

1 EXECUTIVE COMMITTEE MEETING

2 WEDNESDAY, FEBRUARY 7, 1990

3 U.S. Senate

4 Committee on Finance

5 Washington, D.C.

ORIGINAL

6 The meeting was convened, pursuant to notice, at 10:35  
7 a.m. in room SD-215, Dirksen Senate Office Building, Hon.  
8 Lloyd Bentsen (chairman) presiding.

9 Also present: Senators Moynihan, Baucus, Bradley,  
10 Riegle, Rockefeller, Daschle, Packwood, Roth, Danforth,  
11 Heinz, and Symms.

12 Also present: Hon. Carla Hills, United States Trade  
13 Representative; Dr. David Walters, Chief Economist, USTR.

14 Also present: Vanda McMurtry, Staff Director and Chief  
15 Counsel; Ed Mihalski, Chief of Staff, Minority.

16 Also present: Jeff Lang, International Counsel; Brad  
17 Figel, Trade Counsel; and Marcia Miller, Trade Counsel.

18 (The press release announcing the meeting follows:)

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1 The Chairman. This hearing will come to order.

2 The first thing we will address this morning is a  
3 request from Ambassador Hills concerning a Panamanian bill.  
4 The Administration has asked for a bill restoring the trade  
5 benefits for Panama under the generalized system of  
6 preferences and the Caribbean Basin Initiative.

7 In 1988, under the authority granted the President by  
8 the Narcotics Control Trade Act, President Reagan suspended  
9 GSP and CBI treatment for Panama because of its involvement  
10 in drug production and drug trafficking. With the new  
11 Endyere government in Panama, President Bush has now  
12 certified to the Congress that Panama is cooperating fully  
13 with the United States to control drug production,  
14 trafficking and money laundering.

15 Under the current law, GSP and CBI benefits cannot be  
16 restored to Panama until the end of a 45-day layover period  
17 which gives the Congress the opportunity to disapprove the  
18 President's certification.

19 Now because the President wants to restore Panama's GSP  
20 and CBI benefits as soon as possible, it is asking the  
21 Congress to pass legislation that would make the requirement  
22 for the 45-day waiting period not necessary. Normally I  
23 would have reservations about the Congress giving up its  
24 prerogatives and this type of thing, something granted by  
25 law, but obviously this one is a very exceptional case.

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1           We have a new regime in Panama, one which we expect will  
2 be much more cooperative than the last one in fighting  
3 drugs. And that is why I very much agree with the  
4 Administration, that we ought to do what we can to jump  
5 start that economy.

6           My second concern of this matter is that the  
7 Administration failed to consult with the Finance Committee  
8 in the formulation of the legislation.

9           The Narcotics Control Trade Act is part of the 1974  
10 Trade Act, clearly within the jurisdiction of the Finance  
11 Committee. Yet I learned about the Administration's desire  
12 to pass the legislation almost by happenstance.

13           I, therefore, object to this legislation being taken up  
14 until the Finance Committee had an opportunity to consider  
15 the matter.

16           It is my understanding that the House is expected to act  
17 today on legislation authorizing U.S. assistance for Panama,  
18 including the trade benefits before this Committee now.

19           The Senate Foreign Relations Committee reported a  
20 similar bill yesterday, and I understand the Senate  
21 leadership would like to take the bill up this afternoon or  
22 tomorrow.

23           If this Committee approves this bill, then I would move  
24 that it be included in the package on the Senate floor.

25           The objective is to send this piece of legislation to the

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1 President before the recess starts and obviously that is an  
2 ambitious time schedule. But I know the members of this  
3 Committee are certainly willing to work with the  
4 Administration so that we can speed Panama's economic  
5 recovery.

6 Senator Packwood.

7 Senator Packwood. No comments, Mr. Chairman.

8 The Chairman. Are there any other comments?

9 Senator Bradley. Mr. Chairman, I think this is  
10 enormously important that we ought to move it forward. It  
11 is our contribution to trying to restore a healthy economy  
12 in Panama.

13 The Chairman. Thank you.

14 Ambassador Hills, we would be pleased to have any  
15 comments that you have concerning it.

16 Ambassador Hills. The Administration would be very  
17 grateful if this Committee would approve this legislation.  
18 It is a program that we want to move forward quickly for the  
19 very reasons that you said, Mr. Chairman. So we appreciate  
20 very much your efforts this morning.

21 The Chairman. Thank you.

22 Unless there are further comments, I would entertain a  
23 motion to pass the legislation.

24 Senator Packwood. So moved, Mr. Chairman.

25 Senator Moynihan. I second it, Mr. Chairman.

1           The Chairman. All in favor of the legislation as  
2 stated, make it known by saying aye.

3           (Chorus of ayes.)

4           The Chairman. Opposed?

5           (No response.)

6           The Chairman. The motion is carried. Thank you very  
7 much. The Congress can work expeditiously when there is a  
8 need for it.

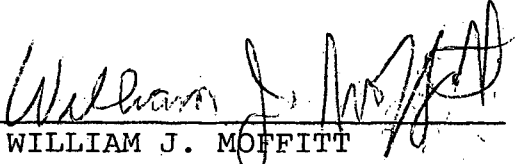
9           Ambassador Hills. I am very impressed.

10          (Whereupon, at 10:35 a.m., the meeting was concluded.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of an Executive Committee Meeting of the United States Senate Finance Committee, in re: Panama Resolution, held on Wednesday, February 7, 1990, were transcribed as herein appears and that this is the original transcript thereof.

  
WILLIAM J. MOFFITT  
Official Court Reporter

My Commission expires April 14, 1994.

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UNITED STATES SENATE  
COMMITTEE ON FINANCE

Executive Session

Wednesday, February 7, 1990 - 10:30 AM  
SD-215 Dirksen Senate Office Building

**A G E N D A**

To consider an original bill to provide for the restoration of certain trade benefits for Panama.

**RESTORATION OF GENERALIZED SYSTEM OF PREFERENCES  
AND CARIBBEAN BASIN INITIATIVE BENEFITS FOR PANAMA**

(Prepared by the Staff of the Senate Committee on Finance)

Wednesday, February 7, 1990

**Background**

On March 23, 1988, pursuant to his authority under the Narcotics Control Trade Act (Title VIII of the Trade Act of 1974), President Reagan suspended preferential tariff treatment under the Generalized System of Preferences (GSP) and the Caribbean Basin Economic Recovery Act (CBERA) for imports from Panama. This action was based on the President's determination that Panama was not cooperating fully with the United States in preventing narcotics production and trafficking, and the laundering of drug-related monies.

Under section 802(b)(4)(B) of the 1974 Trade Act, the President's action with respect to Panama remains in effect until (1) the President certifies to the Congress that during the previous year Panama has cooperated fully with the United States, or taken steps on its own, to prevent narcotics production, trafficking, and money laundering, or that the vital national interests of the United States require that Panama's GSP and CBERA benefits be restored; (2) a period of 45 days of a continuous session of Congress elapses; and (3) during that period the Congress does not enact a joint resolution disapproving the President's certification. The law provides that, if such a disapproval resolution is reported by the Finance Committee, a motion to proceed to its consideration shall be treated as privileged in the Senate.

On January 26, 1990, President Bush certified to the Congress that Panama has fully cooperated with the United States, or taken adequate steps on its own, to control narcotics production, trafficking, and money laundering, as defined in section 802(b) of the 1974 Trade Act, and that Panama does not have a government involved in the trade of illicit narcotics.

**Description of the legislation.**--The proposed legislation provides that the requirements of section 802(b)(4)(B) of the 1974 Trade Act shall be deemed to be satisfied with respect to the actions taken regarding Panama. The effect of the legislation is to obviate the need for the 45-day waiting period in order to restore preferential tariff treatment under GSP and CBERA for imports from Panama.