

**NOMINATIONS OF ROBERT S. LARUSSA,
JONATHAN TALISMAN, RUTH M. THOMAS,
AND LISA G. ROSS**

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED SIXTH CONGRESS
SECOND SESSION
ON THE
NOMINATIONS OF

**ROBERT S. LARUSSA, TO BE UNDER SECRETARY FOR INTERNATIONAL
TRADE, DEPARTMENT OF COMMERCE; JONATHAN TALISMAN, TO BE
ASSISTANT SECRETARY FOR TAX POLICY, DEPARTMENT OF THE
TREASURY; RUTH M. THOMAS, TO BE ASSISTANT SECRETARY FOR
LEGISLATIVE AFFAIRS, DEPARTMENT OF THE TREASURY; AND LISA G.
ROSS, TO BE ASSISTANT SECRETARY FOR MANAGEMENT AND CHIEF
FINANCIAL OFFICER, DEPARTMENT OF THE TREASURY**

JULY 26, 2000



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WEDNESDAY, JULY 26, 2000

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:50 a.m., Hon. William V. Roth, Jr. (chairman of the committee) presiding. Also present: Senators Baucus and Rockefeller.

OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S. SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. The committee will please be in order.

We are going to have to change the procedure slightly, because unfortunately a number of people who want to be here to introduce those that are up for nomination have conflicting engagements. So, rather than wait and delay action on these important nominations, I am going to proceed.

We do have four nominees in front of us this morning, one for the Department of Commerce and three for the Department of Treasury. The nominees are Robert L. LaRussa, to be Under Secretary for International Trade at the Commerce Department; Jonathan Talisman, to be Assistant Secretary for Tax Policy at the Treasury Department; Ruth M. Thomas, to be Assistant Secretary for Legislative Affairs and Public Liaison at the Treasury Department; and Lisa G. Ross, to be Assistant Secretary for Management and the Chief Financial Officer at the Treasury Department.

I think, Mr. LaRussa, you appeared in front of this committee 3 years ago when we approved you to be Assistant Secretary of Commerce for Import Administration. I know that Representative Levin is anxious to introduce you. He, unfortunately, is detained on the House floor, but hopefully will make it later.

Mr. Talisman, you, too, are a familiar face to this committee. In your position as Deputy Assistant Secretary for Tax Policy and as Acting Assistant Secretary, you have sat at that table numerous times.

You also spent some time as Minority Chief Tax Counsel to the Finance Committee, a most important position where you had the great privilege of working for the distinguished Ranking Member, Senator Moynihan.

Senator Moynihan wants to be here to make comments, but he is testifying now before another committee, and hopefully will be able to join us.

Ms. Thomas, your office is responsible for acting as the department's liaison to the Congress. I do not know that I envy you for that job. I understand that your first boss in the Congress was Representative Sam Gejdenson. He, too, has a conflict.

Ms. Ross, you have been nominated to be the Assistant Secretary for Management and the Chief Financial Officer for Treasury. Your office has broad responsibility for management and budget matters.

I look forward to hearing from all of you, and congratulate you on your nominations.

I think some of you have family members here. Mr. Talisman, do you have family?

Mr. TALISMAN. Yes, I do. I have my wife, Alisa, my three children, Nick, Max, and Lita.

The CHAIRMAN. Would they please stand so we all can see them?

Mr. TALISMAN. My father, Harold Talisman, and my brother, Rick Talisman.

The CHAIRMAN. Well, thank you for coming. It is a proud day, I know, for all of you, and particularly the young children. Welcome.

Ms. Thomas, do you have any family here?

Ms. THOMAS. Yes, Mr. Chairman. I have my father, Ed Thomas, and my mother, Jeanne Thomas, and a surprise visit from my cousin, Mark Killian. These are my parents.

The CHAIRMAN. Would you please stand?

Ms. THOMAS. Thank you, Mr. Chairman.

The CHAIRMAN. Congratulations. I know you are very proud of your daughter, and should be.

Ms. Ross, do you have family?

Ms. ROSS. Yes, I do. I am pleased to have with me my husband of 9 months, Jay.

The CHAIRMAN. Please stand up. You look too comfortable. We had to make you nervous. [Laughter.]

Ms. ROSS. My mother, Diane Monroe, and my father, Manuel Ross.

The CHAIRMAN. It is a great privilege and pleasure to have you all here. Please be seated.

Now, I am going to ask each of you the three standard questions that we ask every nominee, and please answer each question in turn, beginning with you, Mr. LaRussa.

Before we do that, I want to ask you each to stand and be sworn in.

[Whereupon, the nominees were duly sworn.]

The CHAIRMAN. Before we ask the questions, I will ask each of you to make any comments you may care to make.

We will start with you, Mr. LaRussa.

STATEMENT OF ROBERT S. LARUSSA TO BE UNDER SECRETARY FOR INTERNATIONAL TRADE, DEPARTMENT OF COMMERCE

Mr. LARUSSA. I want to thank you, Mr. Chairman, for holding this hearing. I know it is a very busy time of the session. I also want to thank Ranking Member Moynihan. I have worked very closely with this committee over the years, and hope to continue to do so, if confirmed.

I also want to thank President Clinton and former Secretary Daley, a man I respect greatly and worked very closely with, for nominating me.

I just want to make a short opening statement about my work in the International Trade Administration. ITA is one of the most valuable agencies in the U.S. Government. The work ITA does covers a wide range of issues and policy with important bearing on our Nation's trade performance.

Since 1993, I have had the privilege to have two jobs in the International Trade Administration. As you know, I was confirmed by this committee as the Assistant Secretary for Import Administration, and prior to that worked on the export side of what ITA does, as the principal Deputy Assistant Secretary for the U.S. and Foreign Commercial Service.

Given my work in the trade world, I believe that economic isolationism in today's interdependent global economy is impossible and would be to the disadvantage of the long-term interests of U.S. companies, workers, and farmers.

However, it is clear that not all Americans believe that trade benefits them. I believe that to maintain the bipartisan consensus on trade, we need to ensure that our agreements are effectively and vigorously enforced.

Consistent with these principles and with my past experience, I have three priorities that I just want to very briefly touch on.

The first area, which I know is very important to this committee, is the area of compliance and enforcement of our trade agreements. A key area of focus of what I would like to do is to focus on China.

Once the China WTO agreement is in place, we want to ensure that U.S. firms and workers receive the benefits negotiated for them during China's world trade accession talks. Back a few months ago, former Secretary Daley announced a five-point China compliance plan that we are in the middle of implementing right now, and I think will be effective.

A second key area that I think is critical, is to increase the number of Americans who benefit from the technology revolution and to work with U.S. businesses to increase trade through technology. I believe ITA can make a significant contribution to this goal through an e-commerce initiative that we recently started.

The third and very important priority, I know, to this committee, is implementation of the President's 1998 Steel Action Program. The program includes the preparation of a comprehensive Commerce Department report on the global steel industry, which will be released later today.

It recommends solutions on both a global and domestic level, providing concrete suggestions for avoiding future crises, while setting out a four-point plan of action.

Mr. Chairman, I want to thank you for your leadership on these issues and for holding this hearing.

You may have noted that I did not have my family with me today. Back 3 years ago when you confirmed me for the Assistant Secretary job, I had one child. Since then, I have had three children. I have 1-year-old twins and a 2-1/2-year-old son, as well as my 6-year-old. I just thought it might be disruptive to put them all in the back row of the hearing room today.

But I do have to note that it has been very trying on my family with all of the travel that is part of the jobs that I have had, and I just wanted to note that I owe them a debt, and I thank you once again.

The CHAIRMAN. Thank you, Mr. LaRussa.

[The prepared statement of Mr. LaRussa appears in the appendix.]

The CHAIRMAN. We are delighted to welcome Representative Gejdenson, who I know wants to make some comments about Ms. Thomas. Welcome. It is nice to have you.

STATEMENT OF HON. SAMUEL GEJDENSON, A U.S. REPRESENTATIVE FROM CONNECTICUT

Representative GEJDENSON. Thank you, Mr. Chairman. Thank you for the pronunciation. It does not often happen that accurately.

I am thrilled to be here to introduce someone who I know does not need an introduction. I am thrilled her parents are here somewhere.

I have known Marti since 1984 when she was a student at Wesleyan. She was an intern in my office. She worked on Capitol Hill, worked her way up to be one of the critical people on the floor managing the legislation for the Majority Leader, and then was stolen away by Treasury and now is up for this important position.

I know anybody who has dealt with her on the House and Senate knows that she has the ability, both substantively and from an interpersonal area, to have the skills to do this job in the same excellent manner she has done every other job she has undertaken.

I do not want to take a lot of time of the committee, but would say that my wife Betsy and I consider Marti a friend. But beyond the friendship, we both admire her ability as a professional. The administration and the Congress will be well-served by her in this new position, and I thank you for the courtesy of letting me introduce you to her. Thank you.

The CHAIRMAN. Thank you for taking the time to introduce Ms. Thomas. We appreciate the gracious words you have just spoken. Come again.

Representative GEJDENSON. Thank you, Mr. Chairman.

The CHAIRMAN. I know you have other commitments, so do not feel you have to stay.

We will now hear from Mr. Talisman, please.

STATEMENT OF JONATHAN TALISMAN, TO BE ASSISTANT SECRETARY FOR TAX POLICY, DEPARTMENT OF THE TREASURY

Mr. TALISMAN. Mr. Chairman, I also want to thank you for holding this hearing, and I want to thank you and your staff for your efforts with respect to my nomination.

I am deeply honored to appear before the committee as the President's nominee to serve as Assistant Secretary of the Treasury for Tax Policy.

I am also grateful to President Clinton and Secretary Summers for the opportunity to serve my country in that capacity, and I want to also thank my family, who I introduced to you earlier, for their love and support over the years in my tenure in government.

Mr. Chairman, this committee has served as a fixed point that I have returned to throughout my career in government, so it is a special privilege to stand before you today.

Over the years, I have learned a great deal from working with the committee and its staff, first as legislative counsel to the Joint Committee on Taxation, then as minority chief tax counsel, and finally in my tenure at Treasury.

To borrow a favored expression of former Secretary Rubin, "the members and staff of this committee have always shared a great seriousness of purpose and it is rewarding to participate in its important work."

I want to express my special gratitude to Senator Moynihan. Without the opportunity he offered me to serve the committee and the lessons that he taught me, I do not believe I would be before the committee today.

There is a final group I would like to thank: the staff of the Office of Tax Policy with whom I have worked for the last 3 years. The office has important responsibilities: helping to develop and analyze tax policies and programs, providing official estimates for budget, fiscal policy, and cash management decisions, developing regulatory guidance with the service, and negotiating tax treaties and representing the United States in other international tax policy matters.

The staff carries out these responsibilities with exceptional commitment to public service, and I am proud to be associated with them.

Mr. Chairman, partly because of the difficult decisions made by members of this committee, the Nation now faces the enviable challenge of making tax policy in a time of surplus. I believe that we all share the common goal of wanting our tax system to work as fairly and simply as possible, while ensuring our continued economic growth.

If confirmed, I look forward to working with this committee as we try to make the most of our historic opportunities.

Mr. Chairman, it is a great privilege to be here today, and I look forward to answering your questions. Thank you.

The CHAIRMAN. Thank you, Mr. Talisman.

[The prepared statement of Mr. Talisman appears in the appendix.]

The CHAIRMAN. Now, let me call upon Ms. Thomas.

STATEMENT OF RUTH M. THOMAS, TO BE ASSISTANT SECRETARY FOR LEGISLATIVE AFFAIRS, DEPARTMENT OF THE TREASURY

Ms. THOMAS. Thank you, Mr. Chairman.

Mr. Chairman, Senator Rockefeller, I appreciate the opportunity to appear before you today as the President's nominee as Assistant Secretary for Legislative Affairs and Public Liaison. I appreciate your great courtesy in scheduling this hearing for me and my colleagues from the Treasury Department.

I come from the great State of New York. I was born and raised in Poughkeepsie, and I have introduced my mother, who is originally from Syracuse, and my father, who is originally from Brooklyn. I regret that my sister Sandy, brother Paul, sister-in-law Lisa, and nephew Henry, all from Manhattan and Barrytown, NY were not able to be here today.

I also am missing my fiance of 2 weeks, Michael Zola, who is out of the country. But I am honored by the presence of my first boss in the Congress, Representative Sam Gejdenson, and thank him for his introduction.

I am grateful, too, for the presence of other friends and colleagues, and in particular for the great support of the Office of Legislative Affairs.

I am most grateful to President Clinton for nominating me, and for Secretary Summers for selecting me for this position. I joined the Treasury Department 2-1/2 years ago as Deputy Assistant Secretary in the Office of Legislative Affairs.

As Deputy Assistant Secretary, I have focused on the issues in the tax and budget arena, though I have been exposed to Treasury's efforts in many areas such as trade policy, Federal law enforcement, financial institution policy, and international assistance programs, among other important tasks.

I have enjoyed working for Secretaries Summers and Rubin, who have always held the deepest respect for, and sought to maintain a close and cooperative relationship with, the Congress.

I have learned from watching my predecessors, Linda Robertson and Michael Levy, that the Assistant Secretary's primary purpose is to ensure that the views of the Congress are known and fully considered by the department and the administration, while at the same time providing Treasury's views to the Congress in a timely fashion.

Mr. Chairman, I come to you as this administration draws to a close and I would like to take a moment to express the department's appreciation for the courteous, bipartisan, and professional manner that this committee has handled our nominations throughout these seven and a half years.

Frank Polk, David Podoff, and their staffs also deserve special thanks. As a result of this committee's actions, our department has always been prepared to function effectively in the domestic and international arena.

It is my primary goal, with the strong support from the Secretary, to carry on the close and cooperative relationship that our department and this committee have shared.

Thank you for the privilege to appear before you today, and I would be pleased to respond to any questions.

The CHAIRMAN. Well, thank you, Ms. Thomas.

[The prepared statement of Ms. Thomas appears in the appendix.]

The CHAIRMAN. Now, Ms. Ross.

STATEMENT OF LISA G. ROSS, TO BE ASSISTANT SECRETARY FOR MANAGEMENT AND CHIEF FINANCIAL OFFICER, DEPARTMENT OF THE TREASURY

Ms. ROSS. Thank you, Mr. Chairman. I would like to echo the thanks of my colleagues for holding this nomination hearing today.

Mr. Chairman, Senator Rockefeller, it is an honor to come before the Senate Finance Committee to be considered for the position of Assistant Secretary for Management and Chief Financial Officer.

I am also honored to have been nominated by the President for this position, and am particularly grateful to Secretary Summers and my predecessor Nancy Killefer for their strong support and the confidence they have expressed in me by supporting my nomination.

Before joining Federal service a few years ago, I worked as a management consultant at McKinsey and Company, and at Marriott International and Strategic Planning and International Product Development.

My formal education includes a bachelor's degree in economics from the University of Wisconsin, and a master's degree from MIT-Sloane School of Management.

For the past 2 years, it has been my privilege to serve at the Treasury Department as Deputy Assistant Secretary for Strategy and Finance in the Office of Management. In that position, I had responsibility for managing the department's budget and planning process.

In addition, I served as the Office of Management's primary liaison to Treasury's largest bureau, the IRS, while it was undergoing the most major, significant restructuring in over 50 years, as required by the Restructuring and Reform Act of 1998.

I conducted this work, in strong partnership with Commissioner Charles Rossotti, for whom I have the highest respect.

I regard the position to which I have been nominated as an important public trust. The Assistant Secretary for Management and Chief Financial Officer is responsible for implementing the objectives of the administration and Congress over a very wide area.

These objectives include a focus on customer service and a responsibility to ensure that the human and financial resources entrusted to the department are applied in the most efficient and cost-effective manner possible.

If confirmed, I hope to leverage the experience I gained in the private sector, as well as during my tenure as Deputy Assistant Secretary, to realize those objectives.

Thank you. I would be happy to answer any questions.

The CHAIRMAN. Thank you, Ms. Ross.

[The prepared statement of Ms. Ross appears in the appendix.]

The CHAIRMAN. We will now turn to the standard questions we ask every nominee. As I said earlier, would you please answer each question in turn, beginning with you, Mr. LaRussa.

First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. LARUSSA. No, Mr. Chairman.

The CHAIRMAN. Mr. Talisman?

The CHAIRMAN. No, Mr. Chairman.

The CHAIRMAN. Ms. Thomas?

Ms. THOMAS. No, Mr. Chairman.

The CHAIRMAN. Ms. Ross?

Ms. ROSS. No, sir.

The CHAIRMAN. Second, do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. LARUSSA. I do not.

The CHAIRMAN. Mr. Talisman?

Mr. TALISMAN. No, Mr. Chairman.

The CHAIRMAN. Ms. Thomas?

Ms. THOMAS. No, Mr. Chairman.

The CHAIRMAN. Ms. Ross?

Ms. ROSS. No, sir.

The CHAIRMAN. Third, do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly-constituted committee of Congress, if you are confirmed? Mr. LaRussa?

Mr. LARUSSA. Yes, I do, Mr. Chairman.

The CHAIRMAN. Mr. Talisman?

Mr. TALISMAN. Yes, I will.

The CHAIRMAN. Ms. Thomas?

Ms. THOMAS. Yes, sir.

The CHAIRMAN. Ms. Ross?

Ms. ROSS. Yes, sir.

The CHAIRMAN. Senator Rockefeller, do you want to make any comment or remarks at this time?

Senator ROCKEFELLER. I have a comment or two, but I wait upon my Chairman.

The CHAIRMAN. Well, we have already made our comments.

Senator ROCKEFELLER. I have no opening statement.

The CHAIRMAN. All right. I will just go ahead then.

Mr. LaRussa, our trading relationship with the European Union has undergone some significant stress in recent years. Many of the issues that have been the source of that stress have been matters that your predecessor took a hand in handling. I am thinking in particular about the situation with airplane hush kits and the privacy in e-commerce.

What is your view of how we can work to avoid these types of irritants in our commercial relationship with the European Union? Is there anything that you plan to do to put our relationship with Europe on a more harmonious footing going forward?

Mr. LARUSSA. Well, first of all, Mr. Chairman, I think this is obviously a critical trading relationship, and something that I got into immediately upon taking over as Acting Under Secretary.

I was in Europe in Brussels last week, about a week and a half ago, and spent a lot of time with European Union Commission officials and with member states talking about our bilateral issues.

I think that, given we have a \$40 billion two-way trading relationship, it is important on both sides of the Atlantic to try to do as much as we can to iron out the bilateral differences, but when there are problems, to take a tough approach.

I think on the side of working together, e-commerce is a perfect example of where we have in the past worked together, and where I think we can continue to work together. The safe harbor negotiation in the area of Internet privacy that Ambassador Aaron began, I concluded upon coming into this job. I spent a lot of time prior to the U.S.-EU summit on that issue, and I think that has turned out very well.

I think that is a model for how we can take very contentious issues and turn them into something that can accommodate both the European system and way of looking at things and ours. When I was in Brussels last week, one of the things I proposed to the European Union is that we have an ongoing dialogue on e-commerce issues.

There were issues such as taxation of the Internet, for example, that could become contentious issues if not handled right. I suggested that we need to have a bilateral relationship where, every few months, we talk about these issues, talk about the different approaches.

Obviously, we have a hands-off approach in the United States on these issues. At times, the European Union has been more likely to regulate. I think what we need to do, is have an early warning system and a dialogue in this area. I think that is very constructive.

At the same time, we have a number of disputes that I think we really need to meet head-on, among them the issues of GMOs and biotechnology. I think there has been big market access issues involving our agricultural exporters that I raised with the European Union, and we just have to try to resolve those.

That can be done both bilaterally, we have got a consultative mechanism on it, but we also have to raise the issue and make clear that, in an issue like that, it is a market access issue to us in addition to being an issue of concern to consumers. That is an area where science needs to apply, as opposed to emotion. I think those are the types of issues that we need to really focus on.

In addition, we obviously have some high-profile WTO cases that are ongoing. I discussed those when I was in the EU last week. I think we can continue to make incremental progress on those.

The CHAIRMAN. Let me ask you one further question. Given the frequency of conflicts that we have been experiencing with the EU, I worry about the prospects of launching a new round of negotiations at the WTO.

I would like to hear your view on this. What prospects do we have of reaching an agreement with the EU on a comprehensive agenda for moving forward on a new WTO round?

Mr. LARUSSA. Well, that is actually one of the issues I discussed at length when I was in Brussels last week with Peter Kari, who is one of my counterparts in the EC. We have been trying, as the year has gone along, post-Seattle, to see whether we can find areas of agreement.

We have, I think, made progress with the European Union. For example, we have developed with the European Union and our other quad-partners a confidence building package, so called, that appeals to developing countries to try to make them feel as though they have more of a stake in the WTO.

There obviously are big issues where we have had disagreements with the Europeans, the foremost is agricultural market access. I think that is an area where we have to make further progress before we launch a round.

Obviously there are other areas, including the scope of the entire round. The European Union has probably a different view of what the scope of the round ought to be. There are areas such as inclusion of negotiations on trade laws where the United States has been very firm.

I guess what I would say, is I think, given my discussions and the discussions USTR has had over the last several months, we are making some progress in terms of trying to bridge those differences, but I would be disingenuous if I said that I did not think there was still a big gap.

So in launching a round, it is, I think, critical that the United States and European Union lead the way. I think we still have some very big differences. I do not know what the likelihood is of bridging them in the very near future.

The CHAIRMAN. Mr. Talisman, you have been in the tax policy arena for almost 9 years. If you were to pick one proposal to improve our tax policy, what would that be?

Mr. TALISMAN. Well, I think one of the most serious issues that we are currently facing is the Alternative Minimum Tax and the impact that it is going to have increasing on upper and middle income families. Middle income families, in particular, will be thrown onto the Alternative Minimum Tax merely because of the fact that they have a number of children.

We have worked with this committee to take care of the problem of non-refundable personal credits, which also unexpectedly throws people onto the Alternative Minimum Tax. So, that is a serious issue that we will have to face in the upcoming years.

The CHAIRMAN. Well, I certainly agree that AMT is a serious problem. People that never anticipated that they would be involved are involved. We have, on a piecemeal basis, tried to address it, but I think it is something that ought to be addressed once and for all.

Ms. Thomas, you worked on this side in Congress and on the administrative side. How has that experience shaped your view of how your office should operate?

Ms. THOMAS. Mr. Chairman, it is an interesting experience going from the Congress and then entering the administration. I certainly have gained a lot of perspective.

I know when we were in Congress we often were frustrated at why things seemed to take time to get answers for our questions, but I have learned a great deal how important it is for the depart-

ment to be a resource and to service the Congress on both sides of the aisle. I think, if I ever return to Congress, I have learned quite a bit about what it is like to be on the other side.

The CHAIRMAN. Let me turn to you, Ms. Ross. You indicated that you served as a Treasury liaison to the IRS as the IRS undertook its recent restructuring. Let me say, I very much agree with your characterization of Mr. Rossotti. I think we are very fortunate to have him in that position.

Would you please give us an assessment of how restructuring of the IRS is going, especially with respect to computer modernization and customer service?

Ms. ROSS. Sure. Absolutely, Mr. Chairman. You are completely right that we are very fortunate to have Commissioner Rossotti working with us on this.

The IRS restructuring, I think, is on a very solid path moving forward, but we are at a very critical phase right now. I think, as you may know, organizational restructuring began about 2-1/2 years ago, right after the passage of RRA 1998, and is almost near completion.

However, we have several challenges facing us right now. The one you mentioned in particular, computer modernization, I would characterize that as we are at the beginning of starting to make the significant investments that are going to be necessary to provide the computer infrastructure so that IRS can execute both customer service and compliance efforts much more effectively and efficiently than they currently are doing so today.

We have just begun to make the investments in some key systems about two or 3 months ago. Given that I would characterize this modernization program as a 5- to 10-year program, we are really just beginning the work that needs to be done.

The CHAIRMAN. Let me ask you this question, if I might, Ms. Ross. I have received some complaints from taxpayers in Delaware that when they call the IRS they can never get a live person, instead they get a message that they will be called back.

Can you tell us why that is, and would you investigate and make sure that that is corrected?

Ms. ROSS. Absolutely. Absolutely. The statistics I think you are referring to at the IRS, we call it the access rate, which is the likelihood of a taxpayer actually getting to a live person on the line and not getting a busy signal.

Last year, that statistic was running in the mid-60's, so I think it was 64 percent. Private sector companies, they target a number around 92 percent. So, the IRS is significantly behind private sector standards.

Referencing your earlier question, in order to remedy that, we do need to make some significant investments in some technology, particularly in the telecommunications area. That is, in fact, the first thing we are making investments on in computer modernization, and have just released a contract to begin that work.

Though the numbers of access have gotten better, 63 percent is better than it was 3 years ago when it was 45 percent, it is still not adequate. The messaging that you referred to was an attempt for the IRS, instead of a taxpayer getting a busy signal, allowing them

to leave a message that then the IRS would try to get back to them a few days later when they had some time.

Some taxpayers appreciate that treatment, others do not appreciate it. It is a stop-gap measure to try to provide more service until we have some technology to really answer all the calls coming in. I will certainly look into that.

The CHAIRMAN. I appreciate that, Ms. Ross.

I see Representative Levin is here. Would you come forward, please? We are doing everything in reverse; we are introducing the people after they speak. But we are delighted to have you, Representative Levin.

Would you care to make your opening remarks for Mr. LaRussa?

Senator ROCKEFELLER. Mr. Chairman, could I just ask, Congressman Levin is a very good friend, as are you, and I would just beg for indulgence. I have to go on a live radio show in about 5 minutes. I just want to say, literally, 30 seconds, if I might, if I have your permission.

Representative LEVIN. Yes, please. Please.

Senator ROCKEFELLER. I have your permission?

The CHAIRMAN. Yes.

Senator ROCKEFELLER. I am very grateful.

I just wanted to say that I very much support all four of these nominations, and I also support your reelection. [Laughter.]

Representative LEVIN. I am glad I came here. [Laughter.]

Senator ROCKEFELLER. But I wanted to pay particular thanks to Bob, and to Jon, and to Marti, all of whom have been very, very helpful to me in two areas that mean a lot to my State.

One, obviously, which is steel. We have had wonderful talks on that. Bob, you have been extremely helpful to me. We have the steel report which is coming out, which we need to now discuss what we are going to do next about that, but I cannot this morning.

Mr. LARUSSA. Thank you, Senator.

Senator ROCKEFELLER. And Jon, to you and Marti, you have been wonderful in our whole effort with the retired coal miners. Jon, you have stood through all-night stands when Hancock was a factor, and all the rest of it, and Marti, you have been terrific, as has the Chairman, who has twice now committed that we are going to try and solve this problem, as has the Ranking Member, Senator Moy-nihan.

But you do not often get a chance when somebody comes to ask for confirmation to say thank you for what you have already done. You have been very, very helpful, and I am very, very grateful.

And you, Congressman, have great promise, too. [Laughter.]

Representative LEVIN. Tell my brother that. [Laughter.]

The CHAIRMAN. Thank you, Senator Rockefeller.

Let us go back to you, Representative Levin. Thank you for being here.

STATEMENT OF HON. SANDER LEVIN, A U.S. REPRESENTATIVE FROM MICHIGAN

Representative LEVIN. Thank you. Thank you, Mr. Chairman. To Mr. Baucus and Mr. Rockefeller, I am pleased to join you once again. This is maybe my favorite room over on the Senate side, and I am glad to be here.

I apologize for being a bit delayed. The Jackson-Vanik waiver on Vietnam was up beginning a half an hour ago, and I began to manage it. I know you wanted me to stay there, at least for the beginning.

If I might just say a few words on behalf of Bob LaRussa. I know well several others who are before you. If it were appropriate, I would say a few words on their behalf. But I am not here for that purpose, so I will confine them to Mr. LaRussa.

It is a personal privilege to be here and to take a few of your moments personally, because I have had a close personal relationship with Bob LaRussa. It has been a wonderful relationship on my part. I have seen his career blossom since he left the House and my office, first working on a matter that he and I had spent some considerable time on, and that was the commercial service of this country.

He was able to take some of the work that he helped start on the House side and implement it, then his very vital work on Import Administration, and now is Acting Under Secretary for International Trade.

It is a privilege, because I have seen him work on these issues with immense intelligence, diligence, enterprise, being able to work across party lines, across all kinds of lines to make sure we had in this country an activist-internationalist approach to trade. I think this is a wonderful opportunity for Bob, but most importantly it will be a productive occasion for our government and for sound trade policy.

So, Mr. Chairman and Mr. Baucus, I just wanted to come over here to give you my personal views, and I hope very, very much that the Senate, in its wise judgment, will confirm Mr. LaRussa.

The CHAIRMAN. Well, thank you for taking the time to be here. We appreciate your input. We hope to move on these nominations very rapidly.

Representative LEVIN. Good. Thank you. I will go back to the floor of the House and Vietnam. Thank you.

The CHAIRMAN. Do a good job.

Representative LEVIN. Thank you.

The CHAIRMAN. Good to see you.

Let me just mention that Senator Grassley regrets he has a conflict and cannot be here to ask questions in person, so he would like to submit questions in writing. We will keep the record open until 1:00. I think it is only for you, Mr. LaRussa.

But in any event, I would ask that the questions be answered as quickly as possible, because I do want to move quickly on these nominations off the floor when we have some vote before we move into recess.

[The questions appear in the appendix.]

The CHAIRMAN. With that, it is a pleasure to call on my good friend, Senator Baucus.

Senator BAUCUS. Thank you very much, Mr. Chairman.

I want to begin by welcoming all of you. I believe there is no higher calling than public service. Clearly, all of you could be doing something else other than serving your country, and I deeply appreciate it, and the American people, if they knew the degree to which you are devoting yourselves and how hard you are working,

I know they would, too. But, speaking on behalf of the American people, good work. Good job, that you are doing this.

Mr. LaRussa, I was pleased, although I did not hear it, to read in your statement that one of your first priorities is compliance.

I do believe that to be very important, because too often in this Congress we pass trade agreements and then we tend to forget about them.

If not forget, we do not do the hard work, which is monitoring the agreements and determining the degree to which countries comply with them. I believe, if we were to spend more time on compliance, that we would be doing a better job.

I would like to talk about Japan for a moment, some troubling statistics. First, the growing bilateral merchandise trade deficit with Japan. As you can tell from the chart, it has been deteriorating about 15 percent a year, from \$47.6 billion in 1996 to \$73.9 billion in 1999, and perhaps \$85 billion this year.

Now, some analysts explain this away by citing slow growth in Japan versus high growth in the United States. But, in fact, I do not know if that is accurate or if it washes, because over the last two decades, if we look a little more closely, whether there was slow growth in Japan or fast growth, whether the U.S. economy was booming or whether it was stagnant, whether the U.S. had a huge budget deficit or no budget deficit, the bilateral trade deficit has remained at a very high level. It seems like those other explanations, or rationalizations, at least, do not carry a lot of weight.

Second, the Japanese foreign exchange reserves have increased by over \$100 billion in the last year. Some analysts conclude that this was the result of massive intervention by the Japanese government. The goal is to keep the yen weak so that high exports will drag Japan out of its slump. In other words, old-fashioned foreign exchange manipulation. Forget about domestic reform, restructuring, and trade liberalization.

Third, the American Chamber of Commerce in Japan recently rated 51 major U.S.-Japanese trade agreements. Although 53 percent of the agreements were considered fully or mostly successful, 47 percent fell short, which indicates something is wrong with our ability to enforce those agreements.

Obviously, Japan is critically important to the United States, for our farmers, for our workers, our manufacturing companies, for the financial sector, Internet companies. They may be down and out now, but they are still developing cutting-edge technology and Japan will be a major competitor in the future and one of our most important markets.

So I was surprised to hear that the Commerce Department has abolished the position of Deputy Assistant Secretary for Japan. Personally, I think that is a mistake. I think it sends the wrong signals, given the magnitude of the merchandise trade deficit that we have with Japan.

I do not expect there to be any major new Japanese trade agreements soon or any market opening initiative in recent months, but I do expect that we will stay focused on Japan. I frankly, for one, am developing a trade agenda for next year, and Japan is going to be a key part of it. I would just be interested in any thoughts that you might have.

Mr. LARUSSA. Thank you, Senator. We agree on both subjects, philosophically on compliance and on Japan.

In compliance, as Acting Under Secretary, the first thing I did, literally the first week I was there, Secretary Daley asked me to put together a compliance plan for China as China accedes to the WTO, which was the first thing that we did. We took existing resources and focused them on China, a dozen people within the Commerce Department under current budget.

Also, we asked, in the President's next fiscal year budget, for a very large increase in the compliance area, both for Japan and for China. So, we totally agree there.

On Japan, I started with Congressman Levin in the 1980's, and have been working on Japan issues since then. One of the first issues that I worked on when I worked in the Congress was the matter of auto parts access to Japan, so I understand your concern. The trade deficit at the time was large, but not as large as it is now bilaterally.

On the issue of the Deputy Assistant Secretary, I understand this was an action that was taken as part of a reorganization that was done 2 years ago. As I understand it, it was an attempt to do two things: first, to coordinate Asia policy as a whole; second, there had been concern expressed by the Congress, among others, about the proliferation of the Deputy Assistant Secretary positions. There was, I think, an attempt to rationalize that.

However, walking into the job, given my background, as of April 1 when I came in as Acting, focusing on Japan is critical. This is an unacceptable bilateral trade deficit. We have key areas with Japan where there has been little, if no, progress on market access. Autos and auto parts is a perfect example of where we just have not had the type of success that we need.

We are coming out with the steel report today that talks about the Japanese market in steel and the structural barriers in those markets. So, I totally agree with you.

I think that, even though the Deputy Assistant Secretary decision had been made and the reorganization had been done, we continue to make Japan a key focus. The area of construction, for example, is an area that I have made a priority in working with Japan. Medical equipment.

On the enforcement side, we have asked for money in the next fiscal year budget, and have done fairly well in the Senate appropriations on this issue, to do what would amount to a doubling of the number of commerce personnel that would be focusing on enforcement with Japan.

So I do promise you that I will not only continue what we have been doing, but really step up our efforts to work on market access issues with Japan.

Senator BAUCUS. Do you think you have sufficient resources, or will have sufficient resources?

Mr. LARUSSA. I have learned in my 7 years at the Commerce Department to do the best with whatever resources we are given in our appropriations. I do think that we would be able to do a lot more in enforcement, particularly with Japan and China, if we were able to get the Senate appropriations mark that had been given to us by the committees recently.

I do think the more people you can put on these, the better off you are. My general philosophical view on enforcement is you want, as much as possible, to solve problems before they get to the point where you get into litigation.

You want to step in and deal with the right government officials and you want to take a very practical approach to dealing with solving particular problems for companies, and then to try to take it, if you have to, to the WTO or someplace else. But usually the best approach is to have people who are on the ground in the United States focusing on practical problems.

Senator BAUCUS. This is hard to do, but have you developed any sort of ratio of dollars returned to the United States compared to the number of persons working, as is the case, say, with the IRS?

They have worked out kind of a rule of thumb that with more agents in certain areas, they have that much more back to the Treasury because of better enforcement. Now, there is a little more direct connection there. But have you looked at anything like that in Commerce?

Mr. LARUSSA. Well, we have looked at something like that, not exactly that.

What we do in the U.S. and Foreign Commercial Service, is we very closely track the amount of export transactions that we help U.S. companies make. Our whole philosophy in the U.S. and Foreign Commercial Service is driven by what we call export actions.

Our goal is not to have people do seminars or just interact with exporters, our goal is to actually help them seal the deal. We actually follow that and we compile lists at the end of the year as to how many exports we think we have been involved with.

On the other side of the equation, I do not know that we have ever tried to quantify the relationship between the number of people that we have on trade enforcement and our achievements, but that is certainly something I can sit down with the department on and see what we could do.

Senator BAUCUS. I encourage, frankly, the department and others in the administration to start focusing more on not only the Japanese deficit, but our overall trade deficit. We are basking somewhat in the glory of a prosperous American economy. We know at some point it is not always going to be this way, something is going to happen.

It is hard to predict what it will be, but we all know something is going to happen. My thought is, of the possible candidates that might trigger something, one is the burgeoning or increasing trade deficit, both with Japan, with China, and also worldwide.

The more that the U.S. Government can start to address the trade deficit, the more it eliminates one of the probable elements that might start to bring this economy down. Not down, but certainly reduce the degree to which we have been growing.

There are others, too. There is total private credit, there are lots of macro issues. But one is the trade deficit. I think it behooves all of us to start focusing much more closely on it. It is a new idea. It is something we have not tried before. In my judgment, it behooves us to avoid whatever problems we possibly can, and this would be one.

Mr. LARUSSA. I agree with you, Senator.

Senator BAUCUS. Thank you.

I would like to also just thank all the others. I do not have detailed questions for everybody. I know who you are, and have worked with you in many capacities and watched your work. I am very, very appreciative, particularly Jon here, with the committee and Senator Moynihan. I just want to thank you for all that you have done, all of you, for us and for the country.

The CHAIRMAN. Well, thank you, Senator Baucus.

This brings us to the completion of this hearing. As I stated, we will try to move very expeditiously. I hope that we will be able to act on your nominations before we recess, so please get the answers to the questions in promptly.

Thank you for your cooperation. The committee is in recess.
[Whereupon, at 11:39 a.m., the hearing was concluded.]



APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF ROBERT S. LARUSSA

Mr. Chairman, Ranking Member Moynihan, and members of the Committee, it is an honor and a privilege to appear before you today as President Clinton's nominee to be Under Secretary of Commerce for International Trade. I appreciate the confidence President Clinton has placed in me and the strong support of former Secretary Daley. Thank you for scheduling this hearing during a very busy time in the session. I appreciate your time and look forward, if confirmed, to working with the members and staff of this Committee on a bipartisan basis.

Let me take a moment to once again thank Congressman Sandy Levin for his introduction. Congressman Levin gave me my first opportunity to work on important trade policy initiatives and I am grateful for his guidance and support. It means a great deal to me that he is here today, supporting my nomination.

I also want to thank President Clinton, former Secretary of Commerce William Daley, and Deputy Secretary Robert Mallett, for their support of my nomination. In particular, I appreciate the years I have spent working with William Daley, a man I admire for his intelligence, his kindness, and his commitment to public service. Under his leadership, the Department of Commerce has successfully focused on the task of expanding economic opportunity for all Americans. It was a privilege to work at the Commerce Department with him, and if I am confirmed, I will strive to continue his tradition of excellence in public service. I also look forward to working with Secretary Mineta as I am sure that he will continue to build upon Secretary Daley's legacy and I will be honored to join his team.

As a Commerce Department official for the last seven years, I have been privileged to work closely with members of this committee and their staff. I have a deep respect for the crucial role of the Congress in both foreign and trade policy. If confirmed, one of my top priorities will be to work in close consultation with both the Members and the staff of the Senate and House. You can be certain that I will keep the Congress in general, and the Senate Finance Committee in particular, fully apprised of activities and developments on the international trade front which are within my jurisdiction. In addition, I will seek your views and solicit your advice on our activities.

The International Trade Administration is one of the most valuable agencies in the U.S. government. The work ITA does covers a wide-range of issues and policy with an important bearing on our nation's trade performance: helping U.S. companies market their products abroad, providing recourse against unfair trading practices, ensuring that our trading partners comply with their international trade agreements, and vigilantly attacking any barriers that prevent U.S. companies from exporting their products.

Since 1993, I have had the privilege of working in the International Trade Administration in two key positions whose functions relate directly to some of the most important economic challenges confronting the United States. First, from 1993 to 1996, I served as Principal Deputy Assistant Secretary for the U.S. and Foreign Commercial Service. In this position, I helped focus the Clinton Administration's export-promotion efforts on emerging markets, leading initiatives in Asia and Latin America. In addition, I saw first-hand how the government can make a difference assisting small and medium-size companies that want to export their products overseas. Due to advances in technology, opportunities abound to bring more of our nation's businesses into international trade.

Second, as the Assistant Secretary of Commerce for Import Administration, for which I was confirmed by the Senate in 1997, I was chief administrator of the U.S.

antidumping and countervailing duty laws. I was the principal negotiator of several important trade agreements, including the tomatoes agreement with Mexico and the steel agreements with Russia. I have also been involved in a wide range of multilateral trade negotiations.

Prior to joining the Commerce Department, I spent my professional career in the fields of journalism and law, focusing on international trade. Between 1989 and 1992, I served as international trade counsel for Representative Sander Levin. During this period, I staffed Representative Levin in his capacity as chair of a House Leadership Task Force on the Uruguay Round and worked on issues ranging from trade with Japan to NAFTA.

My work in the trade domain convinces me that economic isolationism in today's interdependent, global economy is impossible and would be to the disadvantage of the long-term interests of U.S. companies, workers, and farmers. We cannot ask other countries to open their markets if we close our markets at home. However, it is clear that not all Americans believe that trade benefits them. To maintain the bipartisan consensus for trade, we need to ensure that our agreements are effectively and vigorously enforced and that our fair trade laws provide remedies to companies battered by dumped or subsidized imports. Consistent with these principles and with my past experience, I have outlined three areas that will be a priority should I be confirmed as Under Secretary: 1) ensuring compliance with our trade agreements, especially with China; 2) facilitating small business exports through E-commerce; and 3) implementing the President's Steel Action Program.

A first priority area is compliance and enforcement of our trade agreements. A key area of focus will be China. Once the China WTO Agreement is in place, we want to ensure that U.S. firms and workers receive the benefits negotiated for them during China's World Trade Organization (WTO) accession process. Former Secretary Daley announced a "five-point China compliance plan" in early May and implementation of that plan is underway. If I am confirmed as Under Secretary, I will continue to work to ensure that all elements of the plan are implemented in a timely and effective manner.

A second key area that I think is critical is to increase the number of Americans who benefit from the technology revolution and to work with U.S. businesses to increase trade through technology. I believe ITA can make a significant contribution to this goal through our E-commerce initiative. Given our trade expertise and our Commercial Service's network of field offices at home and abroad, there are two areas where we plan to focus our activities: increasing small business exports and expanding market access for U.S. companies. We plan to rollout this initiative later this month, with events planned throughout the fall in the U.S. and overseas. For the U.S. market, we have developed a series of interactive, technology-enhanced, export promotion seminars designed to educate U.S. small businesses on the benefits of E-exporting. Ten seminars are being planned in various U.S. cities beginning in September. On the international side, we are targeting both the more sophisticated E-commerce markets in Europe and emerging markets in Asia and Latin America to introduce them to U.S. products and technology. We are also putting a wide range of our export promotion services on-line and are exploring new vehicles for export promotion including virtual trade missions, video match makers and the like.

A third priority is implementation of the President's 1998 Steel Action Program. The program includes the preparation of a comprehensive Commerce Department report on the global steel industry, which is scheduled to be released today. It will recommend solutions on both a global and domestic level, providing concrete suggestions for avoiding future crises and setting out a four-point plan of action.

As the members of this committee are aware, public service is very fulfilling, but also very demanding not only on oneself, but also on one's family. No one knows this better than my wife, and I want to give her a special thanks. When I started at the Commerce Department, my wife and I did not have any children. Today, we have four wonderful, energetic sons, three of whom are still in diapers. Without her support, understanding, and patience, I would not be here today.

Mr. Chairman, thank you again for the opportunity to appear before you today. I welcome any advice, counsel, comments, or questions that you might have.

A. BIOGRAPHICAL:

1. Name: Include any former names used
Robert Steven LaRussa
2. Position to which nominated:
Commerce Department Under Secretary for International Trade.
3. Date of Nomination:
May 23, 2000
4. Address: List current residence, office and mailing addresses

Residence: 1410 Ridge Way East, Arnold, MD 21012

Office: 3850 Commerce Department Building, 14th and Constitution Ave., NW, Washington, D.C. 20230
5. Date and place of birth:
3-25-54, New York, NY
6. Marital status: Include maiden name of wife or husband's name.

Married to Susan Carol Tilberry
7. Names and ages of children:

John James, age 5
William Joseph, age 2
Robert Steven, age 1
Joseph Crosley, age 1

8. Education: List institution(s), dates attended, degree received, and date degree granted.

Division Avenue High School, Levittown, NY; 9-68 to 6-72; diploma

Nassau Community College, Garden City, NY; 9-72 to 6-74; no degree

University of Massachusetts, Amherst, MA; 9-74 to 6-76, Bachelors in history

State University of New York at Buffalo School of Law; 9-77 to 6-80, Juris Doctor

9. Employment record: List all positions held since college, including title or description of job, name of employer, location of work, and dates of inclusive employment.

- *Summer 1976: Town of Hempstead Parks Department, Hempstead, NY; landscaper*
- *Fall - Winter 1976-77: Hermosa Construction Company, Durango CO; construction worker*
- *Winter - Spring 1977: Vickers Oil Company, Durango, CO; gas attendant*
- *Summer 1977: Town of Hempstead Parks Department, Hempstead, NY; landscaper*
- *Fall 1978 - Summer 1980: Law Office of Jay Glownia, Buffalo, NY; law clerk.*
- *Fall 1980 - January 1982: Advocate Newspapers, 87 School St., Hatfield, MA; newspaper reporter*
- *January 1982 - September 1982: Appalachian Research and Defense Fund, Columbia, KY; legal services attorney*
- *September 1982 - September 1984: Advocate Newspapers, Syracuse, NY (Headquarters in Hatfield, MA); newspaper editor*
- *September 1984 - September 1986: Advocate Newspapers, New Haven, CT; (Headquarters in Hatfield, MA); newspaper editor*
- *September 1986 - November 1989: Fairchild Publications (Capital Cities, ABC, Inc.), 1333 H St. NW, Washington, DC; newspaper reporter*

- **November 1989 - August 1993: Office of Representative Sander Levin, Washington, DC; international trade counsel**
- **August 1993 - June 1996: Principal Deputy Assistant Secretary, U.S. and Foreign Commercial Service, U.S. Commerce Department, Washington, DC**
- **June 1996 - April 2000: Assistant Secretary for Import Administration, U.S. Commerce Department, Washington, DC**
- **April 2000 - present: Acting Under Secretary for International Trade, U.S. Commerce Department, Washington, DC**

10. Government experience:

List any experience in, or association with, Federal, State or local governments including any advisory, consultative, honorary or part-time services or positions.

- **Office of Representative Sander Levin, U.S. House of Representatives, 11-89 to 8-93**
- **U.S. Commerce Department, U.S. and Foreign Commercial Service, Principal Deputy Assistant Secretary, 8-93 to 6-96**
- **U.S. Commerce Department, Assistant Secretary for Import Administration, 6-96 to 4-00 (Confirmed by Senate in 8-97)**
- **U.S. Commerce Department, Acting Undersecretary for International Trade, 4-00 to present**

11. Business relationships:

List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.

None.

12. Memberships:

List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Member of New York Bar

13. Political affiliations and activities:

A. List all public offices for which you have been a candidate.

None

B. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

I advised the 1992 Clinton/Gore presidential campaign on trade and economic issues. I was not paid for this work.

C. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more in the last ten years.

I have contributed money on one occasion to the Democratic Party through the Democratic National Committee, and on several occasions to the campaign of Rep. Sander Levin. The total of all contributions is likely less than \$1,000. I do not recall the exact amount of each transaction, but all were between \$50 and \$500.

14. Honors and Awards:

List all scholarships, fellowships, honorary, degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

- *I have designed a number of programs at the U.S. Commerce Department that have won the Department's highest honor, the Gold Medal.*
- *In 1986, I won two state-wide awards from the Connecticut Society of Professional Journalists for reporting and writing.*
- *In 1978, during law school, I won a Sea Grant Environmental Law Fellowship to do research on a number of legal issues.*

15. Published writings:

List the titles, publishers and dates of books, articles, reports, or other published materials you have written.

I was a journalist between 1981 and 1989, and wrote hundreds of articles, mostly about legal and international trade issues. I gave to the Senate Finance Committee all of these articles that still exist on the subject of international trade during my 1997 confirmation process for Assistant Secretary of Import Administration. I will forward all of these to the committee as part of this process.

16. Speeches:

Identify each speech which you have given during the past three years, the organization to which the speech was given, and supply two copies of each speech.

I have given a number of speeches on Capitol Hill, to international trade legal organizations, and to steel organizations such as the Steel Manufacturers Association, the American Institute of Iron and Steel and other steel organizations on the issue of enforcement of U.S. trade laws. I always worked from short notes, rather than a prepared text, which were never distributed. I am willing to supply these notes to the committee.

17. Qualifications:

State what, in your opinion, qualifies you to serve in the particular position to which you have been nominated.

I have held two key international trade positions in the Clinton Administration, which encompass most of the important challenges confronting the Commerce Department's International Trade Administration. As Principal Deputy Assistant Secretary for the U.S. and Foreign Commercial Service, I helped focus the Clinton Administration's export-promotion efforts on emerging markets, leading initiatives in Asia and Latin America. I also developed the Commerce Department's early commercial programs in Vietnam.

As the Assistant Secretary of Commerce for Import Administration, for which I was approved by this committee and confirmed by the Senate in 1997, I have been chief administrator of U.S. antidumping and countervailing duty law. I have been the principal negotiator of several important trade agreements, including the tomatoes agreement with Mexico and the comprehensive steel agreements with Russia. I have also been in charge of completing many aspects of President Clinton's Steel Action Plan, including a comprehensive analysis of

the crisis facing the U.S. steel industry in 1998 and 1999. I have been involved in U.S. negotiations on China's accession to the WTO and on broader WTO negotiations.

Prior to joining the Commerce Department, I spent my professional career in the fields of journalism and law, focusing on international trade. After graduating from law school, I practiced law and worked as a reporter and editor for a number of news organizations. I covered the U.S. Supreme Court and international trade as a Washington reporter. Between 1989 and 1992, I served as international trade counsel for Rep. Sander Levin, now-ranking member of the House Ways and Means Trade Subcommittee. During this period, I staffed Rep. Levin in his capacity as chair of a House Leadership Task Force on the Uruguay Round, and worked on issues ranging from trade with Japan to NAFTA.

B. FUTURE EMPLOYMENT RELATIONSHIPS:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Not applicable, since I currently work at the Commerce Department.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

No.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so provide details.

No

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes

C. POTENTIAL CONFLICTS OF INTEREST:

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

As I explained in the section on my financial interests, I have recused myself from all matters specifically involving the interests of General Electric, since I own more than \$5,000 of stock in that company.

2. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None

3. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the federal government need not be listed.

None.

4. Explain how you will resolve any potential conflict of interest including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

I will continue to follow the advice of the General Counsel of the Commerce Department on these matters.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the Agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

See attached.

D. LEGAL AND OTHER MATTERS:

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details

No.

2. Have you ever been investigated, arrested, charged, or held by any federal, state, or other law enforcement authority for a violation of any federal, state, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

I have never been a defendant in a civil or criminal proceeding. On one occasion, I was arrested with high-school friends at a 1982 reunion when an awning we were leaning on in a restaurant broke and we argued with the restaurant owners about who was responsible for the damage. The matter was dropped when we agreed to pay the establishment \$200 for the damage to the awning.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

None

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None

E. TESTIFYING BEFORE CONGRESS:

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the congress on such occasions as you may be reasonably requested to do so?

Yes

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes

RESPONSES TO QUESTIONS FROM SENATOR GRASSLEY

Question: The Free Trade Area of the Americas talks seem to be completely bogged down. Many of our neighbors to the South, in Central and South America, are going their own way. Brazil's top trade negotiator said seven months ago that his country was rethinking its commitment to the FTAA process.

And just recently, Mexico and the EU launched a comprehensive free trade agreement that will guarantee open flows of goods, services and investment across the Atlantic between the two.

In addition, the EU is negotiating a free-trade agreement with the MERCOSUR countries, and we may see an agreement there in 3 to 4 years. If these talks succeed, the EU and MERCOSUR will create the first-ever free trade area between two customs unions, 575 million new customers will buy goods and services from one another, not one of whom will live in the United States.

Clearly, the EU is pressing its advantages in trade negotiations where it can. The United States is getting left behind. In fact, with the slow-down of the FTAA, it seems that the United States is now out of step with the rest of the world, even in our own hemisphere.

What we really need to do is get fast-track negotiating authority, so the President can negotiate effectively and continuously.

Do you share this concern? What will you do about it as Under Secretary of Commerce?

Answer: I am concerned about the EU's efforts in Latin America and while the lack of fast track has not been helpful, it has not fundamentally impeded our ability to proceed with the FTAA negotiations and pursue our trade objectives in that forum. Negotiations on the Free Trade Area of the Americas (FTAA) are on track to being completed by the deadline of 2005. The United States is fully engaged with our partners in preparing draft bracketed text by the end of this year; implementing agreed-upon business facilitation measures by the next Ministerial and developing additional measures for the future; and enhancing the region's understanding and use of electronic commerce. These efforts will further integration in our hemisphere. The next FTAA Ministerial will be held in April 2001, (also the timing of the next Summit of the Americas), at which time Ministers will review text and set the mandate for the next 18 months.

However, looking ahead, we will need to secure this authority in a timely way as negotiations proceed. The Administration remains open to working with Congress on a bipartisan approach on fast track that will lay the groundwork for an aggressive U.S. trade policy which benefits both American companies and workers. As the President said in the State of the Union last year, we need fast track authority to advance our standard of living, but it will require finding the common ground on which we all can stand together. We can expand the opportunities for America not just in Latin America but around the world. If confirmed as Under Secretary for International Trade, I plan to travel to Latin America in August and will engage my counterparts on how to move the FTAA process forward.

Question: One of the problems we faced at the Seattle WTO Ministerial, in my view, was that we did not begin planning early enough, and we did not develop United States positions on key issues soon enough.

Is it too early to begin planning for the next WTO Ministerial, given that a Ministerial Conference must meet at least once every two years?

What can and should we be doing right now to start this planning process?

Answer: One of the major difficulties in Seattle was the fact that many key Members did not come to the Conference prepared to negotiate but rather stuck to their very public pre-Seattle positions. In the period since then, the United States has been working quietly bilaterally with our major trading partners and in Geneva to find the necessary consensus to launch a new round. We have made progress in many areas, and recently we and several developed and developing countries announced a series of confidence-building steps that can be taken to help least-developed countries better integrate themselves into the world economic order and further benefit from WTO membership. WTO Members also approved a mechanism for the General Council to address implementation concerns brought to its attention and also approved procedures to be used in cases where countries request extensions for implementing the agreements.

The United States has made proposals in the past two weeks on how to move forward in the services and agriculture negotiations as has the European Union, and G-8 countries have just agreed to intensify their already close cooperation in order to try with other WTO members to launch a new round this year. Although much more work remains to be done to find consensus on an ambitious and inclusive

agenda, I believe we are on the right track to prepare for both the launch of negotiations as well as for the next Ministerial Conference (yet to be scheduled).

RESPONSES TO QUESTIONS FROM CHAIRMAN ROTH AND SENATOR GRASSLEY

Question: As you know, the Trade and Development Act of 2000 was the first significant trade measure to pass this body in 6 years. While I am pleased that we were able to pass this measure, we were successful only because this Committee was able to include certain important safeguard measures. Of particular importance to the Senate were the provisions relating to illegal transshipment, short supply determinations, and the administration of benefit caps. Although the Committee to Implement the Textiles Agreements has played an important role in administering these measures in the past, it is my understanding that there is some uncertainty within the Administration regarding who will be handling these programs with regard to the Africa and CBI programs. I would like to emphasize that unless the legislation specifies otherwise, it is important that the Administration follow current practice in implementing these measures. What are the Administration's plans in this regard?

Answer: The Commerce Department and USTR are working closely on the details of implementing the textile and apparel provisions of this important Act. Appropriately, USTR is leading the process for designating beneficiary countries and product eligibility for CBI and AGOA, as it does for the GSP Program. The Administration is committed to implementing the Act expeditiously, consistent with Congressional intent and the best interests of beneficiary countries. To accomplish this goal, we agree that it is important that the Act be implemented in a manner consistent with existing practices and available resources. I am working with USTR on allocation of the tasks required to implement the provisions of the Act among Departments and Agencies. CITA will continue to play an important role in textile issues in the implementation of this measure. We are confident these matters will be resolved expeditiously.

Question: With China's pending accession to the World Trade Organization, there have been concerns articulated regarding the impact of subsidized imports from China on competing domestic industries. How do you propose to address any use by China of trade distorting subsidies under the current WTO rules?

Answer: We have obtained certain concessions from China that will discipline its use of subsidies under the WTO Agreement on Subsidies and Countervailing Measures. For example, China will be obligated to eliminate all import substitution subsidies immediately upon accession. We also expect China to commit to the immediate elimination of export subsidies upon accession. In addition, we have obtained more technical concessions that are quite significant in terms of our ability to challenge Chinese subsidies under the enforcement proceedings before the WTO. These concessions are as follows:

- The U.S.-China agreement establishes that it is permissible to use market-based criteria rather than Chinese government or other internal benchmarks to determine whether government benefits, such as preferential equity infusions or soft loans, have been provided to an industry.
- The agreement makes clear that even where particular government subsidies might otherwise be considered to be generally available and therefore not actionable because they have been provided to a wide variety of industries, they will be actionable as long as state-owned enterprises are the predominant recipients or receive a disproportionate share of the benefits.

I can assure you that, as part of our China compliance effort, the Subsidies Enforcement Office in Import Administration, will closely monitor this issue.

Question: There has been some concerns articulated regarding instances in which the Department of Commerce uses prices of imports from market economies to calculate costs in dumping cases involving China. When does the Department use import data to calculate costs, as opposed to using surrogate country prices?

Answer: There are instances in dumping cases involving China where the Department will use the actual prices paid to a market-economy supplier by a PRC producer to calculate certain costs instead of using surrogate values derived from publicly available information. This practice of using market-economy prices paid by non-market economy producers was codified in the Department's regulations.

While this is codified in our regulations, we apply a strict set of criteria before using actual import prices. When we use market-economy prices paid by PRC producers, the Department carefully examines each transaction to determine if the quantity of the input purchased is significant and that it was paid for in a market-economy currency. The Department would never rely on prices paid by a PRC pro-

ducer to a market economy supplier if the amounts purchased were not meaningful, accurate, and fair.

PREPARED STATEMENT OF LISA GAYLE ROSS

Mr. Chairman, Senator Moynihan, and distinguished members of the Committee, it is an honor to come before the Senate Finance Committee to be considered for the position of Assistant Secretary for Management and Chief Financial Officer. I am pleased to have with me today my husband of nine months, Jay McGonigle, and my parents, Manuel Ross and Diane Munro.

It is truly an honor to have been nominated by the President for this position. I am particularly grateful to Secretary Summers and my predecessor, Nancy Killefer, for their strong support and the confidence they have expressed in me by supporting my nomination.

Before joining federal service a few years ago I worked as a management consultant at McKinsey & Company, and at Marriott International in strategic planning and international product development. My formal education includes a Bachelors degree in Economics from the University of Wisconsin, and a Masters degree from MIT's Sloan School of Management.

For the past two years it has been my privilege to serve at the Treasury Department as Deputy Assistant Secretary of Strategy and Finance in the office of Management. In that position I had responsibility for managing the Department's budget and planning process. In addition, I served as the Office of Management's primary liaison to Treasury's largest bureau, the IRS, while it was undergoing the most significant restructuring in over 50 years as required by the Restructuring and Reform Act of 1998. I conducted this work in strong partnership with Commissioner Charles Rossotti, for whom I have the highest respect.

I regard the position to which I am nominated as an important public trust. The Assistant Secretary for Management and Chief Financial Officer is responsible for implementing the objectives of the Administration and the Congress over a very wide area. These objectives include a focus on customer service, and a responsibility to ensure that the human and financial resources entrusted to the Department are applied in the most efficient and cost-effective manner possible. If confirmed, I hope to leverage the experience I gained in the private sector and during my tenure as Deputy Assistant Secretary to realize those objectives.

Thank you, Mr. Chairman. I would be happy to answer any questions.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Lisa Gayle Ross (McGonigle married name)
2. Position to which nominated:
Assistant Secretary for Management and CFO
3. Date of nomination:
June 8, 2000
4. Address: (List current residence, office, and mailing addresses.)
Residence: 1326 Ranleigh Road, McLean, VA 22101
Office: 1500 Pennsylvania Avenue, Room 2448, Washington, DC 20220
5. Date and place of birth:
Washington, DC 12/18/64
6. Marital status: (Include maiden name of wife or husband's name.)
Married (10/23/99); James Joseph McGonigle
7. Names and ages of children:
None
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
University of Wisconsin, Madison: B.S. 9/82-6/86; degree granted 6/86
Massachusetts Institute of Technology: M.B.A. 9/90-1/92; degree granted 1/92
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)
US Treasury Department, Washington, DC
12/99-present (Acting) Assistant Secretary for Management and CFO

3/98-12/99 Deputy Assistant Secretary, Strategy and Finance

Marriott International, Bethesda, MD

3/97-3/98 Vice President, Strategic Planning

9/95-3/97 Director of Brand Development, International

McKinsey & Company, Washington, DC

7/94-7/95 Engagement Manager

9/92-7/94 Associate

RAND, Santa Monica, CA

6/91-9/91 Summer Intern; Environmental and Regulatory Affairs

Capital Economic Consulting, Washington, DC

5/89-7/90 Analyst; Mergers, Acquisitions, and Anti-Trust Litigation

Federal Reserve Board of Governors

7/86-8/88 Research Assistant, Government Finance and Fiscal Analysis

10. **Government experience:** (List any advisory, consultative, honorary, or other part time service or positions with Federal, State or local governments, other than those listed above.)
None
11. **Business relationships:** (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)
None
12. **Memberships:** (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)
None
13. **Political affiliations and activities:**
 - a. **List all public offices for which you have been a candidate.**
None
 - b. **List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.**
None

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.
6/99: Scott Seidewitz, Campaign for Cincinnati City Council; \$1,000
14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)
12/91: John Hay Scholar for Excellence in Marketing; \$1,000
15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)
None
16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)
None
17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)
Experience as DAS, Strategy and Finance, in formulating the Department's budget, implementing GPRA, and assisting in the oversight of the modernization of the IRS; general managerial experience; exposure to private-sector management best-practices.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.
Yes
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.
No
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.
No

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.
Yes

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.
None
2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
I know of no such relationship dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.
3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.
None
4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)
While I am unaware of any potential conflicts of interest, should one arise I will consult with ethics counsel.
5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.
6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If

so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.
No
2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.
No
3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
No
4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.
No
5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
None

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?
Yes
2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?
Yes

PREPARED STATEMENT OF JONATHAN TALISMAN

Mr. Chairman, Senator Moynihan, Members of the Senate Finance Committee: I am deeply honored to appear before this Committee as the President's nominee to serve as Assistant Secretary of the Treasury for Tax Policy. I am grateful to President Clinton and Secretary Summers for the opportunity to serve my country in this capacity, and to Chairman Roth for holding this hearing. I have here with me today my wife, Alisa, my three children, Nick, Max and Lita, my father, Harold Talisman, and my brother, Rick Talisman.

This Committee has served as a fixed point that I have returned to throughout my career in government, so it is a special privilege to stand before you today. Over the years, I have learned a great deal from working with the Committee and its staff, first as Legislative Counsel to the Joint Committee on Taxation, second as Minority Chief Tax Counsel and finally in my tenure at Treasury. To borrow a favorite

expression of former Secretary Rubin, the Members and staff of this Committee have always shared a "great seriousness of purpose," and it is rewarding to participate in its important work.

I want to express my special gratitude to Senator Moynihan. Without the opportunity he offered me to serve the Committee and the lessons that he taught me, I do not believe I would be before the Committee today.

There is a final group I would like to thank, the staff of the Office of Tax Policy, with whom I have worked for the last three years. The office has important responsibilities—helping to develop and analyze tax policies and programs, providing official estimates for budget, fiscal policy and cash management decisions, developing regulatory guidance with the IRS, and negotiating tax treaties and representing the United States in other international tax policy matters. The staff carries out these responsibilities with exceptional commitment to public service and I am proud to be associated with them.

Partly because of some tough decisions made by Members of this Committee, the Nation now faces the enviable challenge of making tax policy in a time of surplus. I believe that we all share the common goal of wanting our tax system to work as fairly and simply as possible, while ensuring our continued economic growth. If confirmed, I look forward to working with this Committee as we try to make the most of our historic opportunities.

It is a great privilege to be here today and I look forward to answering your questions.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. **Name:** Jonathan Talisman
2. **Position to which nominated:**
Assistant Secretary of the Treasury (Tax Policy)
3. **Date of nomination:**
4. **Address: (List current residence, office, and mailing addresses.)**
8904 Oneida Lane
Bethesda, Maryland 20817

Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
5. **Date and place of birth:** 12-27-59 in Washington, DC
6. **Marital status: (Include maiden name of wife or husband's name.)**
Married to Alisa Beth (Rosenblatt) Talisman
7. **Names and ages of children:**
Nicholas William Talisman, Age 9
Maxwell Simon Talisman, Age 7
Lita Rochelle Talisman, Age 7
8. **Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)**
Winston Churchill High School, Rockville, MD, 1974-77, degree June, 1977
University of Virginia, Charlottesville, VA, B.S. in Commerce, 1977-81, degree May, 1981
University of Virginia School of Law, Charlottesville, VA, Juris Doctor, 1981-84, degree May, 1984
9. **Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)**
Deputy Assistant Secretary (Tax Policy), Treasury Department, Washington, D.C., December, 1997-present.

Tax Legislative Counsel, Treasury Department, Washington, D.C.,
 February, 1997-December, 1997.
 Chief Minority Tax Counsel, Senate Finance Committee, Washington,
 D.C., September, 1995-February, 1997.
 Legislation Counsel, Joint Committee on Taxation, Washington, D.C.,
 July, 1992 - September, 1995.
 Tax Attorney, Akin, Gump, Strauss, Hauer & Feld, Washington, D.C.,
 September, 1984-July, 1992.
 Summer Associate, Finley, Kumble, et al., Los Angeles, CA, summer of
 1983.
 Summer Associate, Debevoise and Lieberman, Washington, DC, summer
 of 1982.

10. **Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)**
 None.
11. **Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)**
 Limited partner, THSC Limited Partnership, Leesburg, VA, (Shopping center in Leesburg, Va.)
 Limited partner (trustee for dependent children), NSP
 Limited partnership, Stafford, VA, (shopping center in Stafford, Va.)
 Limited partner, Prime Industrials, Hicksville, NY (industrial park, Long Island, NY)

I may have been the assistant secretary of a few corporations in connection with my prior practice of law, but this was merely for clerical convenience and I never had the ability as an officer to influence decisions of these entities.

12. **Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)**
 I have been a member of the District of Columbia Bar since 1984. I was admitted as a C.P.A. in the State of Maryland in 1981. However, I never practiced as a C.P.A. and allowed my license to lapse. Prior to 1992, I was a member of the American Bar Association.

13. **Political affiliations and activities:**
- a. **List all public offices for which you have been a candidate.**
 None.

- b. **List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.**
None.
- c. **Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.**
None.
14. **Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)**
Beta Alpha Psi honorary fraternity; Peat Marwick Mitchell scholarship for academic excellence and outstanding contribution to the accounting program; Executive Editor, Virginia Tax Review; Treasury Recognition of Excellence Award; Secretary's Award.
15. **Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)**
"The Possibility for Corporate Nirvana: The Advent of Limited Liability Companies," You and the Law (August 1991); "Spotlighting: Independent Contractor or Employee," You and the Law (September 1990); "Toll Charge Proposed: Change in Status from C to S corporation," You and the Law (July 1990); co-author, "Tax-exempt Organizations' Use of Pass-Through Entities," The Practical Tax Lawyer (Summer 1988); co-author, "Subchapter C - Winds of Change," The Georgia Tax Conference (June 1986); co-author, "Valuation Problems in Closely-held Businesses," 37th Annual Virginia Conference on Federal Taxation (June 1985); Note, "Whose LIFO Is It Anyway? The Debate Over Use of LIFO with the Completed Contract Method," Virginia Tax Law Review (Winter 1984).

While working in the Government, I have also co-authored several governmental reports for which authorship is unattributed.

16. **Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)**
12th Annual Institute on Current Issues in International Taxation
Tax Executive's 50th Midyear Conference
OECD/EMEF High Level Symposium on Improving International Co-Operation to Counter Harmful Tax Practices
I have made numerous other speeches and participated in panels from notes (not from a prepared text).

17. **Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)**

I have served the Government for eight years in various tax policy positions. Each of these experiences, first working for the Congress and now the Administration, has taught me a great deal about the formulation of tax policy, including legal, economic and tax administration considerations. I have been involved in all major pieces of tax legislation since 1992. Also, since coming to Treasury in 1997, I have played a lead role in the regulatory guidance process. I believe these experiences (together with my private sector legal experience) will aid me in being sensitive to the issues faced by taxpayers and the government and in striking the appropriate balance in policy deliberations.

Since the fall of last year, I have been charged with supervising the Office of Tax Policy. This experience will serve me well in continuing to supervise this important part of the Treasury Department.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. **Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.**
Yes.
2. **Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.**
No.
3. **Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.**
No.
4. **If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.**
Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. **Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.**
None.

2. **Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.**
None.
3. **Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.**
None.
4. **Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)**
I do not believe that any of my responses to the items in this questionnaire raise the issue of a conflict of interest. However, if I become aware of any potential conflict of interest in connection with my performance of official duties following my appointment as Assistant Secretary, I will consult promptly with Treasury's ethics counsel.
5. **Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.**
6. **The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:**
7. **Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.**
No.

D. LEGAL AND OTHER MATTERS

1. **Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.**
No.
2. **Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.**
No.
3. **Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.**
I was sued in Montgomery County Small Claims Court for a mechanic's lien on my home that was filed for previous owner's failure to pay for work done at his behest. The case against me was dismissed as baseless.
4. **Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.**
No.
5. **Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.**
None.

E. TESTIFYING BEFORE CONGRESS

1. **If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?**
Yes.
2. **If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?**
Yes.

PREPARED STATEMENT OF RUTH "MARTI" THOMAS

Mr. Chairman, Senator Moynihan, and Members of the Committee, I appreciate the opportunity to appear before you today as the President's nominee to serve as Assistant Secretary for Legislative Affairs and Public Liaison. I appreciate your great courtesy in scheduling this hearing for me and my colleagues from the Treasury Department.

Senator Moynihan, I come from the great state of New York. I was born and raised in Poughkeepsie. I am fortunate to be joined here today by my mother Jean, originally from Syracuse, and my father Ed, originally from Brooklyn.

I am most grateful to President Clinton for nominating me and to Secretary Summers for selecting me for this position. I joined the Treasury Department two and a half years ago as Deputy Assistant Secretary in the Office of Legislative Affairs.

As Deputy Assistant Secretary, I have focused on issues in the tax and budget arena, though I have been exposed to Treasury's efforts in many areas, such as trade policy, federal law enforcement, financial institution policy, and international assistance programs, among other important tasks. I have enjoyed working for Secretaries Summers and Rubin who have always held the deepest respect for, and sought to maintain a close and cooperative relationship with, the Congress. I have learned from watching my predecessors Linda Robertson and Michael Levy that the Assistant Secretary's primary purpose is to ensure that the views of Congress are known and fully considered by the Department and the Administration, while at the same time providing Treasury's views to the Congress in a timely fashion.

Mr. Chairman, Senator Moynihan, I come to you as this Administration draws to a close, and would like to take a moment to express the Department's appreciation for the courteous, bipartisan, and professional manner that this Committee has handled our nominations throughout these seven and a half years. Frank Polk, David Podoff, and their staffs also deserve special thanks. As a result of this Committee's actions, our Department has always been prepared to function effectively in the domestic and international arena. It is my primary goal, with the strong support from the Secretary, to carry on the close and cooperative relationship that our Department and this Committee have shared.

Thank you for the privilege to appear before you today and I would be pleased to respond to any questions.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. **Name: (Include any former names used.)**
Ruth Martha Thomas. (Nickname is Marti.)
2. **Position to which nominated:**
Assistant Secretary for Legislative Affairs and Public Liaison, Treasury Department.
3. **Date of nomination:**
6/16/00
4. **Address: (List current residence, office, and mailing addresses.)**
3901 Connecticut Avenue, N.W., Apt. 210
Washington, D.C. 20008

U.S. Treasury Department
3128 Main Treasury
Washington, D.C. 20220
5. **Date and place of birth:**
3/6/63, Poughkeepsie, N.Y.
6. **Marital status: (Include maiden name of wife or husband's name.)**
Single.
7. **Names and ages of children:**
N/A.
8. **Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)**
Middlesex School, Concord, MA, 1978-81 (High School diploma.)
Wesleyan University, Middletown, CT, 1981-85 (Bachelor's Degree.)
Tufts University, Somerville, MA, Summer 1983 (one course.)
George Washington University, Washington, D.C., 1986 (one course.)
Georgetown University Law Center, Washington, D.C., 1989-95, (Juris Doctor.)

9. **Employment Record:** (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

Paid Intern, House Committee on House Administration, House Annex Two, Washington, D.C., June 1985 – August 1985.

Education Assistant, Business and Professional Women's Foundation, Massachusetts Ave, Washington, D.C., August 1985-January 1996.

Organizer, National Women's Political Caucus, 1375 K Street, Washington, D.C., January 1986-July 1986.

Scheduler and Office Manager, U.S. Senator Don Riegle, Dirksen Building, Washington, D.C., August 1986-May 1987.

Assistant to the Political Director, Democratic Congressional Campaign Committee, 30 Ivy Street, Washington, D.C., May 1987-May 1989.

Assistant to the Chief of Staff, Office of the House Majority Leader Richard A. Gephardt, H-148 Capitol, Washington, D.C., May 1989-January 1990.

Floor Aide, Office of the House Majority Leader Richard A. Gephardt, January 1990-January 1991.

Floor Assistant, Office of the House Majority Leader Richard A. Gephardt, January 1991-December 1994.

Executive Floor Assistant and Counsel, Minority Clerk of the House, Office of the House Democratic Leader Richard A. Gephardt, January 1995-February 1998.

Deputy Assistant Secretary for Tax and Budget, Office of Legislative Affairs and Public Liaison, Treasury Department, 15th and Pennsylvania Avenue, Washington, D.C., March 1998-March 2000.

Acting Assistant Secretary, Office of Legislative Affairs and Public Liaison, Treasury Department, 15th and Pennsylvania Avenue, Washington, D.C., March 2000 – present.

10. **Government experience:** (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)
None.

11. **Business relationships:** (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)
I hold a 1/8th partnership interest in land on North Cross Road, Hyde Park, New York.
12. **Memberships:** (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)
Member, Capitol Hill Women's Political Caucus, 1986.
13. **Political affiliations and activities:**
- List all public offices for which you have been a candidate.
None.
 - List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
Volunteered for Get Out the Vote activities in the 2nd District of Connecticut in November 1994, 1996. Volunteered for Get Out the Vote activities in North Carolina in November 1990.
 - Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.
Democratic Congressional Campaign Committee, 6/13/96 \$100.00
Democratic Congressional Campaign Committee, 11/3/97 \$70.00.
14. **Honors and Awards:** (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)
None.
15. **Published writings:** (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)
None.
16. **Speeches:** (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)
None.

17. **Qualifications:** (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

My principal qualification for this position is my long-term employment by the Congress prior to my current position at Treasury. I possess a deep-rooted love and respect for the institution, a history of bipartisan work and personal relationships on the Hill, and a commitment to fostering a solid relationship of service to the Secretary and the Congress.

Additionally, I have worked the last two years as the Principal Deputy Assistant Secretary for Tax and Budget in the Office of Legislative Affairs and Public Liaison. In this capacity, I have gained valuable experience by serving as the primary liaison to Capitol Hill for the offices of Tax Policy and Economic Policy. I have also supported the Assistant Secretary in managing the office and my continued service would provide continuity and stability in its functions. I possess extensive knowledge of how the department functions internally and in conjunction with other departments and the White House.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.
If confirmed, I will continue to be an employee of the Treasury Department.
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.
No.
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.
No.
4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.
Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.
None.
2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
None.
3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.
No.
4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)
I am unaware that any of my responses to the items in this questionnaire raise conflict of interest concerns. However, following my appointment as Assistant Secretary, should I become aware of the potential for a conflict to arise in connection with the performance of my official duties, I will promptly consult with Treasury's Ethics Counsel.
5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.
6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.
No.
2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.
No.
3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
No.
4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.
No.
5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?
Yes.
2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?
Yes.

COMMUNICATIONS

STATEMENT OF PACE

[SUBMITTED BY JAMES K. PHILLIPS, VICE PRESIDENT]

Dear Chairman Roth and Senator Moynihan:

We are writing to support the nomination of Robert LaRussa, provided that he commits to retain the Commerce Department's independence in the administration of anti-dumping laws and agreements.

PACE represents the 2,300 workers at the uranium enrichment plants at Paducah, Kentucky and Portsmouth, Ohio and the Honeywell uranium conversion facility in Metropolis, Illinois. PACE wants to make you aware of a problem that is developing regarding imports of Russian uranium. If not properly resolved, it could threaten the jurisdiction and independence of the Department of Commerce in its administration of the anti-dumping and countervailing duty laws. The administration of these laws are under the authority of the Under Secretary for International Trade. Mr. Robert LaRussa, the former Assistant Secretary for Import Administration, has been nominated for this position and is aware of this issue. If not resolved it threatens to undermine significant energy security interests of the United States, could jeopardize the continued operation of both remaining uranium enrichment plants in the U.S. and the sole remaining uranium conversion plant in the U.S.

There are currently two government-to-government agreements between the United States and the Russian Federation regarding uranium. These two agreements must be kept separated if both U.S. law and policy objectives are to be achieved.

The first is a Suspension Agreement of an anti-dumping case on Russian uranium that has been in effect since 1992. Rather than impose countervailing duties, Russia entered into this Suspension Agreement. No enriched uranium imports are permitted under that agreement at this time.

The second is the U.S.-Russian HEU Agreement entered in 1993. This 20 year agreement provides for the U.S. government to buy 500 metric tons of highly enriched uranium (HEU) that has been removed from Russian nuclear warheads. The annual tonnage is blended down in Russia into nuclear fuel for electric power plants and brokered by USEC, Inc., the privatized uranium enrichment enterprise, and the Executive Agent for the U.S. government in this transaction. This converted Russian HEU equals almost half of U.S. utility demand for nuclear fuel.

In 1996, while USEC was still a government corporation, it entered into a five-year, fixed-price contract for the blended down HEU. The price under that contract now exceeds the market price for the enrichment component of nuclear power plant fuel (SWU). USEC, which was privatized in 1998, has been trying to negotiate a new pricing agreement with Tenex, a Russian government trading company that is the Executive Agent for the Russians in the HEU Agreement. USEC wants substantially lower prices after the current 5-year contract expires in 2001. The Russians refuse to give up revenue in spite of the drop in market prices, which price drop was due, in part, to the added supply from the HEU Agreement.

Tenex has proposed to accept substantially lower prices for the converted HEU for a quid pro quo that would give them a substantial quota under the suspension agreement for newly-produced, commercial nuclear fuel (not converted warhead material). The total of the two deals would give the Russians over 60% of the U.S. market and further reduce production at the two U.S. enrichment plants. The Russians have not gained any of that market through fair competition but under direct agreement with the U.S. government. Both governments would have to approve these deals as well.

Both USEC and the Russians are trying to use other branches of government to pressure the Department of Commerce surrender its authority over the Suspension

Agreement, predicated on national security grounds. The Russians will continue to insist on an above market price for their converted warhead material or back out of the HEU Agreement; or agree to lower prices if they are given an even larger share of the U.S. market with a quota under the Suspension Agreement. Either result is unacceptable.

Up to now the Department has been able to independently consider past Russian requests for SWU quotas under the Suspension Agreement, before the Russians dominated so much of the market through the HEU deal. And up to now, USEC is seeking to open up parts of the suspension agreement so it can broker commercial Russian enrichment SWU under the Suspension Agreement and cut production to the point where neither domestic enrichment plant will be economic. This would be at odds with the USEC Privatization Act of 1996 and the nation's energy security.

USEC is already in financial difficulty in the two short years since privatization because the imports under the Russian HEU Agreement forced in to cut production by almost 50% at the two enrichment plants. That forced a dramatic increase in unit costs. USEC's bond rating was recently dropped to "junk bond" status and USEC terminated its privatization agreement with the Treasury Department and announced it intends to close the plant in Portsmouth, Ohio. That will force the lay off of almost 2,000 people. We have information that if the additional SWU quota is granted under the Suspension Agreement, it will lower production to a point that the remaining plant at Paducah, Kentucky will be jeopardized as well.

We would like the opportunity to present these matters to the Department and know that they will get the independent consideration they have in the past. We are concerned that the concerns of other federal agencies with respect to the HEU Agreement will override the independence of the Department.

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