

4/28/88

U. S. -- CANADA FREE TRADE AGREEMENT

N.B. Neither Congressman Ballenger nor Senator Helms are enthusiastic about the Free Trade Agreement, but they support it primarily because of the benefit to the furniture industry.

Background

- o Last January 2, after a year and a half of negotiations, President Reagan and Canadian Prime Minister Mulroney signed the most comprehensive bilateral trade agreement in our history. There is a lot in it that is to our advantage.
- o The only comparable agreement to which the U. S. is a party is the free trade agreement which is currently in effect with Israel.
- o With all the discussion of our trade problems with Japan and Europe, we sometimes forget that Canada is our biggest trading partner, accounting for \$55 billion in exports in 1986. Of course, in recent years Canada has exported even more to the U. S., partly because Canada has erected higher barriers to imports than the U. S.
- o The free trade agreement should benefit both countries through lower prices and greater choice for consumers, although much of the debate over the next couple of months will be over winners and losers in specific industries.
- o There is experience that leads us to believe that all parties will benefit. The European Common Market and the Australia -- New Zealand Free Trade Area are good examples of how much can be accomplished in raising levels of economic activity.
- o Legislation is still needed to implement this agreement. The Administration wants to send the implementing legislation to Congress by June 1. Since, by statute, this type of legislation cannot be amended, any input by Congress must be made before the legislation is sent to Congress.
- o Therefore, the Finance Committee, the House Ways and Means Committee, and possibly others, will be holding working sessions during May to give advice to the Administration on what concerns should be addressed in the implementing legislation.

-2-

- o However, it is important to point out that the legislation has to be consistent with the Agreement. It cannot renegotiate the terms of the Agreement. Therefore, although there is some concern about the impact on certain industries -- for example, natural resources such as uranium, zinc and lead -- any of the changes will have to be at the margins.
- o I am hopeful that we can get the implementing legislation to the Senate floor in June. The legislation is subject to a special "fast track" procedure where Congress has 90 working days to vote once the implementing legislation is received. However, this procedure is no longer relevant since Congress probably will not be in session for 90 days this year after June 1.

NORTH CAROLINA

- o The negotiations with Canada have resulted in an agreement that will certainly be of assistance to a good many firms in North Carolina.
- o The Agreement eliminates all tariffs between the U. S. and Canada, without exceptions. Since Canadian tariffs are, on the average, twice as high as comparable U. S. rates, total tariff elimination will provide significant benefits for U. S. exporters. I understand that this is the case for the furniture industry, for example.
- o That does not mean that there are no problems with the Agreement or that we should completely ignore the impact on specific industries.
- o For instance, eliminating tariffs on textiles also should benefit the U. S. But the Canadian Government seems to want to provide a rebate of their tariffs on textiles imported from other countries -- so long as they resulting goods are subsequently exported. We know where those goods are likely to end up. This is something that remains to be worked out with the Canadian government, but, as I said, we will not be able to renegotiate the Free Trade Agreement in the implementing legislation itself. We will probably have to rely on diplomatic efforts.

April 28

CASS BALLENGER
10TH DISTRICT, NORTH CAROLINA

116 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
202-225-2576

COMMITTEES:
EDUCATION AND LABOR
PUBLIC WORKS AND TRANSPORTATION

Speak

Congress of the United States
House of Representatives

Washington, DC 20515
March 29, 1988

DISTRICT OFFICES
P.O. Box 1830
361-10TH AVENUE DRIVE, NE
HICKORY, NC 28603
704-327-6100
832 E. GARRISON BOULEVARD
GASTONIA, NC 28054
704-864-9922

Joyce

345 C HOB

3:45-4:00

The Honorable Robert Dole
United States Senate
141 Hart Senate Building
INSIDE MAIL
Washington, D.C. 20510

Dear Bob:

Thank you for your willingness to participate in the 1988 National Issues Seminar sponsored by the 10th district Chambers of Commerce and my office.

The one-day program entitled "Trade Issues Facing North Carolina" will examine the impact of United States trade policy on major North Carolina industries, including textiles, fiber, apparel, furniture and tobacco. Each speaker will be asked to make an opening statement followed by a question and answer period.

Attached please find a listing of the other speakers and speech topics. Mary Catherine Andrews of my staff is pleased to provide any additional information you may require.

The 10th District visitors will attend a briefing and luncheon hosted by the Taiwan Coordination Council on North American Affairs. The seminar will follow lunch.

I would like to take this opportunity to invite you to a reception hosted by the chambers on April 28th from 5:15 p.m. to 7 p.m. in room 2175 Rayburn House Office Building.

If you have any additional scheduling requests, please contact Mary Catherine at 225-2576. Again, thank you for your participation in this event. The program promises to be stimulating for all!

Sincerely,

Cass
CASS BALLENGER
Member of Congress

TRADE ISSUES FACING NORTH CAROLINA INDUSTRY

A National Issues Seminar
Sponsored by Tenth District Chamber of Commerce
and Representative T. Cass Ballenger

April 28, 1988
Cannon Caucus Room
Washington, D.C.

- 2:30 pm - 2:40 pm WELCOME AND REMARKS
Representative Cass Ballenger
- 2:35 pm - 2:50 pm US-CANADA FREE TRADE AGREEMENT IN THE
U.S. HOUSE OF REPRESENTATIVES
Representative Dick Cheney (R-Wy)
Chairman of the Republican Conference
- 2:50 pm - 3:30 pm GENERAL PANEL DISCUSSION
"UNITED STATES TRADE POLICY"
Representative Bill Frenzel (R-Minn)
Committee on Ways & Means
Subcommittee on Trade
Mr. William H. Houston, III
Chief Textile Negotiator
U.S. Trade Representative
Representative Ed Jenkins (D-Georgia)
Committee on Ways & Means
Subcommittee on Trade
Former Chairman, Congressional
Textile Caucus
Mr. Carlos Moore
Executive Director, American Textile
Manufacturers Institute
- 3:30 pm - 3:45 pm BREAK
- 3:45 pm - 4:00 pm US-CANADA FREE TRADE AGREEMENT IN THE
U.S. SENATE
Senator Robert Dole (R-Kan)*
Minority Leader
- 4:00 pm - 4:15 pm US-CANADA FREE TRADE AGREEMENT AND ITS
AFFECT ON THE FURNITURE INDUSTRY
Mr. Joseph G. Gerard
Vice President, American Furniture
Manufacturers Association
- 4:15 pm - 4:30 pm TOBACCO AND TRADE
Mrs. Elizabeth Britton
Senior Associate, RJR/Nabisco,
Washington, D.C.
- 4:30 pm - 4:45 pm CLOSING REMARKS
Representative Cass Ballenger

* UNCONFIRMED SPEAKER

CASS BALLENGER
 10TH DISTRICT, NORTH CAROLINA

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 WASHINGTON, DC 20515
 202-225-2576

COMMITTEES
 EDUCATION AND LABOR
 PUBLIC WORKS AND TRANSPORTATION

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Congress of the United States
House of Representatives
 Washington, DC 20515

March 8, 1988

*April 28
 Thurs.*

DISTRICT OFFICES
 P.O. Box 1830
 361-10TH AVENUE DRIVE NE
 HICKORY, NC 28603
 704-327-6100

832 E. GARRISON BOULEVARD
 GASTONIA, NC 28054
 704-864-9922

*345 C HB
 in Washington, D.C.*

Joyce

The Honorable Robert Dole
 United States Senate
 141 Hart Senate Building
 INSIDE MAIL
 Washington, D.C. 20510

*Senator,
 Do you want to
 do this?
 yes
 no*

Betty

dy

Dear Bob:

I cordially invite you to participate in a National Issues Seminar, cosponsored by my office and the Chambers of Commerce in my district.

The Chambers of Commerce have requested that we provide a program on trade issues, with an emphasis on textiles, fiber, apparel, and furniture industries. With pending House and Senate discussions on the U.S.-Canada Free Trade Agreement, I would be honored if you could spare time to discuss the implications of that agreement with my constituents.

The program will take place in the Cannon Caucus Room from 2:30 pm to 4:45 pm on April 28, 1988. At this time, our schedule for the afternoon is flexible, and I would be honored if you could spare about fifteen minutes to talk with my constituents.

We look forward to your affirmative response. If you require further information, please contact Mary Catherine Andrews at 225-2576.

With warmest personal regards, I am

Sincerely,

Cass
 CASS BALLENGER
 Member of Congress

*Who is
 for journals
 Rich
 handles trade*

Per Whit

?

[Signature]

*4/20 Advised Max Sen
 would do - will advise time
 later - reply by ear
 CB:mca [unclear] put him on when
 he arrives*

*3-18 Interview letter
 copy: Molly*