

1 EXECUTIVE COMMITTEE MEETING

2 TUESDAY, OCTOBER 29, 1991

3 U.S. Senate

4 Committee on Finance

5 Washington, D.C.

6 The meeting was convened, pursuant to notice, at 11:19  
7 a.m. in room SD-215, Dirksen Senate Office Building, Hon.  
8 Lloyd Bentsen (Chairman) presiding.

9 Also present: Senators Moynihan, Baucus, Bradley,  
10 Pryor, Riegle, Rockefeller, Packwood, Chafee, Durenberger,  
11 and Symms.

12 Also present: Vandy McMurtry, Staff Director and Chief  
13 Counsel; Edmund Mihulski, Chief of Staff, Minority.

14 (The press release announcing the meeting follows:)

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1 The Chairman. The meeting will come to order.

2 We are going to hear and consider the nominations of  
3 Michael H. Moskow to be a Deputy United States Trade  
4 Representative, and David M. Nummy to be an Assistant  
5 Secretary of the Treasury. Further, to consider a  
6 section 332 investigation by the International Trade  
7 Commission assessing current obstacles to U.S. market access  
8 in Latin America and analyzing the effect of recent  
9 liberalization measures on the flows of U.S. goods, services,  
10 and investment to Latin America.

11 I move the confirmations.

12 Senator Fryor. Second.

13 The Chairman. It has been seconded.

14 All in favor, make it known by saying aye.

15 (Chorus of ayes.)

16 The Chairman. Opposed?

17 (No response)

18 The Chairman. Carried.

19 Now, let me just very quickly before we go to vote state  
20 one final item on the agenda, and that is a request from the  
21 International Trade Commission to conduct an investigation  
22 under Section 322 of the Tariff Act of 1930 on Economic  
23 and Trade Policies in Latin America to catalog the various  
24 U.S. market access in that region.

25 May I have a motion?

1 Senator Moynihan. I so move, Mr. Chairman.

2 The Chairman. Is there a second?

3 Senator Pryor. Second.

4 The Chairman. All in favor of the motion as stated make  
5 it known by saying aye.

6 (Chorus of ayes.)

7 The Chairman. Opposed?

8 (No response)

9 The Chairman. The motion is carried.

10 Thank you.

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

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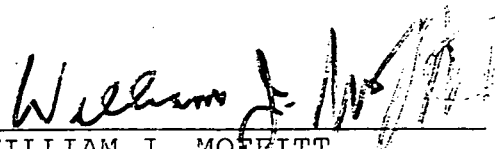
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## C E R T I F I C A T E

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2 This is to certify that the foregoing proceedings of an  
3 Executive Committee meeting before the U.S. Senate Finance  
4 Committee, held on Tuesday, October 29, 1991, were  
5 transcribed as herein appears and that this is the original  
6 transcript thereof.

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10 WILLIAM J. MOFFITT  
11 Official Court Reporter

12 My Commission expires April 14, 1994.  
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LLOYD BENTSEN, TEXAS, CHAIRMAN

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ORRIN G. HATCH UTAH

# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

VANDA B. McMURTRY STAFF DIRECTOR AND CHIEF COUNSEL  
EDMUND J. MIHALSKI MINORITY CHIEF OF STAFF

## MEMORANDUM

**TO:** Finance Committee Members

**FROM:** Finance Committee Trade Staff *CM*

**DATE:** October 25, 1991

**RE:** Committee Request for Section 332 Study on Latin American Trade Barriers

At the Finance Committee Executive Session on Tuesday, October 29, 1991, the Committee plans to request the International Trade Commission (ITC) to conduct an investigation under section 332 of the Tariff Act of 1930. The investigation would be a fact-finding study reviewing recent economic and trade policies in Latin America, assessing current obstacles to U.S. market access in Latin America and analyzing the effect of recent liberalization measures by these countries on flows of U.S. goods, services, and investment to Latin America. In addition, because the President's request for an extension of the fast-track negotiating authority specifically identified Chile as a potential candidate for the negotiation of a free trade agreement within the extension period, the investigation would also include a more detailed case study on Chilean trade and investment policies.

A copy of the letter requesting the study is attached. Please contact the trade staff if you have any questions concerning this proposed investigation.

Attachment

LLOYD BENTSEN, TEXAS, CHAIRMAN

DANIEL PATRICK MOYNIHAN, NEW YORK  
MAX BAUCUS, MONTANA  
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VANDA B. McMURTRY, STAFF DIRECTOR AND CHIEF COUNSEL  
EDMUND J. MIHALSKI, MINORITY CHIEF OF STAFF

The Honorable  
Anne E. Brunsdale  
Acting Chairman  
United States International  
Trade Commission  
500 "E" Street, S.W.  
Washington, D.C. 20436

Dear Madam Chairman:

As you know, on June 27, 1990, President Bush formally launched the Enterprise for the Americas Initiative (EAI) in an effort to achieve expanded trade among countries in the hemisphere, promote investment and support economic reforms in Latin American and Caribbean countries, and provide debt relief for Latin American and Caribbean countries. On March 1, 1991, the President requested an extension of "fast-track" negotiating authority. The subsequent extension of that authority by Congress gave the President authority to pursue the trade agreements envisioned under the EAI. However, the President indicated in his extension request that, while Chile could be a candidate for the negotiation of a free trade agreement within the two-year period of the extension, few, if any, other Latin American countries would be ready to negotiate such agreements.

Latin America is already a major U.S. trading partner. After a decade of debt-driven austerity and bilateral disputes on issues such as export subsidies, investment performance requirements, and protection of intellectual property rights, the United States and many of its Western Hemisphere trading partners appear poised to work together to provide a firm basis for renewed economic growth, stability, and expanded two-way trade. Over the past 18 months, several Latin American nations have signalled their intention to move away from policies of extensive state intervention in favor of market-oriented domestic economic policies and more liberal trade and investment regimes. These efforts are most welcome and could have important implications, not just for the Latin American economies themselves, but for the United States as well.

As we consider closer trade ties, it is important that U.S. business leaders and policymakers have a better understanding of the business climate in Latin America, including the scope of the changes being undertaken and their implications for future U.S.-Latin American relations. Accordingly, on behalf of the Senate Committee on Finance, I request that you conduct a fact-finding study under section 332(g) of the Tariff Act of 1930

The Honorable  
Anne E. Brunsdale

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to review recent economic and trade policies in Latin America, to assess current obstacles to U.S. market access in Latin America, and to analyze the effect of recent liberalization measures by these countries on flows of U.S. goods, services, and investment to Latin America.

The study should provide a concise overview of current obstacles to U.S. market access in Latin America consisting of (1) a brief summary of Latin America's economic performance during the past decade, (2) a profile of barriers to U.S. market access and of current Latin American trade, investment, and production patterns, and (3) highlights of recent events significantly influencing U.S.-Latin American economic relations, including a description of recent liberalization measures undertaken by these countries and of the EAI and other efforts to expand intra-regional trade.

In addition, because the President's request for an extension of fast-track authority specifically identified Chile as a potential candidate for the negotiation of a free trade agreement within the extension period, the study should include a case study on Chile. In general, the case study should provide a closer examination of Chilean trade and investment policies than is provided in the broader study of the other Latin [South] American countries. Specifically, the case study should include (a) a brief review of past trade-related economic policies, (b) a description of remaining barriers affecting U.S. market access, including current trade and investment restrictions, and (c) an overview of Chilean policies influencing Chile's exports to the United States.

Given the diversity of topics to be addressed, and the rapid pace of developments in regional relations, the Commission should provide an initial study by March 1, 1992, with follow-up reports as necessary to complete the investigation. In view of the time constraint, the study should be concise. Future studies could provide more detailed reviews of the trade and investment regimes of selected countries or of selected industries. Topics for future analysis should be developed in consultation between the Commission and Committee staff as events unfold.

Thank you for your cooperation.

Sincerely,

Lloyd Bentsen  
Chairman