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# H. R. 978

To assess the impact of NAFTA, to require the renegotiation of certain provisions of NAFTA, and to provide for the withdrawal from NAFTA unless certain conditions are met.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 1997

Ms. KAPTUR (for herself, Mr. BROWN of Ohio, Ms. DANNER, Mr. MILLER of California, Mrs. MEEK of Florida, Ms. MCKINNEY, Mr. CONYERS, Mr. SANDERS, Mr. RAHALL, Mr. EVANS, Mrs. CARSON, Mr. PALLONE, Mr. BONIOR, Mr. COSTELLO, Mr. KLINK, Mr. TRAFICANT, Mr. PASCRELL, Mr. LEWIS of Georgia, Mr. TIERNEY, Mr. STUPAK, Mr. VISCLOSKY, Mr. DOYLE, Mr. DELLUMS, Mr. LIPINSKI, Mr. KUCINICH, Mr. DEFazio, Mr. LANTOS, Mr. SABO, Ms. WATERS, Mr. DAVIS of Illinois, Mr. OBEY, Mr. VENTO, Mr. OBERSTAR, Mr. RUSH, Mr. CLAY, Mr. KLECZKA, Mr. HILLIARD, Mr. HUNTER, Mr. QUINN, Mr. WATTS of Oklahoma, Mr. STEARNS, Mr. WAMP, Mr. BONO, Mr. METCALF, Mr. SOUDER, and Mr. TIAHRT) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To assess the impact of NAFTA, to require the renegotiation of certain provisions of NAFTA, and to provide for the withdrawal from NAFTA unless certain conditions are met.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “NAFTA Accountability  
3 Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress makes the following findings:

6 (1) EXPANDED MARKETS.—One of the purposes  
7 of NAFTA, as stated in its preamble, is to “create  
8 an expanded and secure market” for United States  
9 goods and services. Instead, NAFTA has resulted in  
10 an enormous increase in imports to the United  
11 States from Mexico and Canada and a spiraling  
12 trade deficit with Mexico and Canada that has ex-  
13 ceeded \$30,000,000,000 in both 1995 and 1996. Be-  
14 fore NAFTA, the United States had a  
15 \$1,700,000,000 trade surplus with Mexico. Rather  
16 than harmonious development and expansion in all 3  
17 NAFTA countries as envisioned, NAFTA has re-  
18 sulted in United States trade deficits which are  
19 draining \$2,500,000,000 a month from the United  
20 States economy and causing greater economic insta-  
21 bility in Mexico.

22 (2) CURRENCY STABILITY.—One of the pur-  
23 poses of NAFTA, as stated in its preamble, is to  
24 “ensure a predictable commercial framework for  
25 business planning and investment”. However,  
26 NAFTA contains no safeguards to minimize the

1 negative economic impacts of severe shifts in cur-  
2 rency exchange rates among the NAFTA Parties.  
3 Mexico's sudden devaluation of its peso in December  
4 1994 has more than offset tariff reductions and  
5 other trade benefits the United States expected to  
6 achieve from the agreement. The dollar-peso ex-  
7 change rate when NAFTA passed was 1:3.5. It is  
8 now approximately 1:8 and is not expected to return  
9 to its previous value. Indeed, economic experts are  
10 stating that conditions are building for another se-  
11 vere Mexican currency crisis.

12 (3) JOBS, WAGES, AND LIVING STANDARDS.—  
13 One of the purposes of NAFTA, as stated in its pre-  
14 amble, is to “create new employment opportunities  
15 and improve working conditions and living stand-  
16 ards” in the respective territories of the NAFTA  
17 Parties. Instead, there has been a substantial loss of  
18 a half million high paying jobs in the United States.  
19 A survey of United States companies conducted 3  
20 years after the implementation of NAFTA found  
21 that 90 percent of the companies that had antici-  
22 pated creating United States jobs through NAFTA  
23 have, in fact, not created jobs because of NAFTA.  
24 In the first 3 years of NAFTA's implementation,  
25 United States workers have seen steady drops in

1 real hourly wages. In Mexico employment in the bor-  
2 der Maquiladora zone has increased by more than  
3 46 percent under NAFTA. However, Mexico has  
4 seen much greater job losses in the agricultural,  
5 small retail, and small industrial sectors. Thus, more  
6 than 2,000,000 workers have become unemployed in  
7 Mexico since the implementation of NAFTA, and  
8 real wages of Mexican workers have been slashed 50  
9 percent.

10 (4) MANUFACTURING BASE.—One of the pur-  
11 poses of NAFTA is to enhance the competitiveness  
12 of firms in the global market. However, rather than  
13 increase the ability of the manufacturing sector in  
14 the United States to compete in the world market,  
15 NAFTA has facilitated the movement of United  
16 States manufacturing facilities and jobs to Mexico.  
17 NAFTA has contributed to a net loss of approxi-  
18 mately 400,000 manufacturing jobs in the United  
19 States and an unprecedented flood of imports of  
20 manufactured goods into the United States.

21 (5) HEALTH AND ENVIRONMENT.—Other pur-  
22 poses of NAFTA, as stated in its preamble, are “to  
23 safeguard the public welfare” and “to strengthen the  
24 development and enforcement of environmental laws  
25 and regulations”. Yet, since the implementation of

1 NAFTA, the public welfare has been undermined by  
2 increased imports of food products that do not meet  
3 United States health standards. In addition,  
4 NAFTA has accelerated the relocation of United  
5 States manufacturing facilities to the United States-  
6 Mexico border zone. Without adequate environ-  
7 mental safeguards, the uncontrolled industrial and  
8 population growth in the border zone has aggravated  
9 pollution and health hazards, increasing the inci-  
10 dence of infectious diseases and human exposure to  
11 toxins.

12 (6) ILLEGAL DRUGS.—Rather than safeguard-  
13 ing the public welfare, NAFTA has allowed the in-  
14 creased flow of illegal drugs and controlled sub-  
15 stances into the United States from Mexico. More  
16 than half of all marijuana and 70 percent of cocaine  
17 entering the United States now comes through Mex-  
18 ico. NAFTA's rules limit inspection of trucks cross-  
19 ing the border into the United States, and the major  
20 increase of Mexico to United States truck traffic has  
21 provided a new route for drug smuggling. The Gen-  
22 eral Accounting Office has reported that interdiction  
23 efforts have had little, if any, impact on the overall  
24 flow of drugs through Mexico into the United States.

1           (7) PROTECT RIGHTS.—The promotion of sus-  
2           tainable development as well as the protection and  
3           enhancement of basic rights are stated objectives of  
4           NAFTA. As envisioned, NAFTA was to increase  
5           economic opportunity together with expansion of po-  
6           litical freedoms and human rights. Yet these objec-  
7           tives are not being fulfilled, especially in Mexico,  
8           where many citizens continue to experience infringe-  
9           ments of such rights and freedoms.

10           (8) FAIR AGRICULTURAL TRADE.—One of the  
11           purposes of NAFTA, as stated in its preamble, is to  
12           “reduce distortions to trade”. In addition, NAFTA  
13           is supposed to promote conditions of fair competition  
14           and to establish mutually advantageous rules govern-  
15           ing trade. However, since NAFTA, there have been  
16           sharp drops and escalations of one-way agricultural  
17           trade. One-way trade of Canadian grain exports of  
18           wheat, durum wheat, and barley to the United  
19           States has disrupted markets and marketing chan-  
20           nels. Surges in the importation of certain Mexican  
21           fruits and vegetables have damaged United States  
22           domestic production. The importation of livestock  
23           and meat products from the NAFTA Parties raises

1 serious health concerns and has exacerbated the se-  
2 vere problems facing United States livestock produc-  
3 ers. NAFTA's destabilization of the Mexican small  
4 agricultural sector has undermined the country's  
5 ability to ensure a stable supply of food, which has  
6 led to an unprecedented migration of landless peas-  
7 ants and an increase in emigration to Mexican cities  
8 and to the United States.

9 (9) HIGHWAY SAFETY.—NAFTA is intended to  
10 preserve the flexibility of each nation to safeguard  
11 its public welfare. Mexican motor carriers and driv-  
12 ers do not have to meet the more stringent United  
13 States safety standards when operating in Mexico.  
14 Canadian law allows significantly longer and heavier  
15 trucks than permitted by United States law. These  
16 fundamental differences in safety standards make it  
17 practically impossible to develop effective enforce-  
18 ment programs in the United States to bring all  
19 Mexican or Canadian motor carriers and drivers into  
20 compliance with United States laws. Yet, NAFTA  
21 would allow Mexican and Canadian trucks to operate  
22 in United States border States and eventually all  
23 States, posing a serious threat to highway safety in  
24 the United States.

1           (10) NAFTA SHOULD NOT BE EXPANDED.—  
2           The Congress approved NAFTA in order to achieve  
3           economic, social, and environmental benefits for the  
4           people of the United States. Based on currently  
5           available information, the goals and objectives of  
6           NAFTA are not being achieved. Therefore, until the  
7           certifications of NAFTA's effect, required in section  
8           3, are made, NAFTA should not be expanded to in-  
9           clude any other country. It is also inappropriate,  
10          prior to the certification of NAFTA's effects, to con-  
11          sider any request for "fast track" negotiating au-  
12          thority to expand NAFTA.

13 **SEC. 3. CONDITIONS FOR CONTINUED PARTICIPATION IN**  
14                                   **NAFTA.**

15           (a) IN GENERAL.—

16           (1) WITHDRAWAL OF APPROVAL.—Notwith-  
17           standing any other provision of law, unless each of  
18           the conditions described in paragraph (2) is met—

19                           (A) the approval of NAFTA by the Con-  
20                           gress provided for in section 101(a) of the  
21                           North American Free Trade Agreement Imple-  
22                           mentation Act shall cease to be effective on  
23                           January 1, 1999; and

24                           (B) not later than July 1, 1998, the Presi-  
25                           dent shall provide 6 months written notice of



1 withdrawal to the Governments of Canada and  
2 Mexico in accordance with Article 2205 of  
3 NAFTA.

4 (2) CONDITIONS FOR CONTINUING PARTICIPA-  
5 TION IN NAFTA.—The conditions described in this  
6 paragraph are that before March 31, 1998—

7 (A) the President—

8 (i) provide the certification to the  
9 Congress described in subsection (b)(6);  
10 and

11 (ii) renegotiate the terms of NAFTA  
12 in accordance with section 4;

13 (B) the Secretary of Commerce provide the  
14 certification described in subsection (b)(1);

15 (C) the Secretary of the Treasury provide  
16 the certification described in subsection (b)(2);

17 (D) the Secretary of Labor provide the cer-  
18 tification described in subsection (b)(3);

19 (E) the Secretary of Agriculture and the  
20 Administrator of the Food and Drug Adminis-  
21 tration provide the certification described in  
22 subsection (b)(4)(A);

1 (F) the Administrator of the Environ-  
2 mental Protection Agency submit the certifi-  
3 cation and report described in subsection  
4 (b)(4)(B);

5 (G) the Attorney General of the United  
6 States provide the certification described in  
7 subsection (b)(5);

8 (H) the Secretary of Agriculture provide  
9 the certification described in subsection (b)(7);  
10 and

11 (I) the Secretary of Transportation provide  
12 the certification described in subsection (b)(8).

13 (b) AREAS OF CERTIFICATION.—The areas of certifi-  
14 cation described in this subsection are as follows:

15 (1) CERTIFICATION OF THE NAFTA BALANCE  
16 OF TRADE.—If the Secretary of Commerce, after  
17 consulting with appropriate government agencies  
18 and citizen organizations, determines that the cumu-  
19 lative trade balance between the United States and  
20 Mexico and the United States and Canada during  
21 the first 3 years that NAFTA was in effect is at  
22 least as positive as in the 3 years before NAFTA  
23 took effect, so that the net trade balance does not  
24 show a greater overall deficit, the Secretary shall so  
25 certify.

1           (2) CERTIFICATION OF CURRENCY VALUES.—If  
2           the Secretary of the Treasury, after consulting with  
3           appropriate government agencies and citizen organi-  
4           zations, determines that the exchange rates between  
5           the United States dollar and both the Canadian dol-  
6           lar and the Mexican peso are within 10 percent of  
7           the exchange rates when NAFTA took effect, the  
8           Secretary shall so certify.

9           (3) CERTIFICATION OF NAFTA'S EFFECTS ON  
10          UNITED STATES JOBS AND LIVING STANDARDS.— If  
11          the Secretary of Labor, after consultation with ap-  
12          propriate government agencies and citizen organiza-  
13          tions, determines that—

14                 (A) the number of specific United States  
15                 jobs resulting from increased exports of United  
16                 States manufactured goods to other NAFTA  
17                 Parties exceeds the number of specific jobs lost  
18                 because of imports of manufactured goods from  
19                 other NAFTA Parties since January 1, 1994,  
20                 by comparing jobs created with jobs lost, and

21                 (B) the hourly real wage rate of wage  
22                 earners in the United States has not decreased  
23                 since January 1, 1994,  
24          the Secretary shall so certify to the Congress.

1           (4) CERTIFICATION RELATING TO HEALTH AND  
2 ENVIRONMENTAL STANDARDS.—

3           (A) IN GENERAL.—If the Secretary of Ag-  
4 riculture and the Administrator of the Food  
5 and Drug Administration, after consultation  
6 with appropriate government agencies and citi-  
7 zen organizations, determine, with respect to  
8 imports from NAFTA Parties, that since Janu-  
9 ary 1, 1994, there has been a reduced incidence  
10 of contaminated and adulterated food, food con-  
11 taining additives or pesticide residues exceeding  
12 United States standards, or food containing ad-  
13 ditives or pesticide residues which cannot be le-  
14 gally used in the United States, the Secretary  
15 and Administrator shall so certify to the Con-  
16 gress. In making this determination, all foods  
17 and food products, including fruits, vegetables,  
18 grains, oilseeds, and meats, both fresh and  
19 processed, shall be reviewed. Special attention  
20 shall be given to foods which have had a history  
21 of violations of United States standards or laws  
22 described in this subparagraph.

23           (B) BORDER AREA POLLUTION.—(i) If the  
24 Administrator of the Environmental Protection  
25 Agency determines, taking into account the

1 matters required to be included in the report  
2 under clause (ii), that conditions affecting pub-  
3 lic health and the environment in the United  
4 States-Mexico border zone have not worsened  
5 since January 1, 1994, the Administrator shall  
6 so certify to the Congress.

7 (ii) In addition, the Administrator, in con-  
8 sultation with the Secretariat for the NAFTA  
9 Commission on Environmental Cooperation,  
10 shall report to the Congress on the outcomes of  
11 the investigations by the Environmental Protec-  
12 tion Agency on pollution and health hazards in  
13 and around the United States-Mexico border  
14 zone since NAFTA went into effect. The report  
15 shall include—

16 (I) a description and status report of  
17 all industrial site cleanup and environ-  
18 mental improvement projects begun in the  
19 border zone since January 1, 1994;

20 (II) information available from local,  
21 State, and Federal health agencies reflect-  
22 ing the incidence since January 1, 1990, in  
23 and around the border zone of hepatitis,  
24 neural stem birth defects, lupus, chronic

1           diarrhea, tuberculosis, nonneural birth de-  
2           fects, cholera, botulism, and other dis-  
3           orders commonly related to industrial pol-  
4           lution, inadequate infrastructures, and  
5           hazardous waste; and

6                   (III) information on the incidence of  
7           air and water pollution since January 1,  
8           1990, and the causes, levels, and types of  
9           pollution which have occurred.

10           (5) CERTIFICATION RELATING TO ILLEGAL  
11           DRUGS.—If the Attorney General of the United  
12           States determines, after a review by the Drug En-  
13           forcement Administration and consultation with ap-  
14           propriate government agencies and citizen organiza-  
15           tions, that the importation into the United States of  
16           illegal drugs or other controlled substances from  
17           Mexico or Canada has not increased since NAFTA  
18           went into effect, the Attorney General shall so cer-  
19           tify to the Congress. The Attorney General, through  
20           the Drug Enforcement Administration, shall conduct  
21           a thorough review and report to the Congress re-  
22           garding the flow of illegal drugs from Mexico and  
23           Canada and the relationship of such flow to trade of  
24           other commodities and services with the NAFTA  
25           Parties.

1           (6) CERTIFICATION RELATING TO DEMOCRACY  
2           AND HUMAN FREEDOMS.—If the President, after  
3           consultation with appropriate government agencies,  
4           international organizations, and citizen organiza-  
5           tions, determines that each NAFTA Party—

6                   (A) elects its government in free and fair  
7                   elections;

8                   (B) protects the rights of its citizens to or-  
9                   ganize into political parties;

10                   (C) protects the rights of its citizens to  
11                   free speech and the right of the news media to  
12                   operate without fear of government control or  
13                   reprisal; and

14                   (D) protects the rights of its citizens to as-  
15                   semble and to organize associations to advance  
16                   human rights and economic opportunities,  
17           the President shall so certify to the Congress.

18           (7) CERTIFICATION RELATING TO NAFTA'S EF-  
19           FECT ON UNITED STATES AGRICULTURE.—If the  
20           Secretary of Agriculture, after consultation with ap-  
21           propriate government agencies and citizen organiza-  
22           tions, determines that United States agricultural in-  
23           terests have been left in at least as good a position  
24           as before NAFTA, the Secretary shall so certify to  
25           the Congress.

1           (8) CERTIFICATION RELATING TO HIGHWAY  
2 SAFETY.—If the Secretary of Transportation, after  
3 consultation with attorneys general of the States,  
4 law enforcement officials, State highway safety agen-  
5 cies, other appropriate government agencies, and citi-  
6 zen organizations, determines that a comprehensive  
7 enforcement system is in place to ensure that every  
8 Mexican commercial truck or bus is properly in-  
9 spected so that the vehicle and its driver are in com-  
10 pliance with United States transportation safety  
11 standards before crossing the border into the United  
12 States, the Secretary shall so certify to the Con-  
13 gress. In making such determination, the Secretary  
14 shall review and take into account the results of bor-  
15 der inspections of Mexican vehicles coming into the  
16 United States since January 1, 1994.

17 **SEC. 4. RENEGOTIATIONS.**

18       (a) RENEGOTIATE NAFTA TO CORRECT TRADE  
19 DEFICITS.—The President is authorized and directed to  
20 confer with the Governments of Canada and Mexico and  
21 to renegotiate the terms of NAFTA to provide for imple-  
22 mentation of adjustments of tariffs, quotas, and other  
23 measures to stabilize the flow of trade among the NAFTA  
24 Parties when the dollar value of United States imports  
25 of goods and services from another NAFTA Party exceeds



1 10 percent of the dollar value of United States exports  
2 to that Party.

3 (b) RENEGOTIATE NAFTA TO CORRECT CURRENCY  
4 DISTORTIONS.—The President is authorized and directed  
5 to confer with the Governments of Canada and Mexico and  
6 to renegotiate the terms of NAFTA to provide for the im-  
7 plementation of adjustments of tariffs, quotas, and other  
8 measures to mitigate the adverse effects of rapid or sub-  
9 stantial changes in exchange rates between the United  
10 States dollar and the currency of another NAFTA Party.

11 (c) RENEGOTIATE NAFTA TO CORRECT JOB  
12 LOSS.—The President is authorized and directed to confer  
13 with the Governments of Canada and Mexico and to re-  
14 negotiate the terms of NAFTA to ensure that under  
15 NAFTA trade with Mexico and Canada creates at least  
16 as many United States jobs as it costs United States jobs  
17 as measured by specific jobs created since January 1,  
18 1994, compared to specific jobs lost since January 1,  
19 1994, in United States trade with Mexico and Canada.

20 (d) RENEGOTIATE NAFTA TO PROTECT PUBLIC  
21 HEALTH AND THE ENVIRONMENT.—The President is au-  
22 thorized and directed to confer with the Governments of  
23 Canada and Mexico and to renegotiate the terms of  
24 NAFTA to ensure that—

25 (1) under NAFTA—

1 (A) the rate of importation of food failing  
2 United States safety standards from Mexico  
3 and Canada,

4 (B) the rate of hepatitis, chronic diarrhea,  
5 and other pollution-related diseases along the  
6 United States-Mexico border, and

7 (C) the rate of toxic waste dumping and  
8 other improper disposal along the United  
9 States-Mexico and United States-Canada bor-  
10 ders,

11 are no higher than before NAFTA went into effect;  
12 and

13 (2) under NAFTA the air and water quality in  
14 the United States-Mexico border zone, and along  
15 and near the border between the United States and  
16 Canada, as determined under the Clean Air Act and  
17 the Federal Water Pollution Control Act, are no  
18 worse than before NAFTA went into effect.

19 (e) RENEGOTIATE NAFTA TO INTERDICT DRUG  
20 TRAFFIC.—The President is authorized and directed to  
21 confer with the Governments of Canada and Mexico and  
22 to renegotiate the terms of NAFTA, including those relat-  
23 ing to increasing border inspection of all cargoes coming  
24 from Mexico and Canada carried by truck, rail, or ship,  
25 to ensure that the flow of illegal drugs into the United

1 States from Mexico or Canada is no greater than such  
2 illegal drug flow before NAFTA went into effect.

3 (f) RENEGOTIATE NAFTA TO CORRECT AGRICUL-  
4 TURAL PROVISIONS.—The President is authorized and di-  
5 rected to confer with the Governments of Canada and  
6 Mexico and to renegotiate the terms of NAFTA to provide  
7 for the implementation of tariffs, quotas, and other meas-  
8 ures to bring the levels of wheat, durum wheat, and barley  
9 imported from Canada to levels that are comparable to  
10 the levels of these products imported during the 10-year  
11 period before the date NAFTA went into effect. The Presi-  
12 dent is further authorized and directed to renegotiate  
13 NAFTA to establish and strengthen provisions to prevent  
14 imports of agricultural commodities from any NAFTA  
15 Party from unfairly displacing United States production  
16 and to provide improved mechanisms for relief for United  
17 States producers that are adversely affected by such im-  
18 ports.

19 (g) RENEGOTIATE NAFTA TO ENSURE COMPLI-  
20 ANCE WITH UNITED STATES TRANSPORTATION STAND-  
21 ARDS.—The President is authorized and directed to confer  
22 with the Governments of Canada and Mexico and to re-  
23 negotiate the terms of NAFTA and other relevant agree-  
24 ments to provide for implementation of a comprehensive  
25 enforcement system to ensure that every commercial truck

1 or bus entering the United States is properly inspected  
2 so that the vehicle and its driver are in compliance with  
3 United States transportation standards before entering  
4 the United States.

5 **SEC. 5. CONSULTATION WITH CONGRESS.**

6 The President shall consult regularly with the Con-  
7 gress regarding the certifications described in section 3(b)  
8 and the renegotiations described in section 4. The United  
9 States Trade Representative shall consult with the appro-  
10 priate committees of Congress in the development of any  
11 technical and conforming amendments that may be re-  
12 quired to carry out the provisions of this Act.

13 **SEC. 6. NO EXPANSION OF NAFTA.**

14 Until such time as the conditions described in section  
15 3 are met, it is the sense of the Congress that the Presi-  
16 dent should not engage in negotiations to expand NAFTA  
17 to include other countries and that fast-track authority  
18 should not be renewed with respect to the approval of any  
19 such expansion of NAFTA.

20 **SEC. 7. DEFINITIONS.**

21 As used in this Act:

22 (1) NAFTA.—The term “NAFTA” means the  
23 North American Free Trade Agreement entered into  
24 between the United States, Canada, and Mexico on

1 December 17, 1992, and effective as of January 1,  
2 1994.

3 (2) NAFTA PARTY.—The term “NAFTA  
4 Party” means the United States, Canada, or Mexico.

5 (3) UNITED STATES-MEXICO BORDER ZONE.—  
6 The term “United States-Mexico border zone”  
7 means the area that comprises the 12-mile zone on  
8 the Mexican side of the United States-Mexico border  
9 and the counties within any State of the United  
10 States that are contiguous with Mexico.

○