

UNITED STATES-JORDAN FREE TRADE AREA
IMPLEMENTATION ACT

JULY 31, 2001.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. THOMAS, from the Committee on Ways and Means,
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2603]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2603) to implement the agreement establishing a United States-Jordan free trade area, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “United States-Jordan Free Trade Area Implementation Act”.

SEC. 2. PURPOSES.

The purposes of this Act are—

- (1) to implement the agreement between the United States and Jordan establishing a free trade area;
- (2) to strengthen and develop the economic relations between the United States and Jordan for their mutual benefit; and
- (3) to establish free trade between the 2 nations through the removal of trade barriers.

SEC. 3. DEFINITIONS.

For purposes of this Act:

- (1) **AGREEMENT.**—The term “Agreement” means the Agreement between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, entered into on October 24, 2000.
- (2) **HTS.**—The term “HTS” means the Harmonized Tariff Schedule of the United States.

TITLE I—TARIFF MODIFICATIONS; RULES OF ORIGIN

SEC. 101. TARIFF MODIFICATIONS.

(a) **TARIFF MODIFICATIONS PROVIDED FOR IN THE AGREEMENT.**—The President may proclaim—

- (1) such modifications or continuation of any duty,
- (2) such continuation of duty-free or excise treatment, or
- (3) such additional duties,

as the President determines to be necessary or appropriate to carry out article 2.1 of the Agreement and the schedule of duty reductions with respect to Jordan set out in Annex 2.1 of the Agreement.

(b) **OTHER TARIFF MODIFICATIONS.**—The President may proclaim—

- (1) such modifications or continuation of any duty,
- (2) such continuation of duty-free or excise treatment, or
- (3) such additional duties,

as the President determines to be necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions with respect to Jordan provided for by the Agreement.

SEC. 102. RULES OF ORIGIN.

(a) **IN GENERAL.**—

(1) **ELIGIBLE ARTICLES.**—

(A) **IN GENERAL.**—The reduction or elimination of any duty imposed on any article by the United States provided for in the Agreement shall apply only if—

- (i) that article is imported directly from Jordan into the customs territory of the United States; and
- (ii) that article—

- (I) is wholly the growth, product, or manufacture of Jordan; or
- (II) is a new or different article of commerce that has been grown, produced, or manufactured in Jordan and meets the requirements of subparagraph (B).

(B) **REQUIREMENTS.**—

(i) **GENERAL RULE.**—The requirements of this subparagraph are that with respect to an article described in subparagraph (A)(ii)(II), the sum of—

- (I) the cost or value of the materials produced in Jordan, plus
 - (II) the direct costs of processing operations performed in Jordan,
- is not less than 35 percent of the appraised value of such article at the time it is entered.

- (ii) MATERIALS PRODUCED IN UNITED STATES.—If the cost or value of materials produced in the customs territory of the United States is included with respect to an article to which this paragraph applies, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied toward determining the percentage referred to in clause (i).
- (2) EXCLUSIONS.—No article may be considered to meet the requirements of paragraph (1)(A) by virtue of having merely undergone—
- (A) simple combining or packaging operations; or
 - (B) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.
- (b) DIRECT COSTS OF PROCESSING OPERATIONS.—
- (1) IN GENERAL.—As used in this section, the term “direct costs of processing operations” includes, but is not limited to—
- (A) all actual labor costs involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training, and the cost of engineering, supervisory, quality control, and similar personnel; and
 - (B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.
- (2) EXCLUDED COSTS.—The term “direct costs of processing operations” does not include costs which are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as—
- (A) profit; and
 - (B) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen’s salaries, commissions, or expenses.
- (c) TEXTILE AND APPAREL ARTICLES.—
- (1) IN GENERAL.—A textile or apparel article imported directly from Jordan into the customs territory of the United States shall be considered to meet the requirements of paragraph (1)(A) of subsection (a) only if—
- (A) the article is wholly obtained or produced in Jordan;
 - (B) the article is a yarn, thread, twine, cordage, rope, cable, or braiding, and—
 - (i) the constituent staple fibers are spun in Jordan, or
 - (ii) the continuous filament is extruded in Jordan;
 - (C) the article is a fabric, including a fabric classified under chapter 59 of the HTS, and the constituent fibers, filaments, or yarns are woven, knitted, needled, tufted, felted, entangled, or transformed by any other fabric-making process in Jordan; or
 - (D) the article is any other textile or apparel article that is wholly assembled in Jordan from its component pieces.
- (2) DEFINITION.—For purposes of paragraph (1), an article is “wholly obtained or produced in Jordan” if it is wholly the growth, product, or manufacture of Jordan.
- (3) SPECIAL RULES.—
- (A) CERTAIN MADE-UP ARTICLES, TEXTILE ARTICLES IN THE PIECE, AND CERTAIN OTHER TEXTILES AND TEXTILE ARTICLES.—Notwithstanding paragraph (1)(D) and except as provided in subparagraphs (C) and (D) of this paragraph, subparagraph (A), (B), or (C) of paragraph (1), as appropriate, shall determine whether a good that is classified under one of the following headings or subheadings of the HTS shall be considered to meet the requirements of paragraph (1)(A) of subsection (a): 5609, 5807, 5811, 6209.20.50.40, 6213, 6214, 6301, 6302, 6304, 6305, 6306, 6307.10, 6307.90, 6308, and 9404.90.
- (B) CERTAIN KNIT-TO-SHAPE TEXTILES AND TEXTILE ARTICLES.—Notwithstanding paragraph (1)(D) and except as provided in subparagraphs (C) and (D) of this paragraph, a textile or apparel article which is knit-to-shape in Jordan shall be considered to meet the requirements of paragraph (1)(A) of subsection (a).
- (C) CERTAIN DYED AND PRINTED TEXTILES AND TEXTILE ARTICLES.—Notwithstanding paragraph (1)(D), a good classified under heading 6117.10, 6213.00, 6214.00, 6302.22, 6302.29, 6302.52, 6302.53, 6302.59, 6302.92, 6302.93, 6302.99, 6303.92, 6303.99, 6304.19, 6304.93, 6304.99, 9404.90.85, or 9404.90.95 of the HTS, except for a good classified under any such heading as of cotton or of wool or consisting of fiber blends containing 16 percent

or more by weight of cotton, shall be considered to meet the requirements of paragraph (1)(A) of subsection (a) if the fabric in the good is both dyed and printed in Jordan, and such dyeing and printing is accompanied by 2 or more of the following finishing operations: bleaching, shrinking, fulling, napping, decatizing, permanent stiffening, weighting, permanent embossing, or moireing.

(D) FABRICS OF SILK, COTTON, MANMADE FIBER OR VEGETABLE FIBER.—Notwithstanding paragraph (1)(C), a fabric classified under the HTS as of silk, cotton, man-made fiber, or vegetable fiber shall be considered to meet the requirements of paragraph (1)(A) of subsection (a) if the fabric is both dyed and printed in Jordan, and such dyeing and printing is accompanied by 2 or more of the following finishing operations: bleaching, shrinking, fulling, napping, decatizing, permanent stiffening, weighting, permanent embossing, or moireing.

(4) MULTICOUNTRY RULE.—If the origin of a textile or apparel article cannot be determined under paragraph (1) or (3), then that article shall be considered to meet the requirements of paragraph (1)(A) of subsection (a) if—

(A) the most important assembly or manufacturing process occurs in Jordan; or

(B) if the applicability of paragraph (1)(A) of subsection (a) cannot be determined under subparagraph (A), the last important assembly or manufacturing occurs in Jordan.

(d) EXCLUSION.—A good shall not be considered to meet the requirements of paragraph (1)(A) of subsection (a) if the good—

(1) is imported into Jordan, and, at the time of importation, would be classified under heading 0805 of the HTS; and

(2) is processed in Jordan into a good classified under any of subheadings 2009.11 through 2009.30 of the HTS.

(e) REGULATIONS.—The Secretary of the Treasury, after consultation with the United States Trade Representative, shall prescribe such regulations as may be necessary to carry out this section.

TITLE II—RELIEF FROM IMPORTS

Subtitle A—General Provisions

SEC. 201. DEFINITIONS.

As used in this title:

(1) COMMISSION.—The term “Commission” means the United States International Trade Commission.

(2) JORDANIAN ARTICLE.—The term “Jordanian article” means an article that qualifies for reduction or elimination of a duty under section 102.

Subtitle B—Relief From Imports Benefiting From The Agreement

SEC. 211. COMMENCING OF ACTION FOR RELIEF.

(a) FILING OF PETITION.—

(1) IN GENERAL.—A petition requesting action under this subtitle for the purpose of adjusting to the obligations of the United States under the Agreement may be filed with the Commission by an entity, including a trade association, firm, certified or recognized union, or group of workers that is representative of an industry. The Commission shall transmit a copy of any petition filed under this subsection to the United States Trade Representative.

(2) PROVISIONAL RELIEF.—An entity filing a petition under this subsection may request that provisional relief be provided as if the petition had been filed under section 202(a) of the Trade Act of 1974.

(3) CRITICAL CIRCUMSTANCES.—Any allegation that critical circumstances exist shall be included in the petition.

(b) INVESTIGATION AND DETERMINATION.—

(1) IN GENERAL.—Upon the filing of a petition under subsection (a), the Commission, unless subsection (d) applies, shall promptly initiate an investigation to determine whether, as a result of the reduction or elimination of a duty provided for under the Agreement, a Jordanian article is being imported into the United States in such increased quantities, in absolute terms or relative to do-

mestic production, and under such conditions that imports of the Jordanian article alone constitute a substantial cause of serious injury or threat thereof to the domestic industry producing an article that is like, or directly competitive with, the imported article.

(2) CAUSATION.—For purposes of this subtitle, a Jordanian article is being imported into the United States in increased quantities as a result of the reduction or elimination of a duty provided for under the Agreement if the reduction or elimination is a cause that contributes significantly to the increase in imports. Such cause need not be equal to or greater than any other cause.

(c) APPLICABLE PROVISIONS.—The following provisions of section 202 of the Trade Act of 1974 (19 U.S.C. 2252) apply with respect to any investigation initiated under subsection (b):

- (1) Paragraphs (1)(B) and (3) of subsection (b).
- (2) Subsection (c).
- (3) Subsection (d).

(d) ARTICLES EXEMPT FROM INVESTIGATION.—No investigation may be initiated under this section with respect to any Jordanian article if import relief has been provided under this subtitle with respect to that article.

SEC. 212. COMMISSION ACTION ON PETITION.

(a) DETERMINATION.—By no later than 120 days (180 days if critical circumstances have been alleged) after the date on which an investigation is initiated under section 211(b) with respect to a petition, the Commission shall make the determination required under that section.

(b) ADDITIONAL FINDING AND RECOMMENDATION IF DETERMINATION AFFIRMATIVE.—If the determination made by the Commission under subsection (a) with respect to imports of an article is affirmative, the Commission shall find, and recommend to the President in the report required under subsection (c), the amount of import relief that is necessary to remedy or prevent the injury found by the Commission in the determination and to facilitate the efforts of the domestic industry to make a positive adjustment to import competition. The import relief recommended by the Commission under this subsection shall be limited to that described in section 213(c).

(c) REPORT TO PRESIDENT.—No later than the date that is 30 days after the date on which a determination is made under subsection (a) with respect to an investigation, the Commission shall submit to the President a report that shall include—

- (1) a statement of the basis for the determination;
- (2) dissenting and separate views; and
- (3) any finding made under subsection (b) regarding import relief.

(d) PUBLIC NOTICE.—Upon submitting a report to the President under subsection (c), the Commission shall promptly make public such report (with the exception of information which the Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

(e) APPLICABLE PROVISIONS.—For purposes of this subtitle, the provisions of paragraphs (1), (2), and (3) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) shall be applied with respect to determinations and findings made under this section as if such determinations and findings were made under section 202 of the Trade Act of 1974 (19 U.S.C. 2252).

SEC. 213. PROVISION OF RELIEF.

(a) IN GENERAL.—No later than the date that is 30 days after the date on which the President receives the report of the Commission containing an affirmative determination of the Commission under section 212(a), the President shall provide relief from imports of the article that is the subject of such determination to the extent that the President determines necessary to prevent or remedy the injury found by the Commission and to facilitate the efforts of the domestic industry to make a positive adjustment to import competition, unless the President determines that the provision of such relief is not in the national economic interest of the United States or, in extraordinary circumstances, that the provision of such relief would cause serious harm to the national security of the United States.

(b) NATIONAL ECONOMIC INTEREST.—The President may determine under subsection (a) that providing import relief is not in the national economic interest of the United States only if the President finds that taking such action would have an adverse impact on the United States economy clearly greater than the benefits of taking such action.

(c) NATURE OF RELIEF.—The import relief (including provisional relief) that the President is authorized to provide under this subtitle with respect to imports of an article is—

(1) the suspension of any further reduction provided for under the United States Schedule to Annex 2.1 of the Agreement in the duty imposed on that article;

(2) an increase in the rate of duty imposed on such article to a level that does not exceed the lesser of—

(A) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided; or

(B) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force; or

(3) in the case of a duty applied on a seasonal basis to that article, an increase in the rate of duty imposed on the article to a level that does not exceed the column 1 general rate of duty imposed under the HTS on the article for the corresponding season occurring immediately before the date on which the Agreement enters into force.

(d) PERIOD OF RELIEF.—The import relief that the President is authorized to provide under this section may not exceed 4 years.

(e) RATE AFTER TERMINATION OF IMPORT RELIEF.—When import relief under this subtitle is terminated with respect to an article—

(1) the rate of duty on that article after such termination and on or before December 31 of the year in which termination occurs shall be the rate that, according to the United States Schedule to Annex 2.1 of the Agreement for the staged elimination of the tariff, would have been in effect 1 year after the initiation of the import relief action under section 211; and

(2) the tariff treatment for that article after December 31 of the year in which termination occurs shall be, at the discretion of the President, either—

(A) the rate of duty conforming to the applicable rate set out in the United States Schedule to Annex 2.1; or

(B) the rate of duty resulting from the elimination of the tariff in equal annual stages ending on the date set out in the United States Schedule to Annex 2.1 for the elimination of the tariff.

SEC. 214. TERMINATION OF RELIEF AUTHORITY.

(a) GENERAL RULE.—Except as provided in subsection (b), no import relief may be provided under this subtitle after the date that is 15 years after the date on which the Agreement enters into force.

(b) EXCEPTION.—Import relief may be provided under this subtitle in the case of a Jordanian article after the date on which such relief would, but for this subsection, terminate under subsection (a), but only if the Government of Jordan consents to such provision.

SEC. 215. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), any import relief provided by the President under section 213 shall be treated as action taken under chapter 1 of title II of such Act.

SEC. 216. SUBMISSION OF PETITIONS.

A petition for import relief may be submitted to the Commission under—

(1) this subtitle;

(2) chapter 1 of title II of the Trade Act of 1974; or

(3) under both this subtitle and such chapter 1 at the same time, in which case the Commission shall consider such petitions jointly.

Subtitle C—Cases Under Title II Of The Trade Act of 1974

SEC. 221. FINDINGS AND ACTION ON JORDANIAN IMPORTS.

(a) EFFECT OF IMPORTS.—If, in any investigation initiated under chapter 1 of title II of the Trade Act of 1974, the Commission makes an affirmative determination (or a determination which the President may treat as an affirmative determination under such chapter by reason of section 330(d) of the Tariff Act of 1930), the Commission shall also find (and report to the President at the time such injury determination is submitted to the President) whether imports of the article from Jordan are a substantial cause of serious injury or threat thereof.

(b) PRESIDENTIAL ACTION REGARDING JORDANIAN IMPORTS.—In determining the nature and extent of action to be taken under chapter 1 of title II of the Trade Act of 1974, the President shall determine whether imports from Jordan are a substan-

tial cause of the serious injury found by the Commission and, if such determination is in the negative, may exclude from such action imports from Jordan.

SEC. 222. TECHNICAL AMENDMENT.

Section 202(a)(8) of the Trade Act of 1974 (19 U.S.C. 2252(a)(8)) is amended in the first sentence—

- (1) by striking “and part 1” and inserting “, part 1”; and
- (2) by inserting before the period at the end “, and title II of the United States-Jordan Free Trade Area Implementation Act”.

TITLE III—TEMPORARY ENTRY

SEC. 301. NONIMMIGRANT TRADERS AND INVESTORS.

Upon the basis of reciprocity secured by the Agreement, an alien who is a national of Jordan (and any spouse or child (as defined in section 101(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(1))) of the alien, if accompanying or following to join the alien) shall be considered as entitled to enter the United States under and in pursuance of the provisions of the Agreement as a nonimmigrant described in section 101(a)(15)(E) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(E)), if the entry is solely for a purpose described in clause (i) or (ii) of such section and the alien is otherwise admissible to the United States as such a nonimmigrant.

TITLE IV—GENERAL PROVISIONS

SEC. 401. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW.

(a) **RELATIONSHIP OF AGREEMENT TO UNITED STATES LAW.—**

(1) **UNITED STATES LAW TO PREVAIL IN CONFLICT.—**No provision of the Agreement, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect.

(2) **CONSTRUCTION.—**Nothing in this Act shall be construed—

- (A) to amend or modify any law of the United States, or
- (B) to limit any authority conferred under any law of the United States, unless specifically provided for in this Act.

(b) **RELATIONSHIP OF AGREEMENT TO STATE LAW.—**

(1) **LEGAL CHALLENGE.—**No State law, or the application thereof, may be declared invalid as to any person or circumstance on the ground that the provision or application is inconsistent with the Agreement, except in an action brought by the United States for the purpose of declaring such law or application invalid.

(2) **DEFINITION OF STATE LAW.—**For purposes of this subsection, the term “State law” includes—

- (A) any law of a political subdivision of a State; and
- (B) any State law regulating or taxing the business of insurance.

(c) **EFFECT OF AGREEMENT WITH RESPECT TO PRIVATE REMEDIES.—**No person other than the United States—

- (1) shall have any cause of action or defense under the Agreement; or
- (2) may challenge, in any action brought under any provision of law, any action or inaction by any department, agency, or other instrumentality of the United States, any State, or any political subdivision of a State on the ground that such action or inaction is inconsistent with the Agreement.

SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for each fiscal year after fiscal year 2001 to the Department of Commerce not more than \$100,000 for the payment of the United States share of the expenses incurred in dispute settlement proceedings under article 17 of the Agreement.

SEC. 403. IMPLEMENTING REGULATIONS.

After the date of enactment of this Act—

- (1) the President may proclaim such actions, and
- (2) other appropriate officers of the United States may issue such regulations, as may be necessary to ensure that any provision of this Act, or amendment made by this Act, that takes effect on the date the Agreement enters into force is appropriately implemented on such date, but no such proclamation or regulation may have an effective date earlier than the date the Agreement enters into force.

SEC. 404. EFFECTIVE DATES; EFFECT OF TERMINATION.

(a) **EFFECTIVE DATES.**—Except as provided in subsection (b), the provisions of this Act and the amendments made by this Act take effect on the date the Agreement enters into force.

(b) **EXCEPTIONS.**—Sections 1 through 3 and this title take effect on the date of the enactment of this Act.

(c) **TERMINATION OF THE AGREEMENT.**—On the date on which the Agreement ceases to be in force, the provisions of this Act (other than this subsection) and the amendments made by this Act, shall cease to be effective.

I. INTRODUCTION**A. PURPOSE AND SUMMARY**

H.R. 2603 would implement the agreement establishing a free trade area between the United States and the Hashemite Kingdom of Jordan.

B. BACKGROUND

The United States-Jordan Free Trade Agreement (FTA), signed on October 24, 2000, is the first FTA with an Arab nation and is the culmination of many years of increasing U.S.-Jordanian economic integration. The agreement also reflects Jordan's commitment to the Middle East peace process, as evidenced by its participation in the 1994 Washington Declaration, which terminated the state of belligerency between Jordan and Israel.

Enhancing United State-Jordanian economic integration will strengthen our bilateral relations, express the United States' appreciation for Jordan's role in the Middle East peace process and in cooperating in international counter-terrorism activities, promote economic growth in the Middle East, improve the region's stability and security, and help Jordan's efforts to promote economic reform and liberalization. It also signals to Jordan's neighbors in the Middle East the benefits to maintaining peace.

On July 23, 2001, United States Trade Representative Robert Zoellick and Jordanian Ambassador Marwan Muasher, exchanged formal and official letters which discussed the implementation of the agreement's dispute settlement procedures. In the letters, both countries state their intention not to apply the agreement's dispute settlement enforcement procedures in a manner that results in blocking trade. The letters also state that bilateral consultations and other procedures (i.e., alternative mechanisms) would be appropriate measures that will help secure compliance without recourse to traditional trade sanctions.

It is this significant exchange of letters that lays the ground work for moving forward legislation implementing the agreement.

Current U.S.-Jordan tariff treatment under GSP

In 1975, President Gerald Ford designated Jordan as a beneficiary of duty-free treatment on eligible imports under the U.S. Generalized System of Preferences (GSP). GSP duty-free imports from Jordan totaled \$10.3 million in 2000, or about 14 percent of U.S. imports from Jordan.

Qualifying industrial zones

In 1996, the Congress took a major step to widening trade with Jordan when it passed H.R. 3074, West Bank and Gaza Strip Free

Trade Benefits (P.L. 104-234). This legislation, inter alia, expanded the scope of the U.S.-Israel Free Trade Agreement as it extended duty-free treatment to products from qualifying industrial zones (QIZs) between Israel and Jordan and between Israel and Egypt. QIZs are designed to further Arab-Israeli economic and social cooperation by providing duty-free access to the U.S. market for goods produced with certain levels of Israeli, Jordanian, Egyptian, or Palestinian content. Since 1996, the U.S. Trade Representative has designated ten QIZs in Jordan. The first Jordanian QIZ, established in 1998, has grown from 1,800 employees and eight firms to more than 7,000 employees and 50 firms.

Progress continued in 1997, when the United States and Jordan signed a bilateral investment treaty. This event was a reflection of Jordan's efforts to transform its economy, including streamlining its investment and customs procedures, creating tax and investment incentives, and reducing tariffs. A follow-up Trade and Investment Framework was signed between the two countries in 1999.

Jordan's accession to the WTO

Another significant step toward an FTA occurred in April 2000, when, after four years of negotiations, Jordan acceded to the World Trade Organization (WTO). To become a WTO member, Jordan had to make numerous difficult changes to its trade regime. Jordan's accession activities included implementing in its laws all obligations related to WTO Agreements, i.e., Trade-Related Aspects of Intellectual Property Rights (TRIPs), Customs Valuation, Import Licensing Procedures, Technical Barriers to Trade (TBT), and Sanitary and Phytosanitary Measures (SPS).

Jordan also committed to eliminating agricultural and industrial export subsidies, and agreed to zero or very low tariffs on all chemical products under the Chemical Harmonization Program. For agricultural tariffs, Jordan agreed to limit most agricultural tariff peaks to 30 to 35 percent, to bind or reduce tariff rates on U.S. agricultural priorities to 15 percent or lower, and to join the zero-duty initiative on oilseeds and oilseed products. In the industrial sector, Jordan's tariff bindings ranged from zero to twenty percent. The services section of Jordan's accession protocol is very comprehensive, including financial, telecommunications, and professional services. Since Jordan requested a limited transition period, most of Jordan's commitments were fully implemented upon Jordan's accession.

United States-Jordan Free Trade Agreement

Negotiations for a United States-Jordan FTA began in June 2000 and were concluded on October 24, 2000, when U.S. Trade Representative Charlene Barshefsky and Jordanian Deputy Prime Minister Mohammed Halaiqah signed the agreement. President Clinton transmitted the agreement to the Congress on January 6, 2001 (H. Doc. 107-15). The Jordanian parliament ratified the agreement in May 2001. The agreement is comprehensive, including:

—A ten-year transitional period to phase out almost all duties, leading to near-duty-free trade between the United States and Jordan.

—Rights and obligations for the protection of intellectual property that complement and exceed those available under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, such as the requirement that each country set its statutory maximum fines for infringements high enough to deter potential infringers.

—A first-ever bilateral commitment regarding e-commerce. Both countries have agreed to seek to refrain from imposing customs duties on electronic transmissions, or instituting unnecessary barriers to market access for digitized products or for services delivered electronically. The e-commerce commitment is linked to the FTA's services commitments, which together should stimulate investment in new technologies and networks.

—Specific commitments to opening markets in the services sector, including business, communications, construction and engineering, distribution, education, environment, finance, health, tourism, recreation, and transportation.

—Commitments by both countries to enforce their current environmental and labor laws, and affirms the commitment by both countries to the International Labor Organization's core labor standards.

The agreement does not include an investment chapter, since those issues were addressed in the 1997 Bilateral Investment Treaty.

Finally, as noted above, an official exchange of letters between the governments clarifies their intent not to resort to the use of trade sanctions to enforce the agreement.

C. LEGISLATIVE HISTORY

Committee action

The Subcommittee on Trade met with His Majesty King Abdullah II of Jordan on June 6, 2000, to discuss bilateral relations, Jordan's accession to the WTO, and the potential free trade agreement then under consideration by the President. On April 4, 2001, the King met with the Full Committee to discuss implementation of the recently concluded free trade agreement.

On January 6, 2001, President Clinton transmitted the United States-Jordan Free Trade Agreement and a related legislative proposal to the Congress.

On April 14, 2001, Mr. Levin, et al., introduced H.R. 1484, to implement the U.S.-Jordan Free Trade Agreement. The bill was referred to the Committee on Ways and Means and no further action was taken.

H.R. 2603, the United States-Jordan Free Trade Area Implementation Act, was introduced on July 24, 2001, by Representative Thomas and was referred to the Committee on Ways and Means and the Committee on the Judiciary.

Legislative hearing

None.

II. EXPLANATION OF THE BILL

TITLE I—TARIFF MODIFICATIONS; RULES OF ORIGIN

SECTION 101. TARIFF MODIFICATIONS

Present law

No provision.

Explanation of the provision

Section 101 authorizes the President to proclaim the duty reductions set out in the U.S. tariff schedule annexed to the Agreement. The text of section 101 is based on section 4 of the United States-Israel Free Trade Area Implementation Act (19 U.S.C. 2112 note).

Section 101 empowers the President to: (1) modify or continue any duty; (2) keep in place duty-free or excise treatment; or (3) impose any additional duties, that the President determines to be necessary to carry out the duty reductions called for under the Agreement. Section 101 also authorizes the President to maintain the general level of reciprocal and mutually advantageous concessions with respect to Jordan provided for by the Agreement.

Reasons for the provision

The provision implements the duty reduction commitments made in the United States-Jordan Free Trade Agreement.

SECTION 102. RULES OF ORIGIN

Present law

No provision.

Explanation of the provision

Section 102 codifies the rules of origin set out in Annex 2.2 of the agreement. The language of this section is modeled after section 402 of the Trade and Tariff Act of 1984 (19 U.S.C. 2112 note), which establishes origin rules for goods imported from Israel under the United States-Israel Free Trade Agreement.

However, in addition, section 102 prescribes specific origin rules for textile and apparel products, consistent with those set out in paragraph 9 of Annex 2.2 of the Agreement, and in section 334 of P.L. 103-465, the Uruguay Round Agreements Act (the so-called “Breaux-Cardin” rule.) For apparel products, this rule means that the place of assembly will generally determine origin of the product. A textile product will be considered to originate where the fabric is knit or woven.

Reasons for the provision

The provision implements the commitments made in the United States-Jordan Free Trade Agreement with respect to rules of origin applying to imports from Jordan.

TITLE II—RELIEF FROM IMPORTS

Present law

No provision.

Explanation of the provision

The bilateral safeguard provisions established in Article 10 of the Agreement are closely modeled on those included in the NAFTA and embodied in U.S. law through sections 301–307 of the North American Free Trade Agreement Implementation Act (“NAFTA Act”) (19 U.S.C. 3351–3357). Sections 201–207 of the proposed FTA implementing bill are based on the NAFTA legislation, with minor variations to reflect the specific provisions of Article 10. The standards and procedures established in the proposed legislation parallel those of both the NAFTA Act and sections 201–204 of the Trade Act of 1974 (19 U.S.C. 2251–2254), which establish procedures for global safeguards investigations and import relief under U.S. law. In particular, the President may decide not to provide relief under section 213 of the proposed FTA implementing bill if he determines that such action is not in the national economic interest or would harm U.S. national security. The Committee expects that the President would take into account all of the factors set forth in Section 203(a)(2) of the Trade Act of 1974 in reaching this determination.

In brief, sections 201–207 authorize the President, after an investigation and affirmative determination by the U.S. International Trade Commission (“Commission”) to impose specified import relief when, as a result of the reduction or elimination of a duty under the Agreement, a Jordanian-origin product is being imported into the United States in such increased quantities and under such conditions as to be a substantial cause of serious injury or threat of serious injury to the domestic industry.

When the President imposes global safeguards relief under chapter 1 of title II of the Trade Act of 1974, section 208 authorizes the President to exclude imports from Jordan if he determines that those imports are not a substantial cause of the serious injury, or threat of serious injury (as determined by the Commission).

Reasons for the provision

The provision implements the safeguards portion of the United States-Jordan Free Trade Agreement to ensure that industries in the United States that may be experiencing a surge in import competition from Jordan have access to a safeguard procedure that would offer a temporary period of relief from the increased imports.

TITLE III—TEMPORARY ENTRY

SECTION 301. NONIMMIGRANT TRADERS AND INVESTORS

Present law

No provision.

Explanation of the provision

Section 301, in the jurisdiction of the Committee on the Judiciary, makes Jordanian nationals eligible for temporary entry into the United States as traders and investors. This section implements the agreement’s visa provisions, as set out in Article 8 of the FTA. The trade and investor category provides for admission under requirements identical to those governing admission under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), which per-

mits entry to undertake substantial trade in goods or services and to develop and direct investment operations.

Reasons for the provision

The provision implements the temporary entry portion of the United States-Jordan Free Trade Agreement.

TITLE IV—GENERAL PROVISIONS

SECTION 401. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW

Present law

No provision.

Explanation of the provision

Section 401 establishes the relationship between the agreement and U.S. law, as well as state law. With respect to Federal law, section 401(a) makes clear that no provision of the agreement will be given effect if it is inconsistent with Federal law. Section 401(b) sets forth that no state law may be declared invalid on the grounds that it conflicts with agreement, except in an action brought by the United States for such purpose. Section 401(c) states that no private remedy is created by the entry into force of the agreement.

Reasons for the provision

The provision addresses the issue of the operation of the agreement relative to Federal and state law, as well as private remedies. Section 401 is necessary to make clear that no provision of the agreement will be given effect if it is inconsistent with Federal law and that entry into force of the agreement creates no new private remedy.

SECTION 402. AUTHORIZATION OF APPROPRIATIONS

Present law

No provision.

Explanation of the provision

Section 402 authorizes appropriations to the Department of Commerce of the lesser of (1) \$100,000 or (2) such sums as may be necessary for the payment of the U.S. share of expenses incurred in dispute settlement proceedings provided for in Article 17 of the Agreement. Any Administration funding requests for these functions will be made in accordance with established budget formulation procedures and may be less than \$100,000.

Reasons for the provision

The provision authorizes adequate funding for U.S. participation in the agreement's disputes settlement process.

SECTION 403. IMPLEMENTATION REGULATIONS

Present law

No provision.

Explanation of the provision

Section 403 grants the President proclamation and regulatory authority in order to implement this legislation.

Reasons for the provision

Section 403 gives the President the necessary proclamation and regulatory authority to carry out the agreement. No proclamation or regulation may take effect before the Agreement enters into force.

SECTION 404. EFFECTIVE DATES AND TERMINATION OF THE
AGREEMENT

Present law

No provision.

Explanation of the provision

Under sections 404(a)–(b), the legislation takes effect when the Agreement enters into force. Section 404(c) provides that the implementing bill will no longer apply if the Agreement is terminated.

Reasons for the provision

The provision establishes an effective date for the legislation.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of the bill H.R. 2603.

MOTION TO REPORT THE BILL

H.R. 2603 was ordered favorably reported, with an amendment in the nature of a substitute, by voice vote, with a quorum present.

IV. BUDGET EFFECTS

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) of the rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of this resolution, House Joint Resolution 50 as reported: The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with subdivision 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the provisions of H.R. 2603 would reduce customs duty receipts due to lower tariffs imposed on goods from Jordan.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 30, 2001.

Hon. WILLIAM "BILL" M. THOMAS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2603, a bill to implement the agreement establishing a United States-Jordan Free Trade Area.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Erin Whitaker.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 2603—A bill to implement the agreement establishing a United States-Jordan Free Trade Area

Summary: H.R. 2603 would approve the agreement between the government of the United States and the government of the Hashemite Kingdom of Jordan that was entered into on October 24, 2000. It would provide for tariff reductions and other changes in law related to implementation of the agreement, such as provisions dealing with dispute settlement and intellectual property rights protection. The Congressional Budget Office estimates that enacting the bill would reduce revenues by \$2 million in 2002, by \$15 million over the 2002–2006 period, and by \$44 million over the 2002–2011 period. Because enacting H.R. 2603 would affect receipts, pay-as-you-go procedures would apply. CBO has determined that H.R. 2603 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2603 is shown in the following table.

	By fiscal year, in millions of dollars—				
	2002	2003	2004	2005	2006
CHANGES IN REVENUES					
Estimated revenues	-2	-3	-3	-4	-4

Basis of estimate

Revenues

Under the United States-Jordan agreement, all tariffs on U.S. imports from Jordan would be phased out for individual products

at varying rates according to one of nine different timetables ranging from immediate elimination to partial elimination over 10 years. One schedule would allow goods to enter at current rates of duty until year ten of the agreement, at which time such goods would enter duty-free. Based on Census Bureau data on imports from Jordan, CBO estimates that the reduction of tariff rates would reduce revenues by about \$15 million over the 2002–2006 period, net of income and payroll tax offsets. This estimate includes the effects of increased imports from Jordan that would result from the reduced prices of imported products in the United States—reflecting the lower tariff rates—and has been estimated based on the expected substitution between U.S. products and imports from Jordan. In addition, it is likely that some of the increase in U.S. imports from Jordan would displace imports from other countries. In the absence of specific data on the extent of this substitution effect, CBO assumes that an amount equal to one-half of the increase in U.S. imports from Jordan will displace imports from other countries.

Spending subject to appropriation

H.R. 2603 would authorize the appropriation of \$100,000 for the Department of Commerce to pay the United States’ share of the costs of the dispute settlement procedures established by the agreement. CBO estimates that implementing this provision would cost \$100,000, subject to the availability of appropriated funds.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up procedures for legislation affecting receipts or direct spending. The net changes in governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars—										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in receipts	0	-2	-2	-3	-4	-4	-5	-5	-5	-6	-9
Changes in outlays											Not applicable

Intergovernmental and private-sector impact: The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal revenues: Erin Whitaker; Federal costs: Ken Johnson; impact on State, local, and tribal governments: Scott Marsters; impact on the private sector: Lauren Marks.

Estimate approved by: G. Thomas Woodward, Assistant Director for Tax Analysis; Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Com-

mittee, based upon information from the Administration, concluded that it is appropriate and timely to enact the provision in the bill as reported.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of the part of this legislation that authorizes funding are for the payment of the U.S. share of the expenses incurred in dispute settlement proceedings established under article 17 of the U.S.-Jordan Free Trade Agreement.

C. CONSTITUTIONAL AUTHORITY STATEMENT

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States * * *").

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 202 OF THE TRADE ACT OF 1974

SEC. 202. INVESTIGATIONS, DETERMINATIONS, AND RECOMMENDATIONS BY COMMISSION.

(a) PETITIONS AND ADJUSTMENT PLANS.—

(1) * * *

* * * * *

(8) The procedures concerning the release of confidential business information set forth in section 332(g) of the Tariff Act of 1930 shall apply with respect to information received by the Commission in the course of investigations conducted under this chapter [and part 1], *part I* of title III of the North American Free Trade Agreement Implementation Act, and *title II of the United States-Jordan Free Trade Area Implementation Act*. The Commission may request that parties providing confidential business information furnish nonconfidential summaries thereof or, if such parties indicate that the information in the submission cannot be summarized, the reasons why a summary cannot be provided. If the Commission finds that a request for confidentiality is not warranted and if the party concerned is either unwilling to make the information public or to authorize its disclosure in generalized or summarized form, the Commission may disregard the submission.

* * * * *

VII. ADDITIONAL VIEWS

The U.S.-Jordan free trade agreement represents an historic document in several respects. First, the agreement makes Jordan one of only four countries with whom the United States has signed a free trade agreement. Second, the agreement reinforces the strong strategic relationship between our countries. Third, it reflects the significant progress Jordan has made, as a relatively new member of the World Trade Organization (WTO), toward bringing its laws and practices into compliance with WTO rules in key areas like intellectual property rights and services. Fourth, the agreement is noteworthy because the core text of the document includes obligations on labor standards and the environment. Jordan and the United States have agreed that they will not fail to effectively enforce their labor and environmental laws in a manner affecting trade. Because the laws of Jordan and the United States provide high labor standards and environmental protections, this is a meaningful commitment. Importantly, the U.S.-Jordan free trade agreement accords the labor and environmental provisions equal status to all other provisions in the agreement, including with regard to dispute settlement and enforcement. Because of its historic diplomatic and commercial nature, and because it recognizes the concrete links between trade and labor market issues and trade and the environment, we support the approval of legislation implementing the U.S.-Jordan free trade agreement.

Although we support passage of the implementing legislation, we are disturbed by the precedent set by the exchange of letters between the United States Trade Representative and the Jordanian Ambassador to the United States stating that the two countries do not “expect or intend” to secure compliance to the provisions in the agreement using “traditional trade sanctions.” These letters do not change the text of the trade agreement and do not represent binding commitments under the agreement. However, the exchange of letters is troubling for two reasons. First, it suggests that the Administration questions the appropriateness of trade sanctions as a tool to enforce obligations in trade agreements. Trade sanctions have been a traditional tool available to secure compliance with obligations in trade agreements. We believe it is important that American businesses that depend on trade sanctions as an enforcement mechanism to protect their intellectual property rights and access to foreign markets continue to have the ability to enforce those rights using the method that has proven most effective in enforcing past trade agreements. Second, the exchange of letters suggests that the Administration believes that labor and environmental provisions in trade agreements should be given second-tier status. Because nearly all the provisions in the U.S.-Jordan free trade agreement, except those regarding labor and the environment, are currently enforceable within the WTO, the Administra-

tion's action essentially establishes a two-tiered system of enforcement—providing for more effective enforcement of some provisions, such as those on intellectual property, market access, and services, than for those regarding labor and the environment. We believe that it is inappropriate to deny to provisions related to labor market issues and the environment the same dispute resolution processes and remedies as provided to provisions regarding other trade issues.

CHARLES B. RANGEL.
JERRY KLECZKA.
MICHAEL R. McNULTY.
LLOYD DOGGETT.
XAVIER BECERRA.
WM. J. JEFFERSON.
EARL POMEROY.
SANDER LEVIN.
ROBERT T. MATSUI.
RICHARD E. NEAL.
KAREN L. THURMAN.
JIM McDERMOTT.
JOHN LEWIS.

ADDITIONAL VIEWS

Committee Democrats just received the draft report and requested a change to the sentence that reads: "It is this significant exchange of letters that lays the ground work for moving forward legislation implementing the agreement." The change was not accepted by the Majority. In the view of Democrats, the pursuit of this exchange and the exchange itself delayed moving forward on legislation implementing this important agreement with a vital friend and ally of the United States.

CHARLES B. RANGEL.
SANDER LEVIN.

ADDITIONAL VIEWS

This agreement cements a relationship with an important ally, encourages international peace efforts, and represents an important step forward in addressing environmental and labor issues that arise in the course of expanding international commerce. This Administration and its allies here in the House are fearful of coping with these important considerations concerning the environment and working conditions.

The President, Ambassador Zoellick, and others have made a habit recently of condemning as “isolationist” those of us concerned with the sometime adverse impact of trade on the environment—no matter how many trade agreements we may have supported in the past. An Administration that this very week stands alone and isolated from 178 nations in working to resolve the threat of climate change and global warming, an Administration that this week stands isolated in rejecting seven years of negotiations for a draft protocol to enforce and strengthen the 30-year ban on germ warfare, an Administration that has announced its intention to unilaterally renounce the Anti-Ballistic Missile (ABM) Treaty that has contributed to three decades of peace, this is, indeed, an Administration that certainly understands what it really means to be “isolationist.” In view of its own misadventures, it is little wonder this Administration applies the term “isolationist” so liberally toward those who question its outmoded trade policy.

Without diminishing the truly historic nature of this agreement, it should be noted that it was negotiated with a trade partner that has a quite small economy and a quite modest effect upon our economy. The level of environmental consequences stemming from this agreement is wholly different from that caused by other agreements, where the trading partner involves a country geographically larger, with a higher level of trade with the U.S., or even with a greater amount of vulnerable natural resources. Nor is this a trade agreement with many trade partners like the proposed Free Trade Area of the Americas. And because of these factors, many questions were not asked concerning Jordan that must be asked and dealt with in future trade negotiations.

This agreement focuses on the countries’ enforcement of existing environmental and labor laws. In countries with weak or no laws, this would not suffice.

Of particular importance, issues regarding the investor-state dispute resolution process similar to those raised by Chapter 11 of the North American Free Trade Agreement were not negotiated here. The basic principle that foreign investors should not be accorded more rights than Americans should be given particular attention in future trade agreements. Neither does the Jordan agreement require consideration of whether these and other disputes should be

resolved in a manner consistent with our democratic guarantees of public notice and open hearings, submissions and rulings.

Much of the environmental and labor language does not establish binding obligations. The parties are, for example, committed only to “strive to ensure” that their domestic environmental and labor laws will not be relaxed. The “enforcement” language is weak, e.g.: “A party shall not fail to effectively enforce related laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties. * * *”

The environmental review process for this Agreement pursuant to President Clinton’s Executive Order and the Guidelines implementing it that were published last year were also lacking in a number of respects. The Jordan review was limited in scope, utilizing a basic econometric assessment of domestic environmental impacts rather than a full, robust analysis reviewing global impacts. Further, the review did not assess the environmental dimensions of commercial or trade policies, and how those policies could be improved. Other missed opportunities, in particular, include any new commitments to protect the coral reefs in the Gulf of Aqaba from environmental harm.

Hence, the Jordan agreement represents a step in the right direction, but it should not be mistaken for the successful culmination of the journey to establish meaningful and enforceable standards on the environment and working conditions as essential components in new trade agreements. That this Administration and its allies are so fearful of environmental and labor provisions as modest as those contained in this Jordan agreement, that they delayed for months submitting this agreement and, until now, have questioned whether it was in the national interest, is further evidence of the danger of pending proposals to grant President Bush open-ended, blank check, “fast track” trade negotiating authority.

LLOYD DOGGETT.
ROBERT T. MATSUI.
JIM McDERMOTT.
JOHN LEWIS.
KAREN L. THURMAN.

ADDITIONAL VIEWS OF HON. KENNY HULSHOF

To retain our preeminent place in the world, it is imperative that the United States remain a global force for trade liberalization. Ninety-six percent of the world's consumers live outside our borders. A policy that expands access to markets abroad is an integral part of any strategy to strengthen our domestic economy.

I applaud the Bush Administration's efforts to secure Trade Promotion Authority (TPA) for the President. America's workers and farmers are the most efficient and innovative in the world. Given the opportunity to compete on a level playing field, our nation will prosper. Denying the President TPA puts American jobs at risk. Our international competitors are moving forward with market access agreements while the United States remains on the sidelines. Denying the President TPA is short-sighted. It puts us at a competitive disadvantage. Just as I voted to give extend TPA to President Clinton, I support giving President Bush this negotiating authority.

I am troubled, however, by proposals to include items unrelated to trade such as labor and environment standards in the base text of trade agreements. In particular, I am wary of the manner in which the Clinton Administration chose to address these issues in the U.S.-Jordan bilateral trade agreement. Our Chief Executive has a host of tools at his disposal to address international labor and environment standards. I fear that the U.S.-Jordan agreement negotiated by the previous administration sets a troubling standard that could infringe on American sovereignty and have the impact of actually curtailing our access to foreign markets.

The exchange of letters between U.S. Trade Representative Robert Zoellick and Ambassador Marwan Muasher of Jordan partially allays my concerns. The two letters dated July 23 state the desire of both Jordan and the U.S. to avoid dispute resolution actions that result in blocking trade. This acknowledgment is a positive development. That being said, I am still troubled by the base text of the U.S.-Jordan bilateral trade agreement. The way this agreement deals with labor and environment standards is not constructive for future trade agreements or TPA legislation pending before Congress.

It is important to recognize the important role Jordan plays in the Middle East. Jordan's King Abdullah has played a helpful role in promoting peace and stability in the region. Jordan's accession to the World Trade Organization and increased economic ties to the United States will help promote a closer relationship between our two nations and foster political and economic stability in the Middle East. This is clearly a positive policy objective.

Thus, it is with reservations that I support passage of H.R. 2603. The exchange of letters between the American and Jordanian governments combined with the strategic importance of Jordan to our

long-term foreign policy objectives in the Middle East provide unique circumstances that allow me to support the bill before the committee. But let me reiterate what I have said earlier. The manner in which labor and environment standards are addressed in the base text of the U.S.-Jordan bilateral trade agreement should not be considered precedent for trade legislation considered by this committee in the future.

KENNY HULSHOF.

VIII. COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, July 30, 2001.

Hon. WILLIAM M. THOMAS,
*Chairman, House Committee on Ways and Means, Longworth HOB,
House of Representatives, Washington, DC.*

DEAR BILL: Thank you for working with me regarding H.R. 1484, the "United States-Jordan Free Trade Areas Implementation Act," which was referred to the Committee on Ways and Means and the Committee on the Judiciary. As you know, the Committee on the Judiciary has a jurisdictional interest in this legislation, and I appreciate your acknowledgment of that jurisdictional interest. Because I understand the desire to have this legislation considered expeditiously by the House and because the Committee does not have a substantive concern with those provisions that fall within its jurisdiction, I do not intend to hold a hearing or markup on this legislation.

In agreeing to waive consideration by our Committee, I would expect you to agree that this procedural route should not be construed to prejudice the Committee on the Judiciary's jurisdictional interest and prerogatives on this or any similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to my Committee in the future. The Committee on the Judiciary takes this action with the understanding that the Committee's jurisdiction over the provisions within the Committee's jurisdiction is in no way diminished or altered, and that the Committee's right to the appointment of conferees during any conference on the bill is preserved. I would also expect your support in my request to the Speaker for the appointment of conferees from my Committee with respect to matters within the jurisdiction of my Committee should a conference with the Senate be convened on this or similar legislation.

Again, thank you for your cooperation on this important matter. I would appreciate your including our exchange of letters in your Committee's report to accompany H.R. 1484.

Sincerely,

F. JAMES SENSENBRENNER, Jr.,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, July 30, 2001.

Hon. F. JAMES SENSENBRENNER, Jr.,
*Chairman, Committee on the Judiciary, House of Representatives,
Rayburn House Office Building, Washington, DC.*

DEAR JIM: Thank you for your letter regarding H.R. 2603, the "United States-Jordan Free Trade Area Implementation Act of 2001."

As you have noted, the Committee on Ways and Means ordered favorably reported, H.R. 2603, "United States-Jordan Free Trade Area Implementation Act of 2001," on Thursday, July 26, 2001. I appreciate your agreement to expedite the passage of this legislation despite containing provisions within your Committee's jurisdiction. I acknowledge your decision to forego further action on the bill was based on the understanding that it will not prejudice the Committee on the Judiciary with respect to its jurisdictional prerogatives or the appointment of conferees on this or similar legislation.

Finally, I will include in the Congressional Record a copy of our exchange of letters on this matter. Thank you for your assistance and cooperation. We look forward to working with you in the future.

Best regards,

BILL THOMAS,
Chairman.

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