

106TH CONGRESS
1ST SESSION

H. R. 1942

To encourage the establishment of free trade areas between the United States
and certain Pacific Rim countries.

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 1999

Mr. CRANE (for himself, Mr. DREIER, Mrs. JOHNSON of Connecticut, and Ms.
DUNN) introduced the following bill; which was referred to the Committee
on Ways and Means

A BILL

To encourage the establishment of free trade areas between
the United States and certain Pacific Rim countries.

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

3 **SECTION 1. FINDINGS.**

4 The Congress makes the following findings:

5 (1) Free trade agreements improve the income
6 and prosperity of the citizens of participating coun-
7 tries because open markets increase competition,
8 eliminate inefficiencies, and result in lower costs to
9 manufacturers and consumers.

1 (2) The 21 member economies of APEC rep-
2 resent over half of world production and almost half
3 of global trade. In November of 1994, leaders of
4 members economies of APEC declared their commit-
5 ment to achieving “free and open trade” in the re-
6 gion by the year 2020 in the case of developing
7 countries and 2010 in the case of developed coun-
8 tries.

9 (3) Continued economic growth through the
10 creation of new opportunities for trade and invest-
11 ment, and the economic and political stability result-
12 ing from diminishing the proclivity of governments
13 to establish and maintain tariff and nontariff trade
14 barriers, is vital to the strategic and economic inter-
15 ests of the United States in the Pacific Rim region.

16 (4) The financial crisis affecting Asia, and asso-
17 ciated macroeconomic factors, have resulted in a se-
18 vere disruption of the pattern of rapid United States
19 export growth that was the dominant pattern of
20 United States trade with the region during the years
21 1989–1997.

22 (5) At a difficult time in the world economy,
23 which is increasing pressures on countries to turn
24 inward and adopt protectionist policies, free trade
25 agreement negotiations provide additional leverage

1 to achieve market opening measures for United
2 States goods and services.

3 (6) Many countries in the region, including
4 New Zealand, Australia, and Singapore, are long-
5 time allies of the United States in working to in-
6 crease economic growth through trade liberalization,
7 both in the World Trade Organization and in APEC.

8 (7) Building closer ties and coordinating with
9 countries whose interests are largely friendly to the
10 United States will have immense payoffs as the
11 trade negotiations to achieve trade liberalization de-
12 scribed in paragraph (6) proceed early in the next
13 century.

14 (8) In particular, the United States must con-
15 tinue to promote its interests in the Asia-Pacific re-
16 gion through an aggressive short- and long-term
17 trade and investment negotiating agenda.

18 (9) Bilateral trade agreement negotiations have
19 been shown to exert constructive influence on multi-
20 lateral and regional trade negotiations. Typically, bi-
21 lateral trade talks enlarge common areas of agree-
22 ment on trade disciplines that can then be advanced
23 more successfully in the context of a larger negotia-
24 tion, among additional trading partners.

1 (10) Trade and investment disputes between
2 the United States and Pacific Rim countries could
3 be more effectively resolved in the context of mutu-
4 ally agreed-upon disciplines and dispute settlement
5 mechanisms rather than issue-by-issue confronta-
6 tions under section 301 of the Trade Act of 1974 or
7 other trade remedy laws.

8 (11) By providing a firm foundation for en-
9 hanced cooperation, free trade agreements between
10 the United States and Pacific Rim countries, whose
11 economies are becoming increasingly complementary
12 and interdependent, will help ensure mutually bene-
13 ficial economic and political relations.

14 (12) Free trade agreements, by enhancing mar-
15 ket access and the understanding of United States
16 firms with respect to competing effectively in Pacific
17 Rim markets, will thereby assist in stabilizing the bi-
18 lateral trade balance between the United States and
19 countries in the Pacific Rim.

20 **SEC. 2. UNITED STATES TRADE POLICY WITH ELIGIBLE PA-**
21 **CIFIC RIM COUNTRIES.**

22 It shall be the policy of the United States to seek
23 the elimination of tariff and nontariff barriers and to
24 achieve more open, equitable, and reciprocal market access
25 through the negotiation of bilateral free trade agreements

1 with eligible Pacific Rim countries. These nontariff bar-
2 riers include—

3 (1) regulatory and other barriers that deny na-
4 tional treatment and the right of establishment for
5 trade in services;

6 (2) denial of national treatment to foreign di-
7 rect investment;

8 (3) lack of adequate protection for copyrights,
9 patents, trademarks, semiconductor chips, layout de-
10 signs, trade secrets, and other forms of intellectual
11 property;

12 (4) arbitrary and discriminatory sanitary,
13 phytosanitary, or technical standards;

14 (5) government measures such as price controls,
15 reference pricing, and unreasonable restrictions on
16 listings for government-established formularies
17 which deny full market access for United States
18 products; and

19 (6) unfair or trade-distorting activities of State
20 trading enterprises and other administrative mecha-
21 nisms.

22 **SEC. 3. PRENEGOTIATION CONSULTATIONS.**

23 (a) PRELIMINARY CONSULTATIONS.—Within 60 days
24 after the date of the enactment of this Act, the President

1 shall identify, and initiate preliminary consultations with
2 the government of, each eligible Pacific Rim country.

3 (b) MINISTERIAL MEETING.—If preliminary con-
4 sultations indicate that the establishment of a free trade
5 area between the United States and an eligible Pacific
6 Rim country is potentially feasible and desirable, the
7 President shall, within 60 days after the preliminary con-
8 sultations are completed, request a meeting at the ministe-
9 rial level with the government of that country to consider
10 the conditions under which formal negotiations regarding
11 a free trade agreement could be commenced.

12 (c) ITC ADVICE.—Within 6 months after the end of
13 each ministerial meeting held under subsection (b) with
14 the government of an eligible Pacific Rim country, the
15 United States International Trade Commission shall ad-
16 vise the President regarding the probable economic effects
17 of providing duty-free treatment for such articles that are
18 products of that country on industries in the United
19 States producing like or directly competitive articles and
20 on consumers in the United States.

21 **SEC. 4. MINISTERIAL MEETING RECOMMENDATIONS.**

22 At each ministerial meeting convened pursuant to
23 section 3(b), the President shall recommend the establish-
24 ment of a council comprised of appropriate public and pri-

1 vate sector officials from the respective countries. The
2 functions of the council are—

3 (1) to review and analyze the aspects of the ex-
4 isting bilateral relationship as they relate to the ne-
5 gotiation of a free trade agreement, including—

6 (A) trade and investment practices and im-
7 pediments;

8 (B) differences in customs laws and proce-
9 dures;

10 (C) the harmonization of trade statistics
11 and other economic data; and

12 (D) the status of bilateral disputes and ex-
13 change of information on disputed practices;
14 and

15 (2) within 6 months after its establishment, to
16 issue a report on the overall bilateral relationship
17 and the prospects for a successful negotiation of a
18 free trade agreement that addresses the possible
19 benefits and adverse effects of concluding a free
20 trade agreement and examines the types of dispute
21 settlement mechanisms that would be appropriate to
22 effectively resolve bilateral trade problems.

1 **SEC. 5. PRESIDENTIAL DETERMINATION REGARDING THE**
2 **FEASIBILITY AND DESIRABILITY OF NEGOTI-**
3 **ATING FREE TRADE AGREEMENTS WITH ELI-**
4 **GIBLE COUNTRIES.**

5 (a) DETERMINATION AND REPORT.—Not later than
6 6 months after receiving any report prepared by a bilateral
7 council established under section 4, the President, after
8 receiving advice from the Advisory Committee for Trade
9 Policy Negotiations established under section 135(b) of
10 the Trade Act of 1974, and taking into account—

11 (1) the policy set forth in section 2, and
12 (2) the advice of the International Trade Com-
13 mission under section 3(c),
14 shall make a determination on the feasibility and desir-
15 ability of commencing formal negotiations regarding a free
16 trade agreement with an eligible Pacific Rim country or
17 countries to which the report relates, and shall submit a
18 report to the Committee on Finance of the Senate and
19 the Committee on Ways and Means of the House of Rep-
20 resentatives on that determination.

21 (b) FACTORS IN MAKING DETERMINATION.—In mak-
22 ing a determination on the feasibility and desirability of
23 establishing a free trade area between the United States
24 and an eligible country, the President shall consider
25 whether that country—

1 (1) is a member of the World Trade Organiza-
2 tion;

3 (2) has expressed an interest in negotiating a
4 bilateral free trade agreement with the United
5 States;

6 (3) has pursued substantive trade liberalization
7 and undertaken structural economic reforms in
8 order to achieve an economy governed by market
9 forces, fiscal restraint, and international trade dis-
10 ciplines and, as a result, has achieved a largely open
11 economy;

12 (4) has demonstrated a broad affinity for
13 United States trade policy objectives and initiatives;

14 (5) is an active participant in preparations of
15 the General Council of the World Trade Organiza-
16 tion for the 3d Ministerial Conference of the World
17 Trade Organization which will be held in the United
18 States from November 30 to December 3, 1999, and
19 has demonstrated a commitment to United States
20 objectives with respect to an accelerated negotiating
21 round of the World Trade Organization;

22 (6) is working consistently to eliminate export
23 performance requirements or local content require-
24 ments;

1 (7) seeks the harmonization of domestic and
2 international standards in a manner that ensures
3 transparency and nondiscrimination among the
4 member economies of APEC;

5 (8) is increasing the economic opportunities
6 available to small- and medium-sized businesses
7 through deregulation;

8 (9) is working consistently to eliminate barriers
9 to trade in services;

10 (10) provides national treatment for foreign di-
11 rect investment;

12 (11) is working consistently to accommodate
13 market access objectives of the United States;

14 (12) is working constructively to resolve trade
15 disputes with the United States and displays a clear
16 intent to continue to do so;

17 (13) is a country whose bilateral trade relation-
18 ship with the United States will benefit from im-
19 proved dispute settlement mechanisms; and

20 (14) is a country whose market for products
21 and services of the United States will be signifi-
22 cantly enhanced by eliminating substantially all tar-
23 iff and nontariff barriers and structural impedi-
24 ments to trade.

1 **SEC. 6. CONSULTATIONS WITH CONGRESSIONAL COMMIT-**
2 **TEES.**

3 The President shall consult with the Committee on
4 Ways and Means of the House of Representatives and the
5 Committee on Finance of the Senate on a regular basis
6 with respect to the implementation of each of the provi-
7 sions of this Act.

8 **SEC. 7. ELIGIBLE PACIFIC RIM COUNTRIES.**

9 As used in this Act:

10 (1) APEC.—The term “APEC” means the
11 Asian Pacific Economic Cooperation Forum.

12 (2) ELIGIBLE PACIFIC RIM COUNTRY.—The
13 term “eligible Pacific Rim country” means any
14 country that is a WTO member (as defined in sec-
15 tion 2 of the Uruguay Round Agreements Act (19
16 U.S.C. 3501) and is a member economy of APEC.

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