

1 EXECUTIVE COMMITTEE MEETING
2 THURSDAY, NOVEMBER 18, 1993
3 U.S. Senate,
4 Committee on Finance,
5 Washington, DC.

6 The meeting was convened, pursuant to notice, at
7 11:03 a.m., Hon. Daniel Patrick Moynihan (Chairman of
8 the committee) presiding.

9 Also present: Senators Baucus, Bradley, Pryor,
10 Riegle, Rockefeller, Daschle, Conrad, Packwood,
11 Danforth, Chafee and Grassley.

12 Also present: Lawrence O'Donnell, Jr., Staff
13 Director; Lindy Paull, Staff Director, Minority.

14 Also present: Marcia Miller, Majority Chief
15 International Trade Counsel; Brad Figel, Minority,
16 International Trade Counsel; Ira Shapiro, Esq., General
17 Counsel, U.S. Trade Representative.

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1 The Chairman. A very good morning to our guests.
2 It is the judgment of our distinguished former Chairman
3 and Ranking Member that we ought not do this with a
4 rolling quorum, we ought to have 11 persons present.

5 Senator Packwood. I say that only, Mr. Chairman,
6 because of a possibility of a point of order being
7 raised on the floor.

8 The Chairman. This is not a matter.

9 Senator Packwood. There are many things which I
10 would not care if they raised a point.

11 The Chairman. Now, do not give me any ideas. Well,
12 if we stay here much longer, we are missing the
13 opportunity to add another hanging offense to the
14 Federal Criminal Code.

15 (Laughter)

16 Senator Chafee. Overtime parking.

17 The Chairman. Are you prepared to endure the
18 obliquiy that would be associated with it? Let me see.
19 Are there any left? That's the good news. The bad news
20 is, we cannot afford any more rope.

21 Senator Chafee. That would really hit the under 14
22 age group too hard. Is it 13, they are going to go
23 before the --

24 The Chairman. Yes.

25 Senator Chafee. Mr. Chairman, if things went

1 smoothly--and by that, I mean points of order were not
2 raised, and so forth--do you have any prediction of when
3 we might consider this on the floor?

4 The Chairman. I could ask Ms. Miller and anyone
5 else who wants to comment. It was the Majority Leader's
6 hope that we might be able to move very quickly. The
7 Republican Leader has spoken of finishing tomorrow
8 evening, or Saturday evening.

9 Senator Chafee. I think the Republican Leader has
10 even moved it up to Friday. He is slicing it off. We
11 started at Tuesday, then to Monday, then to Sunday, then
12 to Saturday. And last night I heard what I thought was
13 a splended rumor, that it would be through on Friday.

14 The Chairman. It is doable. It is 20 hours equally
15 divided. I think our vote is so emphatic here that I do
16 not know how many persons will want to speak. May I
17 just say, is it all right, that I have asked Senator
18 Baucus if he would be the floor leader for the
19 legislation, because I will vote against it. And I will
20 control the time in opposition.

21 Senator Packwood. What happens to the Republican
22 side on that kind of an arrangement, Mr. Chairman?

23 The Chairman. What side?

24 (Laughter)

25 Senator Packwood. Our side.

1 The Chairman. Your job is to provide the votes and
2 just be quiet.

3 (Laughter)

4 Senator Danforth. We are willing to be quiet if you
5 be quiet. Is that a good deal? Get the 20 hours down
6 to 20 minutes, equally divided.

7 The Chairman. Keep it up, we'll be here Tuesday.

8 I think diminuendo is more the term than quiet. No.
9 There will be Senators who want to speak.

10 Senator Chafee. Oh. There's no question there will
11 be Senators who want to speak. There always are.

12 Senator Packwood. I am curious. It is an unusual
13 arrangement, Mr. Chairman, where the majority controls
14 both the offense and the defense.

15 The Chairman. Vote against the measure.

16 Senator Packwood. I can control the opposition.

17 The Chairman. I should report, I had a call from
18 Secretary Christopher, who was out in Washington
19 speaking last night at the Henry Jackson School of
20 International Affairs, and he asked me about this.

21 I said to him that we would be meeting at 10:00
22 o'clock, or as soon as a quorum had appeared and we
23 would report out the measure. We are not going to have
24 a report with it, is my understanding.

25 Ms. Miller. Mr. Chairman, the intention is to file

1 a statement in the record today that would comprise the
2 statment of the committee on the bill, as well as a
3 committee report of some kind at a later point.

4 The Chairman. By a statement, you mean a very
5 brief --

6 Ms. Miller. A statement that includes a number of
7 the issues that were raised by the committee during
8 consideration that members have felt is important. It
9 would be just like a report.

10 The Chairman. Now, is that available?

11 Ms. Miller. We are making it available to the
12 staffs of the committee to see between 11:30, or right
13 after we finish this mark-up.

14 The Chairman. All right. Everybody, how do we want
15 to do that? You folks have it. You, too, are
16 satisfied. So, nothing is left out.

17 Mr. Figel. We have reviewed the report.

18 The Chairman. The statement.

19 Mr. Figel. The statement.

20 The Chairman. Yes. I just wanted to be technical
21 and be correct here because we do not want any points of
22 order.

23 Mr. Figel. And then we will actually file the
24 report afterwards.

25 Ms. Miller. There will be a committee report of a

1 nature, not so it necessarily accompanies the bill, but,
2 because of the importance of the report to a number of
3 members, we will file a document about the bill.

4 The Chairman. All right.

5 Senator Baucus. I might ask, a document will be
6 filed.

7 Ms. Miller. Well, I have asked the Parliamentarian
8 to determine exactly the nature. This is an unusual
9 situation because it is a jointly referred bill to six
10 different committees, and the handling of joint reports
11 is different than normal reports. If one committee does
12 not file a report, it has some different status.

13 So, we are working out exactly what the term is.
14 But what will be in the record today so that it is
15 before the Senate when it votes on the NAFTA is the
16 statement of the committee that contains essentially the
17 same information that would be in a report.

18 Senator Baucus. But it is not a report, per se.

19 Ms. Miller. No. That is not a report, per se.

20 Senator Baucus. Thank you.

21 The Chairman. That is why I wanted to make that
22 point. I wonder if our excellent staff members here
23 might find it possible to be in touch with Senators who
24 have not arrived? Could we do that so this matter could
25 be disposed of quickly?

1 Senator Grassley. Mr. Chairman, in regard to the
2 question you were just talking about, a report, if I
3 were going to--and I was going to do this in some
4 opening remarks--ask for some language included in the
5 report. How would I handle that?

6 The Chairman. I think you could not find a more
7 appropriate manner than to tell us what it is you want
8 to do now.

9 Senator Grassley. Well, it is in regard to the
10 things you have heard me talk about in the past about
11 household appliances. "The committee understands that
12 the United States Trade Representative in Mexico has
13 agreed to meet immediately after January 1st, 1994 to
14 discuss the acceleration of tariffs on major household
15 appliances, flat glass, and a number of other U.S. good,
16 as listed in Ambassador Kantor's letter to the Honorable
17 Jaime Serra-Puche, and that these negotiations must be
18 concluded within 120 days."

19 The Chairman. Can I ask if that is an agreement we
20 have with the Special Trade Representative, Mr. Shapiro?

21 Mr. Shapiro. Yes, it is, Mr. Chairman.

22 The Chairman. Fine. I think we should include that
23 language in the report.

24 Senator Riegle. Mr. Chairman, can I ask a follow-up
25 to that?

1 The Chairman. Please.

2 Senator Riegle. I gather that not only whatever
3 this new item is, side letter understanding that was put
4 together, clearly, to get votes in the House, certain
5 House members, are there other NAFTA-related
6 understandings, agreements, side letters, negotiations
7 to be held later, or whatever, in addition to whatever
8 this document is that Senator Grassley referred to? Do
9 we have a copy of that?

10 Senator Grassley. Yes. We will get a copy and send
11 it around.

12 Senator Riegle. My question is, in addition to that
13 letter, are there other such items, understandings,
14 agreements, handshakes, whatever, that have come out of
15 this process leading up to this vote in the House? I
16 have read that there are a certain number. What is the
17 full inventory?

18 Mr. Shapiro. Senator, we have submitted that to the
19 committee. In fact, we submitted as part of our package
20 to Congress all letters that had been entered into with
21 Mexico and/or Canada.

22 The letter that Senator Grassley was referring to, I
23 believe, is actually published in the document that the
24 Senate has prepared and we have tried to put forth all
25 letters, understandings, et cetera.

1 Senator Riegle. Now, are you saying to me
2 categorically that there are no further understandings
3 that have been reached that are not in that document?

4 Mr. Shapiro. I am saying that the last time the
5 committee met, when you asked about side letters, we
6 produced all side letters up to that point.

7 We have produced all side letters that reflected an
8 understanding with Canada and Mexico. If there are
9 other side letters that did not deal with the other
10 governments, we intend to make those available as well.

11 Senator Riegle. Are there such letters?

12 Mr. Shapiro. No. We have made available all
13 letters between the governments.

14 Senator Riegle. Well, that is a lawyer's answer. I
15 appreciate what you are saying. I want to understand
16 the full scope of what has been entered into, agreed to,
17 what have you.

18 The Chairman. Mr. Shapiro, I urge you to be
19 absolutely candid. Do not hold back anything.

20 Senator Riegle. So, let me be as clear as I can. I
21 am not just looking for signed letters with the Mexican
22 and Canadian Governments, I am looking for deals that I
23 have been reading about and hearing about that involve
24 understandings that certain things are going to be done.

25 I mean, adjustments were made at the last minute

1 here to try to respond to certain problems obviously
2 aimed at certain votes in the House. Everybody knows
3 that.

4 It has been written about, reported about by every
5 news outlet in the country, some that I care a lot
6 about, asparagus, sugar, vegetables, and a lot of other
7 things.

8 I want to know what the inventory is of
9 understandings that might have been reached in the last
10 24 hours, or the last 48 hours since we met before, and
11 do you know them all?

12 I mean, are you up to speed, and can you give us a
13 full run-down of handshakes, the understandings?
14 Because what has happened here, it looks to me, is the
15 NAFTA agreement has been altered in certain ways on the
16 margin to try to satisfy certain problems that people
17 had. It was sort of fine-tuning, or whatever, that was
18 done at the end.

19 At a minimum, I think we need an honest accounting
20 of everything that was done, what was said to whom, and
21 what those changes, or inferences, or adjustments are.
22 And, if you are telling me, in effect, under oath that
23 there are none, then that is one thing. If there are
24 some, I want to know what they are. And I think
25 everybody deserves that.

1 Mr. Shapiro. Well, Senator, you have all the
2 letters that were entered into between the governments.

3 The Chairman. We know that.

4 Mr. Shapiro. They were letters that were written to
5 members of Congress in response to letters they have
6 written to us. If this committee thinks that those
7 should be public, we will make them public. They are
8 pretty much public already; they have been written about
9 and reported on. And I think that the committee and the
10 Senate have a right to know what was entered into.

11 Senator Riegle. I appreciate that. Do you have
12 them here today? I mean, can we have them today?

13 Mr. Shapiro. I do not know if we have them here
14 today, but you can certainly have them.

15 The Chairman. Can we have them by the end of the
16 day?

17 Mr. Shapiro. Absolutely.

18 The Chairman. Then I would think that the committee
19 would agree that they ought to be made available to the
20 committee, and, in the process, be made public.

21 Senator Riegle. That would be very helpful.

22 The Chairman. Is that satisfactory to you?

23 Senator Riegle. I thank the Chairman.

24 The Chairman. Mr. Shapiro, that can be done?

25 Mr. Shapiro. Yes.

1 The Chairman. Good. Thank you.

2 We are 10. Well, that is it. We did not get a
3 quorum.

4 Senator Grassley. So, are you ready to vote?

5 Senator Riegle. Why do we not just postpone the
6 vote until we come back in January?

7 The Chairman. The Committee on Foreign Relations
8 has seven treaties before it on tax matters.

9 Senator Packwood. I think there is a quorum.

10 The Chairman. There is not a quorum. Come on,
11 fellows. Work on counting.

12 Senator Chafee. Well, can we not just --

13 Senator Grassley. We do not have a rolling? I
14 thought we discussed that --

15 The Chairman. Senator Packwood made the point, and
16 I think he was correct, that on a matter of this
17 consequence we ought to have a quorum.

18 Senator Grassley. All right.

19 The Chairman. The committee is basically in recess.
20 We are just waiting to go into proper session. We will
21 just be informal.

22 Can I say that I am surprised at the extent and
23 detail and consequence of the tax treaty now before the
24 Committee on Foreign Relations which would be reported
25 out today. I wonder whether we ought not to have some

1 more say on taxes, or not -- a big one with Mexico that
2 involves Most Favored Nation. If ever there is an
3 agreement with another country that reduces withholding
4 zero dividends paid, why, then Mexico gets it. Big, new
5 departure.

6 Senator Chafee. There is your man.

7 The Chairman. There he is.

8 Senator Packwood. Mr. Chairman, I move we report
9 the bill.

10 The Chairman. The motion is made that the bill be
11 reported.

12 Senator Baucus. I second the motion.

13 The Chairman. Is there a second?

14 Senator Baucus. I second it.

15 The Chairman. There is a second. There are a
16 couple of seconds. The clerk will call the roll. And I
17 will say that the roll will be held open until 6:00
18 o'clock this evening so that all Senators can record
19 their position.

20 The Clerk. Senator Baucus.

21 Senator Baucus. Aye.

22 The Clerk. Senator Boren.

23 The Chairman. Aye, by proxy.

24 The Clerk. Mr. Bradley.

25 Senator Bradley. Aye.

1 The Clerk. Mr. Mitchell.
2 The Chairman. Aye, by proxy.
3 The Clerk. Mr. Pryor.
4 Senator Pryor. Aye.
5 The Clerk. Mr. Riegle.
6 Senator Riegle. No.
7 The Clerk. Mr. Rockefeller.
8 Senator Rockefeller. No.
9 The Clerk. Mr. Daschle.
10 Senator Daschle. Aye.
11 The Clerk. Mr. Breaux.
12 The Chairman. Aye, by proxy.
13 The Clerk. Mr. Conrad.
14 Senator Conrad. No.
15 The Clerk. Mr. Packwood.
16 Senator Packwood. Aye.
17 The Clerk. Mr. Dole.
18 Senator Packwood. Aye, by proxy.
19 The Clerk. Mr. Roth.
20 Senator Packwood. Mr. Roth votes aye to report it
21 out. He will report his.
22 The Clerk. Mr. Danforth.
23 Senator Danforth. Aye.
24 The Clerk. Mr. Chafee.
25 Senator Chafee. Aye.

1 The Clerk. Mr. Durenberger.
2 Senator Packwood. Aye, by proxy.
3 The Clerk. Mr. Grassley.
4 Senator Grassley. Aye.
5 The Clerk. Mr. Hatch.
6 Senator Packwood. Aye, by proxy.
7 The Clerk. Mr. Wallop.
8 Senator Packwood. Aye, by proxy.
9 The Clerk. Mr. Chairman.
10 The Chairman. No.
11 Senator Boren votes aye, by proxy. I am told
12 Senator Rockefeller wishes to vote no by proxy. I do
13 not have anything in writing, but I will accept it. If
14 this should be in any way a misunderstanding, he will be
15 free to change the vote by 6:00 o'clock this evening.
16 The clerk will tally the roll.
17 Oh, wait. I am just told by Mr. O'Donnell that we
18 have to report by 4:00 p.m. today. Thank you. So,
19 anyone who wishes to be recorded as voting or to change
20 their vote in a manner which would not change the
21 outcome of the vote must report by 4:00 p.m. today.
22 Senator Rockefeller has arrived, and perhaps would
23 wish to vote. This roll call is still in progress.
24 Senator Rockefeller. I apologize very sincerely,
25 Mr. Chairman. I vote no.

1 The Chairman. Thank you.

2 The vote is 14-4. The bill is reported to the
3 Senate floor. I thank all colleagues.

4 Mr. Shapiro. Mr. Chairman, if I could simply, for
5 the administration, express my thanks to the committee
6 for their extraordinary work on this measure.

7 I wanted to express a special word of thanks to the
8 staff, led by Marcia Miller and Brad Figel. They have
9 done an astonishing amount of work. We could not have
10 gone forward without them. It has been a cooperative
11 effort, and we have been very grateful.

12 The Chairman. All right. Now, just get this
13 straight. If we hear a giant sucking sound and Marcia
14 Miller and Mr. Figel disappear, we know where to turn.

15 Mr. Shapiro. I will remember that, sir.

16 The Chairman. Are there any further comments?

17 (No response)

18 The Chairman. With that, I thank the committee and
19 I end with that.

20 (Whereupon, at 11:17 a.m., the meeting was
21 concluded.)

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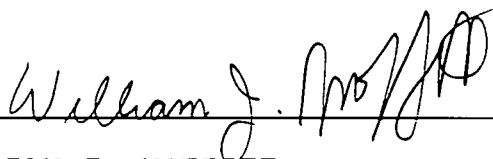
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C E R T I F I C A T E

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This is to certify that the foregoing proceedings of
an Executive Committee Meeting of the Committee on
Finance, United States Senate, held on November 18,
1993, were transcribed as herein appears and that this
is the original transcript thereof.



WILLIAM J. MOFFITT

Official Court Reporter

My Commission Expires April 14, 1994

SUMMARY OF S. 1627, THE NORTH AMERICAN FREE TRADE
AGREEMENT IMPLEMENTATION ACT (NAFTA)

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

(Thursday, November 18, 1993)

[NOTE: This summary covers only those provisions in the bill that are within the jurisdiction of the Committee on Finance. References are to Articles of the NAFTA. References to the Statement of Administrative Action are included where the Statement includes language recommended by the Congress.]

PART ONE: GENERAL PART

Chapter 1: Objectives

Article 101: Establishment of the Free Trade Area

Approval of the NAFTA.--The Congress approves the NAFTA entered into on December 17, 1992 and the Statement of Administrative Action proposed by the Executive Branch to implement the NAFTA.

Article 105: Extent of Obligations

Relationship of the NAFTA to U.S. law.--No provision of the NAFTA, nor its application, which is inconsistent with any U.S. law shall have effect. Statement of Administrative Action provides that the NAFTA does not amend or limit remedies available under section 301 of the Trade Act of 1974. The U.S. Trade Representative (USTR) maintains its authority to take retaliatory actions and other measures under section 301 should a NAFTA country engage in unfair practices subject to that provision.

Relationship of the NAFTA to State law.--The United States may bring an action challenging any provision or application of State law on the ground that it is inconsistent with the NAFTA. No person other than the United States shall be able to bring such a challenge to a provision or application of State law.

Federal-State consultations.--In order to conform, to the greatest extent practicable, State laws and practices with the NAFTA, and to improve the Federal-State consultative process:

- (1) the President shall consult through the Intergovernmental Policy Advisory Committee for Trade; and
- (2) the USTR shall establish an expanded consultative process to address particular issues that arise under the NAFTA, which shall include:

(a) assisting the States in identifying State measures that are inconsistent with the NAFTA;

(b) informing the States concerning any matter arising under the NAFTA that directly relates to, or may have a direct impact on, them;

(c) providing the opportunity for the States to submit information and advice with regard to such matters, and taking into account such information and advice in formulating U.S. positions; and

(d) involving the States, to the greatest extent practicable, at each stage of the development of U.S. positions with respect to such matters (whether they are before a committee, subcommittee, or working group established by the NAFTA or are to be decided by a dispute settlement panel).

This Federal-State consultative process does not create an "advisory committee" subject to the requirements of the Federal Advisory Committee Act.

Statement of Administrative Action provides additional details on this consultative process, including the designation by USTR and the States of coordinators ("single points of contact") for State-related matters under the NAFTA.

No private right of action.--No person other than the United States shall have any cause of action or defense under the NAFTA, or shall be able to challenge any action or inaction by the Federal Government or any State or its subdivision as inconsistent with the NAFTA or the environmental or labor supplemental agreements.

Issuance of regulations.--Initial regulations that are necessary or appropriate to carry out the Statement of Administrative Action shall, to the maximum extent feasible, be issued within one year after the NAFTA enters into force, except that interim or initial regulations on rules of origin reflecting the Uniform Regulations required by Article 511 shall be issued as soon as possible and no later than the date of entry into force of the Agreement. For any implementing action that takes effect after the entry into force, initial regulations shall, to the maximum extent feasible, be issued within one year after the relevant effective date.

Chapter 2: General Provisions

Article 201: Definitions of General Application

Annex 201.1: Country-Specific Definitions

Defines key terms used throughout the bill.

PART TWO: TRADE IN GOODS

Chapter 3: National Treatment and Market Access for Goods

Article 302: Tariff Elimination

Tariff proclamation authority.--Authorizes the President to proclaim such modifications or continuation of any duty, continuation of duty-free or excise treatment, or such additional duties as he determines necessary to carry out the NAFTA provisions.

Authorizes the President, subject to consultation and layover requirements, to proclaim tariff modifications, including any acceleration of tariff staging, as may be agreed to by the Parties.

Limitations on acceleration of tariff phaseout.--Provides that, for those tariff items for which the U.S. tariff phaseout period under the NAFTA is more than 10 years, the Administration may not consider a new request for acceleration if a previous request was denied in any of the preceding three calendar years.

Statement of Administrative Action provides that the current administrative practice for consideration of acceleration requests under the U.S.-Canada Free-Trade Agreement (CFTA) will continue to apply to acceleration requests under the NAFTA with respect to denying such requests opposed by the U.S. domestic industry.

Withdrawal of Generalized System of Preferences (GSP) beneficiary status.--Requires the President to withdraw beneficiary status under the GSP program from Mexico on the effective date of the proclamation to carry out the schedule of duty reductions with Mexico.

Article 303: Restriction on Drawback and Duty Deferral Programs

Goods covered.--Identifies the goods that are subject to NAFTA drawback.

Bonded manufacturing warehouses.--Amends section 311 of the Tariff Act of 1930 to provide that articles manufactured in a bonded warehouse from goods that are subject to NAFTA drawback are subject to duty upon withdrawal from the warehouse. Such duties must be paid within 60 days of exportation, except that duties may be waived or reduced in an amount that does not exceed the lesser of the total amount of customs duties paid or owed on the materials imported into the United States or the total amount of customs duties paid to the NAFTA country to which the article is exported.

Bonded smelting and refining warehouses.--Amends section 312 of the Tariff Act of 1930 to provide that duties must be paid, within 60 days of exportation to a NAFTA country, on metal-bearing materials that are refined or smelted in a bonded warehouse, except that such duties may be waived or reduced in an amount that does not exceed the lesser of the total amount of customs duties paid or owed on the materials imported into the United States or the total amount of customs duties paid to the NAFTA country to which the article is exported.

Drawback and refunds generally.--Amends section 313 of the Tariff Act of 1930 to provide generally that, for goods subject to NAFTA drawback, no customs duties may be refunded, waived or reduced in an amount that exceeds the lesser of the total amount of customs duties paid or owed on the materials imported into the United States or the total amount of customs duties paid to the NAFTA country to which the article is exported. Establishes limitations on drawback on certain color cathode-ray television picture tubes and on materials used for construction and equipment of vessels built for the government or residents of a NAFTA country.

Manipulation in warehouse.--Amends section 562 of the Tariff Act of 1930 to provide that the NAFTA drawback limitation applies to goods cleaned, sorted, or packed in bonded warehouses.

Foreign Trade Zones Act (FTZ Act) amendments.--Amends section 3(a) of the FTZ Act to bring the law into compliance with Article 303 of the NAFTA. Duties will be collected within 60 days of exportation to Canada or Mexico to the same extent as if the product were entered for domestic consumption, except that duties may be waived or reduced in an amount that does not exceed the lesser of the total amount of customs duties paid or owed on the merchandise upon importation into the United States or the total amount of customs duties paid on the article to the NAFTA country to which the good is exported.

Effective dates of amendments.--Provides that the amendments made to sections 311, 312, 313, and 562 of the Tariff Act of 1930 and to the FTZ Act apply on and after January 1, 1996 with respect to exports to Canada and on and after January 1, 2001 with respect to exports to Mexico.

Same condition substitution drawback.--Amends section 313(j) of the Tariff Act of 1930 to provide that, effective immediately, drawback may not be paid on exports to a NAFTA country of merchandise that is fungible with and substituted for imported merchandise.

No authorization for refunds of countervailing or antidumping duties or section 22 fees.--Provides that nothing in the implementing bill shall be considered to authorize the refund, waiver, or reduction of countervailing or antidumping duties imposed on an imported good.

Provides that the Secretary of the Treasury shall not, on condition of export, refund or reduce a fee applied pursuant to section 22 of the Agricultural Adjustment Act. Applies with respect to goods exported to Canada after December 31, 1995 and with respect to goods exported to Mexico after December 31, 2000.

Requirement for disclosure of Certificate of Origin.-- Provides that any person claiming drawback must disclose to the Customs Service whether that person has prepared or has knowledge that another person has prepared a NAFTA Certificate of Origin. If a Certificate is prepared after a drawback claim is filed, the drawback claimant must disclose to the Customs Service the existence of the Certificate within 30 days. The Customs Service is authorized to make appropriate adjustments to the drawback claim.

Article 305: Temporary Admission of Goods

Authorizes the President to proclaim the modifications necessary or appropriate to comply with the requirements of Article 305 relating to the temporary admission of certain goods.

Article 307: Goods Re-Entered after Repair or Alteration

Authorizes the President to proclaim the tariff modifications necessary or appropriate to comply with Article 307.

Article 308: Most-Favored-Nation (MFN) Rates of Duty on Certain Goods

Authorizes the President to proclaim the tariff modifications necessary or appropriate to implement Article 308. Provides that, once NAFTA countries harmonize their tariffs on the goods described in Article 308, the goods shall be deemed to be originating goods notwithstanding the otherwise applicable rules of origin.

Article 310: Customs User Fees

Amends the Consolidated Omnibus Budget Reconciliation Act of 1985 to provide that the merchandise processing fee may not be imposed on Canadian goods and may not be increased with respect to Mexican goods after December 31, 1993 and may not be imposed on Mexican goods after June 29, 1999.

Article 311: Country of Origin Marking

Amends section 304 of the Tariff Act of 1930 to authorize that certain additional exemptions from the marking requirements apply to NAFTA-origin goods: (1) where the buyer reasonably knows (instead of "necessarily knows" as under current law), by reason of the character of the goods or the circumstances of their importation, that they are NAFTA-origin goods; (2) for original works of art; and (3) for ceramic bricks, semiconductor devices, and integrated circuits. Provides that the special provisions regarding the marking of containers shall not apply with respect to certain goods. Provides that certain pipes and fittings may be marked by means of continuous paint stenciling in addition to the methods provided in section 304(c)(1) and that certain manhole rings or frames may be marked with "an equally permanent method of marking" in addition to the methods provided in section 304(e). Makes conforming changes to section 304(c)(2).

Provides that NAFTA-origin goods are exempt from the marking requirements of the 1988 Trade Act applicable to Native-American jewelry, but that such goods are subject to the marking requirements of section 304. Statement of Administrative Action provides that the Administration will work with Mexico and Canada to protect authentic products of Native Americans and that the Customs Service will strictly enforce the marking requirements of section 304.

Article 312: Distilled Spirits

Statement of Administrative Action clarifies that the implementing bill does not amend any existing laws or customs rules regarding importation rights with respect to intellectual property. The NAFTA does not change or diminish the protection accorded to intellectual property rights holders against unauthorized importation and distribution of their protected goods. Under the NAFTA, U.S. companies continue to have access to the full range of remedies currently available under U.S. Federal and State laws within the United States to protect their intellectual property rights and enforce their territorial distribution arrangements.

Annex 300-A: Trade and Investment in the Automotive Sector

Reports on automotive trade.--Sets forth the findings of the Congress that automotive trade is one of the most restricted areas of trade between the United States and Mexico; and that the NAFTA's elimination of Mexican barriers to such trade should increase substantially U.S. automotive exports (as reflected in estimates by the U.S. Department of Commerce and the U.S. auto industry).

Requires the USTR, beginning July 1, 1995 and annually thereafter through July 1999, to report to the Senate Committee on Finance and House Committee on Ways and Means on the effectiveness of the NAFTA's automotive trade provisions. Provides that reports shall include information on current bilateral automotive trade levels; remaining barriers; the amount U.S. exports have increased over the previous year; whether such increases meet the anticipated levels of new exports; and if not, what actions USTR is prepared to take (including, but not limited to, possible additional negotiations with Mexico) to realize the expected benefits.

Rules of origin.--Enacts as a statutory provision Article 403 of the NAFTA regarding rules of origin for automotive goods.

Annex 300-B: Textile and Apparel Goods

Tariff proclamation authority.--Authorizes the President to proclaim the tariff modifications necessary or appropriate to implement the NAFTA commitments in Annex 300-B regarding textile and apparel products. For articles covered by Annex 300-B imported from Mexico, for which the base rate in the Harmonized Tariff Schedule of the United States is a specific or compound rate of duty, provides that the President may substitute an ad valorem rate that is equivalent to the specific or compound rate.

Rules of origin.--Authorizes the President to proclaim rules of origin applicable to certain carpets and sweaters. The President may not, however, proclaim changes to these rules of origin (except such changes to the rules as agreed to by the Parties pursuant to Annex 300-B, section 7(2) relating to agreements by the Parties to modify rules of origin to address issues of availability of supply) except to make, subject to proclamation and layover requirements, purely technical corrections within one year after the date of enactment of the NAFTA implementing bill.

Chapter 4: Rules of Origin

Article 401: Originating Goods

Enacts Article 401 as a statutory provision in the implementing bill. Provides that the rules of origin are for purposes of implementing the tariff treatment and quantitative restrictions contemplated under the NAFTA.

Annex 401: Specific Rules of Origin

Authorizes the President to proclaim the rules set forth in Annex 401, and, subject to consultation and layover requirements, amendments to the specific rules of origin.

The President may not, however, except for changes agreed to by the Parties pursuant to Annex 300-B, section 7(2) relating to agreements by the Parties to modify rules of origin to address issues of availability of supply, proclaim changes to the rules of origin applicable to textiles and apparel except to make, subject to proclamation and layover requirements, purely technical corrections within one year after date of enactment of the NAFTA implementing bill. The President may proclaim, subject to consultation and layover requirements, changes agreed to by the Parties pursuant to Annex 300-B, section 7(2).

Article 402: Regional Value Content

Enacts Article 402 as a statutory provision in the implementing bill.

Article 403: Automotive Goods

Enacts Article 403 as a statutory provision in the implementing bill. Provides that, for certain motor vehicles exported from Canada on or after January 1, 1989, and before date of entry into force of the NAFTA, the importer may elect to use the NAFTA rules of origin in lieu of the CFTA rules of origin and may elect to use either of the methods provided in the NAFTA for tracing the value of non-originating materials in automotive products for purposes of determining eligibility for preferential treatment under the CFTA. Provides that election must be made within 180 days after NAFTA entry into force and that any such election may be made only if the liquidation of such entry has not become final.

Authorizes the President to proclaim, subject to consultation and layover requirements, amendments to Annexes 403.1 and 403.2, relating to the articles subject to the tracing requirements of Article 403, and Annex 403.3, relating to the regional value content calculation for motor vehicles produced by CAMI Automotive, Inc.

Article 404: Accumulation

Enacts Article 404 as a statutory provision in the implementing bill.

Article 405: De Minimis

Enacts Article 405 as a statutory provision in the implementing bill.

Article 406: Fungible Goods and Materials

Enacts Article 406 as a statutory provision in the implementing bill.

Article 407: Accessories, Spare Parts, and Tools

Enacts Article 407 as a statutory provision in the implementing bill.

Article 408: Indirect Materials

Enacts Article 408 as a statutory provision in the implementing bill.

Article 409: Packaging Materials and Containers for Retail Sale

Enacts Article 409 as a statutory provision in the implementing bill.

Article 410: Packing Materials and Containers for Shipment

Enacts Article 410 as a statutory provision in the implementing bill.

Article 411: Transshipment

Enacts Article 411 as a statutory provision in the implementing bill.

Article 412: Non-Qualifying Operations

Enacts Article 412 as a statutory provision in the implementing bill.

Article 413: Interpretation and Application

Enacts Article 413 as a statutory provision in the implementing bill.

Article 415: Definitions

Enacts Article 415 as a statutory provision in the implementing bill.

Authorizes the President to proclaim, subject to consultation and layover requirements, modifications to the definitions that may be agreed to by the Parties during the first year after enactment of the NAFTA.

Chapter 5: Customs Procedures

Article 502: Obligations Regarding Importations

Prohibition against penalties for corrected declarations.--
Amends section 592 of the Tariff Act of 1930 to prohibit the assessment of penalties against an importer who voluntarily and promptly makes a corrected declaration and pays any duties owing.

Refunds of excess duties.--Amends section 520 of the Tariff Act of 1930 to allow the Customs Service to refund any excess duties paid on a good qualifying for preferential tariff treatment under the NAFTA for which no claim was made at the time of importation if the importer, within one year, files a claim which includes specified supporting documentation.

Article 504: Obligations Regarding Exportations

Recordkeeping requirements.--Amends section 508 of the Tariff Act of 1930 to require persons signing a NAFTA Certificate of Origin to make, keep, and render for examination all records, including the Certificate of Origin, relating to the origin of a good for which a claim for preferential treatment is made.

Penalties for failure to keep required records.--Amends section 508 of the Tariff Act of 1930 to provide that a person who fails to retain required records shall be liable for a civil penalty of up to \$10,000 or the general recordkeeping penalty under the customs laws, whichever is higher.

Penalties for false certifications in Certificates of Origin.--Amends section 592 of the Tariff Act of 1930 to make it unlawful for any person to make a false certification in a Certificate of Origin, generally applying the existing procedures and penalties for fraud, gross negligence, and negligence that apply to false statements in connection with the importation of merchandise. Provides that a person may not be considered to have made a false certification if the information on which the certification was based was correct at the time it was provided in a Certificate of Origin but was later rendered incorrect due to a change in circumstances and the person voluntarily and promptly provides written notice of the change to all persons to whom the Certificate was provided.

Article 505: Records

Recordkeeping requirements.--Amends section 508(c) of the Tariff Act of 1930 to require persons signing NAFTA Certificates of Origin to make, keep, and render for examination and inspection all records relating to the origin of a good. Requires records to be kept for a minimum of five years from the date a Certificate was signed.

Article 506: Origin Verifications

Denial of preferential treatment.--Amends section 514 of the Tariff Act of 1930 to provide that the Customs Service may deny preferential treatment to entries of certain goods exported or produced by a person if Customs finds indications of a pattern of conduct by that exporter or producer of false or unsupported representations that goods qualify under the rules of origin.

Monitoring imports of color televisions and color picture tubes.--Requires the Customs Service to monitor, for five years, imports of color televisions from NAFTA countries and to exercise all U.S. rights under Chapter 5 of the NAFTA (including conducting verifications) to ensure full compliance with the rules of origin and full implementation of the NAFTA duty drawback obligations so that Customs can make correct duty assessments.

Requires Customs to make the results of the monitoring and verification available to the President and to the USTR. If, based on such information, the President has reason to believe that color picture tubes intended for ultimate consumption in the United States are entering another NAFTA country in a manner inconsistent with the provisions of the NAFTA, or that such tubes have been undervalued in a manner that may raise concerns under U.S. trade laws, the President shall promptly take such actions as are appropriate under relevant provisions of the NAFTA and applicable U.S. trade statutes.

Separate letter of November 17, 1993 elaborates further that Customs will be required to monitor, for five years, the value for duty assessment purposes of material imported into other NAFTA Parties under subheading 8540.11 for incorporation into products imported into the United States under subheading 8528.10. If, based on such monitoring and upon additional information supplied by the domestic industry, Customs has reason to believe that such material has been improperly valued at the time of importation into the territory of another NAFTA Party, the United States will promptly invoke all U.S. rights under the NAFTA, including Article 512, to achieve proper duty assessment. Customs will report the data collected to the USTR on a monthly basis for five years. If, during this period, the President has reason to believe, based on these data and upon any additional information supplied by the domestic industry, that material classified under subheading 8540.11 intended for ultimate consumption in the United States is entering the territory of a NAFTA Party in a manner that is inconsistent with the provisions of the NAFTA identified above or has been undervalued in a manner that may raise concerns under U.S. trade laws, the President will promptly take such actions as are appropriate under the authority of all relevant provisions in the NAFTA, including Article 317 and Chapter 20, and under applicable U.S. trade statutes.

Article 508: Penalties

Penalties for false certifications in Certificates of Origin.--Amends section 592 of the Tariff Act of 1930 to provide that the penalties for fraud, gross negligence, or negligence that apply to violations of the customs laws also apply to persons making false certifications under NAFTA.

Recordkeeping penalties.--Amends section 508 of the Tariff Act of 1930 to provide that persons who fail to keep required records are liable for a civil penalty not to exceed \$10,000 or the general recordkeeping penalty under the customs laws, whichever is greater.

Article 510: Review and Appeal

Intervention and protest rights regarding adverse marking determination.--Amends section 304 of the Tariff Act of 1930 to provide exporters and producers a right to intervene in any protest proceeding initiated by an importer regarding an adverse marking decision, or to protest an adverse marking decision if the importer does not file a protest. Provides for judicial review of the denial of a protest.

Protest right regarding determination of origin.--Amends section 514 of the Tariff Act of 1930 to permit any exporter or producer of merchandise subject to a NAFTA determination of origin to protest an adverse determination. Provides that protests filed by different persons with respect to one category of merchandise shall be deemed part of a single protest.

Advance notice of adverse origin determination.--Amends section 514 of the Tariff Act of 1930 to require that, except where there are indications of a pattern of false or unsupported representations, an exporter or producer must be provided advance notice of an adverse origin determination.

Article 512: Cooperation

Exchanges of information.--Amends section 628 of the Tariff Act of 1930 to provide that the Secretary of the Treasury may authorize exchanges of information with another NAFTA country if the Secretary believes such exchange is necessary to implement Chapters 3, 4, and 5 of the NAFTA, so long as the other country provides assurance that it will maintain confidentiality of the information.

Customs modernization.--The Customs Modernization and Informed Compliance Act (H.R. 700 as introduced and amended by the Committee on Ways and Means; with an amendment to postpone the full implementation of remote entry filing until 1999) is included in the implementing bill to give Customs the tools necessary to enforce the provisions of the NAFTA.

Chapter 7: Agriculture and Sanitary and Phytosanitary Measures

Article 703

Annexes 703.2 and 703.3

Proclamation authority.--The President may proclaim the tariff modifications necessary or appropriate to implement the market access provisions of Chapter 7 (pertaining to U.S.-Mexico agricultural trade), including the special safeguard provision.

Special tariff provisions for Canadian fresh fruits and vegetables.--Amends section 301(a) of the U.S.-Canada Free-Trade Agreement Implementation Act (CFTA Act) to provide that the President may impose a temporary duty on imports of a listed Canadian fresh fruit or vegetable if:

(1) the Secretary of Agriculture determines that both of the conditions in the statute (relating to the import price of the fresh fruit or vegetable and the planted U.S. acreage for the like product) exist, and notice of such determination is published in the Federal Register;

(2) the Secretary, no later than six days after such publication, decides to recommend to the President the imposition of a temporary duty; and

(3) not later than seven days after receiving that recommendation, the President determines to impose the temporary duty.

The Commissioner of Customs and Director of the Census Bureau shall provide the Secretary with timely information concerning the importation of Canadian fresh fruits or vegetables, and importers shall report such information as the Commissioner of Customs requires.

Tariff snapback for frozen concentrated orange juice.--Provides that, if the futures price for frozen concentrated orange juice falls below a specified level for five consecutive days, the tariff on U.S. imports from Mexico will "snap back" to the lesser of (1) the prevailing MFN rate, or (2) the rate in effect on July 1, 1991.

Meat Import Act amendment.--Amends the Meat Import Act of 1979 to give the President the authority to exclude qualifying Mexico meat, as determined in accordance with the NAFTA's rules of origin, from the Act's formula calculations (the quantities that may be imported without triggering the quota).

Restrictions on duty refunds.--Amends section 313(j) of the Tariff Act of 1930 to provide that, with certain exemptions, duty drawback may not be paid upon the exportation to a NAFTA country of merchandise that is fungible with and substituted for imported merchandise.

Chapter 8: Emergency Action

Article 801: Bilateral Actions

Annex 801.1: Bilateral Actions

Petitions for relief from imports from NAFTA countries.--Authorizes an entity (including a trade association, firm, union, or group of workers) that is representative of an industry to file with the International Trade Commission (ITC) a petition requesting relief from imports from a NAFTA country or countries for the purpose of adjusting to the obligations of the NAFTA. (These bilateral safeguard provisions do not apply to textile and apparel articles, which are subject to a separate safeguard.)

Provisional relief for perishable agricultural products and relief in critical circumstances.--Provides that provisions of section 202 of the Trade Act of 1974 on provisional relief for perishable agricultural products and accelerated relief in critical circumstances apply to bilateral safeguard actions, as well as to global safeguard actions. Makes citrus products eligible for provisional relief as perishable products.

ITC investigation.--Upon the filing of a petition, the ITC shall investigate whether, as a result of a tariff reduction or elimination provided for under the NAFTA, a Canadian article or a Mexican article is being imported into the United States in such increased quantities, in absolute terms, and under such conditions that imports of the article, alone, constitute a substantial cause of serious injury or, in the case of a Mexican article, a threat of serious injury to a domestic industry producing a like or directly competitive article.

For the purposes of the ITC injury determination, this provision cross-references the provisions of section 202 of the Trade Act of 1974 regarding: the factors to be taken into account in determining serious injury and, where applicable, threat of serious injury; the domestic industry; the definition of substantial cause and factors to be considered in determining substantial cause; and the requirement for public hearings and opportunity for comment.

Requires the ITC to make its injury determination within four months after an investigation is initiated and report its injury determination and make a remedy recommendation to the President within one month thereafter.

Presidential action.--If the ITC makes an affirmative injury determination, the President shall, within 30 days, provide relief from such imports to the extent that the President determines necessary to remedy, or in the case of Mexican articles, prevent, the injury found by the ITC. The President is not required to act if he determines that relief would not provide greater economic benefits than costs.

Nature and duration of relief.--The relief the President may provide is limited to the suspension of any further duty reductions or an increase in the rate of duty to a level that does not exceed the existing MFN rate or the MFN rate applied at the time the NAFTA entered into force. Relief may not exceed three years except that if the article is subject to a tariff phase-out period of more than 10 years and the President determines that the affected industry has undertaken adjustment and requires an extension, the President may extend relief for up to one year, after obtaining ITC advice, if the duty applied during the initial period is substantially reduced at the beginning of the extension period.

Rate on Mexican articles after import relief terminates.--Provides that, before December 31 of the year in which relief is terminated, the rate of duty on Mexican articles shall be the rate that would have been in effect one year after the import relief action was initiated. After December 31, the rate, at the discretion of the President, shall be the rate of duty in the U.S. Schedule to Annex 302.2 or the rate of duty resulting from equal annual reductions that yield an elimination of the duty by the date specified in the Annex.

Period of relief authority.--Import relief may be granted under these provisions through December 31, 1998, on Canadian articles, and until the end of the 10 or 15-year tariff staging period on Mexican articles. Bilateral actions may be taken or extended beyond the transition period with the consent of the affected NAFTA country.

Monitoring of broomcorn broom imports.--Statement of Administrative Action provides that the Executive Branch will take the following actions: (1) it will carefully monitor U.S. imports of broomcorn brooms from Mexico once the NAFTA enters into force; (2) if the NAFTA's elimination of tariffs on these products results in increased imports from Mexico and causes or threatens to cause serious injury to U.S. producers, it will take action consistent with the NAFTA and U.S. law to rectify the situation; and (3) it will consult with the Congress concerning any developments with respect to imports of broomcorn brooms from Mexico.

Monitoring of tomato and pepper imports.--Requires the ITC to monitor imports of tomatoes and peppers for 10 years.

Clarifications regarding the application of Article 801.--Statement of Administrative Action clarifies that, for purposes of determining whether a reduction in duty has occurred, expansion of a quota under a tariff-rate quota shall be considered to be a reduction in a duty. Statement also clarifies that the ITC, in determining whether increased imports are a substantial cause of serious injury or the threat thereof to the domestic industry, will examine trends in imports and changes in the marketplace over the most recent years. Particularly in the case of imports of an agricultural good, the fact that imports may have been higher in a year prior to the most recent year due to natural disasters (such as floods, droughts, pest problems) would not be dispositive of the question of whether imports are increasing or whether increased imports are a substantial cause of serious injury or the threat thereof to the domestic industry.

Application of safeguards to major household appliances.--Statement of Administrative Action clarifies the application of bilateral and global safeguard actions to the industry or industries producing a specific list of major household appliances. Statement includes the following points:

(1) In making its determination as to whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, the ITC shall take into account all economic factors which it considers relevant, including (but not limited to) those set out in current law with respect to serious injury and threat of serious injury.

(2) In the case of any bilateral action, the reference in Article 801.1 to "the reduction or elimination of a duty provided for in this Agreement" includes the reduction of MFN duty rates to zero, including, in the case of Generalized System of Preferences (GSP)-eligible products, by not applying the MFN duty rate above the competitive need limit.

(3) The ITC, in assessing whether a petition is filed by an entity that is "representative of an industry," will take into account whether firms not included among the petitioners are related to exporters or importers or are themselves importers of the like or directly competitive article and thus may not have been petitioners for reasons unrelated to their U.S. production.

(4) The ITC will bear in mind, in considering whether a domestic industry has suffered serious injury or threat thereof, that the purpose of these provisions is to consider the condition of the industry producing products in the United States. Accordingly, the ITC will take into account, inter alia, whether firms that are related to exporters or importers or are themselves importers of the like or directly competitive article have been shielded or are benefiting from the presence in the U.S. market of increased quantities of imports.

(5) With respect to injury as a result of imports from NAFTA Parties, any trade remedy provided shall be reinstatement of MFN rates as provided for in Article 801. If the ITC makes an affirmative determination in a global investigation, it shall recommend to the President the relief that would be most effective in facilitating the efforts of the petitioners to make a positive adjustment to import competition. It shall carefully consider the relief action proposed by the petitioner.

(6) If the President determines to provide import relief in conformity with Article 802 with respect to imports from Canada or Mexico, the remedy with respect to Canada or Mexico would be the MFN rate of duty in effect on the day immediately preceding the date of enactment, unless, in consultation with the industry, the President determines that another form or degree of import relief would be more effective in fully offsetting the injury.

Article 802: Global Actions

Treatment of imports from NAFTA countries in section 201 cases.--Requires the ITC, if it makes an affirmative injury determination under section 201 of the Trade Act of 1974, to find and report to the President whether imports of the article from a NAFTA country, considered individually, account for a substantial share of total imports and such imports considered individually or, in exceptional circumstances, imports from NAFTA countries considered collectively contribute importantly to the serious injury or threat thereof.

Definition of "substantial share".--Imports normally shall not be considered to account for a substantial share of total imports if the country is not among the top five suppliers of the article subject to investigation during the most recent three-year period.

Definition of "contribute importantly".--In determining whether imports from a NAFTA country or countries contribute importantly to the serious injury or threat thereof, the ITC shall consider such factors as the change in the share and the level and change in level of imports of the country or countries.

Normally such imports shall not be considered to contribute importantly if the growth rate during the period an injurious import surge occurred is appreciably lower than the growth rate of total imports from all sources over the same period.

Exclusion of NAFTA imports.--The President shall exclude from a relief action imports from a NAFTA country which the President determines, considered individually, do not account for a substantial share of total imports and considered individually or, in exceptional circumstances, considered collectively do not contribute importantly to the serious injury or threat thereof.

Action in case of import surge.--Provides that, if the President excludes such imports and thereafter determines that a surge in such imports is undermining the effectiveness of the import relief action, the President may take appropriate action to include such imports in the action.

Authorizes domestic industry to petition ITC to investigate whether a surge in imports from a NAFTA country undermines the effectiveness of the import relief. Requires the ITC to submit the findings of its investigation to the President within 30 days of receipt of the petition.

The term "surge" means a significant increase in imports over the trend for a recent representative base period.

Limitation on global actions.--Requires that any global safeguard action proclaiming a quantitative restriction shall, if it applies to imports of NAFTA countries, permit the importation of a quantity or value of the article from the relevant NAFTA country which is not less than the quantity or value of such article imported into the United States during the most recent period that is representative of imports of such article, with allowance for reasonable growth.

Article 803: Administration of Emergency Action Proceedings
Annex 803.3: Administration of Emergency Action Proceedings

Regulations.--The ITC shall adopt such procedures and rules and regulations as are necessary to bring its procedures into conformity with Chapter 8. Provides that procedures concerning the release of confidential business information shall apply with respect to information received by the ITC in the course of its investigations conducted under the NAFTA bilateral safeguard provisions and global safeguard provisions.

PART SEVEN: ADMINISTRATIVE AND INSTITUTIONAL PROVISIONS

Chapter 19: Review and Dispute Settlement in Antidumping and Countervailing Duty Matters

Article 1901: General Provisions

Determination of origin.--Provides that the administering authority (Department of Commerce) determines whether a proceeding involves merchandise of a NAFTA country.

Annex 1901.2: Establishment of Binational Panels

Qualifications of panelists.--The selection of panelists for any lists or rosters or for appointment by the USTR to serve on panels or committees must be based on the criteria in Chapter 19 and without regard to political affiliation.

Provides that panels, extraordinary challenge committees and special committees shall be comprised to the fullest extent practicable of judges and former judges, and that the USTR shall appoint judges and former judges to such panels and committees convened under Chapter 19, where such judges agree and are available to serve.

Procedure for placement of Article III judges on rosters.--Establishes a special procedure for including Article III judges on the rosters for binational panels, extraordinary challenge committees, and special committees. The USTR is required to consult with the chief judges of the Federal judicial circuits regarding the interest in, and availability for, the participation in Chapter 19 panels and committees of judges within their circuits. The chief judge shall identify interested and available judges for the Chief Justice of the United States, who may submit any names to the USTR. Any judges whose names are submitted shall be placed on the roster, and the names of such judges shall be forwarded to the Senate Committees on Finance and Judiciary and House Committees on Judiciary and Ways and Means. Before making an appointment to a panel, the USTR shall consult with the judge to determine her or his availability.

Selection of other candidates.--The procedures for selecting individuals, other than Article III judges, are the same as under the CFTA, except that USTR is required to submit additional information regarding these candidates, as described below, to the Senate Committee on Finance and the House Committee on Ways and Means. The sections below describe the process for placing such individuals on Chapter 19 rosters.

(1) Establishment of an interagency group.--Establishes an interagency group chaired by USTR to: (1) prepare by January 3 of each year a list of individuals qualified to serve as members of binational panels, extraordinary challenge committees, or special committees convened under Chapter 19; (2) prepare by July 1 of each year a list of individuals qualified to be added to the final candidate list if the USTR so requests; (3) oversee the administration of the U.S. Secretariat; and (4) make recommendations to the USTR regarding the convening of extraordinary challenge committees.

(2) Preliminary candidate lists.--The USTR shall select individuals from the lists for placement on preliminary candidate lists to serve on panels or committees and, by January 3 of each year, shall submit these lists to the Committees on Finance and Ways and Means.

(3) Information required by Committees.--Requires that, at the time the USTR submits candidate lists, it shall submit to the Committees on Finance and Ways and Means a statement of professional qualifications for each individual. Statement of Administrative Action provides that the statement will generally include a resume and a client list.

(4) Final candidate lists and amendments.--The USTR may add or delete individuals after consulting with the Committees and providing written notice of any addition or deletion. By March 31 of each year, the USTR shall submit to the Committees final lists of candidates selected by the USTR as eligible to serve on panels and committees convened under Chapter 19 during the one-year period beginning on April 1. An individual not on a preliminary list may be included on the final candidate list only if the USTR provided written notice of the addition to the Committees at least 15 days before submission of that final list. No additions may be made to the final lists for a particular year after they are submitted to the Committees unless the USTR, before July 1 of that year, determines that additional individuals are needed. A similar selection, Committee notice and consultation process then applies, and the USTR must submit the final form of any proposed amendment to a final candidate list to the Committees by September 30 of that year to take effect on October 1 for eligibility to serve during the six-month period, to April 1 of the following year.

(5) Report.--Requires USTR, at the time of submission of the final candidate lists and the final forms of amendments to candidate lists, to submit to the House Committees on Judiciary and Ways and Means and Senate Committees on Finance and Judiciary a report on the efforts made to secure the participation of judges and former judges on binational panels, extraordinary challenge committees, and special committees.

Panelists' use of protective orders.--Makes conforming amendments to section 777(f) of the Tariff Act of 1930 to provide, as under the CFTA Act, for disclosure under protective order to authorized persons involved in NAFTA Chapter 19 binational panels and extraordinary challenge committees of all proprietary material in the administrative record of a proceeding. Persons authorized to have access to such material include the members and staff of the binational panel or extra-ordinary challenge committee and the Secretariat; counsel for parties to the binational panel or committee proceedings and their employees; and any officer or employee of the U.S. Government designated by the administering authority or the ITC. Decisions by the administering authority or ITC concerning access to information shall not be subject to judicial review.

Sanctions for violating protective orders.--Makes conforming amendments to section 777(f) of the Tariff Act of 1930 to make it unlawful, as under the CFTA Act, for any person to violate any provision of a U.S. protective order or an undertaking with a NAFTA country to protect proprietary material. Any person who is found by the administering authority or ITC (after notice and opportunity for a hearing) to have violated a provision of a protective order or undertaking shall be liable for a civil penalty of up to \$100,000 for each violation and shall be subject to such other administrative sanctions (including disbarment from practice before the agency) as the administering authority or ITC determines appropriate. Each day of a continuing violation shall constitute a separate offense.

Any person against whom sanctions are imposed may obtain judicial review of such action by the Court of International Trade (CIT). An action may be filed in the CIT to enforce the sanctions and to have access to documents, to summon witnesses and to issue subpoenas; subpoenas may be enforced by a U.S. district or territorial court.

Immunity from suit.--Individuals serving on panels or committees and individuals designated to assist them shall be immune from suit and legal process relating to acts they perform in their official capacity and within their functions as panelists, committee members, or assistants, with the exception of violations of protective orders or undertakings.

Article 1902: Retention of Domestic Antidumping Law and Countervailing Duty Law

Amendments to antidumping and countervailing duty laws.-- Provides that any amendment to section 303 or Title VII of the Tariff Act of 1930 or any other statute which provides for judicial review of final antidumping/countervailing determinations or indicates the standard of review to be applied shall apply to a NAFTA country only to the extent specified in the amendment.

Article 1904: Review of Final Antidumping and Countervailing Duty Determinations

Exclusive review by binational panels.--Makes conforming amendments to section 516A(g) of the Tariff Act of 1930 to provide that, as under the CFTA Act, final antidumping and countervailing duty determinations with regard to merchandise from a NAFTA country shall not be reviewable under section 516A, and no U.S. court has power or jurisdiction to review the determination on any question of law or fact by an action in the nature of mandamus or otherwise if binational panel review has been requested.

Exceptions to panel review.--Amends section 516A(g) of the Tariff Act of 1930 to make conforming changes to the existing exceptions to the general rule that binational panel review replaces judicial review. These exceptions provide that determinations continue to be subject to judicial review under section 516A(a) if:

(1) Neither the United States nor the relevant NAFTA country requested review of the determination by a binational panel, but only if the Party seeking judicial review has provided timely notice of its intent to commence such review to the relevant Secretaries, all interested parties to the proceeding, and the administering authority or the ITC, as appropriate;

(2) The determination is a revised determination issued as a direct result of judicial review if neither the United States nor the relevant NAFTA country requested review of the original determination;

(3) The determination is issued as a direct result of judicial review that was commenced prior to entry into force of the Agreement; or

(4) The determination is not reviewable by a binational review panel.

The implementing bill provides for a fifth exception to binational panel review to provide for judicial review if the binational panel process is suspended.

Delay in time limits for judicial review.--Makes conforming amendments to section 516A(a) of the Tariff Act of 1930 to provide that the 30-day time limit for requesting judicial review under section 516A shall not begin until the 31st day after the publication of notice of the antidumping or countervailing duty determination. Provides that the time limit for requesting judicial review in cases where a binational panel has dismissed binational panel review for lack of jurisdiction shall not begin

until the day after such dismissal except that if a request for an extraordinary challenge committee is made with respect to the dismissal, judicial review shall be stayed during the consideration of the request and the CIT shall dismiss the action if the committee vacates or remands the dismissal decision. In cases where review by the CIT is provided as a result of the suspension of the binational panel review process or because of a settlement with a NAFTA country pursuant to Article 1905(7) that specifically provides for CIT review, the period for requesting such review shall not begin until the day after the notice of suspension or settlement is published.

Request for panel review.--Makes conforming amendments to section 516A(g) of the Tariff Act of 1930 to provide that an interested party who was a party to the antidumping or countervailing duty proceeding may file a request for a binational panel review of the determination with the U.S. Secretary within 30 days after publication of the notice of the final determination or, in the case of class or kind rulings, receipt of the notice of the determination by the Government of the relevant NAFTA country. Provides that the time for requesting binational panel review shall be suspended during the pendency of any stay issued pursuant to Article 1905(11)(b). Receipt of such a request from an interested party by the U.S. Secretary shall be deemed a request for binational panel review. The party making the request must notify any other interested party and the administering authority or ITC, as appropriate. The U.S. Secretary must notify interested parties and the administering authority or ITC, as appropriate, if a NAFTA government requests a panel review. Absent a request by an interested party, the U.S. Government cannot request binational panel review.

Representation before panels.--Makes conforming amendments to section 516A(g) of the Tariff Act of 1930 to provide, as under the CFTA Act, that interested parties have the right to appear and be represented by their own counsel before the binational panel. The administering authority and the ITC will be represented by attorneys who are employees of those agencies.

Panel decisions not precedential.--Makes conforming amendments to section 516A(b) of the Tariff Act of 1930 to provide that, in making a decision in any judicial review proceeding brought under section 516A, a U.S. court is not bound by (but may take into consideration) a final decision of a binational panel or extraordinary challenge committee.

Constitutionality of binational panel system.--Makes conforming amendments to apply to the NAFTA binational panel process the procedures set up under the CFTA with regard to constitutional challenges to the binational panel system and to constitutional issues that may arise out of an antidumping or countervailing duty determination. Clarifies that the U.S. Court of Appeals for the District of Columbia Circuit has exclusive jurisdiction over constitutional challenges to the binational panel system.

Standard of review in binational panel cases.--Statement of Administrative Action emphasizes that NAFTA requires binational panels to apply the same standard of review as domestic courts. Any failure by a binational panel to apply the appropriate standard of review, if such failure materially affected the outcome of the panel process and threatened the integrity of the panel review process, could be grounds for an extraordinary challenge committee to vacate or remand a panel decision. Should a panel fail to apply the appropriate standard of review, there could be recourse to the extraordinary challenge procedure. If that procedure were not successful in correcting the misapplication of U.S. law, the NAFTA describes notification and consultation requirements pertaining to changes in law, to which the Administration would adhere in supporting legislation to correct the problem.

Liquidation of imports pending review.--Makes conforming amendments to section 516A(g) of the Tariff Act of 1930 to provide that, as under the CFTA Act, entries of merchandise covered by binational panel determinations shall be liquidated in a manner consistent with entries subject to normal judicial review. Entries covered by such a determination that are entered prior to publication of a conflicting decision by a binational panel or extraordinary challenge committee shall be liquidated in accordance with the original determination. If the determination being reviewed by a panel is a determination in a section 751 review or a determination regarding the scope of an existing order, the Department of Commerce shall, upon request of an interested party who was a party to the proceeding and is a participant in the panel review, order continued suspension of liquidation of some or all entries pending final disposition of the panel review. Such actions shall not be subject to judicial review.

Injunctive relief.--Makes conforming amendments to section 516A(g) of the Tariff Act of 1930 to provide that, as under the CFTA Act, the provisions of section 516A(c)(2) of the same Act relating to injunctive relief shall not apply.

Annex 1904.13: Extraordinary Challenge Procedure

Grounds for invoking extraordinary challenge procedures.-- Statement of Administrative Action provides an explanation of the provisions of Article 1904.13 regarding the grounds for invoking the extraordinary challenge procedures.

Procedures for requesting extraordinary challenge committee.-- Statement of Administrative Action elaborates on procedures by which interested parties can request that the Administration seek the convening of an extraordinary challenge committee.

Access to information.-- Authorizes an extraordinary challenge committee to have access to information and documents, to summon witnesses, take depositions, and issue subpoenas, and to have its subpoenas enforced by any U.S. district or territorial court.

Article 1905: Safeguarding the Panel Review System

Annex 1905.6: Special Committee Procedures

Referral to Federal court upon suspension of Article 1904.-- Provides that at such time as the United States suspends application of Article 1904 to a NAFTA country, any panel or extraordinary challenge committee review pending with regard to persons of that country shall be irrevocably referred to the CIT.

Article 1906: Prospective Application

Provides that the changes to U.S. law necessary to implement Chapter 19 of the NAFTA shall not apply with respect to any binational panel review under the CFTA or any extraordinary challenge committee review arising from such review.

Article 1907: Consultations

Objectives for subsidies negotiations.-- Provides that the negotiating objectives of the United States with respect to subsidies, for any trade agreement entered into by the President with a NAFTA country, shall include:

(1) achievement of increased discipline on domestic subsidies provided by a foreign government, including (A) the provision of capital, loans, or loan guarantees on terms inconsistent with commercial considerations; (B) the provision of goods or services at preferential rates; (C) the grant of funds or forgiveness of debt to cover operating losses sustained by a specific industry; and (D) the assumption of any costs or expenses of manufacture, production, or distribution;

(2) achievement of increased discipline on export subsidies provided by a foreign government, particularly with respect to agricultural products; and

(3) maintenance of effective remedies against subsidized imports, including, where appropriate, countervailing duties.

Identification/monitoring in cases of subsidized imports.--
Makes conforming amendments to section 409(b) of the CFTA Act regarding the right of an entity (including a trade association, firm, union, or group of workers) that is representative of a U.S. industry to file a petition if the entity has reason to believe that (1) it is likely to face increased competition from subsidized imports with which it directly competes from any country designated by the President as benefiting from a reduction of tariffs under a trade agreement that enters into force after January 1, 1994, and (2) the industry is likely to experience a deterioration of its competitive position before rules and disciplines relating to the use of government subsidies have been developed with respect to the United States and that country. Under the petition, the industry may request that the USTR compile information or request that the ITC conduct a study of the foreign practices, following the completion of which the USTR may take any appropriate action.

Statement of Administrative Action provides that if, after receiving a petition, USTR finds a reasonable likelihood that the industry may face both subsidization and deterioration of its competitive position but decides not to identify the industry, then it should monitor foreign government actions for potential subsidization (with particular attention to the provision of capital, loans, or loan guarantees on terms inconsistent with commercial considerations). This is consistent with USTR's recent decision on the petition filed under section 409(b) of the CFTA Act by Vista Chemical Company concerning potential imports of linear alkylbenzene (LAB) production from Canada. Monitoring in that case will continue under the NAFTA.

Article 1911: Definitions

Annex 1911: Country-Specific Definitions

Definitions.--Amends section 516A(f) to add definitions of terms used with respect to proceedings under Chapter 19 of the NAFTA.

Transitional provisions if NAFTA terminates.--Provides that if NAFTA ceases to be in force with respect to a NAFTA country, the modifications made to U.S. law to implement Chapter 19 of the NAFTA also cease to have effect with respect to that country.

Provides for two transitional provisions: (1) any investigation or enforcement proceeding relating to the violation of a protective order shall continue and sanctions may continue to be imposed; and (2) if on the date on which a country ceases to be a NAFTA country a panel review is pending or has been requested concerning an antidumping or countervailing duty determination, such determination shall be reviewable under section 516A by the CIT and the time limits for requesting judicial review shall not begin to run until the day the NAFTA ceases to be in force with respect to that country.

**Chapter 20: Institutional Arrangements and
Dispute Settlement Procedures**

Section A - Institutions

Article 2002: The Secretariat

Annex 2002.2: Remuneration and Payment of Expenses

Authorization of U.S. Section of Secretariat.--Authorizes the President to establish a U.S. Section of the NAFTA Secretariat established under Chapter 20. The U.S. Section shall facilitate the operations of NAFTA Chapters 19 and 20, including the panels and extraordinary challenge committees convened pursuant to those Chapters. Also authorize appropriations to the Department of Commerce (where the U.S. Section is established) of the lesser of such sums as may be necessary or \$2,000,000 for each fiscal year after fiscal year 1993 for the establishment and operations of the U.S. Section and for payment of the U.S. share of expenses of binational panels and extraordinary challenge committees convened pursuant to Chapter 19 and dispute settlement proceedings under Chapter 20. The U.S. Section may retain and use funds provided by the Canadian and Mexican Sections of the Secretariat for payment of their share of such expenses.

Article 2009

Selection of Chapter 20 roster.--Requires the USTR to consult with the Committees on Finance and Ways and Means regarding the selection of candidates for the Chapter 20 roster.

The United States shall, to the maximum extent practicable, encourage the selection of environmental experts in panel proceedings under Chapter 20 involving U.S. environmental laws. Statement of Administrative Action elaborates on the use of environmental experts, including on scientific review boards.

PART EIGHT: OTHER PROVISIONS

Chapter 21: Exceptions

Article 2103

Discriminatory taxes.--States the sense of the Congress that discriminatory enforcement of sales or other taxes by a State, province, or other governmental entity of a NAFTA country, so as to afford protection to domestic production or domestic services providers, is in violation of the terms of the NAFTA. When this adversely affects U.S. firms, USTR should pursue appropriate remedies to obtain removal of such discriminatory taxes.

Article 2106: Cultural Industries

Annex 2106: Cultural Industries

Amends the Trade Act of 1974 to add a new section 182(f) providing that:

(1) By no later than 30 days after submission to Congress of the annual National Trade Estimates report, USTR shall identify any act, policy, or practice of Canada adopted or expanded after December 17, 1992 affecting cultural industries (as defined in the provision), and which is actionable under Article 2106 of the NAFTA. Any act, policy, or practice so identified shall be treated, for purposes of section 301, as the basis for Canada's identification under "Special 301" as a "priority foreign country", unless the United States has already taken action under Article 2106 in response to it.

(2) In determining whether to make such an identification, USTR shall consult with and take into account the views of the relevant U.S. industries, appropriate advisory committees, and appropriate Federal Government officials.

Article 2202

Changes in statutes to implement a requirement, amendment, or recommendation.--Normal legislative procedures will apply to any changes in statutes needed for future amendments to the NAFTA.

Proclamation authority subject to consultation and layover requirements.--The President is authorized to proclaim:

- tariff modifications, including any acceleration of tariff staging agreed to by the Parties;

- modifications to specific rules of origin in Appendix 6.A of Annex 300-B and Annex 401, the automotive "tracing" requirements in Annexes 403.1 and 403.2, and the regional value-content provision in Annex 403.3;
- modifications in provisions of the bill that enact Article 415 (rule of origin definitions) agreed to by the Parties during the first year after enactment of the NAFTA Act;

only if --

(1) the President has obtained advice regarding the proposed action from appropriate private sector advisory committees and from the ITC;

(2) the President has submitted a report to the Committees on Finance and Ways and Means setting forth the proposed action and reasons therefor and the advice obtained; and

(3) at least 60 calendar days have expired since submission of the report and the President has consulted the Committees during this period.

Initial proclamations authorized in the bill (tariff modifications to implement schedules of duty reductions, basic and specific rules of origin, various customs provisions) may take effect no earlier than 15 days after the proclamation is published in the Federal Register.

Article 2203: Entry into Force

Conditions for entry into force.--Authorizes the President to exchange notes with the Government of Canada or Mexico providing for entry into force of the NAFTA, on or after January 1, 1994, with respect to such country, at such time as:

(1) the President determines that such country has implemented the statutory changes necessary to comply with its NAFTA obligations and has made provision to implement the Uniform Regulations on rules of origin under Article 511 of the NAFTA, and transmits a report to the Congress setting forth this determination, as well a description of the measures taken by Mexico to bring its antidumping and countervailing duty laws into conformity with the NAFTA and to ensure effective implementation of the binational panel review process; and

(2) the Government of such country exchanges notes with the United States providing for the entry into force (for that country and the United States) of the environmental and labor supplemental agreements.

Authorizes the President, subject to consultation and layover requirements and any other applicable restriction or limitation under the NAFTA Act, to proclaim such actions, and U.S. Government officers to issue such regulations, as may be necessary to ensure that any provision of the NAFTA Act that takes effect on the date the NAFTA enters into force is appropriately implemented on, but not prior to, that date.

Article 2204

Accession.--Congressional approval of the NAFTA may not be construed as conferring Congressional approval of entry into force of the NAFTA with respect to countries other than Canada and Mexico.

By May 1, 1994 and again by May 1, 1997, USTR shall submit to the President and the Committees on Finance and Ways and Means a report listing those countries that either (1) currently provide fair and equitable market access to U.S. exports, or (2) have made significant progress in opening their markets to U.S. exports, and the further opening of whose markets has the greatest potential to increase U.S. exports. On the basis of these reports, the President, by July 1, 1994 and July 1, 1997, is required to report to the Committees on Finance and Ways and Means on the countries with which the United States should seek to negotiate free trade agreements, and the objectives for such negotiations.

Article 2205

Relationship of the CFTA to the NAFTA.--On the date the NAFTA enters into force for the United States and Canada, the CFTA shall be suspended. The suspension is to remain in effect for such time as the United States and Canada are both parties to the NAFTA. If either country withdraws from the NAFTA, the provisions of the CFTA Act are restored. The NAFTA Act would cease to have effect upon withdrawal of Mexico and Canada or upon withdrawal of the United States.

Other Provisions

Monitoring the NAFTA's Effects on the U.S. Economy

Requires the President to provide to Congress by July 1, 1997 a comprehensive study on the operation and effects of the NAFTA.

Center for the Study of Trade in the Western Hemisphere

Authorizes and directs the Commissioner of Customs, after consultation with appropriate officials in the State of Texas, to make grants to an institution (or a consortium of institutions) to assist in planning, establishing, and operating a Center for the Study of Western Hemispheric Trade in Texas. The provision sets forth selection criteria; identifies the Center's programs and activities; requires an annual report by the Commissioner to the House Committee on Ways and Means and the Senate Committee on Finance on operations of the Center; and authorizes appropriations of \$10 million for fiscal year 1994 and such sums as may be necessary in the three succeeding fiscal years.

Adjustment Program for NAFTA-Impacted Workers

Amends the Trade Adjustment Assistance (TAA) statute (Title II of the Trade Act of 1974) to create a new subchapter for a NAFTA-specific worker adjustment assistance program. The program provides services and benefits for workers who lose their jobs either (1) due to increased imports from Mexico or Canada, or (2) as a result of shifts of production to Mexico or Canada. The program is authorized through September 30, 1998 (the current expiration date of the TAA program), or until a comprehensive worker adjustment assistance program is enacted, whichever is earlier.

The new program combines current TAA benefits (including income support payments for eligible workers) with rapid response and other basic readjustment services that would be offered prior to final certification of eligibility for TAA benefits. Eligibility will be determined under a two-step process. Workers petition for certification with the Governor of the State where the layoffs occurred. The Governor must make a preliminary finding regarding eligibility within 10 days of receiving the petition. If certified, workers receive early readjustment services, including job search and placement assistance and career counseling. Governors are to transmit petitions to the Secretary of Labor for a final decision within 30 days. If certified by the Secretary, workers are entitled to the full range of current TAA services and benefits.

To remain eligible for TAA income support benefits, workers must enroll in a training program by the later of (1) the end of the 16th week of their period for receiving unemployment compensation, or (2) the end of the sixth week after they are certified as eligible for TAA benefits by the Secretary of Labor. However, the Secretary may extend the deadline for enrolling in training programs in extenuating circumstances for up to 30 days.

Self-employment assistance programs.--Authorizes States to establish self-employment assistance programs as part of their unemployment compensation system. Allows States to pay unemployed workers a self-employment allowance in lieu of unemployment compensation for the purpose of establishing a business and becoming self-employed.

Provisions to Offset Revenue Losses

(1) Authorizes the Customs Service to obtain certain tax information from the Internal Revenue Service to assist in conducting audits, which allows for increased collections;

(2) Implements a new Federal Tax Deposit system for the electronic transmittal of tax withholding funds and information, enabling transmittal to the Treasury on the date due, one day earlier than under the current system;

(3) Extends customs user fees for passenger processing, conveyances, and merchandise processing until September 30, 2003 (such fees are currently due to expire on September 30, 1998); and

(4) Temporarily increases Customs Service user fees charged to each passenger arriving in the United States from abroad on commercial vessels or aircraft from \$5.00 to \$6.50, and removes current exemption for passengers arriving from Mexico, Canada, Caribbean nations, and U.S. territories (other than Puerto Rico). These changes are effective from the date of entry into force of the NAFTA through September 30, 1997.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

NOV 3 1993

The Honorable Jaime Serra Puche
Secretary of Commerce and Industrial Development
Mexico City, Mexico

Dear Jaime:

As you know, several United States industries have expressed an interest in obtaining more rapid elimination of tariffs on goods traded between the United States and Mexico than currently provided for in the NAFTA. I am sympathetic in particular to the U.S. producers of wine and brandy, flat glass, home appliances and bedding components such as springs, iron rails and wooden parts.

I believe the quick initiation of a tariff acceleration exercise, as called for in Article 302.3 of the NAFTA, would provide an excellent demonstration of the advantages of a trade relationship governed by the NAFTA. As a result, I am requesting your agreement to announce that the United States and Mexico will begin the first round of tariff accelerations in January 1994, immediately after the NAFTA is implemented, with intention of completing the exercise as soon as is feasible, but in any case in no more than one hundred and twenty days.

Sincerely,

Michael Kantor

PK

Unofficial Translation

Mexico, D.F. November 3, 1993

Ambassador Michael A. Kantor
United States Trade Representative
Washington, D.C.

Dear Ambassador Kantor:

I received your letter of November 3, 1993. I am pleased to confirm that, by the terms of Article 302(3) of the North American Free Trade Agreement, and as you propose in your referenced letter, Mexican government officials will be available to meet U.S. government officials with the objective of reaching a mutually satisfactory agreement to accelerate duty reductions between our two countries.

Sincerely

Dr. Jaime Serra Puche
Secretary of Commerce
and Industrial Development

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Cluck Glassby

THANK YOU MR. CHAIRMAN.

IT HAS BEEN A LONG ROAD THAT WE HAVE TRAVELLED OVER THE LAST THREE YEARS TO FINALLY ARRIVE AT OUR FINAL DESTINATION. HAVING GONE THE FULL COURSE I AM PLEASED TO ANNOUNCE TODAY MY SUPPORT FOR THE NORTH AMERICAN FREE TRADE AGREEMENT.

I DO SO, MR. CHAIRMAN, BECAUSE I FIRMLY BELIEVE THAT ELIMINATING TRADE BARRIERS WITH OUR NEIGHBORS TO THE NORTH AND SOUTH WILL PROVIDE THE UNITED STATES WITH THE SINGLE LARGEST TRADING MARKET IN THE WORLD (370 MILLION PEOPLE WITH AN ECONOMIC OUTPUT OF \$6.85 TRILLION). BY LOWERING TRADE BARRIERS TO ZERO ON BOTH SIDES OF THE

BORDER I BELIEVE HISTORY WILL PROVE THAT FREE TRADE CAN HELP BOTH RICH AND POOR NATIONS ALIKE. HOWEVER, THE VOTE ON NAFTA IS MORE THAN A VOTE FOR ECONOMIC GROWTH. IT IS A VOTE ON WHETHER WE EMBRACE POSITIVE CHANGE OR WHETHER WE EMBRACE THE STATUS QUO AND FEAR. MOREOVER, THIS VOTE WILL TEST THE VERY FABRIC OF OUR POLITICAL, MORAL, ECONOMIC, AND FOREIGN POLICY LEADERSHIP, NOT ONLY FOR OUR NORTHERN AND SOUTHERN NEIGHBORS, BUT WITH OUR TRADING PARTNERS ALL OVER THE WORLD.

ON A PERSONAL NOTE, MR. CHAIRMAN, I WOULD LIKE TO APPLAUD AMBASSADOR KANTOR AND HIS COLLEAGUES FOR ENTERING INTO NEGOTIATIONS WITH MY OFFICE ON SEVERAL AMENDMENTS I

OFFERED TO THE IMPLEMENTING LANGUAGE OF THE TEXT. I WAS PARTICULARLY PLEASED TO HAVE MY AMENDMENT ACCEPTED REGARDING THE APPLICATION OF SAFEGUARDS TO MAJOR HOUSEHOLD APPLIANCES IN THE STATEMENT OF ADMINISTRATIVE ACTION AND FOR THE COMMITTEE STAFF WORK FOR HAVING LANGUAGE INCLUDED AT MY REQUEST DURING THE CONFERENCE REGARDING THE ACCELERATION OF TARIFFS ON MAJOR HOUSEHOLD APPLIANCES ALONG WITH FLATGLASS AND OTHER ITEMS. AND FOR THE INCLUSION OF A CLARIFICATION THAT FAMILY FARMERS AND FARM WORKERS SHALL BE INCLUDED IN THE WORKER RETRAINING PROVISION OF THIS TEXT. FINALLY, MR. CHAIRMAN, I COMMEND THE ADMINISTRATION FOR MEETING ITS GOOD FAITH PROMISE TO ME IN SECURING AND

EXCHANGE OF LETTERS BETWEEN THE UNITED STATES AND MEXICO AGREEING TO NEGOTIATE A MUTUALLY SATISFACTORY TARIFF ACCELERATION ON U.S. EXPORTS OF MAJOR HOUSEHOLD APPLIANCE, FLATGLASS, AND OTHER RELATED PRODUCTS. I ASK UNANIMOUS CONSENT TO INCLUDE THESE TWO LETTERS AT THIS POINT IN THE RECORD.

(INCLUSION)

LASTLY MR. CHAIRMAN, I REQUEST THE FOLLOWING STATEMENT BE INCLUDED IN THE COMMITTEE REPORT LANGUAGE UPON PASSAGE OF THE NAFTA:

"THE COMMITTEE UNDERSTANDS THAT THE UNITED STATES TRADE REPRESENTATIVE AND MEXICO HAVE

AGREED TO MEET IMMEDIATELY AFTER JANUARY 1, 1994, TO DISCUSS THE ACCELERATION OF TARIFFS ON MAJOR HOUSEHOLD APPLIANCES, FLATGLASS AND A NUMBER OF OTHER U.S. GOODS AS LISTED IN AMBASSADOR KANTOR'S LETTER TO THE HONORABLE JAIME SERRA PUCHE, AND THAT THESE NEGOTIATIONS MUST BE CONCLUDED WITHIN 120 DAYS. THE COMMITTEE FURTHER EXPECTS THAT THE GOOD FAITH NEGOTIATIONS OF THE USTR AND THE MEXICAN GOVERNMENT WILL PRODUCE A SATISFACTORY AGREEMENT FOR ALL AFFECTED INDUSTRIES. THE COMMITTEE REQUEST THAT USTR ISSUE A REPORT TO CONGRESS ON THE OUTCOME OF THESE TARIFF ACCELERATION DISCUSSIONS WITHIN 30-45 DAYS FOLLOWING THE CONCLUSION OF NEGOTIATIONS."

MR. CHAIRMAN, THE NATION OWES
YOU AND YOUR PREDECESSOR ON
THIS COMMITTEE, SENATOR
BENTSEN, A DEBT OF GRATITUDE
FOR HAVING NAVIGATED US
THROUGH THIS LONG, ARDUOUS AND
DIFFICULT PROCESS. I SALUTE
YOU!

Sen. Crassley

MR. CHAIRMAN, I REQUEST
THE FOLLOWING STATEMENT BE
INCLUDED IN THE COMMITTEE
REPORT LANGUAGE UPON PASSAGE
OF THE NAFTA:

"THE COMMITTEE UNDERSTANDS
THAT THE UNITED STATES TRADE
REPRESENTATIVE AND MEXICO HAVE

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