be fatally undercut by an intolerable wage differential; unacceptable, though cost-effective, environmental degradation will continue in Mexico, placing United States companies at a severe competitive disadvantage; and finally, investment capital, so desperately needed to modernize United States industry, will be attracted south to the low wage, high pollution manufacturing climate in Mexico.

Some day, in the not too distant future, I hope to vote for a renegotiated NAFTA agreement, one that will protect fair labor standards and the international environment, eliminate all trade barriers between the United States, Canada and Mexico, while protecting people as well as corporate profits. The current NAFTA agreement fails to meet that challenge and neither political pressure nor name calling by editorial writers will cause me to change my mind. With my vote on NAFTA today, I will defend the highly skilled, decently paid, working men and women of the Lehigh Valley's labor-intensive industries, including the more than 20,000 citizens employed in steel, trucking, and apparel. These citizens built the Lehigh Valley. They must not be abandoned. They are not expendable.

Enhancing one company's profit need not come at the expense of another company's very existence. I will, therefore, vote "no" on this NAFTA.

Mr. CRANE. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Maryland [Mrs. MORELLA].

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Mrs. MORELLA. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, a major newspaper endorsing NAFTA characterized the controversy by quoting FDR, and said, "The only thing we have to fear is fear itself." Indeed, fear of the unknown.

Clearly no agreement of this magnitude could have a wholly beneficial effect for any of the nations involved. However, I believe that the agreement will be ultimately beneficial to our Nation.

Mr. Chairman, NAFTA will help to bring about environmental improvements in Mexico and along the border. NAFTA will increase protection of natural resources and will preserve and increase environmental standards. It provides for increased public participation in environmental decisionmaking. NAFTA-inspired economic growth in Mexico will provide it the wherewithal to better enforce its environmental laws.

NAFTA will further reduce Mexican tariffs on United States goods, helping to expand our export markets there and bringing about a net increase in jobs in the United States. The agreement also phases out Mexico's nontariff barriers and removes incentives for United States companies to move to Mexico.

Look at what President Salinas' efforts to lower tariffs and open up Mexico's economy have done in my own State. More that 15,000 Maryland jobs are supported by United States trade with Canada and Mexico, and in 1992 alone, 1,000 jobs in Maryland were supported by the State's growing market in Mexico. Between 1987 and 1992, Maryland's exports to Mexico grew by 248 percent; that is more than 100 percent faster than Maryland's exports to the rest of the world. Removal of remaining Mexican import tariffs under NAFTA offers the opportunity for increasing Maryland, and American, jobs and exports to Mexico.

As a strong advocate of human rights and environmental concerns, I am pleased that the debate on NAFTA has focused attention on the state of affairs in Mexico. I hope that this interest in human rights and the environment in Mexico continue into the future regardless of the final disposition of NAFTA.

I will not dispute the claims of NAFTA's opponents that Mexico has less than ideal guarantees of human rights, labor rights, environmental enforcement, and democratic participation. However, the defeat of NAFTA is a vote for status quo—it will do nothing to address these problems; on the contrary, passage of NAFTA is a vote for progress—it offers the best prospects for addressing Mexico's shortcomings in these areas.

In the coming weeks, Mexico's ruling party will choose its candidate for the presidency of Mexico. If NAFTA is defeated, the Salinas economic reforms, which have allowed for the tremendous growth of exports and related jobs in the United States, as well as greater economic freedom in Mexico, will be discontinued, and the party and the country will move back toward the left. Under these conditions, President Salinas' successor will be in no position to renegotiate a new NAFTA. Passage of this NAFTA, now, will help assure the continuation of Mexico's movement toward a freer economy, which is inextricably linked to the growth and development of greater political freedom and democracy.

If you want more American jobs, a cleaner border, and a freer Mexico, I urge you to join me in support of NAFTA to preserve United States leadership in the world.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Philadelphia, PA, Mr. WELDON.

Mr. WELDON. Mr. Chairman, I voted for fast track 2 years ago. I voted for fast track because we were led to believe that we would get a straightforward agreement that would lower

tariffs, remove trade barriers, be one that we could all understand that was simple in nature, ye go to the heart of the concern that all of us had, to improve trade relations with Mexico.

We were told there should be no chance for amendments, because the Congress would load the package up with all kinds of protectionist provisions. We were told the side agreements would be simple and straightforward and enforceable and would improve working conditions and environmental regulations.

Mr. Chairman, let us look at what we have. This is the simple document, thousands of pages of regulations and detailed analysis, that most of us have not had a chance to read and fully understand.

It is loaded with protectionism. It is a free trade agreement that is going to provide protectionism for wine, for citrus, for sugar, for glass, for home appliances, for peanuts, for sugar beets, for asparagus, and tons of other products, when we are told it is a free trade agreement.

But beyond that, we have grants for roads, bridges, mass transit, C17s, and a $17 million tax forgiveness for the Honda Motor Corp.

Mr. Chairman, on top of that, we have been told the side agreements are really legitimate documents. But what did the Secretary of Commerce from Mexico tell the Mexican Parliament? He said to them, "The time frame of the process makes it impossible that sanctions will ever occur."

Mr. Chairman, if the Mexicans do not take the side agreements to task, and if they do not think they are really valid, then how can we?

Mr. Chairman, this is not what I voted for 2 years ago. This is not a fast track free trade agreement. This is a protectionist free trade agreement that is running and being passed under the guise of being some kind of new agreement with Mexico.

This agreement was brought by the last minute details of this administration with Members of this body, and I am ashamed to say that is what is going to pass it tonight, because it cannot be defeated. We should start over and we should do what we set out to do 2 years ago, and pass a real free trade agreement. I would vote for that.

Approximately 1 month ago I had a personal visit with the CEO of a large Pennsylvania-based food corporation. During the course of our 30 minute conversation about NAFTA we both agreed on the benefits of a free-trade agreement with Mexico that would enhance the free flow of goods and services and minimize tariffs. The CEO spoke eloquently about his company's plans, and to be honest, I was impressed with his assertion that hundreds of jobs had been created due to expanded trade with Mexico.

I then asked the $64,000 question: "What do you employees think about NAFTA?" The CEO replied "Well, they're against it."

And so it's been all over Pennsylvania and the Nation. Corporate executives tout their support of NAFTA while workers in the same organizations lead the fight in opposition. And, at least in my experience, the opposition has not just come from organized labor. This is an issue which has energized the grassroots. While the mail and telephone calls have dropped from the 10-to-1 ratio of opposition, they still run overwhelmingly against NAFTA.

I have heard too many stories from too many credible sources to dismiss the concerns of American workers. Accordingly, I will vote against NAFTA.

In my discussions with business and labor leaders, I have become convinced that significant job losses will occur if NAFTA is passed. One Philadelphia based company wrote that they would face two choices if NAFTA were passed—close the factory and import from Mexico or move to Mexico for a 10 year payroll savings of $5 million. This is a 100-year-old company with annual sales around $50 million. Another former plant manager saw NAFTA as "a vehicle for large corporations to use as a common denominator to take plants to the countries that have the lowest pay scales and poorest working conditions without their local government objection".

Most polls have shown the American people to be extremely skeptical of NAFTA. Not everyone is a blue-chip economist, but the American people have shown a great wisdom and common sense when deciding issues like this. And the American people are not convinced, not by former Presidents, or Secretaries of State, or by editorials or talking heads. Why are they so resistant?

Two years ago, I voted to give the President "fast track" authority to allow the President to negotiate NAFTA without congressional interference. I did so in the hopes that we would get a relatively simple agreement that reduced and eliminated trade barriers in a straightforward manner. My career in public service has consistently been based on the notion that free and fair trade is the best and quickest way to improve the quality of life for all our citizens.

Just in the last year, for example, I have focused on United States private economic investment in the former Soviet Union. This type of beneficial trade is far superior to American foreign aid, paid for the taxpayers. I firmly believe a similar strategy will work in Mexico.

Certainly, over the last 20 years I could point to over 30,000 manufacturing jobs that we have lost along our industrial corridor. These jobs, it is true, left without NAFTA. But many of these jobs left due to unfair foreign competition—like the American Viscose plant—or more attractive conditions in other countries—like Westinghouse.

My hope was that NAFTA would provide an enforceable mechanism to ensure that Mexico—and eventually all of Latin America—would move rapidly to improve working conditions, enhance environmental regulations and fully support human rights in a truly free democracy.

After close scrutiny, I have concluded that NAFTA does none of the above. The labor and environmental side agreements that have been so highly touted by the Clinton administration are so unenforceable as to be almost meaningless. Even the Mexican Secretary of Commerce mocked the side agreements in recently assuring Mexican legislators that "the time frame of the process makes it very improbable that the stage of sanctions could ever be reached."

I repeatedly tried to clarify these and other concerns with the administration for the last month. When Dr. Laura Tyson called to ask for my support of NAFTA in September, I asked at that time—and repeatedly since—to have she and Trade Representative Mickey Cantor travel to the Delaware Valley for a face to face meeting with me and labor and environmental leaders to address these concerns. Needless to say, that meeting never happened.

Unfortunately, what has happened has been a "free for all" between Members of Congress and the White House to buy support for this failed agreement. Over 39 separate "deals" have been cut involving over 100 House Members to insert special provisions that, in many cases, have nothing to do with free trade.

This agreement also contains scores of little goodies for favored companies and industries. Deep within the 2,000-page document are pork provisions funding regional animal health centers and regional trade centers, sweetheart deals for the sugar, wheat, and citrus industries, and a $17 million tax break for Honda Motors.

NAFTA supporters claim that the agreement will help ease our burgeoning problems with illegal immigration. However, in a recent trip to Los Angeles with my friend and colleague ELTON GALLEGLY [R-CA] I learned that NAFTA would likely have the opposite effect. In fact, Alan Nelson, Commissioner of the U.S. Immigration and Naturalization Service under President Reagan, has said "Illegal flow (of immigrants) will increase with NAFTA, at least for the next 15 years." Many Californians, including Congressman GALLEGLY—whose southern California District is hard hit with illegal immigrants—shares that assessment.

While much is made of potential job losses under NAFTA, barely touched upon has been the cost of NAFTA to

the U.S. Treasury. I have yet to hear one Republican supporter of NAFTA propose new taxes to pay for the agreement nor one Democrat supporter propose spending cuts to offset increased costs. We know that cleaning up the polluted United States-Mexican border will cost billions, and the loss of tariff revenues also impacts the budget. The President has only announced a partial funding mechanism—levying a $1.50 surcharge on all travel by air and sea into our borders. This will cover only a fraction of the total costs of NAFTA.

In the final analysis, we need to look at the impact of this NAFTA on the American worker. As someone born and raised in a blue collar family and community, I know first-hand what it means to a community to lose a plant that employs hundreds of workers. I am afraid that if NAFTA is passed, thousands of towns across America will see plants close and jobs leave.

Labor productivity in Mexico's export industries is typically 80 percent of U.S. levels, while wages are 10 to 15 percent. This encourages manufacturers to produce their goods in Mexico to sell in the United States. I am convinced that industries will move to Mexico if NAFTA is passed. This has already cost roughly 500,000 jobs with a strong downward pressure on wages. Certainly, not all industries will have an incentive to move, only those who pay a relatively high percentage of their costs in wages and whose labor force is largely unskilled. The worker who makes sophisticated electronics parts for stereos won't be threatened by NAFTA, but the guy who assembles them will be.

In fact, the move is already underway to siphon off these jobs. So-called "relocation firms" are already working with companies to set up operations in Mexico in anticipation of NAFTA. One such firm, American Industries Relocation Services, located here in Philadelphia, boasts in a letter to corporate leaders that "we can have your company successfully set up a facility in Mexico."

In October, when President Clinton sought pledges from major corporations not to move jobs to Mexico, not a single one signed up. When the Roper polling company asked corporate executives in 1992 if they would "shift some production to Mexico—if NAFTA is ratified," 40 percent answered that this was 'very' or 'somewhat' likely. For large companies, that figure was 55 percent.

Why would NAFTA encourage companies to move that have not already done so? The answer lies in the added stability and lower risk to businesses due to the agreement's guarantee of business-friendly policies. While some job loss is inevitable with any trade agreement, we are not prepared for the massive economic shift we will experience with NAFTA.

I am convinced that it is in our best interests to pass a North American Free Trade Agreement. I am not convinced that this is the best that we can do. Working together we can do better for Mexico, for America, and most importantly, for the U.S. workers who will be most severely impacted by our actions.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. LAUGHLIN], a powerful member of the Committee on Public Works.

Mr. LAUGHLIN. Mr. Chairman, I would like to recognize the many contributions made by the chairman of the House Agriculture Committee, KIKA DE LA GARZA, for insuring a future of American agriculture, and thank him for his statement earlier today which highlighted the arguments against NAFTA based on emotion rather than the facts.

The facts are: American Agriculture impacts almost every job and business in small towns all across America. Second, many say that only States near the Mexican border will benefit from NAFTA.

Not true.

Consider these two examples:

The State of Michigan, since 1987 when President Salinas started reducing tariffs, has seen its sales to Mexico increase 51 percent.

Last year Michigan sold $1.6 billion in goods to Mexico. Those sales reflect jobs which produced those goods. In fact, Mexico ranked as Michigan's second largest foreign market in 1991.

The State of Ohio's exports to Mexico grew 137 percent from 1987 to 1991. In 1991, Ohio ranked 9th among our 50 States in the value of sales to Mexico.

In deciding on NAFTA we must all remember the words of President John F. Kennedy upon his arrival in Mexico City on June 29, 1962: "While geography has made us neighbors, tradition has made us friends. Economics has made us partners..." Mexico is our neighbor and we should treat Mexico as a neighbor and friend. We should want to do business with our friend and neighbor. We Americans take pride in being decent to our neighbors but listening to some on the floor today it sounded as if they were talking about an enemy.

We are not talking about trade with Mars, Russia, China, Germany or France or Japan; We are talking about trade with our next door neighbor who has demonstrated a desire to purchase American goods produced by American workers.

A vote for NAFTA is a vote for America's economic future.

Mr. Chairman, a vote for NAFTA makes us a better economic partner with our neighbors.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York [Mr. RANGEL], a senior member of the Committee on Ways and Means.

Mr. RANGEL. Mr. Chairman, I cannot support NAFTA. I cannot support it in its present form. But it is a concept that I think is very exciting, and I can see how so many people would grab it.

It seems as though by removing the trade barriers what we would be able to do is to encourage investment into Mexico and to take these poor people, these untrained people, and train them, push them to be more productive, to expand them into the middle class. And by doing this, you would increase their consuming appetite. After they reach this part in their life and their economy, they will then be able to purchase our exports. That means that while we do lose the jobs that we have, that we should be expecting many more jobs, high tech jobs, for bankers, investment bankers, insurance companies, and advertisers.

The problem that I have with this concept is that if it is good enough for Mexico, why is it not good enough for my district? Why is it that we have throughout these inner cities young people, that when you talk about a job, you know that you do not mean them? If we can apply this concept to Mexico, I think we ought to be doing it right here at home.

Mr. CRANE. Mr. Chairman, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], one of our hardest working members of the Subcommittee on Trade.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I rise in strong support of the North American Free-Trade Agreement and ask unanimous consent to revise and extend my remarks.

The small and medium-sized Connecticut businesses that I am proud to represent need NAFTA. With defense downsizing and a prolonged recession in our State, the road to job growth and economic strength is paved with exports.

Ask those many small companies I represent that have already been approached by Mexican businessmen wanting to buy their products because they are such high quality and so reasonably priced.

NAFTA unlocks new markets, awards our products a preferred position in those markets, and protects sensitive sectors from sudden, disruptive change. For these three reasons, NAFTA means jobs and economic growth for Connecticut and America.

The evidence is clear that NAFTA will create expanded markets. Since 1987, United States exports to Mexico have shot up as tariffs have come down. With NAFTA, many more products and services from our factories and offices will flow to Mexico because those 10 and 15 percent tariffs that currently make our goods noncompetitive in Mexico will disappear. NAFTA opens markets. NAFTA creates jobs.

Second, NAFTA awards key American products a preferred position in

the three-nation market. Clear rules of origin and tough tracing requirements will stimulate demand for more American manufactured products and, as our goods become more visible in Mexico, Mexican distributors will sell them throughout Latin America, creating increasing demand for American products and still more jobs in this country and Mexico.

Finally, import-sensitive sectors are protected from swift changes in trading patterns through strong snap back provisions in the agreement. If a particular industry is harmed by a surge in imports from Mexico, our folks are shielded by an unprecedented mechanism designed to give American producers the time and market support to adjust and compete.

This agreement is good for American workers; it is the culmination of long, hard negotiating by people like Carla Hills, Mickey Kantor, Rufus Yerxa, Chip Roh; a team of which we can be proud. It will expand our markets and jobs, boost economic opportunity for us and future generations, and continue U.S. economic leadership and the stability it provides in a tense and troubled world.

Mr. Speaker, I urge passage of NAFTA. It is in America's interest and in the interest of international prosperity and peace.

Mr. Chairman, I also wish to focus in more detail on two aspects of the agreement that have been too little pondered in this debate, both of which make us far better off under NAFTA than without it.

One aspect is the package of provisions that will moderate the impact on American producers of a surge in Mexican exports.

Recognizing America's painful experience with Japanese imports that literally devastated such sectors as autos, machine tools, and bearings, this agreement does for other sensitive sectors what voluntary restraint agreements did for machine tools, steel, and autos. VRAs were a real battle to pass, but through them, some of our critical industries gained the time they needed to become more productive and modernize both their technology and products. By stretching out the years to adjust to competition from lower cost, foreign-made products, and by forcing a slowdown in imports during this period—and thereby protecting a portion of our markets for ourselves—we literally saved, for example, the American machine tool industry.

NAFTA builds on that experience and, for the first time, builds in effective "snap back" protection for American businesses facing import surges from Mexico. Under NAFTA, tariffs and other protections "snap back" if increasing imports injure U.S. businesses, and the adjustment period is lengthened to better make American companies regain competitiveness. Of course, it is not lengthened indefinitely, but experience indicates that American industries become competitive with time to adjust and additional capital.

Change is inevitable. Do you want change with no mechanism for controlling the pace of change and moderating its impact?

The second reason that we are better off with NAFTA than without it, is that it contains strong rules of origin and tough tracing provisions that advantage many American manufactured goods. If NAFTA fails, Mexico will still open its markets to foreign investors and reduce tariffs gradually. It will do this through bilateral agreements because it must have outside goods and capital to modernize and improve both the standard of living of its people and the quality of the environment. Through bilateral agreements, Mexico will put Asian, American, and European goods on equal footing; Asian and European goods however, will be able to pour over our border with low or zero tariffs, costing jobs.

With NAFTA, we will enjoy protection against the harsh effects of too rapid change though "snapback" safeguards and actually give our products a preferred or advantaged position in this period of global change through content requirements. For example, only autos with 62.5 percent domestic content can enjoy tariff-free movement, and since we are by far the biggest auto parts producer of the three NAFTA countries, this content requirement—giving preference only to parts from our three countries—will benefit us.

Not only will such high domestic content autos supply Mexico, but through Mexico, they also will supply the rapidly growing South American market. Mexico is not looking just to buy American products for its own consumption. It hopes to be a major distributor of U.S. and all three-nations' goods throughout South America.

In sum, NAFTA opens markets, gives our products a preferred position in those markets, and protects sensitive sectors from too rapid change. By expanding markets and creating new demand for us to ship product, it assures jobs in my Connecticut district and will create jobs in the years ahead throughout America.

At stake is this country's leadership role in world trade and our continuing ability to compete with industries around the globe. No amount of hand-wringing and doom-saying can obscure the fact that Americans are winners and stand to gain ground under NAFTA.

Stripped to its essentials, NAFTA simply reduces Mexico's high tariffs and other legal barriers currently imposed on United States and Canadian products headed for that country. By knocking down these artificial walls, the volume of American products shipped into Mexico will increase substantially—and that means greater job security and ultimately more jobs for United States workers, from Torrington, CT, to Tuscaloosa, AL.

Recent history tells the story very plainly. Since Mexican President Salinas began cutting tariffs on United States-made goods in 1986, our trade balance has jumped from a negative $6 billion to a positive $7 billion this year. In other words, in a matter of just 6 years, U.S. workers are cranking out an additional $13 billion in goods to be sold south of the border.

Other facts that get lost in the overheated rhetoric:

The Mexican people buy 35 percent more per capita from the United States than the far more wealthy Europeans;

Since Mexico began reducing its tariff barriers to U.S. goods in 1986, exports to Mexico have grown 24 percent annually. And, NAFTA will make permanent President Salinas' actions and assures continual reductions in barriers; and

Seventy cents of every dollar spent by the Mexicans on imports are spent on products made in the United States of America.

What does this mean for the Connecticut workers I am privileged to represent? Our relatively small State sent Mexico 280 million dollars' worth of goods in 1992, and exports to Mexico grew 140 percent between 1987 and 1992. Connecticut's exports to Canada have grown 75 percent over the same period, to $1.3 billion in 1992. This export growth to our North American trading partners has created 12,300 new jobs in Connecticut alone. All told, over 41,000 Connecticut workers owe their jobs to exports to Mexico and Canada. Because NAFTA makes permanent the changes that created this increase in trade and jobs, and because NAFTA will expand the kind of promise that made this growth possible, it spells more exports and jobs for Connecticut and every other state.

Connecticut is a State of small manufacturers. Of our 6,500 firms, 5,300 have fewer than 50 employees. The companies that make us a manufacturing State do not have the capital to build in Mexico nor do they want to do business under Mexico's complicated laws and regulations. But they do make high quality, competitive products and many already have received orders from new Mexican customers.

Moreover, the environmental benefits of the treaty cannot be denied. Without NAFTA, timely funding for the multi-billion dollar border plan that commits Mexico to far-reaching environmental cleanup will be imperiled. Just as serious, pressure to improve enforcement of Mexico's generally strong environmental laws will dissipate and the losers will be everyone in North America.

I firmly believe I owe it to the people of Connecticut to vote for an agreement that will expand our markets and jobs, boost economic opportunity for us and future generations, and continue U.S. economic leadership and the stability it provides in a tense and troubled world.

I urge passage of the North American Free-Trade Agreement. It is in America's interest and in the interest of international prosperity, peace, and friendship.

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Mr. SOLOMON. Mr. Chairman, I yield 1½ minutes to the very distinguished gentleman from Ohio [Mr. APPLEGATE].

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. APPLEGATE].

The CHAIRMAN. The gentleman from Ohio [Mr. APPLEGATE] is recognized for 2½ minutes.

Mr. APPLEGATE. Mr. Chairman, the road to hell is paved with good intentions. NAFTA may well be well-intended. The side agreements are well-intentioned. But it is not intended for the American worker.

I believe in free trade and fair trade for Mexico. I think we all do. But this does not cut the muster. And the shame of all of this, it all breaks down

in the eleventh hour, what we are debating about, the fate of the Nation, rests on a deal cut with tomatoes, peanuts, wheat and orange juice.

Let me tell my colleagues this: We should be talking about jobs.

Let me tell Members about this little report that was not released but came under the Department of Commerce under the Bush administration. They estimated that the United States would lost 40 percent of the remaining jobs in the automobile industry, in the steel industry, and textile industry and the apparel industry, if NAFTA passes. And folks, we have already lost 3 million jobs since 1980.

So then, after all of this is said and done, the jobs are gone. What do we have? We have the question of taxes.

Well, we have got good news and bad news. The bad news is that it is going to cost us $30 billion more in new taxes to pick up the cost of NAFTA. The good news is that we will be paying less, because our paycheck is going to be less.

My colleagues, this deal was cut with the devil. This is an autocracy that we are dealing with, not a democracy. It was a contrived and manipulated economy to keep the elite in power and keep the elite in money and to keep the Mexican workers depressed in the gulag neighborhoods.

Why, O why, do we think that the autocrats are going to give all this up? Why does the United States have this great love affair with Latin American dictators?

Well, folks, let us say this, what are we going to give to the American people for Thanksgiving? What kind of a gift? Are we going to give them NAFTA? Is that what we want to give? Is this our thanks to the American workers, those who have given everything to us?

They are the ones who are going to get gobbled up on Thanksgiving Day. And with all the dressing we stuff in this bird, it still ain't going to fly.

Happy Thanksgiving, America.

Mr. MATSUI. Mr. Chairman, I yield one-half minute to the gentleman from Tennessee [Mr. FORD].

Mr. FORD of Tennessee. Mr. Chairman, this evening we must vote for our future, not for the status quo. We must vote for NAFTA.

NAFTA is not a perfect trade agreement. It is a good trade agreement. NAFTA will expand access for our domestic products, while protecting them from import surges from our neighbors. NAFTA will also improve our environment and solidify the close and important relationship with our neighbors. In other words, NAFTA is the right agreement for the future of America.

If we reject NAFTA, it will send a signal to our other trading partners that we are fearful of international competition. Why should we be afraid of international competition? Because of international competition, American products, whether from agriculture or manufacturing, are in demand around the world. NAFTA will not change that fact.

Once the Mexican market is opened, demand for United States goods will increase tremendously. That is what our international competitors are afraid of. That is why they hope we will reject NAFTA.

We cannot stand still, afraid to move into the future and permit the rest of the world to pass us by. A vote against NAFTA is a vote for the status quo. What will the status quo bring. It will not stop job losses. It will not suddenly clean the environment along the United States Mexican border. It will not change the political system in Mexico. A vote against NAFTA will not do anything about the issues that the NAFTA opponents have raised today.

Mr. Chairman, it is time that we approach NAFTA based on what we know is true about our capabilities, not based on fears about our inabilities. It is time that we approach NAFTA based on what we know about the abilities of the United States to compete in the international marketplace. It is time that we come together and support NAFTA.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the distinguished gentlewoman from Florida [Ms. BROWN].

Ms. BROWN of Florida. Mr. Chairman, I rise today in strong opposition to the North American Free-Trade Agreement. This agreement is bad for my district, bad for the State of Florida, and bad for the country.

Too many hard-working people in my State and across the Nation have no jobs. In Florida we daily see the toll that base closures and corporate downsizing have on jobs. Now is not the time to start a program that encourages our companies to move to Mexico.

And let us be clear about this bill, it is a job killer.

But don't believe me. The Congressional Budget Office and the Joint Economic Committee have said the NAFTA will cost American workers 500,000 jobs. In case anyone missed it I said 500,000 American jobs.

But don't believe me. Listen to what the executives at the top manufacturing companies said to the Wall Street Journal—40 percent of these executives said they will move their work to Mexico if NAFTA passes.

But don't believe me. Listen to what Business Week, one of the strongest advocates of NAFTA, said in its latest edition. The Business Week cover story said, and I quote: "Companies would disappear, jobs vanish, and the pain would be widespread."

But don't believe me. The Mexican Government's largest development bank said that its goal was to, "obtain companies wherein all of the manufacturing operations will be relocated to Mexico to take advantage of savings in the cost of labor."

Mr. Chairman, this bank is funded by the same Mexican Government we negotiated this treaty with.

I must say again to my colleagues that this NAFTA is a job killer. I urge my colleagues to vote for jobs and against NAFTA.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. KOLBE], the most active gentleman on the task force to promote NAFTA.

Mr. KOLBE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, we are nearing the close of a historic debate. This debate about NAFTA takes place against the backdrop of historic changes in the world.

The Berlin Wall has been dismantled, demolished by the relentless currents of democracy. And Yet, a wall remains. The wall left standing is not of bricks and mortar. It's barriers are not guarded by militia.

But just as surely as the Berlin Wall, this wall has restricted freedom and divided peoples. It is the wall of protectionism—designed by isolationists, built with fear, maintained by unenlightened self-interest.

The wall saps America's strength, its optimism, its confidence. It arouses the darker side in all of us.

The wall has its guardians, too. Mostly out of ignorance and insecurity, they defend its structure with every tool at their disposal.

But the American people have rejected protectionism and isolationism before. Fifty years ago, at the end of World War II, the United States acknowledged its responsibility to provide leadership in the international community.

We were successful then because we had the vision to pursue a stable and peaceful international system, to support democratic principles, to advocate for free and open markets. Because we had that determination, the democratic West outlasted a totalitarian Soviet Union. Today, we live in a safer, freer world. Our vision and leadership succeeded

But with today's vote, history, once again, knocks at our door. Once again, we must answer her call; we must vote our economic future.

By approving NAFTA we tell the world that we do not turn our back on the American future.

NAFTA will promote U.S. national security, but that is not its only virtue. NAFTA will create jobs, but it is not only about employment. NAFTA will benefit consumers and producers, but it is more than buying and selling goods. NAFTA will improve the environment, but it is more than clean air and water.

The sum of NAFTA is greater than its component parts. Taken together,

NAFTA represents America's opportunity to lead, to set the standard for the rest of the world.

And so, today, we must ask ourselves these questions: Will we lead or will we be left behind? Will we establish America's role in the next century, or will we shrink into a confused isolationism? Do we fear change or welcome it?

We stand at a moment frozen in time—a moment of choice. To borrow from the words of Abraham Lincoln at an earlier, critical moment in our history, the world will little note, nor long remember what we say here, but it can never forget what we will do here today.

Former Secretary of State James Baker said it so well a few days ago when he said that "Come home, America" may be an appealing slogan, but it is a true siren song. NAFTA critics miss a fundamental truth that has been understood by every President in modern times. You see, Secretary Baker said, America already is at home. And that home is called the world.

When President Reagan visited West Berlin in June 1987, he stood at the Berlin Wall's Brandenburg gate. He appealed to General Secretary Gorbachev with these words: "Come here to this gate! Mr. Gorbachev, open this gate! Mr. Gorbachev, tear down this wall."

On the eve of this historic vote, I appeal not to a sworn enemy, but to my sworn colleagues: Tear down this wall. Open freedom's gate.

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Mr. MATSUI. Would the chair please advise us as to the amount of time each of the sides has remaining?

The CHAIRMAN. The gentleman from California [Mr. MATSUI] has 24½ minutes remaining, the gentleman from South Carolina [Mr. DERRICK] has 29½ minutes remaining, the gentleman from Texas [Mr. ARCHER] has 17½ minutes remaining, and the gentleman from New York [Mr. SOLOMON] has 22 minutes remaining.

Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Chairman, much has been attributed to the NAFTA, both bad and good. Somewhere in between lies the truth. There is one thing I do know, however. When we wake up tomorrow, the essential character of this Nation will not have changed, whether NAFTA passes or not. The same, I believe, can be said about Mexico and Canada.

I cannot think of anyone on either side of the NAFTA debate who is opposed to the goal of achieving free trade. For my State, California, trade is a source of strength. $2 billion of our country's $5 billion trade surplus with Mexico is earned by California. Our State's exports to Mexico have increased nearly 200 percent since 1987. The jobs of 1 million Californians are due to this State's worldwide trade; 100,000 of those trade jobs exist because of our trade directly with Mexico.

NAFTA will indeed expand trade, both for California and the United States, but opponents are correct that we cannot sacrifice American workers, small business owners, or our maturing commitment to the environment solely to expand trade. It has taken 11 contentious and often very painful months to bring this truth to the surface. The North American Development Bank and a comprehensive worker adjustment program are the results of this.

Mr. Chairman, I am ready to vote for this NAFTA, but were it not for the steady and tenacious efforts of my friends in labor unions, the environmental community, and community-based organizations, I know I would not have a NAFTA before me to support.

There is good and bad in this NAFTA, but the truth is, we should support it.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Rhode Island [Mr. REED].

Mr. REED. Mr. Chairman, I rise in opposition to the NAFTA before us today. While I recognize the reality of greater economic integration in North America, I believe there is a better way than this NAFTA.

This NAFTA involves more than tariff reductions or rules of origin. It is an investment strategy to develop Mexico's economy with no commensurate guarantee for similar investment in America's international competitiveness.

This NAFTA does not require that Mexican wages rise with productivity. This NAFTA does not recognize that the attractiveness of low wages in Mexico will act as a drag on wages in the United States. This agreement does not require an end to "el pacto," which Business Week reports "smothers inflation and preserves Mexico's huge labor cost gap with the United States and other producers." This NAFTA does not address Mexico's policy of overvaluing its peso, and the expected peso devaluation which will erase our trade surplus with Mexico.

This NAFTA is not an agreement between democracies. It does not involve any effort to foster free elections and independent labor movements, or end repression of political opponents and the press. This NAFTA does not answer the question of who in Mexico can afford to buy American products. Indeed, the much-ballyhooed growth in United States exports to Mexico is driven by the shipment of plant equipment and parts to Mexican factories for resale in the United States, not based on consumer goods. The treaty's environmental side agreements do not protect U.S. environmental laws from being challenged as barriers to trade, even though this NAFTA creates a United States-funded development bank to clean up the border. This NAFTA provides even less worker retraining funds than President Bush requested.

In addition, this NAFTA now contains a number of things that are far removed from the concept of free trade that so many of my colleagues have spoken of today. It turns out NAFTA is a gravy train for agriculture and other special interests. If the road to perdition is paved with good intentions, then the road to NAFTA is paved with special deals.

Mr. Chairman, I want a NAFTA that recognizes the disparities between Mexico's and the United States' economic and political systems, and increases wages on both sides of the border. My opposition is based not on fear—although many Rhode Islanders are deeply concerned about maintaining their standard of living—but on my belief that trade agreements should be based on America's historical ideals of democracy, fairness, and opportunity for all working people.

Mr. Chairman, no one knows whether NAFTA will pass until the final vote occurs. However, if the agreement passes, it is imperative that business interests and other NAFTA supporters make sure that the rhetoric surrounding NAFTA comes to fruition. My colleagues can be assured that if NAFTA passes, I will work to ensure that working Americans truly benefit from this agreement, and that Mexican wages, environmental standards, and civil rights actually improve.

At the same time, if NAFTA fails today, I will support the administration's effort to rapidly negotiate an alternative agreement that fosters fair as well as free trade and betters the lives of both American and Mexican workers.

Mr. Chairman, for the RECORD I include an article I authored regarding NAFTA:

THE NORTH AMERICAN FREE TRADE AGREEMENT—IT'S A PLOY TO MOVE UNITED STATES JOBS TO MEXICO

(By Jack Reed)

Now is not the time for NAFTA. In the face of increasingly fierce international competition that has already taken away American jobs, a rush to send jobs south of the border is not the answer. Certainly, it's not the answer for thousands of talented Rhode Islanders searching for a chance to work again or struggling families who are barely making it on two paychecks.

NAFTA's defenders point to the current trade surplus we enjoy with Mexico as a reason to approve NAFTA. These NAFTA boosters gladly conclude that further tariff reductions imposed by NAFTA will only increase the U.S. trade surplus with Mexico and add jobs to our economy. This simplistic view distorts both the nature of our current trade surplus with Mexico and the nature of NAFTA.

Much of our trade surplus with Mexico results not from relative tariffs, but from a highly overvalued peso. The rise in the value of the peso since the mid-'80s has made our

exports to Mexico cheaper and, alternatively, our imports from Mexico more expensive. The peso has increased in value because the Mexican government has maintained high interest rates in order to induce an in-flow of short-term capital to finance a huge deficit with the rest of the world. This is not sustainable.

Many analysts, including supporters of NAFTA, predict an inevitable devaluation of the peso after next August's elections in Mexico. Such a devaluation, on the order of 10 percent, would effectively wipe out the average tariff reductions contemplated by NAFTA and signal the end of trade surpluses built on currency advantage. Indeed, the Mexicans have already begun a "creeping devaluation" of the peso. This fact may account for the present erosion of the U.S. trade surplus with Mexico. In the first eight months of 1993, it was running at less than half the level of 1992.

If NAFTA was just about tariffs or the peso, then we could dismiss it as being ineffectual or of modest impact. But NAFTA is about much more than regulating tariffs. It is fundamentally an investment agreement designed to make it safer for U.S. companies to invest in Mexico. In testimony before the House Small Business Committee, Roberto Salinas-Leon, a Mexican scholar and proponent of NAFTA said, ". . . NAFTA is less a trade accord than an investment strategy intended to generate resources to finance new jobs." Senor Salinas-Leon is talking about new jobs in Mexico, not Rhode Island.

This strategy, combined with the extraordinary wage differential between the United States and Mexico will be a powerful attraction for U.S. investment. Mexican wages in export industries are currently 10 to 15 percent of U.S. levels. These low wages exist despite significant gains in productivity. Productivity in Mexican export industries is estimated at 80 to 100 percent of similar U.S. industries. Prof. Hanley Shalken of the University of California in San Diego estimates that average Mexican labor productivity rose 41 percent between 1980 and 1992. In contrast, the hourly compensation of Mexican manufacturing workers in 1992, adjusted for inflation, was only 68 percent of 1980 levels.

Low wages and rapidly improving productivity will be a tremendous draw for the relocation of American industry. No Rhode Islander who remembers when their grandparents and parents and uncles and aunts went off to the mills—mills now empty or sadly underused—has to be reminded of how the draw of low wages moved Rhode Island mill jobs down to such low-wage states as South Carolina and Georgia.

Defenders of NAFTA will sometimes grudgingly admit that some jobs will be lost, but they quickly respond that any such losses will be offset by Mexican consumption of American goods. NAFTA supporters see a world where low paid Mexican workers will be transformed into an affluent middle class that will demand American goods. Such a presumption denies the reality of the Mexican political culture.

Mexico is a democracy in form only. In substance, it is a one-party, authoritarian government. The Institutional Revolutionary Party (PRI, in the Spanish acronym) dominates Mexico today as it has for 64 years. The PRI will no doubt win the Mexican election next August. The only questions are the identity of the hand-picked successor to President Carlos Salinas de Gortan and the level of fraud the PRI will use to win.

Mexico is a country without strong social institutions to ensure that government policy produces social progress. The "official" labor group, the Confederation of Mexican Workers, acts as a *de facto* arm of the government, functioning more to enforce government policy than to support its members. Since the late '80s, that policy has been to support "*el pacto*," a state-dominated alliance of business, labor and peasant organizations. As Business Week noted, the purpose of el pacto is "to smother inflation and preserve Mexico's huge labor cost gap with the U.S. and other producers."

Without a truly participatory government where elections are decided not by fraud but by the votes of its citizens, without effective organizations to push for improved labor conditions, NAFTA will do little if anything to transform the lives of Mexican workers and create that mythical middle class that will buy our goods. With NAFTA, Mexico will become a platform for low-wage production for the American market, not a sizable market of middle-class consumers for American products.

The fight over NAFTA is a fight about our standard of living. If it passes an immediate affect will be on U.S. wages as the threat on reality of relocation to Mexico acts as a brake on wage increases for working Americans. There will also be jobs lost as companies find it harder to compete with low-wage production in Mexico.

The first casualties of NAFTA will be low-skilled, labor-intensive jobs. It may be easy for pundits to bid these jobs adieu as being already destined for expatriation, but for thousands of Rhode Islanders they represent a chance for a better life and the dignity that work brings. Instead of spending our time debating what is essentially a strategy for investment in Mexico, we should seize this moment to invest in our own productivity and competitiveness and look for ways to create jobs and improve our educational system. Only then will Americans get a fair deal.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Chairman, today we find ourselves about to cast a crucial vote on the proposed North American Free-Trade Agreement. I have decided to vote against this NAFTA, because I believe that its passage would cause massive job dislocation in the United States and a severe downward pressure on the wages of millions of hard working Americans. Moreover, I feel NAFTA would encourage the exploitation of Mexican workers by United States-owned maquiladoras, and foster further environmental violations by American firms in Mexico.

With this NAFTA our main exports to Mexico will not be American goods, but American jobs. The agreement's supporters claim that this would not be the case. However, when The Wall Street Journal polled the executives of this Nation's largest companies, 55 percent of them stated that if NAFTA passed they would move their operations to Mexico. I wonder how they plan to justify the loss of close to one million jobs to the men and women of this Nation, especially when those companies that do remain in the U.S. are likely to hold the agreement over the heads of American workers in an effort to drive down their wages.

NAFTA is simply an agreement crafted solely for the sake of big business and its profit margins. Behind its thick layers of fancy language, NAFTA is still nothing more than an incentive for American firms to take a one way ticket South of the Rio Grande. So when I speak to NAFTA supporters, I tell them to look south, to the United States-owned maquiladoras in Matamoros and Reynosa, and the toxic waste that they produce. I tell them to look at the lives of Mexican workers, who toil endlessly for meager wages, whose families are forced to live in utter misery, and whose basic employment rights are so conveniently swept under the corporate rug by American companies like Dupont and 3M—all in the name of profit. Then I tell them to turn their sights back to the United States—to our own workers, who no longer have jobs because companies like Green Giant and Ford found the lower labor costs and lax environmental standards in Mexico too much of a bargain to turn down. I tell them that these examples are a sign of the times to come—if NAFTA is passed, the pain and the struggle of families of millions of North American workers will become common place.

Some answer with the promise of worker retraining programs. But I remind them that these have proven inadequate, that the General Accounting Office [GAO] recently stated that the Trade Adjustment Assistance Program [TAA] is inaccessible, and full of inefficiencies. If this program has not been able to deal with the current job loss in this country, how can any program patterned after it handle the tremendous dislocation of American workers that NAFTA would certainly bring about? Frankly, I have yet to understand how NAFTA supporters make a case for an upward shift in jobs in the United States, when the Labor Department has found that only 1 of 10 recipients of the Trade Adjustment Assistance Program actually found new employment in their chosen field, at a salary of 80 percent of what they used to earn.

Supporters of the North American Free Trade Agreement have boasted extensively about what they refer to as a United States trade surplus with Mexico. What their claims hide, however, is the fact that 80 percent of our United States exports to Mexico aren't consumer goods at all, they are manufacturing plants, equipment, and parts to make final products that are then shipped back to the United States.

Even now, NAFTA supporters continue to knock at my door, hoping that they will get me to falter, but I stand strong in my resolve, because I realize that NAFTA, as currently proposed, will only mean pain—not benefit. I know that for the sake of both Mexicans and American workers—all of

whom will pay dearly if the agreement is approved—this NAFTA must be stopped.

I know that much pressure is being exerted on my colleagues to vote for this agreement. I know that the promise of that bridge, of that highway, that special project for a congressional district is very tempting—but I ask you: Is the pain of millions of workers, and the struggle of each one of their families worth a bridge? Is the integrity and the dignity of this Congress worth a highway? The cost of NAFTA, and each bridge and highway that is traded for a vote in its favor, will ultimately be handed down to the tax-payers of this country. How will we justify that?

So my colleagues, I urge you, when we cast our votes tonight, think about all that this agreement really means. This NAFTA is not the free trade agreement that the people of the Americas deserve. We must defeat it, or millions will pay dearly.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Chairman, in this debate we have heard a lot of theoretics about free trade and fair trade. Let me give some historical facts. There is some free trade in America right now. Oil comes into this country without tariff. When the oil ministers meeting in OPEC decided to take away the American marketplace, when Sheik Omani decided to drop all prices to $8 a barrel, we lost 400,000 American jobs, almost 100,000 of them in my State of Louisiana. That is what free trade can do, if we are not careful with it.

Louisiana fishermen in my State have seen the loss of half of the fishing fleets, because of trade with Mexico, Mexicans who do not have to pull TEDS, Mexicans who get Pemex cheap diesel to run their fishing fleet, and we get no help from our Government to balance that with some fair trade.

The problem with this NAFTA is that it opens the door to more and more of that. In sugar, for example, a sugar cartel exists internationally, smaller than the oil cartel in Geneva. It controls sugar prices. This NAFTA could destroy the sugar industry. I urge a no vote.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Louisiana [Mr. FIELDS].

Mr. FIELDS of Louisiana. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, today, I rise in opposition to the North American Free-Trade Agreement. After much study and debate, I have concluded that a "no" vote on NAFTA is the right vote for my district.

My district in Louisiana is among the poorest in the country. Many jobs in my district are manufacturing jobs which are vulnerable to be lost with the passage of NAFTA. My constituents, their jobs, and their livelihoods would be jeopardized.

I cannot possibly fulfill my responsibility to my constituents by voting for NAFTA. Many point to the promise of retraining as a response to inevitable job losses. But families in Louisiana cannot survive unemployment while waiting for retraining.

Furthermore, there is no reason whatsoever to believe we can now pass a jobs bill to retrain displaced workers in this Congress, when, after all, we could not pass a stimulus bill to create jobs last spring. Thus, what makes us think we can do it after the NAFTA vote?

Businesses are extremely important in my decision. Clearly, businesses survive only if decisions are made based upon costs. Will the manufacturing businesses move south of the border to get a better bottom line? Given the already bleak situation in my district, this risk is too great.

Mr. Chairman, we need more certainty about the effects of NAFTA before approving such an agreement. I am not convinced that NAFTA will not take away American jobs. Therefore, I have decided to vote "no" on the North American Free-Trade Agreement. My "no" vote is a "no" vote for the people, my "no" vote is for somebody's next meal, my "no" vote is to save somebody's home, my "no" vote is for somebody's college education, you see, my vote is for the American workers.

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Mr. MATSUI. Mr. Chairman, I yield 1 minute to the gentlewoman from Washington [Ms. CANTWELL].

Ms. CANTWELL. Mr. Chairman, today is a historic occasion. Each of my colleagues, whether they are for or against NAFTA, know that our decision today will resonate around the world.

We all agree that American workers are the best in the world. We all agree that exporting U.S. products creates jobs. And we all agree that we want open markets for those products.

In my State, the State of Washington, we have increased exports to Mexico by 577 percent in the last 6 years. I believe NAFTA means net job gains for my district, for the State of Washington, and for the United States.

I ask my colleagues though to remember, or I ask my colleagues to consider that President Clinton will travel to Seattle tomorrow for trade talks with 15 Asian Pacific countries and their leaders. Our decision today on NAFTA will either give the President a powerful tool to push for free trade with Asia or leave us standing defenseless as the trade community around the world calls our bluff.

I ask my colleagues to support NAFTA.

Mr. DERRICK. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. BLACKWELL].

Mr. BLACKWELL. Mr. Chairman, I rise in opposition to the North American Free-Trade Agreement, in its present form.

At stake in this debate is the very economic future of the United States.

According to the Joint Economic Committee of the Congress, if we support this treaty, over the next 5 to 10 years, 500,000 Americans will be out of work.

In addition, the pressure to reduce wages, benefits, and full-time jobs will increase as American businesses are forced to consider profits when faced with hiring Mexican workers for as little as $6 per day, with no benefits.

There is great irony, or perhaps an admonition, in the fact we consider the NAFTA treaty during national hunger and homelessness awareness week.

The harsh reality of today is that 3 million Americans are homeless, and 9 million are out of work, standing on the doorsteps of homelessness, a paycheck or unemployment check away from the streets.

Hunger and homelessness is being driven by joblessness in America. While the recession officially ended in March of 1991, unemployment has not ended.

For nearly 2 years, roughly 7 percent of our citizens have been out of work, and last month, the unemployment rate increased.

And what answer do we offer those made miserable by unemployment? We offer extended benefits—maybe—and we offer NAFTA—a deal which will mean more unemployment and lower wages for Americans.

Mr. Chairman, we should be offering out of work Americans jobs, and we should be offering underpaid Mexicans a treaty that will promote a better quality of life for citizens of both Nations.

More joblessness for America is not the only problem with NAFTA. We can look forward to capital flight as more U.S. companies relocate South. Look at Sears—shutting down in America and opening up in Mexico.

If you think we have a balance of trade deficit now, I wonder what you will think when millions and millions of U.S. dollars fly south.

With this treaty, we embrace unregulated dumping with disastrous effects on our environment and public health.

With this treaty, we embrace increased drug smuggling at the border.

With this treaty, we embrace the importation of produce and meat that may not be inspected and may not be safe for consumption. With this treaty, we embrace child labor and wages at near slave labor.

Mr. Chairman, with this treaty, we threaten family farmers in America with underpriced produce and wheat importations, and we wink and nod at suffering in Mexico.

With this treaty, we embrace everything that this Nation does not stand for and we reject everything that we do stand for, including hope and opportunity.

Instead of rejecting America, we should reject NAFTA.

Mr. DERRICK. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to NAFTA.

Mr. DERRICK. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Ms. SCHENK].

Ms. SCHENK. Mr. Chairman, I rise in opposition to NAFTA.

Mr. Chairman, in recent days debate over the NAFTA has been intense—in Washington, in San Diego, and across the country. Yet my opposition to the pact is longstanding.

While I strongly support the principles of free trade, I feel that now is the wrong time to endorse a treaty that could hurt San Diego—socially, economically, and psychologically. It is my concern for the well being of San Diego that lies at the root of my disenchantment with the NAFTA.

At this time, our experience with American job losses to the maquiladoras along the United States-Mexico border provides a possible preview of what can be expected with the implementation of the NAFTA. The NAFTA fails to address adequately the problem of United States companies closing production plants in this country, moving to Mexico, and leaving workers unemployed and untrained.

I am further troubled over the impact the NAFTA will have on undocumented immigration into the San Diego area. With trade barriers eliminated, United States agricultural products such as corn and pork may flood the Mexican market, leaving Mexican farmers and peasants without work. Without an income, these farmers are likely to come north—to the United States and the San Diego area—in search of work, a home, and social support systems. Our community already is bearing an enormous social and economic expense in trying to provide for undocumented immigrants. This burden is likely to become even heavier should the NAFTA go into effect.

I am concerned about certain other consequences of implementing the NAFTA. For instance, under the NAFTA, even more Mexican trucks will stream over the border into the San Diego area. It is far from certain whether these trucks would have to meet California's strict standards for weight limits, vehicle safety features, driver fatigue rules, driver testing for drugs and alcohol, or driver record checks. Even if subject to our laws, we do not have adequate personnel and equipment for enforcement. The agreement is equally unclear in offering assurances for the flow of drugs and illegal immigrants into our community. In addition, while Mexico will have immediate access to our markets, it will receive a 15-year grace period on some of its barriers.

I am also greatly concerned that the NAFTA's environmental provisions, even with the side agreements, are inadequate. For example, there is no mention of dealing with the continuing and deplorable problem of sewage pouring over the border from Tijuana. I worry that Mexico's interest in resolving the sewage crisis perks up when international agreements are on the table, but it will dissolve as soon as the issue is past us. The NAFTA gives me no solace that our sewage problem will be seriously addressed. In fact, the EPA has said that our sewage issue is "on a different track"—I hope a more realistic one.

I strongly support assisting Mexico's internal economic development, as well as efforts to deal directly with border and cross-border problems. I have cosponsored bills to establish a North American Development Bank and to create a United States-Mexico-Canada health commission. These proposals would provide concrete tools to address the economic, health, environmental, and infrastructure challenges which exist at our border. This legislation also would serve as a building block to a trade agreement we all would be able to support in the future.

I have thought long and hard about the NAFTA and did not come to my position lightly or without reservations. However, with our economy sluggish and with American workers feeling so uncertain about their futures, it is the wrong time to ask our fellow citizens in San Diego to take a risk on the unknown. I would have preferred to see this agreement come before the Congress in a year or two when we would know more about the direction in which our economy was heading. Such a delay would also have allowed us a greater opportunity to address more substantively some of the issues I have mentioned.

Mr. DERRICK. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Georgia [Ms. MCKINNEY].

Ms. McKINNEY. Mr. Chairman, I rise in opposition to NAFTA.

I believe in international trade, but I do not believe in this NAFTA.

I share the vision of a post-cold war economy, driven by exports, brimming with high-paying, high-tech jobs. But that vision ought to include the potential of every American. Once again, those who have the least to give are being asked to make the ultimate sacrifice so that the dreams of others may come true.

We are told that a rising tide lifts all ships and that NAFTA represents that rising tide. I suggest that NAFTA really represents the same old tired trickle-down politics tried and rejected by the American people.

I am concerned about the young people who spin their lives on the street corners of urban and rural America, having lost faith in an educational system and an economic system that treats them as spectators and not as real players.

I am concerned about the men and women who prize the low-wage jobs that give them both hope and pride and a stake in the rewards of work.

I am concerned about the residents of the 11th district, both black and white, who have rejected the racist ideas being put to them that the interests of blacks and rural whites can't be represented by one person. The residents of the 11th district, both black and white, have spoken in one voice in their overwhelming opposition to NAFTA.

Increased taxes and deficit spending to pay for NAFTA are unacceptable in the face of the urban and rural blight that wages across our land, including an education system that is failing in its marks. Presently, there is no plan for the many American workers who will be displaced because of NAFTA, nor, for the countless others who are still displaced because of the failed policies of the past.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Chairman, the free trade swindle has been slowly strangling the American economy for the last 12 years. Now NAFTA will accelerate the choking of the job opportunities for American workers. From past experience we can easily anticipate the impact of this monster free-trade agreement. Instead of this one way hemorrhaging of jobs we need a balanced trade agreement; we need a reciprocal trade agreement. The free trade swindle is intensified when two economies are as different as the United States and Mexico. The lure of slave labor wages will eventually entice even the most reluctant factory owners to Mexico.

It is dangerous to recklessly merge two economies when the wage structures, the political systems, the physical environments, and the overall standards of living are so incompatible. The European Common Market works for all of the citizens of all the countries because Europe has insisted on this environmental, political and wage compatibility.

Because the United States is engaging in deceptive, slight of hand, fast track treaty making, the passage of NAFTA will facilitate gross exploitation of American workers and Mexican workers. A few dozen multinational corporations will dictate the terms for employment for all workers. Not only hourly wage earners but technicians, scientists; all must wake up. Our incomes and our very survival will be manipulated by a few dozen corporate barons. We are all in danger of becoming urban peasants or suburban serfs.

African Americans, other minorities and the poor will continue to be the hardest hit by this great free-trade swindle. But an economy that is being strangled by misguided, opportunistic policies will dissolve at an accelerated rate dragging our great middle class into lower and lower standards of living.

Let us be loyal to our new Democratic administration. Let us be loyal to our party. Let us block this tragic blunder. George Bush's fast-track NAFTA must be derailed. For the sake of the workers of our Nation, for the long term survival of our total economy, we must all vote no on NAFTA. Stop the great free-trade swindle now.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentlewoman from the District of Columbia [Ms. NORTON].

Ms. NORTON. Mr. Chairman, I have been a labor Democrat all my life and

a labor law professor for much of my professional life. I cannot take a walk with a treaty that promises so little to both American and Mexican workers.

I agree with those who say do not blame NAFTA for what has happened to our economy. But, I blame this NAFTA for part of what may happen to our economy.

I blame this NAFTA for being ahead of its time and behind in its common sense, joining the two economies prematurely when Mexico can pull us down instead of making sure NAFTA pulls Mexico up.

I blame this agreement for the certain prospect of unfair wage competition stacked against American workers.

I blame this NAFTA because, as written, it is a disincentive to upgrade the skills of American workers and an incentive to ignore investment in our own work force.

I blame this NAFTA for evading United States responsibility to help more rapidly raise the standard of living of Mexican workers.

I blame this NAFTA for the naive assumption that a tri-national commission can and will effectively remedy the inevitable labor and environmental abuses everyone knows are coming.

I blame this NAFTA for failing to provide a way to pay for its promises to workers and to the environment.

I blame this NAFTA for failing to encourage a free market for Mexican labor, when market forces alone would bring higher wages for Mexican workers and fairer competition with their American counterparts.

I blame this NAFTA for betraying free trade unionism when unions have been virtually the only mechanism workers have had to raise wages to match their increased productivity.

Mr. Chairman, I blame this NAFTA, not every NAFTA. I can vote for a NAFTA. I cannot vote for this NAFTA.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentleman from New Jersey [Mr. PAYNE].

Mr. PAYNE of New Jersey. Mr. Chairman, I rise in strong opposition to H.R. 3450, the measure to implement the North American Free-Trade Agreement.

As a member of the Foreign Affairs Committee, I understand the importance of good relations with our neighbors to the north and south.

However, several concerns regarding the fast-track approach, the potential for job loss and the creation of lower wage jobs, as well as unsettled environmental issues, force me to view this agreement unfavorably.

As a representative from an urban district in New Jersey, I am extremely concerned about the high rate of joblessness in our Nation's cities.

Considering the bleak condition of our urban economy, the prospect of losing a single American job is unacceptable.

Over 50 industries in New Jersey have been identified as being at risk under NAFTA, potentially affecting over 250,000 workers. And this is for New Jersey alone, not the United States.

It is time to institute a trade policy that will move us toward a global economy while strengthening the American job market. Unfortunately, NAFTA falls short of that goal.

Mr. Chairman, I respect President Clinton's hard work on this issue, but I disagree with him about the potential impact of NAFTA. I urge my colleagues to oppose the North American Free-Trade Agreement as currently written.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Chairman, after considering arguments from a wide range of opponents and supporters of the pact, I came to the conclusion that the agreement runs counter to the interests of the Mexican and American peoples. An examination of the agreement presented to the Congress left me convinced that the specific provisions of this particular NAFTA will have a negative impact on the people of both our nations and the State of Hawaii.

Closest to home is my responsibility to Hawaii. My concerns encompass two of our State's largest industries, tourism and agriculture.

NAFTA will permit the dumping of Mexican sugar on the American market. With Mexican sugar workers earning a fraction of the wages of Hawaii's sugar workers and their counterparts on the United States mainland, this may be the death knell for Hawaii's third largest industry. As a maneuver to smooth over the concerns of our Hawaii congressional delegation, the Governments of Mexico and the Untied States exchanged letters saying in effect: Don't worry, we won't let it happen. It should be noted that these letters were NOT included in the package submitted to the Congress for a ratification vote. As a legally enforceable codicil to NAFTA, they aren't worth the paper they're written on. They amount to nothing more than the words whispered by con artists since the beginning of time: Trust me.

Other segments of Hawaii's agriculture industry including papayas, pineapples, coffee, and flowers are unlikely to benefit from NAFTA and may be damaged considerably in their ability to compete with Mexico for access to the United States mainland market. For example, Mexico has fruit-fly free zones and are not subject to strict marketing orders on the size and appearance of produce.

NAFTA will also take a slice out of Hawaii's travel and tourism industry. In an effort to make the agreement revenue neutral, the administration proposes to replace the tariff revenues lost as a result of NAFTA with a head tax on international visitors arriving at U.S. airports and seaports. This disincentive can only hurt Hawaii's efforts to attract more tourists from Europe and Asia. That's bad news for every Hawaii resident whose job depends, directly on indirectly, on the visitor industry. With Hawaii tourism down 5.2 percent from last year, with hundreds of hotel rooms sitting empty, we don't need a treaty that pushes our visitor count even lower. For Hawaii's number one economic sector, the bottom line is that NAFTA uses travel and tourism as a cash cow without any return benefit to our visitor industry.

NAFTA of course will affect every State, not just Hawaii. Essentially, NAFTA is not a trade agreement at all. Its principal effect will not be the reduction of barriers between rival producers. Rather, the pact will increase incentives for United States producers to move jobs to Mexico and expand their reliance on Mexican workers for the manufacture of products for the United States market. The treaty will create winners and losers. The winners will certainly be large U.S. corporations, which will be able to slash production costs while experiencing virtually no increase in competition.

American workers, on the other hand, will be thrown into a labor market extending into the Third World where the Mexican State of Yucatan, for example, lures United States employers by advertising wage rates of less than a dollar a day. United States workers, who through their organizing and collective bargaining efforts, have achieved a standard of living unprecedented in human history, will have virtually no leverage in maintaining wage, job protection, and benefit levels.

The achievements of American workers to date in attaining these objectives has been the result of their ability to organize and bargain collectively as labor unions. Even nonunion workers benefit from the existence of unions, because union wage levels set the standard for entire industrial sectors. The key to success in labor's endeavors, obviously, is the freedom to organize independently of government and/or employer control. Such conditions, unfortunately, do not exist in Mexico. The major labor organization there, CTM, resembles the docile unions in formerly Communist countries. Truly independent worker efforts such as those at the Volkswagen plant in Puebla, the Ford plant in Cuautitlan, the Cananea copper mine, the Modelo Brewery in Mexico City, and the Tonel Rubber Co. were broken up by CTM goons, armed troops, and government repression. The labor provisions of the NAFTA agreement submitted to Congress are so weak as to be

laughable. They will in fact constitute a green light to intensify labor repression in Mexico. Mexican workers will continue to be denied the right to meaningful participation in the work place, and wage rates will remain mired at subsistence level.

Even without NAFTA, wage incentives to move production facilities to Mexico are substantial. Mexico's minimum wage is about 50 cents per hour and the average manufacturing wage is less than $1.60. To encourage relocation of United States plants, the Mexican Government has suppressed independent labor unions and held wages at United States-owned facilities to levels below those prevailing at Mexican-owned factories. The average wage at U.S.-owned maquiladora plants is less than $1.10 an hour. Let us not be deluded into thinking that these wages mean that the only U.S. jobs moving south will be unskilled jobs. A number of U.S. producers are already taking advantage of low wage levels to provide the extensive training required by high skilled production processes. Thus, it is not just low wage jobs that will drain away because of NAFTA, but the most highly prized advanced technology manufacturing jobs will be disappearing as well.

United States job losses due to the agreement have been estimated at various levels, the most common being 500,000. Virtually all the econometric projections cited by NAFTA proponents fail to consider the pact's most important job loss implications. As a recent article in Business Week noted, "Most studies rely on the 19th century theory of free trade, which assumes that capital doesn't cross borders. Result: the studies miss the drain of U.S. investment dollars." According to mainstream estimates, a $1 billion shift of United States capital to Mexico would, on average, cost 30,000 American jobs. Business Week estimates that even if new investment in Mexico were limited to only $2.5 billion per year, the resulting job loss would be 375,000 over 5 years.

How much new business investment will flow into Mexico is also problematic. It will be determined on a plant by plant basis in thousands of board rooms across America. The recent history of corporate America offers little reassurance that human needs will be accorded equal weight to bottom line considerations. To understand the profit-driven excesses of which corporate decisionmakers are capable, one has only to recall the junk bond and leveraged buyout frenzies of the 1980's.

None of the pro-NAFTA arguments are as empty as the wishful thinking about United States products that might be sold in the Mexican marketplace. The United States Embassy in Mexico prepares an annual report on the Mexican economy. This year's report indicates that in 1992, only 10.2 percent of urban workers in Mexico earned as much as $4.30 per day, five times the minimum wage. With 26 million people in the Mexican work force, Embassy data indicates that less than 2 million earn $6,000 or more annually. Probably fewer than 1 million Mexicans earn the equivalent of the United States minimum wage. It is clear that few Mexican families could afford to purchase goods imported from the United States. As a market for consumer exports, Mexico is comparable to Luxembourg.

NAFTA proponents argue that the United States enjoys a large and increasingly favorable balance of trade with Mexico. They argue further that the surplus will grow larger with NAFTA. Mexico-United States trade figures, however, demonstrate just how misleading statistics can be. The Congressional Budget Office estimates that a third of the $32 billion of the 1991 United States exports to Mexico consisted of machinery and scientific instruments. A major portion of this equipment was destined to outfit United States-owned factories in Mexico. Virtually all the output of these factories will be shipped northward back across the border. It is the height of self-delusion to suppose that exporting our productive capacity to a low wage manufacturing area is evidence of a potentially golden market for U.S. goods.

With the immigration issue having reached crisis proportions in some parts of the United States, it is claimed that NAFTA will slow Mexican immigration to the United States. If so, it would be the first time in recorded history that expanded commerce reduced the flow of people between the participating states. NAFTA will produce winners and losers not just in the United States, but in Mexico as well. Among the losers are certain to be the several million Mexicans now engaged in the raising of corn. They are among the poorest and least educated people on the North American Continent. As Mexico phases out its high tariff on corn, most if not all of these peasants and farm workers will be dislocated. Some no doubt will seek work in the newly established factories. Their impact on the Mexican labor market punctures the hopes of those who foresee an army of middle class consumers emerging from the NAFTA-created Mexican work force. Others among the dispossessed corn growers will head north, exacerbating an already serious crisis in California and other magnet areas in the United States.

NAFTA supporters like to compare NAFTA to the European Community's admission of Spain, Greece, and Portugal. That comparison simply serves to illustrate the degree to which NAFTA is a high-risk misadventure. International Monetary Fund data demonstrate that wages in those countries are actually more comparable to those in low-wage areas of the United States and 3 to 4 times higher than Mexican levels. Manufacturing wages in Spain, for instance, exceeded $8 per hour in 1991. It should be noted also that Spain, Portugal, and Greece have a combined population considerably smaller than Mexico's. Consequently, the potential problems they pose for the more advanced European countries are proportionately less. Nonetheless, the European Community spent tens of millions of dollars on infrastructure, environmental protection, worker retraining and dislocation benefits in order to ease the pains of integration.

A more appropriate international comparison is the European Community's decision on Turkey's application for membership. In 1989 the community refused to even negotiate with Turkey on possible membership terms. The opinion accompanying that decision stated:

> The low level of personal incomes naturally has an impact on the social situation of the workers, and this would make it difficult for Turkey to align itself within a short period on the social standards which the community has adopted or is about to adopt. As long as these disparities continue to exist, there will be reason to fear that Turkey would experience serious difficulties. [T]hese doubts are accompanied by the concern the Community may feel regarding the burden Turkish accession would impose on its own resources.
>
> In spite of the progress achieved since 1980, there is still a substantial development gap between the Community and Turkey, such that a comparison of GDP per head reveals that purchasing power in Turkey is one-third the Community average.

I quote at length from this report, because our concerns about an economic union between the United States and Mexico should be at least as strong as the European Community's reservations about Turkey's application for membership. Per capita income in Turkey is 50 percent higher than that of Mexico, its population growth is slower, and the population differential between Turkey and the European Community is twice as large as that between Mexico and the United States.

NAFTA's environmental and public health provisions provide further reasons for my concern about this agreement. We have been assured that the pact and its side agreements provide ample protection, but this is decidedly not the case.

Over the past three decades, the United States has begun to erect a framework of laws to protect our environment. Under NAFTA, United States Federal and State environmental laws could be challenged as incompatible with international trade rules. If a NAFTA dispute panel rules that an environmental protection law interferes with trade, then the United States would either have to change the law or face sanctions against their exports. Environmental laws are vulnerable to

challenge because a dispute panel must rely on a series of tests that are weighted in favor of trade and against environmental laws. NAFTA could override some of the most important of these, including:

The Lacy Act of 1972, which prohibits the importation of wildlife taken in violation of conservation laws;

The Pelly amendment to the Fisherman's Act of 1967, which restricts the import of fish from nations violating international fishery conservation guidelines such as the rules of the International Whaling Commission;

The Marine Mammal Protection Act of 1981, which prohibits the importation of non-dolphin safe tuna;

The International Dolphin Conservation Act of 1992, which also prohibits the importation of non-dolphin safe tuna; and

The Wild Bird Conservation Act of 1992, which bans the import of birds taken from the wild in tropical countries.

Additionally, the United States could not limit the importation of goods that unnecessarily destroy wildlife or natural resources during their production.

Further, NAFTA's provisions can be invoked to void the application of United States food safety laws to products originating in Mexico. Examples include the Delaney clause, which bars cancer-causing additives to foods, and California's proposition 65 requiring food labels to disclose the presence of harmful or toxic ingredients.

Included in the NAFTA package is the North American Development Bank [NADBank]. This institution is offered as a vehicle to ameliorate environmental damage resulting from NAFTA, but its total resources will be only a small fraction of the needed total and its scope is far too narrow. The NADBank will fund infrastructure for water pollution cleanup, wastewater treatment, and municipal solid waste dumps. These are vitally important, but other priorities—air pollution, toxic waste, et cetera—are ignored.

This NAFTA, to summarize, is a big gamble and the odds have been poorly calculated. At stake are the livelihoods and futures of millions of working Mexicans and Americans. It's an exciting proposition for the corporate elitists and game theorists who roll the dice. But it's something else again for those who find themselves with the dice loaded against them.

□ 1950

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. PETE GEREN].

Mr. PETE GEREN of Texas. Mr. Chairman, I want to first thank my colleague, the gentleman from California [Mr. MATSUI], for yielding me this time and commend him for his outstanding leadership on this issue as well as the gentleman from New Mexico [Mr. RICHARDSON], who has led this fight with the gentleman from California [Mr. MATSUI].

Mr. Chairman, although the debate all day today has been spirited and too often marked by acrimony, the goal of everyone in this House is the same. The goal is jobs for Americans, good-paying jobs, good benefits, opportunity for all Americans to improve their lot in life and leave a better future for our children.

How do we get there? Is it with NAFTA or without NAFTA?

The opponents say without.

Every living President says a future with NAFTA will be brighter. Presidents Nixon, Ford, Carter, Reagan, and Bush and Clinton agree on that point. Every living Nobel prizewinner in economics says with NAFTA. Every objective study of the job impact of NAFTA in this country says with NAFTA, and there have been 18 of them.

Every living Speaker of the House including my predecessor, Jim Wright, who is certainly a great leader in the labor movement in this country, says with NAFTA.

Forty-one of fifty Governors, including my Governor, Ann Richards, says our future will be brighter with NAFTA.

Mr. Chairman, the University of Texas recently completed a study, and it has projected job growth of 75,000 jobs for the Fort Worth-Dallas Metroplex, 75,000 jobs in north Texas alone. My area has been hit hard by economic setbacks, and if we are going to give our families a chance to get back on their feet, if we are going to build a brighter future, we must seize this opportunity.

NAFTA means jobs for Americans. NAFTA must be a piece of the future that we build for our children.

I urge my colleagues to vote yes tonight. Let us make change a friend. Let us embrace change, and let us do this for our children.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the distinguished gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. Mr. Chairman, I rise against NAFTA, not because I oppose free trade, but because I believe in it.

But when one nation imposes on its workers no right to organize and another guarantees that right, when one nation protects its environment and one nation allows it to be abused, we are not establishing free trade. We are once again entering America into a trade deal that is to our distinct disadvantage.

Mr. Chairman, I believe in free trade enough to believe that the administration should return to Mexico City to the negotiating table and genuinely reach an agreement where markets are opened and not manipulated and not, once again, put at the disadvantage of our own people and our own workers.

I urge a no vote on NAFTA.

Mr. SOLOMON. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. GALLEGLY].

Mr. GALLEGLY. Mr. Chairman, I rise in opposition to this 3,755 page, 800-pound document referred to as NAFTA.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentlewoman from Virginia [Ms. BYRNE].

Ms. BYRNE. Mr. Chairman, a lot has been said tonight, but I want to remind my Democratic colleagues about a time in March when we, the majority party, stood shoulder to shoulder with the President to create an economic stimulus package in this House to create 500,000 jobs, and unfortunately the other body squelched that effort. But it was worth fighting for, because it created jobs in this country.

And now we are willing to gamble. We are willing to gamble on those jobs that we were willing to fight for in March.

It is not worth the gamble, and just a few weeks ago, we extended unemployment benefits for the second time to the tune of $10 billion so far this year.

There is no money here to extend more unemployment. We have got to create jobs here.

I went to the maquiladoras in May, and I saw the blueprint for NAFTA. I saw take-home pay of $17.32 a week.

I ask you to vote no on NAFTA and start again, and this time do it right.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentlewoman from Ohio [Ms. KAPTUR].

Mr. SOLOMON. Mr. Chairman, I yield 1 minute to the gentlewoman from Ohio [Ms. KAPTUR].

The CHAIRMAN. The gentlewoman from Ohio [Ms. KAPTUR] is recognized for 2 minutes.

Ms. KAPTUR. Mr. Chairman, as a strong opponent of this NAFTA, let me thank all my dear colleagues on both sides of the aisle who have fought so untiringly to inject a human face into this debate on NAFTA—to be voices for the millions in our Nation whose lives have already been affected by the erosion of good-paying jobs—and those in Mexico who work their hearts out, but earn not enough to buy what they make. Irrespective of the outcome, our fight will continue after this vote in the tomorrows to come—a fight against the narrow vision of the elites and Wall Street who have contempt for those who work in our factories, on our farms, and on Main Street in the United States and Mexico. We have known all along what a mountain we had to climb. But we have been valiant in our efforts, and we can be proud as our

votes are cast tonight. For it is in our hearts that the truest principles of democracy, prosperity and respect for ordinary people of extraordinary spirit reside.

For me, this has been a fight about dignity for people. So ours will not only be a moral victory. It gives hope to those in our world who struggle for democracy, labor rights, for human rights, for a clean environment, for health and safety in the workplace, and in fact, for the right to speak out as we have spoken out here today. We find repugnant the deals that have been cut to sway votes in this body. Human nature is too often weak. But out of this moment has come an incredible awareness on the part of the American people that trade and jobs are inextricably linked and that people matter more than profits. If this flawed agreement passes, in the months and years ahead, as plant relocations and production move to Mexico in greater numbers and people in our Nation are hurt and those in Mexico exploited, it will be on this floor of Congress that we will be voices for those who bear the pain of NAFTA. We wait for the tomorrows in which we can constructively fashion a trade agreement that moves America and the world into a new era of trade-linked advancement for people of ordinary means.

□ 2000

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the gentlewoman from California [Ms. SCHENK].

Ms. SCHENK. I thank the gentleman for yielding time to me.

Mr. Chairman, the time and the circumstances are wrong for this NAFTA. I support free and fair trade, but not to the detriment of America's working men and women, and not to the detriment of my community of San Diego, right on the border.

I cannot vote for this NAFTA because it puts the proverbial cart before the horse. For example, we first should have provided for the basic facilities and infrastructure, such as strengthened border patrol, to deal with the increased illegal immigration which will surely come as Mexican farmers are displaced by our corn and pork.

We should have provided for the extra law enforcement needed to deal with the onslaught of trucks and other vehicles that will clog San Diego's freeways.

We could have, and should have, done better in negotiating this treaty. These are uncertain economic times, and people feel insecure about their own future. It is unfair to ask Americans to take a risk as great as this NAFTA at this time, and I urge my colleagues to vote against it.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS of Texas. Mr. Chairman, we are at a defining point in this country's long history of economic leadership. Our credibility as the world's leading economic power hangs in the balance.

In 1948 America stood as the eminent world power. That year the Congress faced a historic choice: whether to follow a path of isolationism and withdrawal or become the dominant leader of the free world.

A Democratic President, Harry Truman, and a Republican Congress led by Senator Arthur Vandenburg worked together to pass the Marshall plan and changed forever the face of Europe. America entered the cold war with bold and daring leadership.

Today, the issue of the North American Free-Trade Agreement, in both size and scope, pales in comparison. But the choice is no less historic. This is a significant moment in American foreign policy. A vote for NAFTA is a vote to seize our future. To reject this important agreement is to retreat to isolationism and protectionism.

At the heart of the issue the choice is a clear one: Will the United States become insular and isolated in this new age of international trade and competition or will our Nation lead the world to an open and more global marketplace. This is a significant moment in our history and will determine America's role in the world economy well into the next century.

Mr. Chairman, our opponents will have you believe that we have been outtraded by Mexico and are on the verge of trading away our future. The fact is that NAFTA levels the playing field that is currently stacked against us. It requires Mexico to drop its tariffs and open a growing market as never before to United States exporters, their employees and to our goods.

There are tremendous differences in size between the United States and Mexico—the Mexican economy is only one-twentieth the size of the United States economy. Mexico is simply not capable of flooding our market with goods and outproducing our workers.

A vote for NAFTA will strengthen our credibility abroad and strengthen our hand as a world leader in the fierce competition that lies ahead. At this very moment, leaders from the Pacific rim are flying to the United States to meet with the President to discuss future trade opportunities in this important region. Asia, with a combined economy of $6 trillion, is one of the world's most dynamic markets. We must build a stronger trading relationship with Asia to improve access for our goods and services. Rejection of NAFTA will weaken our President in these negotiations.

Mr. Chairman, we must also remember that the deadline on GATT negotiations is quickly approaching. More than 100 countries are taking part in this effort to rewrite the rules of world trade, to bring down barriers in markets across the globe. The United States has been working for years to break the impasse on GATT, and we are near the goal line. Rejection of NAFTA sends the message to Europe that we are unreliable trading partners.

Rejections of NAFTA puts the United States at a disadvantage in pressing Japan and our European partners to lift restrictions on United States Trade and investment. Make no mistake, the connection between NAFTA and the GATT and United States-Japan talks is crucial. A rejection of NAFTA here today will all but guarantee disaster in these negotiations.

The vote on NAFTA is also the symbol of our leadership in developing the markets of Latin and South America. The markets of the Western Hemisphere will be rapidly expanding in the next century. The United States is their natural trading partner, and we must be at the forefront of developing these emerging economies. By taking the lead today, we lay the groundwork for the future.

The vote on NAFTA represents a test. Are we ready today to fully engage our marketplace or will we relinquish our role as leaders. I, for one, refuse to believe that the United States cannot, for all of our strengths, compete against the labor of developing countries. Not only can we compete but we can win.

Americans are rightly concerned about an erosion in their standard of living. I understand these fears—but defeating NAFTA will not address these problems.

Opponents fear that NAFTA will cause factories to move to Mexico to take advantage of cheap labor. The truth of the matter is that business can do this now. Labor is only one component of production. A successful factory needs infrastructure, communications, a distribution network—all areas where the United States has a major advantage. Most importantly, American workers are the most productive in the world.

NAFTA eliminates incentives for companies to move to Mexico. Currently, the only way for many American businesses to sell in Mexico is to manufacture in Mexico. NAFTA opens the Mexican market to United States exports and for the first time, allows us to sell to Mexico what we produce here in the United States.

NAFTA will not only be an economic boon for North America, but it will help us focus our resources and address environmental problems along the border. Let us be clear about one thing: NAFTA did not cause the pollution and environmental degradation along the border and rejection of NAFTA will do nothing to improve it. We cannot turn

our back to the environmental problems along the border, hoping that they will disappear.

The mainstream environmental community is solidly behind this agreement. They know that the defeat of NAFTA will not help us address environmental concerns that will accompany future industrial expansion. They know that the defeat of NAFTA will not make Canada and Mexico more responsible for environmental preservation. They know that defeat of NAFTA will not clean up the United States-Mexico border area or the Rio Grande River. With NAFTA there is vastly more funding for border cleanup than there is now and more than there would be without it.

We should not fear for America's future. We stand at the close of one century looking into the next as the most powerful Nation on Earth. This is our time to be daring—to take a risk worth taking. And like other moments in our history, it is time to show leadership, to show our resolve and to show our commitment to the future. Let us stand with our President; with every living former President; and with every living Secretary of State. Let us stand for out future. Let us pass NAFTA.

Mr. SOLOMON. Mr. Chairman, I reserve the balance of my time. We have just one final speaker before the quorum call.

The CHAIRMAN. the gentleman from Texas [Mr. ARCHER] has 2½ minutes remaining.

Mr. ARCHER. Mr. Chairman, I yield 15 seconds to the gentlemen from Florida [Mr. YOUNG].

Mr. YOUNG of Florida. Mr. Chairman, I regret that not enough time was allocated so that each Member would have the opportunity to say what is on their conscience. But in 15 seconds let me say that to deny American workers the opportunity to fairly compete in the world marketplace is just not acceptable. So I rise in support of this free-trade agreement.

Mr. Chairman, to deny American workers the opportunity to fairly compete in the worlds market-places is not acceptable. So tonight I rise in support of the free-trade agreement despite the fax message I just received which said, "There is still time to save your job—vote no on NAFTA."

Saving my job is of no relevance when compared to the economic future of our Nation. It is the jobs of America's workers, especially those that will be created by this free-trade agreement, that are at issue here tonight. Threats like I just received simply strengthen my resolve to do the right thing and support the North American Free-Trade Agreement.

At the end of a telephone conversation yesterday, Mr. H. Ross Perot, simply told me to vote my conscience tonight. Well Mr. Chairman, over the past few weeks I have searched my conscience at length and talked to many people from all sides of this issue. This includes a private meeting last night with President Clinton in the Oval Office, at his request, a meeting with Mr. Perot in my office earlier this month, at his request, countless discussions with my colleagues in the House and Senate, conversations with hundreds of constituents from my home district in Florida, and hundreds more letters, telegrams, and faxes from people throughout our Nation. All of these meetings, conversations, calls and letters, along with my personal research lead me to conclude that my original inclination to support NAFTA was the correct one.

There has never been a doubt in my mind that American workers can outcompete any other workers in the world. And given a level playing feel, there is likewise no doubt in my mind that American businesses and industries can out compete their competition in any other nation.

The key to NAFTA is that it levels the playing field for American firms seeking to export their products and services to Mexico. It provides a unified, barrier-free trading environment for workers and businesses in the United States, Canada, and Mexico.

Through my work on the Permanent Select Committee on Intelligence, I receive regular briefings from our intelligence agencies on the economic changes taking place in various parts of the world. It is no secret that our allies in the European Community are establishing a unified economy much like that envisioned by NAFTA. Less well known, however, are the discussions under way in other parts of the world, such as East Asia, where trading blocs are coming together. NAFTA allows us to protect our competitive position in this evolving global market.

For the people of Pinellas County and the state of Florida I represent, NAFTA will mean the creation of jobs to fulfill a greater demand for the products produced in our State. These will be good, high paying jobs that will bolster our State's economy.

Florida has helped lead our Nation turn a trade deficit with Mexico into a $2.3 billion trade surplus as Florida's exports to Mexico have tripled over the past 5 years, growing from $219 million in 1987 to $664 million in 1992. During that time, Mexico has grown from being Florida's 14th ranked trade partner to its 7th.

Canada, the third signatory to the NAFTA, is Florida's leading export market. In the 3 years since the United States-Canada Free-Trade Agreement was implemented, Florida exports to Canada have increased from $664 million to $1.6 billion. This experience gives credence to the analyses which predict a similar explosion in United States to Mexico will follow the implementation of NAFTA on January 1.

All those who have engaged in this debate tonight and over the many months we have discussed NAFTA are to be complimented for encouraging a very important, wide-ranging debate on this very complicated agreement. Ross Perot and the many critics of NAFTA have performed a valuable service. They have called attention to sections of this agreement which required every Member of this House to closely study its two volumes and separate out fact from fiction. This healthy national, and at times international, debate has not only energized the electorate, but raised the debate to such a level that every American learned much more about NAFTA than they knew before.

In fact, many people who contacted me over the past few weeks to oppose NAFTA, have after further review, called this week to let me know that they now support the agreement. They have taken the time to listen to the debate and concluded that NAFTA is really in the best interest of our Nation.

From the outset, NAFTA's impact on American jobs has been one of the major recurring concerns. Study after study, however, predicts that jobs will be created, not lost. The U.S. International Trade Commission predicts that 200,000 American export-related jobs will be created by NAFTA by 1995. The Institute for International Economics puts the figure at 145,000.

The Florida Department of Commerce estimates that in our State, five new jobs will be created for every one job lost. In addition, the department believes that the newly created jobs will be higher paying jobs related to the growing high technology industries which would benefit from NAFTA.

A second concern is that NAFTA will encourage United States businesses to relocate operations, and jobs, to Mexico to take advantage of lower wage rates. The truth is, American businesses inclined to move south already would have done so, in part to avoid tariffs. Only one-fifth of the production costs for businesses is related to labor. Plant, equipment, and transportation make up a greater share of the cost and in these areas, American businesses find it more economical to produce their goods in the United States than Mexico. With regard to wages, a recent study has shown that the earnings of Mexican workers have risen by almost 30 percent in the past 5 years and that they will continue to rise with the implementation of NAFTA. The enactment of NAFTA makes it far less likely that American firms will locate to Mexico than if NAFTA is defeated.

A third concern about NAFTA has been that it would threaten our State's agriculture producers and industries. By remaining united right up until the final days, our delegation has been able to receive from the administration firm letters of agreement that protect Florida's citrus, vegetable, and fruit producers. With these agreements, the major associations representing various Florida agriculture interests have joined in support of NAFTA.

A fourth concern I have heard from my constituents is that NAFTA will threaten our environment and our wildlife. While there is some disagreement within the environmental community, a number of major environmental and wildlife organizations, including the National Wildlife Federation, the Natural Resources Defense Council, the World Wildlife Federation, the National Audubon Society, the Environmental Defense Fund, and Conservation International have all announced their support for NAFTA. The agreement does nothing to undermine current or future United States environmental laws while at the same time giving our nation leverage to raise the environmental standards of Mexico and Canada. This can only help to enhance the environment of our hemisphere. Killing NAFTA would do nothing to improve the environment.

A fifth major concern is that NAFTA will encourage an even greater flow of illegal immigrants from Mexico into the United States.

Studies have shown that just the opposite is true. The basic tenet of NAFTA is that lifting trade barriers between the United States, Canada, and Mexico will encourage economic growth and job creation in all three nations. This will create new and higher paying jobs in Mexico and will allow Mexican workers to find employment without having to illegally enter the United States looking for work. It is no secret that illegal aliens, given a choice between staying in their homelands and working, or illegally entering our Nation, prefer to stay in their homeland close to family and friends and the culture to which they have grown accustomed. Furthermore, some reports have found that with a growing economy and the dropping of trade barriers, many Mexican businesses will no longer need to locate along the United States border. By moving away from the border, the rate of illegal immigration will drop and the ability of U.S. law enforcement personnel to patrol our borders will improve.

Mr. Chairman, there are many other issues that have been discussed in the two volumes and more than 3,700 pages that comprise NAFTA. In the end, each of us who has been elected to Congress must cast a vote for or against this agreement. In making that decision, I must decide what is in the best interests of the United States of America. It is clear to me that tearing down trade barriers around the world is in the best interests of American workers and American consumers.

It comes to a question of confidence—confidence that our workers will continue to outproduce the workers of any other nation and confidence that expanding the markets for American goods will improve our Nation's balance of trade to the benefit of the U.S. economy.

This is not to say that my vote of NAFTA will be a politically popular vote with all the voters in the Tenth Congressional District of Florida. As I said at the outset, each of us who supports this agreement has received calls of retribution. There have been implied threats and direct threats against future support for me if I support NAFTA.

To cast my vote for or against any legislation based on the threat of retaliation at the polls would be the same as me casting a vote for or against an issue based on financial political support. It would be a bribe and this Congressman's vote is not for sale on this or any other issue.

Mr. Chairman, NAFTA brings down trade barriers that improve our Nation's competitive position. It will create jobs—good jobs—that will stimulate our Nation's economy and enhance our access to foreign markets. It is my hope that its passage this evening will be a first step toward bring down all trade barriers that exist throughout the world. There will never by any doubt in my mind that given a fair and level playing field, our Nation's worker's can outwork and outproduce the workers of any nation in the world. In time, NAFTA will prove just that.

Mr. ARCHER. Mr. Chairman, I yield 15 seconds to the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman, I rise today in support of new avenues to enhance America's economic future and, therefore, I am supporting the North American Free-Trade Agreement.

Mr. Chairman, I rise today in support of new avenues to enhance America's economic future; and therefore, I am supporting the North American Free-Trade Agreement [NAFTA]. I will cast my vote tonight in favor of NAFTA because the issue here is jobs.

There is a lot of confusion out in the public mind about whether NAFTA is going to help us in America or hurt us. The fact of the matter is that the jobs going to Mexico have already gone. What NAFTA does is lower tariffs and permits the United States to sell more of our goods and services to Mexico. In turn, that means more jobs and economic opportunities in America if we're selling more of our products down there.

We, as Americans, think of our country as the last of the major superpowers; however, military power is often ineffective in economic warfare as the Japanese have recently proved so well. Indeed, today's global wars are taking shape in the form of "economic blocs" rather than military alliances, to achieve global power objectives.

Simply put, the future economic growth of both my congressional district in southern Missouri and our Nation as a whole depend on the removal of trade barriers, not raising trade barricades around us. In this hemisphere, our balance of agricultural trade continues to improve and American farm producers have been able to maintain this growth with tariffs currently in place. Imagine the opportunities that lie ahead if we tear down the tariffs that remain, not only for agriculture, but for more efficiently produced American manufactured goods.

Finally, I would like to point out that there has been a lot of concern expressed about what happens if, once we are in this agreement, we find we wish we were not. The answer to that is very simple—article 2205 provides that any country "may withdraw from this agreement 6 months after it provides written notice of withdrawal to the other parties."

With the end of the cold war; the great desire for positive change by all people, most especially our own people; in recognition that the next century is going to be dramatically different than the one coming to a close, this vote will help position the United States to continue to be the strongest, most inspirational leader on the face of the earth—through trade, not aid; through peaceful development, rather than the conflict of war.

I will close simply by saying: vote "aye" on NAFTA and say "yes" to American jobs, a better quality of life, and new economic opportunities for the United States.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. KNOLLENBERG].

Mr. KNOLLENBERG. I thank the gentleman for yielding this time to me.

Mr. Chairman, tonight we reach the end of a long and important debate on America's trade policy and our Nation's economic future.

This is probably the most important vote of the year. And through all the rhetoric, a simple choice has emerged.

Tonight, I say to my colleagues we will determine whether America stakes its claim in the global economy, or whether we continue to slide backward under the status quo.

With NAFTA, we will open the way for a tremendous infusion of American-made goods into Mexico.

One need only look at the American auto industry to see NAFTA's great potential.

Last year, we exported just a thousand vehicles to Mexico. With NAFTA, we will export 60,000. That is right, 60,000 cars, built here in the U.S.A. by American autoworkers.

And in a vast number of other industries, entrepreneurs will move forward, boosting exports and creating jobs.

Will NAFTA single-handedly revive the American economy—which is still overburdened by high taxes and regulation? No. But it will increase our exports and it will create jobs—for that reason alone, we should pass it.

But we must also face a larger issue. Tonight, the whole world is watching what we do in this Chamber.

If we have the courage to pass NAFTA, we will show the world that we are ready to take the aggressive steps necessary to open markets for American products—throughout the hemisphere and across the globe.

We cannot simply walk away from this opportunity.

In this post-cold-war world, the true measure of a nation's prowess will not be decided on the battlefield; it will be decided in the marketplace.

I say to my friends that in my district, in Michigan, and indeed throughout the Nation, we have the most productive, highly skilled workers in the world.

I have supreme confidence in their ability to fight and win the battle of the global marketplace.

So tonight, let us claim our rightful place on the world's economic stage. Let us pass NAFTA, and show the world what an economic superpower can do.

Mr. DERRICK. Mr. Chairman, I yield such time as he may consume to the gentleman from American Samoa [Mr. FALEOMAVAEGA].

Mr. FALEOMAVAEGA. Mr. Chairman, I rise in opposition to the NAFTA.

Mr. Chairman, I rise today in opposition to H.R. 3450, legislation which will implement the North American Free-Trade Agreement.

Mr. Chairman, this decision has not been an easy one for me. I am a firm believer in the concept of free trade and that our country, as a whole, can be very competitive in the international marketplace, if given a level playing field. A free-trade agreement holds the possibility of improved trade relations with our neighbors, increased opportunities for some industries, and reduced immigration problems along our southern border. Additionally, our President has fully committed himself to the passage of NAFTA, and I must commend him for the admirable job he has done in consolidating strong support for NAFTA. As a fellow Democrat, I am very reluctant to take any action which might be perceived as opposing the first Democratic President in office for well over a decade.

Nevertheless, with respect to NAFTA as it currently stands, I am concerned with the likely, significant impact this NAFTA will have on the U.S. territories, and in particular on American Samoa.

In my congressional district of American Samoa, fully one-third of the local work force is employed by two tuna canneries. When the secondary industries which support these two primary employers are considered, approximately one-half of our economy is driven by the tuna industry. This industry and their over 4,000 employees provide the bulk of our local tax revenues. Not surprisingly, nearly half of the canned tuna consumed annually in the United States, over $600 million worth, is produced by my district.

Under NAFTA, even with the 15 year "C+" tariff reduction schedule contemplated for canned tuna, it has been predicted that the trade agreement's effect on the tuna industry would be major. According to the NAFTA impact study conducted by the U.S. International Trade Commission for the House Ways and Means Committee, "Removal of U.S. duties on canned tuna would likely result in a significant increase in U.S. imports of such items from Mexico. The harm such an increase in imports would likely do the U.S. tuna industry would be significant." (USITC Publication 2353, at page 4–14.)

Given these circumstances, I felt compelled to write to the chief executives of the corporations controlling the tuna canneries in American Samoa, Starkist Seafood Co. and Van Camp Seafood, Inc., regarding their views on NAFTA and the possibility of their canneries relocating to Mexico.

Their responses, although attempting to be reassuring, could not mask certain facts. First, they will stay in my district only so long as their companies can remain competitive worldwide; and, second, the current import duty on canned tuna is a significant cost factor, whose removal could change their competitive position in American Samoa.

Based on the facts available to me, if NAFTA is implemented, I am of the opinion that despite their desire to remain in Samoa, both canneries will likely move their operations elsewhere in 15 years or sooner. I say this, not because I want them to leave—I do not—but because at some point I know with the tariff reductions it will no longer be economically viable for them to continue their operations here.

Mr. Chairman, given the significant negative impact expected in my congressional district, I solely regret I am not able to support this NAFTA because of the foregoing concerns.

Mr. DERRICK. Mr. Chairman, for purposes of debate only, I yield 1 minute to the distinguished gentleman from New Hampshire [Mr. SWETT].

Mr. SWETT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to this NAFTA.

I believe it essential that the United States, Canada, and Mexico engage in free trade. I also believe that a free trade agreement should raise Mexico's standards, not lower ours.

As we proceed down the road of increased trade liberalization, we need to decide what values should form the foundation of our trading relationships. We cannot take food off the tables of American workers to give to Mexican workers.

Mr. Chairman, we cannot endanger the lives of citizens in both countries with poison and pollution. We need to create an agreement which will feed and protect citizens of both countries.

Mr. Chairman, properly negotiated, a new trade agreement would help promote reforms in Mexico, protect our environmental laws, and enrich both Mexico and the United States.

NAFTA falls short of these criteria.

I urge my colleagues to join me in defeating this NAFTA, so we can negotiate a new agreement which upholds the values dear to all Mexicans, Canadians, and Americans.

Mr. DERRICK. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. COSTELLO].

Mr. COSTELLO. Mr. Chairman, I rise in opposition to this NAFTA agreement.

Mr. Chairman, today the U.S. House of Representatives will vote on NAFTA—the North American Free Trade Agreement. In 1991, I voted against giving President Bush the authority to rush into a fast-track agreement with Mexico and Canada, and now I will vote against this NAFTA in the House of Representatives.

I have spent countless hours examining NAFTA from every perspective. I have read the proposed 2,000 page agreement, I have read articles, and have attended debates, workshops and lectures both in favor of and against NAFTA. I am not convinced that this NAFTA is in the best interest of the U.S. or the Mexican worker.

The proponents of this NAFTA believe that it will (1) create new jobs in the U.S. "long term"; (2) help clean up environmental problems along the border; (3) reduce immigration problems; and (4) increase wages and improve working conditions in Mexico while expanding U.S. businesses.

I believe that this NAFTA is a job killer, that it will contribute to greater pollution problems along the U.S.-Mexican border and that the creation of jobs in the "long term" for the U.S. is a gamble-not a guarantee. We should and can do better!

Everyone agrees that jobs will be lost in the short term if NAFTA is passed. Those who believe that NAFTA will create jobs in the U.S. long term base their claim on the premise that the Mexican people will demand and purchase products manufactured in the U.S. They believe that the Mexican people will be able to afford U.S. goods because the Mexican government has promised to increase wages and improve working conditions for Mexican workers, enforce environmental laws and eliminate human rights violations in Mexico.

Consider the following:

The United States will lose up to 500,000 good manufacturing jobs—up to 40 percent of our jobs in automobiles, steel, textiles and apparel according to an unreleased study by the U.S. Department of Commerce. Proponents claim that the Americans losing their jobs will be able to find better jobs in the U.S. Very few Americans who have lost their job recently as a result of a plant closing or a U.S. company moving to Mexico have been able to find better or higher paying jobs.

The minimum wage established by the Mexican government for its workers is 58-cents per hour. Ninety percent of the workers in Mexico make less than $22.00 per day. Wages in Mexico have declined by 25 percent since 1979, despite an increase in production in manufacturing facilities. It is difficult to believe that the Mexican government will increase wages in order for Mexican workers to be able to afford to purchase U.S. products.

It is clear that the Mexican government purposely keeps wages low in order to attract new manufacturing plants from the United States and other countries. The Mexican government has purchased full page newspaper ads asking the United States and other companies to come to Mexico for $1.00 per hour wages and low overhead.

Every major human rights organization has condemned the Salinas Administration for being one of the most abusive governments in this hemisphere.

NAFTA cannot be debated in Mexico without fear of retaliation. Recent public opinion polls in Mexico indicate that less than one-third of the people in Mexico favor NAFTA.

Proponents claim that NAFTA will reduce illegal Mexican immigration to the United States. Look at the history of the maquiladora area near the border and its effect on immigration. American factories in the maquiladora areas actually contribute to illegal immigration, by bringing families to the area on wages which cannot possibly sustain them. Our country has and will continue to send our sons, daughters, husbands and wives half-way around the world to protect human rights, while at the same time we are being asked to contribute to degradation of human rights—where workers labor and live in slave conditions—in Mexico.

This NAFTA will cost U.S. taxpayers several billion dollars to implement. Recently, the administration discussed the possibility of imposing a new transportation tax in order to implement NAFTA. It has been estimated that the U.S. taxpayers will end up paying between $10 and $30 billion in lost revenue and in infrastructure improvements that will be necessary to implement NAFTA.

In conclusion, I believe that we need a fair trade agreement with Canada and Mexico. This NAFTA is not fair! I believe that we should and must reject this NAFTA and negotiate a trade agreement that is fair to all parties. I urge my colleagues to reject this NAFTA.

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Mr. DERRICK. Mr. Chairman, I yield the balance of my time to the distinguished gentleman from Wisconsin [Mr. OBEY].

The CHAIRMAN. The gentleman from Wisconsin [Mr. OBEY] is recognized for 2½ minutes.

Mr. OBEY. Mr. Chairman, if NAFTA tonight threatened the jobs of editorial writers and network news anchors and

Wall Street bankers, this bill would not have a prayer, but it does not. It threatens the jobs of noncollege educated workers, so it is going to press.

All I will say to you tonight, if you are intending to cast your vote for this turkey, all I will say to you is if you are going to vote for it tonight, remember that in contrast to the advertised price tag, this baby carries a $20 billion minimum price tag over the next decade. I am talking about a price tag to the taxpayer, to the Federal budget, to the deficit.

Do not vote for this tonight, do not buy the goods tonight unless you are willing to pay for them over the next 10 years. If you are really going to claim tonight that you are going to provide job training for people who lose their jobs, then you had better be there when we have job training bills on the floor.

If you are going to go home and tell your constituents that you are going to provide schools for work and education and training programs, as people have said this is going to provide, then you had better be there when we bring those appropriations to the floor.

If you are willing to impose on the House tonight the authorization and the appropriation for a 5-year commitment to a new international banking institution that will obligate taxpayers to provide guarantees for over $2 billion, then you had better be there when the Foreign Operations bill comes to the floor the next 4 years that pays those obligations that you will legally incur tonight if you vote for that bill.

Now, I do not think we ought to do that. I think we ought to vote this down, but if you vote for it, then let us see you follow the logical consequences of your actions. Let us see you do the heavy lifting that is going to be required after this is passed tonight.

Mr. SOLOMON. Mr. Chairman, I yield our remaining 6 minutes to the distinguished gentleman from Kentucky [Mr. BUNNING] a member of the Committee on Ways and Means and a very learned Member of this House on this issue.

Mr. BUNNING. Mr. Chairman, I guess we have heard about everything there is to say about the North American Free-Trade Agreement.

We have heard the promise of jobs—the promise that NAFTA will generate hundreds of thousands of new jobs because of increased export opportunities.

I believe the opportunities are there. I do believe in free trade, and I believe that improved trading relationships will eventually mean jobs for us and for Mexico.

But no one has explained how an economy that is one 1/20 the size of our own can absorb enough of our products and services to offset the negative impact of opening the door to a Mexican work force that is nearly 1/3 the size of ours.

These numbers virtually guarantee tremendous job dislocation if this treaty passes. And this treaty does nothing to offer any hope to the working men and women in our fragile industries.

We have heard today, that those of us who believe this treaty threatens our Nation's sovereignty are off base.

I personally am truly concerned that the huge trinational bureaucracy that this treaty creates is a threat to our sovereignty.

I believe it threatens our ability to set our own health and safety and environmental standards, to set professional licensing standards, and to deregulate our own economy.

But today we have heard opinions from legal scholars who say these fears are groundless, that this sovereignty issue is "a dog which just won't hunt."

I am not a lawyer. In fact I am rather proud that I am not. But if "this dog won't hunt"—what is this dog doing in this treaty?

We have heard today that this treaty is a great opportunity for everybody—profits, jobs, investment opportunities galore.

But how can anyone tell what a great deal it is when we do not know what it really costs?

We just don't know the costs of all the promises that are being made in the back rooms at the White House and on Capitol Hill. The American people should be outraged at the way this treaty has been bought—vote by vote—with wheeling and dealing that would make a rug merchant blush.

If we tried this kind of vote buying in Kentucky, there would be a grand jury looking into it. In fact, we do try it in Kentucky and there is a grand jury looking into it.

We have heard a lot today—but we have not heard what these promises and side deals will cost. It think that is outrageous.

We have heard today a lot of promises about the benefits of opening up our Nation to competition. But we have not heard the one promise that would make me feel more comfortable with this agreement—the promise that President Clinton plans to change the course of his administration and do something to make this Nation more competitive instead of less.

We have heard a lot today about jobs. But where was that concern about jobs and competition when the President shoved his tax bill through this House?

Retroactive tax increases on small business will not make our country more competitive. The President's tax bill, enacted just months ago will cost 5 times as many jobs as this treaty could ever create.

The President's health care plan, if it is enacted, will kill five or ten times as many jobs as NAFTA could ever create.

If we are going to tear down the walls and open the doors, we have to get our own house in order and this administration and its policies do not give me any faith that we are ready to do this. It frightens me.

And we have heard today that this is a historic moment—this treaty is an historic opportunity. And I agree. After today, with or without this treaty, we will start the march into history—into the 21st century.

With or without this treaty we will continue to improve our trade relations with Mexico and reduce the trade barriers that separate us.

But as we begin this march into history, we really should start the march together. This treaty, this NAFTA, leaves too many unanswered questions and it leaves too many people behind in the dust.

Treaties are supposed to bring people together and offer hope for a better tomorrow. This treaty offers hope to our business community—hope of expanded trade opportunities and investment opportunities. It offers hope to the people of Mexico—hope of economic growth and job opportunities.

But for many working people in this country, this agreement offers nothing but fear, insecurity, and the loss of jobs. We can not leave them in the dust.

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Mr. Chairman, we cannot leave them in the dust. We can do better; we must do better. Let us reject this NAFTA.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa [NUSSLE].

Mr. NUSSLE. Mr. Chairman, I rise in support of the NAFTA agreement.

Mr. MATSUI. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. KOPETSKI].

Mr. KOPETSKI. Mr. Chairman, Members, yes, NAFTA is a trade agreement and Oregon and the United States will gain from it. But just as important is the fact that NAFTA is a strategy. It is an economic strategy to sell American-made products to American consumers and to a world market. This is the heart and basic concept of this agreement.

The United States has a $6 billion trade surplus with Mexico. Mexico is not our competitor. But the United States has a $45 billion trade deficit with Japan. Japan and Asia are our competitors, Thirty-three percent of Germany's gross domestic product is exported while only 11 percent of America's GDP is exported. These are our competitors—Japan and Asia, Germany and Europe. That is why they oppose NAFTA.

By NAFTA and the strategy involved, for the first time since the Marshall plan the United States is proactively setting forth an economic strategy for our businesses and workers to compete successfully in the global economy.

Instead of always responding, always playing defense, always playing catch-up to the economic challenges from Japan and Germany, we will set the

rules for the economic gain in our backyard. Under NAFTA, Mr. Chairman, we, not our competitors, set the rules for doing business through the rule of origin, the domestic content provision. We, not our competitors, set the rules through the enforcement processes for the intellectual property rights provisions. We, not our competitors, set the rules by giving tax preferences to goods produced in North American businesses over non-North American-produced products sold in the United States.

Under NAFTA, Mr. Chairman, we tell the world that we are designing the economic playing field in North America. We, not our competitors.

By this I see America returning to a road of prosperity and economic security. Trade-related jobs pay on the average 17 percent more than nontrade-related jobs. This economic strategy will allow the United States to return to jobs that pay living wages with health care benefits, with a pension program.

Mr. Chairman, to vote no on NAFTA is to accept the status quo. To vote yes is to embrace the strategy which allows us to move forward and to seek a better world for our people.

Mr. ALLARD. Mr. Chairman, today we have the opportunity to vote on one of the most important pieces of legislation of our time—the North American Free Trade Agreement. The implications of this historic agreement extend far beyond a simple trade agreement. NAFTA would create the largest and richest market in the world. The passage of NAFTA would affect the ability of the U.S. to remain competitive as well as help define our role as leaders in the international community. NAFTA offers the opportunity to expand our markets, increase our exports, and grow our economy.

Yet, despite all of these positive gains, there are still those who refuse to look toward America's future. There are those that are content with letting the special interest groups define what is good for our Nation. Rather than believing that the United States is a world leader and an innovator that can successfully compete in the global market place, the anti-NAFTA crowd believes that the United States should hide and retreat from international competition. It baffles me that some think a country whose economy is one-twentieth the size of ours is going to threaten our standard of living here in the United States of America.

For those who have been concerned with Mexico's labor or environmental practices, or with their past record on human rights and democracy, my response is that—engagement is the most effective weapon. If we want to address the problems of illegal immigration or drug trafficking, the answer does not lie in cutting our ties with Mexico and disengaging. Furthermore, closing the door on Mexico will have serious repercussions throughout North America. If NAFTA fails, relations with Central and South America could be soured, which translates directly into lost markets for American goods and the lost opportunity to help strengthen democracy and free enterprise in our hemisphere.

With the cold war over and the increasing globalization of our economy, it is quite evident that international trade and export growth is the key to our future. If we reject this opportunity today—the opportunity to forge closer ties with Mexico and engage with them—we will lose our ability to be leaders in North America and leaders throughout the world. Canada has already announced that if the U.S. Congress fails to pass NAFTA, their country will go ahead and negotiate a bilateral free trade agreement with Mexico. In addition, if Congress fails to pass this agreement, our chances of securing further trade negotiations that lower trade barriers, open new markets for U.S. goods, protect intellectual property rights, and set environmental and labor standards, will surely be lost. The fact is, the decision we make on NAFTA comes at a critical time for international trade. Should NAFTA fail, it could prevent a successful completion of the present multilateral trade agreement, known as GATT, which is scheduled to come to a close by mid December. Moreover, a country which rejects free trade with its neighbors, who share the same borders, is not likely to carry much international clout in convincing other nations across the ocean to drop their tariffs and engage in free trade.

Unfortunately Mr. Chairman, a great deal of misleading information and half-truths have been spread on the issue of NAFTA. In an effort to get the record straight, I think it is important to address some of these concerns.

Much of the NAFTA debate has centered around the issue of jobs. NAFTA opponents have claimed that this agreement will only accelerate the loss of manufacturing jobs in the United States. I believe, and leading economists have professed, that NAFTA will create jobs, because it offers the U.S. new markets and opportunity to increase U.S. exports, Recent history sheds light on this point. In 1986, Mexico began to lower its trade barriers and as a result, United States exports to Mexico grew. According to the Department of Commerce, this has added more than 400,000 new jobs to the American economy. NAFTA is a job creator.

As we all know, structural shifts in manufacturing employment have been occurring in this country for more than a decade. These changes have not occurred because of NAFTA, but stem from factors such as modernization, efficiency and a more global economy. NAFTA is not part of the problem. It may be, however, part of the solution. NAFTA will create the largest market in the world. By increasing our export opportunities, NAFTA will enable us to take advantage of America's economic strengths, which include high-wage and high-tech manufacturing.

The low wage rate in Mexico has been cited as a reason that American companies will relocate if NAFTA passes. If that is the case, why aren't there more American companies there now? And why are many which moved there now considering moving back to the U.S.? The truth is, this manufacturing exodus, is short-sighted and ignores many of the other factors of production, such as worker productivity and transportation costs. Moving factories down to Mexico is a costly undertaking. I doubt seriously that there will be a surge of companies that will close-up shop in America and relocate in Mexico, solely to take advantage of the cheaper labor. Again, anyone who runs a business knows that labor costs are just part of the total equation. With Mexican tariffs lowered, companies will not be as tempted to move to Mexico in the first place. Many companies have done so in the past in order to circumvent the high import duties that are presently in place.

An example of how NAFTA will help expand U.S. exports and boost our high-tech industries like computers can be seen in my district in Colorado. Without NAFTA, Hewlettt Packard in Fort Collins and Greely, CO, must pay a 20% Mexican tariff. With NAFTA, Hewlett Packard can sell more computer equipment for the same amount of money. With NAFTA, Hewlett Packard in Loveland, Fort Collins, and Greely will hire additional engineers and production workers to meet the additional demand for their product. With NAFTA, NW Transport of Commerce City, CO, and United Parcel Service in Fort Collins and Greeley will ship this additional computer equipment to Mexico. Finally, with NAFTA, Hewlett Packard will increase their overall sales because they will have a 20% price advantage over their Pacific Rim competitors.

As a representative of an agricultural district, I am especially sensitive to the needs of farmers, ranchers and those in the livestock industry. When Ross Perot, in his book Save Your Job, Save Our Country argued that NAFTA would be a bad deal for agricultural trade, I knew there were some inaccurate facts being circulated. The truth is, U.S. agriculture and the American farmer are big winners under the NAFTA. Conservative estimates show that by the end of the transition period, NAFTA is expected to increase U.S. agricultural exports by $2.0 billion to $2.5 billion annually. NAFTA also terminates Mexico's import licensing system, which has been a major barrier to U.S. agricultural exports to Mexico. With the elimination of tariffs, the United States will have even more access to the growing Mexican market.

An example of this increased agricultural trade can be seen at Monfort Industries, a processing plant in Greeley, CO. If a pound of hamburger sold from Monfort was valued at $1.40/pound, it would cost $1.68/pound in the Mexican retail store because of a 20-percent Mexican tariff. NAFTA would provide the opportunity for the Mexican consumer to buy 20 percent more Monfort beef for the same price. This increase amounts to 72 truck loads of beef per week as opposed to just 60 loads per week. NAFTA would provide the opportunity for additional jobs at Monfort's processing plant. NAFTA would provide the opportunity for the Spingfield, CO rancher to sell more fedder calves to the feedlot in Kersey, CO. NAFTA would provide the opportunity for the corn grower from Burlington, CO to sell additional feed to the feedlot in Yuma, CO. NAFTA would provide the opportunity for the trucker to transport more corn and calves to the feedlot, fat cattle to the processing plant, and product in Mexico. Finally, Mexico would be able to sell more beef to Mexico overall because they would have a 20-percent price advantage over beef from Argentina and Australia.

Opponents of NAFTA have brought up the issue of sovereignty and have complained that

NAFTA's 1,200 pages of text threaten American's sovereignty. This issue needs to be clarified. Most of the 1,200 pages in the NAFTA agreement are transition rules, including detailed schedules for phasing out import duties. The other major portion of the agreement deals with origin rules. These are designed to prevent non-NAFTA countries, especially those countries in Asia, from taking advantage of the benefits reserved for North Americans. Nothing in NAFTA or its side agreements requires any country to observe anything other than its own laws. Furthermore, it should be noted that if NAFTA passes, and if for some reason the United States wanted to withdraw from the obligations set up by the agreement, the United States has the ability to do so. Congress can at any time override an agreement or any provision of it, by simple legislation. The President may also do so by executive action. Thus, NAFTA does not threaten U.S. sovereignty.

The issue of whether or not NAFTA threatens our health and safety standards for agricultural products coming into this country has come up for discussion. Frankly, when I first heard this, I was also concerned. However, I am now confident that NAFTA does not pose a threat to U.S. health and safety standards for agricultural goods. This point was reinforced during a House Agriculture Committee hearing in which an administrator from the U.S. Department of Agriculture testified that: the NAFTA provisions will preserve our ability to maintain import standards and requirements essential for protecting the health of U.S. agriculture. The language in this agreement clearly preserves our right, as well as Canada's and Mexico's, to maintain and implement measures necessary to protect the health of our livestock and crops as long as these requirements have a scientific basis. The notion that NAFTA would open the borders to free movement of commodities infested or infected with agricultural pests and diseases simply is not true.

Another argument put forward by NAFTA opponents is that the agreement will make our highways unsafe and Mexican drivers will not have to meet United States minimum safety standards. This claim is simply wrong. Nothing in NAFTA would exempt Mexican or Canadian vehicles or drivers from United States environmental standards. Any safety and environmental standards that are presently required on American trucks will also be required on Mexican trucks. Also, these standards will be enforced with the same stringency applicable to U.S. operators. Mexican trucks will go through the same ports-of-entry at each State's border that now stop United States trucks. There they will be subject to the same weight licensing and safety requirements now in place for U.S. vehicles.

Another pronouncement I have heard that needs to be corrected is that NAFTA is an agreement only for corporate America and large companies. This cannot be further from the truth. Right now, only multinational corporations and Fortune 500 companies can take advantage of the Mexican markets. They are the only ones that have the ability to bypass the high Mexican tariffs and move directly to their targeted market to set up shops and factories. However, if NAFTA passes, the small business person will have the opportunity to take advantage of the fertile markets of Mexico. By lowering trade barriers, the small entrepreneur in America, for the first time, will have the chance to sell his or her products internationally. An example of this can be seen in my district, in Colorado. Wally and Ruth Dusenberry, owners of Speer Cushion in Holyoke, CO say NAFTA would provide the opportunity for them to sell additional tractor seats in Mexico because NAFTA would give them a 20-percent price advantage over their foreign competitors. They estimate that NAFTA would provide the opportunity for three additional manufacturing jobs in their rural community of 2,000 people.

Mr. Chairman, for all of these reasons, I support NAFTA. It is good for the people of my district in Colorado and is good for the United States overall. To defeat this historic agreement would be a serious mistake. I urge my colleagues to seize this important opportunity and look toward American's future. I urge my colleagues to vote in support of NAFTA.

Ms. MOLINARI. Mr. Chairman, today the House votes on the most significant trade deal of this century, the North American Free Trade Agreement. The long months of debate are finally coming to an end and we will make a decision.

I believe the correct decision is to reject the politics of fear and adopt NAFTA. When you look past the rhetoric and the distortions at the facts, NAFTA makes sense for America.

I wrote an editorial published in the November 14 edition of the Staten Island Advance explaining some of the ways NAFTA will create more and better jobs for Americans and help our country remain competitive in the twenty-first century.

I commend the entire editorial to my colleagues:

NAFTA MEANS JOBS, SECURITY FOR THE FUTURE

(By Congresswoman Susan Molinari)

Congress is about to vote on the most important trade deal of this century, the North American Free Trade Agreement. NAFTA is a defining moment for our nation, forcing us to choose between surrendering to the politics of fear, and thereby giving up our leading role in the world, or securing America's strength and prosperity well into the twenty-first century.

Like they did before the Great Depression, protectionists armed with misleading statistics and colorful metaphors have done their best to keep us isolated by demonizing this trade pact. The plain truth, however, is that NAFTA will provide enormous opportunities to expand our economic growth, increase U.S. exports and create new and better jobs for American workers.

Rather than destroy American jobs, NAFTA will create jobs, and cities that specialize in financial services and information technology, such as New York, stand to gain the most.

Consider the benefits of NAFTA for the financial services industry, the largest employer in New York City and New York State. NAFTA will help New York consolidate its position as the financial center for the Western Hemisphere by allowing, for the first time, U.S. banks to take deposits and make loans to 80 million more customers, as well as issue credit cards in Mexico. This translates directly into more American jobs.

NAFTA will open Mexico to U.S. securities dealers. American investment managers working here will manage Mexican mutual funds and stockbrokers will be able to sell their services there.

In addition, NAFTA phases out Mexican restrictions on U.S. insurance companies and opens up that $3.5 billion market which is growing immensely. Increased economic development in Mexico, which NAFTA will foster, will require higher levels of commercial, automobile, homeowner, and life insurance.

By opening these opportunities, in the short-run NAFTA will create thousands of new jobs in New York for financial related jobs such as brokers, secretaries, analysts, clerks, computer technicians, legal advisors, planners, office designers, security staff and back-office workers. And this is just the financial world. In the long run, NAFTA will make all of New York's industries stronger.

As New York's financial services firms do more business, so will the companies that work with them such as telecommunications, information services and computers. Staten Island's largest employer, the Teleport, for example will prosper greatly by NAFTA immediately.

Right now, Mexico slaps a huge tax, double the average U.S. tax, on all of our goods that we ship there. NAFTA all but eliminates these barriers, and that means Mexicans will buy even more American-made goods.

This means New York will sell more scientific and measuring instruments, more transportation equipment, more computer hardware and software, health services, chemical products, food products, telecommunications equipment and services, furniture, industrial machinery, and a host of other goods and services. In each of these industries, increased exports to Mexico and Canada mean more jobs here in the United States.

Yes, in the coming months some jobs will be lost to Mexico, but these jobs will go there whether we pass NAFTA or not. Nothing is going to stop those jobs from leaving, but NAFTA will help us stop the hemorrhaging and bring some jobs back from Asia and other parts of the world.

NAFTA's primary effect, opening Mexico to U.S. goods and services, will create the largest trading block in the world and allow us to compete with other international trade rivals such as the Europeans and the Japanese.

Under NAFTA, Canada, the U.S. and Mexico will form a market with a combined economy of $6.5 trillion and 370 million people.

Today, Staten Island and every New York City borough must operate on a global scale. To insure continued success and an adequate standard of living, Americans must not be afraid to compete in the world market. Approval of NAFTA will say to our competitors that America is ready for the challenge and will give us a powerful competitive advantage.

If we do not engage Mexico in this trade pact, others will. We can only make a difference with Mexican environmental and political standards if we gain enough leverage to make sanctions mean something. Otherwise, Mexico will simply trade with other nations which do not care that Mexican companies are polluting our hemisphere or their society may not be open as we would like.

It is true. The more you learn about NAFTA, if you get your information from those you are not trying to scare you into believing falsehoods, the more you understand how it makes sense for New York and for America.

I support NAFTA and will continue to reject the politics of fear.

Mr. HILLIARD. Mr. Chairman, I come before this body today to say no. No to sending jobs to Mexico, no to making the rich richer and the middle class and working class poor poorer, and to say no to the North American Free-Trade Agreement.

The proponents of NAFTA say that the only jobs which will be lost to Mexico are Marginal Jobs. We are not talking cracker crumbs here folks. These so-called marginal jobs are an important part of the economy of my district, as well as the entire Nation. I say that these marginal jobs send our kids to college, they make car payments, house payments, pay for insurance and help us build a nest egg for our retirement. I will never, never foresake the middle class or the poor, so I am voting against the NAFTA treaty.

All critics agree that the loss of jobs will occur in the short term. Well, in districts like the 7th District of Alabama, many of my constituents will not be around to reap the rewards of the so-called long term benefits of this agreement. A published study pointed out that NAFTA's net effect by the year 2000 would be a loss of investment in our country by as much as $53 billion dollars, a decline of over half a million U.S. jobs, with a loss in U.S. wage income of $320 billion. Tell me, who can afford those kind of losses?

Also, many large companies have brought out the big guns to push NAFTA here today. Well if I were in their shoes and would stand to profit considerably from this measure, I would break out the big guns and fight for this bill also. However, I am here to fight for the little people. Today, by voting no, I will be a soldier for the right cause, jobs and prosperity now. In America, not in Mexico.

Do not gamble with other people's lives, with dreams of pie in the sky. I come to warn you that if we pass NAFTA, we will be sorry ever "afta."

Mr. FISH. Mr. Chairman, Chapter 19 of the NAFTA deals with dispute settlement in antidumping and countervailing duty cases. It is closely modeled after the same chapter of the Canada Free Trade Agreement. Because sovereignty questions have been raised in connection with this provision, I think it is important to put those concerns to rest.

First, there is no question but that Congress has the power to assign the adjudication of antidumping and countervailing duty cases to binational panels. Under the Constitution, Congress has the authority to affect both the appellate jurisdiction of the Supreme Court as well as to create and regulate the jurisdiction of inferior Federal courts. Furthermore, it has long been recognized that Congress can assign these kinds of cases to a non-judicial forum for adjudication. That is exactly what is done with the dispute settlement procedure.

Second, by including a dispute settlement procedure in NAFTA, we are not overriding or surrendering our national sovereignty. Rather, NAFTA utilizes the dispute settlement procedure as a means of determining whether the relevant laws of any of the three signatory countries violate the terms of the Agreement itself. If, under that procedure, a United States law is found to violate the terms of the NAFTA, that does not automatically alter that U.S. law. Instead, at that point, the United States can choose to leave that law in place. That would mean that penalties or tariffs could be imposed by the other signatories. But the key point is that our reaction to a negative decision by a binational panel on a particular U.S. law or regulation still would solely be within our own control. The same is true with respect to the laws and regulations of Mexico and the laws and regulations of Canada.

All three signatories of NAFTA have the option to refuse to alter laws that are found to be inconsistent with the terms of the Agreement. If any of the three sovereign countries refuse to change such a law, then under the agreement the other countries can impose penalties or tariffs. One final point. Under the terms of this Agreement, any of the signatories can withdraw from the Agreement on 6 months notice.

I have studied this matter carefully, as I did when the House Judiciary Committee considered the United States-Canada Free-Trade Agreement Implementation Act in 1988. I was convinced then, as I am now, that the dispute settlement procedure is fully consistent with the Constitution of the United States. I am also convinced, based on the literal language of the NAFTA, that its terms in no way reduce our sovereignty. In fact, the adoption of the agreement itself will be an exercise of our sovereignty and the language of the agreement permits us to refuse to change any of our laws in the face of a negative decision by a binational panel. The sovereignty arguments by opponents of NAFTA simply do not hold water.

Mrs. LOWEY. Mr. Chairman, I rise today to announce my support for the North American Free-Trade Agreement. I still have several concerns about the NAFTA, but I have concluded that its promise outweighs its risk, and that passage of this agreement will be good for Americans, and will best promote America's interest in a challenging new global environment.

For me, this conclusion has not been an easy one to reach, and comes only after intense discussion with advocates on both sides and careful analysis of several fundamental questions. These are: (1) Will the NAFTA result in increased job opportunities for American workers, especially in New York? (2) Will American wages and benefits remain strong despite increased integration with the Mexican economy? (3) Will the NAFTA reduce the flow of illegal immigration? (4) Will the benefits of the NAFTA result in rising living standards for the average Mexican worker? (5) Will the NAFTA expand our trilateral commitment to environmental protection and essential health standards? (6) Will our global leadership and trading leverage be strengthened by NAFTA's passage? (7) Will the NAFTA preserve the role of collective bargaining in our country? And (8) Will the NAFTA reaffirm our basic national commitment to the expansion of freedom, democracy and human rights?

On balance, I am now satisfied that the answer to each of these questions is yes. And through legitimate concerns remain about our economic relationship with Mexico, it is clear that most things we fear—job flight, environmental degradation, investment diversion—are conditions which already exist, or policies which Mexico could implement unilaterally should the NAFTA be defeated. It is equally clear that most things we want—access to export markets, a renewed commitment to democratic reforms, and rising living standards—are either contained in the NAFTA, or will best be achieved through its passage.

JOBS FOR AMERICANS AND NEW YORKERS

EXPORT INDUSTRIES

Economic models produce different forecasts on the net job growth resulting from the NAFTA's implementation. But virtually all agree that by lowering Mexican trade barriers—which today are more than twice as high as our own—the NAFTA will increase U.S. exports and create jobs in related fields.

Indeed, forecasts indicate that nearly 200,000 jobs will be created by 1997 as a result of this agreement.

That projection makes a great deal of sense. Mexico's tariffs make it far more difficult for U.S. manufacturers and businesses to service the Mexican market than vice versa. Mexico retains high tariffs on many imported goods, and its prohibits U.S. service providers from operating south of the border—completely shutting out important industries like banking, insurance, construction and telecommunications.

The NAFTA will correct this unfair and unequal relationship, much to our benefit.

We don't have to speculate on the results of tariff reduction. We can look at recent history for evidence. Since Mexico initiated its policy of liberalized trade restrictions in 1986, American exports to Mexico have increased 228 percent to a total of $40.6 billion. And we have transformed a $5.7 billion trade deficit into a $5.4 billion trade surplus, one of the few bright spots in our otherwise poor trade balance.

Mexico's consumers have demonstrated a remarkable appetite for American-made products allowing their per capita consumption of exports to exceed that of wealthier Japan and Europe. Just one-quarter to one-third of the Mexican population has enough buying power right now to equal the entire Canadian market. And there is every reason to believe that a more prosperous and less protected Mexico would consume even more.

In New York State, the proof is just as dramatic. Since 1987, trade to Mexico has increased by over $400 million dollars, generating thousands of jobs. Those jobs are supporting families, paying taxes, and building dreams. They are a down-payment on the export-driven potential of a future built on expanding markets.

New York is especially well positioned to take advantage of the opportunities most expanded by the NAFTA in key service and high-tech industries. And, under the NAFTA, our small businesses will no longer have to negotiate prohibitively complicated border restrictions on product flow. If the NAFTA is passed and current trends continue, New York can expect to gain 15,000 jobs by 1997.

Some say that many of these exports are parts which are then assembled for re-shipment back to the United States, but that is just not the case. Most of our exports to Mexico, 70 percent, are for Mexican consumption or use.

Others say that an export stream which contributes to Mexico's capital infrastructure is not

sustainable and only seeds a future boom in Mexican manufacturing that will cost United States jobs. But again, the evidence points to a different conclusion.

There is a vast unmet demand for capital goods in Mexico—a demand which will keep our exports strong well into the next century. The capital goods market includes many of our most competitive products, in high-wage industries. And it is important to remember that the range of capital goods included in the trade statistics is far broader than factory supplies, also including such items as refrigerators, computers, medical equipment and photographic supplies. Exports like these are in no way going to threaten our manufacturing base.

Besides, the long-term need to increase Mexican living standards, purchasing power, and prosperity is dependent upon the eventual expansion of Mexican industrial capacity, not on its continuing stagnation.

The simple truth is this. Mexico has a vast market of some 90,000,000 consumers. Many of the American firms who want to reach those buyers have been forced by unequal and unfair trade restrictions to base operations in Mexico. The NAFTA will eliminate these incentives and give exporters a powerful reason to keep their jobs in the United States.

AMERICAN PRODUCTIVITY AND QUALITY

The most effective and emotional argument against the NAFTA claims that it intensifies the direct competition between well-paid American workers and their poorly-paid Mexican counterparts. But the wage disparity which exists now would be reduced by an improving Mexican economy.

We should also remember that a strict wage comparison ignores the many other factors which go into business decisions—productivity, transportation costs, infrastructure factors such as telephone service, water supply and road conditions, and access to other crucial components of production.

If this sounds counter-intuitive, consider the choices we make in our own lives. Buying a cup of coffee, eating a meal, purchasing a house, picking out clothing—each of these activities costs far more in the United States than in Mexico, yet very few Americans leave.

If economic behavior were as simplistic as some suggest, it wouldn't just be jobs drifting away, it would be everything and everyone—Americans moving to take advantage of the lower costs throughout most of the world. Obviously, that is not going to happen, because the benefits of living in America and being an American cannot be distilled into a single cost figure. The same is true when it comes to doing business in America.

American workers remain the most productive, and the best value, in the world. That is a powerful magnet for investment and employment which will only improve with the increased efficiency free trade promotes.

It is important that we be candid and forthright about the NAFTA. Some jobs will leave. But they will be a very small fraction of our economy, many of which would leave with or without the NAFTA. And those losses will be more than off-set by increased jobs in export-related industries, and by rising incomes resulting from improving efficiency and productivity.

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In terms of trade effects, NAFTA will mean more jobs, not less.

INVESTMENT

Of course, not all job shifts are captured by an analysis of trade patterns. Direct capital investment incentives are among the NAFTA's central features, and a major concern of those who fear that additional investment in Mexico represents a drain on resources otherwise slated for the United States.

What are these investment incentives?

By and large they include the normal criteria by which decision makers in free market systems evaluate the wisdom of economic activity. They include intellectual property rights, protection against state seizure of property, and safeguards on brand-name usage. These are especially important for our computer and high-tech industries.

An we should remember that these strong protections were included in the NAFTA at the suggestion and insistence of our own American negotiators.

Will they attract in investment capital to Mexico? Yes, but not necessarily at the expense of the United States. Investment is not displaced at a one to one ratio. Indeed, much of the new investment will be just that—new—an addition to the global market. Much more of the investment will be drawn not from the United States, but from other low-skill, low-wage nations.

That is a crucial point. The natural and unstoppable reality of economic restructuring involves a shift of low-skill, low-wage jobs to the developing world. If those jobs are to leave, it is far better for us that they relocate to Mexico than to Asia or other parts of the world. In Mexico they will utilize parts and services generated by the United States, allowing us to share in the economic benefits.

In any case, Mexico could easily adopt better investment guarantees with or without the NAFTA. No action in the United States could prevent such a step, even if we were determined to block it.

Finally, let us think about where the other side of the investment argument leads. A failure to adopt modern guarantees for investors would frustrate Mexico's efforts to develop a stable economy. That is a poor prescription for a nation with which we share a two thousand mile border, and is an unrealistic basis for any negotiation.

GLOBAL COMPETITION

Finally, as we contemplate our proposals for job growth, we must not forget that our trilateral relationship with Canada and Mexico does not exist in a vacuum. The NAFTA's effect on our competitive posture in a global market deserves the highest consideration.

And here again, the NAFTA helps. The larger our marketplace, the broader our buying power, and the higher our productivity, the more world-wide investors will turn to North America for market access. At the same time, our ability to compete as producers will increase, buoyed by economies of scale within a strong and unified economic bloc.

And by tightening the requirements on parts content by which goods are judged to have originated in North America, the NAFTA will actually reduce the likelihood of Mexico's being used as an export platform by other nations.

Make no mistake. Mexico, with a GDP one-twentieth the size of America's, is not our chief economic competitor. The NAFTA strengthens our hand in the real contest with competitors in Europe and Asia—competitors who represent a more serious threat to American jobs.

AMERICAN WAGES

Our economy is not just suffering from slow job growth. The central economic challenge of the last two decades has been a painful stagnation in income levels. Indeed, since 1973, real, personal income has been virtually unchanged. That is why I have been extremely concerned about the effect the NAFTA could have on American wages.

Opponents of the NAFTA are right to question employers about their plans for using the threat of Mexican competition as leverage for reducing salaries. And I must say that the responses from many of our corporate executives has been less reassuring than I would like.

But, on balance, I believe that both the fears of workers and the ill-conceived plans of some short-sighted employers will not materialize. American workers, even with higher wages, will remain a more attractive source of labor in the vast majority of cases. That, coupled with simple limits on the capacity of the small Mexican economy to absorb massive business activity, will make most threats of Mexican competition idle ones.

In fact, most experience with free-trade suggests that wages will increase as capital moves towards the high-skill sectors where America enjoys a relative advantage over Mexico.

Larger economies, without artificial barriers to commerce, tend to be more efficient and cost-effective, leaving more money for investment and salaries, and giving consumers more discretionary income. That's what happened in Europe when Spain and Portugal joined the European Economic Community.

Wages in our export related industries are fully twelve percent higher than the national average. And if we make a real investment in education and training, we can expand our global advantage and attract even more of the good jobs on which a strengthening economy is based.

ILLEGAL IMMIGRATION

The tide of illegal immigration from Mexico is among our most pressing national concerns. It is a major strain on our health care, social services, schools, law enforcement and, of course, the taxpayers who in all too many instances pick up the costs. Last year, those costs amounted to over $10 billion.

The pool of illegal workers also serves to reduce wages for U.S. citizens by introducing direct on-site competition from individuals unprepared to assert their rights because of their status. A curb on illegal immigration will directly benefit lower-wage workers who might not themselves feel the positive effects of the NAFTA's other provisions, and who may fear that their jobs are in jeopardy.

While I strongly favor increased border surveillance and control, I know that there are not enough police in the world to seal off our borders. So long as economic opportunity remains bleak in Mexico and appears bright in the United States, there is no enforcement method up to the task of keeping illegal immigrants out.

The only long-term solution is a policy of creating job opportunity in Mexico, thereby lessening the incentive for an illegal to flee across the border. No other policy or proposal will do as much to achieve that end as the NAFTA.

ENVIRONMENTAL PROTECTION

There are a host of issues which at first glance do not seem to have any direct connection to trade policy but which are, in fact, intimately related. Chief among them is environmental protection, and that has been a critical concern of mine.

My constituents, many of whom live along the shore of the Long Island Sound, know how closely our own quality of life is shaped by the cleanliness of our surroundings. I would never approve of an agreement which undermines America's environmental standards, or which imperils environmental conditions elsewhere.

I believe that the NAFTA and its supplementary agreements do just the opposite, creating momentum toward a real, long-term change in Mexico's environmental behavior, and introducing a precedent-setting approach to international environmental enforcement.

While most major environmental groups support the NAFTA, I can understand the worries of those which don't. After all, it is true that Mexico's environmental standards and enforcement are not up to our own. But we must ask—how best can this situation be remedied? I have concluded that no policy will do more for the Mexican environment than one which strengthens their economy.

The fact is, poor nations have neither the economic nor political resources to focus on environmental preservation. We should not expect men and women desperate for food, clothing and shelter to respond to even the most persuasive environmental arguments, and I believe that reliance on suggestion alone will do little to improve the Mexican environment.

Studies suggest that when national income rises, quality of life concerns become more central for citizens and, in turn, for government. Indeed, as its economy improves, Mexico has begun, in some measure, to grapple with its environmental crisis. With the implementation of the NAFTA and its side agreements, many believe this process will accelerate.

In any case, the NAFTA's environmental provisions and side agreements represent progress. Not only does the NAFTA provide funds for the clean up of the environmentally devastated Mexican border region, but it also, for the first time, establishes a framework whereby sanctions can be imposed on nations which fail to enforce their existing environmental regulations.

That provision is essential, because the problem in Mexico has been not so much the letter of their environmental law, but its execution.

To be frank, I had hoped that the penalties in the supplementary agreements would be even more stringent, and that the disciplinary process would be less cumbersome. But I recognize the revolutionary nature of this framework, and hope it will set a standard for the future.

Moreover, I am assured that our own relatively high environmental and health standards will not be undermined by provisions of the NAFTA. As someone who is extremely concerned about the environmental causes of diseases like breast cancer, this has been among my highest priorities, and one to which I will give great attention.

The NAFTA provides for oversight of so-called unnecessary regulations suspected of restricting trade. But this process, based on provisions in the GATT, simply allows for challenges—it by no means ensures their success.

Our overall experience with the GATT has shown that American environmental restrictions can withstand the scrutiny permitted by the NAFTA. We will also, of course, retain the right to enforce our environmental codes at the border.

I share fears that increased produce imports from Mexico may expand the pool of fruits and vegetables treated with high levels of pesticides. But, inadequate enforcement of environmental and health codes is a broad concern applicable to products of any nature and from any source. The NAFTA highlights our problems with inspection and oversight, but hardly creates them. We have to address this challenge with or without the NAFTA.

MEXICAN LIVING STANDARDS

A key assumption underlying the NAFTA is that Mexican workers will benefit from its passage. We have not only a humanitarian interest in such a development, but an economic one as well. Higher incomes will enable the average Mexican worker to consume our products at an increasing rate, and will reduce the wage differential between our two countries. This is critical to the maintenance of our competitive advantage as Mexican productivity increases.

Frankly, I am very disappointed that neither the NAFTA nor its side agreements include specific requirements tying productivity growth to wage increases, and giving substance to the rights of workers to organize and bargain collectively. I had worked for these provisions and urged their adoption by all parties. And I believe both of these steps would have ensured that Mexican workers enjoy the NAFTA's benefits, going a long way toward satisfying domestic concerns about the agreement.

Still, I am persuaded that, even without these guarantees, Mexican workers will be among the beneficiaries of an open trade process.

Since Mexico began to open its markets and reform its economy, wages have risen with productivity, suggesting that future developments will follow the same line. And President Salinas has made a public commitment to adjusting minimum wages in Mexico according to future productivity gains.

I will be closely monitoring developments in Mexico's labor market, and will insist that the administration hold the Mexican authorities accountable for continued progress.

Clearly, Mexico has a long way to go before it meets the wage and labor standards that we consider basic. But without the NAFTA, their desperate situation will continue to threaten American jobs. With the NAFTA, both Mexican and American workers can look forward to a better and fairer future.

AMERICA'S GLOBAL LEADERSHIP

While economics are rightly the focus of most of this debate, the effects of the NAFTA's passage or defeat will also bear directly on our foreign policy, and on our ability to exercise world leadership.

Democracy and the expansion of free markets go hand in hand. Everywhere, from Russia to China to Eastern Europe to Africa to Latin America, we are asking developing countries to forgo government controls in favor of free market reforms and open trading arrangements.

In Mexico, President Salinas has embraced our challenge, reversing a long history of anti-American rhetoric and policy, and moving away from statist economics. These developments are among the most hopeful and significant in our long, and often troubled, relationship with Mexico. President Salinas has staked much of his prestige, and that of his new course, on reciprocal trade liberalization.

Therefore, a defeat for the NAFTA would be a stunning setback, both for Mexico's reforms, and for America's moral authority in a changing world.

It would also undermine our ability to take strong positions in the ongoing GATT talks, which even NAFTA opponents agree are essential to world economic growth and job creation, and in our bilateral negotiations with other nations, including some which have serious trade imbalances with us.

Tomorrow, our President will meet with leaders from throughout the Pacific rim to discuss future trade arrangements and other aspects of our relationship. His ability to pursue U.S. objectives in those talks will be impacted by our decision. We must decide either to strengthen him with a victory on the NAFTA, or to undermine his credibility with its defeat.

The future we hope to achieve is not built on scattered, isolated incidents, but instead on a progression, each step guided and directed by the last. Our common vision of a new world which encourages human aspirations will not be achieved through idle pronouncements or empty suggestions, but by tough action aimed at progress.

The NAFTA is our next major step in that process.

AMERICAN LABOR

What has made this decision most difficult for me are the concerns of my good friends in organized labor. I respect their views because no people fight harder for the interests of working men and women.

Certainly, they have great reason to be suspicious of this agreement and of government promises in general. The last decade has not been a kind one to American workers, unionized or not—and too often the promise of shared prosperity has turned out to be a painful mirage. I cannot deny the emotional power or the sincerity of their arguments, but my best judgment has guided me to the decision I announce today.

I know that we disagree on this, but I also trust that they have confidence in my judgment, and in my sincere desire to do what is right for all Americans, including those in organized labor.

I intend to continue working closely with our unions in the many areas where we share concerns: labor standards, worker rights, health care, infrastructure investment, and education, among others.

The most immediate goal for which we should work together is an increase in the

commitment to the retraining of workers displaced by continuing changes in our economy.

That is essential, because although the NAFTA will produce overall economic benefits, for some the costs will be high. Why? Theoretical models that substitute a lost job opportunity for another job in another sector simply do not account for the reality of geographic displacement or mismatched skills.

Therefore, the NAFTA must be a part of a comprehensive strategy to open opportunities for American workers, restore sense of progress, and renew confidence in future personal success. Together, we have a fundamental obligation to broaden the NAFTA debate and to share its benefits with those most directly affected by restructuring. Not to stop the train of progress, but to help everyone find a seat. That is an obligation I am determined to see honored.

Indeed, I believe that the NAFTA will actually expand opportunities for union organization. Those industries which benefit from export opportunities are more heavily unionized than those projected to be hurt under the NAFTA, and have a union membership nearly twice the private sector average. Growing exports will strengthen the hand of organized labor in the American workplace.

LOOKING FORWARD

In my judgment, our debate is not about this NAFTA versus another NAFTA. It is about this NAFTA versus no NAFTA. There may not be another chance for this Congress, for this President, perhaps for this generation.

The central fact of our relationship with Mexico—both its promise and its peril—is this: No opportunity can be seized and no problem corrected without direct engagement aimed at lifting Mexican living standards, opening its institutions, and stabilizing its economy.

Until this happens, we will not stem the flow of illegal immigration, we will not prevent environmental abuses, we will not stop the flight of jobs, we will not achieve improved protection for human rights, and we will not enjoy the fruits of expanded trade and job opportunities.

And if the NAFTA fails, we can expect a sharp and painful return to the anti-Americanism which has characterized so much of Mexico's history, risking potentially serious instability on our southern border.

There is a final point I would like to make. There are many things this Congress will do that will have a great deal more impact on our job market, the dignity of work, and our standard of living than the NAFTA. And yet, none arouse the passion of this debate. Why is it that so many invest so much in this decision?

I believe it has less to do with numbers and projections than with a crisis of confidence in our ability and character—a fundamental struggle over the American spirit, and over a vision of America's role in a new world.

This debate comes at an unfortunate time, when self-confidence is very low. We have just experienced a painful recession. And economic shifts make Americans, regardless of economic status, feel insecure and uncertain about the future.

And the world is transforming before our eyes. The march of science, the growth of markets, developments in communications, even the expansion of democracy which we all applaud, change borders more and more into imaginary constructs of fading significance.

Many feel as though America is under siege, and are tempted to build higher walls in her defense. And many who fear that we are incapable of competing openly are prepared to forgo opportunities in order to preserve the status quo.

This defeatism is all the more ironic given America's strengths and record of success in the markets of the future. We are good at innovative, cutting edge technologies—computers, communications, biotechnology—that will shape the outcome of global competition in the next century.

We are the most productive people on Earth, and we are ready to compete and win.

The NAFTA represents an activist America, engaged in a partnership not just with Mexico but with all peoples of good will. It is the logical conclusion of the Alliance for Progress begun by John Kennedy, of the containment doctrine outlined by Harry Truman, of the commitment to peace and international law sought by Woodrow Wilson, and of the timeless principles laid out by Thomas Jefferson.

Today, we must embrace the hopes of a new American century, animated by the same spirit of optimism and achievement. We must reaffirm the character which guided this greatest of nations through every crisis and every challenge.

Let us make this decision with hope, with confidence, and with courage.

I will vote "yes."

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise to support the North American Free-Trade Agreement. This decision was made after considerable thought and discussion with the supporters and opponents of NAFTA. I believe that the passage of the North American Free-Trade Agreement is in the best interest of our country. This agreement will help maintain and create jobs for American workers and the labor and environmental protections in the side agreements will promote sustainable long-term economic growth for the United States. This North American Free-Trade Agreement is the first trade agreement in history to include provisions for resolving worker displacement/dislocation and border pollution issues. For this reason, I support the North American Free-Trade Agreement that is before us today for a vote.

I am convinced that maintaining jobs and strengthening competitiveness is the reason why passage of NAFTA is so vital to both California and our country. We must open up new markets if we are to effectively compete with Asia and Europe.

I know this is difficult because of the multitude of social and economic changes California has experienced over the last decade. Yet, with the proper vision and leadership, California can effectively transform its economy and prepare itself for the 21st century.

California, because of its geographic location bordering Mexico has most to gain with NAFTA. Today, California is the second largest exporter to Mexico amongst our States. Mexico ranks third among California export markets, taking nearly 10 percent of California's total exports. In real numbers this translates into $6.6 billion of the State's total exports to Mexico in 1992 alone. For the people in my district this means jobs. For the State of California this translates into 9,600 jobs in the first 2 years after the passage of NAFTA. These statistics along with my discussions with the working men and women of my district and their employers have convinced me that by further reducing trade barriers with our bordering countries, NAFTA will provide additional export-related growth which will translate into job gains for the people of my district, my State and this Nation.

Clearly, some of these changes have and will continue to be difficult to accept. These changes are not however unique to California. Across this country and around the world, change is becoming a fact of life. We can facilitate change by creating competing and expanding export market opportunities. NAFTA will help us reach this goal while protecting those workers who are at the greatest risk of dislocation, by cleaning up our borders from environmental degradation and by creating better and higher paying jobs for American workers.

Mr. MINETA. Mr. Chairman, on November 4, President Clinton formally transmitted the NAFTA implementing legislation to Congress (H.R. 3450; S. 1627). Prior to that, the Committee on Public Works and Transportation negotiated with the Office of the U.S. Trade Representative, the Departments of State, Treasury and Transportation, and the Environmental Protection Agency as well as with other relevant congressional committees on those matters of interest to the committee. The purpose of these remarks is to describe for legislative history the final resolution of those issues.

FAST-TRACK

The original working draft included a provision that mandated that any legislative changes to the NAFTA in the 30-month period following enactment would be considered under fast-track procedures. Under those procedures, the President proposes to Congress the legislation which he believes is necessary and Congress then has a time certain to either approve or disapprove the legislation without amendment.

The committee's concern had centered on the fact that NAFTA provides for a harmonization process which would consider ways in which commerce among the three countries could be enhanced by harmonizing commercial regulations and the like. The specific concern was that this process might lead to proposals to ease truck safety laws in the United States. The committee argued that where such easing would require changes in U.S. statutes (e.g., truck weights), those changes should be considered by Congress through the normal legislative process and not by fast-track. Thus, the committee recommended deletion of the fast-track requirement.

The legislation as submitted by the President contains no fast-track requirement.

RELATIONSHIP TO U.S. LAWS

Since the NAFTA, its side agreements and the implementing legislation address a wide range of issues, the committee was concerned that the interpretation and construction of U.S. laws in general, and environmental and motor carrier laws in particular, could be affected in some way. Therefore, the committee recommended language to ensure that U.S. laws prevail by stating that no provision of the agreement, nor the application of any such provision to any person or circumstance,

which is inconsistent with any law of the United States, shall have effect. The Committee also recommended language making it clear that nothing in the implementing legislation shall be construed to amend or modify any law of the United States, including any environmental or motor carrier law, unless specifically provided for in the legislation.

The legislation as submitted by the President contains both recommendations [secs. 102(a) (1) and (2)]. The Statement of Administrative Action [SAA] lists environmental statutes that are not amended or modified by the bill. The list includes those environmental laws under the jurisdiction of the committee.

LAND TRANSPORTATION STANDARDS SUBCOMMITTEE

Not only was the committee concerned about the possibility of recommendations to ease truck safety through proposed changes in statutes, but also through proposed changes in U.S. regulations.

The NAFTA would establish a Land Transportation Standards Subcommittee to "make compatible the safety and operating standards of the NAFTA countries to the greatest extent practicable" over a 6-year period. United States safety standards must be met by truck and bus companies from Mexico when they are operating in the United States and, conversely, United States truck and bus companies must meet Mexican safety standards when operating in Mexico. No standard may be imposed by any of the countries solely for the purpose of providing a barrier to the provisions of NAFTA.

As mentioned above, with the deletion of the "fast-track" requirement, any changes to safety and operating standards codified in law can only be made legislatively by the Congress. However, changes to safety or operating standards required by issuance of administrative regulation at the discretion of the Secretary, and not by law, could potentially be changed through the harmonization process.

The committee's concern was that the harmonization process might result in recommendations to reduce other truck safety and related regulations not embodied in statute. Thus, the committee recommended language that provided that if the Land Transportation Standards Subcommittee makes a recommended change in regulation, the Secretary of Transportation shall transmit notification of such recommendation to Congress. It provided further that if DOT issues a regulation implementing a recommendation by the Subcommittee, DOT shall transmit notification of such issuance to Congress and such regulation shall only take effect after the 90th day following the date of such notification. Lastly, the language provided for congressional and state observers to attend subcommittee meetings.

The legislation as submitted by the President largely accepts the committee recommendation. It provides that if the Secretary of Transportation issues or amends any regulation implementing a recommendation of the Land Transportation Standards Subcommittee, the regulation or amendment shall take effect no sooner than 90 days after it is issued [sec. 352].

The SAA states further that the Department of Transportation will consult with interested persons in the private sector, relevant congressional committees and, where they have sole or concurrent jurisdiction over the matter, state governments, at all stages of the work of the Land Transportation Standards Subcommittee in considering common motor carrier safety rules or other common standards for bus and truck operations. DOT will also promptly notify the pertinent congressional committees of any recommendation that the subcommittee adopts on these subjects. In addition, DOT will provide notice to those committees of any proposed or final DOT regulations implementing such a recommendation.

On the specific issue of state observers, section 102(b) of the proposed legislation also provides that the administration will involve the states to the greatest extent possible in the development of U.S. positions with respect to issues subject to state jurisdiction that are addressed by the various committees and working groups established by the NAFTA. The administration will seek advice from the States and take such advice into account in formulating U.S. positions in the work of such bodies, including by permitting State representatives to assist in relevant federal agency preparations for such work. Where the administration determines that it is feasible and appropriate, it will invite State representatives to attend as observers at meetings held by such bodies. Secretary of Transportation Peña has further assured the committee that, even though the implementation legislation does not provide a statutory right for observers from the congressional committees of jurisdiction, such observers would be welcome at any time.

BORDER ENVIRONMENTAL ISSUES

The implementing legislation also includes a border environmental proposal: to establish a Border Environment Cooperation Commission [BECC] to provide technical and financial planning assistance to public and private organizations in the border region for infrastructure projects that enhance the environment; to establish a North American Development Bank [NADB] to supplement existing funds, such as EPA funds, and to provide new funding from the World Bank and the Inter-American Development Bank, in the overall scheme to finance environmental cleanups; and to establish a Community Adjustment and Investment Program [CAIP], under which the President would be authorized to receive from the NADB 10 percent of its initial paid-in capital and to make those funds available for community adjustment and investment loans or guarantees.

As far as the committee was concerned, the border environmental proposal at the outset raised a number of questions, notwithstanding the fact that there are serious pollution needs in the border area. For example, there is a legitimate question about whether specific authorization of grants for the border generally or for specific border communities should be decided in NAFTA implementing legislation via fast-track or in the reauthorization of the Clean Water Act via the normal legislative process. There is also a question about whether extra funds, or funding on more advantageous terms, should go to one part of the country but not to other parts. And there is a legitimate question about whether these particular funds should be authorized when funding for the rest of the country has been reduced over the past decade and when the Congress has no assurance as to what funding levels will be in future years.

With these concerns in mind, and recognizing that the three countries reached agreement on a border environmental component, the committee did make specific recommendations.

On funding levels, the administration's original funding proposal for the BECC and CAIP was for an open-ended ("such sums") authorization. The committee insisted on specific dollar amounts (without recommending a number) and the administration agreed to authorize the BECC at $5 million annually [sec. 533], and the Office of Ombudsman to carry out the CAIP at $25,000 annually [sec. 543]. On funding for the NADB, the original administration proposal did not specify how much of the $1.5 billion authorized to cover the U.S. share of the total capitalization would be authorized for paid-in versus callable capital. The committee requested that they do so and the final version specifies that $225 million of the $1.5 billion is authorized for paid-in capital [sec. 541].

On the issue of the 10% for the CAIP, the committee recommended up to 10 percent in order to give the President flexibility in funding decisions for this program and in order to not "lock in" funding for this program at the expense of the other two (i.e., BECC and NADB). The administration rejected this and authorized a straight 10 percent [sec. 543].

The administration also initially contemplated a "such sums" general financial assistance program whereby EPA would be authorized to provide financial assistance to the BECC and federal, state and local entities for planning, design and construction of environmental enhancement facilities. This proposal provided no specifics regarding which of the EPA programs would be affected. Nor was there any specific information about what would be done or accomplished by this proposal. The wastewater program for the Colonias and other communities along the United States-Mexican border and the wastewater program for the Tijuana River in San Diego were presumably the most likely candidates. At the present, the Tijuana River project is authorized, but there is no specific authorization for grants at the Colonias or other border area locations.

The question was whether the administration would attempt to specify projects and dollar amounts of specific authorizations in the NAFTA implementing legislation, or defer that decision until the Clean Water Act reauthorization. The administration decided to do the latter, and deleted this provision entirely.

A particularly important issue raised by the committee on funding for the border environmental program was the affect that this might have on funding of other EPA programs. With budget caps and limited federal resources, the committee's fear was that funding for the border environmental program would come at the expense of other, already under-funded EPA programs (Clean Water, Superfund, etc.). The committee sought and received clarification that none of the funds authorized to carry out the Border Environmental Program included in the implementing legislation would be from funds appropriated to EPA. The committee did not recommend where the funds should or would come from, but simply that they not

come from EPA's budget. It is the committee's understanding that these programs will not be funded from EPA and will be funded through Function 150 (international affairs).

Mr. HOCHBRUECKNER. Mr. Chairman, after months of debate the Congress will vote on the North American Free-Trade Agreement [NAFTA] between the United States, Mexico, and Canada today. I rise to express my strong opposition to this proposed NAFTA and to say that I look forward to supporting a new NAFTA negotiated by the Clinton administration with a greater sensitivity to concerns about the effects on working people and the environment.

I believe that this NAFTA is fundamentally flawed because it fails to adequately protect our Nation's hard fought labor, safety, health, and environmental laws and standards, and the interests of both American and Mexican workers. I strongly feel that the Clinton administration needs to immediately return to the negotiating table and get a better deal to ensure that the quality of life in all three countries is elevated, not reduced to the lowest common-denominator standards.

After reviewing the NAFTA agreement's 2,000 pages it appears that the agreement's protection for intellectual property, patents, and trademarks and the lowering of trade barriers would benefit many U.S. businesses. Unfortunately, I am extremely dismayed by the lack of any similar protections for American workers, Mexican workers, or the environment.

The United States has never entered into free-trade negotiations with another country whose economic and social conditions are so different from our own as are Mexico's. The working conditions in Mexico are abysmal. Mexico's highest wage earners in the manufacturing sector average $1.80 per hour—one-seventh of that paid to United States workers. Mexican wages for manufacturing plant workers are below those in Hong Kong, Korea, Singapore and other developing nations. In fact, at the Maquiladora plants along the United States-Mexican border the average worker earns 68 cents per hour. At this wage rate, it takes the average worker 6.8 hours to be able to purchase a frying pan and 1.6 hours to be able buy a chicken to cook in that pan. People making that little cannot afford to purchase imported goods from the United States.

Mexico's low wage levels, combined with its lack of enforcement of laws granting fundamental workers' rights, including reasonable hours of work and decent working conditions, clearly make it advantageous for some United States companies to locate assembly plants in Mexico to hire cheap labor. Together with Mexico's horrible environmental enforcement protection record, American workers and businesses will find it impossible to compete fairly with their Mexican counterparts under this NAFTA. I am extremely concerned that NAFTA would encourage American firms to find a low-wage solution to the problem of global competitiveness. Mexico's comparative advantage could be reduced to simply cheap labor, turning Mexico's economy into one large export platform.

The NAFTA agreement as written provides little assurance of environmental restoration of the border, proposes less than half the money needed for cleanup efforts, and ignores major ongoing pollution problems. Air pollution, water pollution, and toxic waste do not pay attention to borders. We already have very serious problems and no assurances that things will get better.

Under NAFTA, our environmental laws can be challenged. Our laws regarding pesticides on food can be challenged because "necessary protection" has been defined as that which is least restrictive of trade. U.S. laws protecting wildlife such as whales and dolphins would not be honored under this NAFTA. The Wild Bird Conservation Act, which I supported actively in the Merchant Marine and Fisheries Committee, could be challenged under this agreement.

We have heard that most environmental organizations support NAFTA. Not so. Those opposed to NAFTA include the Sierra Club, Friends of the Earth, Clean Water Action, American Humane Society, Citizens for a Better Environment, to name a few of the 300 environmental groups that do oppose this NAFTA.

NAFTA supporters argue that United States companies are already locating assembly plants in Mexico to hire cheap labor and avoid worker protection and environmental laws. They claim that NAFTA will allow the United States to assert its strong influence from the "inside" in the areas of labor and environment to help quickly elevate Mexican standards.

We must not settle for a second rate deal with vague promises to fix the deal in the future. Mexico is eager for this agreement and is not going to go away if we say "no" to the first version and insist on needed changes. We have a new President who only partially participated in the negotiating of NAFTA and we have a new government in Canada, two good reasons to go back to the drawing board. Importantly, a better NAFTA will make sure that working conditions and wages are improved for Mexican workers so that they are able to buy more of our Nation's goods.

Further, by setting aside this NAFTA and working on a better agreement I believe we will actually strengthen President Clinton's negotiating position with Mexico and other nations. The best trade agreements we ever achieved with Canada and Japan were reached while Congress was developing and passing the Fair Trade Act of 1988. Having the President and Congress involved in a "good cop-bad cop" type of arrangement with our trading partners is the best formula for getting them to open markets to our products and for taking our trade negotiators seriously.

However, NAFTA is not just an economic issue. NAFTA is a moral issue and a human rights issue. A new NAFTA will better demonstrate that we will not share in the exploitation of workers. This factor is critically important because NAFTA is to be the basis of further agreements in the Western Hemisphere with our Latin American neighbors. We must send a signal to these other developing countries that free trade must not become a barrier to achieving social, environmental, and economic justice.

In today's increasingly integrated global marketplace, the success of our nation's businesses is often tied to their ability to compete abroad. Our workers have consistently demonstrated that when they are allowed to compete with our global competitors on a level playing field, their output and productivity levels are clearly superior. While Mexico's gross domestic product [GDP] at $317 billion is only 5 percent of the United States $5,950 billion GDP, Mexico is America's third largest trading partner, with an economy comparable to the size of Los Angeles. It is clear that a better NAFTA makes sense and could ultimately benefit the people of all three countries.

Unfortunately, this NAFTA creates bitterness and tension, and undermines efforts to bring our nations together as a unified economic force. It is imperative that a better agreement be negotiated that will create a cohesive and mutually supportive trading block that can compete with the European Community and the Pacific Rim.

Many of my Long Island constituents and I want better protection for the environment, better wages and working conditions for workers in Mexico, and protection of American workers, not a lowering of wages and a loss of jobs here. I am voting against this NAFTA, and I respectfully urge President Clinton to go back to the negotiation table and get a better deal for our people.

Mr. KIM. Mr. Chairman, I rise in support of the North American Free-Trade Agreement and urge its passage this evening in the House.

Jobs, crime and adverse impact of illegal immigration—from Mexico—are the top concerns of my district in California. I strongly believe that the NAFTA combined with commitments I personally received from President Clinton on a new prisoner exchange agreement with Mexico will help create more jobs at home while reducing crime and illegal immigration. It is a win-win package.

After thoroughly analyzing the cases presented by NAFTA opponents and supporters and weighing the costs against the benefits of this free-trade agreement, I have concluded that there are greater benefits than losses and that, in the long run, NAFTA will significantly boost economic growth and prosperity here in the United States. While no trade agreement is ever perfect, this is all in all a good deal for America.

The most troubling cost to me is my concern about short-term job loss and readjustment. That is why the commitment I received from President Clinton for a new prisoner exchange agreement is so important. Currently, there are 16,000 illegal immigrants in California prisons costing the American taxpayer over $450 million annually. By requiring convicted illegal immigrants to serve their terms in Mexican jails, we free up resources that can be used to invest in new American jobs and other services in California thereby offsetting the impact of short-term job losses.

As an added bonus, this prisoner-exchange agreement should reduce crime by illegal immigrants. I think they will think twice about breaking the law in the United States if they know they will be serving their time in Mexican jails.

NAFTA offers many economic and other benefits to the United States. Unfortunately, many of the facts about NAFTA have been lost in the inaccurate and misleading rhetoric circulating around the country. This is an historic opportunity we should not let pass by. I urge my colleagues to join me in supporting NAFTA.

Mr. FAZIO. Mr. Chairman, I rise in support of the North American Free-Trade Agreement [NAFTA]. NAFTA is a complex issue. It is an emotional issue. Many intelligent and reasoned arguments are being made on both sides of the debate. In arriving at my decision to support NAFTA, I have taken great strides to review and understand all the information and arguments being presented. And, after careful consideration of the facts, it is my belief that NAFTA is good for America.

Today, we are at trade disadvantage with Mexico. Half of Mexico's goods already enter the United States tariff-free and the rest face a low average tariff of 3.5 percent. Mexico, on the other hand, imposes tariffs of 10 to 20 percent on most United States imports, bans some products altogether and does not protect high-tech American goods from copyright and patent violations. In addition, the environmental compliance burden on American business is much greater than on Mexican business. In short, businesses operating in Mexico operate at a distinct advantage over their American-based counterparts.

Today, without NAFTA, component assembly plants are already operating in Mexico and many American jobs and factories have already moved south of the border. We need to recognize that these jobs have been lost under the existing framework, not under NAFTA. We need to stop this job flight to Mexico and get something in return. NAFTA wail achieve this goal by eliminating Mexico's high tariffs and increasing access to the Mexican market for American products produced in America.

Since 1986, when Mexican President Carolos Salinas began implementing economic reforms by opening its borders to greater trade and investment, Mexico has quickly become the fastest growing market for United States goods. United States exports to Mexico tripled from 1986 to 1992 and the United States trade balanced shifted from a deficit of $5.4 billion in 1986 to a surplus of $5.7 billion in 1992. NAFTA will further promote this positive trend. That means thousands of jobs here at home.

Many have stated that NAFTA will harm the environment. To the contrary, NAFTA represents an historic breakthrough on the treatment of the environment in international trade. Without NAFTA, nothing will change. Pollution will continue along the border and the United States will have little if any leverage to gain improvements in Mexico's environmental condition. Under NAFTA, however, we can use trade sanctions as an enforcement mechanism when Mexico does not enforce its own environmental standards.

Additionally, concrete steps have already been taken by the United States and Mexico to clean up the United States-Mexican border as well as to improve Mexico's overall environmental record. In September, Mexico signed a $4 billion environmental agreement with the World Bank to help enforce Mexico's environmental laws and improve environmental conditions along the United States-Mexico border. As a first step, $700 million will be dedicated immediately to clean up the border. Additionally, this initiative will improve Mexico's water supply, solid waste management, toxic waste control, natural resource management, and biodiversity protection.

Because of the environmental provisions contained in NAFTA, six national environmental organizations have endorsed NAFTA. They are the National Wildlife Federation; the World Wildlife Fund; the Audubon Society; the Environmental Defense Fund; the Natural Resources Defense Council; and Conservation International. I share these groups' view that we will protect the environment more with NAFTA than without it. Moreover, it is estimated that the market for environmental products and services in Mexico—an area where the United States is a clear leader—will amount to $1.5 billion by 1994. This market alone, which will be created in part by NAFTA, will provide thousands of jobs for U.S. workers in one of the core industries of the 21st century.

None of these activities would be happening today if it were not for the pressure United States negotiators were able to bring to bear on Mexico under the context of NAFTA. Perhaps even more importantly, these activities will probably not be implemented unless NAFTA is now passed by Congress.

Another key area where NAFTA will have positive benefits for the Unites States and for California, in particular, is immigration. Today, 200,000 to 300,000 Mexicans immigrate to the United States annually. Another 1.5 to 2 million come to the United States as temporary workers. Under NAFTA, as the Mexican economy grows, the job base will expand, wages will increase and many Mexicans will find gainful employment at home. This prospect can only help stem the tide of immigration that strains California's public assistance programs and general revenues. NAFTA will be the best self-help program we can offer the Mexican people. According to a recent study, NAFTA will substantially reduce Mexican immigration to the United States over the next 15 to 20 years. We have to lay the groundwork now if we are going to realize a long-term reduction in immigration.

Mr. Chairman, the most compelling argument for NAFTA is that it will create jobs for Americans. Much of the opposition to NAFTA stems not from the agreement itself, but from the pain created by our stagnant economy. NAFTA did not create these problems, but it can help solve them. Nineteen out of the 20 most comprehensive economic studies predict that NAFTA, by increasing exports, will boost employment and wages in the United States. The U.S. Department of Commerce estimates that NAFTA will create 200,000 net jobs for American workers. This is a bottom line that we should all support.

Clearly, as with any trade agreement, some U.S. industries and some U.S. workers may be hurt by NAFTA. But, appropriate steps are being taken to address this impact. For example, under the NAFTA agreement, U.S. tariffs for vulnerable industries will be phased out over longer periods of time—5, 10, or 15 years. In addition, the United States will be able to restore tariffs to pre-NAFTA levels if a particular industry is unduly harmed. Further, an early-warning monitoring system is being established to track import surges. For American workers, NAFTA itself will help ensure that the income gap between United States and Mexican workers is closed. Without NAFTA, Mexico will continue to put downward pressure on wages in some United States industries. Most importantly, the Clinton administration is preparing a comprehensive program to provide income support and retraining for any dislocated workers.

In closing, for citizens from my home State, it is important to remember that California is the most successful trading State in the country and thus has much at stake in NAFTA. Over 1 million Californians derive their jobs from international trade, which is the only sector of the State economy that has continued to expand during California's general economic downturn. Canada and Mexico are California's second and third largest trading partners, totaling $13.9 billion in exports and supporting over 300,000 jobs. Since 1987, California exports to Mexico have increased 190 percent, twice the rate of California's exports to the rest of the world during the same period—95 percent.

Mr. Chairman, it is no wonder that the Japanese oppose NAFTA. They know that NAFTA gives the United States and California an advantage in world trade. Japan would jump at the opportunity to sign their own agreement with Mexico like they are doing with other Asian countries right now. In fact, Japan has already begun negotiations with Chile and other South American countries. It is time we beat them to the punch. NAFTA will create the largest trading bloc in the world, enable us to compete more effectively with the European Community and Japan, and help restore America's competitive edge in the international marketplace.

Defeating NAFTA will not make us more competitive; will not create jobs; will not control immigration; nor will it clean up the environment. It will simply maintain the status quo. With NAFTA, however, we have an opportunity to begin the process of making long-term improvements in each of these areas. We have an opportunity to create a net gain of 200,000 jobs for American workers. And, we have an opportunity to reassert our role as a world leader in the international marketplace.

Clearly, there are many differing opinions on the impact of NAFTA. However, I believe that the net effect of NAFTA will be beneficial to California and to the United States. I believe it will result in more jobs, not fewer. I believe that NAFTA will help improve the standard of living for all Americans as well as all Mexicans. It is for all these reasons that I support this important trade agreement. I urge my colleagues to join with me in supporting this historic agreement.

Mr. SMITH of New Jersey. Mr. Chairman, my decision to vote "no" on NAFTA is based on four major concerns: one, my concern for job loss in my State and across the Nation; two, my longstanding opposition to new taxes; three, my years of work on behalf of worldwide human rights; and four, my support for policies which protect our natural and global environment.

While the statistics and prognostications regarding the effect of NAFTA on job losses and job creation have varied widely, there is acceptance of the projection that nationwide the labor market will churn, and in the immediate term, there will be job loss. Beyond this, an

October 1993 report written by the Joint Economic Committee finds that there could be potentially significant gross job dislocations of 500,000 or more over a period of 5 to 10 years, as well as downward pressure on U.S. wages * * *. Some credible estimates of the downward wage impact predict a loss of $348 in average full-time compensation for a manufacturing worker.

Mr. Chairman, when these numbers are projected onto the job market in my State of New Jersey, NAFTA will have numerous detrimental effects. In his Labor Day 1993 speech, New Jersey State AFL–CIO President, Charles Marciante, stated that:

NAFTA will further erode our dwindling manufacturing base with anticipated job losses in excess of 190,000 here in New Jersey alone. Projections have been made that the workers in New Jersey will lose 6 percent of this State's jobs if the flawed agreement is enacted * * *. The trade act's complete disregard for enforcement of environmental standards, the total lack of health and safety work standards and the refusal by the Mexican government to allow workers * * * to bargain and organize are sure signs that 'fair trade' is not part of NAFTA and should not be part of our immediate future.

As if to add insult to injury NAFTA will not only eliminate jobs, but will also result in new or higher taxes. The White House concedes that implementing NAFTA will cost the United States—and that is us, taxpayer—billions. A November 9 Joint Economic Committee study on the cost of NAFTA estimates this price tag at $20.1 billion over 10 years while other estimates have placed the cost as high as $50 billion, asserted by the United Auto Workers. The administration has already proposed new taxes on travel and shipping to close the gap but the matter remains unresolved. As we know, the Clinton budget proposal is predicated on new taxes, the Clinton health care proposal is predicated on new taxes, and—you guessed it—all signs point to the reality that Clinton's NAFTA agreement will be achieved through new taxes. I don't believe the American people can take another hit.

Mr. Chairman, many people don't realize how many new and varied costs are involved in NAFTA. For example, as part of the deal, Americans are being asked to pay an estimated price tag of $21 billion for border environmental problems. Although proponents of NAFTA argue that it is a job gainer, NAFTA will cost $5 billion in new spending on displaced workers. Add to this the fact that the Secretary of Commerce has estimated that it will cost $15 billion for the rebuilding of roads, bridges and other infrastructures along the border of the United States and Mexico.

One issue which has been sidelined throughout the NAFTA debate is the protection of human rights. In testimony before the Foreign Affairs Subcommittee on International Security, International Organizations and Human Rights, Human Rights Watch testified that:

[r]egrettably, human rights issues were simply not on the trade table in NAFTA discussion between our government and Mexico. (For example, in the supplemental agreement on labor, the issues of freedom of association, assembly, and collective bargaining for unionists and worker association are simply not addressed.) Absent from the discussion of NAFTA have been such issues as torture and due process abuses in a criminal justice system laced with corruption; * * * harassment, intimidation and even violence; * * * and impunity for those who violate fundamental human rights.

As the leader of human rights around the globe, the United States is now inadvertently putting our stamp of approval on this behavior by agreeing to NAFTA without requiring or even seeking human rights reforms on behalf of the Mexican people.

I agree with those who suggest that it is not too late for the United States to bring human rights issues to the NAFTA debate, and encourage and bolster positive actions by the Mexican Government. In fact, along with many of my colleagues, I recently signed a letter to Mexican President Salinas regarding a number of human rights cases which have been of particular concern. The Mexican Ambassador responded in a timely fashion. I hope, Mr. Chairman, that this is a sign of better things to come rather than a temporary adjustment during our NAFTA deliberations.

I had hoped that the negotiation of the environmental side accord would have established an appropriate and effective enforcement mechanism whereby necessary environmental protections would be assured. Even the Institute for International Economics which is supportive of NAFTA identified two areas which are not sufficiently protected. Existing environmental laws need to be reviewed and, as written, the side agreement on environment fails to encourage the upward harmonization of environmental standards and enforcement. In fact, Mr. Chairman, there are some who argue that the mandate to harmonize standards among the countries will weaken U.S. environmental standards, as well as labor standards.

Mr. Chairman, I cannot support the NAFTA as it has been negotiated but I am hopeful that a different, tariff-free agreement can be crafted which will open new markets but also provide the protections needed for American workers, make human rights an integral part of U.S. trade policy, and bolster efforts to protect and preserve our fragile environment. Only then, will I be able to lend my full support for such a trade agreement.

Mrs. LLOYD. Mr. Chairman, as I have read the North American Free-Trade Agreement and listened to the arguments on both sides, I was left with one overriding question. What happens if we do not pass NAFTA?

Earlier this year, I expressed grave reservations over the NAFTA, as it was originally drafted. As the former chairman of the Congressional Textile Caucus and a strong advocate of the textile industry, I have been rather leery of trading pacts which I feel might imperil American industries and workers.

After considerable reflection on the most important vote of my career, I have concluded that the defeat of NAFTA will not save jobs, it will not prevent any American company from relocating to Mexico, nor will it solve our trade deficit.

Tennessee textile workers are just one group who stand to benefit from an open Mexican market of 90 million consumers. Textile and apparel exports have grown at a 33 percent annual rate since 1987. In 1992, Tennessee's exports to Mexico totaled nearly $414 million, making Mexico the State's second most important foreign market. Under NAFTA, Tennessee's textile exports to Mexico will be able to grow faster. And most importantly, strict rules of origin ensure that Mexico will not be used as an import platform for Asian textiles and fabrics. President Clinton has personally assured representatives with textiles constituencies that the administration will increase the Customs budget by $15 million in order to enforce trade laws on textiles and apparel. The administration also pledged to negotiate a 15-year phaseout on textile quotas in the final talks of the Uruguay round of the GATT.

In coming to a decision, I also considered the serious consequences the defeat of NAFTA will have for U.S. national interests. The Cold War is over and America cannot remain an economic superpower if it turns down the opportunity to develop the largest common market in the world. The United States will be left with no effective response to the regional trade strategies Europe and Japan are successfully employing to bolster their competitiveness. U.S. workers will be competing with one arm tied behind their back.

Rejection of NAFTA could delay or lead to the collapse of the Uruguay round of GATT trade talks. The United States has the most to gain from the GATT agreement, but our main trading partners may refuse to offer politically difficult concessions if there is any doubt of congressional approval. Collapse of the round could spark a new round of world protectionism—and a worldwide recession that would place millions of U.S. jobs at risk.

A defeat of NAFTA will send disturbing messages to Mexico and other Latin American countries which have made political and economic reforms in recent years. Mexico's President Salinas has taken important steps toward creating a free-market economy over the past 5 years, including a significant reduction in tariffs. The United States has benefited from this through skyrocketing exports and the creation of hundreds of thousands of new jobs. Mexico may react to a rejection by closing its markets and seeking investment and trade with or competitors in Europe and Asia.

United States-Mexican relations could become tense, reducing cooperation on issues that Americans are deeply concerned—illegal immigration, illegal drug trade, labor rights and the environment. The United States cannot address these concerns by itself.

And if NAFTA fails, U.S. international leadership will be in doubt, because we have just signaled to the world that America is not confident of its ability to compete with a neighboring economy only one twentieth its own size.

Is Congress ready to repudiate 50 years of market-expanding efforts under every American President since Franklin D. Roosevelt? Is Congress prepared to face the former Communist nations which will have lost their prime advocate for opening export markets to their products? Is Congress ready to weaken the Presidency at a time when political and economic tensions are so high across the globe?

I don't believe Congress wants to abdicate its responsibility for global leadership and I therefore urge my colleagues to support NAFTA.

Mr. MINETA. Mr. Chairman, in recent weeks, there has been much discussion and

debate on the merits of the North American Free-Trade Agreement. I have spent a great deal of time talking with constituents, labor unions, environmental groups, high-technology companies, as well as the President and members of this administration—hearing compelling arguments both for and against the agreement. My decision to support NAFTA is a result of this discussion and debate. I did not make any request of the President in return for my vote, and my decision was based solely on the fact that I firmly believe that passage of NAFTA is the best investment strategy for the United States.

The vote on NAFTA was the most difficult decision I have had to make during my tenure in Congress. I recognize that there will be sectors of our economy, and communities in our country, that may in the short term be negatively affected by passage of NAFTA. On the other hand, companies in the high-technology industry stand to benefit from NAFTA, and communities such as Silicon Valley are likely to see job gains.

I have listened carefully to the arguments of organized labor. I have been a friend of labor for my entire public life, and I have always tried to make sure that the jobs and the security of working men and women in this country are protected. So when the argument is made to me that any piece of legislation before Congress will cause job loss, I stand up and take notice.

I have also been bothered by the fact that certain workers and industries have been under-represented on this issue, such as my friends in the cut flower business. Those industries are already struggling to compete against lower priced foreign products. It must be a top priority of the administration and the Congress to work with those industries to adapt to our global economy.

However, we cannot escape the fact that we are in an increasingly global economy. With or without NAFTA, the job dislocation that many people are experiencing today will continue. The solid jobs with long-term stability that we must create to employ those workers are dependent, more than anything else, on expanding access to overseas markets of U.S. products. I fear that to defeat NAFTA would cripple our ability to create those jobs. We must look to the future, not to how we have competed in the past.

NAFTA confronts our Nation with a fundamental question—What is the best investment strategy for our future? As the market for U.S. products is becoming increasingly global, we must be sure to establish and protect our ability to compete everywhere. Passage of NAFTA will create the largest common market in the world, with 360 million customers and $6.4 trillion in annual production.

Passage of this agreement will have other international implications as well. It will help to improve the Mexican economy and will give support to political reforms that have taken place there in recent years. In addition, passage of NAFTA will allow the United States to maintain a stronger bargaining position in the ongoing GATT negotiations.

NAFTA is also the greenest trade agreement ever negotiated. For the first time, a trade agreement has recognized the legitimate environmental concerns associated with trade. This is not an environmentally perfect agreement, but NAFTA provides us with a dramatically improved framework for addressing the environmental problems our world faces today.

Finally, while I believe there is little doubt that NAFTA will result in a net benefit for the United States, Mexico, and Canada, there is a provision in the agreement that allows any country to opt-out with 6 months notice. If this agreement turns out to be a bad deal for our country, I will support withdrawal from the treaty.

In the final analysis, passage or defeat of NAFTA will be a defining moment for U.S. world leadership. Either we shrink from our worldwide responsibility or we seize the opportunity to lead the way toward free and open markets everywhere. I believe we must look toward the futures with vision, and take a bold move to secure this Nations' long-germ international competitiveness. For these reasons, and after much deliberation, I will vote for the North American Free-Trade Agreement.

Mr. SAXTON. Mr. Chairman, over the last several weeks, my staff and I have heard from hundreds of constituents on both sides of the North American Free-Trade Agreement [NAFTA]. I have had the opportunity to weigh all sides of the agreement.

On the surface, NAFTA seems like a great idea for the United States. Many new jobs are expected to be created 5 to 10 years down the road because of NAFTA. Unfortunately, however, most observers predict that there will be many jobs lost in the first few years. Some experts estimate that as many as 550,000 jobs will be lost over time. These expected job losses are a main point of contention.

For example, my home State of New Jersey may lose as many as 10,000 jobs due to the impact on glass manufacturing by NAFTA in southern New Jersey. The fallout from such job losses will send a ripple throughout the Delaware Valley. Many other industries in other States will also be similarly affected.

I am not sure if the job loss estimates are exact, but I am convinced that there will be many jobs lost. Moreover, in the light of our present economic situation, I do not believe that we can sustain a further drop in employment.

I am also wary about NAFTA's effect on current U.S. environmental laws and national sovereignty. I worry that our high environmental standards will be compromised. NAFTA's environmental commissions will become de facto judge and jury over all U.S environmental rules. NAFTA also has a number of provisions for dispute resolution panels which will establish a bureaucracy with authority over all subnational governments. State and local laws will be subject to the interpretation of this supranational rule. Trinational tribunals with the effect of law over U.S. citizens are not an acceptable provision to any free-trade policy.

Therefore, tonight I will cast my vote against the North American Free-Trade Agreement.

Mr. DUNCAN. Mr. Chairman, I have cast close to 2,500 votes since coming to Congress 5 years ago, and many have been on very tough issues. But for me personally, this has been the most difficult.

Putting all national personalities aside, I know that in my district, there are many good, kind, and intelligent people on both sides of this issue. I know, too, that there are very good arguments both for and against this agreement.

While I am convinced that, in the long run, passage of NAFTA will result in substantial gains for the United States, I recognize that there will be short-term hits that will have to be absorbed. It really hurts me to think that I might cast a vote that could cause even one business to close, or even one person to lose his or her job.

I am also concerned that this agreement contains a number of provisions that have nothing to do with free trade and that could cost us greatly and cause us problems in the years ahead. Ultimately, however, I feel that many more jobs will be created and many more people helped than hurt, especially in Tennessee, if NAFTA is approved.

While I have personal reservations myself, I have never felt that I own this congressional seat. I have always tried as best I can to vote the way that the majority of people in my district want me to vote.

In the end, the most important factor in my decision to support this agreement was the response of my constituents. Over the last few days, I have become convinced that a substantial majority of the people in the Second Congressional District now support NAFTA.

One last thing: I have neither asked for nor received anything for my vote. My vote belongs to the people of East Tennessee and is not for sale to anyone, at any time, for any price.

Mr. MACHTLEY. Mr. Chairman, today we have the chance to strengthen America, redefine our leadership in the global economy and confront the empty fears of those who would throw up the walls of isolationism. Today we have the opportunity to reassert our Nation's greatness and proclaim to the rest of the world that we are the United States and we mean business.

The North American Free-Trade Agreement is the key to our Nation's prosperity and competitiveness as well as hemispheric peace and security. NAFTA is the agreement that will give individual Americans both the freedom to sell their goods and services to a vastly expanded market as well as the freedom to purchase goods and services at more competitive prices.

The crucial element of this agreement is that it will create the pressure for every other nation in this hemisphere to sign similar trade agreements with the United States. A defeat of this agreement will lead to a crisis of confidence in United States leadership—in Mexico, the hemisphere and elsewhere. NAFTA serves a broader interest by strengthening democracy and stability throughout Latin America and enhancing United States credibility in trading negotiations with the rest of the world.

This NAFTA contains provisions to eliminate tariffs and trade barriers and will permit half of all United States goods to enter Mexico duty free immediately, with most remaining tariffs eliminated within 10 years. If we don't grasp this incredible opportunity we will have reverted to protectionism and will have encouraged our Asian and European competitors to usurp the trade advantage we now enjoy.

It is evident to me that our competitors would be more than happy to help themselves

to the chunk of Mexican market share left behind by the United States in the wake of a failed NAFTA. Let's not be fooled. If this NAFTA fails, the Mexican Government is not going to wait around for the next NAFTA.

I do not want U.S. support for free markets and democratic institutions in the world to be seen as empty rhetoric. If we bury our heads in the sand, that is exactly what will happen, and that is exactly what our trading adversaries are hoping and waiting for us to do.

I do not look forward to having the United States being seen as having lost its resolve and ability to lead the world on trade policy. Make no mistake, rejecting NAFTA would be seen as a failure of American will and an unmistakable turn toward protectionism.

The signing of NAFTA will ensure:

Mexico's continued sensitivity to the environment. Without NAFTA, the political will and financial resources to improve the environment in Mexico, and particularly along the border, will disappear.

Continued American leadership in the hemisphere and on global economic issues.

Continued transformation of Mexico's economy with increasing opportunities for American business.

Expansion of trade and economic growth in a continental market of 370 million consumers uniting the United States, Mexico, and Canada, a trading block from the Yukon to the Yucatan.

Most importantly, it means new jobs for Americans.

None of us can afford to turn our backs on the opportunities and prospects that this pioneering trade agreement offers. The fact is, that we must continue to trade globally if we are to maintain our strength.

NAFTA is the necessary step to take if we are to bravely step forward, as we must, and enter the future with the resolve and determination that made this Nation great.

We have to pass the North American Free-Trade Agreement. It's the wise thing to do. It's the right thing to do.

Mr. WOLF. Mr. Chairman, I rise in support of H.R. 3450, the North American Free-Trade Agreement. While there are good and sincere people on both sides of this debate, on balance I believe NAFTA will be a net benefit job creator and economic boost that will be good for the working men and women in our country. It will better position our economy to compete in the global markets and help us open new markets in Mexico and the fast growing Latin American region. In particular, for Virginia and my district I believe this will be true. Thousands of Virginia jobs depend upon international trade and this trend will continue.

I understand the concerns about the effects NAFTA will have on American workers. However the agreement includes provisions for protecting sensitive industries, and, given the new opportunities for American businesses, it is estimated that over 200,000 new jobs will be created in the United States.

However, it is unfortunate that the dizzying lobbying efforts on NAFTA and the lobbying money going into this process have obscured the jobs issue. Ex-White House aides and former trade representatives from both parties serve as hired guns for the Mexican Government. Mandy Grunwald, a Clinton confidant who regularly and unofficially works at the White House, reportedly has a $5 million contract for the pro-NAFTA media budget. Business week quotes a Democratic consultant who says "everyone knows" Mandy Grunwald is against NAFTA. Before it is even signed, NAFTA is providing an economic boom to Washington insiders and lobbyists and I find this distasteful.

Further, because of the troubling precedents set at the White House in the budget agreement, some votes on this close issue are being bartered, bought and sold. There are deals for the sugar industry, deals for peanut producers, and a give away of a trade center in Texas. The side agreements also designed to round up votes complicate and clutter the case for free trade. This kind of horse trading has gone on before it has been particularly offensive this go around.

"The White House has been giving away trade concessions as though they were candy," stated Andrea Mitchell of NBC News in a recent report on NAFTA. THe side agreements, done in large part to appease protectionist concerns, have largely failed to win over many converts. In a more perfect world a free-trade agreement could be confined to several sentences or several pages.

But despite this sideshow, I support NAFTA because after all the hype and hyperbole, I believe the net impact will be beneficial. Coming from the party of Lincoln, I believe in President Lincoln's adage that the best way to build our party is to build our country. NAFTA will help in the effort to get our stagnant economy moving again. The Clinton taxes are going to hit in a big way next spring. Expanding trade and markets offers us one of the best opportunities to offset the drag these taxes will have on the economy.

The United States currently has only a 4 percent average tariff rate and very few other restrictions on Mexican imports so we are giving away very little under the terms of NAFTA. Removing these tariffs will, in effect, be a tax cut for American consumers. The Congressional Budget Office scores NAFTA as a $1.8 billion net tax cut over 5 years. The barriers that are being removed are mostly on the Mexican side. Clyde Prestowitz, one of the country's most outspoken critics on trade policy, supports NAFTA and points out that removal of the barriers may actually reduce incentives for U.S. firms to move south.

Likewise immigration problems will be relieved in some part as the Mexican economy grows and provides a growing and better job market. An improved Mexican economy will also provide a more expansive market for the United States to sell products and services. With a growing population expected to reach 100 million soon it is imperative that the Mexican economy improve or we will see more illegal immigration. Even the Economic Policy Institute, a group strongly opposed to NAFTA, has admitted that NAFTA would reduce immigration from Mexico by between 1.4 to 1.6 million persons. The political situation will also be stabilized as economic opportunities grow. All in all both the United States and Mexico will both be able to improve their economies. This is a win-win proposition.

Prestowitz points out that although half of Mexico's 80 million population does live in poverty, one-quarter to one-third of Mexicans have relatively high incomes, creating a market nearly the size of Canada's for United States goods. Mexico already purchases 70 percent of its imports from the United States and is now the third largest market for American goods and services. Mexico is the second largest computer and software market in Latin America with the hardware purchases of $1.5 billion in 1992 and software purchases of $270 million. The hardware market is expected to grow 20 percent a year and software 30 percent a year. On a per capita basis, Mexico purchases more United States products than our trade partners in the European community. For each $1 billion in trade with Mexico, 17,000 American jobs are created. Wages of United States workers in jobs related to exports to Mexico are 12 percent higher than the national average. Under NAFTA, Mexico will also allow American enterprises to provide banking, securities, insurance and other services in its market.

Mexico's barriers will only be reduced for United States and Canadian producers and not for Asian or European suppliers so the benefits of the larger Mexican market will go largely to United States companies. Japanese companies have long benefited from having a lock on emerging markets in Asia. Similarly NAFTA will give U.S. firms a lock on a market of their own with which to fight back. In fact, many companies already in Japan may be induced to come to Mexico and purchase parts and equipment from the United States rather than Japan. The car industry is one example where lifting the tariffs will expand our economy tremendously. American cars will have a big advantage over the Japanese under NAFTA and the automotive parts industry in this country will also be helped as more cars are bought and sold in North America. All in all, NAFTA enables us to create the most dynamic economic trading area in the world.

The U.S. agriculture sector and American farmers will be big winners under NAFTA. Conservative estimates show an expected increase of $2 to $2.5 billion in United States agricultural exports annually to Mexico by the end of the transition period in the treaty. That is why groups such as the American Farm Bureau, the National Broiler Council [poultry], Virginia Agribusiness Council, apple processors, 42 chief State agricultural officials and all nine former secretaries of Agriculture support NAFTA. As exports grow, America's agriculture business—the best in the work—will be one of the big winners. The apple processing and poultry industries in my district are very likely to have more jobs for our community.

In Virginia, exports to Mexico almost quadrupled from 1987 to 1992 rising from $41 to $158 million. Virginia ranked 15th among all 50 States in the percentage increase in exports to Mexico over the past 5 years. These exports were diverse. They ranged from transportation equipment, $42 million; industrial machinery and computers, $29 million; chemical products, $21 million; food products, $14 million; and primary metal industries, $12 million.

American workers are the most productive in the world and American workers are far better paid than those of Mexico and other countries because we have such a significant advantage in the other factors that go into competitiveness such as education, infrastructure,

communications, and transportation. Nevertheless, I think this agreement puts a burden on the American companies to keep faith with American workers while expanding trade.

NAFTA is far from a perfect agreement but it is as far and as fast as we can go in the right direction right now on free trade. A more substantive debate would have been welcome but the facts, obscured though they may have been for most of the debate, add up in support of NAFTA. We should not fear free trade when America has the most productive economy in the world. We should not fear free trade when America is the largest exporter in the world. We should not fear trade with a country whose economy is only one-twentieth the size of America's. NAFTA obviously won't solve all our economic woes but it will move us in the direction of economic growth through expanding our export markets. It is a positive method of dealing with our growing international economy and one that will bear fruit for American workers. A stronger trading block will in turn give the United States more leverage to open the markets of Japan and Europe and further expand trade and opportunity in our country and abroad.

Ms. PELOSI. Mr. Chairman, I rise today in support of the North American Free-Trade Agreement [NAFTA]. Over the past months, I have spent hundreds of hours studying the NAFTA and its consequences, and meeting with my constituents, representatives of labor and the environmental community. The vast majority of this time has been spent with people and groups who oppose NAFTA, in order to ensure that their concerns have been given every serious consideration at the highest levels in the debate. For months, I have carried to the administration the concerns of my constituents regarding NAFTA, particularly relating to its impact on American workers and on the environment. I have expressed these concerns to administration officials at every opportunity and at every level, and have taken them to President Clinton himself.

Our concerns have fallen into five major categories: standard of living issues, trade adjustment issues, environmental issues, sector-specific issues, and process issues—enforcement.

In my years in the Congress, I have actively supported the inclusion of human rights and environmental concerns in our international trade agreements and banking relationships. The NAFTA is no exception.

NAFTA will increase United States exports to Mexico if it raises the standard of living and purchasing power of Mexican workers. With such an increase, the wage gap will be lessened and there will be less incentive for American companies to move to Mexico. The internationally recognized human rights of freedom of association and the right to organize and bargain collectively are necessary to improve Mexican worker's lives and to close the wage gap. I have had extensive discussions with the Administration about the need for leverage to improve workers' rights in Mexico. These discussions have centered mainly on the possible use of the Section 301 trade mechanism to provide such leverage.

The President has assured me, in writing, that NAFTA does not diminish the right of the United States to take action under section 301 if Mexico's actions or policies deny internationally recognized workers' rights, such as freedom of association and the right to strike, and burden or restrict United Stated commerce. The President has also assured me that he will not hesitate to use his authority under section 301 with respect to Mexico or any other country, where called for in those provisions. In addition, the implementing legislation before us today contains language declaring that nothing contained in the NAFTA shall "limit any authority conferred under any law of the United States, including section 301 of the Trade Act of 1974. * * *"

Worker adjustment assistance for displaced American workers is a serious issue. The reality of today's world is that businesses and jobs are already leaving our country for other countries, primarily countries in Asia. I believe that we must embark, and in fact, should already have embarked, on a major program for worker retraining and economic growth. This program must be implemented regardless of whether NAFTA passes or fails. I support the administration's worker retraining program for workers dislocated by NAFTA. I believe, however, that it is only a beginning. We must reach out to all of the workers who have been dislocated by more than a decade of economic policies that disregarded their plight.

I am pleased that the administration has agreed to the establishment of a binational North American Development Bank, proposed by Representative TORRES, to help in communities where workers may be dislocated because of NAFTA.

I understand the wish of some in the environmental community that NAFTA and the environmental side agreement would have gone further in protecting the environment. It does, however, provide a framework through which to begin addressing environmental degradation throughout Mexico, including in the border region.

California has some of the Nation's strongest environmental protection and food-safety laws in the Nation and concern has been raised that these laws would be pre-empted by NAFTA. Every time I have discussed this issue with administration representatives, including EPA Administrator Browner, I have been told in no uncertain terms that no such pre-emption will take place. NAFTA preserves the right of states to pass stringent health and safety laws.

There are those who argue that we should renegotiate this agreement. Such renegotiations could take years and frankly, I do not believe that we have years left in which to solve the pressing environmental problems. My colleague Representative RON COLEMAN, who represents the border region in Texas, has in his district schools where all of the children are infected with hepatitis. The breast cancer rates in places in his district run to one out of every three women, compared to a 1-in-9 ratio nationwide. These people simply cannot afford to wait the years which a renegotiation could take.

Among the sector-specific issues important to California which I have raised with the administration are the concerns of those in the maritime industry, the surface transportation industry, and the wine industry. The administration has agreed to approach these concerns with heightened sensitivity and attention. The concerns of the maritime industry, in particular, transcend the NAFTA debate and require serious national action.

And finally, on process and enforcement issues, the administration argues that ensuring effective enforcement of national standards is at the heart of NAFTA's dispute settlement mechanism. In addition, the side agreements create an obligation to enforce effectively labor and environmental laws and a mechanism through which an independent evaluation and report on the effectiveness of national enforcement of national laws in the environmental and labor areas can occur. Recognizing that the outcome of disputes on these issues may be of significant interest to many people outside of government, the U.S. Trade Representative has committed to providing opportunity for public notice and input into dispute settlement proceedings involving the United States under NAFTA.

I firmly believe that any measure which improves life in Mexico will improve life in California. The border we share is a lifeline, linking us on a daily basis.

California will be one of the leading beneficiaries of increased trade through NAFTA. Canada, one NAFTA partner, ranks second among California's export markets. Mexico ranks third. California's exports to Canada, totalling $7 billion in 1992, more than doubled over the past five years, during which the United States-Canada Free Trade Agreement was implemented. In that same 5 years, Our State's merchandise exports to Mexico almost tripled, rising to $6.6 billion. In 1992, 89,600 jobs in California were supported by exports to Mexico and over 45 percent of those jobs were created in the past 5 years. More trade with Mexico and Canada can only result in an increased demand in Mexico for California-made goods. This translates directly into California jobs.

My decision is based ultimately on my belief that the economic status quo is completely unacceptable and that we must move forward, as a nation, into the future. Regional trading blocs are the trend of the future, as the development of the European Community illustrates. It is our economic advantage to participate in a North American trade bloc, eventually to be expanded to the entire Western Hemisphere. I am convinced that in order to compete globally, we need a NAFTA, and that NAFTA must be passed at this time.

I believe that this NAFTA means jobs for my district and for California. It will create jobs for American workers. It will clean up the environment on the border. And, it has my support.

I have the greatest respect for my friends in organized labor and commend them on their valuable contribution to this important national debate. If the NAFTA passes, I look forward to working with them on its implementation and enforcement.

Mr. GOODLATTE. Mr. Chairman, I come before you tonight to make two points clear. The first is my support for the North American Free-Trade Agreement [NAFTA]. I have the privilege of representing the people of the sixth district of Virginia which leads the Old Dominion in exports with its high quality, competitively priced manufactured goods and agricultural commodities. For months I studied this

agreement and met with hundreds of constituents across my district. I am convinced that NAFTA means jobs and increased trade for my region and will strengthen our Nation's ability to compete worldwide. My decision was based on a careful review of the issues and the merits of the agreement. This brings me to my second point which is my continuing displeasure with the backroom, wheel-and-deal, politics-as-usual approach that many reports indicate is being taken to get this agreement passed. I urge Members to base their votes on the merits of the agreement and to reject the laundry list of special deals that are apparently being offered. Take a stand to maintain the integrity of this body and protect the wallets of our Nation's taxpayers. Pass NAFTA on its merits, and reject the tradition of pork-barrel politics as usual.

Mr. DICKS. Mr. Chairman, today this House faces a clear choice, America can seize the opportunity to make the reality of world economic cooperation and competition work to promote economic growth here and abroad. The alternative is to pursue a siren's song of isolationism and protectionism that promises sanctuary from the realities of the cruel world but in fact will deliver economic stagnation.

Most opponents of the agreement concur that we need to squarely face world economic competition, but that this NAFTA is not the right one. They believe that by rejecting this agreement we can expeditiously renegotiate an agreement with Mexico that will better address their concerns. I believe that the opposite is far more likely.

This is the same tactic that those who opposed arms control agreements with the Soviets in the 1970's and 1980's pursued. They argued that by rejecting agreements, we could easily convince the Soviets to make additional, one-sided concessions. Of course this did not take place, and we still have not ratified a strategic arms control agreement since 1972. In its place we had to rely on informal agreements to follow guidelines of unratified treaties and seemingly unending negotiations for the perfect agreement. Frankly, we were very lucky that the entire enterprise did not fall apart as a result, and given the instability in the former U.S.S.R. we will have to continue to be lucky.

I have to conclude that this time we will not be so lucky. I have to conclude that rejection of the agreement will set back mutual cooperation, will provide no incentive for Mexico to deal with these issues, and will provoke a new round of attempts to entice American firms to relocate in Mexico, while maintaining or increasing current barriers to United States exports. On the other hand, I think the side agreements on labor and the environment, while not all we might want, provide a forum to promote progress in these areas that would not otherwise exist.

No trade agreement can be expected to deal with all the troubling issues of transitioning to global economic competition. With or without NAFTA companies can still choose to relocate to Mexico although it is interesting to note recent decisions by Raytheon, GM, and many small firms who did relocate to come back to the United States. Low-wage competition from other areas of Latin American and Asia will continue to challenge our economy. And our competitors, especially the Japanese, are still going to try to secure agreements around the world that will benefit themselves, at our expense.

But while the direct substance of the NAFTA is small in the overall economic scheme, its symbolism with respect to the course this Nation takes in future trade policy has become immense as this debate has unfolded.

The United States has just prevailed in the third major war of this century with the end of the cold war. After each of these triumphs we faced a fundamental decision on whether we would remain active in world affairs or crawl into a false cocoon of isolationism. After the First World War we decided to return to normalcy in a nostalgic effort to turn back the clock. We rejected entry into the League of Nations and instituted a protectionist economic policy. After a short boom, the result was the Great Depression and the rise of fascism.

After the Second World War there was strong sentiment to focus on the homefront and shun world responsibility. But with strong leadership from Harry Truman, the Marshall plan and the Truman Doctrine were approved, leading the way for economic revival and the triumph of democracy.

We now face a similar crossroads. It is naive to think that by denying world realities we can somehow return to a nostalgic past. The simple fact of the matter is we can and must compete in the real world. There is no going back.

We have critically important trade issues to resolve involving GATT where we are trying to end foreign subsidies that undercut international sale of American products ranging from agriculture to aircraft. The leaders of the Pacific rim will soon meet in Seattle for the annual APEC conference to discuss the future of the massive Asian trade. Our leadership and leverage in these negotiations will be dramatically undercut by defeat of the NAFTA.

A letter I received from a small businessman in Seattle sums up the positive attitude we need to win in the world market of the 21st century. He states:

> Those who believe that NAFTA will result in a flood of low cost manufacturing jobs from the US are sadly behind the times. Those jobs left years ago. * * * America is first in agriculture, technologically advanced manufacturing (Boeing, Weyerhauser, Intel and others are good examples), value added production, and service oriented businesses.
>
> In an age of instant communications, the world is and will continue to move toward open trade and a global economy—with or without the U.S. To move backward to an era of isolationism and protectionism would be folly.

Mr. MINGE. Mr. Chairman, I support fair trade. Free trade results in more jobs and greater wealth in the trading nations. We live in a global environment and our policies must reflect that reality. If we do not keep pace with the natural progression of the global marketplace, we will be left behind. But in our efforts to increase trade, we must first establish a strong, shared foundation of economic, environmental agricultural, and industrial standards, rights and obligations.

A North American trade agreement is in our best interest. However, this North American Free-Trade Agreement [NAFTA] has too many potential problems, too many unanswered questions, and too many unaddressed subject areas to merit my support at this time. NAFTA does not establish a solid foundation for the economic partnership that is being built for this continent.

My decision not to support NAFTA was difficult. The agriculture community is split over the agreement. For example, NAFTA supporters point to studies that claim that if it implemented there will be a $0.06 a bushel increase in the price of corn over 15 years. Given today's terrible price of corn and our weather-ravaged agricultural economy in the Second District, any increase would be welcome. However, on many days the market price of corn at Minnesota elevators fluctuates by more than $.06 per bushel.

Moreover, we should not need NAFTA to increase the price of corn. Many observe that increasing the United States Department of Agriculture [USDA] loan rate for corn would have an immediate impact. Furthermore, the 15 year projections fail to adjust for other important factors including:

The substantial decrease in Mexico's buying power due to anticipated devaluation of the Mexican peso.

The likely effects on sales to Mexico and on the market price if Brazil, Argentina, Chile and other Western Hemisphere countries join NAFTA as is hoped.

The opportunity for increased production in this country if land that is currently out of production, or planted to other crops that do not fare well under NAFTA, is planted to corn.

NAFTA proponents project similar benefits for soybeans and pork, but there is the same uncertainty. The point is not that we should ignore the possibility for improvement over 15 years; certainly export opportunities for all crops should be recognized. However, for most farmers who lose money on each bushel they produce and who have not seen price improvement after 15 years of much publicized trade expansion initiatives, the hope for improved prices for NAFTA is illusive. In any event, there is a strong prospect that trade with Mexico in agricultural products will continue to grow without NAFTA and I certainly support both the continuation of such trade and implementation of an improved NAFTA agreement. I expect such an improved agreement could be in place without substantial delay.

The risks are also sobering. Would an expanded NAFTA that includes other countries such as Brazil or Argentina actually lower prices? Can Mexico become a platform for processing or blending products from other countries—such as New Zealand—and shipping them to the United States? With cheaper labor costs and NAFTA-based investment incentives, would Mexico develop its own livestock processing capacity over the 15 years and dilute much of the anticipated United States agriculture gains? Will dislocations in our economy offset the benefits those of us in Minnesota agriculture hope to realize? We must be realistic about the risks and not let hopes blind us to the problems with NAFTA and today's trade opportunities.

United States agricultural producers are efficient, but they are also subject to an ever-increasing amount of regulations and restrictions, such as those involving chemical use and expected ones on tillage procedures. This affects the cost of operation. Agricultural producers in Mexico and other countries are not subject to the same restrictions. This consideration takes on added importance when it is recognized that the NAFTA that is approved will be the prototype of agreements with countries that compete with more Minnesotan products. A level playing field is only fair and should be assured in a comprehensive trade agreement.

The bottom line is that we simply do not know what the effect will be in terms of increased exports and improved prices. We do know that while NAFTA may provide some benefits to agriculture, it does so at the expense of other sectors of the United States agricultural community and at the expense of 1 to 3 million Mexican farmers who are expected to leave their land as a result of changes occurring in Mexico as a part of NAFTA.

Most immigration experts expect NAFTA to stimulate migratory flows to Mexican urban areas and to the United States to displaced Mexican peasants and laid-off Mexican farm workers take advantage of large wage differences. In fact, a recent survey of Mexicans found 45.8 percent of those interviewed believed NAFTA would make it easier for Mexicans to get jobs in the United States.

Another fundamental concern is NAFTA's impact on workers in both Mexico and the United States. Mexican workers are producing considerably more and earning considerably less than they did at the beginning of the 1980's. The 1990 census, moreover, revealed that 63.2 percent of the population made no more than twice the minimum wage of $200 per month while the prices of goods approached those in the United States. To a large extent, wages are low because the Mexican Government, which sets wage rates through an agency called El Pacto, has deliberately kept them low, even for highly productive Mexican workers in modern new manufacturing plants. This interferes with the market and frustrates the level playing field. It does not constitute an acceptable foundation for an economic partnership.

A question United States firms are increasingly likely to ask is why pay $17.50 an hour in Detroit when well trained, productive Mexican auto workers are available for $2.38? The obvious danger is a strong downward pressure on U.S. wages, harming an already hard-hit middle class. According to a 1992 Wall Street Journal poll, one quarter of almost 500 corporate executives polled admitted that they are either "very likely" or "somewhat likely" to use NAFTA as a bargaining chip to hold down wages. And 40 percent indicated they might move at least some of their production to Mexico within the next several years.

Wages are only part of the picture. Our job safety and worker programs have been constructed over several decades. Presently we are considering a national health care program. If Minnesota loses businesses to South Dakota because of disparities between workers compensation and tax policies, the problems facing communities in the United States trying to compete with Mexico for jobs can be readily understood.

The Mexican Government's policy of low wages has further adverse impacts on the United States. It limits the development of a larger Mexican middle class that can afford to purchase goods produced in the United States. It also tempts Mexican workers to look to the United States as the place to move for improved economic opportunity.

This policy's impact on jobs and wages in rural America is especially important. We know NAFTA will result in both job loss and job creation. The dispute is about how much of each and whether the jobs created will offset the job losses. Most studies indicate low-wage, low-skill manufacturing jobs are likely to be lost, and that the jobs created by NAFTA are likely to be high wage, high skill and in urban areas. This scenario does not bode well for rural areas, which have a higher percentage of low-wage, low-skill jobs.

Rural America may well carry the principal burden of adjustment under NAFTA. For decades, manufacturing plants have located in rural areas to take advantage of less unionization, lower wages, and other enticements. For many rural towns, a single plant provides a majority of jobs. Plant closures in these cases can destroy entire rural communities. Even downsizing causes substantial dislocation. Under NAFTA there are no safeguards or adequate remedies to protect our communities from such devastation. For farm families at risk of losing their farms and for those young people in rural areas that are looking for work in a tight job market these considerations are critical.

The cost of implementing NAFTA also concerns me. First we have our workers. The administration's plan for dealing with dislocated workers generally has been strongly criticized by the Labor Department's own inspector general. There is no plan in place to deal with the special needs of rural America where job growth is less apt to occur. It will be expensive to deal with this dislocation.

Second, there is Mexico. This NAFTA presupposes that market forces alone will bring together economies and societies as different as the three countries. But the European experience should teach us that bringing together advanced and developing economies is an expensive proposition. Tremendous investment has been made by the European Economic Community in Greece, Spain, Portugal, and Ireland. Estimates indicate that their commitment exceeds that made by the United States under the Marshall plan.

A third type of investment is environmental clean-up. Treasury Secretary Bentsen has estimated the cost of environmental clean-up alone along the United States-Mexican border at $8 billion over the next decade. Others put it at $21 billion.

Fourth, there is lost tariff revenue. Over 5 years it is estimated at $3 billion.

Given our tremendous deficit, this cost consideration must be faced. Total cost estimates vary from $20 billion to $40 billion. The administration originally stated that the costs of implementation would be offset by growth. However, we are beginning to see that there will be immediate costs with little assurance of budget offsets. Trade Representative Kantor has said that raising taxes is "the best option we can find in a series of bad options." Already Texas officials have come hat in hand seeking $10 billion in Federal aid to finance the NAFTA commitments and for cleaning up environmental problems in the border area. This is the time to decide: do we raise taxes, cut other expenditures, or add to the deficit?

Furthermore, the fundamental difference between Mexico and the United States and Canada is the absence of a regulatory framework and laws that characterize developed market economies. Without that structure and ability to assure consumer, environmental, and employee protection, as well as due process, NAFTA enforcement is inadequate. Balanced economic development will not occur in Mexico unless a series of deep changes are carried out in social policy and structure—and unless the costs of economic development and integration are forthrightly reorganized.

For a good example of this, we again need only to look a the European Economic Community. The considerations that it weighed, the conditions it imposed, the commitments that it made, and the pace at which it proceeded in bringing Ireland, Greece, Spain, and Portugal into its membership is instructive. The fact that Turkey and African countries are not yet EEC members is sobering.

NAFTA will be the foundation of our relationship with Mexico and the rest of Latin and Central America. We need to make sure that this foundation is solid. Proponents of this NAFTA tend to label all opposition to it as protectionism. I am not a protectionist. We live in an interconnected world and we need to have rules to guide us as we enter the 21st century. Trade agreements are rules that we need in order to progress as a country and as a world. But we can and must do better than this set of rules.

To this end, I support legislation that will intrinsically link enforceable environmental, worker protection, agriculture, safety, and other standards to any future NAFTA. By establishing a social charter of shared standards, rights and obligations, this legislation will ensure that any future NAFTA sets a string foundation for our relationship with our trading partners.

I am hopeful that the Clinton administration can and will expand NAFTA so that it is indeed a firm foundation for trade with Mexico and other western hemisphere nations. I look forward to an agreement or changes in this agreement or limits on its adoption that will enable me to support it.

I expect that trade with Mexico will continue to grow, NAFTA or no NAFTA. For many NAFTA has erroneously become the symbol of increasing trade with Mexico and the fight for its passage has diverted us from the real issue of needing an adequate agreement. I have great respect for the Mexican people and President Salinas. If Congress does not approve this NAFTA, it should not be taken as any type of United States criticism or rejection of the Mexican people or their President. Indeed many Mexican groups are urging Congress to vote down this agreement.

This is not a matter of letting the best be the enemy of the good. Rather it is a matter of making sure an inadequate agreement does

not become a foundation for an economic partnership. It is much harder to repair or complete the foundation after the structure is built. Changes are easier to make now because they allow us to build a more solid and promising future. If it takes extra time to negotiate these changes, such a modest delay is not significant in such a long-term relationship. We all hope that in the meantime our trade with Mexico will continue to thrive, that relations between our countries will remain strong, and that all three countries will be better served by a prudent delay in completing the foundation work.

Mr. ZIMMER. Mr. Chairman, the vote on the North American Free-Trade Agreement is one of the most important I have had to cast since coming to Congress. The outcome of this vote will set the direction for United States trade for years to come.

That is why I have taken the time to give the citizens of the 12th District every opportunity to express their opinions to me and have carefully evaluated their concerns about NAFTA.

The question for me has always been whether NAFTA is in the best interest of the United States, New Jersey, and the 12th District. I believe it is.

Free trade has served this Nation well and protectionism has hurt consumers, workers, and often the very industries that have been protected from the need to produce the best products at the best prices.

NAFTA will create the world's largest single marketplace, allowing us to compete more effectively with European and Asian trading blocs and making possible further expansion of our markets throughout the hemisphere.

I am convinced that NAFTA will result in a net increase in U.S. jobs and savings to U.S. consumers of billions of dollars in taxes on the imports they buy.

Many of the opponents of the agreement say they support the idea of entering into a free-trade agreement with Mexico but do not support this NAFTA. I believe that if this NAFTA is killed, there will be no NAFTA of any kind for many years to come. Even under the most favorable of circumstances, Mexico and Canada would never agree to the unprecedented additional concessions demanded by NAFTA opponents. It is far less likely that a lame-duck Mexican administration and the new Liberal Party Government in Canada would be willing or able to agree to a better deal for the United States if Congress rejects out of hand the product of years of good faith bargaining. In my view, the choice is either this NAFTA or no NAFTA. Clearly, this NAFTA is better than the status quo.

Because Mexican tariffs on United States goods are more than twice as high as our own tariffs on Mexican imports, United States producers and workers will benefit far more than their Mexican competitors.

New Jersey is in a unique position to take advantage of this agreement. As a major port of entry, the State stands to gain by the substantial increase in traffic among the three parties to NAFTA. New Jersey's financial service enterprises, our chemical manufacturers, our pharmaceutical and biotechnology industries, and our telecommunications companies will be among the major beneficiaries of NAFTA.

I have carefully examined the question of whether NAFTA would result in American jobs going to Mexico. The sad fact is that unskilled American jobs have been going to Mexico and other low-wage countries for years without NAFTA. Others have been lost to automation and downsizing. Blocking NAFTA will not stop this trend. Approving NAFTA will not accelerate this trend appreciably. Fortunately, the cost of labor is only one factor in the decision where to locate a facility. The quality and productivity of our work force, the proximity to the marketplace, and the reliability of our infrastructure will continue to compensate for wage differentials.

Whether or not NAFTA is approved, American workers will have to be the best trained and most highly skilled in the world if we are to retain our manufacturing base and avail ourselves of the opportunities provided by the global marketplace. We must improve the quality of our education, job training, and retraining so we can continue to reap the benefits of free trade in the future and allow our workers to compete on the basis of higher productivity rather than lower wages.

On balance NAFTA will be good for our environment and Mexico's. NAFTA is the first trade agreement to specify that environmental protections will not be considered a barrier to trade. This will protect our strict environmental laws from being subverted by the agreement. That is why key environmental groups such as the National Audubon Society and the National Wildlife Federation support NAFTA. These groups hope that this provision will become a cornerstone of U.S. trade policy and be included in future negotiations under the General Agreement on Tariff and Trade.

NAFTA's opponents argue that we should not enter into the agreement because the Mexican Government has no regard for the environment. In fact, Mexico has enacted some of the toughest environmental laws in the world, but has not enforced them. NAFTA would require Mexico to do so. Rejecting NAFTA would eliminate virtually any leverage we might have over Mexico's environmental practices.

I do not discount the potential costs of NAFTA, but I believe the benefits will be much greater. If we reject NAFTA, we will regret it years from now as a colossal missed opportunity.

Ms. WOOLSEY. Mr. Chairman, I rise today as a supporter of free trade throughout the world. I rise today in support of free trade with Mexico. I also rise as an opponent to this North American Free-Trade Agreement. There is no disputing that with the right agreement, expanded trade with our neighbors can be good for all three nations, and we as Members of Congress must be committed to making this happen.

We need a free-trade agreement that will reduce the trend of job losses and declining wages in this country. There is great danger, however, that the NAFTA we are debating today will only accentuate that trend. For this reason, Mr. Chairman, I am voting against this NAFTA, with the confidence that as long as we remain committed to free trade we can negotiate a better agreement.

The reason that jobs and wages are threatened by this agreement lies in the repressive and undemocratic treatment of workers by the Mexican Government—treatment that does not allow workers to bargain for fair salaries. Without addressing this problem, a free-trade agreement with Mexico would force American workers into unfair competition against workers who have artificially low wages. The party of President Carlos Salinas has controlled all levels of Mexican Government for over 60 years, and has historically deprived workers of their right to organize. When the working people of Mexico try to bargain for fair wage levels, they are harassed, beaten, jailed, and sometimes tortured and killed for their efforts. Because of these repressive policies, workers in Mexico do not earn the wages they deserve.

Mr. Chairman, this may sound like a human rights problem which has nothing to do with free trade, but it is an economic issue as well. Because Mexican workers do not have the right to organize, the average manufacturing wage in Mexico is about $2 per hour. In the United States, on the other hand, the average wage is almost $14. Although there will always be a wage disparity between two counties entering into a free-trade agreement, this disparity is artificially large, and it will force American workers and their families into unfair competition.

When countries enter into a free-trade agreement, there is a tendency for the wage levels in those countries to move down to the lowest common denominator. If workers in the high wage country do not take a pay cut, they face the danger of losing their jobs altogether to the cheaper labor of the low wage country. This happened with the United States-Canada Free-Trade Agreement, which has resulted in Canada's loss of 300,000 manufacturing jobs since 1989. Mr. Chairman, the wage disparity between Canada and the United States is nothing compared to the gap between our country and Mexico. I cannot ask working families of the United States to enter into this unfair competition. I cannot ask them to make a choice between losing their jobs or taking a massive pay cut. Free trade is desirable, but because of the way Mexican workers are treated, this agreement is unfair.

Proponents of this NAFTA hold to the theory that passage of the agreement will change Mexico's undemocratic practices. Why, then, is it only a theory? Why is it not in writing? The side agreements negotiated this summer say nothing about the Mexican worker's right to organize, and we cannot gamble away the livelihood of hard working Americans and their families by betting on a theory.

A similar theory is used to dismiss Mexico's historic failure to enforce environmental regulations. Proponents tell us that if this NAFTA is passed, we will see a profound improvement in Mexico's treatment of its environment. But there is no disputing that Mexico's lax environmental regulations have provided temptation for some United States businesses to relocate to Mexico where they can profit cheaply, leaving Americans without work. Instead of signing an agreement with Mexico and then hoping in good faith that change occurs, NAFTA should contain a binding agreement prior to approval.

After all, it took the European Common Market 10 years to allow Greece and Portugal to

enter, precisely to ensure that their labor and environmental practices would not hurt the agreement. They did this for a reason, and we should learn from it.

Another argument we hear from proponents of this NAFTA is that if Congress fails to approve the agreement, trade relations between our country and Mexico will be damaged beyond repair, and there will be no chance to negotiate another NAFTA. To answer this, Mr. Chairman, I would like to remind my colleagues that the Mexican Government approached us with the proposal of a free-trade agreement in the first place, and Mexico still has much to gain by renegotiating, if this NAFTA is defeated. Good ideas do not die, Mr. Chairman. Free trade with Mexico is a good idea, and I am confident that we can get it right.

A free-trade agreement with Mexico will cause some American workers to be displaced, but this NAFTA would force workers in the United States into unfair competition with the artificially low wages in Mexico, causing displacement that is unnecessary, I have introduced a bill, the Displaced Worker Retraining Act of 1993, which would provide a comprehensive retraining program for workers who are laid off because of Federal policy decisions such as NAFTA. I introduced this bill because the programs we now have are ineffective in getting displaced workers back into the labor force. I can assure you that if our present worker retraining programs were not so flawed—if a comprehensive worker retraining program were already in place—many of us who are concerned about the impact this NAFTA will have on the working people of this country would be more willing to support it. But right now, Mr. Chairman, there is no such program. Where are the programs to help these workers train for a new job? Where are the funds to help hard-hit communities get back on their feet? If we insist on this NAFTA, where is the safety net to help the families who are losers in the NAFTA equation? Right now there are no answers to these questions—another reason to take a step back, renegotiate, and fix the problems associated with this particular free-trade agreement.

The debate on NAFTA has been emotionally charged and has centered around personalities. I certainly do not agree with many of the arguments that some NAFTA opponents have made, nor do I align myself with them. In making my decision to vote against this trade agreement, I have made every effort to sift through the rhetoric to answer the question: Is this NAFTA good for the majority of the American people, or is it worth our while to fix the flaws in this agreement and make a better one? I believe, Mr. Chairman, that a defeat of this NAFTA will not send our country into a downward economic spiral, and it is worth the wait to fix the problems associated with this agreement.

So, Mr. Chairman, although I cannot support this NAFTA because I do not believe it will benefit the majority of the American people, I strongly urge my colleagues not to recede into isolationism or protectionism. As Members of Congress, it is our job to ensure that this does not happen. I urge my colleagues to make the commitment now to improve America's economic future by actively supporting a free-trade agreement with Mexico which accounts for the interests of workers and the environment—an agreement that will truly benefit everyone in the United States of America.

Mr. HALL of Ohio. Mr. Chairman, as the North American Free-Trade Agreement [NAFTA] currently stands, I plan to vote against it for a variety of reasons.

I believe free trade is an important and ongoing project. In 1991, I supported extending to the President fast-track authority to negotiate trade agreements because I recognize the importance of exports in sustaining economic growth for the United States. Since many Latin and South American countries are interested in having this free-trade agreement extended to them, the Congress must have high standards for this NAFTA, since it will be used as the basis for all future agreements in the Americas.

I have concerns about the unequal reduction in tariffs in this agreement. An International Trade Commission study reported that 64 percent of Mexican products will come into the United States duty free while only 49 percent of United States products will go into Mexico duty free in the first year after NAFTA is implemented. Tariffs should be reduced at a more equal level. Another specific example which troubles me is that all barriers on exporting used vehicles to Mexico will not be removed until January 1, 2019—a whole quarter century after enactment of NAFTA. This 25-year phase-out could hurt exports by the United States auto parts industries.

In any trade agreement, there are winners and losers. My concern is that the Dayton area, which I have the honor or representing, would be a net loser. The Dayton area has a large concentration of automobile related manufacturing plants. With the lower wages in Mexico, I believe many companies will be tempted to focus their new investment in Mexico and build new plants south of the border instead of in the United States. This belief was reinforced by a recent Wall Street Journal survey of 462 companies in which more than half stated they would increase their investment and production of goods in Mexico under NAFTA.

In the past, many promises have been made to the people in Dayton, OH, which were later broken. For example, a major computer company was taken over and promises were made that there would not be any major changes in the company's structure for 5 years. Two years later, these promises are being broken. NAFTA is another promise. I am not convinced it will benefit the Dayton area and the thousands of people who are struggling to keep their jobs and make ends meet.

Mr. MANTON. Mr. Chairman, I rise today to express my strong opposition to the North American Free-Trade Agreement.

I have concluded that this agreement is not in the best interest of workers in New York City or the rest of the country. The working people in my district have already seen thousands of good manufacturing jobs leave New York City. Their fears about NAFTA are genuine and are justified. Even NAFTA supporters concede that we will lose many labor-intensive jobs in the short term. I cannot encourage the escalation of this trend by voting for NAFTA. I cannot, in good conscience, support a trade agreement which threatens the very livelihood of those I represent.

Implementing NAFTA will reinforce artificially low wages in Mexico which will, in the long run, result in a loss of income for Americans. Indeed, even those fortunate enough to keep their jobs will likely see a reduction in their wage levels. No amount of rhetoric about having confidence in United States workers' ability to compete can change the fact that Mexican wages will put United States workers at a brutal disadvantage.

Mr. Chairman, my constituents live in one of the most expensive metropolitan areas in the world. Lower wages will make it increasingly difficult for residents of Queens and the Bronx to provide for their families and maintain a decent standard of living. In today's uncertain economy, we need job growth and security for New York and the United States, not a high-risk gamble on our future under NAFTA.

NAFTA will accelerate the already inexorable flow of jobs to developing countries, as multinational corporations search the globe for cheaper labor markets. Americans will continue to see the flight of manufacturing jobs and depressed wages, while maquiladora workers south of the border will witness their below-subsistence levels remain and living conditions worsen.

Mr. Chairman, the Joint Economic Committee has estimated the potential costs of implementing NAFTA could reach $20.1 billion over the next decade. Loss of tariff revenues, environmental and infrastructure gaps, worker retraining programs, and transitional adjustments make up the majority of these costs. In these times of fiscal restraint and deficit reduction, I am concerned Congress will be forced to cover these expenses by cutting back on other important domestic programs such as education and health care. Putting this country first is not protectionism.

NAFTA levels workers, not tariffs, Mr. Chairman. I urge its resounding defeat.

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the North American Free-Trade Agreement. After considering the provisions of NAFTA, I think its passage is in the long-term best interests of our country.

Lifting tariffs on goods going to Mexico will open up that market for more exports and that will mean more jobs for our people here in the United States.

The Agreement will also be a plus for Mississippi and Mississippi products. Mexico is our seventh largest trading partner today, even with tariffs that range from 10 percent to 25 percent on goods produced in my home State. Doing away with those tariffs will help Mississippi industries that produce electronic equipment, lumber, and wood products, furniture, and will boost all segments of the agricultural economy that is so important to our State.

Mississippi manufacturers have told me that orders for goods going to Mexico doubled a few years ago when Mexico took steps on its own to lower tariffs from 40 percent to around 15 and 20 percent on some items. That business activity is likely to greatly increase when the tariffs are completely wiped out.

I know some people have concerns about the possible loss of jobs if NAFTA is approved. But I want to point out that if we defeat NAFTA, all the dangers that threaten jobs

in some sectors of our economy will still be in place, including high tariffs, low wages, and lax enforcement of labor and environmental laws.

Killing NAFTA will not eliminate that threat of job loss, but it will deny us the opportunity to level the trading field and give our manufacturers the chance to compete on a more equal footing in the growing Mexican market.

I urge support for the agreement.

Mr. LANCASTER. Mr. Chairman, I would like to take this opportunity to outline the reasons for my decision to vote against NAFTA.

I have voted against the North American Free-Trade Agreement [NAFTA], but only after a serious and intensive review of its pros and cons, and after educating myself as fully as possible on the issues and discussing them with hundreds of constituents across the Third Congressional District of North Carolina. This has been a difficult decision to make. When JESSE HELMS and Jesse Jackson are against NAFTA and Ronald Reagan and Bill Clinton are for it, one realizes the complexity and uncertainty of the issue.

Though I believe the good and bad of NAFTA have been exaggerated by the respective sides, I am convinced that NAFTA will in the long-term create more jobs across the county that it will eliminate. It will even create jobs in certain industries and certain communities in the third district. However, after careful analysis and long discussions with people of the third district, I believe that long-term growth in eastern North Carolina resulting from NAFTA is highly unlikely. Therefore, I believe that in eastern North Carolina we will have a net reduction in jobs as a result of this agreement.

For many years eastern North Carolina has been short-changed by State and national business and governmental leadership, and as a result lacks the infrastructure and highly skilled work force which will be necessary to attract the new jobs NAFTA will create.

Much of the Third Congressional District of North Carolina is not served by four-lane roads, regular rail service, or natural gas. Though our educators and parents have struggled mightily to educate our children, the educational resources available in the Piedmont are not available in the east. Our tax base will not support the kind of educational improvements that have taken place in the rest of the State and the State has not equalized that funding shortfall with State appropriated dollars. We are in this situation through no fault of our own: some of our poorest counties have taxed themselves at rates almost double what Piedmont counties are paying in property tax. The high-technology, high-wage industry which will result from NAFTA will locate on interstate or interstate-type roads, on sites served by rail and natural gas, and where there is a ready supply of highly trained workers. Because of the neglect of our region in the past, we are simply not in a position now to take advantage of any positive impact of NAFTA; it will take years to make up for the infrastructure short-fall and to give our able and highly motivated work force the skills they need to perform the tasks of high-technology, high-wage manufacturing.

In addition to the economic hit eastern North Carolina will take from NAFTA, we are still reeling from the proposed 75 cents per pack tax increase on tobacco to pay the full cost of health care reform for the rest of the country. If this tax should be enacted by Congress and signed by the President, as consumption falls, tobacco quotas will drop, and the long-run result may be that tobacco will no longer be a significant economic factor in eastern North Carolina. The east simply cannot be called upon to take these twin blows at the same time.

There are other issues which surround NAFTA which contribute to my decision. Though tobacco and grain may receive a slight boost from NAFTA, vegetable products, which are possible alternatives in the east for tobacco as it declines, are hit hard by NAFTA. Since they are labor intensive and since Mexico can double- or triple-crop produce, they will eliminate produce as a significant crop in the east except for local, fresh distribution. Likewise, peanuts, already important in our region, are hit hard by NAFTA and the flood of Mexican peanuts which may follow.

I have alluded to the loss of jobs in the east. This job loss will occur in the low-wage, low-skilled industry that hires thousands of workers across the east. Much of this is in the apparel industry which is already abandoning the east at an alarming rate. We have just learned that an apparel industry in Mount Olive—in my home county—will be leaving soon for the cheaper wages of Central America.

The Joint Economic Committee on Congress says the administration has underestimated the cost of NAFTA by more than $700 million. Since Congress is now working on a pay-as-you-go basis, any reduction in revenues or increases in spending must be offset by additional cuts in other programs or by new revenues. Thus, NAFTA will almost certainly require additional taxes for implementation, something neither I nor my constituents have any stomach for.

If workers are to be displaced by NAFTA, there certainly is an obligation of the country which agrees to this displacement to retrain those unemployed persons. Surprising as it may be, President Bush proposed $335 million for worker retraining, but President Clinton has only proposed $90 million. That is a drop in the bucket compared to what will be needed. In my opinion, eastern North Carolina could use the full allotment and still not adequately retrain the workers who will lose their jobs. Furthermore, nothing has been proposed to help communities devastated by closed industries to develop their infrastructure to attract the NAFTA generated jobs.

Early in the debate, I indicated that unless side agreements were agreed to with regard to environmental protection and worker protection that puts Mexico on par with this country, that I could not support NAFTA. Those side agreements which were entered into improved the situation in these two regards, but they simply are inadequate. Mexico points with pride to legislation on the books there that on its face looks very good with regard to both aspects. However, nothing, absolutely nothing, is done to enforce either environmental protection or worker protection. The side agreements are incredibly weak in seeing to it that Mexico lives up to its laws.

Since businesses in this country and in Mexico will be competing head-to-head in the production of identical products being offered at identical prices, Mexican products produced at significantly lower cost because of their wage scale will have a distinct advantage in that competition. U.S. industries will have to keep their wages low to compete. This will have the effect of suppressing wage increases in this country, and will thus result in lower wages and a lower standard of living in this country.

I share the concern of many that Mexico has had one party rule for many years and that that party structure has become corrupt and undemocratic. We will be dealing with a government that engages in significant human rights abuses as well as financial corruption at unacceptable levels. The proponents of NAFTA say that we should pass it to encourage greater democratization and better human rights in that country. I say that we should demand real evidence of progress in those two areas before we become their full partner in trade.

Though support for NAFTA picked up dramatically in the 2 weeks prior to the vote, the majority of constituent communications to my office were opposed to its passage. Constituent interest in an issue is always an important factor though not determining in my final decision. Unless every constituent could be asked their opinion, I never can know what the real majority thinks. Communication is often stimulated by interest groups or emotional appeals that skew the results and mask the thinking of the silent majority.

For these and other reasons, I decided to vote against NAFTA.

Mr. LIGHTFOOT. Mr. Chairman, I rise in support of the North American Free-Trade Agreement [NAFTA].

NAFTA is about opening markets and reducing barriers to trade. Free trade benefits the most resourceful, efficient, and productive workers: American workers.

Opponents of NAFTA cite their concerns about factories relocating to Mexico, worker and human rights and environmental problems. These problems already exist and have existed for many years, before NAFTA was negotiated. Rejecting NAFTA will not remedy these problems. Instead, the status quo is maintained and these problems continue.

There is little to stop United States companies from moving to Mexico now. The primary reason for relocating to Mexico is to gain access to the Mexican market. However, under NAFTA, tariff reductions will occur and the primary obstacle of United States goods reaching the Mexican market will be eliminated. NAFTA will allow United States companies access to the Mexican market without having to more there.

Mexico is Iowa's third largest export market, supporting 3,123 Iowa jobs in 1992. Since Mexico began to lower its tariff rates in 1987, Iowa's merchandise exports to Mexico have more than tripled, from $66 million to $200 million. NAFTA is expected to result in a net gain of 870 jobs in Iowa; good, export-related jobs which pay better than non-export related jobs.

Trade is not a zero sum game with a set number of jobs in the world. A job gain in one country does not mean a job loss in another. Trade is a positive sum game with no limit to the number of jobs that can be created.

The only way to remain competitive is to compete. The world is a global marketplace, and the United States must continue in its role as the world economic leader. Trade protectionism only hurts those nations that employ it. The effects are higher consumer prices, limited consumer choice and reciprocal trade treatment by other nations. In our own history, this policy contributed to and prolonged the Great Depression.

The United States cannot remain an economic superpower by enacting protectionism policies for the benefit of a few inefficient, yet powerful, special interests. Instead of trying to preserve the past, we must prepare ourselves to meet the challenges of the future.

Mr. FRANKS of Connecticut. Mr. Chairman, history has shown that the free-trade agreements with Israel and Canada helped all countries involved.

While protectionism in the past has resulted in depression. In 1930 Congressmen Smoot and Hawley authored a protectionist tariff bill which many historians believe deepened the Great Depression. We must learn from history, and history shows that protectionism does not work.

With few exceptions, long-term jobs have been created when risks were taken. Simply stated, greater access to new markets means more sales. It is very clear to me that more sales means more jobs.

Mr. Chairman, when the opponents of NAFTA claim that corporations are going to move to Mexico and bring American jobs with them, they are ignoring the facts. It is not in corporate America's best interest to have high unemployment in the United States. Unemployed people cannot purchase their products.

It's very simple: Who is going to purchase more goods: an American earning $40,000 or a Mexican earning $6,000 a year? American companies are far more dependent on United States consumers than those in Mexico. Mexican consumption of United States goods will certainly provide a nice bonus for American firms, but these companies know that they will be in serious trouble without United States demand for their goods and services.

For corporations to derive the maximum benefit from NAFTA, they need to increase consumer purchases by Mexicans. More importantly, U.S. companies must maintain if not increase the purchasing power of Americans. This would yield the highest profits for American corporations. Ladies and gentlemen, this means jobs for the United States.

My home State of Connecticut has prospered tremendously since Mexico liberalized its trade laws in the mideighties. Since 1987 Connecticut exports to Mexico have increased 143 percent to $280 million annually. This has created over 5,000 new jobs in the nutmeg State alone. Connecticut stands to gain many more jobs if Congress passes this historic agreement. Connecticut exports 78 percent of all goods manufactured in the State. Accordingly, I believe that opening up the Mexican market to United States products will mean jobs for Connecticut and jobs for all Americans.

If NAFTA is defeated, American companies will still be able to move jobs to Mexico, and America will gain nothing for it. Environmental standards will not improve because Mexico's economy cannot sustain itself to enforce its regulations. And, our immigration problems with Mexico will get worse not better.

NAFTA will create a $6.5 trillion market of 360 million consumers. This agreement will establish the largest free trade block in the world. Mexico is currently the United States' third most important trading partner, as approximately 7 percent of all United States exports are destined for Mexico. Most importantly, the United States enjoys a $5.4 billion trade surplus with our southern neighbor.

The NAFTA agreement is a positive step toward creating a free-trade zone from the Yukon to the Yucatan. It creates the worlds largest free market and will allow us to compete more effectively with the Japanese and the emerging European Economic Community as we move toward the global economy of the 21st century. Labor Secretary Robert Reich summed the benefits of free trade very well when he stated: "World trade is not a zero-sum gain in which a finite number of jobs are parceled out among the workers of the world. Trade is a positive sum gain in which there is not a natural limit to the number of jobs that can be created."

Finally, Americans are can-do people, we are not can't-do people, and we can make NAFTA work for America.

Mr. DERRICK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Members will record their presence by electronic device.

The call was taken by electronic device, and the following Members recorded their presence:

[Roll No. 574]

ANSWERED "PRESENT"—420

Abercrombie
Ackerman
Allard
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Archer
Armey
Bacchus (FL)
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barca
Barcia
Barlow
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Becerra
Beilenson
Bentley
Bereuter
Berman
Bevill
Bilirakis
Bishop
Blackwell
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Byrne
Callahan
Calvert
Camp
Canady
Cantwell
Cardin
Carr
Castle
Chapman
Clay
Clayton
Clement
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cunningham
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Derrick
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (CA)
Edwards (TX)
Emerson
Engel
English (AZ)
English (OK)
Eshoo
Evans
Everett
Ewing
Faleomavaega (AS)
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Fingerhut
Fish
Foglietta
Ford (MI)
Ford (TN)
Fowler
Franks (CT)
Franks (NJ)
Frost
Furse
Gallegly
Gallo
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Grams
Grandy
Green
Greenwood
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings
Hayes
Hefley
Hefner
Herger
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoekstra
Hoke
Holden
Horn
Houghton
Hoyer
Huffington
Hughes
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Inslee
Istook
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E.B.
Johnson, Sam
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klein
Klink
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lazio
Leach
Levin
Levy
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Long
Lowey
Machtley
Maloney
Mann
Manton
Manzullo
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCollum
McCrery
McCurdy
McDade
McDermott
McHale
McHugh
McInnis
McKeon
McKinney
McMillan
McNulty
Meehan
Meek
Menendez
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (FL)
Mineta
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Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murphy
Murtha
Myers
Nadler
Natcher
Neal (MA)
Neal (NC)
Norton (DC)
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Rangel
Ravenel
Reed
Regula
Reynolds
Richardson
Ridge
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Royce
Rush
Sabo
Sanders
Sangmeister
Santorum
Sarpalius
Sawyer
Saxton
Schaefer
Schenk
Schiff
Schroeder
Schumer
Scott
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shepherd
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Spratt
Stearns
Stenholm
Stokes
Strickland
Studds
Stump
Stupak
Sundquist
Swett
Synar
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas (CA)
Thomas (WY)
Thompson
Thornton
Thurman
Torkildsen
Torres
Torricelli
Towns
Traficant
Tucker
Underwood (GU)
Unsoeld
Upton
Valentine
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Waters
Watt
Weldon
Wheat
Whitten

Wilson	Wyden	Young (FL)
Wise	Wynn	Zeliff
Wolf	Yates	Zimmer
Woolsey	Young (AK)	

□ 2044

The CHAIRMAN. Four hundred twenty Members have answered to their names, a quorum is present, and the Committee will resume its business.

Mr. BONIOR. Mr. Chairman, I yield myself such time as I may consume.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding to me.

I rise in strong opposition to NAFTA, H.R. 3450, the North American Free-Trade Agreement Implementation Act.

I do so after having spent literally hundreds of hours reading NAFTA and the side agreements which were proposed to strengthen it, reviewing thousands of other pages of documentation, and discussing it at length with both supporters and opponents of the pact.

Before I explain the reasons for my decision to oppose NAFTA, I would like to comment briefly on the lobbying effort which has taken place these past few months, to try to influence public opinion on this subject.

Contrary to much of what we have been told, this is not a choice between free-trade and protectionism. It is not a once-in-a-lifetime decision between change or status quo. And it is certainly unfair to suggest that we cannot renegotiate this treaty if it fails. The White House has already been doing that for months and continues to do so to this day.

The efforts by both the proponents and opponents of NAFTA to couch this debate in these terms has grossly oversimplified the matter, confused, and in many cases alarmed, the American public, and has done a great disservice to our Nation.

I also find it highly objectionable that the White House has engaged in a horse trading effort of monumental proportions these past few days, pitting one industry against another, in an effort to round up enough votes to pass this legislation.

The White House should not be picking winners and losers in order to generate votes for NAFTA. We should be passing a trade agreement because it's in our national interest to do so, and not simply because the citrus industry, the peanut growers, the grain farmers and a favored few others have been taken care of, while the concerns of many other basic industries in our country have been ignored.

That's the wrong way to approach an issue which has such tremendous, long-range implications for the workers and economy of our Nation and our neighbors in the North American hemisphere. It is only going to create many more problems down the road which could have been avoided if the administration had stayed focused on the national interest, and not resorted to a conquer, confuse and divided strategy.

Having said that, it is beyond dispute that there is a long-term need for a North American hemispheric trade agreement. I realize that many of the problems we currently facing along our border, and in Mexico as well as in Central and South America are the direct result of our failure to address our regional economic interests for far too long. Nevertheless, this agreement does not provide the appropriate framework for addressing these problems. It falls far short.

I believe that the fundamental goal of a good trade agreement must be to create economic growth and opportunity, and to raise the living standard in all countries involved in the pact, not lower them. Unfortunately, the NAFTA we consider today fails to achieve this goal, for its does not provide adequate protections to American industry of American jobs. Instead, I truly believe that it will lower our economic standards, without doing anything to bring up those of our trading partners to the South.

I commend the President for his efforts to improve this agreement by establishing the side agreements. Unfortunately, I believe that these side accords fall short and do little to repair the serious deficiencies in the original text of the agreement which was passed on from the previous administration. Regrettably, this NAFTA is the wrong agreement at the right time.

Nevertheless, I remain committed to establishing a free-trade agreement which will further the United States' political, economic, and social goals.

Our trading practices with Mexico can and should be vastly improved. I believe that this NAFTA, however, will lock in the status quo and, in some instances, make it even worse.

We all know that in Mexico, Government rules and procedures set both minimum wages and maximum wage increases for the majority of hourly workers in their manufacturing industries at a level which is ½th of that which is earned tin the United States. Their strategy is to keep wages low to combat inflation and to attract investment by companies seeking cheap labor and little regulation in an effort to minimize operating costs.

Unfortunately, this NAFTA along with the labor supplemental accord, contains little that will change these policies over time. There is no assurance that workers rights will be properly enforced. Instead, the ruling party's overwhelming power to control economic life in Mexico will persist.

I believe that democracy and a free and open bargaining system must be the bedrock of the trade agreement and not one of the tenuous, hoped for, consequences of the agreement—once adopted. Yet this agreement lacks any mechanism or commitments to assure that these reforms will take place. As a result, wages in Mexico will continue to be deliberately held down by an alliance between government controlled labor unions and government influenced business associations that collaborate to set wages.

One of the bitter ironies of this NAFTA is that, by decreasing tariffs, Mexican exposure to United States exports should rise. However, at the same time this NAFTA locks in the low wages for Mexican workers, making it very difficult for Mexican labor to afford Mexican or United States products. Such a result is clearly detrimental to the United States since a fundamental goal of the trade agreement is to help Mexican workers improve their standard of living, thereby becoming better consumers of our goods. It is unfair to Mexican workers for they deserve more.

This NAFTA also does little to ensure that the efficiency of production for Mexican farmers will increase in the years ahead. As it becomes increasingly difficult to earn a living through farming, workers will be compelled to relocate to the growing industrial areas located along the border region. And as the supply of Mexican labor at the border exceeds the demand, more will cross that border in search of a better life.

I also believe that this NAFTA will be very detrimental to the American work force. Although we may be unable to pinpoint the exact figure, it is inevitable that, as a result of this agreement hundreds of thousands of American workers will lose their jobs.

The southern New Jersey region, alone could lose well over 10,000 jobs in the glass, plastics, food processing, and textile industries. The glass industry, which is a key employer in the southern New Jersey region, would be particularly vulnerable if this pact is approved. The pressure to relocate to an area of cheaper labor, a relatively cheap and reliable source of energy, and lower overhead costs will increase on this industry.

The clothing manufacturers in southern New Jersey have already lost most of their markets to cheaper imports. This pact puts at serious risk what is left of this industry. Hundreds of hard-working employees, who may not be trained for any other type of employment, will end up on the unemployment line or welfare.

The impact of such lost employment is very real and devastating to these American families. I am afraid that for those families the promise of establishing, in the long term, retraining programs for dislocated workers will not suffice. For, in the near term, such programs will neither pay a bill nor put food on the table. Moreover, the funding for these programs has not yet been identified.

Throughout this debate the American worker, who stands to lose his livelihood, is at odds with many American industries which stand to gain a great deal from moving operations across the border in order to take advantage of the cheap labor and minimal environmental, health and safety standards.

Yet the impact felt by American workers will come, not only from lost employment, but also from the downward pressure on wages and benefits in the U.S. This is inevitable as key industries that remain in the United States struggle to compete with those that made the business decision to relocate to Mexico, in order to take advantage of the low overhead costs and new protections afforded by this agreement.

We are just beginning the process of economic recovery from a debilitating recession, and two decades in which we've seen a decrease in real income. I find the propect of a downward pressure on wages and benefits in the United States disheartening as well as unacceptable.

With respect to the environment, I firmly believe that liberalized trade must not come at the expense of a healthy global environment. Unfortunately, the environmental side agreements to this NAFTA do little to ensure that Mexico will bring its environmental enforcement up to a relative par with ours, nor does

it provide the right of the U.S. Government to secure the compliance of such laws through trade measures.

Instead, this agreement could very well expose U.S. food safety laws, State and local laws which exceed international standards, and laws regulating the import of products produced in ways that damage the environment, subject to challenge as an impediment to trade.

I do not believe that the formal mechanisms which are established by the side agreement for consultation and resolution of disputes improve the enforcement of environmental laws.

And while they may apply to the non-enforcement of laws against companies engaged in the production of goods and services between the NAFTA countries, this oversight process does not seem to cover the non-enforcement of environmental laws with respect to foreign direct investment. Nor does this side accord provide for sanctions against those who violate these laws.

In terms of the boarder clean-up effort, a sound and comprehensive plan must be an essential aspect of any trade agreement with Mexico. Unfortunately, this agreement, along with the environmental side accord falls short, once again.

Moreover, the financing mechanism under the agreement does not secure the requisite funding for any such environmental clean up initiative. As a result, funding for this most important effort will be competing with our other, equally serious, domestic priorities. U.S. taxpayers should not have to pay for these costs which will run into the billions of dollars.

Clearly, it is essential that we enter into a North American Hemispheric Trade Agreement that will address the basic overall interests of America and Mexico, for this will set the tone for our negotiations with our other trading partners. Unfortunately, the agreement we are now considering is deficient for its puts mostly profit above policy. It will lock in the institutional status quo in Mexico and expose many of our basic industries to unfair trading practices for years to come.

That is not the future I want for our children and grandchildren, nor is it the future that our trading partners to the south deserve. For these reasons I, regrettably, cannot support this agreement. I will vote nay to send it back for renegotiation and resubmission to the Congress. Thank you.

Mr. BONIOR. Mr. Chairman, tonight, this House of Representatives will have a chance to earn its name.

We alone were founded to be the voice of the people.

Never in my memory have I seen so many forces arrayed against those of us who oppose the agreement.

Pundits have derided us.

Editorial boards have railed against us.

The Fortune 500 has opened its corporate coffers to campaign against us.

The Government of Mexico has spent $30 million to lobby us.

All because we have dared to stand up and say this NAFTA is a bad deal.

It will cost jobs.

It will drive down our standard of living.

It will lock in place a Mexican system that exploits its own people and denies them the most basic political and economic rights.

Mr. Chairman, we are not alone tonight.

The working people who stand against this treaty don't have degrees from Harvard.

They don't study economic models.

And most of them have never heard of Adam Smith.

But they know when the deck is stacked against them.

They know it is not fair to ask American workers to compete against Mexican workers who earn $1 an hour.

That is not fair trade. That is not free trade.

We stand here tonight with the people who can't cut deals when they are a few dollars short.

To them, NAFTA isn't some economic theory.

It's real life.

When jobs are lost, these are the people who have to sell their homes, pull their kids out of school, and look for new work.

Those of us who take these concerns seriously have been called fearmongers, afraid to take risks, with no vision of the future.

That is an insult to the working families of this country.

These are the people who show their faith in this country every day.

They take risks every day that people who make their fortunes in the stock market would never understand.

They know we live in a global economy.

They know we need new markets.

They know we need free trade with Mexico.

But they also know that the work of America is still done by people who pack a lunch, punch a clock, and pour their heart and soul into every paycheck.

And we cannot afford to leave them behind.

Tonight, we are their voices. And we must stand with them.

We stand tonight with autoworkers in the Midwest, who can compete with any worker in the world, but ask: How can we compete if we don't have jobs?

We stand with the aerospace workers in California, who have seen jobs leave for Tijuana, and demand to know: why will we pay higher taxes to send our jobs to Mexico?

We stand tonight with church leaders, who have documented torture, corruption, and human rights abuses in Mexico, and ask us tonight: why does this treaty do nothing to stop that?

We stand with the workers in the maquiladoras, who hoped that when American companies moved to Mexico, they would have the opportunity to lift their families out of poverty, but instead find themselves mired in a river of toxins and when they try to raise their voices in protest, their own Government silences them.

We are their voices tonight.

We are not alone.

For standing with us in this Chamber tonight are all the Americans who came before us, who had the courage to fight against the odds and against the powers that be for a better future and a better life.

The men and women who struggled in sweatshops for a dime a day, who one day found the strength to stand up and say enough.

The farmers who faced drought and depression and foreclosure, who could have thrown it all away but found the courage to say never.

The farmworkers who saw children struggling 12 hours a day to work our harvests of plenty, who had the courage to stand up and say no more.

The men and women who crossed the bridge at Selma, who stood firm in the face of dogs, and hoses, and nightsticks. And when they were told that this was not the time to fight for justice responded we shall not be moved.

Those are the people who stand with us tonight.

Their voices echo throughout this Chamber.

We must not turn our backs on all they fought for.

We must not turn our backs on all that was earned through the toil and the tears and the courage of our parents and grandparents.

We must move forward.

This vote is about more than money and markets.

It is about more than tariffs and free trade.

It is about basic values.

It is about who we are.

And what we stand for as a people.

It's about the dignity of work.

It's about respect for human rights.

It's about democracy.

Mr. Chairman, if we don't stand up for working people in this country, who is going to?

If we don't insist that Mexico let its people earn a decent wage, who will?

If we don't stand up for democracy and human rights in our trade agreements, then what does this country stand for?

We didn't fight the cold war just so we could exploit new markets.

We did it for something larger than ourselves.

We did it to advance the cause of freedom.

And that's what this vote is all about.

We have come too far and sacrificed too much in this country to turn the clock back now.

This NAFTA is not the best we can do.

We can do better.

I urge my colleagues;

Vote for the Future.

Vote for our jobs.

Vote for human rights and democracy.

Say no to this NAFTA.

□ 2050

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California [Mr. DREIER].

Mr. DREIER. Mr. Chairman, Teddy Roosevelt said that we have an obligation to support our President when he is right, and a responsibility to oppose him when he is wrong. Tonight Republicans will provide an overwhelming vote the North American Free-Trade Agreement, because Bill Clinton is right on this issue. On November 11, 1979, Ronald Reagan announced his candidacy for President of the United States. In it he envisioned a North American accord, one that would unite Canada, the United States, and Mexico. He did so because he believed strongly in free markets, in expanding opportunity for individuals, in reducing taxes, and creating greater political pluralism.

Tonight we are going to have an opportunity to do that here, to finally bring that vision to reality. As we look at this struggle that has gone ahead, many people have been involved in it. Clearly, President Reagan envisioned it. This agreement was put together by President Bush and many people who worked hard there, and President Clinton supports it. This is the kind of bipartisan support that the American people want, and we can do it again on other issues.

We have a great opportunity for the future, and I happen to believe that when the ideals of free markets and expanded opportunities are before us, we can support it. Vote "yes" on the North American Free-Trade Agreement.

Mr. ARCHER. Mr. Chairman, I yield three minutes to the distinguished gentlemen from Texas [Mr. BONILLA].

Mr. BONILLA. Mr. Chairman, as a freshman, I was elected to this Congress because the people wanted someone who would work in a bipartisan manner to do what is right for America.

Today we—and freshmen in particular—must take a stand for the future of our country and do what is right.

We must take a stand for economic growth and opportunity. When we enter new markets—such as the ones NAFTA will give us—we win.

This is a nation of competitors—and winners. When Americans compete, they win. And this freshman came to Washington to make sure America remains a winner.

Mr. Chairman, NAFTA is simple. It removes tariffs between the United States, Canada and Mexico and allows goods to travel freely and be sold in what would be the world's largest open market—a market with more than 360 million potential buyers.

It makes perfect business sense. Yet, surprisingly, there is opposition.

I represent a district that covers more than 600 miles of the United States-Mexican border, from Laredo to El Paso, and contains a large percentage of American Hispanics who know about trade with Mexico.

My constituents have witnessed firsthand how free trade has benefited the United States.

They understand that companies from every part of the United States have been trying to penetrate the Mexican market for years.

They have witnessed the mile-long line of tractor trailers—with license plates from almost every State—waiting to take their American-made goods to Mexico. It is an amazing sight.

In fact, the increase in exports to Mexico is so impressive that I recently hosted some of my undecided colleagues in Laredo, TX, so they could see for themselves what liberalized trade policies with Mexico have accomplished. Each of may colleagues who witnessed for themselves the effects of free trade has announced they will vote for the NAFTA. I wish every one of my colleagues who are opposed or undecided on NAFTA could have this opportunity.

Those who want to stop NAFTA offer nothing in its place. They cannot tell use how killing this agreement will create a single American job, increase American exports, or keep America the world's economic leader. Yet I know many of my constituents are concerned about what NAFTA will do to America. I want them to know that their concerns are not ignored. But for the sake of future generations of Americans, we cannot surrender to the politics of fear. I support NAFTA because, like my constituents, I want what is best for our Nation.

I must admit, when I was elected last year I never imagined having the opportunity to vote on an issue that would so greatly define our country's future—a vote on a trade agreement that will create the largest trading bloc in the world. An economic powerhouse—with the United States leading the way.

Mr. Chairman, we all are entrusted with making the decisions that are crucial to the future of our districts and our country. We know that we must make the decisions that we believe are best for the future of the people we represent. The North American Free-Trade Agreement is the doorway to a prosperous future for the United States. It is for this reason—the future of the United States of America—that I urge my colleagues to support the NAFTA. If we retreat from opportunity now, we will have no place to turn in the future. And there will be no victory in that.

□ 2100

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from Oregon [Mr. SMITH].

Mr. SMITH of Oregon. Mr. Chairman, I thank my friend, the gentleman from Texas, for yielding the time.

Mr. Chairman, I rise in strong support of NAFTA.

Mr. Chairman, I rise on this historic occasion to express my support for the North American Free-Trade Agreement [NAFTA] and the new opportunities it will create for 2.5 million Oregonians.

As a longtime supporter of free trade, I am pleased the President and the administration finally decided to pull out all of the stops to ensure its passage. My home State, Oregon, is already reaping the benefits of free trade with Canada and developing Mexican markets. Since 1987, when Mexico began to liberalize its trade policy, Oregon exports to Mexico have multiplied by 452 percent. When you take the agricultural sector by itself, the bread and butter industry in my district, our exports to Mexico have increased by a whopping 1,123 percent. Exports of transportation equipment have jumped a smashing 15,308 percent. Lumber and wood products exports have grown by 1,458 percent. Not bad considering Mexico's import tariffs remain an average of 2.5 times greater than our own.

So the potential benefit of NAFTA to my constituents is clear. But I do not support NAFTA just because it will be good for Oregon. Or for Mexico. I support the trade agreement because it is in the interest of all Americans, especially those who produce agricultural products. For years, U.S. agriculture policy has been assaulted for subsidizing our farmers at the taxpayers' expense. Since more than one-third of America's agriculture production, including 60 percent of Oregon's production, is exported, export opportunities are essential in order to maintain higher prices for our products. Without accessible foreign markets, our farmers are less profitable, government deficiency payments skyrocket, and the taxpayer foots the bill.

The world economy is globalizing as international trade flourishes. We cannot hang on to the economies of the past, even if special interests argue out of the fear of the unknown that we should. If we fail to rise above the politics of fear and pass NAFTA, we will send a grim message to the European Community and the Far East—the United States isn't really interested in free trade; move on without us.

NAFTA is a test of whether Americans are ready to face the 21st century with hope or with fear. The issue is not Mexico or Mexican wages. The issue is whether the United States is a global economic power and willing to act like one. Americans are the most efficient, productive workers in the world and we have everything to gain by creating the world's largest free market under NAFTA. Now is hardly the time to cower in fear of a Mexican economy that is 1/25 the size of ours.

I am excited about the benefits NAFTA will create for agriculture and the American economy, and I hope the rest of my colleagues look beyond the political threats and come to grips with the necessity for us to move into the future and pass NAFTA tonight.

Mr. ARCHER. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. DORNAN].

Mr. DORNAN. Mr. Chairman, no late dinner for me tonight. My wife is against NAFTA. But I have the vote. I rise in support of NAFTA.

Mr. Chairman, I rise today in support of the North American Free Trade Agreement. This historic pact is essential to the future of our Nation.

As you know, the NAFTA debate has been a bitter one. The anit-NAFTA forces have pulled out all the stops in their drive to defeat this agreement. Their cries against NAFTA have been characterized by untruths and distortions. The rhetoric is peppered with insinuations and political threats for NAFTA supporters.

The anit-NAFTA forces have convinced some people in my district that passage of the agreement will mean nothing less than the end of our United States. Of course, they have used seductive, yet fallacious, arguments to make their case. But fear-mongering no longer sells and in the end I an confident that this historic pact will pass.

Today is the moment of truth, Mr. Chairman. It is the day this body will decide on the course of our Nation's trade policy. Will we pass NAFTA and choose to lead our hemisphere in free trade? Or will we cave in to the politics of fear and abdicate our leadership role, turning our backs on global trade liberalization? The opportunity is ours to lose.

The NAFTA debate has been called a choice between Populism and sound economics. That is an insult to Populism. It is more nativism than Populism that drives many NAFTA opponents. The second half of that is correct. There are sound reasons to vote for NAFTA. Mexico presents itself as a great, potential, and growing market for United States goods. Last year alone, the United States was the source of some 70 percent of Mexico's total imports, and the market for 76 percent of its exports.

This is a lucrative opportunity for U.S. businesses, and not only business with a big "B"; small businesses stand to gain the most under NAFTA, as firms with fewer than 100 employees tend to be the most vulnerable to high tariffs. NAFTA represents a chance for these companies to move into a new and growing market.

How good will it be? Well, hyperbole has been the norm in the battle over NAFTA, but it is clear that some areas of the nation will prosper directly from freer trade with Mexico. My home state of California stands to gain heavily, especially the Orange County area I represent here in Congress. According to a recent study by Cal State Fullerton, Orange County will be the beneficiary of a true boom. The study concludes that 10,000 new jobs would be created in Orange County by 1999.

Where will the gains come? Medical device manufacturing for one, which will be welcome news for an industry that is sure to suffer under Bill Clinton's coming health care disaster. A tariff of 16 percent will be eliminated in this industry. Machine parts, electronics and computers are also well-positioned to benefit from NAFTA. Overall, Orange County's $227 million annual trade surplus with Mexico is estimated to increase five-fold by the end of the decade under NAFTA.

But it is important not to overstate the economic benefits of NAFTA. Rather than being immediate and point-specific, NAFTA's effects will be largely evolutionary and cumulative. But the real benefits to U.S. businesses are the intangibles. A simple economic proposition is that if you lower the price of something, people will buy more of it. Thus, in this case, if Mexico lowers tariffs, which are in essence taxes, on American goods then you make it easier for the Mexican people to buy more American products.

Moreover, long-term plans could be made by CEO's in the secure expectation of the continued integration of the economies of Canada, Mexico, and the United States. And what is most important, business relations between the three nations are codified, and thereby placed beyond the reach of capricious Government action, something we cannot say even for our own country.

NAFTA opponents, in their specious reasoning, have attempted to portray the agreement as a big political risk for the United States. But although it would be disingenuous to ignore the implicit risks, it is fair to say that it is really Mexico who is taking the leap of faith. Americans, who as a nation believe they know more about other countries than they actually do, have a skewed vision of our neighbor to the south. It's poor, it's dirty, it's uneducated, it's corrupt. But these elitist views ignore the transition Mexican President Carlos Salinas de Gortari has led his nation through in the late 1980's. Gone are the days of "Yanqui, go home!" But if we turn our backs on our neighbors when they are making the effort to reform, then we could quickly return to the days when the United States and Mexico viewed each other with distrust.

The history of our two nations is characterized by often hostile relations with periods of cooperation. We are now entering such a period, which makes the timing of the agreement so critical. In past decades, Mexico has been targeted by Soviet and even Nazi influence as a platform for anti-American propaganda and intelligence gathering. But today, with the help of President Salinas, Mexico is making a conscious, collective choice to shed decades of socialist control and embrace market capitalism. The Mexican people are now convinced that free trade will help their economy grow. They are emulating the American experience. This is a true Cold War victory.

And make no mistake, the risks for Mexico are considerable. Under NAFTA, Mexican companies will face competition from bigger, better-financed, and technologically more sophisticated U.S. firms with better-educated, more productive employees. American industries complaining about losing out to Mexican competition absolutely pale in comparison to what Mexico will experience. Yet opponents persist. The politics of fear intensify their doomsday predictions. Nevertheless, a recent article in the respected publication, The Economist puts the threat in perspective.

Taking the most dire—and disputed—number for U.S. job loss due to NAFTA, 490,000, The Economist points out that as big as the number may sound in absolute terms, if true, it would have little affect on the U.S. labor market, which fluctuates by an average 200,000 workers every month. The Economist estimates that for Mexico to take away 2 million American jobs, which is a ridiculous estimate, it would have to generate a bilateral trade surplus of $100 billion, equal to a third of its current GDP. In short, an impossible turn of events.

NAFTA opponents work with some really incredible assumptions, and ignore the obvious. They assume that moving and training costs for U.S. firms are zero. And they ignore the fact that United States workers are eight times more productive than their Mexican counterparts. Gone from their figuring of Mexican wages are considerations of the burdens placed on Mexican businesses by a Socialist economy since the 1930's. Subsidized food, medicine, housing, and the traditional month's-pay Christmas bonuses are never mentioned. This of course, significantly raises the level of Mexican wages. In fact, fringe benefits account for 62 percent of base pay in Mexico, versus 8 percent in the United States. These wages have also been rising with productivity over the last decade.

What has been the experience of United States firms manufacturing in Mexico? As was recently reported in THE WALL STREET JOURNAL, many American companies are finding Mexican workers aren't so cheap after all. As the report stated:

> Wages in Mexico aren't nearly as low as many people believe, and low Mexican productivity often erases much of the wage advantage anyway. Moreover, a host of problems, ranging from congested roads to corrupt judges, run up operating costs. And few companies base plant locations on a simple calculation of wage differentials; for most U.S. manufacturers, the cost of labor is less important than such factors as the skills of the work force, the quality of transportation, and the access to technology.

These are all areas where the United States worker is light years ahead of his Mexican counterpart, which makes me wonder why Ross Perot, who is a friend of mine but with whom I strongly disagree on this issue, thinks that U.S. workers can't compete? And how would he explain the decision by Mercedes Benz and BMW to build their North American plants in the United States instead of Mexico?

What about the Maquiladora system we have heard so much about? Well, to date only about 96,000 jobs have gone to Mexico in the last decade under the Maquiladora system. The lower tariffs under NAFTA will, however, take away the comparative benefits of that system. It will be gone in 5 years.

To be sure, some American companies may seek to improve their competitive standing by relocating to Mexico to couple high technology with cheaper labor. But there is nothing to prevent American companies from moving to Mexico right now. You know I have heard several of my colleagues complain that big United States companies they have asked have refused to sign a pledge not to move manufacturing facilities to Mexico if NAFTA passes. Of course, these same companies would never sign such a pledge on the assumption that NAFTA would not pass.

I would suspect that if anything, because of the side agreements, which are supposed to

result in tougher Mexican environmental and labor laws, there will be less incentive for companies to leave the United States with NAFTA. Also, lower tariffs on the Mexican side make moving to Mexico unnecessary. And besides, if an American firm is determined to move to take advantage of cheap labor, it will move to Asia if not Mexico. The difference is that if a company moves to Mexico, statistics show it will buy 50 percent of its inputs from the United States. If it goes to Asia, it will buy only 13 percent from America.

The fact is, NAFTA is a trend in world trade relations that we cannot afford to miss. NAFTA is ground-breaking. Never before will industrialized and developing countries have opened their markets so completely to one another. But NAFTA is also the next logical step for the United States and its two neighbors. And the trend promises to become a predictable flow as the decade progresses. South American nations are lining up behind Chile in particular to sign on to NAFTA at a later date. A candidate for President in El Salvador just this morning told colleagues that NAFTA will be good for everyone in the Americas.

But it's not just the rest of the Americas that wants to get in on the act. Australia's foreign minister, Senator Gareth Evans, recently stated that his country is interested in joining the trade pact, even if GATT negotiations were to fail.

GATT, of course, is another matter of concern. The NAFTA accord represents a consistent progression toward the goals of GATT. But defeat of NAFTA would have a chilling effect on the world economy. The President, for once, got it right. NAFTA has become a symbol of where we want to go in the world. NAFTA will be an "economic wedge" which will help bring free-market principles to the rest of the hemisphere. And the United States will be the point of that wedge. I am tired of our country being perceived as trailing in trade relations to nations such as Japan and Germany. NAFTA represents a real opportunity to turn this around.

Finally, a word about our Nation's sovereignty. Concern over sovereignty is premised on a fundamental misunderstanding of NAFTA. First, it is important to realize that no treaty or agreement can ever bind the United States if it decides to withdraw at a later date. This happens all the time, and I will prove this point later.

But more importantly, under NAFTA, our sovereignty is protected. The environmental side agreement explicitly recognizes "the right of each Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws and regulations." A similar recognition exists for labor. It's true that Trade Representative Mickey Kantor has fudged this truth in past comments, but a recent letter to the ranking minority member of the House Ways and Means Committee, BILL ARCHER, affirms the language of the agreement. And conservatives should be comforted by the assessment of Judge Robert Bork of the American Enterprise Institute that indeed, the side agreements "are hardly a threat to our national sovereignty." In fact, he points out that the defeat of NAFTA would decrease U.S. credibility and influence in trade, and for this reason, our sovereignty would certainly count for less.

The side agreements are admittedly a bone thrown to U.S. labor unions and environmentalists, which exposes labor's all-out offensive against NAFTA as being a philosophical attack on free trade. Nevertheless, Judge Bork's assessment recognizes that neither Mexico nor Canada would be necessarily troubled by unilateral abrogation of either of the side agreements. Indeed, it is Mexico which would be most likely to do so, anyway.

But I will admit that the side agreements negotiated by Bill Clinton have made the NAFTA accord negotiated by President Bush less good. They create useless layers of bureaucracy and will cost us money. President Bush never envisioned including them in the original agreement, and they have scared away an important block of fee-traders. I would prefer NAFTA without them.

This is why upon passage of NAFTA, I intend to introduce legislation to withdraw the United States from both the Agreement on Environmental Cooperation and the Agreement on Labor Cooperation. I would encourage any of my colleagues who are basing their vote on the existence of these agreements to support NAFTA as an important trade agreement, and then support my legislation as a reform for the further improvement of that agreement.

So, Mr. Chairman, let me encourage my colleagues to look past the politics and stand in favor of world trade liberalization with the United States as the leader. I ask my colleagues to have a little faith in American competitiveness, and ignore the fretful alarms being sounded by NAFTA's detractors. The sky will not fall, but walls will, if we seize upon this historic opportunity and assume our leadership role as a Pacific power. Leadership does presume certain risks, but we cannot be afraid to act. Of leaders, our great president Teddy Roosevelt said, "His place shall never be with those cold and timid souls who know neither victory nor defeat." I urge my colleagues to take these words to heart, vote for NAFTA, and open a new chapter in American preeminence in world affairs.

Mr. Speaker, in closing let me emphasize in simple bullet sentences why NAFTA is good for California.

NAFTA will be an honest-to-goodness "boom" for the California economy. Here, Mr. Speaker, are some of the supporting numbers:

California's population is roughly the size of Canada's, with an economy three times that of Mexico's.

Mexico is California's fastest growing market, taking nearly 10 percent of the state's exports in manufactured goods. This share accounts for 16 percent of all United States manufactured products sent to Mexico.

In 1992, total State exports to Mexico weighed in at nearly $6.6 billion. This makes Mexico the State's third most important foreign market.

In 1992, California exports to Canada totaled $7 billion.

California is the Nation's leading exporter of electrical equipment and industrial machinery, which are two of the State's largest export products to Mexico. California firms account for 27 percent of all electrical equipment and 20 percent of all industrial machinery and instruments that the United States exports.

After electronics, electrical equipment and supplies, and industrial machinery, top export items include medical equipment, processed food and consumer goods. Increased sales will likely come for manufacturers of computers and office automation equipment, telecommunications equipment, aircraft and parts, and various types of technical instruments.

Electricity is four times cheaper in California than in Mexico, so as a manufacturing input cost, electricity remains an economically competitive factor for the State.

California's export volume in textiles and apparel to Mexico has grown 24 percent compounded annually since 1987. This comes to about a 489-percent increase, representing $209 million in increased sales. This put sales for 1992 at $252 million.

Other industries that will likely benefit under NAFTA are computer software, rubber and plastic, oil and gas field machinery, and transportation equipment.

California farmers are 25 times more productive than Mexican farmers.

The lifting of import licenses—called nontariff barriers—will allow many aspects of California agriculture to compete in Mexico at long last.

There will be an expected boost of $10 million to $15 million annually for agriculture alone. In 1990, California agricultural exports to Mexico were valued at near $92 million.

The dairy industry will be one of the most positively affected sectors, as Mexico's population and income growth are projected to outpace its dairy production for years.

California is the seventh largest cattle producing State. National beef revenues are expected to triple, anywhere from $200 million to $400 million higher than without NAFTA.

California grapes, almonds, and hay will finally be able to compete in Mexico on equal footing.

Service exports like insurance, trucking and accounting, all usually related to agriculture exports, will likely grow considerably under NAFTA.

Some 184,500 California jobs are reliant upon manufactured exports to Mexico and Canada.

The productivity of California workers is 5 to 10 times higher than those in Mexico.

The California Office of Planning and Research estimates NAFTA will result in a net increase of 40,000 jobs statewide.

An estimated 61,000 new jobs in California's manufactured export industry have been created as a result of the relaxing of trade barriers in 1987 between Canada, Mexico, and the United States.

California, as one of four States bordering Mexico, stands to gain the most from a stronger Mexican economy which will be better able to employ more of its citizens, and thereby discourage the level of illegal immigration we see today. California is currently the destination of half of all Mexican migration to the United States.

NAFTA'S IMPACT ON ORANGE COUNTY

For Orange County in particular, NAFTA is even better news. It will create 10,000 new jobs here by 1999, fully one-quarter of all jobs created in California.

The current $227 million annual trade surplus Orange County has with Mexico will increase five-fold by the end of the decade. Next year alone, Orange County exports to Mexico will double to about $563 million.

Primary gainers for Orange County will be manufacturers of rubber and plastic goods, machinery, scientific and medical instruments, computers, and electronic components.

There will be some job losses in Orange County, but for every one job lost, eight will be created.

Mr. SOLOMON. Mr. Chairman, I made a suggestion to the gentleman from California that his wife take his place. But since we cannot do that, Mr. Chairman, I yield 8 minutes to another very valuable Member of the House from California [Mr. DUNCAN HUNTER], chairman of the Anti-NAFTA Task Force.

Mr. HUNTER. Mr. Chairman, I want to take this opportunity to thank my great friend, JERRY SOLOMON, for the valiant effort that he has led on our side of the aisle, and all of the great work that he has done. And I want to thank all of my friends, because I have had a mini-debate on the Republican side with just about every Member on this issue long before the vote occurred. I respect, I value and I treasure those who are going with us. I respect greatly those who have decided to go the other way.

I am impressed with all of the work that this House has done over this issue. There has been a lot of agonizing, a lot of agonizing, and I respect that.

In the end, Mr. Chairman, this agreement is a business deal. It is a business deal in which we make Mexico investment-friendly, and that is not all bad. But it is clear that that is what we do, and that is the reason that 44 percent of CEO's, chief executive officers of companies that do $1 billion plus in sales a year, 55 percent of those CEO's surveyed just yesterday said they were very likely or somewhat likely under NAFTA to move their production to Mexico.

It is because we are making Mexico investment-friendly. And let me tell Members what we have done to do that.

You know, a couple of years ago the Big Three undertook an experiment. We have heard a lot of statements on the floor and in recent months by the pro-NAFTA forces to the effect that Mexican workers are not very productive and there is nothing to fear. But we undertook an experiment, and the experiment by the Big Three was can Mexican workers, if they are well equipped, well trained and have good middle-level management, can they be as productive and make as high quality a product as American workers. And my friends, the answer came back a resounding yes.

If you look at the Ford plant at Hermosillo where they turn out 160,000 Fords a year, all to send back to American buyers, you will see that they have won a very prestigious J.D. Powers award for being the fifth-ranking auto plant out of 46 in North America for quality, for high productivity, beating out five Japanese plants, I might add, at that time, 96 percent of American machine yield, and all, my friends, for $2.38 an hours.

From my district in San Diego I have seen that same experiment take place in many, many companies that have gone on the other side of the border. So we can expect that production is going to move. We should not be naive.

And my friends, for those colleagues of mine, my dear colleagues who have stood up and said production is not going to go, we will not move jobs, I respect you a lot as fellow Members of Congress, but you are not CEO's. The CEOs say they are inclined to go. It makes common sense on their balance sheet.

So what do we get back for this moving production that so many people have talked about, because it will happen? Do we get back increased buying power from Mexican citizens that will actually buy a lot of our products and outbalance this movement of industry south?

The answer, my friends, is no. And that comes from pro-NAFTA economists who say because the labor pool in Mexico is so big, and because the PRI has such dominance, the only increase you are going to see in wages in Mexico over the next 5 years are going to be due to reevaluation of the peso.

So what does that mean? It means that the people who work at the Sony plant in Tijuana, just south of my district, can work the entire year, never buy a meal for their family, never pay a cent in rent, and they cannot in 1 year buy a single television set that they make. This is not a deal about increased buying power of the Mexican people.

And let me say to President Clinton, who has run and put out many, many releases, made many statements about the $40 billion in exports, that those are phony exports. It is very clear that one-third of those exports are U-turn exports. Those are the components that come from American manufacturers that go south to Tijuana, to Juarez, to other places. They are joined together in Mexico and U-turned back to the United States. And President Clinton calls that exports to Mexico. We know that he counts exports to Mexico When Briggs & Stratton leaves America and goes south to Juarez and takes a flatbed truck with $2 million worth of equipment across the Mexican border, and President Clinton will call that a job-creating export to Mexico.

When you strip it down and you strip away the phony exports, we do not have a trade surplus with Mexico. We have got a job surplus, and we have got a dollar surplus.

Now we need to help Mexico, my colleagues, I agree with that. But do you know what Mexico needs to be prosperous? Mexico is not undergoing the problems that they have and thousands of people are not coming across the border because of tariffs between the United States and Mexico. They need a good dose of political freedom.

A businessman in Mexico needs to be able to buy or not buy, hire or not hire without having to get the permission of the PRI. And working people in Mexico need to have the right to organize. They need to have the right to choose employers. They need to have the right not to be broken up by Federal officials when they came together for bargaining.

□ 2110

Mexico needs a good dose of political freedom, and that is something we will be happy to export to them.

Now, let me just talk to my Republican colleagues with whom I have had many small debates over the last several months on this subject. And I know where you are going to vote, and I respect that. I respect the analysis and the agonizing decision that many of you have made.

Let me just say something about our party. Two architects of our party, Abraham Lincoln and Theodore Roosevelt, were not for free trade, because they wanted to build our party around the workingman. Theodore Roosevelt ushered our party into this 20th century. Theodore Roosevelt was not an isolationist. He projected American military power around the world. He built the blue-water navy. He built the Panama Canal to drive it through. He presided over the greatest industrial surge in our history.

My Republican colleagues, he also built a majority in the House of Representatives, because he had working people on his side. He built our party around working people, and in his message, his platform message to Henry Cabot Lodge in 1904, he said our tariffs have to reflect the difference in wages between America's workingman and his foreign counterpart, because the standard of living of America's workingman should be the centerpiece of the Republican Party.

Teddy Roosevelt's workingman has done a lot since that day. He carried us through two world wars in which he saved the globe for democracy. That workingman brought down the Berlin Wall with his sweat, with his blood, small conflicts around the world. Recently he won the war in the gulf. He fed starving people in Somalia.

Did you know that the average worker in this country who carries a lunch bucket pays $1,000 bucks a year out of his paycheck in withholding just for national security? You cannot do that at $2.38 an hour. That is the American worker that we built the Republican Party around.

Well, we are not treating the American worker as well as we did in Teddy Roosevelt's day. In fact, we are retreating from the American worker.

NAFTA is not a glorious, honorable program. It is not innovative, creative, or courageous. It is a retreat. It is a retreat of American industry away from all the problems that we have caused in overregulation, heavy taxes, this contemplated massive burden that President Clinton is going to put on small business, the contributions that will drive many of them bankrupt, that is what American business is retreating from.

Well the American workingman deserves better, and I ask you to vote no on NAFTA. Let us vote no on NAFTA so that the average wage earner in this country, when he sits at the dinner table with his family after a day's work at his job, can say of the House of Representatives, the United States Congress, "It works for us."

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I believe in politics, as in life, that you can never go wrong when you fight for what you believe in, and, DAVID BONIOR, I salute you and all those people who fought with you for your passionate defense of the people who suffered during the last two decades and beyond. You have my admiration and by respect.

Both parties, sitting here tonight have to take away from what I believe is a very momentous debate a new dedication to solve the problems of the very people that have been described. We owe it to them to leave this Congress with a national health care plan and a plan for training and reemployment in place. Let us dedicate ourselves to doing that tonight.

Many of us who have reached a different conclusion about where to go and how to proceed. We have a similar vision, but I believe that many of us are convinced that we can provide jobs for Americans and Mexicans by seizing opportunities to create new jobs and economic growth. Broader and freer markets will create new opportunities for all American workers and for those throughout this hemisphere.

But I think it is very important that we point out that those of us who are voting differently are doing so out of conviction, a similar kind of conviction, that I think we have heard expressed articulately on this floor tonight.

This has been a significant debate, reminiscent perhaps of the League of Nations debate or the fight over the Truman Doctrine.

None of us are owned by labor, none of us are coerced by business, and none of us are afraid of Ross Perot. We are the humble servants of the people who send us here, and we are struggling at this very moment to do what is right for the American people.

None of us has a corner on the truth, and all of us know the complexity of the world economy that we are part of.

I think this House is a grand place. I am proud to be a Member of it, and the passion that flows in this debate only underscores for me how deeply committed people all across this room are to fulfill the oath of office that they took a year ago.

I am absolutely convinced that, while none of us are absolutely certain of the result of our actions tonight, we are serving the American people in a time-honored tradition, and I think we ought to uphold and extol this institution, because it is still doing its job for the American people.

Mr. ARCHER. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, this is truly a watershed moment in our economic history.

This debate is more than just about trade with Canada and Mexico. It is about the importance of our economy and the importance of American workers and consumers alike. However, much more important is the significance of NAFTA as a symbol of our country's leadership in world affairs and the confidence that the American people have in their ability to compete and to win.

As the gentleman from California [Mr. DREIER] said, Ronald Reagan understood this, and it was his dream for a North American trade partnership that is before us tonight.

What we seem to learn from history is that we never seem to learn from history. I hope that will not be the case tonight, because since the industrial revolution, countries that have reduced their trade barriers have brought about a major increase in the standard of living of their people. Countries that have raised their trade barriers have suffered a decline in the standard of living of their people. I do not want that for America.

In spite of the many misstatements about NAFTA, the American people instinctively understand the case for economic growth, new and better-paying jobs, and, in particular, this agreement.

It contains no new taxes. In fact, its elimination of tariffs provides almost $2 billion of tax cuts for all Americans. America will prosper under NAFTA.

The United States can only win under an agreement where Mexico gives up its highly restrictive trade barriers and accepts the trade disciplines that we have had to follow for years.

How can we lose when we give up so little? Half of Mexican goods come into the United States today duty-free. The average tariff that we impose on their imports is only 4 percent. On autos it is only 2½ percent, while their tariffs, on average, are 10 percent with other highly restrictive measures against buying our goods and services.

□ 2120

Our country is imitated and envied all over the world for a reason: We are a competitive, compassionate, thinking and doing country.

NAFTA is nothing but another opportunity to help us do what we do best. Above all, NAFTA creates jobs for American workers, higher-paying export jobs. NAFTA really is the ultimate win-win situation. Mexico will modernize its economy by buying machinery, products, and equipment from the United States, creating better jobs for its own workers. Its consumers will then spend their new-found wealth on everything from autos and refrigerators to diapers made in the U.S.A., creating better-paying jobs for Americans.

Will firms move to Mexico because of cheap labor? They can do it today, and often they do because current Mexican trade barriers keep out American goods.

NAFTA will improve the situation for the shipment of products made in this country and not in Mexico.

Say "yes" to American jobs, say "yes" to NAFTA. Does NAFTA infringe upon our sovereignty? No. In spite of what some have said, there is nothing in this agreement that supersedes our Constitution or our right to make our own laws.

Vote "yes" on NAFTA. NAFTA secures our sovereignty. Passing NAFTA supports the democratic and economic reformers in this hemisphere.

Say "yes" to democracy, "yes" to open markets, "yes" to U.S. jobs, "yes" to NAFTA.

Mr. SOLOMON. Mr. Chairman, we only have one speaker to sum up for this side, and we would reserve our time.

Mr. BONIOR. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I rise in opposition to the bill.

Mr. Chairman, we have heard so frequently on this debate that we must not miss this historic opportunity. So true, Mr. Speaker, but I fear it is an opportunity revised. This NAFTA could have been an historic document had some attention and some determination been exercised to protect the rights of working people and to protect the environment in our own country, both of which will be threatened by the terms of this agreement.

Ah, what might have been Mr. Speaker. I voted for the original GATT agreement almost 50 years ago. I believe in free trade—but I also believe in fair trade.

Even under GATT our environmental laws are attacked. In this week's press is an article which describes Venezuela as filing a protest against our anti-smog laws which require clean air standards of gasoline.

Venezuela wants to sell dirty air gasoline in the United States but is banned from doing so

by our laws. These laws say Venezuela is a burden on free trade as referred by GATT. Of course, that clause will be fought and rejected I trust.

This is an example of the kind of threats which NAFTA offers to the environmental protections we have so long fought to obtain. I fear that rather than our bringing Mexico up to our standards, this agreement may very well result in bringing our standards lower.

We need strong protections which this NAFTA does not contain for both the environment working conditions and wage levels.

I shall vote against this NAFTA.

Mr. BONIOR. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. Mr. Chairman, I rise in opposition to the bill.

Mr. Chairman, many years ago, as a student at the Netherlands School of International Business and Economics, I had the opportunity to learn about the benefits of free and fair trade. I understand that a North American Free-Trade Agreement [NAFTA] would be beneficial to Kansas, the United States, Canada, and Mexico. The issue before us now is not whether we need a trade agreement with our North American neighbors—we do—but whether the agreement currently before Congress is the best agreement we can get.

After months of study, I have concluded that NAFTA, as it is currently written, is not the right agreement for Kansas or the United States. We can and must negotiate a better deal, not only for the sake of Kansas workers who are threatened by this agreement, but also for the sake of Mexican workers who have been victimized by their government's labor policies.

Thoughtful opponents of NAFTA are concerned about the agreement's effect on state sovereignty, and U.S. food safety and environmental laws. While I share some of those concerns, my primary objection to the agreement is that it does not address the need for labor law reform in Mexico. Unless such reform is required as a part of NAFTA, Mexican workers will not earn the wages they will need to buy U.S. made products.

NAFTA'S FATAL FLAW

Simply put, no trade agreement with Mexico will significantly benefit the United States unless it requires the Mexican Government to allow the wages of Mexican workers to increase with their productivity. Because the Mexican economy is only a fraction the size of ours—5 percent of the United States gross domestic product—the only way to expand substantially the Mexican market for our products is to increase the purchasing power of Mexican consumers. This cannot happen unless the Mexican Government abandons its historic policy of holding down wages. Today real wages in Mexico are lower than they were in 1980.

Because the current agreement does not adequately address this fundamental issue it is fatally flawed.

NAFTA CAN AND MUST BE RENEGOTIATED

Historically the Mexican Government simply has not respected the basic rights of working men and women. Incredible as it may sound, workers must ask permission from a government commission to strike. Last year, 6,000 strike request were filed. Less than 2 percent of the requests were granted.

Throughout recent history the handful of rich and powerful families who control Mexico's government have kept the wages of workers artificially low to combat inflation and to attract foreign investment from multinational corporate conglomerates seeking low wage labor as a way to cut costs.

If Mexican wages are not allowed to increase freely with productivity under NAFTA, it will not only sabotage the agreement, it will also create a downward pressure on United States wages. The combination of increased productivity, artificially low wages, and enhanced investment security will give United States companies additional incentives to relocate manufacturing operations in Mexico. And it will put pressure on U.S. workers to agree to wage concessions in order to keep their jobs.

Mexican President Salinas has reportedly promised to allow the average Mexican industrial wage of $4.20 a day to start rising with inflation and productivity. But there is nothing in the agreement, or the side agreements, that requires him to follow through on this promise. As President Reagan would say, we should "trust, but verify." There is no mechanism in the current agreement to do that.

We must insist that the agreement be renegotiated to require the Mexican Government to reform its labor practices. If we ratify the current agreement, we would be placing our seal of approval on the status quo and the Mexican Government will be under no obligation to make the necessary reforms.

This conclusion is verified by the Economic Policy Institute, which in a recent report said: "The idea that somehow we might influence democratic reforms after we have rewarded this authoritarian regime with permanent economic benefits flies in the face of everything we know about human nature and politics."

At the very least, NAFTA should contain a formal review mechanism which would require that each nation reapprove the agreement after a set period—perhaps 3 years. This kind of provisional approval would provide the Mexican Government with an opportunity to demonstrate that it is willing to honor its promise to let wages rise with productivity, and allow Congress to verify that progress is being made.

I do not believe that our choice is either this NAFTA or no NAFTA. I have been involved in too many business and legislative negotiations to be pressured into accepting a bad deal. The United States must not act out of fear. We must negotiate from a position of strength and be patient.

The renegotiations I have called for could take place in the coming weeks, or after the Mexican elections next summer.

A trade agreement is in the best interests of Kansas, the United States, Canada, and Mexico. All three nations understand that simple fact. So in spite of the rhetoric on both sides of the border, I believe that all three nations will be motivated to continue the negotiations until a fair agreement is reached.

NAFTA AND KANSAS

Much has been made about the potential benefits of NAFTA to Kansas agriculture. Too much. In an attempt to build support for the agreement, proponents have overstated the potential benefits. For example, a USDA study indicated that NAFTA would increase revenues to the U.S. wheat industry by about $30 million over the 10 year transitional period.

If true, this would increase Kansas wheat exports by approximately $5.4 million over the same period. While that is a considerable sum, it represents only one-half of 1 percent of the State's total annual wheat sales.

Make no mistake about it, I am interested in anything that increases Kansas' agricultural exports. I understand that trade with Mexico is important to Kansas. But I am confident that Kansas agricultural exports to Mexico will continue to increase with or without this NAFTA. I strongly believe the renegotiated NAFTA that I am advocating would be more beneficial to Kansas farmers and workers than the one which is now before us.

THE COSTS OF NAFTA

In addition to an estimated $3 billion in lost tariff revenue, NAFTA will cost billions of dollars to implement. It is estimated that necessary infrastructure improvements and environmental cleanup projects in the border area, coupled with a program to retrain displaced American workers could cost as much as $40 billion. Right now, there is no plan in place to pay these costs. In fact, many proponents of NAFTA simply want to add these costs to the deficit. That must not be allowed to happen.

A BETTER NAFTA

I voted last year to give President Bush "fast track" authority to negotiate NAFTA. I did so because I was committed to achieving a workable agreement. I remain committed to that goal.

I believe that the President can and will negotiate a trade deal with Mexico and Canada that will be better for American farmers, workers, and businesses.

Mr. BONIOR. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina [Mr. WATT].

Mr. WATT. Mr. Chairman, I rise in opposition to NAFTA.

Making a decision on NAFTA has been a wrenching experience. Because NAFTA has been such a hotly debated proposal and an issue on which I had so little experience, I thought I owed it to my constituents to consider every available piece of information and every opinion and to allow those for and against NAFTA to attempt to make a compelling case without feeling that I had already closed my mind to their arguments.

Because I was undecided, I heard from thousands of constituents and representatives of interest groups about every conceivable aspect of NAFTA. I read hundreds of letters, position papers, and studies and attended every hearing I could on the subject. I met with those who had strong opinions, asked the hard questions, played "devil's advocate," debated my staff, questioned my colleagues, and probably made life miserable for myself and those around me. In the process I learned a lot about constituents on both sides of the issue and I learned more and more about the merits and shortcomings of this NAFTA.

One important thing I learned about my constituents was that while many of them had

strong opinions about NAFTA, and sometimes personal or business interest they perceived NAFTA would help or hurt, they were confident that I would make up my mind only after carefully balancing the competing interest and after thoroughly evaluating all the important arguments for and against passage. While that imposed a greater responsibility on me, it was also extremely comforting.

On November 17 I no longer had the luxury of being undecided. As a Member of Congress I was called upon to vote on NAFTA. I voted against it. Here are the main reasons why.

NAFTA will result in a loss of low wage jobs. Even supporters of NAFTA conceded that NAFTA would result in the loss of low wage, labor-intensive jobs. They argued that the loss of low wage jobs would be more than offset by an increase in the number of high tech jobs. This projected increase in high tech jobs, however, provide little consolation to the employees in the 12th district who hold low wage jobs (about one in three wage earners). These employees are not currently trained to do the high tech jobs expected to be created under NAFTA. Yet all my efforts to have an aggressive retraining program included as part of NAFTA or considered at the same time as NAFTA, efforts which I pursued with the administration over several months, were unsuccessful. Without the promise of retraining, I simply could not justify this NAFTA to the employees in my district for whom low wage jobs are clearly better than no wage jobs.

NAFTA could result in lower wages for U.S. workers. The daily wage of a Mexican employee is roughly equal to the hourly wage of a U.S. employee and Mexico has an abundant supply of workers. When polled, one in four U.S. business executives admitted that they would use Mexico's low wages as a threat to keep U.S. wages down. This could mean that U.S. workers might have to face the unfair choice between keeping their jobs or accepting lower wages, fewer benefits or worse working conditions.

NAFTA will encourage some U.S. companies to move to Mexico. All the business owners who discussed NAFTA with me verbally assured me that they would never consider moving their businesses to Mexico. However, when I suggested that they back up that verbal assurance by agreeing in writing to pay U.S. minimum wages, meet U.S. labor standards and comply with U.S. environmental standards if they did move to Mexico, not one of them agreed to take me up on the offer. Without that written commitment, I found it impossible to believe that some businesses would not be tempted to relocate to Mexico.

Devaluation of the Mexico peso could reduce or eliminate the U.S. trade surplus. Evidence presented at hearings regarding NAFTA confirmed that the peso is currently overvalued. This makes U.S. exports artificially cheaper and allows Mexicans to buy more U.S. goods. I expect the peso to be devalued after passage of NAFTA. If this occurs, the difference between Mexican wages and U.S. wages will be even more dramatic than it is now and the ability of Mexicans to purchase U.S. goods will be substantially reduced.

After a thorough analysis, I concluded that this NAFTA shortchanges both U.S. workers and businesses by taking the wrong approach to the agreement.

Workers in all three countries would have benefitted by requiring in the agreement that work and wage standards be improved in Mexico. This would have addressed the legitimate fears of U.S. workers, and it would have resulted in U.S. businesses exporting substantially more than under this NAFTA by assuring that the people of Mexico could really afford to buy our products. This is exactly the way the Europeans approached the development of their Common Market.

Workers and businesses would also have benefitted by including a mechanism to stabilize the Mexican currency. Again, this was the approach of the European Common Market. Any agreement which fails to address concerns about the value of the peso runs the risk of jeopardizing the ability of Mexicans to purchase products made in the U.S., reinforcing Mexican workers as second class employees, increasing the attractiveness of Mexico as a relocation site for U.S. plants and increasing the insecurity of U.S. workers.

Businesses and workers would have benefitted if a comprehensive worker retraining program had been included in the agreement. Expanding businesses would have been guaranteed a plentiful supply of skilled workers and workers would have been guaranteed the opportunity to learn the skills needed to fill the high tech jobs to be created.

Perhaps the most devastating consequence of shortchanging workers and businesses is the precedent we have set. If, as economists have indicated, passage of NAFTA sets the stage for trade agreements in Chile, Venezuela and the rest of our hemisphere, we may well have done our country a disservice which far exceeds the immediate impact of this NAFTA by allowing this agreement to become the model.

My constituents, both those who supported and those who opposed this NAFTA, can be assured that the analysis represents my very best evaluation. In light of the passage of this NAFTA, more than anything else, I hope that the concerns I have expressed turn out to be dead wrong.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. I thank the gentleman for yielding this time to me.

Mr. Chairman, success has many fathers and to give proper credit, NAFTA is the product of the visions of Presidents Bush and Clinton. It is not perfect, but it is clearly the right step, the right time in the post-cold war history.

Like the New Hampshire primary and the budget agreement, President Clinton's tenacity and leadership have brought NAFTA back from the dead. He deserves the major accolades today.

NAFTA is going to become reality because of a true bipartisan spirit of cooperation. NAFTA has shown that bipartisanship can work if properly nurtured.

Mr. Chairman, I salute the Republicans for their commitment. I salute the opponents of NAFTA for the depth of their sincerity and their convictions in fighting for their constituents, many of whom have lost their jobs.

For those NAFTA opponents in my party, we must start healing our wounds starting tomorrow, regardless of the outcome of this vote. As we cast our vote tonight, let us ask these questions: Can we afford to turn inward as a Nation at a time when the world cries out for our leadership in the new battlegrounds of trade and economic competition? Are we willing to surrender markets in Mexico and Latin America to Japan and Western Europe and turn our backs on our friends in our own hemisphere? Are we willing to gamble on a status quo without NAFTA to improve the problems of illegal immigration, labor, and environmental protection?

With NAFTA we have a fighting chance to address these problems.

Mr. Chairman, around this country, across Latin America, Asia, and Europe, the eyes of the world are upon this chamber. The easy vote is "no." The tough vote, but the right vote for this country and the world community, is "yes."

Let us tonight make the right choice.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I believe each of us is concerned with taking a course of action that will further economic growth for the United States. But we have two very different views of America's future being put forward today. One is confident and open. The other is insecure and closed. Both views are accurate in describing what most of us feel is going on around us, but it is the first view that I believe must prevail.

We nave a responsibility to our constituents, to all Americans to choose the path that will enable us to prosper in an increasingly competitive world. We cannot withdraw from that world and we must not let others determine our economic future.

Since the passage of legislation providing for the consideration of the North American Free-Trade Agreement, our country has been involved in an intense but nevertheless healthy debate about the merits of that agreement and what it means for the future. This is Democracy.

My decision to support NAFTA is one which I considered very carefully. There are serious concerns on both sides of the debate as we have heard throughout today by our colleagues. As with any important issue affecting the future of our country, the decision has not been an easy one.

I recognize that many of my closest friends and strongest political supporters have expressed fears that the adoption of NAFTA would lead to a loss of jobs for many hard-working Americans. They believe that a free trade agreement is desirable and ultimately important to our economic future, but that this agreement is flawed. I recognize those fears are genuine and deeply felt. They are not a mere debating point, they are the concerns of every hard-working American.

In making my decision to support NAFTA, I have carefully considered the views of my

constituents, labor, business, environmentalists, human rights activists and those of the President and his administration on the economic opportunities and risks that NAFTA presents.

I an convinced the United States stands to gain with the passage of NAFTA.

Mexico is already our third largest trading partner. In fact, Mexico and Canada, together account for one-fourth of all United States trade. With a population of more than 80 million, Mexico buys 70 percent of its imports from the United States. Since Mexico began lowering its trade barriers in 1986, American exports have more than tripled, creating hundreds of thousands of American jobs.

The fact is that exports are our largest job creator and are likely to remain the key to America's continued economic growth. The United States cannot ignore the importance of the Mexican market for American goods.

NAFTA will create the world's largest free trade zone with over 370 million customers and $6.4 trillion in annual production. As Mexico's tariff walls come down, which we must remember are generally two to three times higher than those of the United States, exports will increase and jobs will be created. In the long run, NAFTA will enable Mexico's rising population to become a fast-growing market for U.S. goods and will provide the economic incentives for its citizens to choose to remain in Mexico.

I understand that all of these statistics must be put in the proper context—the fact is that Mexico's economic importance and thus its impact has been exaggerated by both sides—its size is only about 5 percent of the U.S. Second, trade barriers between the United States and Mexico are already relatively low. What are we doing here today with this agreement is basically concluding a process of trade liberalization that began almost a decade ago. Third, U.S. employment statistics routinely fluctuate up and down by 200,000 on a monthly basis. This needs to be kept in mind when we look at the figures put forward by both opponents and proponents on projected job losses and gains. This in no way dismisses the jobs issue, I am merely setting forward the reality in which the issues are being framed.

Clearly, the labor community feels passionately about this issue. During the past 12 years the Federal Government has essentially ignored the devastating impact of global competition on America's workers and communities.

Therefore, it is essential that we remain vigilant in examining and responding to the job effects of any trade agreement. We must have retraining programs available. And with respect to NAFTA, we must be prepared to invoke those provisions of the Agreement that provide for remedies if there should be extraordinary impacts on particular sectors or by the agreement as a whole. We must put forward an economic strategy that both expands trade opportunities and offers new sources of opportunity and security for American workers.

However, the Global economy is reality that we cannot make go away, a reality that a defeat of NAFTA will not change. The daily shifts we are experiencing as a nation regarding job losses and creation will go on and must be dealt with as they occur. Regardless of what happens to NAFTA, our responsibility is to work to ensure the overall growth of our economy, a rising standard of living for our people and increased employment opportunities.

I view my support for NAFTA as a vote of confidence in America's future in a world in which no nation can close its doors and expect to prosper or grow and in which no nation can be expected to open its doors without demanding that such a move be reciprocated.

I have concluded that, if NAFTA passes:

First, the people of the United States stand to gain;

Second, America's credibility as a negotiator, as a world leader, and as a trading partner will be enhanced;

Third, American businesses and workers will profit from a market not just in Mexico but eventually throughout Latin America;

Fourth, American competitiveness will be strengthened vis-a-vis Japan and the European common market; and

Fifth, and we will send a positive message that the United States is committed to working together to develop strong economic and political ties with our closest neighbors.

Ultimately, I think NAFTA is about more than tariffs and trade, It is about America's capacity for leadership, its ability to compete in the new global economic order, and its willingness to support the growth of economic reform and political freedoms abroad.

If we defeat NAFTA today, we will:

First, squander a unique opportunity to forge a new economic and political partnership with the reformers throughout Latin America, a partnership based on respect and shared opportunity;

Second, appease the forces of nationalism and anti-Americanism in the Western Hemisphere;

Third, betray America's tradition of championing open markets, and;

Fourth, tell our allies with whom we are negotiating GATT that the United States only supports free trade when it can insulate itself from the forces of international economic competition;

To defeat NAFTA is to believe that American businesses and workers can not compete and to encourage those waiting on the sidelines, Japan and Europe, to take our place; and to run from challenge and opportunity, when we know we can triumph and prosper.

In 1962 our 35th President, John F. Kennedy, was promoting passage of the Trade Expansion Act, and stated that protectionism reflects "A national lack of confidence and growth."

I believe that Americans fully understand that we live in a world in which doors can not be shut to isolate us from the vagaries of competition. I also believe that Americans are willing to keep those doors open as long as our neighbors do not shut theirs. Finally, I believe that Americans support policies that widen opportunities for American workers and businesses as long as we are prepared to assist those who may get hurt in the process.

For months the people of America and its representatives have struggled with the challenge of NAFTA. Is it good or is it bad? Will it create jobs or take jobs? Will it help to expand our economy or will it shrink it?

As of yesterday, America was evenly divided. This division is in the context of the loss of American manufacturing jobs and market share to foreign competitors. And, in the context of the conflict, between fear and hope; pessimism and confidence.

Today the House must decide and that decision will involve risk. I have concluded that it is a risk worth taking. And, I believe that America, can and will meet the challenge posed by open competition.

Change is never easy and rarely without risk. And, there is very often the fear of failure. America's greatness has never been rooted in fear; but, rather it has been based on the willingness of Americans to adapt, to compete, and to prevail.

As we make this decision, let me urge my colleagues on both sides of the aisle who will vote for NAFTA, that we pledge not to forget nor forsake those who are presently being visited by the pain of change in this global economy.

I believe support of this NAFTA is in the best interest of America's economic future; cf the political, social, and economic vitality and vibrance of this Hemisphere; and of the political and economic relations of America with the rest of the world.

John Kennedy in his inaugural address asked: "Can we forge against these enemies (of tyranny, poverty, disease, and war itself) a grand and global alliance, north and south, east and west, that can assure a more fruitful life for all mankind?"

And then he asked his fellow Americans, "Will you join in that historic effort?"

Such a historic opportunity is now ours.

President Clinton has responded with courage and vision: "Yes."

Today, we in this House, in our time, must also answer, "Yes."

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MATSUI].

Mr. MATSUI. I thank the chairman of the Committee on Ways and Means for yielding this time to me.

Mr. Chairman, I, as Mr. FAZIO, would like to reach out to the opponents of

the NAFTA, particularly the gentleman from Michigan [Mr. BONIOR], the leader of the effort, and commend him for the work that he has done and the passion he has shown for those he represents, and certainly the fact that in our caucus—if I might just say—he has never brought this up to try to embarrass or harm the proponents. He never brought it up in any of the whip meetings. For that I think those of us who support the NAFTA really appreciate all of his efforts.

And certainly to my colleagues on the other side of the aisle, many of us as we began the process of NAFTA, just as you felt about us, had trepidations about whether each of us could trust each other.

□ 2130

I have to tell you that those of us who support the NAFTA, Democrats and Republicans, feel that we have reached a new beginning with each other.

I have to tell you that those of us on this side of the aisle have the utmost respect for those of you and we look forward to working with you in the future.

What the NAFTA is all about is a trade agreement. It reduces tariffs on both sides of the border. For every $4 of U.S. tariffs, there are $10 worth of Mexican tariffs.

It protects intellectual properties of the United States and it also provides trade and services, banking, insurance and other services that are so prevalent nowadays in the free world. This will produce jobs in the United States, not a lot of jobs in the United States, because trade is not a zero sum game. If a job is created in Mexico, that does not mean a job is lost in Detroit or California. That means you create a middle class in Mexico which creates a market for more United States exports. That is why this is beneficial.

But the opponents have said that the Mexican Government is corrupt, that they do not treat their workers right.

Yes, they have problems, they indeed have problems; but since 1987, as all of you know, they have a new leader, President Salinas. He has privatized 80 percent of the nationalized businesses in Mexico by trying to make it more like a free market economy. Since he has taken office, wages for the average worker in America have gone up 40 percent.

Jamie Sierra, who is one of the leaders of Mexico, says, "Congressman MATSUI, why it is that your people don't understand that we are trying to be a democracy like you, that we are trying to move to a free market system and treat our people well? It is going to take time, but help us, help us do it."

But more importantly than the issue of trade is the issue of America's role in the world since the cold war has ended.

There have been a few defining moments in America. For example, one would look at the Louisiana Purchase, or the purchase of Alaska. I have to tell you that there was a lot of controversy when those events occurred, even though they appeared to be small events, but the Louisiana Purchase opened up the West and Alaska, as you know, is a natural resource to all Americans.

I have to tell you that this is a defining moment as well, because this is going to determine whether this country after the fall of the Berlin Wall is willing to reach out and protect the concept of trade so that we lift all boats in this world, the poor, the rich, and all people of this hemisphere. That is what is at stake in this debate, and that is why the passage of NAFTA is so important.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, in a few minutes, each of us will confront a personal moment of truth. I will enthusiastically vote in favor of the NAFTA legislation. I am confident that NAFTA is both good for the United States and good for the Americas.

We disagree among ourselves about the impact of NAFTA. But there is broad agreement on some basic issues. These areas of agreement argue strongly for approval.

First, there is virtual unanimity among economists that this agreement will help our economy grow faster. The lesson of history is that expanding markets benefit everyone involved—producers and consumers, exporters and importers, richer and poorer nations.

Second, there is equally broad agreement that America is losing low-tech factory jobs and will continue to do so whether this agreement is accepted or not. There is not reason to believe that accepting this agreement will accelerate that change. In fact, there is some reason to believe that NAFTA will moderate it.

Our challenge now lies not in trying to turn back the clock, but in gaining control of our future. Those who labor to preserve the past run a risk of sabotaging our future.

NAFTA will give us easy access to millions of middle-class Mexicans who crave goods marked "Made in the USA" and thus create jobs here.

My third point is that while trade has been used as a component of our foreign policy, it would be foolhardy and frustrating to trade only with nations that are American clones. Critics point to Mexican environmental and labor standards, both of which are lower than ours. But we continue to trade with many nations that have worse records in both areas. And we should. In this case, the fact is that NAFTA will have a positive impact on Mexican standards.

Those who say we should renegotiate to achieve an agreement that will make Mexico meet our standards set an unattainable standard. Politics is not about perfection. It is about incremental progress. And this agreement includes substantial progress on both the labor and environmental standards questions.

Ultimately, however, this debate is about hopes and fears. Those of us who support the pact are confident that Americans can compete with anyone anywhere and prevail. Those who oppose it tend to fear that we cannot compete and should focus on holding on to what we have got. Their message is a sad one because what they are ultimately saying is that America's best days are behind us.

A vote against NAFTA is nothing less than a vote for economic surrender, a statement that America cannot compete and lacks the courage to try.

A vote for NAFTA is a vote for the future and a show of confidence in American competitiveness.

I urge my colleagues to put aside their fears. Vote for a brighter future by approving this important legislation.

Mr. SOLOMON. Mr. Chairman, I believe we will be next-to-last in the pecking order. We would reserve the balance of our time at this time.

The CHAIRMAN. It is the understanding of the Chair that there are four speakers left and the gentleman is in the order in which we have been rotating.

Mr. SOLOMON. Would the Chair cite the order? I just want to make sure we have a pro and a con, and a pro and a con.

The CHAIRMAN. It is the understanding of the Chair that there are four speakers left, that we are going in the order in which we have been rotating. There will be "nay," "yea," "nay," "yea."

Mr. SOLOMON. I thank the Chair. That is the order that I wanted, and that is certainly satisfactory.

The CHAIRMAN. The gentleman may proceed. The gentleman from New York [Mr. SOLOMON] has 7 minutes remaining.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of our time.

I call attention of the body that in my 15 years in this Chamber this is only the second time where we have gone into an extended debate for some 12 or 13 hours, when tempers did not flare, when the debate was conducted in a civil manner, and certainly I think the entire House is to be commended for that, and I congratulate all the Members on all sides. Certainly it shows that reasonable men and women can be civil to each other, and just to prove it, the gentleman from Georgia [Mr. GINGRICH] is sitting right here next to me.

Mr. Speaker, when the debate started over 13 hours ago, I spoke about the unfairness of this treaty and the lack of a

level playing field that placed American business and industry, and the American worker, at a severe disadvantage in competing with their counterparts in Mexico.

And I called attention to a number of egregious flaws to the NAFTA agreement, that cause long time free traders like me to oppose this treaty.

First, NAFTA violates the U.S. Constitution, articles 1, 2, and 3, as well as the fifth amendment.

Second, it threatens the sovereignty of our Nation by creating huge new international bureaucracies and tribunals, like the North American Trade Commission, the North American Development Bank, and the Border Environmental Cooperation Commission, and God knows what else.

And these unelected, unaccountable tribunals and bureaucrats, are empowered to usurp the legitimate and constitutional authority of the U.S. Congress.

They are empowered to abrogate States Rights, and even override our own State and Federal court system.

And the American taxpayer will once again be called on to: First pay for the establishment of another International Bank, and more foreign aid that the American taxpayer does not want to pay for.

Second the taxpayer will have to pay for $2½ billion in lost revenues caused by reduced tariffs.

And third—and even worse—the taxpayers are going to have to shell out what the newspapers report at about 50 billion dollars to pay for the special exceptions (or considerations) that President Clinton had to enter into to guarantee passage of the treaty.

But Members of this House, the most egregious flaw in this unfair treaty is the trust we are placing in the Mexican Government.

Ladies and Gentlemen, the Mexican Government continues to be one of the most undemocratic, politically corrupt governments in our part of the world.

Mexico is, let's face it, a one-party dictatorship, run by a political party that has magically won every election since 1929 (64 years in power) * * * and we all know how that happens.

Members, the Mexican Government can and does violate its own laws. It routinely fails to enforce its own labor and environmental regulations.

Thus, while American business and industry will have to meet our already high labor and environmental standards, Mexican firms will not, and even if they did enact them into their law, they wouldn't enforce them, because they refuse to do it Right Now!

Therefore this agreement amounts to little more than a handshake, and this Mexican Government cannot be trusted to make good on just a handshake.

Members of this Congress, the way to deal with a nation like Mexico is bilaterally, without the interference of some third, higher force, accountable to no one, especially not the American people.

Members of Congress, bilaterally, we could demand that the Mexican Government write these agreements into their commercial code and enforce them before we sign the treaty.

That's the kind of treaty we should be voting on today.

That's the kind of treaty that would create the level playing field, that would make free trade, fair trade.

It's the kind of treaty that would take away the risk of losing hundreds of thousands of jobs.

Mr. Speaker and Members, I represent the Hudson Valley of New York State, 157 small towns, most of them 200-year-old mill towns, along the Hudson River.

It's the old Rust Belt that used to have a thriving textile industry, making gloves, shirts, carpets, paper and electrical capacitors. Mr. Speaker and Members, most of those industries are gone. They moved South—or to China or Korea and yes to Mexico, and our young people went with them. The few that are left employ mostly older workers, and, Mr. Speaker, these people are worried. They are afraid they are going to lose their jobs.

I sat in my office until midnight last night taking calls from those worried people. For example, one typical call came from a 55-year-old man. (I know him) I see him at football games, hockey games. He's a man who dropped out of high school to join the military. Four years later he came home, got married, had children, coached little league, worked with scouts, was a volunteer fireman, and is an exemplary citizen in his community. That 55-year-old man called me last night and I'll never forget that call. He said to me, JERRY, I'm scared, I'm scared to death, I'm scared to death I'm going to lose my job. I still have kids in high school and college, and I'll never find another job, and with his throat choked up, he said, JERRY, please please don't do anything that will make me lose my job.

Well, Mr. Speaker, I don't know whether NAFTA will cause him to lose his job, but it might, there is a risk, and if he did, I'd never be able to look that man in the face. I'd be embarrassed and humiliated. And that's why I will not vote for this treaty in its present form. But if the treaty is defeated, I will do anything in my power to work with Democrats, and Republicans, and the President, to enact another Free Trade Agreement, one that is fair and level for American business and industry, and fair for American workers.

Please vote "no" on this unfair treaty.

□ 2140

Mr. ARCHER. Mr. Chairman, I yield the balance of my time to the distinguished Republican leader of the House, the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Chairman, may I at the very outset join in the compliments to the House on our decorum throughout this debate, and, in wrapping up the debate for our side in the affirmative, Mr. Chairman, I am not going to deal with the substantive issues for they have been pretty well covered. But I would like to address, if I might, first my own side over here.

Mr. Chairman, we Republicans have always, during my tenure here in the House, believed in free trade strongly, breaking down tariff barriers and creating the kind of environment our businesses and industries need to be competitive in a global economy.

□ 2150

You were reminded earlier, by I think both the gentleman from California [Mr. DREIER] and the gentleman from Texas [Mr. ARCHER], that it was President Reagan who, early in the days of his administration, called for breaking down the barriers to trade throughout the hemisphere. Then we enacted the Canadian Free-Trade Agreement, and now our efforts are turned to the South, to open up Mexico, and eventually Central America and South America.

A vote for NAFTA is in the great tradition of our party. It is a tradition that taps into the very wellspring of American hope and confidence. So let it be said on this crucial vote tonight that we Republicans did not sacrifice the jobs of tomorrow to the fears of today.

Make no mistake about it: this is also a battle for our principles, our values, and our vision. The more votes I see up there on the board from our side tonight, the better. It ought to be 131 or 132 or more, and it will make me that much more proud.

Now let me make my last pitch maybe to those of you on both sides who may yet be undecided or have that uneasy feeling about your voting for NAFTA. I know the pressures you are under. I have been there any number of times over my years. It is tough. And when your political friends, your good friends, are telling you to vote no, when you have a strong inclination on the merits to vote yes, let me offer one reason you might vote that way.

There is a great legacy of faith in America's future, going back to the very foundations of our Republic. This vote on NAFTA is a referendum on that faith in America's future. Does that faith still endure? Does it still inspire?

When President Clinton leaves this weekend to a most important international meeting in Seattle, the leaders of other nations will be asking those questions in a very pointed way. The President, in my mind, certainly

does not deserve to be rebuffed by the Congress on the eve of this meeting.

So let us not be victimized by the bully boys, the spokesmen of the politics of fear, the economics of anxiety, and the philosophy of despair.

I know that our colleagues who are opposed to NAFTA on both sides of the aisle base their opposition on principle. But think of the three most famous nonelected opponents of NAFTA: Ross Perot, Pat Buchanan, and Ralph Nader; the Groucho, Chico, and Harpo of NAFTA opposition.

I thought maybe it was an appropriate time to lighten it up a bit.

But, seriously, they and others like them want to define our time as the Age of Anxiety, in which our own response to the challenges of global competition is to retreat, whine, and whimper.

This Nation did not come this far to stay hunkered down in fear and trembling, behind walls that do not protect us, but merely isolate us. And with all due respect to my dear friend who made reference to the patron saints of our party, Abraham Lincoln and Theodore Roosevelt, those were different times. The world has changed. These are the problems we are faced with today. We do not live in that world. The relationship of the United States with the rest of the world is changing daily, and we have got to meet that change. That is what it is all about.

Finally, in political chaos like this, when the old landmarks are lost in a fog of rhetoric, we cannot look to others, but we have to look into our own hearts and our minds and do what our conscience tells us is best for our country.

So, again let me just simply say, do not sacrifice the jobs of tomorrow to the fears of today. A vote for NAFTA represents the best traditions of our past and the best hope for our future.

Mr. BONIOR. Mr. Chairman, I yield the balance of our time to the distinguished majority leader, the gentleman from Missouri [Mr. GEPHARDT].

The CHAIRMAN. The gentleman from Missouri [Mr. GEPHARDT], the distinguished majority leader, is recognized for 8 minutes.

Mr. GEPHARDT. Mr. Chairman, this debate represents a proud moment for the House of Representatives. Tonight the American family is coming together to make a very difficult and a very hard decision. As with the debate on the Persian Gulf war a few years ago, we have tonight a divided country on a very difficult issue. And now, like then, we have been listening to the American people, we have been debating the facts of this agreement, we have been wrestling with our consciences, and tonight we stand in the shoes of the American people.

We have largely accepted that each other's motives are good. I submit that everyone who disagrees with me tonight shares my desire for a better America. I submit to that. We simply disagree tonight on how best to get there.

It has been especially difficult for many of us on this side who are in disagreement tonight with our President. He worked hard, in my view, to fix an agreement that he was handed by President Bush. I worked hard with him to try to get it right. And at the end of the day, unhappily, I came to the conclusion that it was not right. But I respect his conclusion that it was, and I respect the fight that he has put up for his position.

In May of 1991, in the fast track debate on this floor on NAFTA, I said this:

> if you think the right kind of treaty can be strong enough to create new American jobs and tough enough to protect the American environment, the Mexican environment, American workers and Mexican workers, if you think trade can mean more jobs and better wages, then I urge you to let this negotiation go forward. I said vote yes.

All we are saying is give trade a chance. We gave this treaty and this negotiation every chance. But my unhappy conclusion tonight is that this agreement that is before us is deficient and flawed. In short, it is not a sufficient force for progress.

First, it does not leave us with confidence that Mexican worker wages will go up with productivity. All of you know the facts. You know that Mexico's command economy has artificially kept wages down. You know that the average Mexican worker makes 68 percent tonight of what he or she made in 1980. You know that in 1980 the Mexican worker made 22 percent of the average American worker's wage, but tonight he only earns 15 percent of the average American worker's wage. You say well, what difference does it make? People say are you saying we cannot trade with countries that have a lower standard of living?

That is not what I am saying. But what I am saying is that we cannot and we must not expose our workers and our corporations to unfair competition; to a wage system where the government sets the wages and artificially holds them down. We must not do that.

At the end of the negotiations, I asked our negotiators to ask the Mexican negotiators to put the entire Mexican labor law into the enforcement process.

□ 2200

And on the last day they agreed to child labor and safety, but they would not agree, they adamantly refused to put in the industrial relations part the right to organize, the right to assemble, the right to collectively bargain, and the right to strike. We must not approve a treaty that does not put all of the labor law into the enforcement process.

Members may say, well, why is that so important? Why do we care so much about that?

Let me tell them why I do. If this agreement is to work for us, for Mexico, for Canada, Mexican worker wages must come up. The reason they must come up is that if they do, there will no longer be such an inducement for our corporations to go there to get the benefits of labor.

Members say, well, they can now. I agree with that. But further with that, if we let it go on, there will be continued downward pressure on our workers' wages and on our negotiations.

And finally, and most importantly, the promise of NAFTA, the potential of NAFTA is that we will have a market in which to sell our products. Henry Ford had it right. If we do not pay the workers a decent wage, they cannot buy the cars that they are making. We have got to get Mexican wages to go up.

This agreement tells Mexico that change is not necessary. It ratifies a system that is in place. But when we negotiated this agreement, our business people rightly went to our negotiators and said, "We must have protection of our investment. We must have protection of our intellectual property." And they were right to ask for that.

But when we went and said, we must also have protection for the rights of their workers and ours, there was not an answer of assent.

We must not approve a treaty that only protects the rights of business but does not protect the rights of workers.

The second major defect has to do with money. All of us know the problems that have been created at the border, and many of them are our fault. We set up a maquiladora program 30 years ago, and millions of workers were drawn to that border to work. Never was the right infrastructure put in place to support all of those people. The sewer systems, the water systems, and the road systems that should have been there have never been there.

I submit to my colleagues tonight that this treaty is insufficient on providing the moneys that will be needed over 20 and 30 years to put those very needed things in place. I do not want to go to that border 5 and 10 years from now and find conditions are worse and not better. And when will we finally stop lying to ourselves and creating myths and illusions. If we want to build this, we have to pay for it. This treaty does not pay for it. It does not make it happen.

And one moment. I said, 2½ years ago, let us have a cross-border transaction fee. Why did I say that? Not because it is popular, but because the money has got to come from somewhere. And I believe it should come from the people who are most benefiting from the trade between the countries. Let us have a fee that pays for

the things that we believe are important to do.

Now, let me say that many say that we are at a fork in the road. The proponents say that we will go down the right road or the wrong road. I agree that we are at a fork in the road, but I think the right road is to follow the kind of agreement that leads to the new world of commerce and trade that we are in. The issue is no longer whether to trade. It is how to trade. It is, what are the rules of engagement?

The old issue between protectionism and free trade is over. It is history. The argument over the rules of fair trade and how to get our workers and businesses on a level playing field is the debate of the present and the future.

Our goal must be over time to achieve compatibility, compatibility between all countries that are trading, just as we have compatibility between all of the States of the United States.

This debate started before the cold war ended and before the wall fell in Berlin. And in most of the cold war period, our standard of living was rising, and we were locked in a battle with communism. We did not care too much about trade treaties. We never had a debate on this floor that I can remember about a trade treaty like this, because we just assumed economic growth. And we always put trade treaties to be subservient to defense or foreign policy. It just was not that important.

My colleagues, this NAFTA tonight is the last of the old world trade treaties. Americans now realize that our standard of living has been declining for over 15 years. They realize that our most important national goal must be a rising standard of living.

Proponents of this NAFTA represent the past, represent the status quo and fear of real change, and they must understand that this country's greatness was not built on cheap labor.

I ask Members tonight to remember for whom they stand tonight, on whose behalf do we ask for this fairness.

Over many days in the last 3 years I have stood in villages in Mexico, and I have had Mexican workers come up to me and say, "Will you, Mr. Congressman, insist on a NAFTA that fights for fair wages for our hard, productive work? Mr. Congressman, will you insist on a NAFTA that really provides money for sewer systems and water systems and roads so that we can raise our families in dignity and security and safety?"

And I have met countless U.S. workers who have said, "Mr. Congressman, will you insist on a NAFTA that gets me on a level playing field and that will have real funding for training programs, if perchance I lose my job?"

I have not met one person who shrinks from the competition of fair trade. Our workers are not afraid. Mexican workers are not afraid. But I have met lots of people who have very high expectations of us. They expect us to be a force for genuine progress. They expect us to be a force for a NAFTA that will increase wages in all three countries. This NAFTA does not meet those expectations. We can and we must do better.

As you vote tonight, as you put your card into the machine, put yourself in the shoes of the people that you represent. Think of them. Think of their dreams. Think of their families.

Think of Anita Mingus, who worked for Zenith in Springfield, MO, who along with her coworkers froze their wages over 8 years so they could keep their jobs, who in 1989, they cut their wages by 8 percent so that she was making $7 an hour to keep their jobs, who then saw their plant go from 4,000 jobs to 1,000 jobs, to 100 jobs tonight, as they do the work to finally close the plant that has gone to Mexico.

Think of Anita Mingus, who believes her coworker husband died of a heart attack because of the stress of losing his job.

I talked to her on the phone this evening. She said she is going to school to be a printer. She is supporting herself and her 13-year-old son with a part-time minimum wage job. She said she is not afraid and she is not bitter. She knows we have got to compete, and she is optimistic about her future.

□ 2210

But she said, "I am a survivor, Mr. GEPHARDT. The Lord always takes care of me." And then she said, "But tonight, Mr. GEPHARDT, I am counting on you." When you vote tonight, think of Anita Mingus and the millions like her who count on us and only have us to count on. She believes we can renegotiate this agreement and she believes we can get a better agreement. Say "no" to this NAFTA, say "yes" to Anita Mingus and millions like her. Let us live up to her expectations. Say "yes" tonight to a better NAFTA.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield the balance of our time to the gentleman from Washington [Mr. FOLEY], the Speaker of the House of Representatives.

Mr. FOLEY. Mr. Speaker, this has been a long debate, not only a long debate today, but a long debate over recent weeks and months. It has been a difficult debate, difficult in so many ways for so many of us. We find our parties divided, not one against the other, but internally divided. Our leadership is divided, our Members divided, and we find ourselves, in disagreement not only with our colleagues, but with so many associates and friends outside of this Chamber with whom we have had so many years of association and respectful cooperation. That has been difficult.

It has been an emotional debate, to some degree, because it is a debate about consequence, consequence for our future, consequence for our constituents. We are the House of Representatives. We have that solemn duty, that tremendous opportunity, to represent 600,000 or so of our fellow citizens.

I stand here tonight, as all of us have stood here, as a Representative of my constituents. I have had to ask the question, as each of us has had to ask, is this a good agreement, not only for our country, for our States and regions, but is it a good agreement for our constituents, those we have that high responsibility and opportunity to represent.

For myself, I have given the answer; it is. This is not a perfect agreement. We do not pass perfect laws. One can always ask for something better. One can always find defects and deficiencies. One can always hope for a more perfect instrument, but his is, for this moment, an opportunity to expand our trade, to reach out beyond our borders, to continue our leadership, to seize the future, and to do so on behalf, first of all, of our constituents and our citizens, but with the knowledge that it will be to the benefit of those neighbors, north and south, on both sides of the border.

Can anyone believe that the conditions on the border will be better if we reject NAFTA, that opportunities in Mexico will be greater if we reject NAFTA, our standard of living lower if we reject NAFTA? I believe that the standard of living of our neighbors in Mexico will rise because of NAFTA, and that will be good for the standard of living of Americans, it will be good for American opportunities; it will mean a brighter future for our citizens.

I think, despite our interest in our neighbors, we must probably decide this issue selfishly: Is it good for America or not? If it is not, we should reject it; but I believe passionately, it is good for our country, and good for our future.

But I understand, I appreciate, the attitudes of others. It has been especially difficult to have such divisions among two of my fellow leaders, for whom I have the greatest respect, the gentleman from Missouri [Mr. GEPHARDT] and the gentleman from Michigan [Mr. BONIOR].

They represent, as the Members have heard tonight, an intense feeling opposite from mine, not in our goals, our hopes, our visions, but in our beliefs of how our country achieves those goals that we all share.

Each one of us, in a few minutes, will have to cast a vote. This is the place where a decision must be made on this issue. More than in the other body, this is the critical place for a decision tonight. Almost 200 years ago, in this building, a British visitor asked Alexander Hamilton, as he watched a particularly fractious and difficult debate,

what was going on on the Floor. Alexander Hamilton answered, "Sir, there the people govern. To govern is to choose." Now, we must make our choice, but, whether we make our choice for the NAFTA agreement, as I hope and believe we will and should, or against it, let us take from this Chamber, in addition to the decision that we make for our fellow citizens and for the American people, a respect for each other, the dignity that each one of us should give to all, on all sides of this question. Let us say that each has acted for what he or she believed to be the good, if not the best, for our fellow citizens, and for the future of our Nation.

Let not this debate or our decision rend the fabric of our democracy. Let it strengthen us as we face the challenges of the future.

I go now to the chair to put this question to the House, and I do so with a prayer that it will be the right decision for our people, and the right decision for this great institution.

The CHAIRMAN. Under the rule, the Committee rises.

□ 2218

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. DE LA GARZA, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 3450) to implement the North American Free-Trade Agreement, pursuant to House Resolution 311, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

□ 2220

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SOLOMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 234, noes 200, not voting 0, as follows:

[Roll No. 575]

AYES—234

Allard
Andrews (TX)
Archer
Armey
Bacchus (FL)
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barrett (NE)
Barton
Bateman
Becerra
Beilenson
Bereuter
Berman
Bliley
Boehlert
Boehner
Bonilla
Brewster
Brown (CA)
Bryant
Buyer
Callahan
Calvert
Camp
Cantwell
Cardin
Castle
Chapman
Clement
Clinger
Coble
Coleman
Combest
Cooper
Coppersmith
Cox
Crane
Cunningham
Darden
de la Garza
Deal
DeLay
Dickey
Dicks
Dooley
Dornan
Dreier
Duncan
Dunn
Durbin
Edwards (TX)
Emerson
English (AZ)
English (OK)
Eshoo
Ewing
Farr
Fawell
Fazio
Fields (TX)
Fish
Flake
Foley
Ford (TN)
Fowler
Franks (CT)
Franks (NJ)
Frost
Gallo
Gekas
Geren
Gibbons
Gilchrest
Gillmor
Gingrich
Glickman
Goodlatte
Goodling
Gordon
Goss
Grams
Grandy
Greenwood
Gunderson
Hamilton
Hancock
Hansen
Hastert
Hastings
Hayes
Hefley
Hefner
Herger
Hoagland
Hobson
Hoekstra
Horn
Houghton
Hoyer
Huffington
Hutchinson
Hutto
Hyde
Inslee
Istook
Jefferson
Johnson (CT)
Johnson (GA)
Johnson, E. B.
Johnson, Sam
Johnston
Kasich
Kennedy
Kim
King
Klug
Knollenberg
Kolbe
Kopetski
Kreidler
Kyl
Lambert
Laughlin
Lazio
Leach
Lehman
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Livingston
Lloyd
Lowey
Machtley
Mann
Manzullo
Markey
Matsui
Mazzoli
McCandless
McCollum
McCrery
McCurdy
McDade
McDermott
McInnis
McKeon
McMillan
Meehan
Meek
Meyers
Michel
Miller (FL)
Mineta
Molinari
Montgomery
Moorhead
Moran
Morella
Neal (NC)
Nussle
Ortiz
Oxley
Packard
Parker
Pastor
Paxon
Payne (VA)
Pelosi
Penny
Petri
Pickett
Pickle
Porter
Portman
Price (NC)
Pryce (OH)
Quillen
Ramstad
Reynolds
Richardson
Ridge
Roberts
Rohrabacher
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal-Allard
Sarpalius
Sawyer
Schaefer
Schiff
Schroeder
Sensenbrenner
Shaw
Shays
Shepherd
Skaggs
Skeen
Skelton
Smith (IA)
Smith (MI)
Smith (OR)
Smith (TX)
Spratt
Stenholm
Studds
Stump
Sundquist
Swift
Synar
Tanner
Tejeda
Thomas (CA)
Thomas (WY)
Thornton
Torkildsen
Torres
Upton
Valentine
Walker
Whitten
Wolf
Wyden
Young (FL)
Zeliff
Zimmer

NOES—200

Abercrombie
Ackerman
Andrews (ME)
Andrews (NJ)
Applegate
Barca
Barcia
Barlow
Barrett (WI)
Bartlett
Bentley
Bevill
Bilbray
Bilirakis
Bishop
Blackwell
Blute
Bonior
Borski
Boucher
Brooks
Browder
Brown (FL)
Brown (OH)
Bunning
Burton
Byrne
Canady
Carr
Clay
Clayton
Clyburn
Collins (GA)
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Crapo
Danner
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Diaz-Balart
Dingell
Dixon
Doolittle
Edwards (CA)
Engel
Evans
Everett
Fields (LA)
Filner
Fingerhut
Foglietta
Ford (MI)
Frank (MA)
Furse
Gallegly
Gejdenson
Gephardt
Gilman
Gonzalez
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamburg
Harman
Hilliard
Hinchey
Hochbrueckner
Hoke
Holden
Hughes
Hunter
Inglis
Inhofe
Jacobs
Johnson (SD)
Kanjorski
Kaptur
Kennelly
Kildee
Kingston
Kleczka
Klein
Klink
LaFalce
Lancaster
Lantos
LaRocco
Levin
Lewis (GA)
Lipinski
Long
Maloney
Manton
Margolies-Mezvinsky
Martinez
McCloskey
McHale
McHugh
McKinney
McNulty
Menendez
Mfume
Mica
Miller (CA)
Minge
Mink
Moakley
Mollohan
Murphy
Murtha
Myers
Nadler
Natcher
Neal (MA)
Oberstar
Obey
Olver
Orton
Owens
Pallone
Payne (NJ)
Peterson (FL)
Peterson (MN)
Pombo
Pomeroy
Poshard
Quinn
Rahall
Rangel
Ravenel
Reed
Regula
Roemer
Rogers
Ros-Lehtinen
Royce
Rush
Sabo
Sanders
Sangmeister
Santorum
Saxton
Schenk
Schumer
Scott
Serrano
Sharp
Shuster
Sisisky
Slattery
Slaughter
Smith (NJ)
Snowe
Solomon
Spence
Stark
Stearns
Stokes
Strickland
Stupak
Swett
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thompson
Thurman
Torricelli
Towns
Traficant
Tucker
Unsoeld
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walsh
Washington
Waters
Watt
Waxman
Weldon
Wheat
Williams
Wilson
Wise
Woolsey
Wynn
Yates
Young (AK)

□ 2236

So the bill was passed.

The result of the vote was announced as above recorded.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON HOUSE ADMINISTRATION

The SPEAKER laid before the House the following communication from the chairman of the Committee on House Administration:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 16, 1993.

Hon. THOMAS S. FOLEY,
Speaker, House of Representatives,
U.S. Capitol, Washington, DC.

DEAR MR. SPEAKER: This is to inform you, pursuant to Rule L (50) of the Rules of the House, that an employee of the Committee on House Administration has been served with a subpoena issued by the U.S. District Court for the District of Columbia.

After consultation with the General Counsel, I will make the determinations required by the Rule.

With my very best wishes,

Sincerely,

CHARLIE ROSE,
Chairman.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 16, 1993.

Hon. THOMAS S. FOLEY,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to notify you pursuant to Rule L (50) of the Rules of the

House I have been served with a subpoena issued by the United States District Court for the District of Columbia.

After consultation with the General Counsel of the House, I have determined that compliance with the subpoena is not inconsistent with the privileges and precedents of the House.

With great respect, I am

Sincerely yours,

DONNALD K. ANDERSON, *Clerk, U.S. House of Representatives.*

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3425, DEPARTMENT OF ENVIRONMENTAL PROTECTION ACT

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 103-372) on the resolution (H. Res. 312) providing for consideration of the bill (H.R. 3425) to redesignate the Environmental Protection Agency as the Department of Environmental Protection, and for other purposes, which has referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 796, FREEDOM OF ACCESS TO CLINIC ENTRANCES ACT OF 1993

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 103-373) on the resolution (H. Res. 313) providing for consideration of the bill (H.R. 796) to assure freedom of access to clinic entrances, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3351, ALLOWING GRANTS FOR DEVELOPING ALTERNATIVE METHODS OF PUNISHMENT FOR YOUNG OFFENDERS

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 103-374) on the resolution (H. Res. 314) providing for consideration of the bill (H.R. 3351) to amend the Ominibus Crime Control and Safe Streets Act of 1968 to allow grants for the purpose of developing alternative methods of punishment for young offenders to traditional forms of incarceration and probation, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CLINGER (at the request of Mr. MICHEL) for November 18 and the balance of the session on account of a detached retina.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. BACHUS of Alabama) to revise and extend his remarks and include extraneous material:)

Mr. TORKILDSEN, for 5 minutes, on November 18, 19, and 20.

(The following Members (at the request of Mr. MFUME) to revise and extend their remarks and include extraneous material:)

Mr. HINCHEY, for 30 minutes, on November 18.

Mr. VENTO, for 60 minutes, on November 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BACHUS of Alabama) and to include extraneous matter:)

Mr. FIELDS of Texas.
Mr. COX.
Mr. ALLARD.
Mr. BLILEY in two instances.
Mr. MILLER of Florida.
Mr. BARTLETT of Maryland.
Ms. MOLINARI.
Mrs. JOHNSON of Connecticut.

(The following Members (at the request of Mr. MFUME) and to include extraneous matter:)

Mr. RANGEL.
Mr. FAZIO.
Mr. BACCHUS of Florida.
Mr. TRAFICANT.
Mr. HAMILTON, in two instances.
Mr. BERMAN.
Mr. SANDERS.
Mr. SHARP.
Mr. LANTOS.
Mr. YATES.
Mr. TOWNS, in seven instances.
Mr. SERRANO.
Mr. DURBIN.
Mr. ENGEL.
Mr. RAHALL.
Mr. KLECZKA.
Mr. COYNE.
Mr. PICKLE.
Mr. ACKERMAN.
Mr. SAWYER.
Mr. DIXON.
Mr. NADLER.
Mr. KILDEE.
Mr. STUDDS.

SENATE ENROLLED JOINT RESOLUTION

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 129. Joint resolution to authorize the placement of a memorial cairn in Arlington National Cemetery, Arlington, Virginia, to honor the 270 victims of the terrorist bombing of Pan Am Flight 103.

ADJOURNMENT

Mr. MFUME. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 44 minutes p.m.), the House adjourned until tomorrow, Thursday, November 18, 1993, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2164. A communication from the President of the United States, transmitting his request for emergency supplemental appropriations of $25 million in budget authority for the Department of Agriculture to be used for watershed protection systems damaged by flooding along the Mississippi River and its tributaries, pursuant to 31 U.S.C. 1107 (H. Doc. No. 103-170); to the Committee on Appropriations and ordered to be printed.

2165. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 10-142, "South Africa Sanctions Temporary Repeal Act of 1993," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on the District of Columbia.

2166. A letter from the Director, Administrative Office of the United States Courts, transmitting the financial operation of the Judicial Officers' Retirement Fund, pursuant to Public Law 100-659, section 8 (102 Stat. 3920); to the Committee on Government Operations.

2167. A letter from the Director, Office of Management and Budget transmitting the financial management status report and government-wide 5-year financial management plan, pursuant to Public Law 101-576, section 301(a) (104 Stat. 2849); to the Committee on Government Operations.

2168. A letter from the Clerk, U.S. House of Representatives, transmitting the quarterly report of receipts and expenditures of appropriations and other funds for the period of July 1, 1993, through September 30, 1993, pursuant to 2 U.S.C. 104a (H. Doc. No. 103-169); to the Committee on House Administration and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROSTENKOWSKI: Committee on Ways and Means, H.R. 3225. A bill to support the transition to nonracial democracy in South Africa (Rept. 103-296, Pt. 4). Referred to the Committee of the Whole House on the State of the Union.

Mr. STUDDS: Committee on Merchant Marine and Fisheries. H.R. 58. A bill to authorize the Secretary of Transportation to convey vessels in the National Defense Reserve Fleet to certain nonprofit organizations; with an amendment (Rept. 103-370). Referred to the Committee of the Whole House on the State of the Union.

Mr. STARK: Committee on the District of Columbia. H.R. 51. A bill to provide for the admission of the State of New Columbia into the Union; with an amendment (Rept. 103-371). Referred to the Committee on the Whole House on the State of the Union.

Mr. MOAKLEY: Committee on Rules. House Resolution 312. Resolution providing

for the consideration of the bill (H.R. 3425) to redesignate the Environmental Protection Agency as the Department of Environmental Protection, and for other purposes (Rept. 103-372). Referred to the House Calendar.

Ms. SLAUGHTER: Committee on Rules. House Resolution 313. Resolution providing for the consideration of the bill (H.R. 796) to assure freedom of access to clinic entrances (Rept. 103-373). Referred to the House Calendar.

Mr. GORDON: Committee on Rules. House Resolution 314. Resolution providing for the consideration of the bill (H.R. 3351) to amend the Omnibus Crime Control and Safe Streets Act of 1968 to allow grants for the purpose of developing alternative methods of punishment for young offenders to traditional forms of incarceration and probation (Rept. 103-374). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. GEJDENSON: Committee on House Administration. H.R. 3. A bill to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and benefits for congressional election campaigns, and for other purposes, with an amendment; referred to the Committee on Judiciary for a period ending not later than November 19, 1993, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(1), rule X (Rept. 103-375, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COBLE:

H.R. 3522. A bill to suspend until January 1, 1996, the duty on certain machinery; to the Committee on Ways and Means.

By Mrs. JOHNSON of Connecticut (for herself, Ms. BYRNE, Mrs. BENTLEY, Mrs. LLOYD, Ms. KAPTUR, Mrs. MEYERS of Kansas, Ms. MOLINARI, Mrs. KENNELLY, Mr. MCCRERY, and Mrs. CLAYTON):

H.R. 3523. A bill to amend the Internal Revenue Code of 1986 to allow homemakers to get a full IRA deduction; to the Committee on Ways and Means.

By Ms. EDDIE BERNICE JOHNSON of Texas (for herself, Mr. WATT, Mr. LEWIS of Georgia, Mr. WASHINGTON, Mr. MFUME, Ms. BROWN of Florida, Mr. HILLIARD, Mr. RANGEL, Mr. THOMPSON, Mr. FORD of Tennessee, Mr. REYNOLDS, Mrs. CLAYTON, Mr. SCOTT, Mr. CLYBURN, Mrs. COLLINS of Illinois, Mr. BISHOP, Mr. WHEAT, Mr. TOWNS, Ms. NORTON, Mr. TUCKER, Mr. FIELDS of Louisiana, Mr. PAYNE of New Jersey, Miss COLLINS of Michigan, Mr. OWENS, Ms. MCKINNEY, Mr. HASTINGS, Mrs. MEEK, Mr. STOKES, Mr. WYNN, Mr. FLAKE, Mr. RUSH, Mr. DIXON, Mr. JEFFERSON, and Mr. FRANKS of Connecticut):

H.R. 3524. A bill to amend the Federal Deposit Insurance Act to permit the continued insurance of deposits in minority- and women-owned banks by the Bank Deposit Financial Assistance Program; to the Committee on Banking, Finance and Urban Affairs.

By Mr. KLEIN (for himself, Mr. HUGHES, Mr. FAZIO, Mrs. SCHROEDER, Mr. KLINK, Mr. TORRICELLI, Mr. MENENDEZ, Mr. ANDREWS of New Jersey, Mr. PALLONE, Mr. PAYNE of New Jersey, and Mr. NADLER):

H.R. 3525. A bill to amend title 18, United States Code, to punish certain types of bribery in Federal elections; to the Committee on the Judiciary.

By Ms. LOWEY (for herself, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ANDREWS of Maine, Mr. BACCHUS of Florida, Mr. BERMAN, Mr. BEILENSON, Mr. BROWN of California, Ms. BYRNE, Mr. CARDIN, Mr. CLAY, Mr. DELLUMS, Mr. DEUTSCH, Mr. DIXON, Mr. DORNAN, Mr. EDWARDS of California, Mr. FAWELL, Mr. FOGLIETTA, Mr. FRANK of Massachusetts, Ms. FURSE, Mr. GALLEGLY, Mr. GIBBONS, Mr. GOSS, Mr. GUTIERREZ, Mr. HUGHES, Mr. HYDE, Mr. JACOBS, Mr. JOHNSTON of Florida, Mrs. KENNELLY, Mr. LANTOS, Mr. LIPINSKI, Mr. MACHTLEY, Mrs. MALONEY, Mr. MANTON, Mr. MATSUI, Mr. MCDERMOTT, Mr. MILLER of California, Mrs. MINK, Ms. MOLINARI, Mr. MORAN, Mr. NADLER, Mr. OWENS, Mr. PAYNE of New Jersey, Ms. PELOSI, Mr. PORTER, Mr. ROEMER, Mr. ROSE, Mrs. SCHROEDER, Mr. SCHUMER, Mr. SHAW, Mr. SHAYS, Mr. STARK, Mr. STOKES, Mr. SWIFT, Mr. TORRES, Mr. TORRICELLI, Mr. TOWNS, Mr. TRAFICANT, Mr. VALENTINE, Mr. WAXMAN, Mr. WHEAT, and Mr. YATES):

H.R. 3526. A bill to end the use of steel jaw leghold traps on animals in the United States; to the Committee on Energy and Commerce.

By Mr. SCHUMER (for himself and Mr. SYNAR):

H.R. 3527. A bill to make unlawful the transfer or possession of assault weapons; to the Committee on the Judiciary.

By Ms. MCKINNEY (for herself, Mr. BLACKWELL, Ms. WATERS, Mr. TUCKER, Mr. REYNOLDS, Mr. DIXON, Mr. RUSH, Ms. BROWN of Florida, Miss COLLINS of Michigan, Mr. SCOTT, Mr. PAYNE of New Jersey, Mrs. MEEK, Mr. HASTINGS, Mr. WATT, Mr. FLAKE, Mr. RANGEL, Mr. DELLUMS, Ms. NORTON, Mr. OWENS, Mr. FIELDS of Louisiana, Mr. HILLIARD, and Mr. CLYBURN):

H. Con. Res. 182. Concurrent resolution concerning United States interdiction of Haitian vessels and individuals; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. BLUTE introduced a bill (H.R. 3528) for the relief of Rauof A. Khalil; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 173: Mr. DOOLITTLE.
H.R. 345: Mr. ZELIFF.
H.R. 392: Mr. SCHIFF.
H.R. 401: Mr. LIPINSKI.
H.R. 408: Mr. GIBBONS.
H.R. 455: Mr. PASTOR.
H.R. 515: Mr. MANZULLO, Mrs. ROUKEMA, Mr. MAZZOLI, Ms. KAPTUR, and Mr. LEHMAN.
H.R. 563: Mr. ARMEY.
H.R. 657: Mr. ZELIFF.
H.R. 746: Mr. CARR, Mr. PETERSON of Florida, Mr. GORDON, Mr. GALLEGLY, Mr. MOAKLEY, Mrs. FOWLER, Mr. PETE GEREN of Texas, Mr. VALENTINE, and Mr. ANDREWS of New Jersey.
H.R. 773: Mr. LEWIS of Florida.
H.R. 786: Mr. FILNER.
H.R. 840: Mr. ANDREWS of Maine.
H.R. 1026: Mr. SCHIFF.
H.R. 1031: Mr. PARKER, Mr. HUGHES, and Mr. MARTINEZ.
H.R. 1055: Mr. CRAMER and Mr. MONTGOMERY.
H.R. 1123: Mr. HOBSON.
H.R. 1126: Ms. DUNN and Mr. HOBSON.
H.R. 1127: Mr. HOBSON.
H.R. 1128: Mr. HOBSON.
H.R. 1129: Mr. SCHIFF and Mr. HOBSON.
H.R. 1130: Mr. SCHIFF.
H.R. 1209: Mr. SCHIFF.
H.R. 1237: Mr. BROWN of California, Mr. ACKERMAN, and Mr. REED.
H.R. 1296: Mr. MYERS of Indiana and Mr. DE LUGO.
H.R. 1300: Mr. SCHIFF.
H.R. 1319: Mr. ZELIFF.
H.R. 1349: Mrs. FOWLER, Mr. MILLER of Florida, Mr. KLUG, Mr. SCHIFF, and Mr. HOEKSTRA.
H.R. 1428: Mr. SCHIFF and Mr. UPTON.
H.R. 1523: Mr. ZELIFF.
H.R. 1524: Mr. ZELIFF.
H.R. 1525: Mr. ZELIFF.
H.R. 1552: Mr. HOBSON.
H.R. 1563: Mr. MACHTLEY.
H.R. 1583: Mr. MENENDEZ.
H.R. 1600: Mr. JACOBS, Mr. CASTLE, Mr. ROEMER, and Ms. VELAZQUEZ.
H.R. 1620: Mr. ZIMMER.
H.R. 1765: Ms. LAMBERT.
H.R. 1767: Ms. LAMBERT.
H.R. 1768: Ms. LAMBERT.
H.R. 1909: Mr. BEREUTER.
H.R. 2031: Mr. ROSE.
H.R. 2038: Mr. ZIMMER.
H.R. 2039: Mr. ZIMMER.
H.R. 2132: Mr. ENGEL.
H.R. 2253: Mr. MCCRERY.
H.R. 2350: Mr. GUTIERREZ.
H.R. 2417: Mr. SWETT and Mrs. BENTLEY.
H.R. 2433: Mr. DELAY.
H.R. 2434: Mrs. VUCANOVICH and Mr. HOBSON.
H.R. 2641: Mr. ROSE.
H.R. 2745: Mr. MCDADE, Mr. COYNE, Mr. MURPHY, and Mr. GEKAS.
H.R. 2786: Mrs. UNSOELD, Mr. HALL of Ohio, Mr. MCCLOSKEY, Mr. STENHOLM, and Mr. SAXTON.
H.R. 2813: Mr. FISH.
H.R. 2834: Mr. RAMSTAD.
H.R. 2856: Mr. OBERSTAR, Mr. DELLUMS, Mr. UPTON, Mr. WELDON, Mr. FINGERHUT, Mr. WATT, and Mr. BARCA of Wisconsin.
H.R. 2872: Mr. BATEMAN, Mr. PORTMAN, and Ms. DUNN.
H.R. 2898: Mr. ABERCROMBIE.
H.R. 2925: Ms. LAMBERT.
H.R. 2929: Mr. MINGE, Mr. PARKER, and Mr. SKEEN.
H.R. 3005: Ms. DUNN.
H.R. 3075: Mr. CLAY, Mr. COLEMAN, Mr. DEUTSCH, Mr. FISH, Mr. HILLIARD, Mr. GUTIERREZ, Mr. KOPETSKI, Mr. MARKEY, Mr. NEAL of North Carolina, Mr. PASTOR, Mr. SABO, Mr. TORRICELLI, Mr. TORRES, and Mr. VENTO.
H.R. 3076: Mr. ENGEL.

H.R. 3088: Mr. ALLARD and Mr. ENGEL.
H.R. 3098: Mr. BATEMAN and Mr. LEVIN.
H.R. 3109: Mr. BARCIA of Michigan.
H.R. 3121: Mr. FISH.
H.R. 3136: Mr. SCHUMER and Mr. WATT.
H.R. 3158: Mr. HINCHEY.
H.R. 3222: Mr. REGULA.
H.R. 3236: Mr. FAWELL, Mr. BARRETT of Wisconsin, Mr. HINCHEY, Mr. MINGE, and Mr. SANDERS.
H.R. 3301: Mr. PETERSON of Minnesota.
H.R. 3328: Mr. ANDREWS of Texas, Mr. COMBEST, Mr. GILMAN, and Ms. LAMBERT.
H.R. 3365: Mr. BACCHUS of Florida, Mr. COLEMAN, Ms. NORTON, and Mr. MCHALE.
H.R. 3372: Mr. ENGEL, Mr. KNOLLENBERG, Mr. KASICH, Mr. CRAMER, Mr. GENE GREEN of Texas, Mr. DELLUMS, Mr. DIXON, Ms. BYRNE, Mr. MAZZOLI, Mr. KOPETSKI, Mr. FOGLIETTA, Mr. RUSH, Mr. SKELTON, Mr. MATSUI, Mr. MCNULTY, Mr. GONZALEZ, Mr. JOHNSON of Georgia, Mr. THORNTON, Mr. SMITH of New Jersey, Mr. STUMP, Mr. NEAL of Massachusetts, and Mr. WILSON.
H.R. 3386: Mr. POSHARD, Mr. BALLENGER, Mr. SUNDQUIST, Mr. KASICH, Mr. EVERETT, and Mr. BEREUTER.
H.R. 3421: Ms. DUNN.
H.R. 3424: Mr. PETE GEREN of Texas, Mr. CASTLE, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. WALSH, Ms. LAMBERT, Mr. FROST, and Mr. SWETT.
H.J. Res. 28: Ms. SHEPHERD.
H.J. Res. 90: Mr. HUTTO, Mr. MINETA, and Mr. RAVENEL.
H.J. Res. 117: Mr. BILBRAY.
H.J. Res. 139: Mr. CALVERT, Mr. VISCLOSKY, Mr. WOLF, Mr. HILLIARD, Mr. BORSKI, Mr. MFUME, Mr. BAESLER, Mr. HOEKSTRA, Mr. UPTON, Mr. OLVER, Mr. EMERSON, Mr. FOGLIETTA, Mr. MCDERMOTT, Mrs. KENNELLY, Mrs. JOHNSON of Connecticut, Mr. DIXON, Mr. MOAKLEY, Mr. COPPERSMITH, Mr. KENNEDY, Mr. FRANK of Massachusetts, Mr. BLUTE, Mr. STENHOLM, Mr. BARCIA of Michigan, Mr. CONYERS, Mr. TORKILDSEN, and Mr. CASTLE.
H.J. Res. 145: Mr. BURTON of Indiana, Mr. UPTON, Mr. OXLEY, Mr. HANCOCK, Mr. BARTON of Texas, Mr. HERGER of California, and Mr. WELDON.
H.J. Res. 158: Mr. HUNTER.
H.J. Res. 159: Mr. SMITH of Oregon, and Ms. EDDIE BERNICE JOHNSON of Texas.
H.J. Res. 165: Mr. WOLF, Ms. KAPTUR, Mr. REED, Mr. BACHUS of Alabama, and Mr. SAWYER.
H.J. Res. 175: Mr. ANDREWS of New Jersey, Mr. BACCHUS of Florida, Mr. BURTON of Indiana, Mr. GENE GREEN of Texas, Mr. LAUGHLIN, Mr. MCDERMOTT, Mr. OBEY, Mr. PAXON, and Mr. SOLOMON.
H.J. Res. 216: Mr. STEARNS.
H.J. Res. 224: Mr. CLAY.
H.J. Res. 241: Mr. FINGERHUT.
H.J. Res. 247: Mr. PAYNE of Virginia, Mr. FILNER, and Mrs. UNSOELD.
H.J. Res. 257: Mr. OXLEY, Mr. VALENTINE, Mr. HOCHBRUECKNER, Mr. MCCOLLUM, Mr. GALLEGLY, Mr. LANTOS, Mr. LEVY, Mr. WALSH, Mr. MEEHAN, Mr. JACOBS, Mr. MCCRERY, Mr. HEFLEY, and Mr. JEFFERSON.
H.J. Res. 272: Mr. COLEMAN, Mr. DARDEN, Mr. VISCLOSKY, Mr. DICKS, Mr. STOKES, Mr. MYERS of Indiana, Mr. CARR, Ms. LOWEY, Mr. MFUME, Mr. YATES, Mr. THORNTON, Mr. MOLLOHAN, Mr. HINCHEY, Mr. GUNDERSON, Mr. PAYNE of Virginia, Mr. KLINK, Mr. BROWDER, Mr. HILLIARD, Ms. ESHOO, Mr. HOLDEN, Mr. BROOKS, Mr. SAWYER, Mr. REYNOLDS, Mr. MATSUI, Mr. GEJDENSON, Mr. SHARP, Mr. KOPETSKI, Mrs. LLOYD, Mr. HAYES, Mr. OBERSTAR, Mr. HOAGLAND, Mr. SKELTON, Mr. OWENS, Mr. TORRICELLI, Mr. ENGEL, Mr. SPRATT, Mr. STENHOLM, and Mr. GENE GREEN of Texas.
H.J. Res. 282: Mr. EWING, Mr. SOLOMON, Mr. LEVY, and Ms. PRYCE of Ohio.
H. Con. Res. 107: Mr. BARRETT of Nebraska and Mr. FLAKE.
H. Con. Res. 110: Mr. BOEHLERT and Mr. SCHIFF.
H. Con. Res. 124: Mr. GUNDERSON, Mr. JOHNSON of South Dakota, and Mr. WILLIAMS.
H. Con. Res. 127: Mr. MCDADE, Mr. COYNE, Mr. MURPHY, and Mr. GEKAS.
H. Con. Res. 138: Ms. MARGOLIES-MEZVINSKY, Mr. MANTON, Mr. BEILENSON, Mr. COOPER, Mr. FOGLIETTA, Mr. LEVY, Mr. ENGEL, Ms. SLAUGHTER, Ms. LOWEY, Mr. COPPERSMITH, and Mr. NADLER.
H. Con. Res. 141: Mr. MCINNIS, Mr. KASICH, Mr. ENGEL, Mr. CALVERT, and Mr. TALENT.
H. Res. 117: Mr. JACOBS.
H. Res. 234: Mr. TALENT, Ms. SHEPHERD, Mr. LANCASTER, Mr. ROBERTS, Mr. BROWDER, Mr. FORD of Michigan, and Mr. HOBSON.