from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed.

To the Congress of the United States:

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(b), I hereby report to the Congress that I have exercised my statutory authority to declare that the policies of the Government of Sudan constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and to declare a national emergency to deal with the threat.

Pursuant to this legal authority, I have blocked Sudanese governmental assets in the United States. I have also prohibited certain transactions, including the following: (1) the importation into the United States of any goods or services of Sudanese origin, other than information or informational materials; (2) the exportation or reexportation to Sudan of any nonexempt goods, technology, or services from the United States; (3) the facilitation by any United States person of the exportation or reexportation of goods, technology, or services from Sudan to any destination, or to Sudan from any destination; (4) the performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Sudan; (5) the grant or extension of credits or loans by any United States person to the Government of Sudan; and (6) any transaction by any United States person relating to transportation of cargo to, from, or through Sudan, or by Sudanese vessel or aircraft.

We intend to license only those activities that serve U.S. interests. Transactions necessary to conduct the official business of the United States Government and the United Nations are exempted. This order and subsequent licenses will allow humanitarian, diplomatic, and journalistic activities to continue. Other activities may be considered for licensing on a case-by-case basis based on their merits. We will continue to permit regulated transfers of fees and stipends from the Government of Sudan to Sudanese students in the United States. Among the other activities we may consider licensing are those permitting American citizens resident in Sudan to make payments for their routine living expenses, including taxes and utilities; the importation of certain products unavailable from other sources, such as gum arabic; and products to ensure civilian aircraft safety.

I have decided to impose comprehensive sanctions in response to the Sudanese government's continued provision of sanctuary and support for terrorist groups, its sponsorship of regional insurgencies that threaten neighboring governments friendly to the United States, its continued prosecution of a devastating civil war, and its abysmal human rights record that includes the denial of religious freedom and inadequate steps to eradicate slavery in the country.

The behavior of the Sudanese government directly threatens stability in the region and poses a direct threat to the people and interests of the United States. Only a fundamental change in Sudan's policies will enhance the peace and security of people in the United States, Sudan, and around the world. My Administration will continue to work with the Congress to develop the most effective policies in this regard.

The above-described measures, many of which reflect congressional concerns, will immediately demonstrate to the Sudanese government the seriousness of our concern with the situation in that country. It is particularly important to increase pressure on Sudan to engage seriously during the current round of negotiations taking place now in Nairobi. The sanctions will also deprive the Sudanese government of the material and financial benefits of conducting trade and financial transactions with the United States.

The prohibitions set forth in this order shall be effective as of 12:01 a.m., eastern standard time, November 4, 1997, and shall be transmitted to the Congress and published in the *Federal Register.* The Executive order provides 30 days in which to complete trade transactions with Sudan covered by contracts that predate the order and the performance of preexisting financing agreements for those trade initiatives.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *November 3, 1997.*

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4, rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 5 p.m. today.

UNITED STATES-CARIBBEAN TRADE PARTNERSHIP ACT

Mr. CRANE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2644) to provide to beneficiary countries under the Caribbean Basin Economic Recovery Act benefits equivalent to those provided under the North American Free Trade Agreement.

The Clerk read as follows:

H.R. 2644

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''United States-Caribbean Trade Partnership Act''.

SEC. 2. FINDINGS AND POLICY.

(a) FINDINGS.—The Congress makes the following findings:

(1) The Caribbean Basin Economic Recovery Act represents a permanent commitment by the United States to encourage the development of strong democratic governments and revitalized economies in neighboring countries in the Caribbean Basin.

(2) The economic security of the countries in the Caribbean Basin is potentially threatened by the diversion of investment to Mexico as a result of the North American Free Trade Agreement.

(3) Offering NAFTA equivalent benefits to Caribbean Basin beneficiary countries, pending their eventual accession to the NAFTA or a free trade agreement comparable to the NAFTA, will promote the growth of free enterprise and economic opportunity in the region, and thereby enhance the national security interests of the United States.

(4) Countries in the Western Hemisphere offer the greatest opportunities for increased exports of United States textile and apparel products.

(5) Given the greater propensity of countries located in the Western Hemisphere to use United States components and to purchase United States products compared to other countries, increased trade and economic activity between the United States and countries in the Western Hemisphere will create new jobs in the United States as a result of expanding export opportunities.

(b) POLICY.—It is the policy of the United States—

(1) to offer to the products of Caribbean Basin partnership countries tariffs and quota treatment equivalent to that accorded to products of NAFTA countries, and to seek the accession of these partnership countries to the NAFTA or a free trade agreement comparable to the NAFTA at the earliest possible date, with the goal of achieving full participation in the NAFTA or in a free trade agreement comparable to the NAFTA by all partnership countries by not later than January 1, 2005; and

(2) to assure that the domestic textile and apparel industry remains competitive in the global marketplace by encouraging the formation and expansion of ''partnerships'' between the textile and apparel industry of the United States and the textile and apparel industry of various countries located in the Western Hemisphere.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) PARTNERSHIP COUNTRY.—The term ''partnership country'' means a beneficiary country as defined in section 212(a)(1)(A) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(a)(1)(A)).

(2) NAFTA.—The term ''NAFTA'' means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

(3) TRADE REPRESENTATIVE.—The term ''Trade Representative'' means the United States Trade Representative.

(4) WTO AND WTO MEMBER.—The terms ''WTO'' and ''WTO member'' have the meanings given those terms in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501).

SEC. 4. TEMPORARY PROVISIONS TO PROVIDE NAFTA PARITY TO PARTNERSHIP COUNTRIES.

(a) TEMPORARY PROVISIONS.—Section 213(b) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(b)) is amended to read as follows:

''(b) IMPORT-SENSITIVE ARTICLES.—

''(1) IN GENERAL.—Subject to paragraphs (2) through (5), the duty-free treatment provided under this title does not apply to—

''(A) textile and apparel articles which were not eligible articles for purposes of this title on January 1, 1994, as this title was in effect on that date;

''(B) footwear not designated at the time of the effective date of this title as eligible articles for the purpose of the generalized system of preferences under title V of the Trade Act of 1974;

''(C) tuna, prepared or preserved in any manner, in airtight containers;

''(D) petroleum, or any product derived from petroleum, provided for in headings 2709 and 2710 of the HTS;

''(E) watches and watch parts (including cases, bracelets and straps), of whatever type including, but not limited to, mechanical, quartz digital, or quartz analog, if such watches or watch parts contain any material which is the product of any country with respect to which HTS column 2 rates of duty apply; or

''(F) articles to which reduced rates of duty apply under subsection (h).

''(2) NAFTA TRANSITION PERIOD TREATMENT OF CERTAIN TEXTILE AND APPAREL ARTICLES.—

''(A) EQUIVALENT TARIFF AND QUOTA TREATMENT.—During the transition period—

''(i) the tariff treatment accorded at any time to any textile or apparel article that originates in the territory of a partnership country shall be identical to the tariff treatment that is accorded at such time under section 2 of the Annex to an article described in the same 8-digit subheading of the HTS that is a good of Mexico and is imported into the United States;

''(ii) duty-free treatment under this title shall apply to any textile or apparel article that is imported into the United States from a partnership country and that—

''(I) is assembled in a partnership country, from fabrics wholly formed and cut in the United States from yarns formed in the United States, and is entered—

''(aa) under subheading 9802.00.80 of the HTS; or

''(bb) under chapter 61, 62, or 63 of the HTS if, after such assembly, the article would have qualified for treatment under subheading 9802.00.80 of the HTS, but for the fact the article was subjected to bleaching, garments dyeing, stone-washing, enzyme-washing, acid-washing, perma-pressing, oven-baking, or embroidery; or

''(II) is knit-to-shape in a partnership country from yarns wholly formed in the United States;

''(III) is made in a partnership country from fabric knit in a partnership country from yarns wholly formed in the United States;

''(IV) is cut and assembled in a partnership country from fabrics wholly formed in the United States from yarns wholly formed in the United States; or

''(V) is identified under subparagraph (C) as a handloomed, handmade, or folklore article of such country and is certified as such by the competent authority of such country; and

''(iii) no quantitative restriction or consultation level may be applied to the importation into the United States of any textile or apparel article that—

''(I) originates in the territory of a partnership country, or

''(II) qualifies for duty-free treatment under subclause (I), (II), (III), (IV), or (V) of clause (ii).

''(B) NAFTA TRANSITION PERIOD TREATMENT OF OTHER NONORIGINATING TEXTILE AND APPAREL ARTICLES.—

''(i) PREFERENTIAL TARIFF TREATMENT.—Subject to clause (ii), the President may place in effect at any time during the transition period with respect to any textile or apparel article that—

''(I) is a product of a partnership country, but

''(II) does not qualify as a good that originates in the territory of a partnership country or is eligible for benefits under subparagraph (A)(ii),

tariff treatment that is identical to the in-preference-level tariff treatment accorded at such time under Appendix 6.B of the Annex to an article described in the same 8-digit subheading of the HTS that is a product of Mexico and is imported into the United States. For purposes of this clause, the 'in-preference-level tariff treatment' accorded to an article that is a product of Mexico is the rate of duty applied to that article when imported in quantities less than or equal to the quantities specified in Schedule 6.B.1, 6.B.2., or 6.B.3. of the Annex for imports of that article from Mexico into the United States.

''(ii) LIMITATIONS ON ALL ARTICLES.—(I) Tariff treatment under clause (i) may be extended, during any calendar year, to not more than 45,000,000 square meter equivalents of cotton or man-made fiber apparel, to not more than 1,500,000 square meter equivalents of wool apparel, and to not more than 25,000,000 square meter equivalents of goods entered under subheading 9802.00.80 of the HTS.

''(II) Except as provided in subclause (III), the amounts set forth in subclause (I) shall be allocated among the 7 partnership countries with the largest volume of exports to the United States of textile and apparel goods in calendar year 1996, based upon a pro rata share of the volume of textile and apparel goods of each of those 7 countries that entered the United States under subheading 9802.00.80 of the HTS during the first 12 months of the 14-month period ending on the date of the enactment of the United States-Caribbean Trade Partnership Act.

''(III) Five percent of the amounts set forth in subclause (I) shall be allocated among the partnership countries, other than those to which subclause (II) applies, based upon a pro rata share of the exports to the United States of textile and apparel goods of each of those countries during the first 12 months of the 14-month period ending on the date of the enactment of the United States-Caribbean Trade Partnership Act.

''(iii) PRIOR CONSULTATION.—The President may implement the preferential tariff treatment described in clause (i) only after consultation with representatives of the United States textile and apparel industry and other interested parties regarding—

''(I) the specific articles to which such treatment will be extended,

''(II) the annual quantities of such articles that may be imported at the preferential duty rates described in clause (i), and

''(III) the allocation of such annual quantities among beneficiary countries.

''(C) HANDLOOMED, HANDMADE, AND FOLKLORE ARTICLES.—For purposes of subparagraph (A), the Trade Representative shall consult with representatives of the partnership country for the purpose of identifying particular textile and apparel goods that are mutually agreed upon as being handloomed, handmade, or folklore goods of a kind described in section 2.3 (a), (b), or (c) or Appendix 3.1.B.11 of the Annex.

''(D) BILATERAL EMERGENCY ACTIONS.—(i) The President may take—

''(I) bilateral emergency tariff actions of a kind described in section 4 of the Annex with respect to any textile or apparel article imported from a partnership country if the application of tariff treatment under subparagraph (A) to such article results in conditions that would be cause for the taking of such actions under such section 4 with respect to an article described in the same 8-digit subheading of the HTS that is imported from Mexico; or

''(II) bilateral emergency quantitative restriction actions of a kind described in section 5 of the Annex with respect to imports of any textile or apparel article described in subparagraphs (B)(i) (I) and (II) if the importation of such article into the United States results in conditions that would be cause for the taking of such actions under such section 5 with respect to a like article that is a product of Mexico.

''(ii) The requirement in paragraph (5) of section 4 of the Annex (relating to providing compensation) shall not be deemed to apply to a bilateral emergency action taken under this subparagraph.

''(iii) For purposes of applying bilateral emergency action under this subparagraph—

''(I) the term 'transition period' in sections 4 and 5 of the Annex shall be deemed to be the period defined in paragraph (5)(E); and

''(II) any requirements to consult specified in section 4 or 5 of the Annex are deemed to be satisfied if the President requests consultations with the partnership country in question and the country does not agree to consult within the time period specified under such section 4 or 5, whichever is applicable.

''(3) NAFTA TRANSITION PERIOD TREATMENT OF CERTAIN OTHER ARTICLES ORIGINATING IN BENEFICIARY COUNTRIES.—

''(A) EQUIVALENT TARIFF TREATMENT.—

''(i) IN GENERAL.—Subject to clause (ii), the tariff treatment accorded at any time during the transition period to any article referred to in any of subparagraphs (B) through (F) of paragraph (1) that originates in the territory of a partnership country shall be identical to the tariff treatment that is accorded at such time under Annex 302.2 of the NAFTA to an article described in the same 8-digit subheading of the HTS that is a good of Mexico and is imported into the United States.

''(ii) EXCEPTION.—Clause (i) does not apply to any article accorded duty-free treatment under U.S. Note 2(b) to subchapter II of chapter 98 of the HTS.

''(B) RELATIONSHIP TO SUBSECTION (h) DUTY REDUCTIONS.—If at any time during the transition period the rate of duty that would (but for action taken under subparagraph (A)(i) in regard to such period) apply with respect to any article under subsection (h) is a rate of duty that is lower than the rate of duty resulting from such action, then such lower rate of duty shall be applied for the purposes of implementing such action.

''(4) CUSTOMS PROCEDURES.—

''(A) IN GENERAL.—

''(i) REGULATIONS.—Any importer that claims preferential tariff treatment under paragraph (2) or (3) shall comply with customs procedures similar in all material respects to the requirements of Article 502(1) of the NAFTA as implemented pursuant to United States law, in accordance with regulations promulgated by the Secretary of the Treasury.

''(ii) DETERMINATION.—In order to qualify for such preferential tariff treatment and for a Certificate of Origin to be valid with respect to any article for which such treatment is claimed, there shall be in effect a determination by the President that—

''(I) the partnership country from which the article is exported, and

''(II) each partnership country in which materials used in the production of the article originate or undergo production that contributes to a claim that the article qualifies for such preferential tariff treatment,

has implemented and follows, or is making substantial progress toward implementing

and following, procedures and requirements similar in all material respects to the relevant procedures and requirements under chapter 5 of the NAFTA.

''(B) CERTIFICATE OF ORIGIN.—The Certificate of Origin that otherwise would be required pursuant to the provisions of subparagraph (A) shall not be required in the case of an article imported under paragraph (2) or (3) if such Certificate of Origin would not be required under Article 503 of the NAFTA (as implemented pursuant to United States law), if the article were imported from Mexico.

''(C) PENALTIES FOR TRANSSHIPMENTS.—If the President determines, based on sufficient evidence, that an exporter has engaged in willful illegal transshipment or willful customs fraud with respect to textile or apparel articles for which preferential tariff treatment under subparagraph (A) or (B) of paragraph (2) is claimed, then the President shall deny all benefits under this title to such exporter, and any successors of such exporter, for a period of 2 years.

''(D) STUDY BY USTR ON COOPERATION OF OTHER COUNTRIES CONCERNING CIRCUMVENTION.—The United States Commissioner of Customs shall conduct a study analyzing the extent to which each partnership country—

''(i) has cooperated fully with the United States, consistent with its domestic laws and procedures, in instances of circumvention or alleged circumvention of existing quotas on imports of textile and apparel goods, to establish necessary relevant facts in the places of import, export, and, where applicable, transshipment, including investigation of circumvention practices, exchanges of documents, correspondence, reports, and other relevant information, to the extent such information is available;

''(ii) has taken appropriate measures, consistent with its domestic laws and procedures, against exporters and importers involved in instances of false declaration concerning fiber content, quantities, description, classification, or origin of textile and apparel goods; and

''(iii) has penalized the individuals and entities involved in any such circumvention, consistent with its domestic laws and procedures, and has worked closely to seek the cooperation of any third country to prevent such circumvention from taking place in that third country.

The Trade Representative shall submit to the Congress, not later than October 1, 1998, a report on the study conducted under this subparagraph.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) The term 'the Annex' means Annex 300–B of the NAFTA.

''(B) The term 'NAFTA' means the North American Free Trade Agreement entered into between the United States, Mexico, and Canada on December 17, 1992.

''(C) The term 'partnership country' means a beneficiary country.

''(D) The term 'textile or apparel article' means any article referred to in paragraph (1)(A) that is a good listed in Appendix 1.1 of the Annex.

''(E) The term 'transition period' means, with respect to a partnership country, the period that begins on May 15, 1998, and ends on the earlier of—

''(i) July 15, 1999; or

''(ii) the date on which—

''(I) the United States first applies the NAFTA to the partnership country upon its accession to the NAFTA, or

''(II) there enters into force with respect to the United States and the partnership country a free trade agreement comparable to the NAFTA that makes substantial progress in achieving the negotiating objectives set forth in section 108(b)(5) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3317(b)(5)).

''(F) An article shall be deemed as originating in the territory of a partnership country if the article meets the rules of origin for a good set forth in chapter 4 of the NAFTA, and, in the case of an article described in Appendix 6.A of the Annex, the requirements stated in such Appendix 6.A for such article to be treated as if it were an originating good. In applying such chapter 4 or Appendix 6.A with respect to a partnership country for purposes of this subsection—

''(i) no countries other than the United States and partnership countries may be treated as being Parties to the NAFTA,

''(ii) references to trade between the United States and Mexico shall be deemed to refer to trade between the United States and partnership countries, and

''(iii) references to a Party shall be deemed to refer to the United States or a partnership country, and references to the Parties shall be deemed to refer to any combination of partnership countries or the United States.''.

(b) DETERMINATION REGARDING RETENTION OF DESIGNATION.—Section 212(e)(1) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(e)) is amended—

(1) by inserting ''(A)'' after ''(1)'';

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) by adding at the end the following:

''(B)(i) Based on the President's review and analysis described in subsection (f), the President may determine if the preferential treatment under section 213(b) (2) and (3) should be withdrawn, suspended, or limited with respect to any article of a partnership country. Such determination shall be included in the report required by subsection (f).

''(ii) Withdrawal, suspension, or limitation of the preferential treatment under section 213(b) (2) and (3) with respect to a partnership country shall be taken only after the requirements of subsection (a)(2) and paragraph (2) of this subsection have been met.''.

(c) REPORTING REQUIREMENTS.—Section 212(f) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(f)) is amended to read as follows:

''(f) REPORTING REQUIREMENTS.—Not later than 1 year after the date of the enactment of the United States-Caribbean Trade Partnership Act and at the close of each 3-year period thereafter, the President shall submit to the Congress a complete report regarding the operation of this title, including—

''(1) with respect to subsections (b) and (c) of this section, the results of a general review of beneficiary countries based on the considerations described in such subsections;

''(2) with respect to subsection (c)(4), the degree to which a country follows accepted rules of international trade provided for under the General Agreement on Tariffs and Trade and the World Trade Organization;

''(3) with respect to subsection (c)(9), the extent to which beneficiary countries are providing or taking steps to provide protection of intellectual property rights comparable to the protection provided to the United States in bilateral intellectual property rights agreements;

''(4) with respect to subsection (b)(2) and subsection (c)(5), the extent that beneficiary countries are providing or taking steps to provide protection of investment and investors comparable to the protection provided to the United States in bilateral investment treaties;

''(5) with respect to subsection (c)(3), the extent that beneficiary countries are providing the United States and other WTO members (as such term is defined in section 2(10) of the Uruguay Round Agreements Act (19 U.S.C. 3501(10)) with equitable and reasonable market access in the product sectors for which benefits are provided under this title;

''(6) with respect to subsection (c)(11), the extent that beneficiary countries are cooperating with the United States in administering the provisions of section 213(b); and

''(7) with respect to subsection (c)(8), the extent that beneficiary countries are meeting the internationally recognized worker rights criteria under such subsection.

In the first report under this subsection, the President shall include a review of the implementation of section 213(b), and his analysis of whether the benefits under paragraphs (2) and (3) of such section further the objectives of this title and whether such benefits should be continued.''.

(d) CONFORMING AMENDMENT.—Section 213(a)(1) of the Caribbean Basin Economic Recovery Act is amended by inserting ''and except as provided in section 213(b) (2) and (3),'' after ''Tax Reform Act of 1986,''.

SEC. 5. EFFECT OF NAFTA ON SUGAR IMPORTS FROM BENEFICIARY COUNTRIES.

The President shall monitor the effects, if any, that the implementation of the NAFTA has on the access of beneficiary countries under the Caribbean Basin Economic Recovery Act to the United States market for sugars, syrups, and molasses. If the President considers that the implementation of the NAFTA is affecting, or will likely affect, in an adverse manner the access of such countries to the United States market, the President shall promptly—

(1) take such actions, after consulting with interested parties and with the appropriate committees of the House of Representatives and the Senate, or

(2) propose to the Congress such legislative actions,

as may be necessary or appropriate to ameliorate such adverse effect.

SEC. 6. DUTY-FREE TREATMENT FOR CERTAIN BEVERAGES MADE WITH CARIBBEAN RUM.

Section 213(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(a)) is amended—

(1) in paragraph (5), by striking ''chapter'' and inserting ''title''; and

(2) by adding at the end the following new paragraph:

''(6) Notwithstanding paragraph (1), the duty-free treatment provided under this title shall apply to liqueurs and spirituous beverages produced in the territory of Canada from rum if—

''(A) such rum is the growth, product, or manufacture of a beneficiary country or of the Virgin Islands of the United States;

''(B) such rum is imported directly from a beneficiary country or the Virgin Islands of the United States into the territory of Canada, and such liqueurs and spirituous beverages are imported directly from the territory of Canada into the customs territory of the United States;

''(C) when imported into the customs territory of the United States, such liqueurs and spirituous beverages are classified in subheading 2208.90 or 2208.40 of the HTS; and

''(D) such rum accounts for at least 90 percent by volume of the alcoholic content of such liqueurs and spiritous beverages.''.

SEC. 7. MEETINGS OF TRADE MINISTERS AND USTR.

(a) SCHEDULE OF MEETINGS.—The President shall take the necessary steps to convene a meeting with the trade ministers of the partnership countries in order to establish a schedule of regular meetings, to commence as soon as is practicable, of the trade ministers and the Trade Representative, for the purpose set forth in subsection (b).

(b) PURPOSE.—The purpose of the meetings scheduled under subsection (a) is to reach

agreement between the United States and partnership countries on the likely timing and procedures for initiating negotiations for partnership to accede to the NAFTA, or to enter into mutually advantageous free trade agreements with the United States that contain provisions comparable to those in the NAFTA and would make substantial progress in achieving the negotiating objectives set forth in section 108(b)(5) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3317(b)(5)).

SEC. 8. REPORT ON ECONOMIC DEVELOPMENT AND MARKET ORIENTED REFORMS IN THE CARIBBEAN.

(a) IN GENERAL.—The Trade Representative shall make an assessment of the economic development efforts and market oriented reforms in each partnership country and the ability of each such country, on the basis of such efforts and reforms, to undertake the obligations of the NAFTA. The Trade Representative shall, not later than July 1, 1998, submit to the President and to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on that assessment.

(b) ACCESSION TO NAFTA.—

(1) ABILITY OF COUNTRIES TO IMPLEMENT NAFTA.—The Trade Representative shall include in the report under subsection (a) a discussion of possible timetables and procedures pursuant to which partnership countries can complete the economic reforms necessary to enable them to negotiate accession to the NAFTA. The Trade Representative shall also include an assessment of the potential phase-in periods that may be necessary for those partnership countries with less developed economies to implement the obligations of the NAFTA.

(2) FACTORS IN ASSESSING ABILITY TO IMPLEMENT NAFTA.—In assessing the ability of each partnership country to undertake the obligations of the NAFTA, the Trade Representative should consider, among other factors—

(A) whether the country has joined the WTO;

(B) the extent to which the country provides equitable access to the markets of that country;

(C) the degree to which the country uses export subsidies or imposes export performance requirements or local content requirements;

(D) macroeconomic reforms in the country such as the abolition of price controls on traded goods and fiscal discipline;

(E) progress the country has made in the protection of intellectual property rights;

(F) progress the country has made in the elimination of barriers to trade in services;

(G) whether the country provides national treatment to foreign direct investment;

(H) the level of tariffs bound by the country under the WTO (if the country is a WTO member);

(I) the extent to which the country has taken other trade liberalization measures; and

(J) the extent which the country works to accommodate market access objectives of the United States.

(c) PARITY REVIEW IN THE EVENT A NEW COUNTRY ACCEDES TO NAFTA.—If—

(1) a country or group of countries accedes to the NAFTA, or

(2) the United States negotiates a comparable free trade agreement with another country or group of countries,

the Trade Representative shall provide to the committees referred to in subsection (a) a separate report on the economic impact of the new trade relationship on partnership countries. The report shall include any measures the Trade Representative proposes to minimize the potential for the diversion of investment from partnership countries to the new NAFTA member or free trade agreement partner.

SEC. 9. OVERRULING OF SCHMIDT BAKING COMPANY CASE WITH RESPECT TO SEVERANCE PAY.

(a) IN GENERAL.—The Internal Revenue Code of 1986 shall be applied with respect to severance pay without regard to the result reached in the case of Schmidt Baking Company, Inc. v. Commissioner of Internal Revenue, 107 T.C. 271 (1996).

(b) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe regulations to reflect subsection (a).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Subsections (a) and (b) shall apply to taxable years ending after October 8, 1997.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year ending after October 8, 1997—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account in such first taxable year.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois [Mr. CRANE] and the gentleman from New York [Mr. RANGEL] each will control 20 minutes.

Mr. CARDIN. Mr. Speaker, may I inquire whether the gentleman from New York [Mr. RANGEL] is opposed to the bill?

Mr. RANGEL. No, Mr. Speaker, I am not.

The SPEAKER pro tempore. Is the gentleman from Maryland opposed to the bill?

Mr. CARDIN. Yes; and I would ask to claim the time in opposition, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Maryland [Mr. CARDIN] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. RANGEL], and I ask unanimous consent that he be permitted to yield further blocks of time in support of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in strong support of H.R. 2644, the United States-Caribbean Basin Trade Partnership Act. This bill would allow the people of the Caribbean region to compete on a level playing field with their counterparts in the rest of North America.

I firmly believe fostering self-sufficiency through trade, not foreign aid, is the best way to assist our 30 million neighbors living in the Caribbean Basin countries, especially given the relative lack of development in that region.

The bill accomplishes this by granting to the Caribbean Basin partnership countries tariff treatments similar to that accorded to Canada and Mexico for a temporary period of 14 months. I believe that expanding the benefits of the Caribbean Basin initiative on a temporary basis will encourage partnership countries to complete the economic reforms that will be necessary for them to qualify for similar trade benefits on a permanent basis in the future.

For my colleagues who are new to this body, the original Caribbean Basin initiative, or CBI, was passed in 1983 under the leadership of President Reagan and Mr. Sam Gibbons. The program is based on the understanding that it is in the national security interests of the United States to encourage the development of strong democratic governments and healthy economies in neighboring countries of the Caribbean and Central America through the expansion of trade.

Likewise, it is fundamentally in the economic interests of the United States to encourage coproduction arrangements with the region in order to sustain textile and apparel manufacturing operations in the United States under changing competitive conditions.

Since the CBI became law, U.S. trade policy has focused on other geographic areas. The bill before us today assures that our commitment to the Caribbean Basin countries fostered by Ronald Reagan nearly 15 years ago is not eroded over time.

□ 1230

Furthermore, I believe it is important that the United States develop a coherent trade policy that recognizes the economic development needs of Caribbean Basin countries and which does not prejudice their participation in future trade arrangements.

My purpose in pursuing this bill is to foster a policy where CBI countries receive guidance and the necessary incentives to adopt the market opening reforms that will prepare them for further trade liberalization.

I want to emphasize here today that expanding trade with the Caribbean through existing CBI provisions has already been a huge success for U.S. business and workers. During the life of the program, U.S. exports to the region have grown from $5.8 billion in 1983 to over $15.4 billion in 1996. Last year, U.S. exports to the Caribbean Basin grew by 14.5 percent, a rate more than twice as great as the rate of growth in U.S. exports to the rest of the world.

Prior to the original CBI legislation, the United States ran a substantial trade deficit with the region. The United States now has almost a $1 billion annual trade surplus with this group of countries. Moreover, many of the countries in the region regularly import the vast majority of the foreign products they purchase each year from the United States.

As CBI countries expand their success, it translates directly into U.S. economic growth and job creation. Presently, the U.S.-Caribbean commercial relationship supports more than 300,000 jobs in the United States. Virtually every State in the Union has benefited from this relationship. I know my own State of Illinois sold $319 million of exports to the region last year.

Finally, I would remind my colleagues that the provisions of this bill were already approved by the House last summer as part of the balanced budget reconciliation bill. They were dropped in conference at the insistence of the Senate which had not yet considered the measure. However, the Senate Committee on Finance recently reported similar legislation. So consideration of the bill separately today is highly appropriate, now that the other body is beginning to appreciate the importance of expanding trade with the CBI region.

Mr. Speaker, H.R. 2644 was reported from the Committee on Ways and Means by voice vote twice this year and has strong bipartisan support. Let us build on past success and expand the U.S. partnership with our neighbors in the Caribbean Basin. I urge approval of H.R. 2644.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, I rise in strong support of H.R. 2644.

As the gentleman from Illinois [Mr. CRANE] pointed out, in 1983 we saw fit to go into a trade agreement with the small island countries. It was really an emotional experience, as the Committee on Ways and Means visited island after island, to see the love and affection that the people of these countries had. Even though some of them had just first started enjoying democracy, most all of them, then as now, are living through very fragile economies.

There were a lot of Members who thought that we would be big losers in this trade, but as it turned out, and the gentleman from Illinois [Mr. CRANE] has pointed out, we have had a tremendous increase in exports to these countries, over 150 percent over the last 12 years.

But the most exciting thing to see when you do visit these countries is, every place you go it says, ''Made in the U.S.A.'' It is ''Made in the U.S.A.'' because we have been more than just trading partners, we have really been friends, and this friendship is now being tested as we see the devastating effects that the North American Free Trade Agreement has had on these small countries.

I know that NAFTA had been controversial when it was first passed. I know it is controversial today. I know some Members, when they see NAFTA, they want to vote against anything that looks like an extension of it. But if they would just pause and see that what has happened is that the passage of NAFTA has caused the advantages, or the parity, that we had hoped to give to the people on these islands to put them at a definite disadvantage as we find that trade that normally we would be doing with these Caribbean countries is now going on in Mexico.

So it means that friends of the Caribbean and the United States that have promised that we were going to give them a level playing field are now coming today saying, ''I do not like NAFTA.'' It seems to me that we should not hold these small countries hostage because of a disadvantage that they are now suffering because of legislation or trade agreements that some Members may have.

Please remember that we are not talking about North Vietnam. We are not talking about North Korea. We are not talking about Communist China. We are talking about traditional friends that are going through some very hard economic times, that we have never had to beg for their friendship, we have never had to pay for their friendship. When the whole world seemed like they were going against us, including Europe, we always had our friends in the Caribbean. So I hope that the United States domestic politics does not override the fact that we should be doing the right thing.

Please remember, we are not talking about giving them any advantages. We are talking about keeping our promise that we made to these very small island countries when we entered into the 1983 agreement. It is good for the people in the Caribbean; it is good for the United States. It is good for the free world to see a leader like we are take care of our friends who may not be as big and may not be as powerful but, to me, and I hope to my colleagues, they are just as important.

Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would urge my colleagues to vote against this suspension of the rules. I would like to follow up on some of the comments that the gentleman from New York [Mr. RANGEL] made.

H.R. 2644, the U.S.-Caribbean Trade Act, is meant to provide parity with the nations in the Caribbean with Mexico as it relates to NAFTA.

First, it is important to point out that the nations that we are talking about, they are not just the small island nations but we are talking about many of the countries of Central America.

What is the reason for this bill? Why is there the need for parity? What has NAFTA caused harm in the Caribbean nations? If you look at the major industry that was created by the Caribbean Basin Initiative, it has been the selling of garments that has been one of the principal objectives of the CBI initiative.

Since the passage of NAFTA, the export share from the Caribbean and Central American nations in the CBI has increased from 18 percent to 23 percent their share of U.S. market. They have not been hurt by NAFTA. It appears like they have been helped. If you look at the percentage increase from the 26 CBI nations to the United States, between 1993 and 1996, in apparel, it has increased by 63 percent.

So we have seen a significant increase in exports from these nations since the passage of NAFTA. We are not talking about small industries. The textile and apparel imports from the CBI nations, namely, from Central America, totaled $6.1 billion last year. By contrast, imports from Mexico were $3.6 billion. We have more imports from Central America and the Caribbean than we do from Mexico.

But unlike NAFTA, and this is called the NAFTA Parity Act, I think it is a misnomer because, unlike NAFTA, there are no obligations on the Caribbean nations that are part of the CBI for getting these additional benefits. There are no requirements for sanctions against sweatshops or child labor, for requirements for cooperation on drug interdiction, money laundering or illegal immigration, no requirements to remove trade barriers from U.S. exporters.

This bill has been scored at $243 million for its 14 months. The taxpayers of this country should not be subsidizing more loss of jobs here in the United States. If we use our 5-year rules, as we should be using, this bill costs over $1 billion. At the very least, the Members of this body should have the opportunity to offer amendments to this legislation.

The chairman of the subcommittee mentioned that our friends in the other body have moved similar legislation. It is quite different in that it does provide certain protection to U.S. manufacturers and producers. The legislation considered in the other body requires that the textiles be made from U.S. fabric. That is not the bill that we have before us. Some of us would like to be able to offer that as an amendment, but under suspension of rules, we cannot; it is not the right process.

The Members of this House should have the opportunity to fully debate this issue and offer amendments. It is a very important bill. I would urge my colleagues to resist the suspension of rules. Let it go through normal order.

Mr. Speaker, I reserve the balance my time.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina [Mr. BALLENGER].

Mr. BALLENGER. Mr. Speaker, I rise in support of the U.S. Caribbean Trade Partnership Act.

This bill, introduced by the gentleman from Texas [Mr. ARCHER] and the gentleman from Illinois [Mr. CRANE], extends duty-free access for 14

months to certain products such as apparel, handbags, and so forth. As a member of the Committee on International Relations, I have always supported trade with our neighbors in this hemisphere. We have consistently worked to reduce tariffs and to ease trade barriers between our country and Latin America.

The United States Caribbean Trade Partnership Act will restore trade benefits to our Caribbean neighbors which were lost as a result of NAFTA. Ultimately, increased trade will create jobs here and help countries like Nicaragua, El Salvador, Guatemala become more stable. After years of war and removing dictators, these countries are now fragile democracies and need our help.

However, I do have some reservations about the rule-of-origin requirements of this bill. However, my belief is that with this guarantee, this bill will create more domestic jobs and opportunities for Americans. Reducing tariffs will result in lower consumer prices for imported products which benefit all consumers. Americans will benefit from these changes, and they will go to purchase clothes and other items. Join me in supporting the United States Caribbean Trade Partnership Act.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING. Mr. Speaker, 4 years ago almost to the day, I spoke against and voted against the North American Free Trade Agreement. Unfortunately, time has proven that NAFTA was wrong for America, and by attempting to expand it today, we are only compounding that mistake. How many more jobs do we have to lose until we wake up and smell the Caribbean coffee?

If you voted against the NAFTA or you are not happy with the effects that NAFTA has had on America, then do not vote today to expand it and for the CBI countries. Before you vote on this issue, ask yourself three simple questions: Are there any benefits to the American worker in extending NAFTA to the CBI countries? The answer is ''no''. Will extending the NAFTA to Caribbean countries increase American jobs? The answer is no. Will it cost U.S. jobs? The answer is ''yes''.

Extending the NAFTA to Central American countries will only cost more hard-working Americans good-paying jobs. In fact, just last month a major textile manufacturer in my State announced that they were cutting 800 jobs from their Campbellsville and Jamestown, KY plants and moving them south of the border. However, instead of saying adios to these jobs, we should be doing all that we can to protect them and keep them in places like Campbellsville and Jamestown, KY.

NAFTA was a mistake, the wrong treaty at the wrong time. It is too late to stop NAFTA, but it is not too late to limit the damage. Join me in denying the extension of NAFTA trade benefits to the Caribbean and Central American countries. Vote ''no'' on CBI parity.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FATTAH].

Mr. FATTAH. Mr. Speaker, let me thank the gentleman from New York [Mr. RANGEL], ranking member of the Committee on Ways and Means, and also the gentleman from New York [Mr. GILMAN] and the gentleman from Illinois [Mr. CRANE]. This is a very, very important piece of legislation because it speaks to who we are as a country, what the nature of the contribution is that we are prepared to make to help build in this hemisphere the relationship that will be necessary.

There has been a lot said here today. I wanted to rise in support of this bill. It is critically important that our neighbors in the Caribbean see that we are willing to work with their very fragile democratic circumstances, help to continue to build their economies. They are in a whole host of bilateral and hemispheric agreements with us relative to crime and safety, drug trafficking, money laundering that has been mentioned earlier. We have to make sure that these economies can lawfully participate in what has now been created as almost a market between Canada and Mexico and ourselves. We see the European Union being formed. We see our neighbors in the Pacific rim getting their act together.

□ 1245

We do not want these small island nations just to fall by the wayside. I want to thank the gentleman from New York [Mr. RANGEL] for his leadership on this and would hope that all of us would find it within ourselves to be supportive of this.

The gentleman from Maryland [Mr. CARDIN] said there would be some cost. He is correct. There will be some cost. There will be costs either way that we proceed. I think that what the gentleman from New York [Mr. RANGEL] offers for us is an opportunity for us to do what is right. And, in the end, not only will there be some costs, but there will be some rewards for our Nation for standing by our friends who have been our traditional allies.

Mr. CARDIN. Mr. Speaker, I yield 3 minutes to my friend, the gentleman from Georgia [Mr. LEWIS], a member of the Committee on Ways and Means.

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank my friend and colleague the gentleman from Maryland [Mr. CARDIN] for yielding me the time.

Mr. Speaker, this bill does not make sense to me. It is bad news for American workers and bad policy. Supporters of this bill argue that it is designed to help Caribbean nations that have suffered as a result of NAFTA. They said that these countries have lost business to Mexico as a result of NAFTA.

Well, Mr. Speaker, another group of people have suffered as a result of NAFTA, and they will suffer as a result of this bill, the American workers. Since NAFTA, exports from Mexico are up. Since NAFTA, exports from the CBI countries are up. Since NAFTA, our trade surplus with Mexico has changed to a trade deficit.

NAFTA has helped Mexican exports. During the same time, the CBI countries have increased the apparel export to the United States. However, during that same time, one group has lost, American workers. More than 250,000 American apparel workers have lost their jobs to Mexico and the CBI nations. So this bill does not make sense. It does not make any sense to me.

Many of the workers who lost their jobs are minorities and women. Many of them live and work in areas where there are few other jobs. These jobs are good jobs. The workers do not get rich in these jobs, but they make a living wage. And this bill will speed up the loss of these jobs.

It is not necessary for the CBI nations. They are doing pretty well. Their exports to the United States have increased since NAFTA. I support trade with other nations. I support workers in Mexico and the CBI countries. But we need to be on the floor today considering a bill that helps American workers, a bill that helps keep jobs here at home, here in this country, a bill that promotes American products and helps American workers. We need a bill that promotes free and fair and open trade. We need trade with other countries. But it cannot, it must not, be trade at the expense of our working men and women.

I urge all of my colleagues to oppose this bill.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

I remind my colleague, the gentleman from Georgia [Mr. LEWIS], that we have been at full employment for two straight years.

Mr. Speaker, I yield 3 minutes to our distinguished colleague, the gentleman from New York [Mr. GILMAN].

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I thank the gentleman from Illinois [Mr. CRANE] for yielding me the time.

Mr. Speaker, I am pleased to rise in support of the Caribbean Basin Trade Partnership Act. I want to commend the gentleman from Illinois [Mr. CRANE], our distinguished chairman of the Subcommittee on Trade, the gentleman from Texas [Mr. ARCHER], the distinguished chairman of the Committee on Ways and Means, and the gentleman from New York [Mr. RANGEL], ranking minority member, for bringing this matter to the floor at this time.

In 1983, President Reagan launched the Caribbean Basin Initiative to extend America's hand to our neighbors in the Caribbean. At that time, the threat was subversion sponsored by the Soviet Union and Cuba. Today, the threat of narcotics trafficking in the region is as grave and more insidious than ever.

By fostering trade and legitimate investment, this bill will strengthen our friends and neighbors in this strategic region to resist the utterly corrosive temptation to turn to transshipping drugs onto our streets as a way of earning their livelihood.

Helping our friends and neighbors in the Caribbean has benefited our Nation. Taken as a whole, the Caribbean Basin is our Nation's tenth largest export market, surpassing countries such as France. The Caribbean Basin is one of the few regions in the world where U.S. exporters have maintained a trade surplus each and every year for the past 11 years; 70 cents of each dollar spent in the Caribbean is sent right back here to our Nation on U.S. goods and services.

In the garment industry, for example, Caribbean firms rely heavily upon U.S. produced textiles. This bill provides a more level playing field for American and Caribbean manufacturers to deepen their mutually beneficial partnerships.

I would like to take this opportunity, Mr. Speaker, to call on the administration to translate this bill into renewed attention to restarting the assembly firms in Haiti, which, along with businesses here in our Nation and in my own congressional district were devastated by the recent economic embargo.

New York is the 7th largest supplier to that region. This bill will enhance New York's position in the Caribbean Basin. The Caribbean Basin Economic Recovery Act, unlike NAFTA, provides several important safeguards to participate in the program. Caribbean countries will have to satisfy conditions under existing CBI legislation. CBI countries will have to satisfy additional criteria relating to market access for U.S. products, investment guarantees, adherence to internationally accepted rules of international trade, observance of internationally recognized workers rights, and promotion of intellectual property rights.

The President will be authorized to revoke a country's eligibility if that country fails to satisfy existing CBI criteria or meet any of the new criteria established under this law. Accordingly, passage of this bill will move it to conference where additional concerns may be addressed.

I urge my colleagues to join in supporting the legislation.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to my friend, the gentleman from North Carolina [Mr. WATT].

Mr. WATT of North Carolina. Mr. Speaker, I rise in reluctant opposition to this bill. I say ''reluctant'' because it is always difficult to be on the opposite side of an issue from my friend, the gentleman from New York [Mr. RANGEL], and also because, as a general proposition, I am a supporter of CBI parity.

Unfortunately, this bill does not get us where we need to be, and it comes on the suspension calendar, where nobody can make any amendments or offer any amendments to improve the bill and address some of the issues which need to be addressed. Second, it has a particularly adverse effect on the workers in my State of North Carolina.

The gentleman from Illinois [Mr. CRANE] indicated that we have been at full employment for some time now. Tell that to the workers in North Carolina. H.R. 2644 will reduce or eliminate tariffs and quotas on watches, food ware, tuna, and apparel. These industries enjoy some modest tariff and quota protection because they are vulnerable to cheap imports.

Supporters of this bill imply that giving away the jobs in these industries, especially in the garment industry, is an acceptable sacrifice. But let me tell my colleagues a little about these people who work in this industry in North Carolina. These workers in these factories are hard-working people. They are considered unskilled workers, but only because their highly developed sewing skills do not have much application outside the garment industry. They have spent years perfecting their craft.

This bill will pull the rug from under them. My colleagues will hear that garment jobs are low-paying jobs and we should sacrifice them, but an experienced seamstress in North Carolina makes about $10 an hour. Those are jobs that, if they cannot do these jobs, they are going somewhere else offshore and these people will be forced onto welfare. We should not have to make that sacrifice. We should defeat this bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. BEREUTER].

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, I thank the distinguished gentleman from New York [Mr. RANGEL] for yielding me the time.

Since the Caribbean Basin Initiative in 1983, that legislation has created about 18,000 new American export-oriented jobs each year. What was once a trade deficit has grown into a very major trade surplus for us. And those CBI countries today purchase as much as 75 percent of their imports from the United States. A good portion of that gain has been in the textile and apparel industries.

To maintain a globally competitive product and to offset the advantages of low wages from our Asian competitors, many United States firms have formed strategic alliances with garment firms throughout the Caribbean Basin region. I saw, with the distinguished gentleman from New York [Mr. RANGEL] in a CODEL led by the gentleman from Nevada [Mr. GIBBONS], our former chairman of the Subcommittee on Trade, that kind of a relationship ongoing in Jamaica, and that has been very beneficial for American firms.

By using the combination of United States and Caribbean skills and materials, American and CBI firms have developed a joint production process that guarantees the viability of our domestic industry while ensuring the production of quality cost competitive garments. That is just one example.

CBI has been conceived as a way to help the United States and Caribbean and Central American countries navigate the threats of the Cold War. That is over. But it is time to update this program to help the United States and its neighbors in the Caribbean and Central America face the challenges of the next century.

I strongly urge passage of H.R. 2644. It will strengthen the U.S.-Caribbean Basin trade partnership, while at the same time embracing the competitiveness of U.S. firms and workers.

Mr. CARDIN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I thank the gentleman from Maryland [Mr. CARDIN], my pit colleague, and as an old pit quarterback, today's debate is not about friendship. Today's debate is about business.

I oppose this bill. I keep score. America is losing. Our trade deficit with Japan is at record levels; trade deficit with China will exceed $50 billion; trade deficit with Canada, $22 billion. And Mexico started out as a $2 billion surplus. It is now a $20 billion deficit. So let's forget about the $1 billion Caribbean surplus.

Let's tell it like it is. For some reason, Congress and the White House keeps going forward on trade like a group of misdirected masochists, so help me God. It reminds me of a smoker dying of lung cancer who continues to chain smoke. Let's talk business today.

If you manufacture a product in Youngstown, OH, IRS, Social Security, Workmen's Comp, Unemployment Comp, OHSA, EPA, bank regulations, security regulations, pension law, health inspectors, minimum wage, and $20 an hour average manufacturing costs. You move to Mexico or the Caribbean, like you want, no OHSA, no EPA, no regs, no minimum wage, no labor law, no labor unions, pensions, health insurance. What are you talking about? That is foreign language. Let me tell my colleagues something else. They hire people at 17 cents an hour.

Beam me up here. So help me God, the Constitution says, ''Congress shall regulate commerce with foreign nations.'' Now evidently someone interpreted it to mean that Congress shall donate commerce to foreign nations. We are misdirected. We are wrong.

Japan and China, for years every President has threatened Japan to open their markets, from Nixon up to Clinton. Evidently, Japan never opened their markets. We need reciprocal trade. Let me tell my colleagues something, this is a welfare program for Caribbean workers. I am opposed to it. We are putting American workers in

welfare lines and extending sophisticated commercial trade concepts to create welfare for foreign workers.

I disagree with this policy. And the greatest respect in the world for the chairman, the gentleman from New York [Mr. RANGEL], greatest respect in the world. I am proud to see the gentleman from Maryland [Mr. CARDIN] step forward. I am glad to see it is a pitman.

My colleagues, I keep score. America is losing. We are elected to look after the interests of the United States of America. We do not have to hurt the Caribbean nations. But we sure as hell do not have to give away the farm. I recommend my colleagues vote no on this.

Let me say one last thing about NAFTA expansion. There is no amendment that can cure cancer. When we have cancer, we cut it out. Let's start taking care of number one. We do not have to hurt anybody else.

□ 1300

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BECERRA], my colleague on the Committee on Ways and Means.

(Mr. BECERRA asked and was given permission to revise and extend his remarks.)

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time. I come here with one particular concern. I believe it could have been addressed adequately in committee and was not. On top of some of the other things that have been said by some of my colleagues with respect to concerns with regard to expanding NAFTA to the Caribbean Basin, I do support and I did support NAFTA and I would support trying to extend to the degree possible the free trade zone into the Caribbean Basin. But let me focus my attention on one particular aspect which to me personally rubs very deeply within me. In committee, I asked that we try to extend trade adjustment assistance in this CBI proposal as we had in NAFTA. Trade adjustment assistance goes to workers who are dislocated as a result of companies moving from this country into the new area of the free trade zone. There is $6 million available in this legislation to pay for that type of adjustment assistance. We were told we had no CBO comparison to tell us exactly how much it would cost. We thought it would cost about the $6 million that was available. We find out now that it is only $2 million that it would cost to provide the protections to workers who may face dislocation as a result of this legislation. Yet we have been unable to get any commitment on the part of the Republican leadership to include the $2 million it would cost to protect American workers who may face dislocation as a result of this. What a small price to pay, especially when we have the money there. It rubs me the wrong way to have to stand here to say that $2 million stands in the way of being able to protect American workers. Why we would not do that, I do not understand, and I am somewhat speechless, because we have the money. We have $6 million available, $2 million to protect American workers, to give them things like unemployment benefits similar to unemployment benefits, to allow them to get training, to allow them to have some assistance to make sure that their families do not go without while they are unemployed. Yet we are not going to do it. It does not make any sense, it is shameless, and for that reason I had to take to the floor today.

Mr. CRANE. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Illinois [Mr. WELLER].

The SPEAKER pro tempore [Mr. PACKARD]. The gentleman from Illinois [Mr. WELLER] is recognized for 1 minute.

Mr. WELLER. Mr. Speaker, I want to thank the gentleman from Illinois [Mr. CRANE] for yielding me this time and also commend him for his leadership as well as the gentlemen from New York and for Maryland for their leadership, even though they disagree today.

Mr. Speaker, I plan to vote for this legislation, H.R. 2644 today, because I believe that we do need to move forward in providing greater trade opportunities, trade opportunities that do move towards free trade. But I also stand as one of those who believes that as we work for free trade, it should also be fair. I believe it is important to expand our trade opportunities, particularly when they benefit States such as Illinois, particularly Illinois middle-class working families. Mr. Speaker, I will be voting for this legislation because I want it to move forward, but what I ask as this legislation passes the House and goes into conference is that we take a very careful look at some of the ideas that are incorporated into the Senate version of this legislation, ideas that I believe will help Illinois as well. I support moving this legislation forward because I believe that we should always work to expand trade opportunities. It is important for jobs back home in Illinois.

Mr. CARDIN. Mr. Speaker, I yield the balance of my time to the gentleman from South Carolina [Mr. SPRATT] who has been one of the real fighters for U.S. textiles.

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. SPRATT] is recognized for 4 minutes.

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Mr. Speaker, I thank the gentleman for yielding me this time. In just a short time I think we have shown that there are lots of objections to the bill before us. First of all, at a time when our trade deficit is reaching record highs, this bill, H.R. 2644, is totally one-sided. It lowers tariffs, it lifts quotas on apparel and six or seven different kinds of imports from 26 countries in the Caribbean and Central America, and it does so unilaterally. These countries are not required to make in return any trade concessions whatsoever to the United States.

Second, this is a blanket grant of trade benefit to these CBI countries without any sanctions, without even any questions being asked about sweatshops or child labor or whether or not the country in question cooperates with the United States when it comes to interdicting drugs, money laundering and dealing with corrupt practices and corrupt customs, and those problems are endemic in some of these countries.

Why do we do this? Why do we make these unilateral concessions? All in the name of fixing a nonexistent problem. Before NAFTA, the CBI countries exported, this is volume, 1.39 billion square meter equivalents of clothing to the United States. Since NAFTA, 1996, the CBI countries increased their exports to 2.26 billion SMEs, square meter equivalents. Before NAFTA, CBI imports accounted for 18.4 percent of all apparel imports into the United States. Since NAFTA, CBI imports have increased to 23.4 percent of all the apparel imports coming into the United States. They have got a huge share of our market. These countries are not suffering from NAFTA, far from it. They are shipping us more clothing, more apparel than ever.

Mr. ABERCROMBIE. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Hawaii to comment on the lack of sanctions and labor provisions.

Mr. ABERCROMBIE. Would the gentleman agree that the result of this, then, is that the domestic industry is shrinking by thousands of jobs? As a matter of fact, I believe that the domestic industry shrank by 56,000 jobs in 1996 alone and 52,000 more jobs through September of this year.

Just today we had the announcement from the Levi Company that one-third of all its employees in North America are going to be released. The union representing these workers is forced to negotiate their release. This clothing import situation under this bill will only get worse, and that means the loss of American jobs by the thousands.

Mr. SPRATT. That is indeed the consequence of this and other legislation, no question about it. Slipping this bill through under suspension makes it appear to be uncontroversial or inconsequential. The point I am trying to make is that H.R. 2644 will have a greater impact on the U.S. apparel industry and U.S. apparel workers than NAFTA ever had.

Because of rules, long-standing rules known as item 807 and item 807(a), cloth that is cut and made in the United States can be sewn and assembled under clothing in a CBI country. Then when the clothing is reexported to the United States, the duties imposed when it comes back into our country are only imposed on the value added in the CBI country.

Because of this concession, which has existed for a long time, the CBI countries now export to the United States more than twice as much apparel as Mexico, whether we measure it by volume in SMEs or by value. In 1996, the CBI countries shipped the U.S. 2.26 billion square meter equivalents of clothing. Mexico shipped us 1.1 billion square meter equivalents.

Let me also comment as the ranking member on the Committee on the Budget on the revenue losses, the budgetary impacts of this bill. It results in substantial revenue losses. To get around these revenue losses and the pay-go rules, this bill uses a low-ball estimate from CBO, then it uses a contrived accounting technique.

Mr. Speaker, all we have is the choice to vote this bill up or down, and I say we should vote it down.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time. Let me thank my colleagues that have come to the floor in support of this bill. Listening to the debate, one might believe that Cuba is a threat to our national security and now the CBI is a threat to our national economy. We are dealing with friends. Someone said that should not matter, that we are dealing with trade. But when we deal with friends, if they have a problem with the economy, we have been known to provide leadership in this hemisphere, even to the point that the American people and this Congress has seen fit to send troops to this part of the world in order to maintain peace. For decades, we have sent money there in terms of aid. Now they are coming and saying that in lieu of these things, they just want to be trading partners with us.

Mr. Speaker, for those who visit the islands, going into a retail store is like going into a store in the United States if they are looking to see where the products have been manufactured, where they have been shipped from. I suspect after this debate is over, we soon will be hearing from those American companies that hire American workers that export these retail goods to our friends in the Caribbean. We have just been hit hard with the crisis that they have had with bananas, where we have taken the case to the WTO, the World Trade Organization, which gave a negative decision as relates to the Caribbean. They work hard every day. These are not people that are known to have slave labor. These are independent countries, literate countries. They work hard, they have labor unions, and there are provisions in the bill that provide for labor rights. But something that concerns me, too, is that these small islands out there in the Caribbean are really vulnerable to the international drug traffickers. They have fought against this and their countries have not succumbed as we have to become addicted to these drugs, even though corruptions have hit some part of the countries as relates to transshipment of drugs. The gentleman from New York [Mr. GILMAN] and I have traveled in this part of the world and we have seen the impact. It seems to me that we just do not slap friends in the face at a time like this when so much of their own money has been protecting their borders against drugs coming in which is basically consumed by us.

Mr. Speaker, I ask my colleagues to support this bill. It is the right thing to do. It is the fair thing to do. The President wants it. I think we owe it to the people in that part of the world.

Mr. ADERHOLT. Mr. Speaker, I rise today to voice my serious concerns about H.R. 2644. I have heard from many folks in my district who work in the textile industry who oppose this bill in its present form. I have also been contacted by some, such as Fruit of the Loom, who support the Senate version and are hopeful that passage of H.R. 2644 will be a step toward enacting a fairer version of free trade for the Caribbean region.

Which brings me to my concern about H.R. 2644 being brought up under the Suspension Calendar. I believe that this bill in its present form raises too many concerns, and that these concerns would be better addressed if H.R. 2644 was to be brought to the floor with a rule allowing the necessary changes to be made.

H.R. 2644 in its present form will unilaterally provide Caribbean and Central American countries parity with Mexico under the North American Free Trade Agreement [NAFTA]. I fear that this legislation would inflict further damage on our Nation's textile and apparel industries, which have lost 250,000 jobs since 1994.

Furthermore, it is my understanding that the premise of this legislation, that Caribbean-Central American countries have been harmed by NAFTA, is erroneous. While U.S. employment, particularly in the apparel industry, is plummeting, apparel imports from Caribbean-Central America are surging. The U.S. textile industry should not be subject to the same upheaval the apparel industry had to go through under NAFTA.

Simply put, it is bad economic and trade policy to grant countries unilateral, free access to the U.S. market without obtaining reciprocal access to foreign markets. I support free trade—but in the end—it must be fair trade.

Mr. KLECZKA. Mr. Speaker, I rise today to strongly object not only to the legislation before us, but to the tactics being used to push this bill through the House.

On October 8, the Ways and Means Committee, on which I serve, passed by voice vote this bill to extend North America Free Trade Agreement benefits to Caribbean and Latin American nations. I requested a recorded vote in committee, but was denied this request.

Now, the leadership of the House is trying to slide this measure by the full House in a similar manner by putting the bill on the Suspension Calendar. It is generally known that the Suspension Calendar is reserved for noncontroversial legislation, and that bills considered under suspension of the rules pass by voice vote. H.R. 2644 is highly controversial and ought to have full, open debate afforded to other bills of this magnitude.

CBI parity has been rejected over and over by Congress because it is an expansion of the failing NAFTA. But, this year the debate on CBI parity is overshadowed by the larger discussion of fast track authority. We must not let this happen.

NAFTA has hurt, not helped, the American worker. Passage of CBI parity will further jeopardize jobs and exports by opening the door to textiles and apparel made with cheap labor and in substandard working conditions. Plus, the taxpayer is hit with a double blow in lost revenues. Once parity is offered for a year to these countries, you can bet there will be a strong effort to renew this legislation when it expires.

For these reasons, we should reject H.R. 2644 and keep American jobs at home.

Mr. TOWNS. Mr. Speaker, we have a unique opportunity today to assist American business as well as supporting economic development in the Caribbean. The Caribbean basin is now the 10th largest export market for the United States greater than even some European countries. Our U.S. exporters maintain a trade surplus with the Caribbean and have done so for the past 11 years. Additionally, every 100 jobs in the Caribbean apparel sector creates 15 apparel jobs in the United States. Additional American jobs are also created in the textile, distribution, and retail sectors.

We must acknowledge, Mr. Speaker, that NAFTA has been detrimental to the Caribbean. According to the ITC, Mexico's share of the garment assembly market has increased 50 percent, while the Caribbean share has dropped by 15 percent, since 1993. The Caribbean Textiles and Apparel Institute reports that, between 1995 and 1996, more than 150 apparel plants closed in the Caribbean resulting in the loss of 123,000 jobs.

The bill before us today, H.R. 2644 will level the playing field for the Caribbean. It will ensure that Caribbean countries are prepared to meet their obligations, ranging from market access to intellectual property rights, as part of the free trade area of the Americas. To participate in this program, CBI countries must satisfy the additional criteria of adherence to internationally accepted rules of international trade and the observance of internationally recognized workers rights. I would urge my colleagues to support the bill and I urge its passage under suspension of the rules.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. CRANE] that the House suspend the rules and pass the bill, H.R. 2644.

The question was taken.

Mr. CARDIN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. CRANE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 2644.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.