

1 EXECUTIVE COMMITTEE MEETING - ORGANIZATIONAL MATTERS:  
2 SUBCOMMITTEE ASSIGNMENTS; REVISION OF APPOINTMENTS TO  
3 JOINT COMMITTEE ON TAXATION AND AS CONGRESSIONAL TRADE  
4 ADVISOR ON TRADE POLICY AND NEGOTIATIONS; S. 942, TO  
5 REAUTHORIZE THE TANF SUPPLEMENTAL GRANT PROGRAM FOR ONE  
6 YEAR; S.J. RES.16, TO APPROVE THE U.S.-VIETNAM BILATERAL  
7 TRADE AGREEMENT; S. 643, TO IMPLEMENT THE AGREEMENT  
8 ESTABLISHING A U.S.-JORDAN FREE TRADE AREA; AN ORIGINAL  
9 COMMITTEE RESOLUTION CALLING FOR AN INVESTIGATION OF THE  
10 IMPORTATION OF CERTAIN STEEL PRODUCTS; AND TO CONSIDER  
11 FAVORABLY REPORTING THE FOLLOWING NOMINATIONS: WADE HORN,  
12 ASSISTANT SECRETARY FOR FAMILY SUPPORT, DEPARTMENT OF  
13 HEALTH AND HUMAN SERVICES; ALLEN FREDERICK JOHNSON, CHIEF  
14 AGRICULTURAL NEGOTIATOR, U.S. TRADE REPRESENTATIVE; KEVIN  
15 KEANE, ASSISTANT SECRETARY FOR PUBLIC AFFAIRS, DEPARTMENT  
16 OF HEALTH AND HUMAN SERVICES; BRIAN CARLTON ROSEBORO,  
17 ASSISTANT SECRETARY FOR FINANCIAL MARKETS, DEPARTMENT OF  
18 TREASURY; AND WILLIAM H. LASH, III, ASSISTANT SECRETARY  
19 FOR MARKET ACCESS AND COMPLIANCE, DEPARTMENT OF COMMERCE

20 TUESDAY, JULY 17, 2001

21 U.S. Senate,  
22 Committee on Finance,  
23 Washington, DC.

24 The meeting was convened, pursuant to notice, at  
25 10:05 a.m., in room 215, Dirksen Senate Office Building,

1 Hon. Max Baucus (chairman of the committee) presiding.

2 Present: Senators Rockefeller, Graham, Jeffords,  
3 Kerry, Lincoln, Grassley, Hatch, Murkowski, Nickles,  
4 Gramm, Lott, Thompson, Snowe, Kyl, and Thomas.

5 Also present: John Angell, Democratic Staff  
6 Director; Kolan Davis, Republican Staff Director and  
7 Chief Counsel.

8 Also present: Grant Aldonis, Under Secretary for  
9 International Trade, Department of Commerce; Peter  
10 Davidson, General Counsel, USTR; Greg Mastel, Chief Trade  
11 Counsel; Richard Chriss, Trade Counsel; and Carla Martin,  
12 Chief Clerk.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM  
2 MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The committee will come to order.

5 This is our first business meeting since the Senate  
6 reorganized this year, and I would like to again take the  
7 opportunity to commend Senator Grassley, former Chairman  
8 of the committee, good friend, and in many respects kind  
9 of co-chairman. We work very closely together, and I  
10 just want to again recognize my very high regard for the  
11 Senate from Iowa.

12 I would also like to acknowledge that Senator  
13 Jeffords has moved to the other side of the dias, where I  
14 know he will continue to make a very important  
15 contribution to the committee's work.

16 I welcome our new Senator, Senator Thomas from  
17 Wyoming. From my perspective, it is good to have a  
18 neighbor join the committee, one with a very deep  
19 understanding of the needs of the West.

20 I also might note that Senator Thomas is following in  
21 distinguished Wyoming tradition. Our friend Malcolm  
22 Wallop served on this committee, and he was preceded by  
23 Cliff Hanson.

24 As the Senator might recall, actually it was a few  
25 years ago, when I joined this committee there was a

1 wonderful photograph in the back room, a huge photograph  
2 of the Tetons.

3 It was a large photograph that took up almost the  
4 entire space of the wall there. It was Senator Hanson's  
5 ranch in the Tetons in Wyoming. So I expect, Senator,  
6 that pretty soon we will have your photograph on the  
7 wall, and look forward to that.

8 Senator Thomas. We will try to return it.

9 The Chairman. All right.

10 I would like to take a few minutes to discuss the  
11 committee's work for the remainder of the month. The top  
12 priority is the prescription drug bill. The  
13 administration's announcement last week was an important  
14 step in that regard.

15 We ought to build on it, however, by putting together  
16 a solid, bipartisan bill that expands Medicare coverage  
17 to include prescription drugs for all seniors and makes  
18 other sensible improvements in the Medicare program.

19 I have been working with Senators Grassley,  
20 Rockefeller, Breaux, Graham, and others to write a bill  
21 that can serve, I think, as a basis for a solid  
22 bipartisan compromise.

23 My hope is that we can go to mark-up as soon as  
24 possible. Many members have been working on this issue  
25 for years. More important, seniors are depending on us

1 to put our differences aside and provide a prescription  
2 drug benefit for them. Beyond that, I hope that the  
3 committee can consider legislation to expand health  
4 insurance for Americans who currently lack coverage.

5 I also hope that we can consider the Family  
6 Opportunity Act, sponsored by Senator Grassley and co-  
7 sponsored by 13 members of the committee.

8 That brings me to the subject of this morning's  
9 meeting. We have several items. First, is making  
10 changes to our committee organization. Then we have five  
11 nominations, then several important trade matters: the  
12 U.S.-Jordan FTA, U.S.-Vietnam Bilateral Trade Agreement,  
13 and a resolution to address the steel import crisis.

14 These are not only important matters before the  
15 Finance Committee, but they are very important matters to  
16 the Congress and the country.

17 Right now, my staff has worked with members of this  
18 committee and the House to complete legislation to extend  
19 trade adjustment assistance, fast track negotiating  
20 authority, and other matters with respect to trade. I  
21 hope to schedule all these matters later in the year and  
22 expect to support them.

23 But I will oppose efforts today to add those  
24 provisions, and others, to these bills, including Jordan,  
25 Vietnam, and the others. I think to add amendments to,

1 say, add fast track to this bill would short-circuit the  
2 work and debate that must go on in each of these  
3 important matters if we are going to get a large majority  
4 supporting these measures.

5 Finally, our agenda includes a one-year extension of  
6 the supplemental grants program enacted as part of the  
7 1996 welfare reform law.

8 I hope we will move through the agenda quickly, but I  
9 first turn to my good friend, the Senator from Iowa.

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1 OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S.  
2 SENATOR FROM IOWA

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4 Senator Grassley. I know we have had several  
5 hearings since you have assumed the chairmanship.  
6 Probably at that very first hearing we should have had a  
7 ceremonial hand-off of the gavel. I did not think of  
8 that at the time, and I suppose it is inappropriate to do  
9 it now at a late stage.

10 But at least I want to recognize the fact that I was  
11 negligent in not doing that, and I want to welcome you  
12 that way to being chairman of the committee, and also  
13 your statement about the working relationship that we had  
14 when I was chairman, that is continuing now. It is  
15 continuing.

16 It may not continue on everything this committee  
17 does, but overall it is a very close working  
18 relationship. If there are any disagreements, obviously,  
19 they are going to be agreeable disagreements, as far as I  
20 am concerned.

21 In regard to that, if I could speak about one or two  
22 of the things that you have on the agenda. First of all,  
23 I would thank you very much for putting high on your list  
24 the Family Opportunity Act, a bill that has 71 co-  
25 sponsors that I am working closely with members of your

1 party to get adopted so that families do not have to  
2 impoverish themselves when they have very high medical  
3 costs.

4 Then in the area of prescription drugs, just for the  
5 sake of anyone who might remember, several months ago I  
6 said that I fully intended to have a prescription drug  
7 bill out of committee before the August recess. The  
8 Chairman, now, still has that goal. I compliment him for  
9 having that goal.

10 But I also would like to say to the Chairman that,  
11 because we are writing a new program, it is a very  
12 complicated thing, it is the first major change to  
13 Medicare that has been done in four decades, that I find  
14 it difficult, both from the policy standpoint and from  
15 the actual writing standpoint, the longer we get into it.

16 So I want to assure the Chairman that, if he does not  
17 meet his own deadline that tended to correspond with the  
18 deadline I have, and I think maybe we can meet that  
19 deadline, but if it cannot be reached, I want the  
20 Chairman to know that I am not going to hold a news  
21 conference and berate him for not getting that very  
22 important program out, because it is something that we  
23 want to do right when we do it.

24 So I thank you, though, very much for how we are  
25 working towards that goal of having a mark-up yet before



1 the August recess.

2 If I could go, now, to the purposes of this meeting.  
3 I have a chance also, in my capacity as Ranking Member,  
4 to say that we have collaborated very closely in  
5 determining the committee's agenda, and on specific  
6 hearing projects and legislative projects. I like the  
7 way this has gone now since the change of leadership.

8 I also want to do, as the Chairman did, welcome my  
9 colleague, Senator Craig Thomas, to the committee,  
10 continuing the tradition of the State of Wyoming having a  
11 very important voice in tax policy of the U.S. Senate, as  
12 it has had over the last several decades with several  
13 good Senators who were predecessors to Senator Thomas.

14 I know he has been, even though not a member of the  
15 committee, for many years involved in the policy areas  
16 over which the Finance Committee has jurisdiction. So, I  
17 know he will make a fine contribution to the committee's  
18 work. One area I would point out, is the area of  
19 concerns of adequate health care in rural America in his  
20 capacity as a leader in the Rural Health Caucus.

21 I hope that Senator Thomas finds the subcommittee  
22 assignments to his satisfaction. We were able to find  
23 places for Senator Thomas on three of the four highest  
24 subcommittee priorities that he had.

25 I am pleased, because of the Chairman's consent, that

1 we have no Republican Senator losing a subcommittee  
2 assignment. Since Republicans retained 10 members  
3 throughout the changeover, Chairman Baucus has agreed to  
4 allow the same number of people on the subcommittee.

5 We will be considering today the issues on the  
6 agenda. I am glad to have trade items on the agenda.  
7 Approval of the U.S.-Vietnam Bilateral Trade Agreement is  
8 very important. We have a committee resolution on steel  
9 and legislation that would implement the Jordan Free  
10 Trade Agreement. We also undertake consideration of  
11 several presidential nominees.

12 One thing that I have been talking about since the  
13 first of the year that I am going to continue to talk  
14 about, is the passage of trade promotion authority.  
15 Obviously, I am going to continue to urge this committee  
16 to consider that legislation and do it earlier rather  
17 than later.

18 We are well along into the month of July, and it  
19 appears that there is not as much sense of urgency about  
20 this legislation as there was when we began discussions  
21 on the subject.

22 Instead, we have now these other three very  
23 important, although less important than trade promotion  
24 authority, on the agenda, the first one, being the U.S.-  
25 Vietnam Bilateral Trade Agreement. I am pleased that we

1 are moving this important agenda ahead.

2 The agreement has strong bipartisan support. Passage  
3 of this agreement will open unprecedented opportunities  
4 for American exports to Vietnam. It will also help  
5 solidify our relations with Vietnam.

6 A second major trade item, is the committee  
7 resolution on steel imports. This resolution, I feel, is  
8 unnecessary because President Bush has already initiated  
9 a Section 201 resolution on steel, thus, the committee  
10 resolution has no legal effect. It does, however,  
11 express committee sentiment about the administration's  
12 actions.

13 I guess if people want to express that sort of  
14 approval of the administration's actions, as a Republican  
15 I should accept it. But I think it tends to muddy the  
16 waters of where the authority for the 201 action  
17 initiated.

18 Third, we are undertaking consideration of the Jordan  
19 Free Trade Agreement. As I have stated so many times,  
20 this agreement negotiated and submitted by the Clinton  
21 Administration contains labor and environmental  
22 provisions within the core text of the agreement, and  
23 also leaves open the possibility, much to my regret, of  
24 enforcing these provisions with trade sanctions.

25 This Senator, and many other Senators, are very

1 concerned about linking labor and environmental  
2 obligations to trade sanctions. For those who feel that  
3 that sort of compromise is necessary to get the votes to  
4 pass certain trade legislation, I think it is just simple  
5 common sense that, for every Democrat we pick up on that  
6 issue, we lose Republicans.

7 If we are really serious about getting these trade  
8 issues through, particularly trade promotion authority,  
9 as legitimate as it might be to talk about labor and  
10 environment, we are going to have to find a compromise  
11 that deals with application of things other than trade  
12 sanctions to that area. I hope we move in that direction  
13 to do that.

14 It is wrong for us to say that labor and environment  
15 has never been involved in any trade promotion authority,  
16 but we are moving way beyond the point where it is  
17 legitimate to tie the hands of our negotiators with trade  
18 sanctions applicable to labor and environment.

19 So, as Chairman, I had hoped to reach bipartisan  
20 consensus on the relationship between labor, the  
21 environment, and trade before moving to the Jordan Free  
22 Trade Agreement. Yet, today we are faced with voting on  
23 this controversial aspect of an agreement that would  
24 otherwise be very noncontroversial.

25 This is extremely unfortunate. I hope that, before

1 now and the time on the floor of the Senate, we can get  
2 some sort of agreement on this.

3 Just a few years ago, the committee passed trade  
4 promotion authority by a very wide bipartisan margin. I  
5 hope that, despite today's action which tends to give  
6 people that want to use the labor and environment  
7 provisions of the Jordan Free Trade Agreement for  
8 propagandistic purposes in regard to trade promotion  
9 authority, I think this gives them strength that does not  
10 move forward trade promotion authority to any great  
11 extent, or in fact maybe even harms the process.

12 So I hope that we can work to regain the strong  
13 bipartisan consensus on trade that we had within the last  
14 two years when this committee voted.

15 I yield the floor.

16 The Chairman. Thank you very much, Senator.

17 I would now like to turn to the committee  
18 organization. We have two matters before us. First, is  
19 to revise the membership of our subcommittees to reflect  
20 the current membership of the committee. The second, is  
21 to revise the membership of the two statutory groups that  
22 we have, the Joint Tax Committee and the Congressional  
23 Trade Advisors. Again, this change reflects the current  
24 balance of the committee.

25 The new members of each group would be the Chairman,

1 Senator Grassley, Senator Rockefeller, Senator Hatch,  
2 Senator Daschle. In each case, Senator Daschle replaces  
3 Senator Murkowski.

4 Is there any discussion?

5 Senator Grassley. Before discussion, I would move  
6 that we do this, and hopefully that there is not any  
7 controversy. I do not believe there is any controversy.  
8 But I would want to make that motion because, first of  
9 all, I think it satisfies everybody. Second, you have  
10 been very cooperative in meeting the needs of our members  
11 on the subcommittee assignments.

12 The Chairman. Thank you.

13 So do you move the assignments?

14 Senator Grassley. I move.

15 The Chairman. All those in favor, say aye.

16 [A chorus of ayes]

17 The Chairman. Those opposed?

18 [No response]

19 The Chairman. The ayes have it. Those two  
20 resolutions are adopted.

21 We will now turn to the nominees. Let me start by  
22 giving the members the box score up to this point. The  
23 Finance Committee has received 30 nominations from the  
24 White House, and we have voted favorably on 19.  
25 Today, we will consider five more. They are William

1 Henry Lash, III, to be Assistant Secretary for Market  
2 Access and Compliance at the Department of Commerce;  
3 Allen Frederick Johnson, to be Chief Agricultural  
4 Negotiator for the Office of the U.S. Trade  
5 Representative; Brian Carlton Roseboro, to be Assistant  
6 Secretary of Financial Markets, Department of Treasury;  
7 Kevin Keane, to be Assistant Secretary of Public Affairs,  
8 Department of Health and Human Services; Wade Horn, to be  
9 Assistant Secretary of Family Support, Department of  
10 Health and Human Services.

11 I would like to say a few words about the nomination  
12 of Mr. Lash. As I stated at the hearing on this  
13 nomination several weeks ago, I have some very deep  
14 concerns about Mr. Lash's nomination.

15 There is no question that Mr. Lash's credentials in  
16 both the academic world and the business world are very  
17 impressive. However, his publicly expressed views on  
18 trade policy in general, and on obtaining access to  
19 foreign markets in particular, strike me as a bit out of  
20 synch, out of synch with current U.S. trade policy and  
21 with the mission of the agency he has been named to head.

22 Commerce's Market Access and Compliance unit, MAC, as  
23 it is known, is often the first place U.S. businesses  
24 look when they are facing road blocks in overseas  
25 markets.

1           Whether it is as a matter of Customs officers  
2 arbitrarily holding goods up at the foreign port or  
3 foreign law enforcement personnel turning the other way  
4 when pirates steal intellectual property of U.S. persons,  
5 MAC must be there to help. They must forcefully defend  
6 the rights of Americans under international agreements  
7 and the rules of international law.

8           My main concern about Mr. Lash, is that many of his  
9 writings reflect a very different attitude toward foreign  
10 market access barriers. Specifically, he has been very  
11 critical of Section 301 of the Trade Act, the principal  
12 tool for eliminating such barriers. He has objected to  
13 taking a forceful approach to these positions.

14           In his testimony before this committee and in his  
15 written responses to follow-up questions, Mr. Lash said  
16 that his views have "evolved" in recent years. He  
17 expressed a commitment, if confirmed, to use "every tool  
18 at the disposal of the Federal Government, including  
19 sanctions" to aid U.S. businesses in getting access to  
20 foreign markets.

21           I met with Mr. Lash on Wednesday and he confirmed  
22 this commitment. With that commitment, I am willing to  
23 give Mr. Lash the benefit of the doubt. But I want to  
24 make clear that I will be watching the work of MAC very  
25 closely in the years to come, and I fully expect the



1 agency to remain the strongest possible advocate for U.S.  
2 interests in markets overseas.

3 The other nominations appear to be noncontroversial.  
4 Each nominee has been the subject of a hearing, is well-  
5 qualified for the position to which he has been  
6 nominated, and therefore I would urge that all five  
7 nominations be reported favorably.

8 Senator Grassley. Mr. Chairman?

9 The Chairman. Senator Grassley?

10 Senator Grassley. Mr. Chairman, first of all, I  
11 want to thank you for your cooperation in working to get  
12 the President's nominees voted out of the Finance  
13 Committee.

14 You have a very good record going to your first  
15 chairmanship of this committee in moving cabinet-level  
16 people out, and now continuing it through subcabinet  
17 levels and helping the President to get the personnel  
18 that he needs to get his job done.

19 So I am going to encourage my colleagues to vote  
20 favorably on these nominees so that they can be promptly  
21 confirmed by the full Senate.

22 I would like to express my support, in particular,  
23 for one nominee, Allen Johnson to be Chief Agricultural  
24 Negotiator for the USTR. Al is an Iowan. In the mid-  
25 1980s, he was a member of my staff as an agricultural LA,

1 so I have known him for many years.

2 I believe, because of his background in the private  
3 sector in international trade issues, that he will be a  
4 very, very good agriculture negotiator and will help move  
5 along the tremendous progress we need in agriculture  
6 negotiation to equal that of manufacturing and services.

7 So, I thank you and wish all these nominees the best  
8 of luck.

9 The Chairman. Thank you.

10 I do not think we have a quorum yet and we cannot  
11 report it out. So, let us just hold that in abeyance,  
12 unless there are other statements on the nominees.

13 [No response].

14 The Chairman. The next order of business is S.J.  
15 Res. 16, a resolution approving the extension of  
16 nondiscriminatory treatment to imports from Vietnam.  
17 Adoption of this resolution by the Congress will bring  
18 into effect a trade agreement between the United States  
19 and Vietnam concluded exactly one year ago.

20 This is not a free trade agreement like the Jordan  
21 agreement, but rather a basic commercial agreement  
22 required by the Trade Act in order to establish normal  
23 trade relations with a country subject to the Jackson-  
24 Vanik provisions of that act.

25 The trade agreement with Vietnam represents a very

1 important first step in what has been a difficult, and  
2 sometimes painful, process of normalizing our ties with  
3 that country.

4 After two decades of isolation, we have lifted the  
5 embargo to Vietnam in 1994. We reestablished diplomatic  
6 ties in 1995, and made Vietnam eligible for certain  
7 financial credit programs in 1998.

8 Meanwhile, Vietnam has cooperated in efforts to fully  
9 account for missing American personnel and to facilitate  
10 the orderly departure of Vietnam emigrees. Now we are  
11 ready for the next big step: normalization of our  
12 commercial relationship.

13 The Trade Act spells out the elements that must be  
14 contained in a trade agreement with a Jackson-Vanik  
15 country. The agreement with Vietnam meets those  
16 requirements, and goes further. It requires Vietnam to  
17 reduce tariffs in about 250 categories of goods. It  
18 requires Vietnam to phase out quotas on imports.

19 It requires that state-owned firms in Vietnam conduct  
20 import and export operations on commercial terms only.  
21 Moreover, it commits Vietnam to a broad array of  
22 obligations in the areas of services, intellectual  
23 property rights protection, and investment.

24 In many cases, these obligations meet or exceed World  
25 Trade Organization standards, even though Vietnam is not

1 a WTO member. This is quite an accomplishment. I  
2 commend negotiators who worked hard to negotiate a very  
3 comprehensive deal.

4 The thoroughness of this agreement should provide an  
5 excellent road map to guide commercial relationships  
6 between our two countries in the foreseeable future and  
7 it should pave the way for an eventual WTO-based  
8 relationship.

9 We should recognize that the United States and  
10 Vietnam still have a number of challenges ahead. I  
11 particularly hope the two countries will work closely to  
12 improve labor standards in Vietnam, pursuant to the  
13 memorandum of understanding signed last November. Labor  
14 standards have an impact on our trade relations, and this  
15 fact ought to be reflected in our trade agreements.

16 On the same note, I hope that an eventual textiles  
17 agreement with Vietnam will follow the Cambodia model of  
18 tying a schedule for quota increases to improvement in  
19 labor standards.

20 I also might say that various Senators have worked  
21 very hard on this and I commend them: Senator Grassley,  
22 in particular, in addition, Senator Kerry from  
23 Massachusetts.

24 At this point, I would like to recognize Senator  
25 Grassley.

1           Senator Grassley.   Well, I associate myself with  
2           your remarks.   I made some comments on this in my opening  
3           statement.   I will not add to that, but I urge everybody  
4           on my side of the aisle--I guess I urge all members of  
5           the Senate--to vote for this Vietnam Bilateral Trade  
6           Agreement.

7           The Chairman.   Thank you.

8           Senator Kerry, do you have a statement to make on  
9           this issue?   You have been a big proponent and a big  
10          help.

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1 OPENING STATEMENT OF HON. JOHN F. KERRY, A U.S. SENATOR  
2 FROM MASSACHUSETTS  
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4 Senator Kerry. Mr. Chairman, thank you very much.

5 You have summarized most of the direct economic  
6 benefits. I think I would just underscore to my  
7 colleagues that the most important part of it is really  
8 the way in which Vietnam has agreed to undertake a wide  
9 range of steps to open their markets to trade and  
10 investment, decreasing tariffs on American goods,  
11 reducing barriers to U.S. services, banking, telecom, and  
12 so forth.

13 But let me say to my colleagues, because Vietnam has  
14 had such a convoluted relationship with us, for the most  
15 obvious reasons, the war in Vietnam lasted for 10 years,  
16 1963 to 1973, for us.

17 You can measure what happened in those 10 years  
18 versus the time that has passed since I first went back  
19 there in 1990 and 1991, 10 years. It was a country then  
20 where most of the people in Hanoi were riding bicycles.  
21 There was one hotel, maybe. Stores were not open. There  
22 was very little commerce. People were under a law not to  
23 engage with foreigners. They were still dressed in black  
24 pajamas. It was remarkably a country that had not moved  
25 at all in 50 years.

1           In 10 years alone, in the last 10 years, anyone who  
2 visits Hanoi today will see a thriving tourist trade,  
3 bicycles replaced by motorbikes and cars, working traffic  
4 lights where there were none, and almost every street is  
5 filled with stores, all competing with each other, people  
6 engaged in a remarkable level of commerce, every country  
7 in the world is engaged in foreign commerce there, and a  
8 transition of just remarkable status. All the major  
9 hotel chains, and others, opened.

10           The South is almost even a different country from the  
11 North, as it was back then. The level of entrepreneurial  
12 activity in the South is absolutely astounding, the  
13 number of international corporations doing business  
14 there. Nothing is changing their outlook, or their  
15 politics, ultimately, more than this transformation that  
16 is taking place.

17           So, I think, given the fact that this is the entry-  
18 level step for participation in the WTO, and that is  
19 something that will benefit all of us, this is a very  
20 important step for us to take. It is larger than just a  
21 trade agreement. It is part of the reinforcement of  
22 those who are engaged in reform and in an outward-looking  
23 economic policy for Vietnam itself.

24           I might just close by saying that Vietnam, which this  
25 country still remains hung up on, is a country where only

1 5 percent of the population of Vietnam is over the age of  
2 65; 60 percent of the country is 25 years old or younger.  
3 So, this is just a place of 77 million people, one of the  
4 14 largest countries in the world, and we should be  
5 trading with it and moving forward.

6 The Chairman. Thank you very much, Senator.

7 Senator Grassley. Mr. Chairman, I notice that we do  
8 now have a quorum. I would suggest, and I would also  
9 move, that we would then send the nominees to the Senate  
10 floor, through approval by this committee.

11 The Chairman. Is there any discussion?

12 [No response].

13 The Chairman. All those in favor, say aye.

14 [A chorus of ayes

15 The Chairman. Those opposed, no.

16 [No response]

17 The Chairman. The ayes have it. The motion is  
18 agreed to.

19 The next order of business----

20 Senator Lincoln. Mr. Chairman?

21 The Chairman. Yes.

22 Senator Lincoln. Are we still on the U.S.-Vietnam  
23 issue?

24 The Chairman. Yes, we are.

25 Senator Lincoln. May I make a few comments?



1           The Chairman.   Absolutely.  
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1 OPENING STATEMENT OF HON. BLANCHE L. LINCOLN, A U.S.  
2 SENATOR FROM ARKANSAS

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4 Senator Lincoln. Thank you.

5 I just appreciate the Chairman's efforts in working  
6 with us on the concerns that we have had on this issue.  
7 I do also appreciate the response that we have gotten out  
8 of the USTR office. Ambassador Zoellick has been very  
9 responsive to our concerns in the importation of catfish.

10 I would like to say that the import reports for April  
11 are in and they are three times what they were the  
12 previous month. So this is not a problem or an issue  
13 that is going away lightly, and we want to be able to  
14 address it. As I said, I think we will have the  
15 opportunity, in working with the chairman and with the  
16 administrator, the Ambassador at USTR, but I do want to  
17 express that it is an issue that is not going away, and  
18 it continues to mount. We have a great deal of interest,  
19 not only from the State of Arkansas, but other States.  
20 We will possibly be looking at legislation down the road  
21 in terms of labeling that may be productive and helpful  
22 to us. But we would like to encourage the Chairman to  
23 continue to work with us on this issue. I know he will,  
24 as well as the Ambassador at USTR, and to recognize that,  
25 as it does mount, the fact that these imports are

1 escalating, again, from the counts that we are getting  
2 from the monthly imports, it is continuing to mount and  
3 continuing to be a problem, and it is something that we  
4 do want to address. So, I appreciate it.

5 The Chairman. Thank you, Senator. You and I have  
6 discussed this matter several times, publicly as well as  
7 privately, and I very much appreciate your concern. We  
8 will definitely work with you to make sure that we can  
9 address that as well as we possibly can.

10 Senator Lincoln. Thank you.

11 The Chairman. It is a big industry and it is very  
12 important to Arkansas. That is clear.

13 Senator Gramm. Mr. Chairman?

14 The Chairman. Senator Gramm?

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1 OPENING STATEMENT OF THE HON. PHIL GRAMM, A U.S. SENATOR  
2 FROM TEXAS

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4 Senator Gramm. Mr. Chairman, on the Vietnam trade  
5 agreement, I want to associate myself with the remarks of  
6 Senator Kerry. I want to congratulate him and Senator  
7 McCain for their long leadership on this issue.

8 They were in a very important position in being the  
9 proponents of this trade expansion agreement, and I think  
10 we are the big beneficiary, and the people of Vietnam  
11 will be a substantial beneficiary.

12 It is amazing what power the desire of human beings  
13 to better themselves and their lives is in terms of  
14 changing government and changing economic reality. I  
15 think this is a very good agreement and I strongly  
16 support it.

17 The Chairman. Thank you very much, Senator. I  
18 neglected to mention Senator McCain. It is true. Both  
19 Senator McCain and Senator Kerry have worked very, very  
20 hard, with compassion and commitment. They both deserve  
21 our praise.

22 Senator Grassley. Mr. Chairman, I would like to  
23 take this opportunity then to thank everybody who has  
24 worked so hard to get this to this point, a vote by this  
25 committee. At this point then I would move that we do

1 vote out to the floor the resolution on Vietnam bilateral  
2 trade.

3 The Chairman. All those in favor, say aye.

4 [A chorus of ayes]

5 The Chairman. Those opposed?

6 [No response]

7 The Chairman. The ayes have it. The resolution is  
8 passed.

9 We will now turn to Jordan. The next order is the  
10 approval of the U.S.-Jordan Free Trade Agreement. This  
11 agreement is not only a strong trade agreement, it is  
12 also a strong signal of support to a valued ally in the  
13 Middle East.

14 Jordan has been one of the few Arab states to  
15 actively work with the United States to establish a real  
16 and lasting peace in the Mideast.

17 When he visited in the spring, Jordan's King Abdullah  
18 personally asked the members of this committee to approve  
19 the U.S.-Jordan FTA as soon as possible, and certainly by  
20 this summer. Indeed, Jordan's parliament has already  
21 ratified the agreement.

22 The summer is here. Today we have an opportunity to  
23 approve the agreement without delay and without  
24 amendments certain to kill that agreement, or at least  
25 greatly delay its approval.

1           Let me explain the agreement. The FTA covers  
2 substantially all trade between the two countries. It  
3 eliminates tariffs and creates appropriate rules of  
4 origin. It creates safeguard mechanisms and generally  
5 establishes free trade between the United States and  
6 Jordan.

7           Strikingly, most of the debate on the U.S.-Jordan FTA  
8 does not revolve around any of the provisions actually in  
9 the legislation the committee is, today, considering. It  
10 focuses on provisions in the agreement that essentially  
11 obligate both countries to not weaken environmental  
12 standards or lower labor rights protections with the aim  
13 of distorting trade.

14           Although I know some of my colleagues have concerns  
15 about including these issues in trade agreements, that  
16 bell has already rung. The U.S.-Jordan FTA has been  
17 negotiated and signed, and the President, the Bush  
18 Administration, has announced that it will not seek to  
19 renegotiate it.

20           Whatever precedent that may create, already has been  
21 created. It cannot be undone or wished away. Beyond  
22 that, it is difficult for me to understand why anyone  
23 would want to negotiate an FTA with a country that would  
24 lower its labor rights standards or weaken environmental  
25 protections to gain a trade advantage.

1           Quite apart from the specifics of any agreement, a  
2 country that would take those steps would not be a good  
3 trading partner. I understand that some are concerned  
4 about the possibility of trade sanctions being imposed to  
5 enforce labor and environmental provisions. This seems a  
6 rather unlikely event, given the limited nature of the  
7 provisions and the consultative focus of the dispute  
8 settlement provisions.

9           The U.S.-Israel FTA has similar dispute settlement  
10 procedures and has never, in its 18-year history,  
11 resulted in sanctions being imposed.

12           The agreement also allows the President to select  
13 "appropriate and commensurate" measures to enforce the  
14 agreement. I believe trade sanctions are the surest  
15 approach to ensuring compliance, but if the President  
16 believes other approaches can be achieved, other  
17 approaches that also achieve compliance with the FTA's  
18 provisions, he is free to select them.

19           We have an opportunity to approve an agreement today  
20 that will bolster the Middle East peace process and  
21 strengthen an important ally. I would urge my colleagues  
22 to do that and to resist amendments that are likely to  
23 put approval of this agreement in grave jeopardy, or at  
24 least cause substantial delays.

25           Because of various drafting and technical errors

1 discovered in the implementing legislation introduced  
2 this spring I am offering a substitute amendment to  
3 correct those shortcomings, but I plan to resist all  
4 other amendments and urge my colleagues to do the same.

5 Senator Grassley?

6 Senator Grassley. Mr. Chairman, I think I have  
7 commented on this in my opening statement and I will pass  
8 for now.

9 The Chairman. All right.

10 I would like at this point to have the staff briefly  
11 explain the substitute amendment.

12 Mr. Mastel. Yes, Mr. Chairman.

13 The substitute amendment corrects various technical  
14 and drafting errors we found in the statute after  
15 introduction. It includes a version that was accidentally  
16 deleted from the drafting process. It changes several  
17 titles to conform to accurate drafting.

18 It corrects several typographical errors, and  
19 corrects the title language on several rules of origin in  
20 connection with the agreement. All of these are  
21 technical, none of which change substantively the bill  
22 introduced this spring.

23 The Chairman. Discussion? Senator Kerry?

24 Senator Kerry. Mr. Chairman, thank you for your  
25 good work on this and for getting this before the



1 committee at this point.

2 Many of us on this committee have had the privilege  
3 of meeting with King Abdullah. I think we would all  
4 agree that there are very few people who have moved as  
5 rapidly into a difficult situation to offer leadership in  
6 a place that desperately needs it.

7 This agreement also is more than just a trade  
8 agreement. I know there are colleagues on the other side  
9 of the aisle who, for deeply held reasons and I respect  
10 them, have a problem with the inclusion of a couple of  
11 the provisions in this agreement.

12 But, as the Chairman has said, I think they are  
13 meaningful, but nevertheless they are almost innocuous in  
14 the full import that they carry. As the Chairman said,  
15 it would be very difficult to pass an agreement here  
16 where we are knowingly encouraging somebody to diminish  
17 either standards that are upheld by those two provisions.  
18 I mean, it would be very hard to find a Congress that  
19 says that is a good policy. All we are doing is  
20 recognizing the existing standards.

21 Now, some people see that as a precedent, as a foot  
22 in the door. First of all, it was negotiated by another  
23 administration. It is certainly not going to be a  
24 precedent for this administration because they are not  
25 going to do that.

1           So what it means in the future is only going to be  
2 determined by its application. To have one agreement out  
3 there, which in effect offers a sort of tepid kind of  
4 test of those two provisions here, it seems to me, is  
5 really harmless.

6           But, most importantly, Mr. Chairman, given what is  
7 happening in the Middle East right now, for us not to  
8 embrace the potential of what trade can do to pick up on  
9 what Senator Gramm just said about offering people an  
10 opportunity to gain a stakehold and offering the  
11 leadership of this Nation to be able to better off people  
12 that stakehold, would be completely irresponsible on our  
13 part.

14           This is intricately tied to the prospects for a  
15 people in a poor country, with enormous debt problems, to  
16 begin to be able to enjoy the benefits of the global  
17 community today.

18           I think, were we to send any other message other  
19 than, that is the way for people to proceed and to engage  
20 with us, we would be inviting further fragility, turmoil,  
21 and potential volatility in the region.

22           So, I hope colleagues will overwhelmingly embrace  
23 this. I thank the Chair for the technical amendments  
24 that I think help it conform to what its original intent  
25 was, and what we need to do.

1 The Chairman. Thank you.

2 Senator Murkowski. Mr. Chairman?

3 The Chairman. Senator Murkowski?

4 Senator Murkowski. Mr. Chairman, I assume you would  
5 like to dispose of the technical amendments.

6 The Chairman. Yes. Correct.

7 Senator Murkowski. Because I would like to speak on  
8 the Jordan agreement. I am going to offer a substitute,  
9 with Senator Gramm.

10 The Chairman. Right. But we are now on the  
11 technical changes.

12 Any further discussion?

13 [No response]

14 The Chairman. Secretary Aldonis, do you have any  
15 comments?

16 Secretary Aldonis. No. It certainly conforms to  
17 the intent of the agreement, and would implement it.

18 The Chairman. All right.

19 Senator Grassley. Mr. Chairman, I move the adoption  
20 of the technical amendments.

21 The Chairman. All those in favor?

22 [A chorus of ayes]

23 The Chairman. Opposed?

24 [No response]

25 The Chairman. The resolution is now open to further

1 amendments.

2 Senator Murkowski. Mr. Chairman?

3 The Chairman. Senator Murkowski?

4 Senator Murkowski. I do not think there is any  
5 question about the importance of the Jordanian agreement,  
6 especially with regard to the foreign policy  
7 implications, the issue of the controversy in labor and  
8 environmental issues. I think Senator Kerry's statement  
9 certainly highlights the delicacy of this area.

10 Clearly, it is not an objective to lower  
11 environmental or labor standards, by any means. That is  
12 in my substitute provision. We want to use the best  
13 technical capabilities we have and encourage the highest  
14 labor standards.

15 But I think there is some justification for  
16 uniformity and, as a consequence, I think we should  
17 consider this agreement, without consensus on the  
18 underlining issues of labor and environment, makes the  
19 timing of our consideration somewhat questionable.

20 Without a consensus on trade, as embodied by the  
21 bipartisan effort to pass trade promotion authority for  
22 the President, passing this agreement, as it is stated, I  
23 think, is premature.

24 In my years on this committee, we have always had a  
25 bipartisan consensus on trade. I am sure the Chairman,

1 like myself and others, are anxious to pass a bipartisan  
2 Trade Promotion Act bill which embodies the consensus of  
3 this committee.

4 As a consequence, I am offering the Trade Promotion  
5 Act of 2001, introduced earlier by Senator Graham and  
6 myself, and others, as an amendment to Senate bill 643.

7 We believe that trade is the single most important  
8 catalyst for expanding jobs and opportunities both here  
9 and abroad, encouraging domestic development as well.

10 I know that the Chairman and the Ranking Member,  
11 Senator Grassley, share my view that the United States  
12 can be a leader on trade, or we can be a follower. We  
13 can either shape the global economy or be shaped by it.

14 Today, there are about 134 preferential trade  
15 agreements in the world; the United States is a party to  
16 only two of those. To my mind, that is not a very good  
17 record.

18 We have done a disservice, I think, to our farmers,  
19 our ranchers, our fisherman, our businesses, and to other  
20 working men and women. We recognize that there are those  
21 who are concerned about the broader impacts of  
22 globalization. To them, I say you cannot influence the  
23 game unless you are a player in the game.

24 I, and many other colleagues, believe that the world  
25 needs American leadership on trade. We should provide

1 the President with all of the tools he needs to exercise  
2 that leadership.

3 I believe that the Graham-Murkowski Trade Promotion  
4 Act of 2001 is the right vehicle to provide those  
5 leadership tools, and it certainly provides us with  
6 uniformity in trade matters, which I think is so  
7 important to resolving this issue on a bipartisan basis.

8 I would defer to Senator Grassley if he has any  
9 comments on this, but I think that it is appropriate that  
10 it come up for discussion. I would like to move for its  
11 adoption at an appropriate time.

12 Thank you, Mr. Chairman.

13 The Chairman. Is there further discussion? Senator  
14 Graham?

15 Senator Graham. Mr. Chairman, the amendment that  
16 the Senator just offered puts me in a difficult  
17 situation, as one of the several parents of the Trade  
18 Promotion Act and one who feels strongly that the United  
19 States needs to reassert its leadership in trade, and  
20 that to do so it will be necessary to grant to the  
21 President the authority to engage in trade negotiations.

22 I have, however, two concerns about proceeding on an  
23 amendment to this Jordan trade bill. First, the Trade  
24 Promotion Act is an extremely significant piece of both  
25 trade and political policy for the United States. I

1 think that it should be fully explored in a hearing by  
2 this committee before it is adopted.

3 I am confident that the bill that Senator Murkowski  
4 and I have introduced will stand well under the scrutiny  
5 that would come from such a full committee hearing. I  
6 welcome it, and hope that such a hearing can be scheduled  
7 on an expedited basis.

8 Second, I am concerned about what the effect of  
9 adopting this amendment will have on the Jordan Trade  
10 Act. I agree with the comments that Senator Kerry made  
11 about the importance of this to the region. It has been  
12 my feeling for a number of years that the long-term key  
13 to peace in the Middle East will not only be found at the  
14 negotiating table over various peace treaties, but maybe  
15 even more fundamentally over the negotiating table on  
16 economic relationships.

17 I cite as one anecdote for that, there is a facility  
18 located in northern Galilee in Israel, which of course is  
19 a country that today benefits by a free trade agreement  
20 with the United States. That plant manufactures the fans  
21 that are used inside jet engines. It has a significant  
22 market share for the world of those particular high-  
23 technology fans.

24 That plant, when I visited it three or four years  
25 ago, had a third of its employees from Lebanon. They

1 came down every day, crossed the border, went to work in  
2 this Israeli plant.

3 I cite that as an example of what I think is going to  
4 be the key to long-term peace. When you get people who  
5 are focused on their, and their children's, long-term  
6 well-being and prosperity through good jobs, it will  
7 begin to, over time, wipe away some of the Biblical  
8 animosities that have been so much a part of the recent  
9 history of the Middle East.

10 I believe this Jordan agreement offers another  
11 opportunity for that kind of use of economics to achieve  
12 long and sustaining peace, and I am concerned about  
13 having that possibility be lost in what I know is going  
14 to be a very controversial discussion of trade promotion.

15 I am anxious to join the debate on why the United  
16 States ought to be extending trade promotion authority to  
17 the President, but I just do not believe this is the time  
18 to start that debate.

19 I appreciate the fact that my friend and colleague  
20 Senator Murkowski has offered this amendment, but would  
21 urge him to consider another time when it might be more  
22 appropriate, and I think more likely to get a positive  
23 result.

24 The Chairman. Further discussion?

25 Senator Grassley. Mr. Chairman?



1 The Chairman. Senator Grassley?

2 Senator Grassley. This legislation to renew the  
3 President's trade negotiating authority is an important  
4 step forward, both for the Senate, and I believe  
5 ultimately for the United States, as increasing trade  
6 helps our economy very much.

7 Now, on the proposal before us, I have had a chance  
8 to look at everything that has been introduced. There  
9 has not been enough introduced at this point. But, on a  
10 very conservative note, we have the Crane bill on the  
11 House side, we have bills that have been introduced by  
12 the Senate.

13 Of all the proposals I have studied, I think the one  
14 that is before us represents a moderate bipartisan  
15 compromise that I believe would pass the Senate, and do  
16 so with strong bipartisan support.

17 I would suggest two reasons. The first, is that the  
18 Graham-Murkowski bill is based directly on the 1997 fast  
19 track bill that enjoyed broad bipartisan support in the  
20 Senate. We debated the trade negotiating authority very  
21 extensively in 1997. We carefully looked at and  
22 resolved, in 1997, many of the same issues that confront  
23 us right now.

24 I do not see any reason why we ought to reinvent the  
25 wheel four years later, especially since the bipartisan

1 consensus we forged in 1997 in favor of this approach was  
2 so very significant.

3 Given that the stakes for the United States and the  
4 American people are so high, I believe there is even more  
5 reason to acknowledge now the validity of our previous  
6 effort.

7 So, the second point. I believe that the Graham-  
8 Murkowski bill is the best approach that I have seen thus  
9 far, and consequently the one that has the best chance of  
10 restoring the President's trade negotiating authority and  
11 his credibility at the negotiating table, although I am  
12 willing to look at any proposals that are put before us.

13 In about 100 days, the United States will join the  
14 other WTO members at the new round of global trade  
15 negotiations. There is a new ministerial round and there  
16 we will be asking for the global trade negotiations.

17 These negotiations will most likely continue the  
18 effort to liberalize trade in agriculture. The world  
19 trading community addressed agriculture for the first  
20 time in a significant way during the last round of WTO  
21 negotiations, the Uruguay Round.

22 That round gave us a good start on reducing  
23 agricultural tariffs and providing new disciplines on  
24 trade-distorting measures. But agriculture is still  
25 highly protected in many places in the world, and we

1 still have a long, long ways to go.

2 We have 45 percent worldwide average tariffs on  
3 agriculture. Today, many WTO members, especially the  
4 European Union, are pressing for a new, short, four-year  
5 round.

6 If we launch a new four-year round of world trade  
7 negotiations this fall but fail to give the President the  
8 authority he needs to negotiate until, let us say, 2002  
9 or 2003, we are tying the hands of our negotiators for  
10 two or three years. They, thus, will not have the  
11 ability to make or consider the offers or compromises  
12 necessary to successfully conclude negotiations.

13 The only ones who will benefit then from the fact  
14 that the United States will not be at the table fully  
15 engaged in the debate, of course, are our competitors.  
16 That is especially true of the European Union and other  
17 countries that want to continue their trade-distorting  
18 spending and continue to maintain high levels of  
19 agricultural support.

20 So, I think the Graham-Murkowski bill, as any  
21 legislation, might not be perfect, but that should not  
22 stop us from keeping our eyes on that prize. We need to  
23 maximize our opportunities at the negotiating table. We  
24 can only do that if our trade negotiators have the  
25 maximum credibility at the time of new global trade

1 negotiations. That is why we need trade promotion  
2 authority, and we need it this year.

3 So, I commend the people that have worked on this  
4 product for moving us closer to the goal line.

5 The Chairman. Thank you, Senator Grassley.

6 Senator Kerry. Mr. Chairman?

7 The Chairman. Senator Kerry?

8 Senator Kerry. Mr. Chairman, I think it is good to  
9 have a discussion about this here today, but I do not  
10 think it would be good to have a vote. If it were to  
11 win, that is the surest invitation that this important  
12 trade agreement for Jordan and for us is not going to go  
13 forward rapidly.

14 If it were to lose, it would be an unfortunate  
15 message for those of us who believe we ought to be  
16 considering seriously this question of trade promotion  
17 authority.

18 I have supported it in the past. I have supported  
19 NAFTA, fast track, PNTR, and so forth. But I think, in  
20 the discussions and hearings we have had thus far this  
21 year, there have been some very interesting suggestions  
22 made, and observations made, about where we find  
23 ourselves, what the current dynamic is with respect to  
24 trade globally.

25 I think that, given Seattle, given Washington, Bonn,

1 the things that have happened in the last couple of  
2 years, and some of the larger issues that are on the  
3 table as a consequence of that, and given the current  
4 political formulation in the House, it would be a real  
5 mistake to try to push this forward before it is ripe.

6 It is my understanding that Chairman Baucus intends  
7 to try to put together sort of a committee-wide  
8 thoughtful effort that engages all of us to find out how  
9 we might be able to get out of the gridlock on this.

10 I think there are some very important ideas being  
11 examined on the labor front and the environment front  
12 that might create a new equation for how we deal with  
13 this that satisfied the needs of those who want to have  
14 it separate, but at the same time satisfy the needs of  
15 those who want something real to happen, and to find, if  
16 it is going to be a dual track, a track that is  
17 legitimate, that goes beyond where we have been with the  
18 ILO or beyond where we have been on the environment. I  
19 think there are several possibilities there.

20 So, I think this gives it short shrift, frankly. I  
21 would strongly urge the Senator from Alaska to think  
22 about engaging in the discussion today and making that a  
23 constructive initial effort, but really seeing if we  
24 cannot create a more promising committee-wide effort that  
25 could perhaps achieve the goal without complicating what

1 we are trying to do with the Jordan agreement.

2 The Chairman. Is there any further discussion?

3 Senator Murkowski. Mr. Chairman?

4 The Chairman. Before you take the action that I  
5 think you are going to take, I would like Secretary  
6 Aldonis to just comment, generally, on Jordan.

7 Secretary Aldonis. Well, apart from whether this is  
8 the appropriate vehicle, certainly----on the amendment  
9 that is before us, Mr. Chairman?

10 The Chairman. The Murkowski amendment is before us.

11 Secretary Aldonis. Certainly we view the bill and  
12 its introduction as a positive step forward as a part of  
13 the discussion of trade promotion authority, and it  
14 represents a strong bipartisan approach and an attempt to  
15 sort of lay out a bill that is broadly consistent with  
16 the President's own principles. I agree with the  
17 comments that have been made, that it is urgent to move  
18 trade promotion authority.

19 We are looking at, for the first time in 25 years  
20 when the world's major economies are slowing down, we  
21 have an opportunity in November in Doha to send a message  
22 to the world community that we are moving ahead on trade,  
23 to reignite growth in the major economies of the world.

24 There is no doubt that trade promotion authority is a  
25 necessary step in that process, not as some say because

1 you need it at the end, it is because we fundamentally  
2 believe you need it at the beginning.

3 It is the basis of the foundation for building a  
4 consensus on trade that allows our negotiators and allows  
5 the President to go to the table with the strongest  
6 possible endorsement from the Congress, which is the only  
7 way we get things done on trade in this country.

8 Senator Kerry. May I make just one quick  
9 observation regarding that?

10 The Chairman. Yes, Senator. Go ahead.

11 Senator Kerry. Senator Grassley said that the  
12 Murkowski-Graham bill is, in fact, based on the 1997-1998  
13 proposal of President Clinton. It, in fact, varies from  
14 it in several ways. Those would be, I think, the subject  
15 of considerable further amendment and discussion here.

16 Number one, it does not reserve to Congress some of  
17 the protections that we have normally had with respect to  
18 negotiation. Number two, with respect to labor and  
19 environment, the language it uses is, in fact, weaker  
20 than the Clinton proposal of 1997 or 1998. So it may be  
21 based on it, but it is not the same. We would have a  
22 significant discussion with respect to those provisions.

23 The Chairman. Thank you, Senator.

24 I might say that, clearly, this committee has an  
25 obligation--in fact, an opportunity--to address fast

1 track negotiating authority, and should, and we will. As  
2 I mentioned in my opening statement, I plan to deal with  
3 this issue--that is, fast track--by some time this year.  
4 I think it is important.

5 It is clear that many countries are taking advantage  
6 of the United States because of our failure thus far to  
7 grant that authority to our President. That is clear.  
8 It behooves us, in standing up for Americans, to find a  
9 way, with as broad-based support in this country as  
10 possible, to give the President that authority.

11 This is not the time, and this is not the place, I  
12 think, to deal with this issue. It is going to take more  
13 work. We want more work because we want broader  
14 consensus in passing it. I must say, if this amendment  
15 is added onto this bill, it will have two effects. One,  
16 is it will kill the Jordan agreement. Second, the  
17 amendment itself will not pass because it is just not  
18 ready. We are not ready yet to deal with this issue.

19 The House is working on fast track. As Senator  
20 Grassley mentioned, Senator Crane has a bill. I think it  
21 is important, it is a more orderly process, for the House  
22 to work its will on that bill that will enable those who  
23 are interested to get a better sense of what the pieces  
24 are and how they fit together so we can get meaningful  
25 authority passed and granted to the President. There are



1 a lot of issues swirling around.

2 Senator Murkowski mentioned that this should be  
3 bipartisan. I very much agree with that, it should be  
4 bipartisan. To that end, Senator Grassley and I are  
5 working on a bill. We are working on a joint mark that  
6 we could present to this committee at the appropriate  
7 time.

8 This committee should continue the tradition of  
9 bipartisanship, and I pledge to the members of the  
10 committee, and others--and I know I can speak for Senator  
11 Grassley--that we will work together to come up with a  
12 bill.

13 This is a good start, but it is not the ending point.  
14 There are a lot of other provisions that are going to  
15 have to be included in this final negotiating authority  
16 before we are going to get something that is passed. But  
17 I thank the Senators for taking a good start.  
18 Senator Murkowski?

19 Senator Murkowski. Mr. Chairman, I think both  
20 Senator Graham and myself are of the opinion that the  
21 Congressional consultation mechanics and mechanisms, and  
22 the protection of Congressional authority in the TPA  
23 covering labor and the environment are much stronger than  
24 the 1997 effort by former President Clinton. So, I would  
25 like the record to note that.

1 Mr. Chairman, you indicated that you intended to take  
2 TPA up this year. I wonder if you could be a little more  
3 definitive. What we are doing here, is we are setting an  
4 exception from what we anticipate to be a policy.

5 Now, assuming that we pass the TPA, what we are doing  
6 here today is setting a precedent for future trade  
7 agreements, for several reasons.

8 It heralds the possibility that these provisions be a  
9 mandatory part of future negotiations that would severely  
10 restrict U.S. negotiating authority and flexibility, and  
11 it hints at new series of trade sanctions or other trade-  
12 restrictive measures at a time that the U.S. should be  
13 working to expand, not restrict, trade.

14 It sets up the possibility that new international  
15 dispute settlement tribunals, not subject to U.S.  
16 control, could force the United States to change our  
17 trade or environmental laws to comply with the commitment  
18 in trade agreements.

19 So, I recognize the position of the administration,  
20 who has indicated that they are willing to accept, as I  
21 understand, this Jordan trade agreement. But by its  
22 inclusion of specific identifications of environmental  
23 and labor considerations--which in the bill that is  
24 proposed by Senator Graham and myself recognizes them as  
25 important components, but does not mandate that they be a

1 specific consideration in degrees and terms--leaves us in  
2 a situation where I am somewhat, I guess, frustrated by  
3 the fact that we have not had a hearing on the free trade  
4 agreement.

5 You just indicated a "best efforts basis" sometime  
6 this year. It would seem to me, the agenda of the  
7 committee is such that later on this year we are going to  
8 be busy with a lot of other things.

9 I wonder if you could give us some commitment that  
10 you would bring the matter up for a mark-up. Perhaps,  
11 September. Would that be unreasonable?

12 The Chairman. Well, I might say to my good friend  
13 from Alaska, we have had hearings. This committee has  
14 had two hearings on the issue already.

15 Senator Murkowski. I understand. I have  
16 participated.

17 The Chairman. It is important to get, as I  
18 mentioned, the strongest bipartisan support possible  
19 before coming to the conclusion of what the provisions  
20 should be in a measure giving trade negotiating authority  
21 to the President. This is just not the time or the  
22 place.

23 I urge my good friend, and I know he will, to work  
24 with various groups who want to get legislation passed.  
25 They include many groups. I would also encourage the

1 President to sit down with specific ideas, in addition to  
2 general standards, to address this. We are making  
3 progress. I cannot give the Senator any more assurances  
4 or any more definite timing than I have already given. I  
5 see my good friend, Senator Lott.

6 Senator Murkowski. Well, you indicated sometime  
7 this year, Mr. Chairman.

8 The Chairman. I did.

9 Senator Murkowski. That just is not good enough for  
10 this Senator. So, I am going to press my amendment. If  
11 you want to give us a definitive time frame that you will  
12 try and take it up.

13 Senator Lott. Would you yield, Mr. Chairman?

14 The Chairman. Let me yield to my good friend from  
15 Mississippi.

16 Senator Lott. And I do not want to step on Mr.  
17 Murkowski's line of questions, but if I could pursue that  
18 line of questioning.

19 First of all, is it my understanding that you do not  
20 intend to have the trade promotion authority mark-up  
21 before the recess?

22 The Chairman. That is correct.

23 Senator Lott. But you do not yet have a time that  
24 you are prepared to set as to when we might do that in  
25 the fall?

1 The Chairman. That is correct.

2 Senator Lott. But you indicated that you do expect  
3 that it would happen.

4 The Chairman. That would be my expectation.

5 Senator Grassley. This year.

6 Senator Lott. I am sorry. I was involved in  
7 another discussion. I wanted to understand exactly what  
8 you were saying.

9 I think we should sit down and work together, as you  
10 have suggested. But I also think this is one of the most  
11 important issues that we could possibly consider.

12 The Chairman. Yes.

13 Senator Lott. I know your background in dealing,  
14 last year, with China PNTR and other trade issues, that  
15 you do want us to have a full opportunity for free and  
16 fair trade.

17 This is a very important issue and I do think we  
18 should have it high on our priority, and urge you to work  
19 with Senator Murkowski and the Ranking Member to get a  
20 mark-up set as soon as is possible.

21 The Chairman. All right. I appreciate that.

22 Senator Kerry?

23 Senator Kerry. I would just say to Senator  
24 Murkowski, if the Chairman has said he is going to try to  
25 do it within the confines of this year, there are only

1 about 37 legislative days left. Two weeks. I mean, 10  
2 of them are between now and our break in August. You  
3 come back in September, and basically, if he said it is  
4 going to be this year, he is obviously talking about  
5 September/October. I cannot imagine why that is not  
6 satisfactory.

7 The Chairman. If I might say, too, on this subject,  
8 the goal here is to get negotiating authority passed.  
9 That is the goal. The goal is to get it passed as soon  
10 as reasonably possible. I do not think very many people  
11 dispute that.

12 Now, with respect to FTAA, frankly, it need not be  
13 legislated in the law for a year or two because that  
14 agreement is not going to be reached until at least 2004  
15 or 2005, at the earliest.

16 With respect to Doha, at the ministerial coming up in  
17 November, it would be helpful if negotiating authority  
18 were enacted by that date, but it is not absolutely  
19 necessary.

20 But, still, if by that meeting there is indication of  
21 significant progress so the feeling of the ministers at  
22 Doha is that the United States is, in fact, working  
23 toward this goal, that is also very, very helpful.

24 So I think what we need to do, is not have a process  
25 here which tends to send conflicting signals, be

1 disruptive, and maybe cause different Senators and groups  
2 to kind of dig in their heels a little bit. I must say  
3 to my very good friend from Alaska, if he presses his  
4 amendment, it may, on the margin, have some of that  
5 effect.

6 But, rather, it is better, in my judgment, to work  
7 with the House, work with the President. I give the  
8 Senator my word that I intend. I cannot say absolutely.  
9 To my good friend from Mississippi, I know that, as  
10 Majority Leader, there are so many considerations, it was  
11 with his best efforts and intent to schedule something at  
12 a certain time, and he meant it and he lived up to it,  
13 but sometimes things happen. Things come earlier or a  
14 little bit later. But it is a matter of honor and  
15 commitment here.

16 Senator Hatch. Would the Senator yield?

17 The Chairman. I think that if we work in an orderly  
18 fashion, we are more likely to get the objective  
19 accomplished.

20 Senator Hatch. Would the Chairman yield? I think  
21 all he is asking, is that you have expressed here is that  
22 you intend to bring it up.

23 The Chairman. Right.

24 Senator Hatch. Since there is a limited time frame  
25 here, he would like to have it before the end of

1 September, if you can. I do not think he is asking for  
2 more than that. I do not think it is an out-of-line  
3 question.

4 Senator Grassley. Could I say something at this  
5 point? Obviously, what the Senator from Alaska does has  
6 to be his decision, but I guess I would urge withdrawing  
7 the amendment at this time. This is a very difficult  
8 position for me to take, especially since I believe it is  
9 so important for the United States to get back into the  
10 game as far as leadership where trade is concerned.

11 I had hoped to lead, in the area of trade, to  
12 accomplish two things. The first, was to win passage of  
13 legislation this year renewing the President's trade  
14 negotiating authority. In fact, I had hoped that we  
15 could have done this by this month, in July.

16 The second, was to work closely with current Chairman  
17 Baucus to craft bipartisan legislation to accomplish  
18 this. I still would like to accomplish both of these  
19 things.

20 The former goal, to win passage of trade promotion  
21 authority, is important, not just because I believe this  
22 is good trade policy, but it is important to me because I  
23 gave my word to the President of the United States that I  
24 would do my very best to get this job done.

25 The latter goal, to craft bipartisan trade promotion



1 authority legislation with Senator Baucus, is important,  
2 not because I think it is important, but because that is  
3 the way the Finance Committee has always worked,  
4 particularly on trade issues, and maybe on trade issues  
5 more than anything else that is in the subject  
6 jurisdiction.

7 In a bipartisan way, every member is given the most  
8 deference that he or she can possibly give to the  
9 preferences of his or her colleagues. It is certainly  
10 the way that I prefer to work, and try very hard to work.

11 Now, if bipartisanship is possible, it must be very  
12 fast if we are going to get this job done this year. We  
13 have discussed trade promotion authority for more than  
14 seven months among staff.

15 It does not look like we are any closer to realistic,  
16 acceptable, bipartisan compromise than we were earlier  
17 this year. In my view, this issue is too important to  
18 the country to let slip until next year.

19 Given that next year is an election year, it is even  
20 more unlikely that we could reach a bipartisan compromise  
21 during an election year. I am bound, and will keep my  
22 word to the President of the United States, to accomplish  
23 this.

24 Therefore, I hope that there is, in the next few  
25 days, very meaningful progress made in working towards a

1 bipartisan compromise. I intend to do what I can to make  
2 that happen. But I think I should tell the Chairman  
3 that, if it is not possible for that to happen, that I  
4 would feel very comfortable in joining in the efforts of  
5 Senator Graham and Murkowski.

6 My Chairman is a very respected colleague, friend,  
7 and partner. As partners, we have accomplished a lot of  
8 good for American people. But even longstanding partners  
9 occasionally part company.

10 And I do not mean that I have made a decision to part  
11 company on this, but it is very important that, on  
12 something that is very high on the President's agenda,  
13 very good for the economy of the United States, that we  
14 move forward on it.

15 So, I wanted to express those views, and also in my  
16 hopes that, at this point, Senator Murkowski would  
17 withdraw his amendment so that we could continue our  
18 efforts.

19 The Chairman. Further discussion?

20 Senator Murkowski. Senator Baucus?

21 The Chairman. Senator Murkowski?

22 Senator Murkowski. It is not my objective to be an  
23 obstructionist on this. But we have had two hearings,  
24 general hearings, on trade promotion. You have an  
25 agenda. I am not privy to that agenda. Obviously, we

1 want to develop a bipartisan position on trade. We want  
2 to move with dispatch. I am certainly sensitive to the  
3 co-sponsor, Senator Graham, and I am sensitive to the  
4 views of the Ranking Member.

5 I wonder if you could share with us some idea of  
6 where it fits on your list of agenda items as you see  
7 priorities for this committee at this time. Could you  
8 give us an idea of that?

9 The Chairman. Senator, thank you. Yes. As I  
10 mentioned in my opening statement, we have this month  
11 with prescription drugs.

12 Senator Murkowski. All right. We have got  
13 prescription drugs this month.

14 The Chairman. That is correct. And we have health  
15 insurance also to try to get passed this month. I am not  
16 positive that this committee will report out a  
17 prescription drug benefits bill this month. It is a very  
18 complex issue. I know it is very, very difficult and it  
19 is going to take time to do it right.

20 Then there are certainly some other various  
21 extenders. We do not know. It really depends partly on  
22 you, Senator, on energy legislation. If energy  
23 legislation seems to be moving fairly quickly here in the  
24 Congress, and your related tax provisions, this committee  
25 will, and should, consider them. That will take some of

1 the committee's time as well.

2 It is possible that there will be a minimum wage bill  
3 that comes up this year. If that does happen, then there  
4 will most likely be some tax-related provisions  
5 associated with that.

6 Now, I do not know whether the tax-related provisions  
7 on energy or the tax-related provisions with respect to  
8 minimum wage will be in one package. I do not know. It  
9 is hard to tell at this point. But, certainly, this  
10 committee will exercise its prerogative that jurisdiction  
11 has on the tax-related provisions to those measures.

12 As I mentioned in my statement, trade promotion  
13 authority, fast track, whatever it is called, is on my  
14 agenda. I would like to get it passed, but it partly  
15 depends on House action, it partly depends on the actions  
16 the President takes. There is just a lot of factors  
17 here.

18 Senator Murkowski. Are you saying, Mr. Chairman,  
19 that the House has to act first before you are going to  
20 take up trade promotion authority?

21 The Chairman. No, of course not.

22 Senator Murkowski. All right. That is fine. I  
23 just wanted to make sure of that.

24 Now, as far as the Energy Committee, as the Ranking  
25 Member, unfortunately, I do not believe we are going to

1 be able to get energy to the floor before the August  
2 recess. There are only a couple of weeks left, and I  
3 have been working with Senator Bingaman. So, I do not  
4 think that is necessarily one that would come up in that  
5 time frame.

6 I would hope that you could recognize that we do not  
7 have to wait for the House, that we can get fast track  
8 up. We have had two preliminary hearings, in general, on  
9 trade promotion. We have had two hearings in this  
10 committee on taxes as it relates to energy, and I think  
11 you have got one more scheduled.

12 So, what I am suggesting to you is that, obviously, I  
13 am not going to make a trade with the Chairman, but I  
14 think it is fair that we are almost prepared to go to a  
15 mark-up on this committee, in my opinion, representing  
16 spokespersons from our side. We are almost ready to go  
17 to a mark-up on TPA. So, I think we are pretty well  
18 along with the foundation.

19 I would encourage you to try and put this in your  
20 agenda, perhaps after health insurance, and you have got  
21 prescription drugs, so you could put it in at that time,  
22 so that we can move on it. Otherwise, the year will go  
23 by and we will be pressed at the end. I question whether  
24 we will be able to prevail on getting this done this  
25 year.

1 I could go for a vote here and I would lose, and I  
2 would embarrass, obviously, those who have worked so hard  
3 on the trade agreement. That is not my objective. My  
4 objective, clearly, is to push. I have your assurance  
5 that you are going to do it this year, and I would like  
6 to see it included on your agenda as you develop your  
7 agenda.

8 The Chairman. For the sake of clarity, you do not  
9 have my assurance that it will come up, you have my  
10 intentions to bring it up. Not my assurance. I do not  
11 want to leave any misconception or misrepresentation.

12 Senator Murkowski. I was more satisfied with your  
13 assurance, your intention. I assumed they were pretty  
14 synonymous.

15 The Chairman. If the Senator thinks so, then this  
16 Senator is satisfied.

17 Senator Murkowski. I do not want to play games  
18 here, now. Just a minute. I do not want to drag this  
19 thing out.

20 The Chairman. I do not either.

21 Senator Murkowski. I am willing to withdraw it if I  
22 get some commitment that it is going to be on your agenda  
23 this year.

24 The Chairman. I would say to the Senator, it is my  
25 intention to bring it up this year.

1           Senator Murkowski.   All right.  I will withdraw it.  
2   We will have to hope that we have it put on the agenda so  
3   that we can have a mark-up on it, because it is ready to  
4   go.

5           The Chairman.   The amendment is withdrawn.

6           Senator Gramm.   Mr. Chairman?

7           The Chairman.   Senator Gramm?

8           Senator Gramm.   Mr. Chairman, I have an amendment  
9   and I would like to pass it out, along with a letter from  
10  the Farm Bureau.  Let me, while the amendment is being  
11  passed out--it is a very simple amendment and I will read  
12  it in a moment--try to explain it.

13           First of all, when you look at the U.S.-Jordanian  
14  free trade agreement you understand that Charlene  
15  Barshefsky was perhaps the most talented person in the  
16  Clinton Administration.  It is a very cleverly written  
17  agreement.

18           It does everything it could do, up to a point, given  
19  the approach that it had taken.  But there is still one  
20  major problem with the agreement that I believe has to be  
21  fixed before we can have this agreement adopted by  
22  Congress and have it become law.

23           The problem has nothing to do with Jordanian  
24  decisions related to the environment and Jordanian  
25  decisions related to labor standards.  It has to do with

1 the lawmaking powers of the U.S. Congress.

2 The way the agreement is written, basically, what we  
3 have is a provision in the agreement that would allow the  
4 Jordanians to go before an international body--for  
5 example, a dispute resolution mechanism--and argue that  
6 actions taken by the U.S. Congress, in our constitutional  
7 prerogatives of making law under Article 1 of the  
8 constitution, that in making law related to labor and the  
9 environment, that we are violating this trade agreement.

10 And an international tribunal, such as a dispute  
11 resolution mechanism, could, under this bill, actually  
12 retaliate against American producers of goods and  
13 services because Congress exercised its lawmaking powers.

14 I believe this is a very dangerous precedent to set,  
15 and I want to give you a couple of examples. In this  
16 trade agreement, both countries commit to not do anything  
17 to diminish their labor or environmental standards as  
18 part of an effort to gain trade advantage.

19 Who is opposed to such an agreement? In principle, I  
20 think no one believes that environmental changes or labor  
21 standards should be diminished to gain competitive  
22 advantage in trade.

23 The problem is, who determines whether we have  
24 diminished environmental standards? Who determines  
25 whether we have diminished labor standards? Are we



1 willing to pass a determination about our intent as  
2 Congress in making law to an international tribunal? I  
3 would say that we are not.

4 Let me give you two examples. Let me say, if we  
5 ratified this agreement and that Congress, in the energy  
6 bill, decided to open up Anwar.

7 Let us say then that Jordan went before an  
8 international dispute resolution mechanism and argued  
9 that, in doing so, by increasing domestic energy  
10 production at the expense of the environment, that we had  
11 benefitted internationally and, therefore, in our  
12 competition with them, and therefore, we have violated  
13 this trade agreement.

14 Senator Kerry. Would the Senator yield for a  
15 question?

16 Senator Gramm. No. Let me finish.

17 Now, this would put us in a position where an  
18 international dispute resolution process would determine  
19 whether or not opening Anwar represented diminishing  
20 environmental standards in America. In other words, this  
21 international dispute resolution mechanism would make a  
22 judgment as to our decision in making law, and what was  
23 the intent, and what was the effect.

24 Let me give you an example with regard to labor. We  
25 came very close, two years ago, to adopting flex time and

1 comp time, giving people the ability with their employer  
2 to work more time one week and to be off for additional  
3 time the next week without having to pay overtime, or to  
4 give the ability to shift time between two weeks, or to  
5 take additional time off, or to take additional pay.

6 Under this agreement, as it is now written, this  
7 international dispute resolution mechanism could make a  
8 determination that flex time and comp time undermines  
9 labor standards and, therefore, represents a change in  
10 U.S. policy that disadvantages Jordan in trade.

11 Now, this is a very simple problem to fix. I would  
12 like to ask everybody to turn to the amendment that I  
13 passed out. I have included with this amendment a letter  
14 from the Farm Bureau. This is important because the  
15 three most important imports from the United States in  
16 Jordan are wheat, rice, and corn.

17 So, the Farm Bureau Federation's concern about  
18 disruptions of trade under this agreement and retaliation  
19 against wheat, rice, and corn takes on significance  
20 because, as we know and as Senator Kerry said, this is  
21 basically a political agreement.

22 If you take all U.S. exports and imports with Jordan  
23 combined and added them up, they are 120th the size of  
24 the annual budget of the University of Texas. This is  
25 not a huge economic matter, but it is still \$270 million.

1 To wheat, rice, and corn farmers in Texas, in Arkansas,  
2 in Mississippi, \$270 million is still a lot of money.

3 Now, what my amendment says, in very simple terms,  
4 and I will read it, is as follows: "No provision in the  
5 agreement or any dispute resolution or enforcement  
6 mechanism established thereunder interferes with, through  
7 any means including sanctions, fines, or penalties, or  
8 changes any law or the application of such law of the  
9 United States relating to United States domestic labor  
10 and environmental standards."

11 This amendment has nothing to do with any obligation  
12 Jordan might have. It simply says that, in this  
13 agreement, in ratifying it, that we are not giving any  
14 international tribunal or any international dispute  
15 resolution mechanism the power to determine whether or  
16 not we can make law under the constitution of the United  
17 States under Article 1.

18 Now, this is a simple amendment. I think it  
19 dramatically improves the provision before us and it  
20 basically says it is up to Jordan to make a  
21 determination, and it is up to the United States to  
22 determine what is degradation of environmental standards  
23 and labor standards. I think this is a very important  
24 issue.

25 I would urge my colleagues to adopt this amendment so

1 that we can have a strong support for Jordanian free  
2 trade.

3 I would add two things. One, I think those  
4 colleagues who have sat on this committee for any time  
5 understand that I believe in free trade. I do not take a  
6 back seat to any living human being in terms of my  
7 commitment to trade. I am for it.

8 But I think we have entered an area here where we are  
9 in a situation where we could literally pass a portion of  
10 America's sovereignty over lawmaking to an international  
11 tribunal. I do not think it is our intention to do that.

12 I think it is very important that we have this simple  
13 clarification to make it clear that we believe that it is  
14 important for nations not to lower their environmental  
15 standards to gain an advantage in trade, or not to  
16 diminish labor standards to get an advantage in trade,  
17 but that we are going to have to make that determination  
18 for the United States of America.

19 We are not going to have some international tribunal  
20 that says, because we opened Anwar or we adopted flex  
21 time and comp time, that we are going to end up  
22 penalizing wheat growers, rice growers, and corn growers  
23 that are selling product in Jordan.

24 So, Mr. Chairman, I think this is a very important  
25 principle here. It is simple to fix the problem. The

1 amendment does no violence whatsoever to the agreement.  
2 I think it strengthens it by clarifying that we are not  
3 giving up American sovereignty and we are not giving up  
4 the sovereign right of Congress to make law.

5 The Chairman. Any comments? Mr. Aldonis, I would  
6 like you to give the administration's view on this  
7 amendment.

8 Secretary Aldonis. Well, first of all, let me say  
9 that the President is committed to moving the agreement  
10 and passage of the legislation. He has made a commitment  
11 to King Abdullah. Jordan is a pivotal regional partner.  
12 What the agreement does demonstrate in its basic thrust,  
13 is that there are concrete results that come from a  
14 commitment to peace, and the President stands behind  
15 that. The comments of all the members about the  
16 importance of moving ahead because of the contribution it  
17 can make in the region, I think, are a critical focus  
18 from the administration's perspective.

19 With respect to Senator Gramm's amendment, having not  
20 seen the amendment or the details of it, certainly it is  
21 the administration's view and strong preference that our  
22 laws, and Congress' ability to set our environmental and  
23 labor laws, not be subject to any sort of encroachment.

24 It would be our strong preference, in the context of  
25 the agreement--indeed, our intent--to try and rely on

1 mechanisms other than any form of sanction to which  
2 Senator Gramm alludes. Our interests are in trying to  
3 pursue raising these standards. In our judgment, the  
4 best way to do that is through incentives, through  
5 capacity building, through technical assistance wherever  
6 possible.

7 The Chairman. Any further discussion?

8 Mr. Davidson. Mr. Chairman, could I add to Under  
9 Secretary Aldonis' statement? I also appreciate Senator  
10 Gramm's proposal here, conceptually. To echo what Under  
11 Secretary Aldonis has said, sovereignty concerns are  
12 extremely important to the administration. We are aware  
13 of the Senator's concerns and are working with him on  
14 those.

15 I would like to note that in the agreement, as  
16 drafted, the parties do retain the right to set their own  
17 standards and to change their laws. There is some  
18 language in the agreement that is advisory language which  
19 talks about, "they shall strive to meet, strive not to  
20 derogate from, or waive their standards." Those are non-  
21 justiciable. Those are not the binding commitments.

22 So you would be free to, for example, lower your  
23 labor standards. Congress would be free to lower labor  
24 standards or lower environmental standards, but once they  
25 are lowered, the commitment is to enforce those standards

1 that are lowered.

2 So, Congress does not cede its ability to lower,  
3 raise, or change in any way. Although there is hortatory  
4 language that they should strive not to do that, those  
5 are not the justiciable or binding provisions of the  
6 agreement.

7 Secretary Aldonis. In fairness, I do not hear that  
8 is what Senator Gramm is addressing. What I hear Senator  
9 Gramm saying, is the concern about the limitations the  
10 agreement might impose upon the United States with  
11 respect to it simply because of the effect of sanctions.

12 That is why I think, from the administration's  
13 perspective, that our intent is to try and use all means  
14 short of that to try and encourage compliance, fully  
15 supportive of trying to maintain high standards of labor  
16 protection and high standards of environmental  
17 protection, both in the United States and in Jordan, and  
18 to try and do that in a manner consistent with the  
19 underlying agreement because of the agreement's  
20 importance in terms of our relationship with Jordan, and  
21 the Middle East, generally.

22 Senator Gramm. Mr. Chairman?

23 The Chairman. Senator Gramm.

24 Senator Gramm. Mr. Chairman, first of all, let me  
25 say that I appreciate Grant's comments. I think that, to

1 the degree that the administration is committed to  
2 protecting sovereignty, then I think this amendment is  
3 needed.

4 With all due respect to Mr. Davidson, the plain truth  
5 is, as I made clear when I started discussing this  
6 amendment, I think Ambassador Barshefsky did an excellent  
7 job of trying to make it clear that this was an effort to  
8 improve labor and environment.

9 The bottom line is, in this bill--in fact, on page 23  
10 in the agreement--"affected parties shall be entitled to  
11 take any appropriate and commensurate measures." That is  
12 the enforcement mechanism that would allow either party  
13 to go before an international tribunal for a judgment. I  
14 would just like to say that this amendment is very  
15 simple. It seems to me it is hard to object to what it  
16 says.

17 Senator Kerry. What is the section the Senator is  
18 referring to?

19 Senator Gramm. The section I am referring to is  
20 number 3 under Article 17, "Dispute Settlement."

21 Senator Kerry. Right.

22 Senator Gramm. Basically, what this would allow is  
23 that you have got all of this hortatory language about,  
24 we have a right to set our own laws. No doubt about  
25 that. The constitution does not allow us to delegate the



1 right to set law. It is a power outlined in Article 1 of  
2 the constitution.

3 But what this agreement does allow, is an  
4 international dispute mechanism, an international  
5 tribunal, to find that, in setting our law, that we have  
6 violated this agreement and, therefore, to impose  
7 sanctions.

8 So if our objective is to pass this bill primarily  
9 for foreign policy purposes, I would urge my colleagues  
10 to adopt this amendment. This bill is a revenue bill. I  
11 feel very, very strongly about this issue because it has  
12 to do with the sovereign lawmaking power of the U.S.  
13 Congress. I am going to oppose this bill very strongly  
14 unless we get this simple clarification. With this  
15 clarification I intend to vote for the bill. I would  
16 expect it to pass the Senate by unanimous consent.

17 But since it is a revenue bill, then any revenue  
18 measure as an order, as an amendment, I do not see how  
19 the bill could be brought to the floor without unanimous  
20 consent. I just want to urge my colleagues, if you think  
21 this is an important foreign policy matter, to please  
22 support this amendment.

23 Senator Kerry. Mr. Chairman, can I pursue something  
24 with the Senator?

25 The Chairman. Senator Kerry.

1 Senator Kerry. Thank you, Mr. Chairman.

2 I understand what the Senator is trying to do. I  
3 think I do. I want to explore that a little bit to see  
4 what the implications of it are.

5 At first blush when you read the amendment, I am not  
6 sure that it is as problematical as it might seem. But  
7 it might be, depending on the answers and where we are  
8 going here.

9 Under the dispute settlement article, the Senator has  
10 been referring to this international entity that might or  
11 might not ultimately resolve a dispute. But what the  
12 Senator from Texas is not saying, is that that  
13 international entity is, in effect, an entity that is  
14 very circumscribed, very defined and limited, and in fact  
15 created by the parties themselves.

16 So, this is not a situation where the sovereignty of  
17 the United States is being cast to the wind for  
18 determination by some uncontrollable and inflammatory  
19 "international body." What it specifically says in the  
20 dispute settlement language, is first it goes to the  
21 joint committee.

22 Now, the joint committee is made up specifically of  
23 representatives of the parties, i.e., the U.S. Trade  
24 Representative and Jordan's minister primarily  
25 responsible for international trade. That is the joint

1 committee.

2 So, our trade representative, Ambassador Zoellick,  
3 and the Minister of Trade of Jordan will be the first  
4 committee to engage in any determination of whether or  
5 not something has gone wrong here.

6 Now, if they cannot resolve it within 90 days in  
7 their consultations, they then refer it to the dispute  
8 settlement panel. Now, the Senator from Texas has been  
9 calling the dispute settlement panel some kind of  
10 "international panel," which raises all of these goblins  
11 and specters of loss of sovereignty.

12 But, in effect, the dispute panel is, in effect,  
13 created by the parties. Ambassador Zoellick and the  
14 Minister of Trade of Jordan will appoint three members.  
15 One member, each of them get to choose without power of  
16 veto by the other, and the final member who serves as  
17 chairman, they both have to agree on.

18 Now, this is not some great abdication of American  
19 sovereignty. This is an agreement that we are entering  
20 into that we in the Congress have a choice of whether or  
21 not to ratify, whereby we set up a process to resolve a  
22 bilateral dispute. It is not some unknown international  
23 entity. We are parties to it.

24 We ultimately will decide whether or not there will  
25 be a chairman, because if we do not agree you will not

1 have a dispute resolution and you will never get to this  
2 problem that the Senator from Texas foresees.

3 Now, if we appoint a chairman, then they sit there  
4 and they can decide what? They will decide whether or  
5 not a country may have reversed its enforcement of a  
6 labor law or its enforcement of an environmental law, not  
7 tell them that they must raise the level of the bar, not  
8 tell them that they are not going fast enough to improve  
9 it, but simply say whether or not they have gone  
10 backwards.

11 Now, I am not sure how the Senator from Texas-----

12 Senator Gramm. May I respond?

13 Senator Kerry. Absolutely.

14 The Chairman. The Senator from Texas.

15 Senator Gramm. First of all, it depends on who is  
16 "we" and who is "they." By "we," I mean the U.S.

17 Congress and our lawmaking powers under Article 1 of the  
18 constitution.

19 Senator Kerry. We will have already made the law.

20 Senator Gramm. We will have agreed to this process.  
21 But once the process is agreed to, there is no "we." You  
22 have got a panel, and it's international because it is  
23 made up of two countries. They are sitting at a table  
24 like this. We have accepted a chairman. They do not  
25 write American law. No, they do not. But they determine

1 whether opening Anwar was a degradation of American  
2 environmental standards and, on the basis of that, as the  
3 Farm Bureau points out, they could impose tariffs against  
4 wheat, rice, corn.

5 Senator Kerry. That is absolutely incorrect,  
6 Senator.

7 Senator Gramm. No, that is absolutely correct.

8 Senator Kerry. It is absolutely incorrect. Because  
9 if the Congress of the United States passes a law and it  
10 is the law of our country, what we are required to do is  
11 each live up to the law of our country. If it is the law  
12 of our country, there is no negative consequence. They  
13 can only make a judgment of whether or not we are  
14 backtracking on the laws of our country as they exist.

15 Senator Gramm. As they exist on the day that the  
16 treaty was ratified. And if we opened Anwar----

17 The Chairman. Wait a minute. Let us have a more  
18 orderly conversation then. The Senator from  
19 Massachusetts has the floor right now.

20 Senator Kerry. To accomplish the goal of the  
21 Senator from Texas, which I would agree with, they should  
22 not have a right to determine whether or not, if we pass  
23 a law in the future, that somehow--if we pass a law, we  
24 pass a law, and that is the sovereignty of our country  
25 and that should not be changed.

1 But that is not what the Senator's amendment does.  
2 The Senator, in effect, says you are not allowed to have  
3 a dispute resolution that even suggests there is a fine,  
4 or penalty, or sanction for anything that you do under  
5 the agreement. If you go backwards on the law, you are  
6 basically saying there will be no consequence. In  
7 effect, what you are trying to do is gut the essence of  
8 the agreement that you have to live up to the law.

9 Senator Gramm. Could I respond? I want to be sure  
10 people understand.

11 The Chairman. I might say, Senators, this is  
12 getting a little repetitive here.

13 Senator Gramm. I would like to get on with it. But  
14 this applies only to the United States.

15 Senator Kerry. If you change the amendments-----

16 The Chairman. The Senator from Texas has the floor.

17 Senator Gramm. This applies only to the United  
18 States of America. Basically, what it says, is that we  
19 made this agreement that we are not going to lower  
20 environmental standards or we are not going to lower  
21 labor standards to try to get an advantage in trade with  
22 Jordan, but that the Congress has got to make the  
23 determination as to whether our action does that. We are  
24 not going to pass that to an international dispute board  
25 which would be made up of people from two countries.

1 All I am saying here, is that if we change the law we  
2 are going to have to make a determination as to whether  
3 we have complied, that there cannot be an enforcement  
4 based on a decision that the Congress makes. That is a  
5 way of preserving our sovereignty.

6 It is true that this dispute mechanism cannot force  
7 us to change law, but they can penalize our agricultural  
8 producers if we do change law and they determine that  
9 that change violated this agreement. All my amendment  
10 does is fix that for America.

11 Senator Kerry. Mr. Chairman?

12 The Chairman. The Senator from Massachusetts. I  
13 might say to my colleagues, I think there is a vote  
14 scheduled around noon, and I think we have a couple of  
15 other amendments to deal with. So, I urge us to get  
16 through this.

17 Senator Kerry. I would like to work with my  
18 colleague to do this. I regret to say that, as it is  
19 currently drafted, that is not all that his amendment  
20 does.

21 The Chairman. I am sorry. What is that again?

22 Senator Kerry. Mr. Chairman, as it is currently  
23 drafted, what the Senator says all his amendment does is  
24 not limited to what he is saying. For instance, it says  
25 "no provision of the agreement or any dispute

1 resolution."

2 In other words, if there is a dispute resolution,  
3 that dispute resolution cannot interfere with, i.e.,  
4 through any means, a sanction, fine, or penalty, any law  
5 of the United States.

6 In other words, if we have fallen backwards, and the  
7 dispute resolution fond, by agreement of all parties that  
8 we have fallen backwards, not changed the law, but not  
9 met what we were supposed to do to live up to the law,  
10 the Senator is suggesting there could be no fine, no  
11 penalty, no sanction.

12 In other words, he is not concerned just about a  
13 future law that might be passed that somehow is  
14 interpreted. He is concerned about preventing any fine,  
15 penalty, or sanction for any judgment whatsoever that we  
16 have not met the current law that we are supposed to  
17 meet.

18 Now, I would say to my colleague, if you would change  
19 that so that it reads that there is no ability for the  
20 dispute resolution mechanism to make a judgment about a  
21 prospective law, if it is the law of the land of the  
22 United States, they do not have a right to make a  
23 judgment that a future law somehow does not meet the  
24 current standard of the agreement. I would agree with  
25 that. They cannot do that.



1 But you cannot suggest that they cannot, under any  
2 circumstance, have any mechanism whatsoever under the  
3 agreed upon dispute mechanism to hold us accountable for  
4 meeting what we say we are going to meet as part of the  
5 agreement.

6 The Chairman. I think it is about time to wrap up  
7 this amendment. Senator Graham has been seeking  
8 recognition.

9 Senator Graham. Mr. Chairman, I have got some  
10 questions I would like to ask the Senator from Texas.

11 Senator Gramm. Sure.

12 Senator Graham. First, you are proposing to insert  
13 this on page 21, after line 24?

14 Senator Gramm. That is right.

15 Senator Graham. That puts it in the section that is  
16 relationship of agreement to State law. Is it your  
17 intention that this amendment will only apply to laws of  
18 States and their political subdivisions?

19 Senator Gramm. No. As you can see from the first  
20 line, "no provision of the agreement." The placement is  
21 not critical. What is critical, is that nothing in this  
22 agreement will give an international dispute resolution  
23 mechanism the ability to make a judgment about American  
24 law.

25 Senator Graham. I would just suggest that there

1 might be a better place to locate it.

2 Number two, I would assume that if we adopt this  
3 provision, that the Jordanians would be entitled to adopt  
4 a parallel provision relative to their laws. Is that  
5 correct?

6 Senator Gramm. Well, they certainly could do it if  
7 they chose. We are not under a fast track mechanism  
8 here, so we have the right to amend this agreement. That  
9 is why I have proposed the amendment.

10 Senator Graham. So what we are essentially saying,  
11 is that not only are we exercising our sovereignty, that  
12 same right of exercise of sovereignty would be applied to  
13 the co-party.

14 Senator Gramm. Well, they would have to make that  
15 determination. What we are saying, is we have committed  
16 to do our best to live up to the agreement, but we are  
17 not going to have an international enforcement on our  
18 laws.

19 Senator Graham. This agreement covers a variety of  
20 issues, from specifics of textiles to other commercial  
21 processes. We are saying here that only in the area of  
22 domestic labor or environmental standards will this  
23 apply.

24 Senator Gramm. That is right. That is right. All  
25 the other enforcement mechanisms, as has always been the

1 case, would be binding.

2 Senator Graham. And what is the rationale for  
3 carving out domestic labor or environmental standards and  
4 saying that our sovereignty cannot be invaded in those  
5 areas, but we are agreeable to allowing our sovereignty  
6 to be invaded in all the other aspects of this agreement?

7 Senator Gramm. The logic has been the logic of  
8 trade agreements from the beginning. That is, we have  
9 made international agreements about opening markets,  
10 about reducing tariffs, about reducing or eliminating  
11 quotas. These are our external pricing mechanisms  
12 directly related to trade.

13 If we violate those things, if we say, for example,  
14 that the Jordanians can send antiques--which is one of  
15 their largest exports--to the United States on a free  
16 trade basis and then we do not let them in, then we have  
17 violated the very heart of the agreement, but as it  
18 relates to external tariffs and quotas of the United  
19 States, not as it relates to our sovereign power to make  
20 laws governing our environmental standards and our labor  
21 standards here in the United States.

22 So I think the distinction is a very clear  
23 distinction. One has to do with narrowly defined trade  
24 and market opening. The other has to do with something  
25 where it is very difficult to make a value judgment as to

1 what the intent of Congress was in opening Anwar, for  
2 example.

3 Senator Graham. Well, I know we are now dealing  
4 with Jordan, which is a long way away and has a  
5 relatively small impact on U.S. trade. But if you tried  
6 to tell my farmers in Florida that environmental  
7 standards were not a critical part of trade, I think you  
8 would have a hard sell.

9 I would be interested in the Farm Bureau people in  
10 Florida debating the Farm Bureau people here in  
11 Washington, because they happen to think that things like  
12 pesticide standards----

13 Senator Gramm. All that is covered. All the  
14 sanitary issues are covered in the trade agreement, as  
15 they have always been. This has to do with American  
16 labor law and American environmental law.

17 Senator Graham. But you agreed, on the first  
18 question, that if America could exercise this authority,  
19 Jordan could exercise this authority.

20 Senator Gramm. No. I agreed that they might amend  
21 the agreement as well, because they have the right to do  
22 that. It is amendable.

23 The Chairman. Well, this is a good discussion. It  
24 might say to my colleagues that----

25 Senator Graham. I would just conclude by saying, I

1 personally believe that, in fact, labor and environmental  
2 standards are a relevant issue in a trade agreement.  
3 They have very real significance, particularly in  
4 agriculture.

5 To carve those two areas out and say those are going  
6 to be treated differently, recognizing that everything we  
7 do the other party has the right to do, I think,  
8 substantially dilutes the protections that I want for my  
9 farmers to be able to receive when they are having to  
10 compete against very unequal environmental standards.

11 The Chairman. Just for the sake of my colleagues'  
12 information, we have 11 members present. Actually, 10.  
13 I think Senator Snowe is nearby. We need 11 to report  
14 legislation. So, I encourage us to get to the heart of  
15 the matter quickly so we can vote quickly. Otherwise, we  
16 are going to lose Senators.

17 Senator Thompson. Mr. Chairman?

18 The Chairman. Senator Thompson was seeking  
19 recognition earlier.

20 Senator Thompson. Mr. Chairman, thank you. I think  
21 this points out maybe a larger issue. That is, it has  
22 ramifications for not only Jordan, but broader than that.  
23 I do not think that the problem with the language that  
24 Senator Gramm is dealing with here is particularly  
25 significant in terms of the trade issue alone.

1 I think what concerns many of us, is that this is the  
2 opening salvo for establishing this kind of language as a  
3 floor for future trade agreements, and that this will  
4 become an integral part of the trade promotion debate.

5 Now, Senator Kerry, I was encouraged to hear, does  
6 not think that this will be any kind of precedent for the  
7 trade promotion authority debate. I hope that his  
8 colleagues resist the temptation of trying to make it so.

9 This, of course, was negotiated in a prior  
10 administration, but the administration has taken the  
11 position here today that it is a bill that the President  
12 will sign into law. So, I think it very much will be a  
13 part of the debate.

14 Some will try to use it as precedent and go from  
15 there, and it will be a precedent that will make sure  
16 that we are not successful in negotiating with many of  
17 these other countries whose standards we want to uplift,  
18 what would benefit ourselves.

19 On the international tribunal issue, if in fact we  
20 successfully make this kind of language a part of the  
21 trade promotion authority, it very well could be a part  
22 of the WTO process at that time. Then the dispute  
23 resolution would be a WTO dispute resolution under those  
24 circumstances. So, that is looking down the road a  
25 little bit, but I do not think it is a very far reach.

1           So, this has to do with much more than the Jordanian  
2 agreement, and I think that is one of the reasons why  
3 Senator Gramm has concerns about the language, and  
4 concerns that I share.

5           Senator Nickles.   Mr. Chairman?

6           The Chairman.   Senator Nickles?

7           Senator Nickles.   Mr. Chairman, I will echo what  
8 Senator Thompson said. I did not spend a whole lot of  
9 time on this, because I thought, well, we are talking  
10 about Jordanian trade and it is very insignificant in the  
11 total picture of the United States. But Jordan is a good  
12 ally, and certainly we want to encourage that  
13 partnership.

14          The previous administration, in my opinion, made a  
15 big mistake in including this language. I have had the  
16 chance, I guess, during this debate to hone in on a lot  
17 of the language that is in this agreement. It is not  
18 needed for this Jordanian trade agreement.

19          What it sets up, is the precedent, for the Trade  
20 Promotion Act, or WTO, for a lot of mischief. Just a  
21 couple of examples. Senator Gramm used the example, what  
22 if we changed our labor law dealing with comp time, or  
23 what if we did Anwar. Well, more realistically, what  
24 about the administration's possible adjusting of the  
25 regulations on clean air or clean water? There is one on

1 the front page of the *Washington Post* today on water that  
2 might have an impact in Florida.

3 Clean air. We have a lot of cities that are in  
4 noncompliance, or they receive waivers. Los Angeles  
5 receives almost a perpetual waiver. There are a lot of  
6 cities that are borderline. Will they be able to get a  
7 continuation of their waiver because they are in  
8 noncompliance for three days on the clean air standards  
9 of the law that was passed in 1990?

10 My point is, if somebody disagrees with that and you  
11 have competition going between countries, in some cases  
12 between companies, over some trade disputes. Again, it  
13 is much bigger than what we are talking about as far as  
14 Jordan is concerned. You could see somebody say, well,  
15 let us muck it up a little bit. Let us have a dispute.  
16 Let us file a claim.

17 Go to the dispute resolution, then the language that  
18 Senator Gramm highlights, the panel, "the affected  
19 parties shall be entitled to take any appropriate and  
20 commensurate measure," does that mean they are going to  
21 tell the United States they cannot have a waiver on non-  
22 compliant cities on clean air?

23 Maybe Little Rock is not in compliance because they  
24 had three hazy days. I am serious. Therefore, it is not  
25 in compliance with the clean air standards, therefore,



1 they cannot build a new plant. I mean, you could go  
2 pretty far. It is not necessary for this Jordanian trade  
3 agreement.

4 Senator Gramm was very complimentary of the previous  
5 trade ambassador, but I am looking at all this language  
6 for total net trade of less than \$400 million.  
7 Obviously, there is some work being done that would set  
8 the precedent for future agreements that I am concerned  
9 about.

10 I do think, Senator Gramm, there is language in the  
11 back of the bill that tries to make sure that we are  
12 going to protect States', or the country's, sovereignty.  
13 Senator Kerry was close to making some suggested changes,  
14 and I would be interested in those. But there is  
15 language to protect national sovereignty, both in the  
16 United States and Jordan.

17 Maybe some additional modification to ensure  
18 sovereignty to where we are not turning over to this  
19 tribunal actions that are going to be modifying whether  
20 or not we grant waivers on major clean air, clean water,  
21 or other laws, might be able to resolve this issue.

22 Senator Kerry. Mr. Chairman?

23 The Chairman. I would like to wrap this up, Senator  
24 Kerry.

25 Senator Kerry. I know you do. I want to wrap it

1 up, too, and I apologize. But we are debating about  
2 something that is not actually in the agreement, to a  
3 certain degree. That is what I wanted to clarify to the  
4 Senator from Texas. He was operating on the notion that,  
5 if you change your law, you might somehow be then held  
6 accountable because it is different from the baseline  
7 standard.

8 But Articles 5 and 6 in the agreement, relative to  
9 the environment and labor, both contemplate changes.  
10 They say specifically, paragraph 2, "recognizing the  
11 right of each party to establish its own levels of  
12 domestic environmental protection and environmental  
13 developmental policies and priorities, and to adopt or  
14 modify, accordingly, its environmental laws." Likewise,  
15 labor.

16 Senator Gramm. But you can be sanctioned based on  
17 doing it. You can do it, but you can end up having your  
18 agricultural producers sanctioned because you did do it.

19 The Chairman. All right. We have had this  
20 discussion.

21 Senator Kerry. But if I could come back.

22 The Chairman. This is getting repetitive.

23 Senator Kerry. Maybe we can fix it. I am not sure.

24 The Chairman. No, I do not think we can.

25 Senator Kerry. The word "interferes"-----

1           The Chairman.   Sorry, we cannot fix it.  We are  
2 going to vote on the amendment.  First, before addressing  
3 the vote, I would like to make a couple of comments.

4           First, I think the Senator from Tennessee made a very  
5 good point.  This amendment kind of gets to a very  
6 critical question that the United States is starting to  
7 address with respect to future trade agreements.

8           The rubber is starting to meet the road here and it  
9 is complicated.  It is a sensitive issue and I appreciate  
10 the Senator from Tennessee approaching this issue in the  
11 way that he has.  It is not easy.

12           I might also say that, in my view, this amendment  
13 actually is interesting.  We just received it yesterday.  
14 It is a little bit vague.  It is a little bit unclear  
15 exactly what its ramifications and consequences are.

16           But it is my judgment that it should not be adopted  
17 at this time because it is vague, unclear, and because it  
18 is largely duplicative of provisions that are in the  
19 agreement.

20           First with respect to sovereignty and the language,  
21 there is language in the provision.  There is direct  
22 sovereignty language in this bill.

23           Also, I think it is important for us to recognize  
24 that the agreement further provides, with respect to  
25 environmental issues, that action is only allowable if

1 the actions are taken to change environmental law are  
2 taken with the purpose as an encouragement of trade.

3 That is, if the United States were to open up Anwar,  
4 Jordan might only have a potential, theoretical action in  
5 this if that action were taken with the purpose of  
6 encouraging trade, or the purpose of derogation of trade,  
7 say, with Jordan. Now, that is a real stretch.

8 The language that so far has not been very much in  
9 this discussion, that is, for the purpose of encouraging  
10 trade. So, the Clean Air Act, roll-backs, or whatever  
11 actions the United States might take, in and of  
12 themselves, are irrelevant unless they are taken with the  
13 purpose of encouraging trade or discouraging trade with  
14 Jordan. Not in the abstract, but with Jordan. Jordan is  
15 going to have to prove that.

16 Now, it is also important to point out in this  
17 dispute settlement mechanism that has been discussed  
18 here, that, first of all, it is not arbitration  
19 proceedings, it is non-binding.

20 If the parties wish, there even is no recommendation  
21 with respect to penalties or sanctions. It is just a  
22 body that can meet and make a general recommendation. It  
23 is not binding. It is not binding on any country. As I  
24 said, it is not arbitration, but it can make a  
25 recommendation. Of course, that has some weight.

1           The only time Jordan could take an action against the  
2   United States is if, under this agreement, the United  
3   States were to, say, lower its environmental standards,  
4   where Jordan can prove-----

5           Senator Gramm.   Who do they prove it to?

6           The Chairman.   Well, that is a good question.  First  
7   of all-----

8           Senator Gramm.   Who do they prove it to?

9           The Chairman.   Let me finish.

10          First of all, the panel itself can make a  
11   recommendation on the issue.  But the panel has to  
12   address the issue: is that lowering of the environmental  
13   standard for the purpose of distorting trade with Jordan?

14          Now, of all the examples I have heard with respect to  
15   the environment, I doubt that any panel is going to  
16   conclude that it is made for the purpose of distorting  
17   trade with Jordan.

18          The main point being, if there is sovereignty  
19   language in the agreement, which I think is rock solid  
20   and this is a general issue we have to take up as we deal  
21   with trade agreements, I also believe very firmly that  
22   this is not going to be precedential.  Different  
23   countries are different, different trade agreements are  
24   going to be different.

25          We are going to negotiate trade agreements with

1 different countries, with different circumstances,  
2 different trade volumes, different products, and this is  
3 all a matter of negotiation.

4 But, nevertheless, it is an issue that is here now,  
5 it is present, here with us in the United States of  
6 America, it is in the world, and we just have to be  
7 creative as we find a solution to it. So, I urge my  
8 colleagues not to adopt this amendment. I think it is,  
9 as I mentioned, unnecessary and unneeded.

10 I would ask the Senator if he wishes to have a roll  
11 call vote on this.

12 Senator Gramm. Mr. Chairman, I am going to want to  
13 have a roll call vote. But I just want to reiterate  
14 that, if we want this agreement passed, that this is a  
15 revenue bill. It is amendable with any revenue measure.  
16 I could, here today, offer cutting the capital gains tax  
17 rate, making the tax cut permanent, making the R&D tax  
18 credit permanent. I can offer those amendments on the  
19 floor, as can any other member. The only way that you  
20 are going to get this agreement to the floor is with some  
21 kind of unanimous consent request, it seems to me.

22 I would just urge my colleagues, all this amendment  
23 does is simply assure that, because we change our laws in  
24 labor and the environmental area, or because some city is  
25 given a waiver under the Clean Air Act, that we are not

1 going to have retaliation against American agricultural  
2 producers. The American Farm Bureau is strongly in favor  
3 of this amendment. In fact, they wrote me about this  
4 concern before this amendment was completed.

5 I would just urge my colleagues to vote for the  
6 amendment if you want the Jordanian Free Trade Agreement.

7 The Chairman. Well, we unfortunately do not have 11  
8 members here so we cannot vote on it. All right. We can  
9 vote on it.

10 Senator Gramm. Mr. Chairman, if we cannot vote, we  
11 cannot vote.

12 The Chairman. We can vote. I decided we could  
13 vote.

14 Senator Gramm. No. Well, I am going to object. I  
15 would make a point of order, Mr. Chairman.

16 The Chairman. We need 11 to report a bill.

17 Senator Gramm. No. We are taking legislative  
18 action here on an amendment. I am going to demand that  
19 there be a quorum present.

20 The Chairman. Under the committee rules, seven  
21 members is all that is sufficient for the purpose of  
22 conducting business.

23 Senator Gramm. Then I am going to want a vote when  
24 a quorum is present on this amendment.

25 The Chairman. I am going to give you a vote right

1 now on the amendment.

2 Senator Gramm. Well, but you cannot produce the  
3 members to vote.

4 The Chairman. We only need seven.

5 Senator Gramm. You can dispose of an amendment with  
6 seven people present?

7 The Chairman. That is what the rules say. That is  
8 what we are going to do. All right.

9 The Clerk will call the roll.

10 The Clerk. Mr. Rockefeller?

11 Senator Rockefeller. No.

12 The Clerk. Mr. Daschle?

13 The Chairman. No, by proxy.

14 The Clerk. Mr. Breaux?

15 The Chairman. No, by proxy.

16 The Clerk. Mr. Conrad?

17 The Chairman. No, by proxy.

18 The Clerk. Mr. Graham?

19 Senator Graham. No.

20 The Clerk. Mr. Jeffords?

21 The Chairman. No, by proxy.

22 The Clerk. Mr. Bingaman?

23 The Chairman. No, by proxy.

24 The Clerk. Mr. Kerry?

25 Senator Kerry. No.



1 The Clerk. Mr. Torricelli?  
2 The Chairman. No, by proxy.  
3 The Clerk. Mrs. Lincoln?  
4 Senator Lincoln. No.  
5 The Clerk. Mr. Grassley?  
6 Senator Grassley. Yes.  
7 The Clerk. Mr. Hatch?  
8 Senator Grassley. Yes, by proxy.  
9 The Clerk. Mr. Murkowski?  
10 Senator Grassley. Aye, by proxy.  
11 The Clerk. Mr. Nickles?  
12 Senator Grassley. Aye, by proxy.  
13 The Clerk. Mr. Gramm?  
14 Senator Gramm. Aye.  
15 The Clerk. Mr. Lott?  
16 Senator Grassley. Aye, by proxy.  
17 The Clerk. Mr. Thompson?  
18 Senator Thompson. Aye.  
19 The Clerk. Ms. Snowe?  
20 Senator Snowe. No.  
21 The Clerk. Mr. Kyl?  
22 Senator Grassley. Aye, by proxy.  
23 The Clerk. Mr. Thomas?  
24 Senator Thomas. Aye.  
25 The Clerk. Mr. Chairman?

1 The Chairman. No.

2 The Clerk. Mr. Chairman, the tally is 9 ayes, 12  
3 nays.

4 The Chairman. With 9 ayes, 12 nays, the amendment  
5 is not agreed to.

6 Are there further amendments? Any further  
7 amendments?

8 [No response]

9 The Chairman. Then we will wait until we get an  
10 eleventh member. Oh, that is right. All right.

11 While we are waiting for the eleventh member, we will  
12 now turn to the steel resolution. I would recognize  
13 Senator Rockefeller.

14 Senator Rockefeller. Thank you, Mr. Chairman. I  
15 have been waiting for this. As people know, and I will  
16 be very brief here because I believe we have an agreement  
17 worked out, the steel industry has been in tremendous  
18 trouble.

19 Over the last four years, 18 of 28 steel industries  
20 in this country have gone into bankruptcy. The  
21 administration, properly, introduced a 201 resolution to  
22 cause the ITC to investigate injury, serious injury.  
23 That has been done.

24 What is interesting, is that Senator Grassley,  
25 Senator Gramm, and I have come to an agreement on a

1 substitute amendment, I believe, which is entirely  
2 satisfactory to me, and which I believe is satisfactory  
3 to them. I, as a result, am quite willing to go,  
4 particularly in view of the time and circumstance, to a  
5 voice vote on this matter.

6 What this is, is a very clear signal to the ITC that,  
7 as one of the five or six specifically listed bodies that  
8 can initiate a 201--in other words, we are co-equal to  
9 the executive branch and they can initiate, and thank  
10 heavens they did.

11 But, had they not, we could have and it would have  
12 had the same standing before the ITC. This is enormously  
13 important to not only our steelworkers and steel  
14 companies, but frankly to the whole concept of fair trade  
15 across the world.

16 So, I would support this combined amendment and would  
17 ask, Grant, if you would be willing to speak to it from  
18 the administration's point of view.

19 Secretary Aldonis. We would definitely accept the  
20 substitute. We very much appreciate the efforts of you,  
21 Senator Rockefeller, of the Chairman, and of the Ranking  
22 Member, and Senator Gramm to put the proposal together,  
23 not only because of the endorsement of the Section 201  
24 action, the Senate, as you suggest, acting in its own  
25 capacity here, to send a signal to the ITC, but also

1 fundamentally to reinforce for our trading partners where  
2 we need to go on the international front.

3 We very much appreciate the Senate support, the  
4 Finance Committee's support in the negotiations that we  
5 have under way with our trading partners to try and  
6 ensure that we eliminate the 50-year legacy of government  
7 intervention in the steel market.

8 Senator Rockefeller. And this does not need to go  
9 to the Senate floor, so this is simply a resolution of  
10 the Senate Finance Committee.

11 Secretary Aldonis. Exactly.

12 The Chairman. Any further discussion?

13 Senator Thompson. Mr. Chairman?

14 The Chairman. Senator Thompson?

15 Senator Thompson. Mr. Chairman, I am informed that  
16 congressional requests to initiate Section 201 actions  
17 have only been made five times since the enactment of the  
18 provision in 1974. The last such request was in 1984.

19 I think there is a reason for that. I think Section  
20 201 actions are the worst form of trade protectionism  
21 under our trade remedy laws. I am disappointed that the  
22 administration found it necessary to proceed in that way.  
23 This has no legal significance over and above what has  
24 already been done, as I understand it.

25 But I just want to go on record that it seems to me

1 the problem clearly has to do with global over-capacity  
2 and that we should be extremely hesitant under these  
3 circumstances to activate Section 201. It is just flat-  
4 out protectionism as far as I am concerned, and I oppose  
5 it.

6 Senator Grassley. Mr. Chairman, I would like to  
7 offer the compromise amendment that Senator Rockefeller  
8 already referred to, since it satisfies all of us that  
9 have been involved and concerned about this. I think  
10 that I will not speak on it. I will put my statement in  
11 the record, and ask for the amendment to be adopted.

12 [The prepared statement of Senator Grassley appears  
13 in the appendix.]

14 The Chairman. Is there any further discussion?  
15 Actually, since this is not a measure we are reporting  
16 out to the Senate, but rather asking the ITC for  
17 investigation, it requires only seven votes.

18 So, all those in favor, say aye.

19 [A chorus of ayes]

20 The Chairman. Those opposed, no.

21 Senator Thompson. No.

22 The Chairman. The ayes have it. The resolution  
23 passes. All right. That was the substitute.

24 Now, the whole resolution. All those in favor, say  
25 aye.

1 [A chorus of ayes]

2 The Chairman. Those opposed, no.

3 Senator Thompson. No.

4 The Chairman. The ayes have it. The resolution is  
5 agreed to.

6 The next order of business on the agenda is S. 942.

7 I might say to Senators, we are trying to get a quorum  
8 here. We are calling their offices so we can act on this  
9 fairly expeditiously.

10 [Pause]

11 The Chairman. Since the vote is now proceeding, and  
12 clearly Senators are going to probably go vote, this is a  
13 bit of a risk, it is a gamble, but I am going to try to  
14 get Senators to come back immediately after this cloture  
15 vote and we will just vote these resolutions, and we will  
16 conduct our business.

17 Senator Graham. Mr. Chairman, would it be possible  
18 to do that off the Senate floor as opposed to returning?

19 The Chairman. Well, I would rather do that here.  
20 These are important matters and I would like to do it in  
21 an open forum, frankly. All right.

22 The committee is in recess until further call of the  
23 Chair. My guess is that would be about 15, 20 minutes.

24 [Whereupon, at 12:19 p.m. the meeting was recessed,  
25 and resumed back on the record at 12:41 p.m.]

1           The Chairman.    The committee will come back to  
2 order.  It is unlikely that we will get quorum.  I might  
3 say to all those assembled that we will need 11 votes.  
4 The committee acted erroneously in the past, and we will  
5 need 11 votes on the steel resolution, and also, clearly,  
6 on the Jordan.

7           So, at a later date, perhaps off the floor or some  
8 similar location, we will take up and report out steel,  
9 Jordan, and also take up the TANF resolution, which is  
10 somewhat in dispute at this point.  But, at the earliest  
11 appropriate point, we will report those out.

12          The committee is adjourned.

13          [Whereupon, at 12:41 p.m., the meeting was recessed,  
14 to reconvene on Wednesday, July 18, 2001.]

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I N D E X

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STATEMENT OF:

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**UNITED STATES SENATE  
COMMITTEE ON FINANCE  
Max Baucus, Chairman**

**Tuesday, July 17, 2001  
10:00 a.m.**

**215 Dirksen Senate Office Building**

**Agenda for Business Meeting**

- I. Organizational Matters
  - A. Subcommittee Assignments
  - B. Revision of appointments to Joint Committee on Taxation and as Congressional Trade Advisor on Trade Policy and Negotiations.
- II. S. 942, to reauthorize the TANF Supplemental Grant program for one year.
- III. S.J. Res. 16, to approve the U.S.-Vietnam Bilateral Trade Agreement.
- IV. S. 643, to implement the agreement establishing a U.S.-Jordan Free Trade Area.
- V. An original committee resolution calling for an investigation of the importation of certain steel products.
- VI. Consider favorably reporting the following nominations:
  - A. Wade Horn, Assistant Secretary for Family Support, Department of Health and Human Services
  - B. Allen Frederick Johnson, Chief Agricultural Negotiator, United States Trade Representative
  - C. Kevin Keane, Assistant Secretary for Public Affairs, Department of Health and Human Services
  - D. Brian Carlton Roseboro, Assistant Secretary for Financial Markets, Department of Treasury.
  - E. William H. Lash, III, Assistant Secretary for Market Access and Compliance, Department of Commerce.

Committee on Finance  
Subcommittee Memberships for the 107<sup>th</sup> Congress

Effective 7/17/01

Subcommittee on Health Care

John D. Rockefeller, IV, Chairman	Olympia J. Snowe, Ranking Republican
Tom Daschle	Phil Gramm
James M. Jeffords	Charles E. Grassley
Jeff Bingaman	Jon Kyl
John F. Kerry	Orrin G. Hatch
Robert G. Torricelli	Don Nickles
Blanche Lincoln	Fred Thompson
John B. Breaux	Craig Thomas
Bob Graham	

Subcommittee on International Trade

Max Baucus, Chairman	Orrin Hatch, Ranking Republican
John D. Rockefeller, IV	Charles E. Grassley
Tom Daschle	Fred Thompson
Kent Conrad	Frank H. Murkowski
Jim Jeffords	Phil Gramm
John H. Kerry	Trent Lott
Blanche L. Lincoln	Olympia J. Snowe
Bib Graham	Craig Thomas
Robert J. Torricelli	

Subcommittee on Social Security and Family Policy

John B. Breaux, Chairman	Jon Kyl, Ranking Republican
John D. Rockefeller, IV	Don Nickles
Jeff Bingaman	Trent Lott
Tom Daschle	Phil Gramm
James M. Jeffords	Craig Thomas
John F. Kerry	

Subcommittee on Taxation and IRS Oversight

Kent Conrad, Chairman	Don Nickles, Ranking Republican
Robert G. Torricelli	Trent Lott
John B. Breaux	Orrin Hatch
Jeff Bingaman	Fred Thompson
Blanche L. Lincoln	Olympia J. Snowe
Max Baucus	Frank H. Murkowski
John D. Rockefeller	

Subcommittee on Long Term Growth and Debt Reduction

Bob Graham, Chairman	Frank H. Murkowski, Ranking Republican
Max Baucus	Jon Kyl
Kent Conrad	

**APPOINTMENT OF MEMBERS  
TO SERVE ON THE  
JOINT COMMITTEE ON TAXATION**

July 17, 2001

Max Baucus  
John D. Rockefeller  
Tom Daschle  
Charles E. Grassley  
Orrin G. Hatch

**APPOINTMENT OF MEMBERS  
TO SERVE ON THE  
CONGRESSIONAL TRADE ADVISORS ON TRADE POLICY AND NEGOTIATIONS**

July 17, 2001

Max Baucus  
John D. Rockefeller, IV  
Tom Daschle  
Charles E. Grassley  
Orrin G. Hatch

**STATEMENT OF SENATOR TOM DASCHLE  
BEFORE SENATE FINANCE COMMITTEE ON FINANCE  
July 17, 2001**

Mr. Chairman,

I want to first commend you for leading on these important pieces of legislation. As you know, each of these initiatives is particularly time-sensitive: the Vietnam agreement is subject to expedited parliamentary procedures in both Houses; the precipitous deterioration of relations in the Middle East makes the Jordan agreement an especially timely initiative that could have positive foreign policy benefits in addition to its economic ones; and the current steel crisis has made relief for our producers a high priority.

The U.S.-Vietnam free trade agreement goes beyond simply removing barriers to trade between our two nations. It marks another step in the long road toward normalizing relations between our countries. When we pass this and other important trade legislation, we send the signal that we, as a nation, are committed to engaging with countries around the globe by using our mutual interests as a foundation for working through our differences. By fully implementing this agreement, Vietnam will also send a clear message that it is interested in continuing – and completing – a process of reform and modernization of its economy and institutions.

Likewise, the U.S.-Jordan free trade agreement is more than just a commercial arrangement. Its implementation could play a role in helping to restore stability to the Middle East. Samuel Berger, former National Security Advisor to President Clinton, testified before this Committee but a few months ago:

Particularly at a moment of volatility and danger in the Middle East, we need the voices of reason and moderation to be strong and confident. We have an enormous stake in the stability of Israel and the success of its leaders. Prompt passage of this agreement is important to that success, both in real and symbolic terms.

Mr. Chairman, I concur with Mr. Berger and believe that passage of this agreement could illustrate to other countries in the region that the kind of commitment to peace, moderation, and global integration displayed by King Abdullah XI – and by his father King Hussein before him – will be looked upon favorably by other nations and could lead to increased economic engagement with the rest of the world. Moving this agreement expeditiously sends the message that the U.S. remains engaged in this vital region.

Furthermore, the Jordan agreement is historic in its inclusion of enforceable labor and environmental provisions. This represents a major step forward towards advancing these issues and building a consensus on expanded trade.

Finally, I would like to commend Senator Rockefeller and Chairman Baucus for their efforts in bringing this Steel 201 resolution before the Committee today. Its passage would be an expression of the Committee's bipartisan support of the investigation initiated by the President last June. Furthermore, by considering this resolution alongside other trade liberalizing initiatives such as the Vietnam and Jordan agreements, we are sending a message to American farmers and producers that they will be able to compete on a level playing field with our global competitors.

107TH CONGRESS  
1ST SESSION

# S. 942

To reauthorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002.

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## IN THE SENATE OF THE UNITED STATES

MAY 23, 2001

Mr. GRAHAM (for himself, Mrs. HUTCHISON, Mr. BINGAMAN, Mr. HUTCHINSON, Mr. BREAUX, Mr. ENSIGN, Mr. BAUCUS, Mrs. LINCOLN, and Mr. THOMPSON) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To reauthorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "TANF Supplemental  
5 Grants Act of 2001".

1 **SEC. 2. REAUTHORIZATION OF TANF SUPPLEMENTAL**  
2 **GRANTS FOR POPULATION INCREASES FOR**  
3 **FISCAL YEAR 2002.**

4 Section 403(a)(3) of the Social Security Act (42  
5 U.S.C. 603(a)(3)) is amended—

6 (1) in subparagraph (A)(ii), by striking “and  
7 2001,” and inserting “2001, and 2002,”;

8 (2) in subparagraph (C)(iii), by striking “and  
9 2001” and inserting “2001, and 2002”; and

10 (3) in subparagraph (E)—

11 (A) by striking “appropriated for” and in-  
12 serting “appropriated—

13 “(i) for”;

14 (B) by striking the period and inserting “;  
15 and”;

16 (C) by adding at the end the following:

17 “(ii) for fiscal year 2002, such sums  
18 as are necessary for grants under this  
19 paragraph.”; and

20 (D) in subparagraph (G), by striking  
21 “2001” and inserting “2002”.

○

107TH CONGRESS  
1ST SESSION

# S. J. RES. 16

Approving the extension of nondiscriminatory treatment to the products of the Socialist Republic of Vietnam.

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IN THE SENATE OF THE UNITED STATES

JUNE 11, 2001

Mr. DASCHLE (for himself and Mr. LOTT) (by request) introduced the following joint resolution; which was read twice and referred to the Committee on Finance

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## JOINT RESOLUTION

Approving the extension of nondiscriminatory treatment to the products of the Socialist Republic of Vietnam.

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 That the Congress approves the extension of nondiscrim-
- 4 inatory treatment with respect to the products of the So-
- 5 cialist Republic of Vietnam transmitted by the President
- 6 to the Congress on June 8, 2001.

○



107TH CONGRESS  
1ST SESSION

# S. 643

To implement the agreement establishing a United States-Jordan free trade area.

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## IN THE SENATE OF THE UNITED STATES

MARCH 28, 2001

Mr. BAUCUS (for himself, Mr. KERRY, Mr. LANDRIEU, Mr. INOUE, Mr. TORRICELLI, Mr. DASCHLE, Mr. LEAHY, Mr. WYDEN, Mr. BINGAMAN, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To implement the agreement establishing a United States-Jordan free trade area.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 This Act may be cited as the "United States-Jordan  
5 Free Trade Area Implementation Act".

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are—

1 (1) to implement the agreement between the  
 2 United States and Jordan establishing a free trade  
 3 area;

4 (2) to strengthen and develop the economic re-  
 5 lations between the United States and Jordan for  
 6 their mutual benefit; and

7 (3) to establish free trade between the 2 nations  
 8 through the removal of trade barriers.

9 **SEC. 3. DEFINITIONS.**

10 For purposes of this Act:

11 (1) **AGREEMENT.**—The term “Agreement”  
 12 means the Agreement between the United States of  
 13 America and the Hashemite Kingdom of Jordan on  
 14 the Establishment of a Free Trade Area, entered  
 15 into on October 24, 2000.

16 (2) **HTS.**—The term “HTS” means the Har-  
 17 monized Tariff Schedule of the United States.

18 **TITLE I—TARIFF MODIFICA-**  
 19 **TIONS; RULES OF ORIGIN**

20 **SEC. 101. TARIFF MODIFICATIONS.**

21 (a) **TARIFF MODIFICATIONS PROVIDED FOR IN THE**  
 22 **AGREEMENT.**—The President may proclaim—

23 (1) such modifications or continuation of any  
 24 duty,

1 (2) such continuation of duty-free or excise  
 2 treatment, or  
 3 (3) such additional duties,  
 4 as the President determines to be necessary or appropriate  
 5 to carry out article 2.1 of the Agreement and the schedule  
 6 of duty reductions with respect to Jordan set out in Annex  
 7 2.1 of the Agreement.

8 (b) OTHER TARIFF MODIFICATIONS.—The President  
 9 may proclaim—

10 (1) such modifications or continuation of any  
 11 duty,

12 (2) such continuation of duty-free or excise  
 13 treatment, or

14 (3) such additional duties,

15 as the President determines to be necessary or appropriate  
 16 to maintain the general level of reciprocal and mutually  
 17 advantageous concessions with respect to Jordan provided  
 18 for by the Agreement.

19 **SEC. 102. RULES OF ORIGIN.**

20 (a) IN GENERAL.—

21 (1) ELIGIBLE ARTICLES.—

22 (A) IN GENERAL.—The reduction or elimi-  
 23 nation of any duty imposed on any article by  
 24 the United States provided for in the Agree-  
 25 ment shall apply only if—

1 (i) that article is imported directly  
 2 from Jordan into the customs territory of  
 3 the United States; and

4 (ii) that article—  
 5 (I) is wholly the growth, product,  
 6 or manufacture of Jordan; or  
 7 (II) is a new or different article  
 8 of commerce that has been grown,  
 9 produced, or manufactured in Jordan  
 10 and meets the requirements of sub-  
 11 paragraph (B).

12 (B) REQUIREMENTS.—

13 (i) GENERAL RULE.—The require-  
 14 ments of this subparagraph are that with  
 15 respect to an article described in subpara-  
 16 graph (A)(ii)(II), the sum of—

17 (I) the cost or value of the mate-  
 18 rials produced in Jordan, plus  
 19 (II) the direct costs of processing  
 20 operations performed in Jordan,  
 21 is not less than 35 percent of the ap-  
 22 praised value of such article at the time it  
 23 is entered.

24 (ii) MATERIALS PRODUCED IN UNITED  
 25 STATES.—If the cost or value of materials

1 produced in the customs territory of the  
2 United States is included with respect to  
3 an article to which this paragraph applies,  
4 an amount not to exceed 15 percent of the  
5 appraised value of the article at the time  
6 it is entered that is attributable to such  
7 United States cost or value may be applied  
8 toward determining the percentage re-  
9 ferred to in clause (i).

10 (2) EXCLUSIONS.—No article may be consid-  
11 ered to meet the requirements of paragraph (1)(A)  
12 by virtue of having merely undergone—

13 (A) simple combining or packaging oper-  
14 ations; or

15 (B) mere dilution with water or mere dilu-  
16 tion with another substance that does not mate-  
17 rially alter the characteristics of the article.

18 (b) DIRECT COSTS OF PROCESSING OPERATIONS.—

19 (1) IN GENERAL.—As used in this section, the  
20 term “direct costs of processing operations” in-  
21 cludes, but is not limited to—

22 (A) all actual labor costs involved in the  
23 growth, production, manufacture, or assembly  
24 of the specific merchandise, including fringe  
25 benefits, on-the-job training, and the cost of en-

1 engineering, supervisory, quality control, and  
 2 similar personnel; and  
 3 (B) dies, molds, tooling, and depreciation  
 4 on machinery and equipment which are allo-  
 5 cable to the specific merchandise.

6 (2) EXCLUDED COSTS.—The term “direct costs  
 7 of processing operations” does not include costs  
 8 which are not directly attributable to the merchan-  
 9 dise concerned, or are not costs of manufacturing  
 10 the product, such as—

- 11 (A) profit; and
- 12 (B) general expenses of doing business  
 13 which are either not allocable to the specific  
 14 merchandise or are not related to the growth,  
 15 production, manufacture, or assembly of the  
 16 merchandise, such as administrative salaries,  
 17 casualty and liability insurance, advertising,  
 18 and salesmen’s salaries, commissions, or ex-  
 19 penses.

20 (c) TEXTILE AND APPAREL ARTICLES.—

21 (1) IN GENERAL.—A textile or apparel article  
 22 imported directly from Jordan into the customs ter-  
 23 ritory of the United States shall be considered to  
 24 meet the requirements of paragraph (1)(A) of sub-  
 25 section (a) only if—

1 (A) the article is wholly obtained or pro-  
2 duced in Jordan;

3 (B) the article is a yarn, thread, twine,  
4 cordage, rope, cable, or braiding, and—

5 (i) the constituent staple fibers are  
6 spun in Jordan; or

7 (ii) the continuous filament is ex-  
8 truded in Jordan;

9 (C) the article is a fabric, including a fab-  
10 ric classified under chapter 59 of the HTS, and  
11 the constituent fibers, filaments, or yarns are  
12 woven, knitted, needled, tufted, felted, entan-  
13 gled, or transformed by any other fabric-making  
14 process in Jordan; or

15 (D) the article is any other textile or ap-  
16 parel article that is wholly assembled in Jordan  
17 from its component pieces.

18 (2) DEFINITION.—For purposes of paragraph  
19 (1), an article is “wholly obtained or produced in  
20 Jordan” if it is wholly the growth, product, or man-  
21 ufacture of Jordan.

22 (3) SPECIAL RULES.—(A) Notwithstanding  
23 paragraph (1)(D) and except as provided in sub-  
24 paragraphs (C) and (D) of this paragraph, subpara-  
25 graph (A), (B), or (C) of paragraph (1), as appro-

1 appropriate, shall determine whether a good that is classi-  
2 fied under one of the following headings or sub-  
3 headings of the HTS shall be considered to meet the  
4 requirements of paragraph (1)(A) of subsection (a):  
5 5609, 5807, 5811, 6209.20.50.40, 6213, 6214,  
6 6301, 6302, 6304, 6305, 6306, 6307.10, 6307.90,  
7 6308, and 9404.90.

8 (B) Notwithstanding paragraph (1)(D) and ex-  
9 cept as provided in subparagraphs (C) and (D) of  
10 this paragraph, a textile or apparel article which is  
11 knit-to-shape in Jordan shall be considered to meet  
12 the requirements of paragraph (1)(A) of subsection  
13 (a).

14 (C) Notwithstanding paragraph (1)(D), a good  
15 classified under heading 6117.10, 6213.00, 6214.00,  
16 6302.22, 6302.29, 6302.52, 6302.53, 6302.59,  
17 6302.92, 6302.93, 6302.99, 6303.92, 6303.99,  
18 6304.19, 6304.93, 6304.99, 9404.90.85, or  
19 9404.90.95 of the HTS, except for a good classified  
20 under any such heading as of cotton or of wool or  
21 consisting of fiber blends containing 16 percent or  
22 more by weight of cotton, shall be considered to  
23 meet the requirements of paragraph (1)(A) of sub-  
24 section (a) if the fabric in the good is both dyed and  
25 printed in Jordan, and such dyeing and printing is



1 accompanied by 2 or more of the following finishing  
 2 operations: bleaching, shrinking, fulling, napping,  
 3 decating, permanent stiffening, weighting, perma-  
 4 nent embossing, or moireing.

5 (D) Notwithstanding paragraph (1)(C), a fabric  
 6 classified under the HTS as of silk, cotton, man-  
 7 made fiber, or vegetable fiber shall be considered to  
 8 meet the requirements of paragraph (1)(A) of sub-  
 9 section (a) if the fabric is both dyed and printed in  
 10 Jordan, and such dyeing and printing is accom-  
 11 panied by 2 or more of the following finishing oper-  
 12 ations: bleaching, shrinking, fulling, napping,  
 13 decating, permanent stiffening, weighting, perma-  
 14 nent embossing, or moireing.

15 (4) MULTICOUNTRY RULE.—If the origin of a  
 16 textile or apparel article cannot be determined under  
 17 paragraph (1) or (3), then that article shall be con-  
 18 sidered to meet the requirements of paragraph  
 19 (1)(A) of subsection (a) if—  
 20 (A) the most important assembly or manu-  
 21 facturing process occurs in Jordan; or  
 22 (B) if the applicability of paragraph (1)(A)  
 23 of subsection (a) cannot be determined under  
 24 subparagraph (A), the last important assembly  
 25 or manufacturing occurs in Jordan.

(d) EXCLUSION.—A good shall not be considered to meet the requirements of paragraph (1)(A) of subsection (a) if the good—

(1) is imported into Jordan, and, at the time of importation, would be classified under heading 0805 of the HTS; and

(2) is processed in Jordan into a good classified under any of subheadings 2009.11 through 2009.30 of the HTS.

(e) REGULATIONS.—The Secretary of the Treasury, after consultation with the United States Trade Representative, shall prescribe such regulations as may be necessary to carry out this section.

## TITLE II—RELIEF FROM IMPORTS

### Subtitle A—General Provisions

#### SEC. 201. DEFINITIONS.

As used in this title:

(1) COMMISSION.—The term “Commission” means the United States International Trade Commission.

(2) JORDANIAN ARTICLE.—The term “Jordanian article” means an article that qualifies for reduction or elimination of a duty under section 102.

1 **Subtitle B—Relief From Imports**  
 2 **Benefiting From The Agreement**

3 **SEC. 211. COMMENCING OF ACTION FOR RELIEF.**

4 (a) **FILING OF PETITION.**—

5 (1) **IN GENERAL.**—A petition requesting action  
 6 under this part for the purpose of adjusting to the  
 7 obligations of the United States under the Agree-  
 8 ment may be filed with the Commission by an entity,  
 9 including a trade association, firm, certified or rec-  
 10 ognized union, or group of workers that is represent-  
 11 ative of an industry. The Commission shall transmit  
 12 a copy of any petition filed under this subsection to  
 13 the United States Trade Representative.

14 (2) **PROVISIONAL RELIEF.**—An entity filing a  
 15 petition under this subsection may request that pro-  
 16 visional relief be provided as if the petition had been  
 17 filed under section 202(a) of the Trade Act of 1974.

18 (3) **CRITICAL CIRCUMSTANCES.**—Any allegation  
 19 that critical circumstances exist shall be included in  
 20 the petition.

21 (b) **INVESTIGATION AND DETERMINATION.**—

22 (1) **IN GENERAL.**—Upon the filing of a petition  
 23 under subsection (a), the Commission, unless sub-  
 24 section (d) applies, shall promptly initiate an inves-  
 25 tigation to determine whether, as a result of the re-

1     duction or elimination of a duty provided for under  
2     the Agreement, a Jordanian article is being im-  
3     ported into the United States in such increased  
4     quantities, in absolute terms or relative to domestic  
5     production, and under such conditions that imports  
6     of the Jordanian article alone constitute a substan-  
7     tial cause of serious injury or threat thereof to the  
8     domestic industry producing an article that is like,  
9     or directly competitive with, the imported article.

10     (2) CAUSATION.—For purposes of this part, a  
11     Jordanian article is being imported into the United  
12     States in increased quantities as a result of the re-  
13     duction or elimination of a duty provided for under  
14     the Agreement if the reduction or elimination is a  
15     cause that contributes significantly to the increase in  
16     imports. Such cause need not be equal to or greater  
17     than any other cause.

18     (c) APPLICABLE PROVISIONS.—The following provi-  
19     sions of section 202 of the Trade Act of 1974 (19 U.S.C.  
20     2252) apply with respect to any investigation initiated  
21     under subsection (b):

22     (1) Paragraphs (1)(B) and (3) of subsection

23     (b).

24     (2) Subsection (c).

25     (3) Subsection (d).

1 (d) ARTICLES EXEMPT FROM INVESTIGATION.—No  
2 investigation may be initiated under this section with re-  
3 spect to any Jordanian article if import relief has been  
4 provided under this part with respect to that article.

5 **SEC. 212. COMMISSION ACTION ON PETITION:**

6 (a) DETERMINATION.—By no later than 120 days  
7 (180 days if critical circumstances have been alleged) after  
8 the date on which an investigation is initiated under sec-  
9 tion 211(b) with respect to a petition, the Commission  
10 shall make the determination required under that section.

11 (b) ADDITIONAL FINDING AND RECOMMENDATION IF  
12 DETERMINATION AFFIRMATIVE.—If the determination  
13 made by the Commission under subsection (a) with respect  
14 to imports of an article is affirmative, the Commission  
15 shall find, and recommend to the President in the report  
16 required under subsection (c), the amount of import relief  
17 that is necessary to remedy or prevent the injury found  
18 by the Commission in the determination and to facilitate  
19 the efforts of the domestic industry to make a positive ad-  
20 justment to import competition. The import relief rec-  
21 ommended by the Commission under this subsection shall  
22 be limited to that described in section 213(c).

23 (c) REPORT TO PRESIDENT.—No later than the date  
24 that is 30 days after the date on which a determination  
25 is made under subsection (a) with respect to an investiga-

tion, the Commission shall submit to the President a report that shall include—

(1) a statement of the basis for the determination;

(2) dissenting and separate views; and

(3) any finding made under subsection (b) regarding import relief.

(d) PUBLIC NOTICE.—Upon submitting a report to the President under subsection (c), the Commission shall promptly make public such report (with the exception of information which the Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

(e) APPLICABLE PROVISIONS.—For purposes of this part, the provisions of paragraphs (1), (2), and (3) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) shall be applied with respect to determinations and findings made under this section as if such determinations and findings were made under section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

**SEC. 213. PROVISION OF RELIEF**

(a) IN GENERAL.—No later than the date that is 30 days after the date on which the President receives the report of the Commission containing an affirmative determination of the Commission under section 212(a), the

1 President shall provide relief from imports of the article  
2 that is the subject of such determination to the extent that  
3 the President determines necessary to prevent or remedy  
4 the injury found by the Commission and to facilitate the  
5 efforts of the domestic industry to make a positive adjust-  
6 ment to import competition, unless the President deter-  
7 mines that the provision of such relief is not in the na-  
8 tional economic interest of the United States or, in ex-  
9 traordinary circumstances, that the provision of such relief  
10 would cause serious harm to the national security of the  
11 United States.

12 (b) NATIONAL ECONOMIC INTEREST.—The President  
13 may determine under subsection (a) that providing import  
14 relief is not in the national economic interest of the United  
15 States only if the President finds that taking such action  
16 would have an adverse impact on the United States econ-  
17 omy clearly greater than the benefits of taking such ac-  
18 tion.

19 (c) NATURE OF RELIEF.—The import relief (includ-  
20 ing provisional relief) that the President is authorized to  
21 provide under this part with respect to imports of an arti-  
22 cle is—

23 (1) the suspension of any further reduction pro-  
24 vided for under the United States Schedule to Annex

1 2.1 of the Agreement in the duty imposed on that  
2 article;  
3 (2) an increase in the rate of duty imposed on  
4 such article to a level that does not exceed the lesser  
5 of—  
6 (A) the column 1 general rate of duty im-  
7 posed under the HTS on like articles at the  
8 time the import relief is provided; or  
9 (B) the column 1 general rate of duty im-  
10 posed under the HTS on like articles on the  
11 day before the date on which the Agreement en-  
12 ters into force; or  
13 (3) in the case of a duty applied on a seasonal  
14 basis to that article, an increase in the rate of duty  
15 imposed on the article to a level that does not exceed  
16 the column 1 general rate of duty imposed under the  
17 HTS on the article for the corresponding season oc-  
18 curring immediately before the date on which the  
19 Agreement enters into force.  
20 (d) PERIOD OF RELIEF.—The import relief that the  
21 President is authorized to provide under this section may  
22 not exceed 4 years.  
23 (e) RATE AFTER TERMINATION OF IMPORT RE-  
24 LIEF.—When import relief under this part is terminated  
25 with respect to an article—



1 (1) the rate of duty on that article after such  
2 termination and on or before December 31 of the  
3 year in which termination occurs shall be the rate  
4 that, according to the United States Schedule to  
5 Annex 2.1 of the Agreement for the staged elimi-  
6 nation of the tariff, would have been in effect 1 year  
7 after the initiation of the import relief action under  
8 section 211; and

9 (2) the tariff treatment for that article after  
10 December 31 of the year in which termination oc-  
11 curs shall be, at the discretion of the President,  
12 either—

13 (A) the rate of duty conforming to the ap-  
14 plicable rate set out in the United States  
15 Schedule to Annex 2.1; or

16 (B) the rate of duty resulting from the  
17 elimination of the tariff in equal annual stages  
18 ending on the date set out in the United States  
19 Schedule to Annex 2.1 for the elimination of  
20 the tariff.

21 **SEC. 214. TERMINATION OF RELIEF AUTHORITY.**

22 (a) GENERAL RULE.—Except as provided in sub-  
23 section (b), no import relief may be provided under this  
24 part after the date that is 15 years after the date on which  
25 the Agreement enters into force.

1 (b) EXCEPTION.—Import relief may be provided  
2 under this part in the case of a Jordanian article after  
3 the date on which such relief would, but for this sub-  
4 section, terminate under subsection (a), but only if the  
5 Government of Jordan consents to such provision.

6 **SEC. 215. COMPENSATION AUTHORITY.**

7 For purposes of section 123 of the Trade Act of 1974  
8 (19 U.S.C. 2133), any import relief provided by the Presi-  
9 dent under section 213 shall be treated as action taken  
10 under chapter 1 of title II of such Act.

11 **SEC. 216. SUBMISSION OF PETITIONS.**

12 A petition for import relief may be submitted to the  
13 Commission under—

- 14 (1) this part;
- 15 (2) chapter 1 of title II of the Trade Act of  
16 1974; or
- 17 (3) under both this part and such chapter 1 at  
18 the same time, in which case the Commission shall  
19 consider such petitions jointly.

20 **Subtitle C—Cases Under Title II of**  
21 **The Trade Act of 1974**

22 **SEC. 221. FINDINGS AND ACTION ON JORDANIAN IMPORTS.**

23 (a) EFFECT OF IMPORTS.—If, in any investigation  
24 initiated under chapter 1 of title II of the Trade Act of  
25 1974, the Commission makes an affirmative determination

1 (or a determination which the President may treat as an  
 2 affirmative determination under such chapter by reason  
 3 of section 330(d) of the Tariff Act of 1930), the Commis-  
 4 sion shall also find (and report to the President at the  
 5 time such injury determination is submitted to the Presi-  
 6 dent) whether imports of the article from Jordan are a  
 7 substantial cause of serious injury or threat thereof.

8 (b) **PRESIDENTIAL ACTION REGARDING JORDANIAN**  
 9 **IMPORTS.**—In determining the nature and extent of action  
 10 to be taken under chapter 1 of title II of the Trade Act  
 11 of 1974, the President shall determine whether imports  
 12 from Jordan are a substantial cause of the serious injury  
 13 found by the Commission and, if such determination is  
 14 in the negative, may exclude from such action imports  
 15 from Jordan.

16 **SEC. 222. TECHNICAL AMENDMENT.**

17 Section 202(a)(8) of the Trade Act of 1974 (19  
 18 U.S.C. 2252(a)(8)) is amended in the first sentence—

19 (1) by striking “and part 1” and inserting “,  
 20 part 1”; and  
 21 (2) by inserting before the period at the end “,  
 22 and title II of the United States-Jordan Free Trade  
 23 Area Implementation Act”.

# 1 **TITLE III—TEMPORARY ENTRY**

## 2 **SEC. 301. NONIMMIGRANT TRADERS AND INVESTORS.**

3       Upon the basis of reciprocity secured by the Agree-  
4 ment, an alien who is a national of Jordan (and any  
5 spouse or child (as defined in section 101(b)(1) of the Im-  
6 migration and Nationality Act (8 U.S.C. 1101(b)(1)) of  
7 the alien, if accompanying or following to join the alien)  
8 shall be considered as entitled to enter the United States  
9 under and in pursuance of the provisions of the Agreement  
10 as a nonimmigrant described in section 101(a)(15)(E) of  
11 the Immigration and Nationality Act (8 U.S.C.  
12 1101(a)(15)(E)), if the entrance is solely for a purpose  
13 described in clause (i) or (ii) of such section and the alien  
14 is otherwise admissible to the United States as such a non-  
15 immigrant.

# 16 **TITLE IV—GENERAL**

## 17 **PROVISIONS**

## 18 **SEC. 401. RELATIONSHIP OF THE AGREEMENT TO UNITED**

### 19 **STATES AND STATE LAW.**

20       (a) RELATIONSHIP OF AGREEMENT TO UNITED  
21 STATES LAW:—

22       (1) UNITED STATES LAW TO PREVAIL IN CON-  
23 FFLICT.—No provision of the Agreement, nor the ap-  
24 plication of any such provision to any person or cir-

1 . . . . . cumstance, that is inconsistent with any law of the  
2 United States shall have effect.

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

5 (A) to amend or modify any law of the  
6 United States, or

7 (B) to limit any authority conferred under  
8 any law of the United States,  
9 unless specifically provided for in this Act.

10 (b) RELATIONSHIP OF AGREEMENT TO STATE  
11 LAW.—

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

19 (2) DEFINITION OF STATE LAW.—For purposes  
20 of this subsection, the term “State law” includes—

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

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

1 (c) EFFECT OF AGREEMENT WITH RESPECT TO PRI-  
2 VATE REMEDIES.—No person other than the United  
3 States—

4 (1) shall have any cause of action or defense  
5 under the Agreement; or

6 (2) may challenge, in any action brought under  
7 any provision of law, any action or inaction by any  
8 department, agency, or other instrumentality of the  
9 United States, any State, or any political subdivision  
10 of a State on the ground that such action or inaction  
11 is inconsistent with the Agreement.

12 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

13 There are authorized to be appropriated for each fis-  
14 cal year after fiscal year 2001 to the Department of Com-  
15 merce not more than \$100,000 for the payment of the  
16 United States share of the expenses incurred in dispute  
17 settlement proceedings under article 17 of the Agreement.

18 **SEC. 403. IMPLEMENTING REGULATIONS.**

19 After the date of enactment of this Act—

20 (1) the President may proclaim such actions,  
21 and

22 (2) other appropriate officers of the United  
23 States may issue such regulations,

24 as may be necessary to ensure that any provision of this  
25 Act, or amendment made by this Act, that takes effect

1 on the date the Agreement enters into force is appro-  
2 priately implemented on such date, but no such proclama-  
3 tion or regulation may have an effective date earlier than  
4 the date the Agreement enters into force.

5 **SEC. 404. EFFECTIVE DATES; EFFECT OF TERMINATION.**

6 (a) **EFFECTIVE DATES.**—Except as provided in sub-  
7 section (b), the provisions of this Act and the amendments  
8 made by this Act take effect on the date the Agreement  
9 enters into force.

10 (b) **EXCEPTIONS.**—Sections 1 through 3 and this  
11 title take effect on the date of the enactment of this Act.

12 (c) **TERMINATION OF THE AGREEMENT.**—On the  
13 date on which the Agreement ceases to be in force, the  
14 provisions of this Act (other than this subsection) and the  
15 amendments made by this Act, shall cease to have effect.

○

**RESOLUTION OF THE COMMITTEE ON  
FINANCE OF THE UNITED STATES SENATE**

Whereas unprecedented levels of steel imports flooded the United States market in 1997, 1998, 1999, and 2000;

Whereas in 2000 the level of steel imports was more than double the import level in 1991, causing a crisis in which thousands of steelworkers lost their jobs, 18 American steel companies went bankrupt, and 5 plants were shut down;

Whereas domestic steel prices declined substantially in the wake of the increased levels of steel imports in recent years;

Whereas steel prices continue to be extremely depressed, with steel prices in general at 20-year lows;

Whereas capacity utilization in the United States steel industry has fallen to extremely low levels, losses are widespread, and the market capitalization and debt ratings of United States steel firms are at precarious levels;

Whereas the Department of Commerce recently documented substantial foreign market-distorting policies and practices, and substantial foreign excess steel production capacity which cause endemic dumping and high volumes of foreign steel in the United States market;

Whereas raw steel produced in electric furnaces and basic oxygen furnaces can be made into a multitude of semi-finished and finished steel products, and the continued flood of steel imports demonstrates that trading compa-



nies can shift countries and products to circumvent product-specific trade remedies;

Whereas the United States steel industry has invested tens of billions of dollars in modernization, has productivity equal to or better than foreign steel producers, and would be profitable but for injury due to imports;

Whereas a reliable supply of domestically produced steel products is essential to the national security of the United States;

Whereas in light of the ineffective nature of the safeguard remedy afforded to the domestic carbon steel wire rod industry in 1998, it is the view of the Committee that a stronger and more comprehensive safeguard remedy is required to afford the United States steel industry an opportunity to make a positive adjustment to import competition; and

Whereas the President and Congress recognize the need for vigorous enforcement of the trade laws: Now, therefore, be it

1        *Resolved,*

2        SECTION 1. Pursuant to section 201(b)(1)(A) of the  
3 Trade Act of 1974, the United States International Trade  
4 Commission shall promptly investigate whether certain  
5 steel products are being imported into the United States  
6 in such increased quantities as to be a substantial cause  
7 of serious injury, or the threat thereof, to each of the do-  
8 mestic industries identified in section 3 which are pro-  
9 ducing articles like or directly competitive with the im-  
10 ported steel products.

1        SEC. 2. (a) For purposes of this resolution, the term  
2 "certain steel products" means articles classifiable under  
3 the following subheadings of the Harmonized Tariff  
4 Schedule of the United States:

5            (1) Carbon and alloy flat products classifiable  
6        under subheading 7207.12.00.10, 7207.12.00.50,  
7        7207.20.00.25,        7207.20.00.45,        7208.10.15.00,  
8        7208.10.30.00,        7208.10.60.00,        7208.25.30.00,  
9        7208.25.60.00,        7208.26.00.30,        7208.26.00.60,  
10       7208.27.00.30,        7208.27.00.60,        7208.36.00.30,  
11       7208.36.00.60,        7208.37.00.30,        7208.37.00.60,  
12       7208.38.00.15,        7208.38.00.30,        7208.38.00.90,  
13       7208.39.00.15,        7208.39.00.30,        7208.39.00.90,  
14       7208.40.30.30,        7208.40.30.60,        7208.40.60.30,  
15       7208.40.60.60,        7208.51.00.30,        7208.51.00.45,  
16       7208.51.00.60,        7208.52.00.00,        7208.53.00.00,  
17       7208.54.00.00,        7208.90.00.00,        7209.15.00.00,  
18       7209.16.00.30,        7209.16.00.60,        7209.16.00.90,  
19       7209.17.00.30,        7209.17.00.60,        7209.17.00.90,  
20       7209.18.15.30,        7209.18.15.60,        7209.18.25.10,  
21       7209.18.25.50,        7209.18.60.00,        7209.25.00.00,  
22       7209.26.00.00,        7209.27.00.00,        7209.28.00.00,  
23       7209.90.00.00,        7210.11.00.00,        7210.12.00.00,  
24       7210.20.00.00,        7210.30.00.30,        7210.30.00.60,  
25       7210.41.00.00,        7210.49.00.30,        7210.49.00.90,

1	7210.50.00.00,	7210.61.00.00,	7210.69.00.00,
2	7210.70.30.00,	7210.70.60.30,	7210.70.60.60,
3	7210.70.60.90,	7210.90.10.00,	7210.90.60.00,
4	7210.90.90.00,	7211.13.00.00,	7211.14.00.30,
5	7211.14.00.45,	7211.14.00.90,	7211.19.15.00,
6	7211.19.20.00,	7211.19.30.00,	7211.19.45.00,
7	7211.19.60.00,	7211.19.75.30,	7211.19.75.60,
8	7211.19.75.90,	7211.23.15.00,	7211.23.20.00,
9	7211.23.30.00,	7211.23.45.00,	7211.23.60.30,
10	7211.23.60.60,	7211.23.60.75,	7211.23.60.85,
11	7211.29.20.30,	7211.29.20.90,	7211.29.45.00,
12	7211.29.60.30,	7211.29.60.80,	7211.90.00.00,
13	7212.10.00.00,	7212.20.00.00,	7212.30.10.30,
14	7212.30.10.90,	7212.30.30.00,	7212.30.50.00,
15	7212.40.10.00,	7212.40.50.00,	7212.50.00.00,
16	7212.60.00.00,	7224.90.00.55,	7225.11.00.00,
17	7225.19.00.00,	7225.30.30.05,	7225.30.30.50,
18	7225.30.70.00,	7225.40.30.05,	7225.40.30.50,
19	7225.40.70.00,	7225.50.60.00,	7225.50.70.00,
20	7225.50.80.10,	7225.50.80.15,	7225.50.80.85,
21	7225.91.00.00,	7225.92.00.00,	7225.99.00.10,
22	7225.99.00.90,	7226.11.10.00,	7226.11.90.30,
23	7226.11.90.60,	7226.19.10.00,	7226.19.90.00,
24	7226.91.50.00,	7226.91.70.00,	7226.91.80.00,
25	7226.92.50.00,	7226.92.70.05,	7226.92.70.50,

1 7226.92.80.05, 7226.92.80.50, 7226.93.00.00,  
2 7226.94.00.00, or 7226.99.00.00.

3 (2) Carbon and alloy long products classifiable  
4 under subheading 7206.10.00.00, 7206.90.00.00,  
5 7207.11.00.00, 7207.19.00.30, 7207.19.00.90,  
6 7207.20.00.75, 7207.20.00.90, 7213.10.00.00,  
7 7213.20.00.00, 7213.99.00.60, 7213.99.00.90,  
8 7214.10.00.00, 7214.20.00.00, 7214.30.00.00,  
9 7214.91.00.15, 7214.91.00.60, 7214.91.00.90,  
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16 7216.32.00.00, 7216.33.00.30, 7216.33.00.60,  
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2	7217.20.45.30,	7217.20.45.40,	7217.20.45.50,
3	7217.20.45.60,	7217.20.45.70,	7217.20.45.80,
4	7217.20.60.00,	7217.20.75.00,	7217.30.15.30,
5	7217.30.15.60,	7217.30.30.00,	7217.30.45.10,
6	7217.30.45.20,	7217.30.45.30,	7217.30.45.40,
7	7217.30.45.50,	7217.30.45.60,	7217.30.45.90,
8	7217.30.60.00,	7217.30.75.00,	7217.90.10.00,
9	7217.90.50.30,	7217.90.50.60,	7217.90.50.90,
10	7224.10.00.05,	7224.10.00.75,	7224.90.00.05,
11	7224.90.00.45,	7224.90.00.65,	7224.90.00.75,
12	7227.20.00.00,	7227.20.00.10,	7227.20.00.90,
13	7227.90.10.30,	7227.90.20.30,	7227.90.60.05,
14	7227.90.60.58,	7228.20.10.00,	7228.20.50.00,
15	7228.30.20.00,	7228.30.80.05,	7228.30.80.50,
16	7228.40.00.00,	7228.50.10.10,	7228.50.50.05,
17	7228.50.50.50,	7228.60.10.30,	7228.60.60.00,
18	7228.60.80.00,	7228.70.30.20,	7228.70.30.40,
19	7228.70.30.60,	7228.70.30.80,	7228.70.60.00,
20	7228.80.00.00,	7229.20.00.00,	7229.90.10.00,
21	7229.90.50.15,	7229.90.50.30,	7229.90.50.50,
22	7229.90.90.00,	7301.10.00.00,	7301.20.10.00,
23	7301.20.50.00,	7302.10.10.10,	7302.10.10.15,
24	7302.10.10.25,	7302.10.10.35,	7302.10.10.45,
25	7302.10.10.55,	7302.10.50.20,	7302.20.00.00,

1	7302.40.00.00,	7308.10.00.00,	7308.20.00.00,
2	7308.40.00.00,	7308.90.30.00,	7308.90.60.00,
3	7308.90.70.00,	7308.90.95.30,	7308.90.95.90,
4	7312.10.10.30,	7312.10.10.50,	7312.10.10.70,
5	7312.10.30.05,	7312.10.30.10,	7312.10.30.12,
6	7312.10.30.20,	7312.10.30.45,	7312.10.30.65,
7	7312.10.30.70,	7312.10.30.74,	7312.10.30.80,
8	7312.10.80.00,	7312.10.90.30,	7312.10.90.60,
9	7312.10.90.90,	7314.19.00.00,	7317.00.55.04,
10	7317.00.55.06,	7317.00.55.10,	7317.00.55.20,
11	7317.00.55.30,	7317.00.55.40,	7317.00.55.50,
12	7317.00.55.60,	7317.00.55.70,	7317.00.55.80,
13	7317.00.55.90,	7317.00.65.30,	7317.00.65.60,
14	7317.00.75.00, or 8305.20.00.00.		
15	(3) Carbon and alloy pipe and tube products		
16	classifiable under subheading	7304.10.10.20,	
17	7304.10.10.30,	7304.10.10.45,	7304.10.10.60,
18	7304.10.10.80,	7304.10.50.20,	7304.10.50.50,
19	7304.10.50.80,	7304.21.30.00,	7304.21.60.30,
20	7304.21.60.45,	7304.21.60.60,	7304.29.10.10,
21	7304.29.10.20,	7304.29.10.30,	7304.29.10.40,
22	7304.29.10.50,	7304.29.10.60,	7304.29.10.80,
23	7304.29.20.10,	7304.29.20.20,	7304.29.20.30,
24	7304.29.20.40,	7304.29.20.50,	7304.29.20.60,
25	7304.29.20.80,	7304.29.30.10,	7304.29.30.20,

1	7304.29.30.30,	7304.29.30.40,	7304.29.30.50,
2	7304.29.30.60,	7304.29.30.80,	7304.29.40.10,
3	7304.29.40.20,	7304.29.40.30,	7304.29.40.40,
4	7304.29.40.50,	7304.29.40.60,	7304.29.40.80,
5	7304.29.50.15,	7304.29.50.30,	7304.29.50.45,
6	7304.29.50.60,	7304.29.50.75,	7304.29.60.15,
7	7304.29.60.30,	7304.29.60.45,	7304.29.60.60,
8	7304.29.60.75,	7304.31.30.00,	7304.31.60.10,
9	7304.31.60.50,	7304.39.00.02,	7304.39.00.04,
10	7304.39.00.06,	7304.39.00.08,	7304.39.00.16,
11	7304.39.00.20,	7304.39.00.24,	7304.39.00.28,
12	7304.39.00.32,	7304.39.00.36,	7304.39.00.40,
13	7304.39.00.44,	7304.39.00.48,	7304.39.00.52,
14	7304.39.00.56,	7304.39.00.62,	7304.39.00.68,
15	7304.39.00.72,	7304.39.00.76,	7304.39.00.80,
16	7304.51.10.00,	7304.51.50.05,	7304.51.50.15,
17	7304.51.50.45,	7304.51.50.60,	7304.59.10.00,
18	7304.59.20.30,	7304.59.20.40,	7304.59.20.45,
19	7304.59.20.55,	7304.59.20.60,	7304.59.20.70,
20	7304.59.20.80,	7304.59.60.00,	7304.59.80.10,
21	7304.59.80.15,	7304.59.80.20,	7304.59.80.25,
22	7304.59.80.30,	7304.59.80.35,	7304.59.80.40,
23	7304.59.80.45,	7304.59.80.50,	7304.59.80.55,
24	7304.59.80.60,	7304.59.80.65,	7304.59.80.70,
25	7304.59.80.80,	7304.90.10.00,	7304.90.30.00,

1	7304.90.50.00,	7304.90.70.00,	7305.11.10.30,
2	7305.11.10.60,	7305.11.50.00,	7305.12.10.30,
3	7305.12.10.60,	7305.12.50.00,	7305.19.10.30,
4	7305.19.10.60,	7305.19.50.00,	7305.20.20.00,
5	7305.20.40.00,	7305.20.60.00,	7305.20.80.00,
6	7305.31.20.00,	7305.31.40.00,	7305.31.60.00,
7	7305.39.10.00,	7305.39.50.00,	7305.90.10.00,
8	7305.90.50.00,	7306.20.10.30,	7306.20.10.90,
9	7306.20.20.00,	7306.20.30.00,	7306.20.40.00,
10	7306.20.60.10,	7306.20.60.50,	7306.20.80.10,
11	7306.20.80.50,	7306.30.10.00,	7306.30.30.00,
12	7306.30.50.10,	7306.30.50.15,	7306.30.50.20,
13	7306.30.50.25,	7306.30.50.32,	7306.30.50.35,
14	7306.30.50.40,	7306.30.50.55,	7306.30.50.85,
15	7306.30.50.90,	7306.50.10.00,	7306.50.30.00,
16	7306.50.50.10,	7306.50.50.30,	7306.50.50.50,
17	7306.50.50.70,	7306.60.10.00,	7306.60.30.00,
18	7306.60.50.00,	7306.60.70.60,	7306.90.10.00,
19	7306.90.50.00,	7307.91.50.10,	7307.91.50.30,
20	7307.91.50.50,	7307.91.50.70,	7307.92.30.10,
21	7307.92.30.30,	7307.92.90.00,	7307.93.30.00,
22	7307.93.60.00,	7307.93.90.30,	7307.93.90.60,
23	7307.99.50.15,	7307.99.50.45,	7307.99.50.60,
24	8431.43.80.20, or 8431.43.80.40.		



1 (4) Stainless steel and alloy tool steel products  
2 classifiable under subheading 7218.10.00.00,  
3 7218.91.00.15, 7218.91.00.30, 7218.91.00.60,  
4 7218.99.00.15, 7218.99.00.30, 7218.99.00.45,  
5 7218.99.00.60, 7218.99.00.90, 7219.21.00.05,  
6 7219.21.00.20, 7219.21.00.40, 7219.21.00.60,  
7 7219.22.00.05, 7219.22.00.15, 7219.22.00.20,  
8 7219.22.00.25, 7219.22.00.35, 7219.22.00.40,  
9 7219.22.00.45, 7219.22.00.70, 7219.22.00.75,  
10 7219.22.00.80, 7219.31.00.50, 7220.11.00.00,  
11 7221.00.00.05, 7221.00.00.15, 7221.00.00.30,  
12 7221.00.00.45, 7221.00.00.75 7222.11.00.05,  
13 7222.11.00.50, 7222.19.00.05, 7222.19.00.50,  
14 7222.20.00.05, 7222.20.00.45, 7222.20.00.75,  
15 7222.30.00.00, 7222.40.30.25, 7222.40.30.45,  
16 7222.40.30.65, 7222.40.30.85, 7222.40.60.00,  
17 7223.00.10.15, 7223.00.10.30, 7223.00.10.45,  
18 7223.00.10.60, 7223.00.10.75, 7223.00.50.00,  
19 7223.00.90.00, 7224.10.00.45, 7224.90.00.15,  
20 7224.90.00.25, 7224.90.00.35, 7225.20.00.00,  
21 7225.30.10.00, 7225.30.50.60, 7225.40.10.90,  
22 7225.40.50.60, 7225.50.10.60, 7226.20.00.00,  
23 7226.91.05.00, 7226.91.15.60, 7226.91.25.60,  
24 7226.92.10.60, 7226.92.30.60, 7227.10.00.00,  
25 7227.90.10.60, 7227.90.20.60, 7228.10.00.10,

1	7228.10.00.30,	7228.10.00.60,	7228.30.40.00,
2	7228.30.60.00,	7228.50.10.20,	7228.50.10.40,
3	7228.50.10.60,	7228.50.10.80,	7228.60.10.60,
4	7229.10.00.00,	7304.41.30.05,	7304.41.30.15,
5	7304.41.30.45,	7304.41.60.05,	7304.41.60.15,
6	7304.41.60.45,	7304.49.00.05,	7304.49.00.15,
7	7304.49.00.45,	7304.49.00.60,	7306.40.10.10,
8	7306.40.10.15,	7306.40.10.90,	7306.40.50.05,
9	7306.40.50.15,	7306.40.50.40,	7306.40.50.42,
10	7306.40.50.44,	7306.40.50.62,	7306.40.50.64,
11	7306.40.50.80,	7306.40.50.85,	7306.40.50.90,
12	7306.60.70.30,	7307.21.10.00,	7307.21.50.00,
13	7307.22.10.00,	7307.22.50.00,	7307.23.00.00,
14	7307.29.00.30,	7307.29.00.90,	7312.10.60.30,
15	7312.10.60.60,	7314.14.10.00,	7314.14.20.00,
16	7314.14.30.00,	7314.14.60.00,	7314.14.90.00.

17 (b) The investigation shall exclude all steel products  
18 identified in Annex II to the letter dated June 22, 2001,  
19 from the United States Trade Representative to the Chair-  
20 man of the United States International Trade Commission  
21 requesting initiation of an investigation under section 202  
22 of the Trade Act of 1974.

23 SEC. 3. The investigation shall analyze the effects of  
24 imports of certain steel products on the domestic industry

1 or industries producing the following products that are  
2 like or directly competitive with the imported articles:

- 3 (1) Carbon and alloy flat products.
- 4 (2) Carbon and alloy long products.
- 5 (3) Carbon and alloy pipe and tube products.
- 6 (4) Stainless steel and alloy tool steel products.

7 SEC. 4. In order to avoid hindering the important  
8 progress already made in the International Trade Com-  
9 mission's ongoing global safeguard investigation of certain  
10 steel products, the Commission is instructed to  
11 exercise its authority under section 603 of the Trade Act  
12 of 1974 to consolidate the investigation requested in this  
13 resolution with the investigation requested by the United  
14 States Trade Representative on June 22, 2001, in a manner so as not to alter  
or delay the investigation schedule established pursuant to the earlier  
15 request.

16 SEC. 5. In light of the potential for surges in imports  
17 of steel products not subject to the present investigation,  
18 it is the intent of the Committee to monitor closely such  
19 imports in order to assess whether a further exercise of  
20 the Committee's authority under section 201(b)(1)(A) of  
the Trade Act of 1974 may be warranted.

21 SEC. 6. The Committee commends the President on  
22 his commitment to undertake negotiations aimed at reduc-  
23 ing both worldwide steel overcapacity and the subsidiza-  
24 tion of steel by foreign governments which are the root  
25 cause of the current steel crisis.

**List of Amendments  
Committee on Finance  
July 17, 2001**

1. Baucus #1, to provide a complete substitute to S. 942.
2. Baucus #2, to provide a complete substitute to S. 643.
3. Rockefeller #1, Amendment to the Finance Committee's 201 Resolution.
4. Grassley #1, Amendment to the Finance Committee's 201 Resolution
5. Murkowski #1, to S. 643, to establish objectives for negotiating, and procedures for implementing certain agreements
6. Nickles #1, Supplemental grants only for those states who spent their TANF allocations in FY 2000
7. Nickles #2, Medicare payment principles
8. Nickles #3, offset supplemental grant extension with existing unspent TANF money.
9. Gramm #1, to the original committee resolution calling for an investigation of the importation of certain steel products.
10. Gramm #2, to S. 643, legislation to implement the agreement establishing a U.S.-Jordan Free Trade Area.
11. Gramm #3, (Jordan) Repeals title IX (sunset) of the Economic Growth and Tax Relief Reconciliation Act of 2001, to provide for permanent tax relief.
12. Gramm #4, (Jordan) Reduces the maximum rate on capital gains from 20 percent to 15 percent, in order to promote savings and investment, and to provide additional stimulus to the economy.

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide a complete substitute.

**IN THE SENATE OF THE UNITED STATES—107th Cong., 1st Sess.**

**S. 942**

To reauthorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002.

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by Mr. BAUCUS

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. SHORT TITLE.**
- 4 This Act may be cited as the "TANF Supplemental
- 5 Grants Act of 2001".

1 SEC. 2. REAUTHORIZATION OF TANF SUPPLEMENTAL  
2 GRANTS FOR POPULATION INCREASES FOR  
3 FISCAL YEAR 2002.

4 Section 403(a)(3) of the Social Security Act (42  
5 U.S.C. 603(a)(3)) is amended by adding at the end the  
6 following:

7 “(H) REAUTHORIZATION OF GRANTS FOR  
8 FISCAL YEAR 2002.—Notwithstanding any other  
9 provision of this paragraph—

10 “(i) any State that was a qualifying  
11 State under this paragraph for fiscal year  
12 2001 or any prior fiscal year shall be enti-  
13 tled to receive from the Secretary for fiscal  
14 year 2002 a grant in an amount equal to  
15 the amount required to be paid to the  
16 State under this paragraph for the most  
17 recent fiscal year in which the State was a  
18 qualifying State;

19 “(ii) subparagraph (G) shall be ap-  
20 plied as if ‘2002’ were substituted for  
21 ‘2001’; and

22 “(iii) out of any money in the Treas-  
23 ury of the United States not otherwise ap-  
24 propriated, there are appropriated for fis-  
25 cal year 2002 such sums as are necessary  
26 for grants under this subparagraph.”.

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—107th Cong., 1st Sess.

**S. 643**

To implement the agreement establishing a United States-  
Jordan free trade area.

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by Mr. BAUCUS

Viz:

1 Strike all after the enacting clause and insert the fol-  
2 lowing:

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States-Jordan  
5 Free Trade Area Implementation Act”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are—

8 (1) to implement the agreement between the  
9 United States and Jordan establishing a free trade  
10 area;

1 (2) to strengthen and develop the economic re-  
2 lations between the United States and Jordan for  
3 their mutual benefit; and

4 (3) to establish free trade between the 2 nations  
5 through the removal of trade barriers.

6 **SEC. 3. DEFINITIONS.**

7 For purposes of this Act:

8 (1) **AGREEMENT.**—The term “Agreement”  
9 means the Agreement between the United States of  
10 America and the Hashemite Kingdom of Jordan on  
11 the Establishment of a Free Trade Area, entered  
12 into on October 24, 2000.

13 (2) **HTS.**—The term “HTS” means the Har-  
14 monized Tariff Schedule of the United States.

15 **SEC. 4. APPROVAL OF AGREEMENT.**

16 Congress approves the Agreement between the  
17 United States of America and the Hashemite Kingdom of  
18 Jordan on the establishment of a free trade area, entered  
19 into on October 24, 2000, and submitted to Congress on  
20 January 6, 2001.

21 **TITLE I—TARIFF MODIFICA-**  
22 **TIONS; RULES OF ORIGIN**

23 **SEC. 101. TARIFF MODIFICATIONS.**

24 (a) **TARIFF MODIFICATIONS PROVIDED FOR IN THE**  
25 **AGREEMENT.**—The President may proclaim—



1           (1) such modifications or continuation of any  
2           duty.

3           (2) such continuation of duty-free or excise  
4           treatment, or

5           (3) such additional duties,

6 as the President determines to be necessary or appropriate  
7 to carry out article 2.1 of the Agreement and the schedule  
8 of duty reductions with respect to Jordan set out in Annex  
9 2.1 of the Agreement.

10         (b) OTHER TARIFF MODIFICATIONS.—The President  
11 may proclaim—

12           (1) such modifications or continuation of any  
13           duty,

14           (2) such continuation of duty-free or excise  
15           treatment, or

16           (3) such additional duties,

17 as the President determines to be necessary or appropriate  
18 to maintain the general level of reciprocal and mutually  
19 advantageous concessions with respect to Jordan provided  
20 for by the Agreement.

21 **SEC. 102. RULES OF ORIGIN.**

22         (a) IN GENERAL.—

23           (1) ELIGIBLE ARTICLES.—

24           (A) IN GENERAL.—The reduction or elimi-  
25           nation of any duty imposed on any article by

1 the United States provided for in the Agree-  
2 ment shall apply only if—

3 (i) that article is imported directly  
4 from Jordan into the customs territory of  
5 the United States; and

6 (ii) that article—

7 (I) is wholly the growth, product,  
8 or manufacture of Jordan; or

9 (II) is a new or different article  
10 of commerce that has been grown,  
11 produced, or manufactured in Jordan  
12 and meets the requirements of sub-  
13 paragraph (B).

14 (B) REQUIREMENTS.—

15 (i) GENERAL RULE.—The require-  
16 ments of this subparagraph are that with  
17 respect to an article described in subpara-  
18 graph (A)(ii)(II), the sum of—

19 (I) the cost or value of the mate-  
20 rials produced in Jordan, plus

21 (II) the direct costs of processing  
22 operations performed in Jordan,

23 is not less than 35 percent of the ap-  
24 praised value of such article at the time it  
25 is entered.

1 (ii) MATERIALS PRODUCED IN UNITED  
2 STATES.—If the cost or value of materials  
3 produced in the customs territory of the  
4 United States is included with respect to  
5 an article to which this paragraph applies,  
6 an amount not to exceed 15 percent of the  
7 appraised value of the article at the time  
8 it is entered that is attributable to such  
9 United States cost or value may be applied  
10 toward determining the percentage re-  
11 ferred to in clause (i).

12 (2) EXCLUSIONS.—No article may be consid-  
13 ered to meet the requirements of paragraph (1)(A)  
14 by virtue of having merely undergone—

15 (A) simple combining or packaging oper-  
16 ations; or

17 (B) mere dilution with water or mere dilu-  
18 tion with another substance that does not mate-  
19 rially alter the characteristics of the article.

20 (b) DIRECT COSTS OF PROCESSING OPERATIONS.—

21 (1) IN GENERAL.—As used in this section, the  
22 term “direct costs of processing operations” in-  
23 cludes, but is not limited to—

24 (A) all actual labor costs involved in the  
25 growth, production, manufacture, or assembly

1 of the specific merchandise, including fringe  
2 benefits, on-the-job training, and the cost of en-  
3 gineering, supervisory, quality control, and  
4 similar personnel; and

5 (B) dies, molds, tooling, and depreciation  
6 on machinery and equipment which are allo-  
7 cable to the specific merchandise.

8 (2) EXCLUDED COSTS.—The term “direct costs  
9 of processing operations” does not include costs  
10 which are not directly attributable to the merchan-  
11 dise concerned, or are not costs of manufacturing  
12 the product, such as—

13 (A) profit; and

14 (B) general expenses of doing business  
15 which are either not allocable to the specific  
16 merchandise or are not related to the growth,  
17 production, manufacture, or assembly of the  
18 merchandise, such as administrative salaries,  
19 casualty and liability insurance, advertising,  
20 and salesmen’s salaries, commissions, or ex-  
21 penses.

22 (c) TEXTILE AND APPAREL ARTICLES.—

23 (1) IN GENERAL.—A textile or apparel article  
24 imported directly from Jordan into the customs ter-  
25 ritory of the United States shall be considered to

1 meet the requirements of paragraph (1)(A) of sub-  
2 section (a) only if—

3 (A) the article is wholly obtained or pro-  
4 duced in Jordan;

5 (B) the article is a yarn, thread, twine,  
6 cordage, rope, cable, or braiding, and—

7 (i) the constituent staple fibers are  
8 spun in Jordan, or

9 (ii) the continuous filament is ex-  
10 truded in Jordan;

11 (C) the article is a fabric, including a fab-  
12 ric classified under chapter 59 of the HTS, and  
13 the constituent fibers, filaments, or yarns are  
14 woven, knitted, needled, tufted, felted, entan-  
15 gled, or transformed by any other fabric-making  
16 process in Jordan; or

17 (D) the article is any other textile or ap-  
18 parel article that is wholly assembled in Jordan  
19 from its component pieces.

20 (2) DEFINITION.—For purposes of paragraph  
21 (1), an article is “wholly obtained or produced in  
22 Jordan” if it is wholly the growth, product, or man-  
23 ufacture of Jordan.

24 (3) SPECIAL RULES.—

## 8

1 (A) CERTAIN MADE-UP ARTICLES, TEXTILE  
2 ARTICLES IN THE PIECE, AND CERTAIN OTHER  
3 TEXTILES AND TEXTILE ARTICLES.—Notwith-  
4 standing paragraph (1)(D) and except as pro-  
5 vided in subparagraphs (C) and (D) of this  
6 paragraph, subparagraph (A), (B), or (C) of  
7 paragraph (1), as appropriate, shall determine  
8 whether a good that is classified under one of  
9 the following headings or subheadings of the  
10 HTS shall be considered to meet the require-  
11 ments of paragraph (1)(A) of subsection (a):  
12 5609, 5807, 5811, 6209.20.50.40, 6213, 6214,  
13 6301, 6302, 6304, 6305, 6306, 6307.10,  
14 6307.90, 6308, and 9404.90.

15 (B) CERTAIN KNIT-TO-SHAPE TEXTILES  
16 AND TEXTILE ARTICLES.—Notwithstanding  
17 paragraph (1)(D) and except as provided in  
18 subparagraphs (C) and (D) of this paragraph,  
19 a textile or apparel article which is knit-to-  
20 shape in Jordan shall be considered to meet the  
21 requirements of paragraph (1)(A) of subsection  
22 (a).

23 (C) CERTAIN DYED AND PRINTED TEX-  
24 TILES AND TEXTILE ARTICLES.—Notwith-  
25 standing paragraph (1)(D), a good classified

1 under subheading 6117.10, 6213.00, 6214.00,  
2 6302.22, 6302.29, 6302.52, 6302.53, 6302.59,  
3 6302.92, 6302.93, 6302.99, 6303.92, 6303.99,  
4 6304.19, 6304.93, 6304.99, 9404.90.85, or  
5 9404.90.95 of the HTS, except for a good clas-  
6 sified under any such subheading as of cotton  
7 or of wool or consisting of fiber blends con-  
8 taining 16 percent or more by weight of cotton,  
9 shall be considered to meet the requirements of  
10 paragraph (1)(A) of subsection (a) if the fabric  
11 in the good is both dyed and printed in Jordan,  
12 and such dyeing and printing is accompanied by  
13 2 or more of the following finishing operations:  
14 bleaching, shrinking, fulling, napping, decating,  
15 permanent stiffening, weighting, permanent em-  
16 bossing, or moireing.

17 (D) FABRICS OF SILK, COTTON, MANMADE  
18 FIBER OR VEGETABLE FIBER.—Notwith-  
19 standing paragraph (1)(C), a fabric classified  
20 under the HTS as of silk, cotton, man-made  
21 fiber, or vegetable fiber shall be considered to  
22 meet the requirements of paragraph (1)(A) of  
23 subsection (a) if the fabric is both dyed and  
24 printed in Jordan, and such dyeing and print-  
25 ing is accompanied by 2 or more of the fol-

1           lowing finishing operations: bleaching, shrink-  
2           ing, fulling, napping, decating, permanent stiff-  
3           ening, weighting, permanent embossing, or  
4           moireing.

5           (4) MULTICOUNTRY RULE.—If the origin of a  
6           textile or apparel article cannot be determined under  
7           paragraph (1) or (3), then that article shall be con-  
8           sidered to meet the requirements of paragraph  
9           (1)(A) of subsection (a) if—

10                   (A) the most important assembly or manu-  
11                   facturing process occurs in Jordan; or

12                   (B) if the applicability of paragraph (1)(A)  
13                   of subsection (a) cannot be determined under  
14                   subparagraph (A), the last important assembly  
15                   or manufacturing occurs in Jordan.

16           (d) EXCLUSION.—A good shall not be considered to  
17           meet the requirements of paragraph (1)(A) of subsection  
18           (a) if the good—

19                   (1) is imported into Jordan, and, at the time of  
20                   importation, would be classified under heading 0805  
21                   of the HTS; and

22                   (2) is processed in Jordan into a good classified  
23                   under any of subheadings 2009.11 through 2009.30  
24                   of the HTS.



1 (e) REGULATIONS.—The Secretary of the Treasury,  
 2 after consultation with the United States Trade Rep-  
 3 resentative, shall prescribe such regulations as may be  
 4 necessary to carry out this section.

5 **TITLE II—RELIEF FROM**  
 6 **IMPORTS**

7 **Subtitle A—General Provisions**

8 **SEC. 201. DEFINITIONS.**

9 As used in this title:

10 (1) COMMISSION.—The term “Commission”  
 11 means the United States International Trade Com-  
 12 mission.

13 (2) JORDANIAN ARTICLE.—The term “Jor-  
 14 danian article” means an article that qualifies for  
 15 reduction or elimination of a duty under section 102.

16 **Subtitle B—Relief From Imports**  
 17 **Benefiting From The Agreement**

18 **SEC. 211. COMMENCING OF ACTION FOR RELIEF.**

19 (a) FILING OF PETITION.—

20 (1) IN GENERAL.—A petition requesting action  
 21 under this subtitle for the purpose of adjusting to  
 22 the obligations of the United States under the  
 23 Agreement may be filed with the Commission by an  
 24 entity, including a trade association, firm, certified  
 25 or recognized union, or group of workers that is rep-

1       representative of an industry. The Commission shall  
2       transmit a copy of any petition filed under this sub-  
3       section to the United States Trade Representative.

4           (2) PROVISIONAL RELIEF.—An entity filing a  
5       petition under this subsection may request that pro-  
6       visional relief be provided as if the petition had been  
7       filed under section 202(a) of the Trade Act of 1974.

8           (3) CRITICAL CIRCUMSTANCES.—Any allegation  
9       that critical circumstances exist shall be included in  
10      the petition.

11      (b) INVESTIGATION AND DETERMINATION.—

12           (1) IN GENERAL.—Upon the filing of a petition  
13      under subsection (a), the Commission, unless sub-  
14      section (d) applies, shall promptly initiate an inves-  
15      tigation to determine whether, as a result of the re-  
16      duction or elimination of a duty provided for under  
17      the Agreement, a Jordanian article is being im-  
18      ported into the United States in such increased  
19      quantities, in absolute terms or relative to domestic  
20      production, and under such conditions that imports  
21      of the Jordanian article alone constitute a substan-  
22      tial cause of serious injury or threat thereof to the  
23      domestic industry producing an article that is like,  
24      or directly competitive with, the imported article.

1           (2) CAUSATION.—For purposes of this subtitle,  
2 a Jordanian article is being imported into the  
3 United States in increased quantities as a result of  
4 the reduction or elimination of a duty provided for  
5 under the Agreement if the reduction or elimination  
6 is a cause that contributes significantly to the in-  
7 crease in imports. Such cause need not be equal to  
8 or greater than any other cause.

9           (c) APPLICABLE PROVISIONS.—The following provi-  
10 sions of section 202 of the Trade Act of 1974 (19 U.S.C.  
11 2252) apply with respect to any investigation initiated  
12 under subsection (b):

13           (1) Paragraphs (1)(B) and (3) of subsection  
14 (b).

15           (2) Subsection (c).

16           (3) Subsection (d).

17           (d) ARTICLES EXEMPT FROM INVESTIGATION.—No  
18 investigation may be initiated under this section with re-  
19 spect to any Jordanian article if import relief has been  
20 provided under this subtitle with respect to that article.

21 **SEC. 212. COMMISSION ACTION ON PETITION.**

22           (a) DETERMINATION.—By no later than 120 days  
23 (180 days if critical circumstances have been alleged) after  
24 the date on which an investigation is initiated under sec-

1 tion 211(b) with respect to a petition, the Commission  
2 shall make the determination required under that section.

3 (b) ADDITIONAL FINDING AND RECOMMENDATION IF  
4 DETERMINATION AFFIRMATIVE.—If the determination  
5 made by the Commission under subsection (a) with respect  
6 to imports of an article is affirmative, the Commission  
7 shall find, and recommend to the President in the report  
8 required under subsection (c), the amount of import relief  
9 that is necessary to remedy or prevent the injury found  
10 by the Commission in the determination and to facilitate  
11 the efforts of the domestic industry to make a positive ad-  
12 justment to import competition. The import relief rec-  
13 ommended by the Commission under this subsection shall  
14 be limited to that described in section 213(e).

15 (c) REPORT TO PRESIDENT.—Not later than the date  
16 that is 30 days after the date on which a determination  
17 is made under subsection (a) with respect to an investiga-  
18 tion, the Commission shall submit to the President a re-  
19 port that shall include—

20 (1) a statement of the basis for the determina-  
21 tion;

22 (2) dissenting and separate views; and

23 (3) any finding made under subsection (b) re-  
24 garding import relief.

1 (d) PUBLIC NOTICE.—Upon submitting a report to  
2 the President under subsection (c), the Commission shall  
3 promptly make public such report (with the exception of  
4 information which the Commission determines to be con-  
5 fidential) and shall cause a summary thereof to be pub-  
6 lished in the Federal Register.

7 (e) APPLICABLE PROVISIONS.—For purposes of this  
8 subtitle, the provisions of paragraphs (1), (2), and (3) of  
9 section 330(d) of the Tariff Act of 1930 (19 U.S.C.  
10 1330(d)) shall apply with respect to determinations and  
11 findings made under this section as if such determinations  
12 and findings were made under section 202 of the Trade  
13 Act of 1974 (19 U.S.C. 2252).

14 **SEC. 213. PROVISION OF RELIEF.**

15 (a) IN GENERAL.—Not later than the date that is  
16 30 days after the date on which the President receives the  
17 report of the Commission containing an affirmative deter-  
18 mination of the Commission under section 212(a), the  
19 President shall provide relief from imports of the article  
20 that is the subject of such determination to the extent that  
21 the President determines necessary to prevent or remedy  
22 the injury found by the Commission and to facilitate the  
23 efforts of the domestic industry to make a positive adjust-  
24 ment to import competition, unless the President deter-  
25 mines that the provision of such relief is not in the na-

1 tional economic interest of the United States or, in ex-  
2 traordinary circumstances, that the provision of such relief  
3 would cause serious harm to the national security of the  
4 United States.

5 (b) NATIONAL ECONOMIC INTEREST.—The President  
6 may determine under subsection (a) that providing import  
7 relief is not in the national economic interest of the United  
8 States only if the President finds that taking such action  
9 would have an adverse impact on the United States econ-  
10 omy clearly greater than the benefits of taking such ac-  
11 tion.

12 (c) NATURE OF RELIEF.—The import relief (includ-  
13 ing provisional relief) that the President is authorized to  
14 provide under this subtitle with respect to imports of an  
15 article is—

16 (1) the suspension of any further reduction pro-  
17 vided for under the United States Schedule to Annex  
18 2.1 of the Agreement in the duty imposed on that  
19 article;

20 (2) an increase in the rate of duty imposed on  
21 such article to a level that does not exceed the lesser  
22 of—

23 (A) the column 1 general rate of duty im-  
24 posed under the HTS on like articles at the  
25 time the import relief is provided; or

1 (B) the column 1 general rate of duty im-  
2 posed under the HTS on like articles on the  
3 day before the date on which the Agreement en-  
4 ters into force; or

5 (3) in the case of a duty applied on a seasonal  
6 basis to that article, an increase in the rate of duty  
7 imposed on the article to a level that does not exceed  
8 the column 1 general rate of duty imposed under the  
9 HTS on the article for the corresponding season oc-  
10 ccurring immediately before the date on which the  
11 Agreement enters into force.

12 (d) PERIOD OF RELIEF.—The import relief that the  
13 President is authorized to provide under this section may  
14 not exceed 4 years.

15 (e) RATE AFTER TERMINATION OF IMPORT RE-  
16 LIEF.—When import relief under this subtitle is termi-  
17 nated with respect to an article—

18 (1) the rate of duty on that article after such  
19 termination and on or before December 31 of the  
20 year in which termination occurs shall be the rate  
21 that, according to the United States Schedule to  
22 Annex 2.1 of the Agreement for the staged elimi-  
23 nation of the tariff, would have been in effect 1 year  
24 after the initiation of the import relief action under  
25 section 211; and

1           (2) the tariff treatment for that article after  
2           December 31 of the year in which termination oc-  
3           curs shall be, at the discretion of the President,  
4           either—

5                   (A) the rate of duty conforming to the ap-  
6                   plicable rate set out in the United States  
7                   Schedule to Annex 2.1; or

8                   (B) the rate of duty resulting from the  
9                   elimination of the tariff in equal annual stages  
10                  ending on the date set out in the United States  
11                  Schedule to Annex 2.1 for the elimination of  
12                  the tariff.

13 **SEC. 214. TERMINATION OF RELIEF AUTHORITY.**

14           (a) **GENERAL RULE.**—Except as provided in sub-  
15           section (b), no import relief may be provided under this  
16           subtitle after the date that is 15 years after the date on  
17           which the Agreement enters into force.

18           (b) **EXCEPTION.**—Import relief may be provided  
19           under this subtitle in the case of a Jordanian article after  
20           the date on which such relief would, but for this sub-  
21           section, terminate under subsection (a), but only if the  
22           Government of Jordan consents to such provision.

23 **SEC. 215. COMPENSATION AUTHORITY.**

24           For purposes of section 123 of the Trade Act of 1974  
25           (19 U.S.C. 2133), any import relief provided by the Presi-



1 dent under section 213 shall be treated as action taken  
2 under chapter 1 of title II of such Act.

3 **SEC. 216. SUBMISSION OF PETITIONS.**

4 A petition for import relief may be submitted to the  
5 Commission under—

6 (1) this subtitle;

7 (2) chapter 1 of title II of the Trade Act of  
8 1974; or

9 (3) under both this subtitle and such chapter 1  
10 at the same time, in which case the Commission  
11 shall consider such petitions jointly.

12 **Subtitle C—Cases Under Title II of**  
13 **The Trade Act of 1974**

14 **SEC. 221. FINDINGS AND ACTION ON JORDANIAN IMPORTS.**

15 (a) EFFECT OF IMPORTS.—If, in any investigation  
16 initiated under chapter 1 of title II of the Trade Act of  
17 1974, the Commission makes an affirmative determination  
18 (or a determination which the President may treat as an  
19 affirmative determination under such chapter by reason  
20 of section 330(d) of the Tariff Act of 1930), the Commis-  
21 sion shall also find (and report to the President at the  
22 time such injury determination is submitted to the Presi-  
23 dent) whether imports of the article from Jordan are a  
24 substantial cause of serious injury or threat thereof.

1 (b) **PRESIDENTIAL ACTION REGARDING JORDANIAN**  
2 **IMPORTS.**—In determining the nature and extent of action  
3 to be taken under chapter 1 of title II of the Trade Act  
4 of 1974, the President shall determine whether imports  
5 from Jordan are a substantial cause of the serious injury  
6 found by the Commission and, if such determination is  
7 in the negative, may exclude from such action imports  
8 from Jordan.

9 **SEC. 222. TECHNICAL AMENDMENT.**

10 Section 202(a)(8) of the Trade Act of 1974 (19  
11 U.S.C. 2252(a)(8)) is amended in the first sentence—

12 (1) by striking “and part 1” and inserting “,  
13 part 1”; and

14 (2) by inserting before the period at the end “,  
15 and title II of the United States-Jordan Free Trade  
16 Area Implementation Act”.

17 **TITLE III—TEMPORARY ENTRY**

18 **SEC. 301. NONIMMIGRANT TRADERS AND INVESTORS.**

19 Upon the basis of reciprocity as provided for by the  
20 Agreement, an alien who is a national of Jordan (and any  
21 spouse or child (as defined in section 101(b)(1) of the Im-  
22 migration and Nationality Act (8 U.S.C. 1101(b)(1)) of  
23 the alien, if accompanying or following to join the alien)  
24 shall be considered to be entitled to enter the United  
25 States under and in pursuance of the provisions of the

1 Agreement as a nonimmigrant described in section  
2 101(a)(15)(E) of the Immigration and Nationality Act (8  
3 U.S.C. 1101(a)(15)(E)), if the entry is solely for a pur-  
4 pose described in clause (i) or (ii) of such section and the  
5 alien is otherwise admissible to the United States as such  
6 a nonimmigrant.

7 **TITLE IV—GENERAL**  
8 **PROVISIONS**

9 **SEC. 401. RELATIONSHIP OF THE AGREEMENT TO UNITED**  
10 **STATES AND STATE LAW.**

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

13 (1) **UNITED STATES LAW TO PREVAIL IN CON-**  
14 **FLICT.—**No provision of the Agreement, nor the ap-  
15 plication of any such provision to any person or cir-  
16 cumstance, that is inconsistent with any law of the  
17 United States shall have effect.

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

20 (A) to amend or modify any law of the  
21 United States, or

22 (B) to limit any authority conferred under  
23 any law of the United States,

24 unless specifically provided for in this Act.

1 (b) RELATIONSHIP OF AGREEMENT TO STATE  
2 LAW.—

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

10 (2) DEFINITION OF STATE LAW.—For purposes  
11 of this subsection, the term “State law” includes—

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

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

16 (c) EFFECT OF AGREEMENT WITH RESPECT TO PRI-  
17 VATE REMEDIES.—No person other than the United  
18 States—

19 (1) shall have any cause of action or defense  
20 under the Agreement; or

21 (2) may challenge, in any action brought under  
22 any provision of law, any action or inaction by any  
23 department, agency, or other instrumentality of the  
24 United States, any State, or any political subdivision

1 of a State on the ground that such action or inaction  
2 is inconsistent with the Agreement.

3 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated for each fis-  
5 cal year after fiscal year 2001 to the Department of Com-  
6 merce not more than \$100,000 for the payment of the  
7 United States share of the expenses incurred in dispute  
8 settlement proceedings under article 17 of the Agreement.

9 **SEC. 403. IMPLEMENTING REGULATIONS.**

10 After the date of enactment of this Act—

11 (1) the President may proclaim such actions,  
12 and

13 (2) other appropriate officers of the United  
14 States may issue such regulations,

15 as may be necessary to ensure that any provision of this  
16 Act, or amendment made by this Act, that takes effect  
17 on the date the Agreement enters into force is appro-  
18 priately implemented on such date, but no such proclama-  
19 tion or regulation may have an effective date earlier than  
20 the date the Agreement enters into force.

21 **SEC. 404. EFFECTIVE DATES; EFFECT OF TERMINATION.**

22 (a) **EFFECTIVE DATES.**—Except as provided in sub-  
23 section (b), the provisions of this Act and the amendments  
24 made by this Act take effect on the date the Agreement  
25 enters into force.

1 (b) EXCEPTIONS.—Sections 1 through 4 and this  
2 title take effect on the date of enactment of this Act.

3 (c) TERMINATION OF THE AGREEMENT.—On the  
4 date on which the Agreement ceases to be in force, the  
5 provisions of this Act (other than this subsection) and the  
6 amendments made by this Act, shall cease to have effect.

## Rockefeller Amendment to the Finance Committee's 201 Resolution

**Purpose:** To make modifications to the resolution to reflect suggestions from the Administration and Members of the Finance Committee and in order to more closely conform the Committee resolution to the Administration's June 22<sup>nd</sup> request.

### **Amendment:**

In the second whereas clause (page 1, line 4) – delete "causing a crisis in which" and replace with "whereas since 1998"

In the sixth whereas clause (page 1, line 17) delete "substantial foreign market distorting policies and practices, and substantial foreign excess steel production capacity which cause endemic dumping and high volumes of foreign steel in the U.S. market" and replace with "that the U.S. steel industry has been affected by a 50 year legacy of foreign government intervention in the market and direct financial support of their steel industries resulting in significant excess capacity, inefficient production, and a glut of steel on the world market;"

In the ninth whereas clause (page 2, line 4) eliminate the comma, add an "and" and in line 5, replace the comma with a semicolon and delete "and would be profitable but for injury due to imports;"

On page 11, line 16, after "7314.14.60.00," add "or"

On page 12, line 6, delete "allow" and replace with "alloy"

On page 12, line 21, after "commends the President" add "and expresses support for" and, on line 24, delete "which are the root cause of the current steel crisis." and replace with "and other market-distorting practices, in order to restore a level playing field to the global steel industry."

GRASSLEY 201 Amendment.

Substitute the following findings for all findings in current resolution; Substitute section 6 for current section 6.

Whereas decades of foreign government intervention have severely distorted the global market for steel;

Whereas, this intervention has, as documented in the Department of Commerce steel report, taken the form of subsidies, and other foreign market-distorting policies and practices;

Whereas, this intervention has resulted in substantial overcapacity of steel making facilities that measures in the tens of millions of metric tons of production capacity per year;

Whereas, much of the overcapacity is characterized by antiquated steel making technology that is environmentally damaging;

Whereas, the Bush Administration has announced its intention to negotiate a reduction in the overcapacity of steel worldwide and to negotiate disciplines on the market distorting practices that are endemic to steel trade;

Whereas, it is essential for all major steel trading nations to work cooperatively with the United States in pursuing this initiative; and

Whereas, the success of this initiative is essential to achieve a long term solution to the problems facing steel trade; Now, therefore, be it

Resolved,

Section 6: The Committee commends the President, and expresses its strong support for his commitment to undertake negotiations aimed at reducing both worldwide overcapacity, the subsidization of steel by foreign governments, and other market-distorting policies and practices, which are at the root cause of the current steel crisis.



AMENDMENT NO. Amendment # 1

Calendar No. \_\_\_\_\_

To establish objectives for negotiating, and procedures for, implementing certain trade agreements.

**IN THE SENATE OF THE UNITED STATES  
107<sup>TH</sup> Congress, 1<sup>ST</sup> Session**

**S. 643**

To implement the agreement establishing a United States-Jordan free trade area.

1. At the appropriate place, insert the following;
2. **SECTION 1. SHORT TITLE.**
3. This Act may be cited as the "Trade Promotion Act of 2001".
4. **SEC. 2. FINDINGS.**
5. Congress finds that --
6. (1) international trade and investment are powerful engines of
7. economic growth that help create the culture of liberty and the economic
8. wealth need-

1 ed to build and sustain support for better working  
2 conditions and improved environmental protection  
3 around the world;

4 (2) in the United States, free and fair trade  
5 maximizes efficient use of resources, opens new mar-  
6 kets and new opportunities for American businesses,  
7 farmers, agricultural producers, and families, and  
8 provides new and better-paying jobs for American  
9 workers;

10 (3) in the international system, broader and  
11 more comprehensive trade agreements will provide  
12 developing countries with greater access to world  
13 markets, create new opportunities for upward eco-  
14 nomic mobility, and decrease differentials that cur-  
15 rently exist between rich and poor;

16 (4) reducing barriers to trade is a fundamental  
17 foreign and domestic policy interest of the United  
18 States and therefore the successful negotiation of re-  
19 ciprocal trade agreements on a bilateral, regional,  
20 and multilateral basis is a high priority for the  
21 United States;

22 (5) the pursuit of policies to ease short-term  
23 dislocations and adjustment problems that can result  
24 from expanded trade relations is an appropriate sub-  
25 ject for consideration in the context of bilateral, re-

1 regional, and multilateral trade negotiations between  
2 the United States and foreign countries, and would  
3 be an important objective for discussions between  
4 the United States and other World Trade Organiza-  
5 tion (in this Act, referred to as the "WTO") mem-  
6 bers in a new round of global talks to expand the  
7 international trading system;

8 (6) in order to best serve the trade policy inter-  
9 ests of the United States in a wide range of bilat-  
10 eral, regional, and multilateral trade negotiations,  
11 the President should have a clear and flexible negoti-  
12 ating mandate that will optimize the ability of the  
13 United States to assert leadership in international  
14 discussions, and provide United States negotiators  
15 with the maximum opportunity to secure the most  
16 favorable result for the United States; and

17 (7) an appropriate delegation of trade negoti-  
18 ating authority to the President is necessary for the  
19 United States to exert the leadership necessary to  
20 achieve the important policy objectives served by re-  
21 ducing barriers to international trade.

1 SEC. 3. TRADE NEGOTIATING OBJECTIVES OF THE UNITED  
2 STATES.

3 (a) STATEMENT OF PURPOSES.—The purposes of  
4 this Act are to achieve, through trade agreements that af-  
5 ford mutual benefits—

6 (1) more open, equitable, and reciprocal market  
7 access for United States goods, services, and invest-  
8 ment;

9 (2) the reduction or elimination of barriers and  
10 other trade-distorting policies and practices;

11 (3) a more effective system of international  
12 trading rules and procedures; and

13 (4) economic growth, higher living standards,  
14 and full employment in the United States, and eco-  
15 nomic growth and development among the trading  
16 partners of the United States.

17 (b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—

18 (1) GENERAL RULE.—The principal objective of  
19 trade agreements is to expand the freedom to trade  
20 and invest, and in the process expand jobs, economic  
21 growth, and opportunity. In pursuing the negoti-  
22 ating objectives described in subparagraphs (A)  
23 through (N) of paragraph (2), United States nego-  
24 tiators shall take into account legitimate United  
25 States domestic objectives, including protection of

1 health, safety, essential security, environmental, con-  
2 sumer, and employment opportunity interests.

3 (2) NEGOTIATING OBJECTIVES.—The principal  
4 trade negotiating objectives of the United States for  
5 agreements subject to the provisions of section 4 in-  
6 clude the following:

7 (A) TRADE IN GOODS.—The principal ne-  
8 gotiating objective of the United States regard-  
9 ing barriers to trade in goods is to obtain com-  
10 petitive opportunities for United States exports  
11 in foreign markets substantially equivalent to  
12 the opportunities afforded foreign exports to  
13 United States markets, including the reduction  
14 or elimination of tariff and nontariff trade bar-  
15 riers, including—

16 (i) tariff and nontariff disparities re-  
17 maining from previous rounds of multilat-  
18 eral trade negotiations that have put  
19 United States exports at a competitive dis-  
20 advantage in world markets;

21 (ii) measures identified in the annual  
22 report prepared under section 181 of the  
23 Trade Act of 1974 (19 U.S.C. 2241);

24 (iii) tariff elimination for products  
25 identified in section 111(b) of the Uruguay

1 Round Agreements Act (19 U.S.C.  
2 3521(b)) and the accompanying Statement  
3 of Administrative Action related to that  
4 section; and

5 (iv) the negotiating objectives regard-  
6 ing trade in civil aircraft set forth in sec-  
7 tion 135 of the Uruguay Round Agree-  
8 ments Act (19 U.S.C. 3355 et seq.).

9 (B) TRADE IN SERVICES.—The principal  
10 negotiating objectives of the United States re-  
11 garding trade in services are—

12 (i) to reduce or eliminate barriers to,  
13 or other distortions of, international trade  
14 in services in General Agreement on Trade  
15 in Services negotiations and other multilat-  
16 eral and bilateral negotiations by—

17 (I) achieving maximum liberaliza-  
18 tion of market access in all modes of  
19 supply;

20 (II) removing regulatory and  
21 other barriers that deny national  
22 treatment or unreasonably restrict the  
23 establishment of and operation of  
24 service suppliers in foreign markets;  
25 and

1 (III) seeking full market access  
2 and national treatment for services es-  
3 sential to supporting electronic com-  
4 merce and for services sectors that  
5 have not received significant WTO  
6 market opening efforts; and

7 (ii) to develop internationally agreed  
8 rules, including dispute settlement proce-  
9 dures, that—

10 (I) are consistent with the com-  
11 mercial policies of the United States;  
12 and

13 (II) will reduce or eliminate such  
14 barriers or distortions, and help en-  
15 sure fair, equitable opportunities for  
16 foreign markets.

17 (C) AGRICULTURE.—The principal negoti-  
18 ating objectives of the United States with re-  
19 spect to agriculture are, in addition to those set  
20 forth in section 1123(b) of the Food Security  
21 Act of 1985 (7 U.S.C. 1736r(b)), to achieve, on  
22 an expedited basis to the maximum extent fea-  
23 sible, more open and fair conditions of trade in  
24 agricultural commodities by—

## S

1 (i) developing, strengthening, and  
2 clarifying rules for agricultural trade, in-  
3 cluding disciplines on restrictive or trade-  
4 distorting import and export practices such  
5 as those that would impact perishable or  
6 cyclical products;

7 (ii) increasing United States agricul-  
8 tural exports by eliminating barriers to  
9 trade (including transparent and nontrans-  
10 parent barriers) and reducing or elimi-  
11 nating the subsidization of agricultural  
12 production consistent with the United  
13 States policy of agricultural stabilization in  
14 cyclical and unpredictable markets;

15 (iii) creating a free and more open  
16 world agricultural trading system by re-  
17 solving questions pertaining to export and  
18 other trade-distorting subsidies, market  
19 pricing, and market access;

20 (iv) eliminating or reducing substan-  
21 tially other specific constraints to fair  
22 trade and more open market access, such  
23 as tariffs, quotas, and other nontariff prac-  
24 tices; and



1 (v) developing, strengthening, and  
2 clarifying rules that address practices that  
3 unfairly decrease United States market ac-  
4 cess opportunities or distort agricultural  
5 markets to the detriment of the United  
6 States, including—

7 (I) unfair or trade-distorting ac-  
8 tivities of State trading enterprises  
9 and other administrative mechanisms,  
10 including lack of price transparency;

11 (II) restrictions or commercial  
12 requirements affecting new tech-  
13 nologies, including biotechnology, that  
14 are not based on sound science;

15 (III) sanitary or phytosanitary  
16 restrictions not based on sound  
17 science;

18 (IV) other unjustified technical  
19 barriers to trade; and

20 (V) restrictive rules in the ad-  
21 ministration of tariff-rate quotas.

22 (D) FOREIGN INVESTMENT.—The prin-  
23 cipal negotiating objectives of the United States  
24 regarding foreign investment are—

1 (i) to reduce or eliminate artificial or  
2 trade-distorting barriers to foreign invest-  
3 ment, expand the principle of national  
4 treatment, and reduce unreasonable bar-  
5 riers to establishment; and

6 (ii) to develop international rules  
7 through the negotiation of investment  
8 agreements, including dispute settlement  
9 procedures, that—

10 (I) will help ensure a free flow of  
11 foreign investment; and

12 (II) will reduce or eliminate the  
13 trade distortive effects of certain  
14 trade-related investment measures.

15 (E) INTELLECTUAL PROPERTY.—The prin-  
16 cipal negotiating objectives of the United States  
17 regarding intellectual property are—

18 (i) to further promote adequate and  
19 effective protection of intellectual property  
20 rights, by—

21 (I) seeking the enactment and ef-  
22 fective enforcement by foreign govern-  
23 ments of laws that—

24 (aa) recognize, and ade-  
25 quately protect intellectual prop-

1                   erty, including copyrights, pat-  
2                   ents, trademarks, semiconductor  
3                   chip layout designs, bio-  
4                   technology, trade names, and  
5                   trade secrets; and

6                               (bb) provide protection  
7                   against unfair competition;

8                               (II) ensuring the full implemen-  
9                   tation of the Agreement on Trade-  
10                  related Aspects of Intellectual Property  
11                  Rights referred to in section  
12                  101(d)(15) of the Uruguay Round  
13                  Agreements Act (19 U.S.C.  
14                  3511(d)(15)), and achieving improve-  
15                  ments in the standards of that Agree-  
16                  ment;

17                              (III) providing strong protection  
18                   for new and emerging technologies  
19                   and electronic and other new methods  
20                   of transmitting and distributing prod-  
21                   ucts embodying intellectual property;

22                              (IV) preventing or eliminating  
23                   discrimination with respect to matters  
24                   affecting the availability, acquisition,  
25                   scope, maintenance, use, and enforce-

1 ment of intellectual property rights;  
2 and

3 (V) providing for protection of  
4 intellectual property rights through  
5 accessible, expeditious, and effective  
6 civil, administrative, and criminal en-  
7 forcement mechanisms;

8 (ii) to secure fair, equitable, and non-  
9 discriminatory market access opportunities  
10 for United States persons that rely on in-  
11 tellectual property protection; and

12 (iii) to recognize that the inclusion in  
13 the WTO of—

14 (I) adequate and effective sub-  
15 stantive norms and standards for the  
16 protection and enforcement of intellec-  
17 tual property rights; and

18 (II) dispute settlement provisions  
19 and enforcement procedures,  
20 is without prejudice to complementary ini-  
21 tiatives undertaken in other international  
22 organizations.

23 (F) ELECTRONIC COMMERCE AND INFOR-  
24 MATION TECHNOLOGIES.—The principal trade  
25 negotiating objectives of the United States re-

1           garding electronic commerce and information  
2           technologies are—

3                   (i) to reduce or eliminate tariff and  
4                   nontariff barriers with respect to informa-  
5                   tion technology products;

6                   (ii) to pursue the continued develop-  
7                   ment of electronic commerce in an environ-  
8                   ment that is free of trade barriers;

9                   (iii) to achieve trade liberalization in  
10                   related goods and services that facilitate  
11                   the growth of electronic commerce; and

12                   (iv) to eliminate barriers to online de-  
13                   livery of electronic content.

14           (G) **WORKER RIGHTS.**—The principal  
15           trade negotiating objectives of the United  
16           States regarding worker rights are—

17                   (i) to ensure that foreign labor,  
18                   health, and safety policies and practices do  
19                   not arbitrarily or unjustifiably discriminate  
20                   against United States exports or constitute  
21                   a barrier to trade; and

22                   (ii) to secure the commitment of for-  
23                   eign governments to not derogate from or  
24                   waive existing domestic labor (including  
25                   measures that deter exploitative child

1 labor), health and safety standards for the  
2 purpose of attracting investment, inhib-  
3 iting United States exports, or otherwise  
4 gaining competitive advantage.

5 (H) ENVIRONMENT.—The principal trade  
6 negotiating objectives of the United States re-  
7 garding environment are—

8 (i) to ensure that foreign environ-  
9 mental protection policies and practices do  
10 not arbitrarily or unjustifiably discriminate  
11 against United States exports or constitute  
12 a barrier to trade;

13 (ii) to secure the commitment of for-  
14 eign governments to not derogate from or  
15 waive existing domestic environmental  
16 standards for the purpose of attracting in-  
17 vestment, inhibiting United States exports,  
18 or otherwise gaining competitive advan-  
19 tage; and

20 (iii) to achieve maximum trade liberal-  
21 ization and market access for United  
22 States environmental technologies, goods,  
23 and services.

24 (I) COMPLIANCE AND ENFORCEMENT.—  
25 The principal negotiating objective on compli-

1           ance and enforcement is the inclusion in trade  
2           agreements of mechanisms for early identifica-  
3           tion of implementation problems, monitoring of  
4           compliance with agreements, and appropriate  
5           enforcement of obligations.

6           (J) DISPUTE SETTLEMENT.—The principal  
7           negotiating objectives of the United States with  
8           respect to dispute settlement are—

9                   (i) to provide for transparent, effec-  
10                  tive, and expeditious dispute settlement  
11                  mechanisms and procedures in any trade  
12                  agreement entered into under this author-  
13                  ity; and

14                   (ii) to ensure that such mechanisms  
15                  within the WTO and agreements concluded  
16                  under the auspices of the WTO provide for  
17                  more effective and expeditious resolution of  
18                  disputes and enable better enforcement of  
19                  United States rights.

20           (K) UNFAIR TRADE PRACTICES.—The  
21           principal negotiating objectives of the United  
22           States with respect to unfair trade practices  
23           are—

24                   (i) to enhance the operation and effec-  
25                  tiveness of the relevant Uruguay Round





1 to any firm of the foreign coun-  
2 try; or

3 (cc) other collateral conces-  
4 sions be made,

5 as a condition for the importation of  
6 any product or service of the United  
7 States into the foreign country or as  
8 a condition for carrying on business in  
9 the foreign country.

10 (L) WTO AND MULTILATERAL TRADE  
11 AGREEMENTS.—The principal negotiating objec-  
12 tives of the United States regarding the WTO  
13 and other multilateral trade agreements are—

14 (i) to improve the operation of the  
15 WTO, and extend the coverage of the Uru-  
16 guay Round Agreements and other multi-  
17 lateral agreements to products, sectors,  
18 and conditions of trade not adequately cov-  
19 ered; and

20 (ii) to expand country participation in  
21 agreements, where appropriate.

22 (M) TRANSPARENCY.—The principal nego-  
23 tiating objective of the United States regarding  
24 transparency is to obtain broader application of  
25 the principle of transparency through increased

1 public access to information regarding trade  
2 issues, clarification of the costs and benefits of  
3 trade policy actions, progress toward the elimi-  
4 nation of corrupt business practices and the ob-  
5 servance of open and equitable procedures by  
6 United States trading partners and within the  
7 WTO.

8 (N) REGULATORY COMPETITION.—The  
9 principal trade negotiating objective of the  
10 United States regarding regulatory competition  
11 is—

12 (i) the elimination of measures such  
13 as price controls, reference pricing, and  
14 other practices by foreign governments to  
15 provide a competitive advantage to their  
16 domestic producers, service providers, or  
17 investors and thereby reduce market access  
18 for United States goods, services, and in-  
19 vestment;

20 (ii) the establishment by foreign gov-  
21 ernments of regulatory requirements which  
22 are consistent with sound scientific prin-  
23 ciples; and

24 (iii) to ensure that government regula-  
25 tion and other governmental practices do

1 not discriminate against United States  
2 goods, services, or investment.

3 (c) COMPLEMENTARY OBJECTIVES.—The President  
4 should take into account the relationship between trade  
5 agreements and other important priorities of the United  
6 States and seek to ensure that the trade agreements en-  
7 tered into by the United States complement and reinforce  
8 other policy goals. The United States priorities in this  
9 area include—

10 (1) supplementing and strengthening standards  
11 for ~~pro~~tection of intellectual property rights under  
12 conventions designed to protect such rights that are  
13 administered by international organizations other  
14 than the WTO, expanding the conventions to cover  
15 new and emerging technologies, and eliminating dis-  
16 crimination and unreasonable exceptions or pre-  
17 conditions to such protection;

18 (2) fostering stability in international currency  
19 markets and developing mechanisms to assure great-  
20 er coordination, consistency, and cooperation be-  
21 tween international trade and monetary systems and  
22 institutions in order to protect against the trade  
23 consequences of significant and unanticipated cur-  
24 rency movements;

25 (3) promoting respect for workers' rights, by—

1 (A) reviewing the relationship between  
2 workers' rights and the operation of inter-  
3 national trading systems and specific trade ar-  
4 rangements; and

5 (B) seeking the effective implementation in  
6 the International Labor Organization (in this  
7 Act, referred to as the "ILO") of the Declara-  
8 tion on Fundamental Principles and Rights at  
9 Work and its monitoring mechanism to ensure  
10 the systematic examination of, and reporting  
11 on, the extent to which ILO members promote  
12 and enforce the freedom of association, the  
13 right to organize and bargain collectively, a pro-  
14 hibition on the use of forced labor, a prohibition  
15 on exploitative child labor, and a prohibition on  
16 discrimination in employment;

17 (4) expanding the production of goods and  
18 trade in goods and services to ensure the optimal  
19 use of the world's resources, while seeking to protect  
20 and preserve the environment and to enhance the  
21 international means for doing so;

22 (5) supporting United States counternarcotics  
23 strategy by promoting export diversification and  
24 broad-based economic development in countries and  
25 regions engaged in drug-crop production in order to

1 create viable alternatives to production of and trade  
2 in illicit drugs;

3 (6) fostering international peace and security by  
4 encouraging the development of the rule of law, civil  
5 society and democracy; the practice of good govern-  
6 ance principles; the protection of human rights; and  
7 religious tolerance in countries and markets with  
8 which the United States trades; and

9 (7) reducing illegal migration across inter-  
10 national borders by promoting economic growth and  
11 development in countries and regions experiencing  
12 mass emigration, and thereby providing enhanced  
13 local employment opportunities for would-be  
14 emigrees.

15 **SEC. 4. TRADE AGREEMENT NEGOTIATING AUTHORITY.**

16 (a) **TARIFF PROCLAMATION AUTHORITY.—**

17 (1) **IN GENERAL.—**Whenever the President de-  
18 termines that 1 or more existing duties or other im-  
19 port restrictions of any foreign country or the  
20 United States are unduly burdening and restricting  
21 the foreign trade of the United States and that the  
22 purposes and objectives of this Act will be promoted  
23 thereby, the President—

24 (A) may enter into trade agreements with  
25 foreign governments before—

1 (i) December 31, 2005; or

2 (ii) December 31, 2007, if the author-  
3 ity provided by this Act is extended under  
4 subsection (c) (or December 31, 2009, if a  
5 second extension is approved); and

6 (B) may, consistent with paragraphs (2)  
7 through (5), proclaim—

8 (i) such modification or continuance  
9 of any existing duty;

10 (ii) such continuance of existing duty-  
11 free or excise treatment; or

12 (iii) such additional duties,  
13 as the President determines to be required or  
14 appropriate to carry out any such trade agree-  
15 ment.

16 (2) LIMITATIONS.—No proclamation may be  
17 made under paragraph (1) that—

18 (A) reduces any rate of duty (other than a  
19 rate of duty that does not exceed 5 percent ad  
20 valorem on the date of enactment of this Act)  
21 to a rate which is less than 50 percent of the  
22 rate of such duty that applies on such date of  
23 enactment;

24 (B) provides for a reduction of duty on an  
25 article to take effect on a date that is more

1 than 10 years after the first reduction that is  
2 proclaimed to carry out a trade agreement with  
3 respect to such article; or

4 (C) increases any rate of duty above the  
5 rate that applied on the date of enactment of  
6 this Act.

7 (3) AGGREGATE REDUCTION; EXEMPTION FROM  
8 STAGING.—

9 (A) AGGREGATE REDUCTION.—Except as  
10 provided in subparagraph (B), the aggregate re-  
11 duction in the rate of duty on any article which  
12 is in effect on any day pursuant to a trade  
13 agreement entered into under paragraph (1)  
14 shall not exceed the aggregate reduction which  
15 would have been in effect on such day if—

16 (i) a reduction of 3 percent ad valo-  
17 rem or a reduction of  $\frac{1}{10}$  of the total re-  
18 duction, whichever is greater, had taken ef-  
19 fect on the effective date of the first reduc-  
20 tion proclaimed under paragraph (1) to  
21 carry out such agreement with respect to  
22 such article; and

23 (ii) a reduction equal to the amount  
24 applicable under clause (i) had taken effect

1           at 1-year intervals after the effective date  
2           of such first reduction.

3           (B) EXEMPTION FROM STAGING.—No  
4           staging under subparagraph (A) is required  
5           with respect to a rate reduction that is pro-  
6           claimed under paragraph (1) for an article of a  
7           kind that is not produced in the United States.  
8           The United States International Trade Com-  
9           mission shall advise the President of the iden-  
10          tity of articles that may be exempted from stag-  
11          ing under this subparagraph.

12          (4) ROUNDING.—If the President determines  
13          that such action will simplify the computation of re-  
14          ductions under paragraph (3), the President may  
15          round an annual reduction by the lesser of—

16                (A) the difference between the reduction  
17                without regard to this paragraph and the next  
18                lower whole number; or

19                (B) one-half of 1 percent ad valorem.

20          (5) OTHER LIMITATIONS.—A rate of duty re-  
21          duction or increase that may not be proclaimed by  
22          reason of paragraph (2) may take effect only if a  
23          provision authorizing such reduction or increase is  
24          included within an implementing bill provided for  
25          under section 6 and that bill is enacted into law.



1           (6) EXPANDED TARIFF PROCLAMATION AU-  
2 THORITY.—

3           (A) IN GENERAL.—Notwithstanding the  
4 provisions of paragraphs (1) through (5), before  
5 December 31, 2005 (or before December 31,  
6 2007 (or December 31, 2009), if the authority  
7 provided by this Act is extended under sub-  
8 section (c)), and subject to the consultation and  
9 layover requirements of section 115 of the Uru-  
10 guay Round Agreements Act (19 U.S.C. 3524)  
11 and the notification and consultation require-  
12 ments of section 5(a) of this Act, the President  
13 may proclaim the modification of any duty, in-  
14 cluding any staged rate reduction of any duty  
15 resulting from the Uruguay Round Agreements,  
16 if the United States has agreed to such modi-  
17 fication or staged rate reduction in a negotia-  
18 tion for the reciprocal elimination or harmoni-  
19 zation of duties, within the same tariff cat-  
20 egories, under the auspices of the WTO or as  
21 part of an interim agreement leading to the for-  
22 mation of a regional free-trade area.

23           (B) NOTICE REQUIRED.—The modification  
24 or staged rate reduction authorized under sub-  
25 paragraph (A) with respect to any negotiation

1 initiated after the date of enactment of this Act  
2 may be proclaimed only on articles in tariff cat-  
3 egories with respect to which the President has  
4 provided notice in accordance with section 5(a).

5 (7) TARIFF MODIFICATIONS UNDER URUGUAY  
6 ROUND AGREEMENTS ACT.—Nothing in this sub-  
7 section shall limit the authority provided to the  
8 President under section 111(b) of the Uruguay  
9 Round Agreements Act.

10 (b) AGREEMENTS REGARDING TARIFF AND NON-  
11 TARIFF BARRIERS.—

12 (1) IN GENERAL.—

13 (A) DETERMINATION BY PRESIDENT.—

14 Whenever the President determines that—

15 (i) any duty or other import restric-  
16 tion imposed by any foreign country or the  
17 United States or any other barrier to, or  
18 other distortion of, international trade—

19 (I) unduly burdens or restricts  
20 the foreign trade of the United States  
21 or adversely affects the United States  
22 economy; or

23 (II) is likely to result in such a  
24 burden, restriction, or effect; and

1 (ii) the purposes and objectives of this  
2 Act will be promoted thereby, the Presi-  
3 dent may, before December 31, 2005 (or  
4 before December 31, 2007, or December  
5 31, 2009 (whichever is applicable), if the  
6 authority provided under this Act is ex-  
7 tended under subsection (c)) enter into a  
8 trade agreement described in subparagraph  
9 (B).

10 (B) TRADE AGREEMENT DESCRIBED.—A  
11 trade agreement described in this subparagraph  
12 means an agreement with a foreign country  
13 that provides for—

14 (i) the reduction or elimination of  
15 such duty, restriction, barrier, or other dis-  
16 tortion; or

17 (ii) the prohibition of, or limitation on  
18 the imposition of, such barrier or other dis-  
19 tortion.

20 (2) CONDITIONS.—A trade agreement may be  
21 entered into under this subsection only if the fol-  
22 lowing conditions are met:

23 (A) Such agreement makes progress in  
24 meeting the applicable objectives described in  
25 section 3(b).

1           (B) The President satisfies the conditions  
2 set forth in section 5 with respect to such  
3 agreement.

4           (C) Such agreement includes in its text the  
5 following language: "No provision of this Agree-  
6 ment, or any dispute resolution or enforcement  
7 mechanism established hereunder, that inter-  
8 feres (through any means) with, or amends, any  
9 law or standard (or the application of such law  
10 or standard) of the United States relating to  
11 health, safety, labor, environment, or essential  
12 security, shall have any effect, nor shall the  
13 United States be bound by or otherwise recog-  
14 nize the validity of such provision."

15           (3) **BILLS QUALIFYING FOR TRADE AGREEMENT**  
16 **APPROVAL PROCEDURES.—**

17           (A) **IN GENERAL.—**The provisions of sec-  
18 tion 151 of the Trade Act of 1974 (in this Act  
19 referred to as "trade agreement approval proce-  
20 dures") apply to implementing bills submitted  
21 with respect to trade agreements entered into  
22 under this subsection, except that, for purposes  
23 of applying section 151(b)(1)—

24                   (i) such implementing bills shall con-  
25 tain only—

1 (I) provisions that approve a  
2 trade agreement entered into under  
3 this subsection and the statement of  
4 administrative action (if any) pro-  
5 posed to implement such trade agree-  
6 ment;

7 (II) provisions necessary to im-  
8 plement such trade agreement; and

9 (III) provisions necessary for  
10 purposes of complying with section  
11 252 of the Balanced Budget and  
12 Emergency Deficit Control Act of  
13 1985 in implementing the applicable  
14 trade agreement;

15 (ii) the provisions of subparagraph  
16 (B) relating to points of order in the Sen-  
17 ate shall apply; and

18 (iii) such implementing bills shall not  
19 contain any provision that changes the  
20 health, safety, labor, environmental, or es-  
21 sential security laws or standards of the  
22 United States.

23 (B) POINT OF ORDER IN SENATE.—

24 (i) IN GENERAL.—

1 (I) POINT OF ORDER AGAINST  
2 IMPLEMENTING BILL.—When the  
3 Senate is considering an implementing  
4 bill, upon a point of order being made  
5 by any Senator against any part of  
6 the implementing bill that contains  
7 material in violation of subparagraph  
8 (A)(i) (II) or (III) or subparagraph  
9 (A)(iii), and the point of order is sus-  
10 tained by the Presiding Officer, the  
11 part of the implementing bill against  
12 which the point of order is sustained  
13 shall be stricken from the bill.

14 (II) POINT OF ORDER AGAINST  
15 UNDERLYING AGREEMENT.—When  
16 the Senate is considering an imple-  
17 menting bill, upon a point of order  
18 being made by any Senator that a  
19 trade agreement entered into under  
20 this subsection does not satisfy the  
21 conditions set forth in paragraph  
22 (2)(C), and the point of order is sus-  
23 tained by the Presiding Officer, trade  
24 agreement approval procedures shall  
25 not apply to the implementing bill.

1 (ii) WAIVERS AND APPEALS.—

2 (I) WAIVERS.—Before the Pre-  
3 siding Officer rules on a point of  
4 order described in clause (i), any Sen-  
5 ator may move to waive the point of  
6 order and the motion to waive shall  
7 not be subject to amendment. A point  
8 of order described in clause (i) is  
9 waived only by the affirmative vote of  
10 at least three-fifths of the Members of  
11 the Senate, duly chosen and sworn.

12 (II) APPEALS.—After the Pre-  
13 siding Officer rules on a point of  
14 order under this subparagraph, any  
15 Senator may appeal the ruling of the  
16 Presiding Officer on the point of  
17 order as it applies to some or all of  
18 the provisions on which the Presiding  
19 Officer ruled. A ruling of the Pre-  
20 siding Officer on a point of order de-  
21 scribed in clause (i) is sustained un-  
22 less at least three-fifths of the Mem-  
23 bers of the Senate, duly chosen and  
24 sworn, vote not to sustain the ruling.

25 (c) EXTENSION PROCEDURES.—

1           (1) IN GENERAL.—Except as provided in sec-  
2           tion 6(b)—

3                   (A) subsections (a) and (b) shall apply  
4           with respect to agreements entered into before  
5           December 31, 2005; and

6                   (B) subsections (a) and (b) shall be ex-  
7           tended to apply with respect to agreements en-  
8           tered into on or after December 31, 2005, and  
9           before December 31, 2007; or December 31,  
10          2009 (whichever is applicable), if (and only  
11          if)—

12                   (i) the President requests such exten-  
13          sion under paragraph (2); and

14                   (ii) Congress adopts an extension ap-  
15          proval resolution under paragraph (5) be-  
16          fore December 31, 2005 (or before Decem-  
17          ber 31, 2007, in the case of a second ex-  
18          tension request).

19           (2) REPORT TO CONGRESS BY THE PRESI-  
20          DENT.—If the President is of the opinion that the  
21          authority under subsections (a) and (b) should be  
22          extended, the President shall submit to Congress,  
23          not later than July 1, 2005 (or July 1, 2007, in the  
24          case of a second extension request), a written report



1 that contains a request for such extension, together  
2 with—

3 (A) a description of all trade agreements  
4 that have been negotiated under subsections (a)  
5 and (b) and, where applicable, the anticipated  
6 schedule for submitting such agreements to  
7 Congress for approval;

8 (B) a description of the progress that has  
9 been made in negotiations to achieve the pur-  
10 poses and objectives set out in section 3 (a) and  
11 (b) of this Act, and a statement that such  
12 progress justifies the continuation of negotia-  
13 tions; and

14 (C) a statement of the reasons why the ex-  
15 tension is needed to complete the negotiations.

16 (3) REPORT TO CONGRESS BY THE ADVISORY  
17 COMMITTEE.—The President shall promptly inform  
18 the Advisory Committee for Trade Policy and Nego-  
19 tiations established under section 135 of the Trade  
20 Act of 1974 (19 U.S.C. 2155) of the President's de-  
21 cision to submit a report to Congress under para-  
22 graph (2). The Advisory Committee shall submit to  
23 Congress as soon as practicable, but not later than  
24 August 1, 2005 (or August 1, 2007, in the case of

1 a second extension request), a written report that  
2 contains—

3 (A) its views regarding the progress that  
4 has been made in negotiations to achieve the  
5 purposes and objectives of this Act; and

6 (B) a statement of its views, and the rea-  
7 sons therefor, regarding whether the extension  
8 requested under paragraph (2) should be ap-  
9 proved or disapproved.

10 (4) REPORTS MAY BE CLASSIFIED.—The re-  
11 ports submitted to Congress under paragraphs (2)  
12 and (3), or any portion of the reports, may be classi-  
13 fied to the extent the President determines appro-  
14 priate.

15 (5) EXTENSION APPROVAL RESOLUTIONS.—

16 (A) IN GENERAL.—For purposes of this  
17 subsection, the term “extension approval resolu-  
18 tion” means a joint resolution of the two  
19 Houses of Congress, the matter after the resolv-  
20 ing clause of which is as follows: “That the  
21 Congress approves the request of the President  
22 for an extension, under section 4(c) of the  
23 Trade Promotion Act of 2001, of \_\_\_\_\_  
24 after \_\_\_\_\_.”, with the first blank space  
25 being filled with one or both of the following

1 phrases: “the tariff proclamation authority pro-  
2 vided under section 4(a) of the Trade Pro-  
3 motion Act of 2001” or “the trade agreement  
4 approval procedures provided under section 4(b)  
5 of the Trade Promotion Act of 2001” and the  
6 second blank space being filled with December  
7 31, 2005, in the case of the first extension re-  
8 quest and December 31, 2007, in the case of  
9 the second extension request.--

10 (B) INTRODUCTION AND REFERRAL.—An  
11 extension approval resolution—

12 (i) may be introduced in either House  
13 of Congress by any member of such House;

14 (ii) shall be jointly referred, in the  
15 House of Representatives, to the Com-  
16 mittee on Ways and Means and the Com-  
17 mittee on Rules; and

18 (iii) shall be referred, in the Senate,  
19 to the Committee on Finance.

20 (C) FLOOR CONSIDERATION.—The provi-  
21 sions of sections 152 (d) and (e) of the Trade  
22 Act of 1974 (19 U.S.C. 2192 (d) and (e)) (re-  
23 lating to the floor consideration of certain reso-  
24 lutions in the House and Senate) apply to an  
25 extension approval resolution.

1 (D) FINAL DATE FOR CONSIDERATION.—It  
2 is not in order for either House of Congress to  
3 consider an extension approval resolution after  
4 December 31, 2007.

5 **SEC. 5. NOTICE AND CONSULTATIONS.**

6 (a) NOTICE AND CONSULTATION BEFORE NEGOTIA-  
7 TION.—With respect to any agreement subject to the pro-  
8 visions of section 4 (a) or (b), the President shall—

9 (1) not later than 90 calendār days before initi-  
10 ating negotiations, provide written notice to Con-  
11 gress regarding—

12 (A) the President's intent to initiate the  
13 negotiations;

14 (B) the date the President intends to ini-  
15 tiate such negotiations;

16 (C) the specific United States objectives  
17 for the negotiations; and

18 (D) whether the President intends to seek  
19 an agreement or changes to an existing agree-  
20 ment;

21 (2) consult regarding the negotiations—

22 (A) before and promptly after submission  
23 of the notice described in paragraph (1), with  
24 the Committee on Finance of the Senate, the  
25 Committee on Ways and Means of the House of

1           Representatives, and such other committees of  
2           the House and Senate as the President deems  
3           appropriate; and

4           (B) with any other committee that re-  
5           quests consultations in writing; and

6           (3) consult with the appropriate industry sector  
7           advisory committees established under section 135 of  
8           the Trade Act of 1974 before initiating negotiations.

9           (b) CONSULTATION WITH CONGRESS BEFORE  
10          AGREEMENT ENTERED INTO.—

11           (1) CONSULTATION.—Before entering into any  
12          trade agreement under section 4 (a) or (b), the  
13          President shall consult with—

14           (A) the Committee on Ways and Means of  
15          the House of Representatives and the Com-  
16          mittee on Finance of the Senate; and

17           (B) each other committee of the House  
18          and the Senate, and each joint committee of  
19          Congress, which has jurisdiction over legislation  
20          involving subject matters that would be affected  
21          by the trade agreement.

22           (2) SCOPE.—The consultation described in  
23          paragraph (1) shall include consultation with respect  
24          to—

25           (A) the nature of the agreement;

1 (B) how and to what extent the agreement  
2 will achieve the applicable purposes and objec-  
3 tives of this Act;

4 (C) where applicable, the implementation  
5 of the agreement under section 6, including  
6 whether the agreement includes subject matter  
7 for which supplemental implementing legislation  
8 may be required which is not subject to trade  
9 agreement approval procedures; and

10 (D) any other agreement the President has  
11 entered into or intends to enter into with the  
12 country or countries in question.

13 (c) **ADVISORY COMMITTEE REPORTS.**—The report  
14 required under section 135(e)(1) of the Trade Act of 1974  
15 regarding any trade agreement entered into under section  
16 4(b) of this Act shall be provided to the President, Con-  
17 gress, and the United States Trade Representative not  
18 later than 30 calendar days after the date on which the  
19 President notifies Congress under section 6(a)(1)(A) of  
20 the President's intention to enter into the agreement.

21 (d) **CONSULTATION BEFORE AGREEMENT IN-**  
22 **ITIALED.**—In the course of negotiations conducted under  
23 this Act, the United States Trade Representative shall  
24 consult closely and on a timely basis (including imme-  
25 diately before initialing an agreement) with, and keep fully

1 apprised of the negotiations, the congressional advisers for  
2 trade policy and negotiations appointed under section 161  
3 of the Trade Act of 1974 (19 U.S.C. 2211), the Com-  
4 mittee on Finance of the Senate, and the Committee on  
5 Ways and Means of the House of Representatives.

6 **SEC. 6. IMPLEMENTATION OF TRADE AGREEMENTS.**

7 (a) IN GENERAL.—

8 (1) NOTIFICATION AND SUBMISSION.—Any  
9 agreement entered into under section 4(b) shall  
10 enter into force with respect to the United States if  
11 (and only if)—

12 (A) the President, at least 90 calendar  
13 days before the day on which the President en-  
14 ters into the trade agreement, notifies Congress  
15 of the President's intention to enter into the  
16 agreement, and promptly thereafter publishes  
17 notice of such intention in the Federal Register;

18 (B) within 60 calendar days after entering  
19 into the agreement, the President submits to  
20 Congress a description of those changes to ex-  
21 isting laws that the President considers would  
22 be required in order to bring the United States  
23 into compliance with the agreement;

1 (C) after entering into the agreement, the  
2 President submits a copy of the final legal text  
3 of the agreement, together with—

4 (i) a draft of an implementing bill de-  
5 scribed in section 4(b)(3);

6 (ii) a statement of any administrative  
7 action proposed to implement the trade  
8 agreement; and

9 (iii) the supporting information de-  
10 scribed in paragraph (2); and

11 (D) the implementing bill is enacted into  
12 law.

13 (2) SUPPORTING INFORMATION.—The sup-  
14 porting information required under paragraph  
15 (1)(C)(iii) consists of—

16 (A) an explanation as to how the imple-  
17 menting bill and proposed administrative action  
18 will change or affect existing law; and

19 (B) a statement—

20 (i) asserting that the agreement  
21 makes progress in achieving the applicable  
22 purposes and objectives of this Act; and

23 (ii) setting forth the reasons of the  
24 President regarding—



1 (I) how and to what extent the  
2 agreement makes progress in achiev-  
3 ing the applicable purposes and objec-  
4 tives referred to in clause (i), and why  
5 and to what extent the agreement  
6 does not achieve other applicable pur-  
7 poses and objectives;

8 (II) whether and how the agree-  
9 ment changes provisions of an agree-  
10 ment previously negotiated;

11 (III) how the agreement serves  
12 the interests of United States com-  
13 merce;

14 (IV) why the implementing bill  
15 qualifies for trade agreement approval  
16 procedures under section 4(b)(3); and

17 (V) any proposed administrative  
18 action.

19 (3) RECIPROCAL BENEFITS.—To ensure that a  
20 foreign country which receives benefits under a trade  
21 agreement entered into under section 4 (a) or (b) is  
22 " subject to the obligations imposed by such agree-  
23 ment, the President shall recommend to Congress in  
24 the implementing bill and statement of administra-  
25 tive action submitted with respect to such agreement

1       that the benefits and obligations of such agreement  
2       apply solely to the parties to such agreement, if such  
3       application is consistent with the terms of such  
4       agreement. The President may also recommend with  
5       respect to any such agreement that the benefits and  
6       obligations of such agreement not apply uniformly to  
7       all parties to such agreement, if such application is  
8       consistent with the terms of such agreement.

9       (b) LIMITATIONS ON TRADE AGREEMENT APPROVAL  
10      PROCEDURES.—

11           (1) DISAPPROVAL OF THE NEGOTIATION.—The  
12       trade agreement approval procedures shall not apply  
13       to any implementing bill that contains a provision  
14       approving any trade agreement that is entered into  
15       under section 4(b) with any foreign country if the  
16       Committee on Finance of the Senate and the Com-  
17       mittee on Ways and Means of the House of Rep-  
18       resentatives disapprove of the negotiation of the  
19       agreement before the close of the 90-calendar day  
20       period that begins on the date notice is provided  
21       under section 5(a)(1) with respect to the negotiation  
22       of such agreement.

23           (2) LACK OF NOTICE OR CONSULTATIONS.—

24           (A) IN GENERAL.—The trade agreement  
25       approval procedures shall not apply to any im-

1           plementing bill submitted with respect to a  
2           trade agreement entered into under section 4(b)  
3           if during the 60-day period beginning on the  
4           date that 1 House of Congress agrees to a pro-  
5           cedural disapproval resolution for lack of notice  
6           or consultations with respect to that trade  
7           agreement, the other House separately agrees  
8           to a procedural disapproval resolution with re-  
9           spect to that agreement. ---

10           (B) PROCEDURAL DISAPPROVAL RESOLU-  
11           TION.—For purposes of this paragraph, the  
12           term “procedural disapproval resolution” means  
13           a resolution of either House of Congress, the  
14           sole matter after the resolving clause of which  
15           is as follows: “That the President has failed or  
16           refused to notify or consult (as the case may  
17           be) with Congress in accordance with sections 5  
18           and 6 of the Trade Promotion Act of 2001 with  
19           respect to \_\_\_\_\_ and, therefore, the trade  
20           agreement approval procedures set forth in sec-  
21           tion 4(b) of that Act shall not apply to any im-  
22           plementing bill submitted with respect to that  
23           trade agreement.”, with the blank space being  
24           filled with a description of the trade agreement  
25           with respect to which the President is consid-



1 (II) shall be jointly referred to  
2 the Committee on Ways and Means  
3 and the Committee on Rules; and

4 (III) may not be amended by ei-  
5 ther Committee; and

6 (ii) in the Senate, shall be an original  
7 resolution of the Committee on Finance.

8 (B) FLOOR CONSIDERATION.—The provi-  
9 sions of section 152 (d) and (e) of the Trade  
10 Act of 1974 (19 U.S.C. 2192 (d) and (e)) (re-  
11 lating to the floor consideration of certain reso-  
12 lutions in the House and Senate) apply to a  
13 procedural disapproval resolution.

14 (C) COMMITTEE ACTION REQUIRED.—

15 (i) HOUSE OF REPRESENTATIVES.—It  
16 is not in order for the House of Represent-  
17 atives to consider any procedural dis-  
18 approval resolution not reported by the  
19 Committee on Ways and Means and the  
20 Committee on Rules.

21 (ii) SENATE.—It is not in order for  
22 the Senate to consider any procedural dis-  
23 approval resolution not reported by the  
24 Committee on Finance.

1 (c) RULES OF HOUSE OF REPRESENTATIVES AND  
2 SENATE.—Subsection (b) of this section and section 4 (b)  
3 and (c) are enacted by Congress—

4 (1) as an exercise of the rulemaking power of  
5 the House of Representatives and the Senate, re-  
6 spectively, and as such are deemed a part of the  
7 rules of each House, respectively, and such proce-  
8 dures supersede other rules only to the extent that  
9 they are inconsistent with such other rules; and

10 (2) with the full recognition of the constitu-  
11 tional right of either House to change the rules (so  
12 far as relating to the procedures of that House) at  
13 any time, in the same manner, and to the same ex-  
14 tent as any other rule of that House.

15 **SEC. 7. TREATMENT OF CERTAIN TRADE AGREEMENTS.**

16 (a) IN GENERAL.—Notwithstanding section  
17 4(a)(6)(B) and section 4(b)(2), the provisions of section  
18 5(a) shall not apply with respect to any agreement that  
19 results from—

20 (1) negotiations under the auspices of the WTO  
21 regarding trade in information technology products;

22 (2) negotiations or work programs initiated  
23 pursuant to a Uruguay Round Agreement, as de-  
24 fined in section 2 of the Uruguay Round Agree-  
25 ments Act;

1 (3) negotiations with Chile, Singapore, Aus-  
2 tralia, or New Zealand; or

3 (4) negotiations to achieve a free trade area of  
4 the Americas,

5 that was commenced before the date of enactment of this  
6 Act, and the applicability of trade agreement approval pro-  
7 cedures with respect to such agreements shall be deter-  
8 mined without regard to the requirements of section 5(a).

9 (b) PROCEDURAL DISAPPROVAL RESOLUTION NOT  
10 IN ORDER.—A procedural disapproval resolution under  
11 section 6(b) shall not be in order with respect to an agree-  
12 ment described in subsection (a) of this section based on  
13 a failure or refusal to comply with section 5(a).

14 **SEC. 8. CONFORMING AMENDMENTS.**

15 (a) IN GENERAL.—Title I of the Trade Act of 1974  
16 (19 U.S.C. 2111 et seq.) is amended as follows:

17 (1) IMPLEMENTING BILL.—

18 (A) Section 151(b)(1) (19 U.S.C.  
19 2191(b)(1)) is amended—

20 (i) by striking “section 1103(a)(1) of  
21 the Omnibus Trade and Competitiveness  
22 Act of 1988, or section 282 of the Uru-  
23 guay Round Agreements Act” and insert-  
24 ing “section 282 of the Uruguay Round

1                   Agreements Act, or section 6(a)(1) of the  
2                   Trade Promotion Act of 2001"; and

3                   (ii) by adding after subparagraph (C)  
4                   the following flush sentence:

5                   For purposes of applying this paragraph to imple-  
6                   menting bills submitted with respect to trade agree-  
7                   ments entered into under section 4(b) of the Trade  
8                   Promotion Act of 2001, clauses (i), (ii), and (iii) of  
9                   section 4(b)(3)(A) of such Act shall be substituted  
10                  for subparagraphs (A), (B), and (C) of this para-  
11                  graph."

12                  (B) Section 151(c)(1) (19 U.S.C.  
13                  2191(c)(1)) is amended by striking "or section  
14                  282 of the Uruguay Round Agreements Act"  
15                  and inserting ", section 282 of the Uruguay  
16                  Round Agreements Act, or section 6(a)(1) of  
17                  the Trade Promotion Act of 2001".

18                  (2) ADVICE FROM INTERNATIONAL TRADE COM-  
19                  MISSION.—Section 131 (19 U.S.C. 2151) is  
20                  amended—

21                  (A) in subsection (a)—

22                  (i) in paragraph (1), by striking "sec-  
23                  tion 123 of this Act or section 1102 (a) or  
24                  (c) of the Omnibus Trade and Competitive-  
25                  ness Act of 1988," and inserting "section



1           123 of this Act or section 4 (a) or (b) of  
2           the Trade Promotion Act of 2001,"; and

3                   (ii) in paragraph (2), by striking "sec-  
4           tion 1102 (b) or (c) of the Omnibus Trade  
5           and Competitiveness Act of 1988" and in-  
6           serting "section 4(b) of the Trade Pro-  
7           motion Act of 2001";

8                   (B) in subsection (b), by striking "section  
9           1102(a)(3)(A)" and inserting "section  
10          4(a)(3)(A) of the Trade Promotion Act of  
11          2001" before the end period; and

12                   (C) in subsection (c), by striking "section  
13          1102 of the Omnibus Trade and Competitive-  
14          ness Act of 1988," and inserting "section 4 of  
15          the Trade Promotion Act of 2001,".

16           (3) HEARINGS AND ADVICE.—Sections 132,  
17          133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and  
18          2154(a)) are each amended by striking "section  
19          1102 of the Omnibus Trade and Competitiveness  
20          Act of 1988," each place it appears and inserting  
21          "section 4 of the Trade Promotion Act of 2001,".

22           (4) PREREQUISITES FOR OFFERS.—Section  
23          134(b) (19 U.S.C. 2154(b)) is amended by striking  
24          "section 1102 of the Omnibus Trade and Competi-

1           tiveness Act of 1988” and inserting “section 4 of the  
2           Trade Promotion Act of 2001”.

3           (5) ADVICE FROM PRIVATE AND PUBLIC SEC-  
4           TORS.—Section 135 (19 U.S.C. 2155) is amended—

5           (A) in subsection (a)(1)(A), by striking  
6           “section 1102 of the Omnibus Trade and Com-  
7           petitiveness Act of 1988” and inserting “section  
8           4 of the Trade Promotion Act of 2001”;

9           (B) in subsection (e)(1)—

10           (i) by striking “section 1102 of the  
11           Omnibus Trade and Competitiveness Act  
12           of 1988” each place it appears and insert-  
13           ing “section 4 of the Trade Promotion Act  
14           of 2001”; and

15           (ii) by striking “section 1103(a)(1)(A)  
16           of such Act of 1988” and inserting “sec-  
17           tion 6(a)(1)(A) of the Trade Promotion  
18           Act of 2001”; and

19           (C) in subsection (e)(2), by striking “the  
20           applicable overall and principal negotiating ob-  
21           jectives set forth in section 1101 of the Omni-  
22           bus Trade and Competitiveness Act of 1988”  
23           and inserting “the purposes and objectives set  
24           forth in section 3 (a) and (b) of the Trade Pro-  
25           motion Act of 2001”.

1           (6) TRANSMISSION OF AGREEMENTS TO CON-  
2           GRESS.—Section 162(a) (19 U.S.C. 2212(a)) is  
3           amended by striking “or under section 1102 of the  
4           Omnibus Trade and Competitiveness Act of 1988”  
5           and inserting “or under section 4 of the Trade Pro-  
6           motion Act of 2001”.

7           (b) APPLICATION OF CERTAIN PROVISIONS.—For  
8           purposes of applying sections 125, 126, and 127 of the  
9           Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and  
10          2137)—

11           (1) any trade agreement entered into under sec-  
12          tion 4 shall be treated as an agreement entered into  
13          under section 101 or 102, as appropriate, of the  
14          Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

15           (2) any proclamation or Executive order issued  
16          pursuant to a trade agreement entered into under  
17          section 4 shall be treated as a proclamation or Exec-  
18          utive order issued pursuant to a trade agreement en-  
19          tered into under section 102 of the Trade Act of  
20          1974.

21          **SEC. 9. DEFINITIONS.**

22          In this Act:

23           (1) DISTORTION.—The term “distortion” in-  
24          cludes, but is not limited to, a subsidy.

1           (2) TRADE.—The term “trade” includes, but is  
2 not limited to—

3           (A) trade in both goods and services; and

4           (B) foreign investment by United States  
5 persons, especially if such investment has impli-  
6 cations for trade in goods and services.

7           (3) URUGUAY ROUND AGREEMENTS.—The term  
8 “Uruguay Round Agreements” has the meaning  
9 given such term in section 2(7) of the Uruguay  
10 Round Agreements Act (19 U.S.C. 3501(7)).

11           (4) WORLD TRADE ORGANIZATION.—The term  
12 “World Trade Organization” means the organization  
13 established pursuant to the WTO Agreement.

14           (5) WTO AGREEMENT.—The term “WTO  
15 Agreement” means the Agreement Establishing the  
16 World Trade Organization entered into on April 15,  
17 1994.

18           (6) WTO AND WTO MEMBER.—The terms  
19 “WTO” and “WTO member” have the meanings  
20 given those terms in section 2 of the Uruguay  
21 Round Agreements Act (19 U.S.C. 3501).

Nickles #1

An amendment offered by Sen. Nickles to extend the supplemental grants only for those states who spent their TANF allocations in FY 2000.

Nickles #2

An amendment offered by Sen. Nickles to offset the supplemental grant extension by eliminating the Upper Payment Limit phase out and restoring the limit for inpatient, outpatient, and clinic services by non-state-owned or operated public hospitals from 150 percent to 100 percent of estimated payments based on Medicare payment principles.

Nickles #3

An amendment offered by Sen. Nickles to offset the supplemental grant extension with existing unspent TANF money.

**Gramm Amendment #1**

**To the original committee resolution calling for an investigation of the importation of certain steel products.**

Amendments to ensure that any Section 201 investigation takes into account impact on the US economy, US manufacturers, and US workers, and subsequent recommendations provide maximum benefit to the US economy, US manufacturers, and US workers.



**Gramm Amendment #2**

**To S. 643, legislation to implement the agreement establishing a U.S.-Jordan Free Trade Area.**

An amendment to ensure that no trade agreement or dispute resolution mechanism may interfere with US domestic law or its enforcement.

**AMENDMENT TO S. 643**

AMENDMENT NO. \_\_\_\_

**AMENDMENT TO S. 643  
TO BE OFFERED BY SENATOR GRAMM**

**On page 21, after line 24, insert the following:**

1           (3) DOMESTIC LAW.— No provision of the Agreement, or any dispute resolution or  
2 enforcement mechanism established thereunder, interferes with (through any means, including  
3 sanctions, fines, or penalties) or changes any law (or the application of such law) of the United States  
4 relating to United States domestic labor or environmental standards.



## **AMERICAN FARM BUREAU FEDERATION**

225 TOUHY AVENUE • PARK RIDGE • ILLINOIS • 60068 • (817) 685-8600 • FAX (817) 685-8896

600 MARYLAND AVENUE S.W. • SUITE 800 • WASHINGTON, D.C. • 20024 • (202) 484-3000 • FAX (202) 484-3604

Internet <http://www.fb.com/>

July 17, 2001

The Honorable Phil Gramm  
United States Senate  
370 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Gramm:

The American Farm Bureau Federation supports your amendment to S. 643 that would prohibit the use of sanctions or other penalties to address labor and environmental standards in the Jordan Free Trade Agreement (FTA).


We oppose the environment and labor provisions in this agreement as currently constructed and remain concerned that these provisions could result in trade-restricting measures that run counter to our national interests.

Without this amendment, the agreement could result in sanctions on U.S. agricultural exports. U.S. farmers and ranchers worked hard to ensure that our exports are exempt from such trade-restricting measures and were successful in achieving the first step of sanctions reform last year in Congress. In our view, the Jordan FTA provisions would once again subject our producers to trade-restricting provisions that are not likely to achieve the desired policy result.

More troubling, the provisions in this agreement could become the norm against which future trade deals are measured. Such an approach would be detrimental to our future trade interests and would fail to provide incentives to countries to engage in beneficial environment and labor practices. An approach that rewards rather than punishes countries for progress in these areas is more likely to be met with success in the international marketplace.

For these reasons, we urge the adoption of your amendment to the Jordan Free Trade Agreement.

Sincerely,

  
Richard Newpher  
Executive Director  
Washington Office

## GRAMM AMENDMENT #3

### Current Law

Due to the technical requirements of the Budget Act, the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 are set to expire on January 1, 2011. If no action is taken, provisions of law affecting marginal rates, death taxes, the child credit, retirement savings incentives, education, etc. will revert to the law as it stood prior to June 7, 2001. This uncertainty undermines the economic benefits of the tax cut since taxpayers cannot plan on permanent tax relief.

### Chairman's Mark

No provision.

### Explanation of Provision

Repeals title IX (sunset) of the Economic Growth and Tax Relief Reconciliation Act of 2001, to provide for permanent tax relief.

#### GRAMM AMENDMENT #4

##### Current Law

Imposes a 20 percent maximum rate on capital gains.

##### Chairman's Mark

No provision.

##### Explanation of Provision

Reduces the maximum rate on capital gains from 20 percent to 15 percent, in order to promote savings and investment, and to provide additional stimulus to the economy.