



MAY 14 2002

The Honorable Max Baucus
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Administration worked closely with the Senate Finance Committee for a year to develop the Trade Promotion Authority (TPA) bill. We also have sought to address the trade interests of all Senators in a way that meets their concerns while keeping the United States in the lead globally, regionally, and bilaterally to achieve agreements to open markets. Our aim has been to promote U.S. growth and benefit farmers, workers, consumers, businesses, and America's influence around the world.

The Dayton-Craig amendment to the Baucus-Grassley TPA bill would kill the bill's underlying purpose of authorizing the negotiation of new trade agreements subject to Congress' approval.

The amendment would authorize a minority in the Senate to block trade agreements. If the implementing legislation for an agreement would amend U.S. trade law (however technical or beneficial the change), 41 Senators could defeat a trade agreement for any reason.

First and foremost, the amendment derails TPA without justification. The Bush Administration has demonstrated its commitment to U.S. trade laws not through talk but through action. We have been committed not just to preserving U.S. trade laws, but more importantly, to using them. The Administration initiated an historic Section 201 investigation that led to the imposition of wide-ranging safeguards for the steel industry. The Administration's willingness to enforce vigorously our trade laws, in Canadian lumber and other cases, sends the clearest signal of our interest in defending these laws in the WTO.

Second, the amendment would jeopardize our current trade negotiations, especially the new global trade liberalization mandate launched at Doha last November. The rest of the world will determine that the U.S. Congress has ruled out even discussion of a major topic. Other countries will refuse to discuss their own sensitive subjects, unraveling the entire trade negotiation to the detriment of U.S. workers, farmers, and consumers.

This is not a hypothetical observation: the failure to launch a global trade negotiation at Seattle in 1999 was due in significant part to a refusal even to discuss trade laws, which then led others to refuse to review their sensitive topics. Doha reversed the Seattle breakdown. It is critical that we not undo this hard won progress.

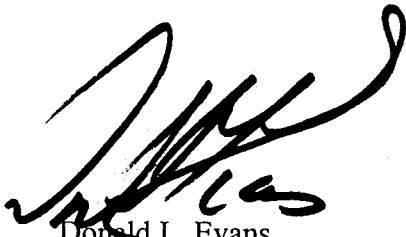
Third, the Dayton-Craig amendment is counterproductive to U.S. trade interests: if the Senate declares trade laws "off-limits" for negotiations, the United States will not be able to press other countries to bring their trade laws up to U.S. standards. U.S. exports are frequent and increasing targets of foreign trade law actions. Many developing countries are starting to enact such laws, targeting U.S. farmers in particular. Between 1995 and 2000, there were already 81 investigations of U.S. exporters. That is one reason why 79 agricultural groups covering a wide range of America's products have sent a letter urging the rejection of the Dayton-Craig amendment. Other governments frequently do not use the same transparent and fair procedures that America does. We want to push other governments to raise their practices to U.S. standards so our exports are treated fairly. Ironically, under the Dayton-Craig amendment, even if we brought back changes that would strengthen the effectiveness of trade laws, 41 votes could derail the overall agreement.

Fourth, the WTO negotiations launched at Doha will not impair our ability to enforce U.S. trade laws. The Doha Declaration specifically calls for "preserving the basic concepts, principles and effectiveness" of trade remedy laws "and their instruments and objectives." It also recognized the need to focus on the underlying "trade distorting practices" that U.S. trade laws seek to counter. Indeed, our affirmative agenda includes correcting past WTO misinterpretations so as to give more deference to U.S. laws.

Finally, the Dayton-Craig amendment is unnecessary for Congress to reinforce its commitment to U.S. trade laws. The Baucus-Grassley TPA legislation, supported 18-3 in the Finance Committee, specifically directs the President to "preserve the ability of the United States to enforce rigorously its trade laws" and to "avoid agreements that lessen the effectiveness of domestic and international disciplines on unfair trade." That directive is backed up by a special, expedited procedure for the Congress to withdraw TPA if the President fails to comply. Congress has sent a clear signal that it is committed to retaining strong trade remedy laws. No Administration would prudently negotiate a trade agreement that lacks Congressional support, because Congress must vote on the agreement.

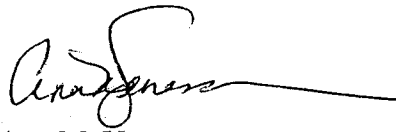
For the foregoing reasons, we would strongly recommend to the President that he veto legislation that included this amendment.

We urge you and your colleagues to oppose the Dayton-Craig amendment.

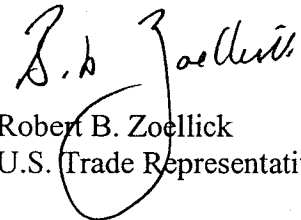


Donald L. Evans
Secretary of Commerce

Sincerely,



Ann M. Veneman
Secretary of Agriculture



Robert B. Zoellick
U.S. Trade Representative

cc: Senator Charles Grassley