

103D CONGRESS  
1ST SESSION

# H. R. 763

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

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY, 3, 1993

Mr. CRANE (for himself and Mr. GIBBONS) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 finds that—

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) continued economic growth, and the result-  
2           ing economic and political stability, within the coun-  
3           tries of the Pacific Rim is of vital strategic and eco-  
4           nomic interest to the United States;

5           (3) bilateral disputes between the United States  
6           and Pacific Rim countries could be more effectively  
7           resolved in the context of mutually agreed-upon dis-  
8           ciplines and dispute settlement mechanisms rather  
9           than issue-by-issue confrontations under section 301  
10          of the Trade Act of 1974 or other trade remedy  
11          laws; and

12          (4) free trade agreements between the United  
13          States and Pacific Rim countries, whose economies  
14          are becoming increasingly interdependent, will pro-  
15          vide a foundation for enhanced cooperation and will  
16          ensure mutually beneficial economic and political re-  
17          lations.

18 **SEC. 2. PRENEGOTIATION CONSULTATIONS AND CONSID-**  
19 **ERATIONS.**

20          (a) PRELIMINARY CONSULTATIONS.—Within 60 days  
21          after the date of the enactment of this Act, the President  
22          shall initiate preliminary consultations with the govern-  
23          ment of each eligible Pacific Rim country to determine the  
24          feasibility and desirability of negotiating the elimination  
25          of tariffs and nontariff barriers (including barriers to in-

1 vestment, trade in services, and protection of intellectual  
2 property rights) in the context of a bilateral free trade  
3 agreement. If the preliminary consultations indicate that  
4 the establishment of a free trade area between the United  
5 States and the eligible country is feasible and desirable,  
6 the President shall request a meeting at the ministerial  
7 level with the government of that country to consider the  
8 conditions under which formal negotiations regarding a  
9 free trade agreement could be commenced.

10 (b) MINISTERIAL MEETING RECOMMENDATIONS.—

11 At each ministerial meeting convened pursuant to sub-  
12 section (a), the President shall recommend the establish-  
13 ment of a council comprised of appropriate public and pri-  
14 vate sector officials from the respective countries. The  
15 functions of the council are—

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

19 (A) trade and investment practices and im-  
20 pediments,

21 (B) differences in customs laws and proce-  
22 dures,

23 (C) the harmonization of trade statistics  
24 and other economic data, and

1 (D) the status of bilateral disputes and ex-  
2 change of information on disputed practices;  
3 and

4 (2) within one year after establishment, to issue  
5 a report on the overall bilateral relationship and the  
6 prospects for a successful negotiation of a free trade  
7 agreement that addresses the possible benefits and  
8 adverse effects of concluding a free trade agreement  
9 and examines which dispute settlement mechanisms  
10 would be appropriate to effectively resolve bilateral  
11 trade problems.

12 (c) CONSIDERATIONS.—Before entering into formal  
13 negotiations under section 1102 of the Omnibus Trade  
14 and Competitiveness Act of 1988 with an eligible Pacific  
15 Rim country, the President shall consider whether that  
16 country—

17 (1) is a member of, or applicant to, the General  
18 Agreement on Tariffs and Trade;

19 (2) has pursued substantive trade liberalization  
20 and undertaken structural economic reforms in  
21 order to achieve an economy governed by market  
22 forces and international trade disciplines;

23 (3) is an active participant in the Uruguay  
24 Round of multilateral trade negotiations under the  
25 auspices of the GATT, has demonstrated a commit-

1 ment to the success of these negotiations, and has  
2 pursued goals and objectives consistent with those of  
3 the United States; and

4 (4) is a country whose bilateral relationship  
5 with the United States will be enhanced by eliminat-  
6 ing substantially all tariff and nontariff barriers and  
7 structural impediments and will benefit from im-  
8 proved dispute settlement mechanisms.

9 (d) EXTENSION OF “FAST TRACK” PROCEDURES  
10 WITH RESPECT TO AGREEMENTS ENTERED INTO WITH  
11 ELIGIBLE PACIFIC RIM COUNTRIES.—

12 (1) Notwithstanding the provisions of section  
13 1102(c)(1) of the Omnibus Trade and Competitive-  
14 ness Act of 1988 relating to the expiration of the  
15 authority contained in such section on June 1, 1993,  
16 the President may enter into bilateral trade agree-  
17 ments with eligible Pacific Rim countries under such  
18 section.

19 (2) Notwithstanding the provisions of section  
20 1103(b)(1)(A) of the Omnibus Trade and Competi-  
21 tiveness Act of 1988 relating to the expiration of the  
22 authority contained in such section on June 1, 1991,  
23 and subject to section 1103(c) of such Act, the pro-  
24 visions of section 151 of the Trade Act of 1974 shall

1 apply to any agreement entered into with an eligible  
2 Pacific Rim country.

3 (e) WAIVER OF NEGOTIATION REQUEST BY ELIGI-  
4 BLE PACIFIC RIM COUNTRIES.—Section 1102(c)(3)(B) of  
5 the Omnibus Trade and Competitiveness Act of 1988 (19  
6 U.S.C. 2902(c)(3)(B)) does not apply to trade agreements  
7 referred to in subsection (a).

8 **SEC. 3. ADDITIONAL NEGOTIATING OBJECTIVES.**

9 In addition to the negotiating objectives set forth in  
10 section 1101 of the Omnibus Trade and Competitiveness  
11 Act of 1988, the President shall seek to achieve, in nego-  
12 tiations with an eligible Pacific Rim country to establish  
13 a free trade area, substantial progress in—

14 (1) improving the bilateral relationship between  
15 the United States and that country by promoting  
16 mutual economic benefits through trade expansion,  
17 greater economic efficiency, enhanced competition,  
18 and common rules governing trade practices;

19 (2) removing, to the greatest extent possible,  
20 formal and informal barriers to trade between the  
21 parties, particularly in agricultural products and  
22 manufactured components in an effort to reduce  
23 government subsidies and injurious dumping prac-  
24 tices;

1           (3) providing effective mechanisms for the de-  
2           velopment of rules in nontraditional areas such as  
3           services, trade-related investment, and the protection  
4           of intellectual property rights;

5           (4) encouraging United States firms to take  
6           greater advantage of opportunities in Pacific Rim  
7           country markets and to better understand how to  
8           compete effectively in those markets; and

9           (5) improving market access in the respective  
10          countries as a means of stabilizing the bilateral bal-  
11          ance of trade.

12 **SEC. 4. ELIGIBLE PACIFIC RIM COUNTRIES.**

13          As used in this Act, the term “eligible Pacific Rim  
14          country” means Indonesia, Malaysia, the Philippines,  
15          Singapore, Thailand, Brunei, Australia, New Zealand,  
16          Taiwan, South Korea, Japan, or Hong Kong.

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