test scores continue to remain low. There still has been a wide achievement gap between Head Start kids and their more advantaged peers. We have a long ways to go.

Meanwhile, since 1996, funding for Head Start has nearly doubled in this Republican Congress. Do we think we can do better for these children? Yes. This is a modest attempt to improve a program.

The demonstration program in this bill is voluntary, I repeat, voluntary, on the part of eight States who want local control to try and do better. Why not? What could possibly be wrong with that?

The School Readiness Act of 2003 is a good bill and an improvement to the program.

□ 1015

FDA'S LOBBYING QUESTIONED

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, in today's Roll Call, the Capitol Hill newspaper of record, there is an article, FDA's Lobbying Questioning. Let me read a couple of paragraphs:

''In a rare lobbying campaign by a Federal agency, the Food and Drug Administration has formed an unofficial alliance with the pharmaceutical industry to urge House Members to vote against a bill that could flood the Nation with cheap prescription drugs from Canada and overseas.

''The FDA's extraordinary moves to kill the bill'' this article says, ''and the informal lobbying partnership between a Federal regulator and an industry it oversees, has coming under fire from several Members who support this legislation.''

Mr. Speaker, this may not be illegal, what the Food and Drug Administration has done, but it is certainly untoward, it is certainly unprecedented.

In my 11 years as a Member of Congress I have never seen a Federal agency use its civil servants to lobby Congress so directly and so brazenly; and what is particularly outrageous is that they are doing that against American consumers, against America's elderly, against people who need lower-priced prescription drugs. The drug industry's contributions to the Bush administration and to far too many people in this Chamber unfortunately might be paying off.

HELPING CONGRESS MAKE BETTER DECISIONS

(Mr. ISAKSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ISAKSON. Mr. Speaker, I rise quickly to make a couple of points. Sometimes we change legislation through impassioned speeches on the floor of this House. Sometimes, in the quiet of committees, members offer amendments that make substantial changes in law. Sometimes you can make substantial change in our practices through change in the way we do business.

Yesterday, I introduced a change to the rules of House as a bill introduced in this House, which I would like to ask everybody to be a part of, that simply says this: Whenever a conference committee appropriates new moneys, expands a program or adds a program that was not incorporated within the House and Senate bills as they went through their normal procedure in this House, that those programs be delineated on the surface of that conference report, and that that conference report lie on the Members' desks for 24 hours before its vote.

When the sun shines in on the knowledge of last-minute appropriations and deals that are made, then we in Congress will make more intelligent votes on the bills that come before us than the late night and late hours of the conference committee reports and votes.

BALANCED BUDGET AND NATIONAL DEBT

(Mr. TAYLOR of Mississippi asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAYLOR of Mississippi. Mr. Speaker, if has been 804 days since the angels of debt, led by President Bush and the Republican majority in this House, embarked on the economic plan for our Nation. During that time the national debt has increased by $1,085,680,723,163.

According to the Web site for the Bureau of Public Debt at the U.S. Department of Treasury, yesterday at 4 o'clock, Eastern Daylight Time, the Nation's outstanding debt was $6,726,006,109,521.

Furthermore, in fiscal year 2003, interest on our national debt, or the debt tax, is $277,768,492,816 as of June 30.

Mr. Speaker, it is time for you to schedule a vote on this House floor for a balanced budget amendment to the American Constitution.

UNITED STATES-CHILE FREE TRADE AGREEMENT IMPLEMENTATION ACT

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 329, I call up the bill (H.R. 2738) to implement the United States-Chile Free Trade Agreement, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of H.R. 2738 is as follows:

HR. 2738

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''United States-Chile Free Trade Agreement Implementation Act''.

(b) TABLE OF CONTENTS.—

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to approve and implement the Free Trade Agreement between the United States and the Republic of Chile entered into under the authority of section 2103(b) of the Bipartisan Trade Promotion Authority Act of 2002;

(2) to strengthen and develop economic relations between the United States and Chile for their mutual benefit;

(3) to establish free trade between the two nations through the reduction and elimination of barriers to trade in goods and services and to investment; and

(4) to lay the foundation for further cooperation to expand and enhance the benefits of such Agreement.

SEC. 3. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term ''Agreement'' means the United States-Chile Free Trade Agreement approved by the Congress under section 101(a)(1).

(2) HTS.—The term ''HTS'' means the Harmonized Tariff Schedule of the United States.

(3) TEXTILE OR APPAREL GOOD.—The term ''textile or apparel good'' means a good listed in the Annex to the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)).

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE AGREEMENT.

(a) APPROVAL OF AGREEMENT AND STATEMENT OF ADMINISTRATIVE ACTION.—Pursuant to section 2105 of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3805) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), the Congress approves—

(1) the United States-Chile Free Trade Agreement entered into on June 6, 2003, with the Government of Chile and submitted to the Congress on July 15, 2003; and

(2) the statement of administrative action proposed to implement the Agreement that was submitted to the Congress on July 15, 2003.

(b) CONDITIONS FOR ENTRY INTO FORCE OF THE AGREEMENT.—At such time as the President determines that Chile has taken measures necessary to bring it into compliance with the provisions of the Agreement that take effect on the date on which the Agreement enters into force, the President is authorized to exchange notes with the Government of Chile providing for the entry into force, on or after January 1, 2004, of the Agreement for the United States.

SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW.

(a) RELATIONSHIP 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, which 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 by virtue of Congressional approval thereof; 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. 103. CONSULTATION AND LAYOVER PROVISIONS FOR, AND EFFECTIVE DATE OF, PROCLAIMED ACTIONS.

(a) CONSULTATION AND LAYOVER REQUIREMENTS.—If a provision of this Act provides that the implementation of an action by the President by proclamation is subject to the consultation and layover requirements of this section, such action may be proclaimed only if—

(1) the President has obtained advice regarding the proposed action from—

(A) the appropriate advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155); and

(B) the United States International Trade Commission;

(2) the President has submitted a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate that sets forth—

(A) the action proposed to be proclaimed and the reasons therefor; and

(B) the advice obtained under paragraph (1);

(3) a period of 60 calendar days, beginning on the first day on which the requirements set forth in paragraphs (1) and (2) have been met has expired; and

(4) the President has consulted with such Committees regarding the proposed action during the period referred to in paragraph (3).

(b) EFFECTIVE DATE OF CERTAIN PROCLAIMED ACTIONS.—Any action proclaimed by the President under the authority of this Act that is not subject to the consultation and layover provisions under subsection (a) may not take effect before the 15th day after the date on which the text of the proclamation is published in the Federal Register.

SEC. 104. IMPLEMENTING ACTIONS IN ANTICIPATION OF ENTRY INTO FORCE AND INITIAL REGULATIONS.

(a) IMPLEMENTING ACTIONS.—

(1) PROCLAMATION AUTHORITY.—After the date of enactment of this Act—

(A) the President may proclaim such actions, and

(B) other appropriate officers of the United States Government 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 of entry into force.

(2) WAIVER OF 15-DAY RESTRICTION.—The 15-day restriction contained in section 103(b) on the taking effect of proclaimed actions is waived to the extent that the application of such restriction would prevent the taking effect on the date the Agreement enters into force of any action proclaimed under this section.

(b) INITIAL REGULATIONS.—Initial regulations necessary or appropriate to carry out the actions required by or authorized under this Act or proposed in the statement of administrative action referred to in section 101(a)(2) to implement the Agreement shall, to the maximum extent feasible, be issued within 1 year after the date of entry into force of the Agreement. In the case of any implementing action that takes effect on a date after the date of entry into force of the Agreement, initial regulations to carry out that action shall, to the maximum extent feasible, be issued within 1 year after such effective date.

SEC. 105. ADMINISTRATION OF DISPUTE SETTLEMENT PROCEEDINGS.

(a) ESTABLISHMENT OR DESIGNATION OF OFFICE.—The President is authorized to establish or designate within the Department of Commerce an office that shall be responsible for providing administrative assistance to panels established under chapter 22 of the Agreement. The office may not be considered to be an agency for purposes of section 552 of title 5, United States Code.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each fiscal year after fiscal year 2003 to the Department of Commerce such sums as may be necessary for the establishment and operations of the office under subsection (a) and for the payment of the United States share of the expenses of panels established under chapter 22 of the Agreement.

SEC. 106. ARBITRATION OF CLAIMS.

(a) SUBMISSION OF CERTAIN CLAIMS.—The United States is authorized to resolve any claim against the United States covered by article 10.15(1)(a)(i)(C) or 10.15(1)(b)(i)(C) of the Agreement, pursuant to the Investor-State Dispute Settlement procedures set forth in section B of chapter 10 of the Agreement.

(b) CONTRACT CLAUSES.—All contracts executed by any agency of the United States on or after the date of entry into force of the Agreement shall contain a clause specifying the law that will apply to resolve any breach of contract claim.

SEC. 107. 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.

TITLE II—CUSTOMS PROVISIONS

SEC. 201. TARIFF MODIFICATIONS.

(a) TARIFF MODIFICATIONS PROVIDED FOR IN THE AGREEMENT.—

(1) PROCLAMATION AUTHORITY.—The President may proclaim—

(A) such modifications or continuation of any duty,

(B) such continuation of duty-free or excise treatment, or

(C) such additional duties,

as the President determines to be necessary or appropriate to carry out or apply articles 3.3, 3.7, 3.9, article 3.20 (8), (9), (10), and (11), and Annex 3.3 of the Agreement.

(2) EFFECT ON CHILEAN GSP STATUS.—Notwithstanding section 502(a)(1) of the Trade Act of 1974 (19 U.S.C. 2462(a)(1)), the President shall terminate the designation of Chile as a beneficiary developing country for purposes of title V of the Trade Act of 1974 on the date of entry into force of the Agreement.

(b) OTHER TARIFF MODIFICATIONS.—Subject to the consultation and layover provisions of section 103(a), the President may proclaim—

(1) such modifications or continuation of any duty,

(2) such modifications as the United States may agree to with Chile regarding the staging of any duty treatment set forth in Annex 3.3 of the Agreement,

(3) such continuation of duty-free or excise treatment, or

(4) 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 Chile provided for by the Agreement.

(c) ADDITIONAL TARIFFS ON AGRICULTURAL SAFEGUARD GOODS.—

(1) IN GENERAL.—In addition to any duty proclaimed under subsection (a) or (b), and subject to paragraphs (3) through (5), the Secretary of the Treasury shall assess a duty, in the amount prescribed under paragraph (2), on an agricultural safeguard good if the Secretary of the Treasury determines that the unit import price of the good when it enters the United States, determined on an F.O.B. basis, is less than the trigger price indicated for that good in Annex 3.18 of the Agreement or any amendment thereto.

(2) CALCULATION OF ADDITIONAL DUTY.—The amount of the additional duty assessed under this subsection shall be determined as follows:

(A) If the difference between the unit import price and the trigger price is less than, or equal to, 10 percent of the trigger price, no additional duty shall be imposed.

(B) If the difference between the unit import price and the trigger price is greater than 10 percent, but less than or equal to 40 percent, of the trigger price, the additional duty shall be equal to 30 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

(C) If the difference between the unit import price and the trigger price is greater than 40 percent, but less than or equal to 60 percent, of the trigger price, the additional duty shall be equal to 50 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

(D) If the difference between the unit import price and the trigger price is greater than 60 percent, but less than or equal to 75 percent, of the trigger price, the additional duty shall be equal to 70 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

(E) If the difference between the unit import price and the trigger price is greater than 75 percent of the trigger price, the additional duty shall be equal to 100 percent of the difference between the preferential tariff rate and the column 1 general rate of duty imposed under the HTS on like articles at the time the additional duty is imposed.

(3) EXCEPTIONS.—No additional duty under this subsection shall be assessed on an agricultural safeguard good if, at the time of entry, the good is subject to import relief under—

(A) subtitle A of title III of this Act; or

(B) chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.).

(4) TERMINATION.—This subsection shall cease to apply on the date that is 12 years after the date on which the Agreement enters into force.

(5) TARIFF-RATE QUOTAS.—If an agricultural safeguard good is subject to a tariff-rate quota, and the in-quota duty rate for the good proclaimed pursuant to subsection (a) or (b) is zero, any additional duty assessed under this subsection shall be applied only to over-quota imports of the good.

(6) NOTICE.—Not later than 60 days after the Secretary of the Treasury first assesses additional duties on an agricultural safeguard good under this subsection, the Secretary shall notify the Government of Chile in writing of such action and shall provide to the Government of Chile data supporting the assessment of additional duties.

(7) MODIFICATION OF TRIGGER PRICES.—Not later than 60 calendar days before agreeing with the Government of Chile pursuant to article 3.18(2)(b) of the Agreement on a modification to a trigger price for a good listed in Annex 3.18 of the Agreement, the President shall notify the Committees on Ways and Means and Agriculture of the House of Representatives and the Committees on Finance and Agriculture of the Senate of the proposed modification and the reasons therefor.

(8) DEFINITIONS.—In this subsection:

(A) AGRICULTURAL SAFEGUARD GOOD.—The term ''agricultural safeguard good'' means a good—

(i) that qualifies as an originating good under section 202;

(ii) that is included in the United States Agricultural Safeguard Product List set forth in Annex 3.18 of the Agreement; and

(iii) for which a claim for preferential tariff treatment under the Agreement has been made.

(B) F.O.B.—The term ''F.O.B.'' means free on board, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer.

(C) UNIT IMPORT PRICE.—The term ''unit import price'' means the price expressed in dollars per kilogram.

(d) CONVERSION TO AD VALOREM RATES.—For purposes of subsections (a) and (b), with respect to any good for which the base rate in the Schedule of the United States to Annex 3.3 of the Agreement is a specific or compound rate of duty, the President may substitute for the base rate an ad valorem rate that the President determines to be equivalent to the base rate.

SEC. 202. RULES OF ORIGIN.

(a) ORIGINATING GOODS.—

(1) IN GENERAL.—For purposes of this Act and for purposes of implementing the tariff treatment provided for under the Agreement, except as otherwise provided in this section, a good is an originating good if—

(A) the good is wholly obtained or produced entirely in the territory of Chile, the United States, or both;

(B) the good—

(i) is produced entirely in the territory of Chile, the United States, or both, and

(I) each of the nonoriginating materials used in the production of the good undergoes an applicable change in tariff classification specified in Annex 4.1 of the Agreement, or

(II) the good otherwise satisfies any applicable regional value-content or other requirements specified in Annex 4.1 of the Agreement; and

(ii) satisfies all other applicable requirements of this section; or

(C) the good is produced entirely in the territory of Chile, the United States, or both, exclusively from materials described in subparagraph (A) or (B).

(2) SIMPLE COMBINATION OR MERE DILUTION.—A good shall not be considered to be an originating good and a material shall not be considered to be an originating material by virtue of having undergone—

(A) simple combining or packaging operations; or

(B) mere dilution with water or another substance that does not materially alter the characteristics of the good or material.

(b) DE MINIMIS AMOUNTS OF NONORIGINATING MATERIALS.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), a good that does not undergo a change in tariff classification pursuant to Annex 4.1 of the Agreement is an originating good if—

(A) the value of all nonoriginating materials that are used in the production of the good and do not undergo the applicable change in tariff classification does not exceed 10 percent of the adjusted value of the good;

(B) the value of such nonoriginating materials is included in the value of nonoriginating materials for any applicable regional value-content requirement; and

(C) the good meets all other applicable requirements of this section.

(2) EXCEPTIONS.—Paragraph (1) does not apply to the following:

(A) A nonoriginating material provided for in chapter 4 of the HTS, or a nonoriginating dairy preparation containing over 10 percent by weight of milk solids provided for in subheading 1901.90 or 2106.90 of the HTS, that is used in the production of a good provided for in chapter 4 of the HTS.

(B) A nonoriginating material provided for in chapter 4 of the HTS, or nonoriginating dairy preparations containing over 10 percent by weight of milk solids provided for in subheading 1901.90 of the HTS, that are used in the production of the following goods:

(i) Infant preparations containing over 10 percent in weight of milk solids provided for in subheading 1901.10 of the HTS.

(ii) Mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale, provided for in subheading 1901.20 of the HTS.

(iii) Dairy preparations containing over 10 percent by weight of milk solids provided for in subheading 1901.90 or 2106.90 of the HTS.

(iv) Goods provided for in heading 2105 of the HTS.

(v) Beverages containing milk provided for in subheading 2202.90 of the HTS.

(vi) Animal feeds containing over 10 percent by weight of milk solids provided for in subheading 2309.90 of the HTS.

(C) A nonoriginating material provided for in heading 0805 of the HTS, or any of subheadings 2009.11.00 through 2009.39 of the HTS, that is used in the production of a good provided for in any of subheadings 2009.11.00 through 2009.39 of the HTS, or in fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins, concentrated or unconcentrated, provided for in subheading 2106.90 or 2202.90 of the HTS.

(D) A nonoriginating material provided for in chapter 15 of the HTS that is used in the production of a good provided for in any of headings 1501.00.00 through 1508, 1512, 1514, and 1515 of the HTS.

(E) A nonoriginating material provided for in heading 1701 of the HTS that is used in the production of a good provided for in any of headings 1701 through 1703 of the HTS.

(F) A nonoriginating material provided for in chapter 17 of the HTS or in heading 1805.00.00 of the HTS that is used in the production of a good provided for in subheading 1806.10 of the HTS.

(G) A nonoriginating material provided for in any of headings 2203 through 2208 of the HTS that is used in the production of a good provided for in heading 2207 or 2208 of the HTS.

(H) A nonoriginating material used in the production of a good provided for in any of chapters 1 through 21 of the HTS, unless the nonoriginating material is provided for in a different subheading than the good for which origin is being determined under this section.

(3) GOODS PROVIDED FOR IN CHAPTERS 50 THROUGH 63 OF THE HTS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a good provided for in any of chapters 50 through 63 of the HTS that is not an originating good because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 4.1 of the Agreement, shall be considered to be an originating good

if the total weight of all such fibers or yarns in that component is not more than 7 percent of the total weight of that component.

(B) CERTAIN TEXTILE OR APPAREL GOODS.—A textile or apparel good containing elastomeric yarns in the component of the good that determines the tariff classification of the good shall be considered to be an originating good only if such yarns are wholly formed in the territory of Chile or the United States.

(c) ACCUMULATION.—

(1) ORIGINATING GOODS INCORPORATED IN GOODS OF OTHER COUNTRY.—Originating goods or materials of Chile or the United States that are incorporated into a good in the territory of the other country shall be considered to originate in the territory of the other country.

(2) MULTIPLE PROCEDURES.—A good that is produced in the territory of Chile, the United States, or both, by 1 or more producers, is an originating good if the good satisfies the requirements of subsection (a) and all other applicable requirements of this section.

(d) REGIONAL VALUE-CONTENT.—

(1) IN GENERAL.—For purposes of subsection (a)(2), the regional value-content of a good referred to in Annex 4.1 of the Agreement shall be calculated, at the choice of the person claiming preferential tariff treatment for the good, on the basis of the build-down method described in paragraph (2) or the build-up method described in paragraph (3), unless otherwise provided in Annex 4.1 of the Agreement.

(2) BUILD-DOWN METHOD.—

(A) IN GENERAL.—The regional value-content of a good may be calculated on the basis of the following build-down method:

$$RVC = \frac{AV - VNM}{AV} \times 100$$

(B) DEFINITIONS.—For purposes of subparagraph (A):

(i) The term ''RVC'' means the regional value-content, expressed as a percentage.

(ii) The term ''AV'' means the adjusted value.

(iii) The term ''VNM'' means the value of nonoriginating materials used by the producer in the production of the good.

(3) BUILD-UP METHOD.—

(A) IN GENERAL.—The regional value-content of a good may be calculated on the basis of the following build-up method:

$$RVC = \frac{VOM}{AV} \times 100$$

(B) DEFINITIONS.—For purposes of subparagraph (A):

(i) The term ''RVC'' means the regional value-content, expressed as a percentage.

(ii) The term ''AV'' means the adjusted value.

(iii) The term ''VOM'' means the value of originating materials used by the producer in the production of the good.

(e) VALUE OF MATERIALS.—

(1) IN GENERAL.—For purposes of calculating the regional value-content of a good under subsection (d), and for purposes of applying the de minimis rules under subsection (b), the value of a material is—

(A) in the case of a material that is imported by the producer of the good, the adjusted value of the material with respect to that importation;

(B) in the case of a material acquired in the territory in which the good is produced, except for a material to which subparagraph (C) applies, the producer's price actually paid or payable for the material;

(C) in the case of a material provided to the producer without charge, or at a price reflecting a discount or similar reduction, the sum of—

(i) all expenses incurred in the growth, production, or manufacture of the material, including general expenses; and

(ii) an amount for profit; or

(D) in the case of a material that is self-produced, the sum of—

(i) all expenses incurred in the production of the material, including general expenses; and

(ii) an amount for profit.

(2) FURTHER ADJUSTMENTS TO THE VALUE OF MATERIALS.—

(A) ORIGINATING MATERIALS.—The following expenses, if not included in the value of an originating material calculated under paragraph (1), may be added to the value of the originating material:

(i) The costs of freight, insurance, packing, and all other costs incurred in transporting the material to the location of the producer.

(ii) Duties, taxes, and customs brokerage fees on the material paid in the territory of Chile, the United States, or both, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable.

(iii) The cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or byproduct.

(B) NONORIGINATING MATERIALS.—The following expenses, if included in the value of a nonoriginating material calculated under paragraph (1), may be deducted from the value of the nonoriginating material:

(i) The costs of freight, insurance, packing, and all other costs incurred in transporting the material to the location of the producer.

(ii) Duties, taxes, and customs brokerage fees on the material paid in the territory of Chile, the United States, or both, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable.

(iii) The cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or byproducts.

(iv) The cost of originating materials used in the production of the nonoriginating material in the territory of Chile or the United States.

(f) ACCESSORIES, SPARE PARTS, OR TOOLS.—Accessories, spare parts, or tools delivered with a good that form part of the good's standard accessories, spare parts, or tools shall be regarded as a material used in the production of the good, if—

(1) the accessories, spare parts, or tools are classified with and not invoiced separately from the good; and

(2) the quantities and value of the accessories, spare parts, or tools are customary for the good.

(g) FUNGIBLE GOODS AND MATERIALS.—

(1) IN GENERAL.—

(A) CLAIM FOR PREFERENTIAL TREATMENT.—A person claiming preferential tariff treatment for a good may claim that a fungible good or material is originating either based on the physical segregation of each fungible good or material or by using an inventory management method.

(B) INVENTORY MANAGEMENT METHOD.—In this subsection, the term ''inventory management method'' means—

(i) averaging;

(ii) ''last-in, first-out'';

(iii) ''first-in, first-out''; or

(iv) any other method—

(I) recognized in the generally accepted accounting principles of the country in which the production is performed (whether Chile or the United States); or

(II) otherwise accepted by that country.

(2) ELECTION OF INVENTORY METHOD.—A person selecting an inventory management method under paragraph (1) for particular fungible goods or materials shall continue to use that method for those goods or materials throughout the fiscal year of that person.

(h) PACKAGING MATERIALS AND CONTAINERS FOR RETAIL SALE.—Packaging materials and containers in which a good is packaged for retail sale, if classified with the good, shall be disregarded in determining whether all nonoriginating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 4.1 of the Agreement, and, if the good is subject to a regional value-content requirement, the value of such packaging materials and containers shall be taken into account as originating or nonoriginating materials, as the case may be, in calculating the regional value-content of the good.

(i) PACKING MATERIALS AND CONTAINERS FOR SHIPMENT.—Packing materials and containers for shipment shall be disregarded in determining whether—

(1) the nonoriginating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex 4.1 of the Agreement; and

(2) the good satisfies a regional value-content requirement.

(j) INDIRECT MATERIALS.—An indirect material shall be considered to be an originating material without regard to where it is produced.

(k) TRANSIT AND TRANSSHIPMENT.—A good that has undergone production necessary to qualify as an originating good under subsection (a) shall not be considered to be an originating good if, subsequent to that production, the good undergoes further production or any other operation outside the territory of Chile or the United States, other than unloading, reloading, or any other process necessary to preserve the good in good condition or to transport the good to the territory of Chile or the United States.

(l) TEXTILE AND APPAREL GOODS CLASSIFIABLE AS GOODS PUT UP IN SETS.—Notwithstanding the rules set forth in Annex 4.1 of the Agreement, textile and apparel goods classifiable as goods put up in sets for retail sale as provided for in General Rule of Interpretation 3 of the Harmonized System shall not be considered to be originating goods unless each of the goods in the set is an originating good or the total value of the nonoriginating goods in the set does not exceed 10 percent of the value of the set determined for purposes of assessing customs duties.

(m) APPLICATION AND INTERPRETATION.—In this section:

(1) The basis for any tariff classification is the HTS.

(2) Any cost or value referred to in this section shall be recorded and maintained in accordance with the generally accepted accounting principles applicable in the territory of the country in which the good is produced (whether Chile or the United States).

(n) DEFINITIONS.—In this section:

(1) ADJUSTED VALUE.—The term ''adjusted value'' means the value determined in accordance with articles 1 through 8, article 15, and the corresponding interpretive notes of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 referred to in section 101(d)(8) of the Uruguay Round Agreements Act, except that such value may be adjusted to exclude any costs, charges, or expenses incurred for transportation, insurance, and related services incident to the international shipment of the merchandise from the country of exportation to the place of importation.

(2) FUNGIBLE GOODS OR FUNGIBLE MATERIALS.—The terms ''fungible goods'' and

''fungible materials'' mean goods or materials, as the case may be, that are interchangeable for commercial purposes and the properties of which are essentially identical.

(3) GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.—The term ''generally accepted accounting principles'' means the principles, rules, and procedures, including both broad and specific guidelines, that define the accounting practices accepted in the territory of Chile or the United States, as the case may be.

(4) GOODS WHOLLY OBTAINED OR PRODUCED ENTIRELY IN THE TERRITORY OF CHILE, THE UNITED STATES, OR BOTH.—The term ''goods wholly obtained or produced entirely in the territory of Chile, the United States, or both'' means—

(A) mineral goods extracted in the territory of Chile, the United States, or both;

(B) vegetable goods, as such goods are defined in the Harmonized System, harvested in the territory of Chile, the United States, or both;

(C) live animals born and raised in the territory of Chile, the United States, or both;

(D) goods obtained from hunting, trapping, or fishing in the territory of Chile, the United States, or both;

(E) goods (fish, shellfish, and other marine life) taken from the sea by vessels registered or recorded with Chile or the United States and flying the flag of that country;

(F) goods produced on board factory ships from the goods referred to in subparagraph (E), if such factory ships are registered or recorded with Chile or the United States and fly the flag of that country;

(G) goods taken by Chile or the United States or a person of Chile or the United States from the seabed or beneath the seabed outside territorial waters, if Chile or the United States has rights to exploit such seabed;

(H) goods taken from outer space, if the goods are obtained by Chile or the United States or a person of Chile or the United States and not processed in the territory of a country other than Chile or the United States;

(I) waste and scrap derived from—

(i) production in the territory of Chile, the United States, or both; or

(ii) used goods collected in the territory of Chile, the United States, or both, if such goods are fit only for the recovery of raw materials;

(J) recovered goods derived in the territory of Chile or the United States from used goods, and used in the territory of that country in the production of remanufactured goods; and

(K) goods produced in the territory of Chile, the United States, or both, exclusively—

(i) from goods referred to in any of subparagraphs (A) through (I), or

(ii) from the derivatives of goods referred to in clause (i),

at any stage of production.

(5) HARMONIZED SYSTEM.—The term ''Harmonized System'' means the Harmonized Commodity Description and Coding System.

(6) INDIRECT MATERIAL.—The term ''indirect material'' means a good used in the production, testing, or inspection of a good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including—

(A) fuel and energy;

(B) tools, dies, and molds;

(C) spare parts and materials used in the maintenance of equipment or buildings;

(D) lubricants, greases, compounding materials, and other materials used in production or used to operate equipment or buildings;

(E) gloves, glasses, footwear, clothing, safety equipment, and supplies;

(F) equipment, devices, and supplies used for testing or inspecting the good;

(G) catalysts and solvents; and

(H) any other goods that are not incorporated into the good but the use of which in the production of the good can reasonably be demonstrated to be a part of that production.

(7) MATERIAL.—The term ''material'' means a good that is used in the production of another good, including a part, ingredient, or indirect material.

(8) MATERIAL THAT IS SELF-PRODUCED.—The term ''material that is self-produced'' means a material that is an originating good produced by a producer of a good and used in the production of that good.

(9) NONORIGINATING GOOD OR NONORIGINATING MATERIAL.—The terms ''nonoriginating good'' and ''nonoriginating material'' mean a good or material, as the case may be, that does not qualify as an originating good under this section.

(10) PACKING MATERIALS AND CONTAINERS FOR SHIPMENT.—The term ''packing materials and containers for shipment'' means the goods used to protect a good during its transportation, and does not include the packaging materials and containers in which a good is packaged for retail sale.

(11) PREFERENTIAL TARIFF TREATMENT.—The term ''preferential tariff treatment'' means the customs duty rate that is applicable to an originating good pursuant to chapter 3 of the Agreement.

(12) PRODUCER.—The term ''producer'' means a person who engages in the production of a good in the territory of Chile or the United States.

(13) PRODUCTION.—The term ''production'' means growing, mining, harvesting, fishing, raising, trapping, hunting, manufacturing, processing, assembling, or disassembling a good.

(14) RECOVERED GOODS.—

(A) IN GENERAL.—The term ''recovered goods'' means materials in the form of individual parts that are the result of—

(i) the complete disassembly of used goods into individual parts; and

(ii) the cleaning, inspecting, testing, or other processing of those parts as necessary for improvement to sound working condition by one or more of the processes described in subparagraph (B), in order for such parts to be assembled with other parts, including other parts that have undergone the processes described in this paragraph, in the production of a remanufactured good.

(B) PROCESSES.—The processes referred to in subparagraph (A)(ii) are welding, flame spraying, surface machining, knurling, plating, sleeving, and rewinding.

(15) REMANUFACTURED GOOD.—The term ''remanufactured good'' means an industrial good assembled in the territory of Chile or the United States, that is listed in Annex 4.18 of the Agreement, and—

(A) is entirely or partially comprised of recovered goods;

(B) has the same life expectancy and meets the same performance standards as a new good; and

(C) enjoys the same factory warranty as such a new good.

(o) PRESIDENTIAL PROCLAMATION AUTHORITY.—

(1) IN GENERAL.—The President is authorized to proclaim, as part of the HTS—

(A) the provisions set out in Annex 4.1 of the Agreement; and

(B) any additional subordinate category necessary to carry out this title consistent with the Agreement.

(2) MODIFICATIONS.—

(A) IN GENERAL.—Subject to the consultation and layover provisions of section 103(a), the President may proclaim modifications to the provisions proclaimed under the authority of paragraph (1)(A), other than provisions of chapters 50 through 63 of the HTS, as included in Annex 4.1 of the Agreement.

(B) ADDITIONAL PROCLAMATIONS.—Notwithstanding subparagraph (A), and subject to the consultation and layover provisions of section 103(a), the President may proclaim—

(i) modifications to the provisions proclaimed under the authority of paragraph (1)(A) that are necessary to implement an agreement with Chile pursuant to article 3.20(5) of the Agreement; and

(ii) before the 1st anniversary of the date of the enactment of this Act, modifications to correct any typographical, clerical, or other nonsubstantive technical error regarding the provisions of chapters 50 through 63 of the HTS, as included in Annex 4.1 of the Agreement.

SEC. 203. DRAWBACK.

(a) DEFINITION OF A GOOD SUBJECT TO CHILE FTA DRAWBACK.—For purposes of this Act and the amendments made by subsection (b), the term ''good subject to Chile FTA drawback'' means any imported good other than the following:

(1) A good entered under bond for transportation and exportation to Chile.

(2)(A) A good exported to Chile in the same condition as when imported into the United States.

(B) For purposes of subparagraph (A)—

(i) processes such as testing, cleaning, repacking, inspecting, sorting, or marking a good, or preserving it in its same condition, shall not be considered to change the condition of the good; and

(ii) if a good described in subparagraph (A) is commingled with fungible goods and exported in the same condition, the origin of the good for the purposes of subsection (j)(1) of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313(j)(1)) may be determined on the basis of the inventory methods provided for in the regulations implementing this title.

(3) A good—

(A) that is—

(i) deemed to be exported from the United States;

(ii) used as a material in the production of another good that is deemed to be exported to Chile; or

(iii) substituted for by a good of the same kind and quality that is used as a material in the production of another good that is deemed to be exported to Chile; and

(B) that is delivered—

(i) to a duty-free shop;

(ii) for ship's stores or supplies for a ship or aircraft; or

(iii) for use in a project undertaken jointly by the United States and Chile and destined to become the property of the United States.

(4) A good exported to Chile for which a refund of customs duties is granted by reason of—

(A) the failure of the good to conform to sample or specification; or

(B) the shipment of the good without the consent of the consignee.

(5) A good that qualifies under the rules of origin set out in section 202 that is—

(A) exported to Chile;

(B) used as a material in the production of another good that is exported to Chile; or

(C) substituted for by a good of the same kind and quality that is used as a material in the production of another good that is exported to Chile.

(b) CONSEQUENTIAL AMENDMENTS.—

(1) BONDED MANUFACTURING WAREHOUSES.—Section 311 of the Tariff Act of 1930 (19 U.S.C. 1311) is amended by adding at the end the following new paragraph:

''No article manufactured in a bonded warehouse from materials that are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, may be withdrawn from warehouse for exportation to Chile without assessment of a duty on the materials in their condition and quantity, and at their weight, at the time of importation into the United States. The duty shall be paid before the 61st day after the date of exportation, except that the duty may be waived or reduced by—

''(1) 100 percent during the 8-year period beginning on January 1, 2004;

''(2) 75 percent during the 1-year period beginning on January 1, 2012;

''(3) 50 percent during the 1-year period beginning on January 1, 2013; and

''(4) 25 percent during the 1-year period beginning on January 1, 2014.''.

(2) BONDED SMELTING AND REFINING WAREHOUSES.—Section 312 of the Tariff Act of 1930 (19 U.S.C. 1312) is amended—

(A) in paragraph (1) of subsection (b), by striking ''except that'' and all that follows through subparagraph (B) and inserting the following: ''except that—

''(A) in the case of a withdrawal for exportation of such a product to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if any of the imported metal-bearing materials are goods subject to NAFTA drawback, as defined in section 203(a) of that Act, the duties on the materials shall be paid, and the charges against the bond canceled, before the 61st day after the date of exportation; but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the product, the duties on the materials may be waived or reduced (subject to section 508(b)(2)(B)) in an amount that does not exceed the lesser of—

''(i) the total amount of customs duties owed on the materials on importation into the United States, or

''(ii) the total amount of customs duties paid to the NAFTA country on the product, and

''(B) in the case of a withdrawal for exportation of such a product to Chile, if any of the imported metal-bearing materials are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, the duties on the materials shall be paid, and the charges against the bond canceled, before the 61st day after the date of exportation, except that the duties may be waived or reduced by—

''(i) 100 percent during the 8-year period beginning on January 1, 2004,

''(ii) 75 percent during the 1-year period beginning on January 1, 2012,

''(iii) 50 percent during the 1-year period beginning on January 1, 2013, and

''(iv) 25 percent during the 1-year period beginning on January 1, 2014, or'';

(B) in paragraph (4) of subsection (b), by striking ''except that'' and all that follows through subparagraph (B) and inserting the following: ''except that—

''(A) in the case of a withdrawal for exportation of such a product to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if any of the imported metal-bearing materials are goods subject to NAFTA drawback, as defined in section 203(a) of that Act, the duties on the materials shall be paid, and the charges against the bond canceled, before the 61st day after the date of exportation; but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the product, the duties on the materials may be waived or reduced (subject to section 508(b)(2)(B)) in an amount that does not exceed the lesser of—

''(i) the total amount of customs duties owed on the materials on importation into the United States, or

''(ii) the total amount of customs duties paid to the NAFTA country on the product, and

''(B) in the case of a withdrawal for exportation of such a product to Chile, if any of the imported metal-bearing materials are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, the duties on the materials shall be paid, and the charges against the bond canceled, before the 61st day after the date of exportation, except that the duties may be waived or reduced by—

''(i) 100 percent during the 8-year period beginning on January 1, 2004,

''(ii) 75 percent during the 1-year period beginning on January 1, 2012,

''(iii) 50 percent during the 1-year period beginning on January 1, 2013, and

''(iv) 25 percent during the 1-year period beginning on January 1, 2014, or'';

(C) in subsection (d), in the matter preceding paragraph (1), by striking ''except that'' and all that follows through the end of paragraph (2) and inserting the following: ''except that—

''(1) in the case of a withdrawal for exportation to a NAFTA country, as defined in section 2(4) of the North American Free Trade Agreement Implementation Act, if any of the imported metal-bearing materials are goods subject to NAFTA drawback, as defined in section 203(a) of that Act, charges against the bond shall be paid before the 61st day after the date of exportation; but upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid to the NAFTA country on the product, the bond shall be credited (subject to section 508(b)(2)(B)) in an amount not to exceed the lesser of—

''(A) the total amount of customs duties paid or owed on the materials on importation into the United States, or

''(B) the total amount of customs duties paid to the NAFTA country on the product; and

''(2) in the case of a withdrawal for exportation to Chile, if any of the imported metal-bearing materials are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, charges against the bond shall be paid before the 61st day after the date of exportation, and the bond shall be credited in an amount equal to—

''(A) 100 percent of the total amount of customs duties paid or owed on the materials on importation into the United States during the 8-year period beginning on January 1, 2004,

''(B) 75 percent of the total amount of customs duties paid or owed on the materials on importation into the United States during the 1-year period beginning on January 1, 2012,

''(C) 50 percent of the total amount of customs duties paid or owed on the materials on importation into the United States during the 1-year period beginning on January 1, 2013, and

''(D) 25 percent of the total amount of customs duties paid or owed on the materials on importation into the United States during the 1-year period beginning on January 1, 2014.''.

(3) DRAWBACK.—Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended—

(A) in paragraph (4) of subsection (j)—

(i) by striking ''(4)'' and inserting ''(4)(A)''; and

(ii) by adding at the end the following new subparagraph:

''(B) Beginning on January 1, 2015, the exportation to Chile of merchandise that is fungible with and substituted for imported merchandise, other than merchandise described in paragraphs (1) through (5) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, shall not constitute an exportation for purposes of paragraph (2). The preceding sentence shall not be construed to permit the substitution of unused drawback under paragraph (2) of this subsection with respect to merchandise described in paragraph (2) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.'';

(B) in subsection (n)—

(i) by striking ''(n)'' and inserting the following:

''(n) REFUNDS, WAIVERS, OR REDUCTIONS UNDER CERTAIN FREE TRADE AGREEMENTS.—'';

(ii) in paragraph (1)—

(I) by striking ''; and'' at the end of subparagraph (B);

(II) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(III) by adding at the end the following new subparagraph:

''(D) the term 'good subject to Chile FTA drawback' has the meaning given that term in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act.''; and

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

''(4)(A) For purposes of subsections (a), (b), (f), (h), (j)(2), (p), and (q), if an article that is exported to Chile is a good subject to Chile FTA drawback, no customs duties on the good may be refunded, waived, or reduced, except as provided in subparagraph (B).

''(B) The customs duties referred to in subparagraph (A) may be refunded, waived, or reduced by—

''(i) 100 percent during the 8-year period beginning on January 1, 2004;

''(ii) 75 percent during the 1-year period beginning on January 1, 2012;

''(iii) 50 percent during the 1-year period beginning on January 1, 2013; and

''(iv) 25 percent during the 1-year period beginning on January 1, 2014.''; and

(C) in subsection (o)—

(i) by striking ''(o)'' and inserting the following:

''(o) SPECIAL RULES FOR CERTAIN VESSELS AND IMPORTED MATERIALS.—''; and

(ii) by adding at the end the following new paragraphs:

''(3) For purposes of subsection (g), if—

''(A) a vessel is built for the account and ownership of a resident of Chile or the Government of Chile, and

''(B) imported materials that are used in the construction and equipment of the vessel are goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act,

no customs duties on such materials may be refunded, waived, or reduced, except as provided in paragraph (4).

''(4) The customs duties referred to in paragraph (3) may be refunded, waived or reduced by—

''(A) 100 percent during the 8-year period beginning on January 1, 2004;

''(B) 75 percent during the 1-year period beginning on January 1, 2012;

''(C) 50 percent during the 1-year period beginning on January 1, 2013; and

''(D) 25 percent during the 1-year period beginning on January 1, 2014.''.

(4) MANIPULATION IN WAREHOUSE.—Section 562 of the Tariff Act of 1930 (19 U.S.C. 1562) is amended—

(A) in paragraph (3), by striking ''to a NAFTA country'' and inserting ''to Chile, to a NAFTA country,'';

(B) by striking ''; and'' at the end of paragraph (4)(B);

(C) by striking the period at the end of paragraph (5) and inserting ''; and''; and

(D) by inserting after paragraph (5) the following:

''(6)(A) without payment of duties for exportation to Chile, if the merchandise is of a kind described in any of paragraphs (1) through (5) of section 203(a) of the United States-Chile Free Trade Agreement Implementation Act; and

''(B) for exportation to Chile if the merchandise consists of goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, except that—

''(i) the merchandise may not be withdrawn from warehouse without assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of withdrawal from the warehouse with such additions to, or deductions from, the final appraised value as may be necessary by reason of a change in condition, and

''(ii) duty shall be paid on the merchandise before the 61st day after the date of exportation, except that such duties may be waived or reduced by—

''(I) 100 percent during the 8-year period beginning on January 1, 2004,

''(II) 75 percent during the 1-year period beginning on January 1, 2012,

''(III) 50 percent during the 1-year period beginning on January 1, 2013, and

''(IV) 25 percent during the 1-year period beginning on January 1, 2014.''.

(5) FOREIGN TRADE ZONES.—Section 3(a) of the Act of June 18, 1934 (commonly known as the ''Foreign Trade Zones Act''; 19 U.S.C. 81c(a)) is amended by striking the end period and inserting the following: '': *Provided further,* That no merchandise that consists of goods subject to Chile FTA drawback, as defined in section 203(a) of the United States-Chile Free Trade Agreement Implementation Act, that is manufactured or otherwise changed in condition shall be exported to Chile without an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its exportation (or if the privilege in the first proviso to this subsection was requested, an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its admission into the zone) and the payment of the assessed duty before the 61st day after the date of exportation of the article, except that the customs duty may be waived or reduced by (1) 100 percent during the 8-year period beginning on January 1, 2004; (2) 75 percent during the 1-year period beginning on January 1, 2012; (3) 50 percent during the 1-year period beginning on January 1, 2013; and (4) 25 percent during the 1-year period beginning on January 1, 2014.''.

(c) INAPPLICABILITY TO COUNTERVAILING AND ANTIDUMPING DUTIES.—Nothing in this section or the amendments made by this section shall be considered to authorize the refund, waiver, or reduction of countervailing duties or antidumping duties imposed on an imported good.

SEC. 204. CUSTOMS USER FEES.

Section 13031(b) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)) is amended by inserting after paragraph (11) the following:

''(12) No fee may be charged under subsection (a) (9) or (10) with respect to goods that qualify as originating goods under section 202 of the United States-Chile Free Trade Agreement Implementation Act. Any service for which an exemption from such fee is provided by reason of this paragraph may not be funded with money contained in the Customs User Fee Account.''.

SEC. 205. DISCLOSURE OF INCORRECT INFORMATION; DENIAL OF PREFERENTIAL TARIFF TREATMENT; FALSE CERTIFICATES OF ORIGIN.

(a) DISCLOSURE OF INCORRECT INFORMATION.—Section 592 of the Tariff Act of 1930 (19 U.S.C. 1592) is amended—

(1) in subsection (c)—

(A) by redesignating paragraph (6) as paragraph (7); and

(B) by inserting after paragraph (5) the following new paragraph:

''(6) PRIOR DISCLOSURE REGARDING CLAIMS UNDER THE UNITED STATES-CHILE FREE TRADE AGREEMENT.—An importer shall not be subject to penalties under subsection (a) for making an incorrect claim that a good qualifies as an originating good under section 202 of the United States-Chile Free Trade Agreement Implementation Act if the importer, in accordance with regulations issued by the Secretary of the Treasury, voluntarily makes a corrected declaration and pays any duties owing.''; and

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

''(g) FALSE CERTIFICATIONS OF ORIGIN UNDER THE UNITED STATES-CHILE FREE TRADE AGREEMENT.—

''(1) IN GENERAL.—Subject to paragraph (2), it is unlawful for any person to certify falsely, by fraud, gross negligence, or negligence, in a Chile FTA Certificate of Origin (as defined in section 508(f)(1)(B) of this Act that a good exported from the United States qualifies as an originating good under the rules of origin set out in section 202 of the United States-Chile Free Trade Agreement Implementation Act. The procedures and penalties of this section that apply to a violation of subsection (a) also apply to a violation of this subsection.

''(2) IMMEDIATE AND VOLUNTARY DISCLOSURE OF INCORRECT INFORMATION.—No penalty shall be imposed under this subsection if, immediately after an exporter or producer that issued a Chile FTA Certificate of Origin has reason to believe that such certificate contains or is based on incorrect information, the exporter or producer voluntarily provides written notice of such incorrect information to every person to whom the certificate was issued.

''(3) EXCEPTION.—A person may not be considered to have violated paragraph (1) if—

''(A) the information was correct at the time it was provided in a Chile FTA Certificate of Origin but was later rendered incorrect due to a change in circumstances; and

''(B) the person immediately and voluntarily provides written notice of the change in circumstances to all persons to whom the person provided the certificate.''.

(b) DENIAL OF PREFERENTIAL TARIFF TREATMENT.—Section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) is amended by adding at the end the following new subsection:

''(g) DENIAL OF PREFERENTIAL TARIFF TREATMENT UNDER UNITED STATES-CHILE FREE TRADE AGREEMENT.—If the Bureau of Customs and Border Protection or the Bureau of Immigration and Customs Enforcement finds indications of a pattern of conduct by an importer of false or unsupported representations that goods qualify under the rules of origin set out in section 202 of the United States-Chile Free Trade Agreement Implementation Act, the Bureau of Customs and Border Protection, in accordance with regulations issued by the Secretary of the Treasury, may deny preferential tariff treatment under the United States-Chile Free Trade Agreement to entries of identical goods imported by that person until the person establishes to the satisfaction of the Bureau of Customs and Border Protection that representations of that person are in conformity with such section 202.''.

SEC. 206. RELIQUIDATION OF ENTRIES.

Subsection (d) of section 520 of the Tariff Act of 1930 (19 U.S.C. 1520(d)) is amended—

(1) by striking ''(d)'' and inserting the following:

''(d) GOODS QUALIFYING UNDER FREE TRADE AGREEMENT RULES OF ORIGIN.—'';

(2) in the matter preceding paragraph (1), by inserting ''or section 202 of the United States-Chile Free Trade Agreement Implementation Act'' after ''Act'';

(3) in paragraph (1), by striking ''those'' and inserting ''the applicable''; and

(4) in paragraph (2), by inserting before the semicolon '', or other certificates of origin, as the case may be''.

SEC. 207. RECORDKEEPING REQUIREMENTS.

Section 508 of the Tariff Act of 1930 (19 U.S.C. 1508) is amended—

(1) by striking the heading of subsection (b) and inserting the following: ''EXPORTATIONS TO NAFTA COUNTRIES.—''; and

(2) by adding at the end the following:

''(f) CERTIFICATES OF ORIGIN FOR GOODS EXPORTED UNDER THE UNITED STATES-CHILE FREE TRADE AGREEMENT.—

''(1) DEFINITIONS.—In this subsection:

''(A) RECORDS AND SUPPORTING DOCUMENTS.—The term 'records and supporting documents' means, with respect to an exported good under paragraph (2), records and documents related to the origin of the good, including—

''(i) the purchase, cost, and value of, and payment for, the good;

''(ii) if applicable, the purchase, cost, and value of, and payment for, all materials, including recovered goods, used in the production of the good; and

''(iii) if applicable, the production of the good in the form in which it was exported.

''(B) CHILE FTA CERTIFICATE OF ORIGIN.—The term 'Chile FTA Certificate of Origin' means the certification, established under article 4.13 of the United States-Chile Free Trade Agreement, that a good qualifies as an originating good under such Agreement.

''(2) EXPORTS TO CHILE.—Any person who completes and issues a Chile FTA Certificate of Origin for a good exported from the United States shall make, keep, and, pursuant to rules and regulations promulgated by the Secretary of the Treasury, render for examination and inspection all records and supporting documents related to the origin of the good (including the Certificate or copies thereof).

''(3) RETENTION PERIOD.—Records and supporting documents shall be kept by the person who issued a Chile FTA Certificate of Origin for at least 5 years after the date on which the certificate was issued.

''(g) PENALTIES.—Any person who fails to retain records and supporting documents required by subsection (f) or the regulations issued to implement that subsection shall be liable for the greater of—

''(1) a civil penalty not to exceed $10,000; or

''(2) the general record keeping penalty that applies under the customs laws of the United States.''.

SEC. 208. ENFORCEMENT OF TEXTILE AND APPAREL RULES OF ORIGIN.

(a) ACTION DURING VERIFICATION.—If the Secretary of the Treasury requests the Government of Chile to conduct a verification pursuant to article 3.21 of the Agreement for purposes of determining that—

(1) an exporter or producer in Chile is complying with applicable customs laws, regulations, and procedures regarding trade in textile and apparel goods, or

(2) claims that textile or apparel goods exported or produced by such exporter or producer—

(A) qualify as originating goods under section 202 of this Act, or

(B) are goods of Chile,

are accurate,

the President may direct the Secretary to take appropriate action described in subsection (b) while the verification is being conducted.

(b) APPROPRIATE ACTION DESCRIBED.—Appropriate action under subsection (a) includes—

(1) suspension of liquidation of entries of textile and apparel goods exported or produced by the person that is the subject of the verification, in a case in which the request for verification was based on a reasonable suspicion of unlawful activity related to such goods; and

(2) publication of the name of the person that is the subject of the verification.

(c) ACTION WHEN INFORMATION IS INSUFFICIENT.—If the Secretary of the Treasury determines that the information obtained within 12 months after making a request for a verification under subsection (a) is insufficient to make a determination under subsection (a), the President may direct the Secretary to take appropriate action described in subsection (d) until such time as the Secretary receives information sufficient to make a determination under subsection (a) or until such earlier date as the President may direct.

(d) APPROPRIATE ACTION DESCRIBED.—Appropriate action under subsection (c) includes—

(1) publication of the identity of the person that is the subject of the verification;

(2) denial of preferential tariff treatment under the Agreement to any textile or apparel goods exported or produced by the person that is the subject of the verification; and

(3) denial of entry into the United States of any textile or apparel goods exported or produced by the person that is the subject of the verification.

SEC. 209. CONFORMING AMENDMENTS.

Section 508(b)(2)(B)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1508(b)(2)(B)(i)(I)) is amended—

(1) by striking ''the last paragraph of section 311'' and inserting ''the eleventh paragraph of section 311''; and

(2) by striking ''the last proviso to section 3(a)'' and inserting ''the proviso preceding the last proviso to section 3(a)''.

SEC. 210. REGULATIONS.

The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out—

(1) subsections (a) through (n) of section 202, and sections 203 and 204;

(2) amendments made by the sections referred to in paragraph (1); and

(3) proclamations issued under section 202(o).

TITLE III—RELIEF FROM IMPORTS

SEC. 301. DEFINITIONS.

In this title:

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

(2) CHILEAN ARTICLE.—The term ''Chilean article'' means an article that qualifies as an originating good under section 202(a) of this Act.

(3) CHILEAN TEXTILE OR APPAREL ARTICLE.—The term ''Chilean textile or apparel article'' means an article—

(A) that is listed in the Annex to the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)); and

(B) that is a Chilean article.

Subtitle A—Relief From Imports Benefiting From the Agreement

SEC. 311. COMMENCING OF ACTION FOR RELIEF.

(a) FILING OF PETITION.—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.

(b) INVESTIGATION AND DETERMINATION.—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 Chilean article is being imported into the United States in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that imports of the Chilean article 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.

(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 (i).

(d) ARTICLES EXEMPT FROM INVESTIGATION.—No investigation may be initiated under this section with respect to any Chilean article if, after the date that the Agreement enters into force, import relief has been provided with respect to that Chilean article under this subtitle, or if, at the time the petition is filed, the article is subject to import relief under chapter 1 of title II of the Trade Act of 1974.

SEC. 312. COMMISSION ACTION ON PETITION.

(a) DETERMINATION.—Not later than 120 days after the date on which an investigation is initiated under section 311(b) with respect to a petition, the Commission shall make the determination required under that section.

(b) 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) (1), (2), and (3)) 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).

(c) 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, or if the President may consider a determination of the Commission to be an affirmative determination as provided for under paragraph (1) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)), the Commission shall find, and recommend to the President in the report required under subsection (d), 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 the relief described in section 313(c). Only those members of the Commission who voted in the affirmative under subsection (a) are eligible to vote on the proposed action to remedy or prevent the injury found by the Commission. Members of the Commission who did not vote in the affirmative may submit, in the report required under subsection (d), separate views regarding what action, if any, should be taken to remedy or prevent the injury.

(d) REPORT TO PRESIDENT.—Not 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 includes—

(1) the determination made under subsection (a) and an explanation of the basis for the determination;

(2) if the determination under subsection (a) is affirmative, any findings and recommendations for import relief made under subsection (c) and an explanation of the basis for each recommendation; and

(3) any dissenting or separate views by members of the Commission regarding the determination and recommendation referred to in paragraphs (1) and (2).

(e) PUBLIC NOTICE.—Upon submitting a report to the President under subsection (d), 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.

SEC. 313. PROVISION OF RELIEF.

(a) IN GENERAL.—Not later than the date that is 30 days after the date on which the President receives the report of the Commission in which the Commission's determination under section 312(a) is affirmative, or which contains a determination under section 312(a) that the President considers to be affirmative under paragraph (1) of section 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1), the President, subject to subsection (b), shall provide relief from imports of the article that is the subject of such determination to the extent that the President determines necessary to remedy or prevent the injury found by the Commission and to facilitate the efforts of the domestic industry to make a positive adjustment to import competition.

(b) EXCEPTION.—The President is not required to provide import relief under this section if the President determines that the provision of the import relief will not provide greater economic and social benefits than costs.

(c) NATURE OF RELIEF.—

(1) IN GENERAL.—The import relief that the President is authorized to provide under this section with respect to imports of an article is as follows:

(A) The suspension of any further reduction provided for under Annex 3.3 of the Agreement in the duty imposed on such article.

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

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

(ii) 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.

(2) PROGRESSIVE LIBERALIZATION.—If the period for which import relief is provided under this section is greater than 1 year, the President shall provide for the progressive liberalization (described in article 8.2(2) of the Agreement) of such relief at regular intervals during the period of its application.

(d) PERIOD OF RELIEF.—

(1) IN GENERAL.—Subject to paragraph (2), the import relief that the President is authorized to provide under this section, including any extensions thereof, may not, in the aggregate, exceed 3 years.

(2) EXTENSION.—

(A) IN GENERAL.—If the initial period for any import relief provided under this section is less than 3 years, the President, after receiving an affirmative determination from the Commission under subparagraph (B), may extend the effective period of any import relief provided under this section, subject to the limitation under paragraph (1), if the President determines that—

(i) the import relief continues to be necessary to remedy or prevent serious injury and to facilitate adjustment; and

(ii) there is evidence that the industry is making a positive adjustment to import competition.

(B) ACTION BY COMMISSION.—(i) Upon a petition on behalf of the industry concerned, filed with the Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the date on which any action taken under subsection (a) is to terminate, the Commission shall conduct an investigation to determine whether action under this section continues to be necessary to remedy or prevent serious injury and whether there is evidence that the industry is making a positive adjustment to import competition.

(ii) The Commission shall publish notice of the commencement of any proceeding under this subparagraph in the Federal Register and shall, within a reasonable time thereafter, hold a public hearing at which the Commission shall afford interested parties and consumers an opportunity to be present, to present evidence, and to respond to the presentations of other parties and consumers, and otherwise to be heard.

(iii) The Commission shall transmit to the President a report on its investigation and determination under this subparagraph not later than 60 days before the action under subsection (a) is to terminate, unless the President specifies a different date.

(e) RATE AFTER TERMINATION OF IMPORT RELIEF.—When import relief under this section 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 such termination occurs shall be the rate that, according to the Schedule of the United States in Annex 3.3 of the Agreement for the staged elimination of the tariff, would have been in effect 1 year after the provision of relief under subsection (a); and

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

(A) the applicable rate of duty for that article set out in the Schedule of the United States in Annex 3.3 of the Agreement; 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 in Annex 3.3 of the Agreement for the elimination of the tariff.

(f) ARTICLES EXEMPT FROM RELIEF.—No import relief may be provided under this section on any article subject to import relief under chapter 1 of title II of the Trade Act of 1974.

SEC. 314. TERMINATION OF RELIEF AUTHORITY.

(a) GENERAL RULE.—No import relief may be provided under this subtitle after the date that is 10 years after the date on which the Agreement enters into force.

(b) EXCEPTION.—If an article for which relief is provided under this subtitle is an article for which the period for tariff elimination, set out in the Schedule of the United States to Annex 3.3 of the Agreement, is 12 years, no relief under this subtitle may be provided for that article after the date that is 12 years after the date on which the Agreement enters into force.

SEC. 315. 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 313 shall be treated as action taken under chapter 1 of title II of such Act.

SEC. 316. CONFIDENTIAL BUSINESS INFORMATION.

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''; and

(2) by inserting before the period at the end '', and title III of the United States-Chile Free Trade Agreement Implementation Act''.

Subtitle B—Textile and Apparel Safeguard Measures

SEC. 321. COMMENCEMENT OF ACTION FOR RELIEF.

(a) IN GENERAL.—A request under this subtitle for the purpose of adjusting to the obligations of the United States under the Agreement may be filed with the President by an interested party. Upon the filing of a request, the President shall review the request to determine, from information presented in the request, whether to commence consideration of the request.

(b) PUBLICATION OF REQUEST.—If the President determines that the request under subsection (a) provides the information necessary for the request to be considered, the President shall cause to be published in the Federal Register a notice of commencement of consideration of the request, and notice seeking public comments regarding the request. The notice shall include the request and the dates by which comments and rebuttals must be received.

SEC. 322. DETERMINATION AND PROVISION OF RELIEF.

(a) DETERMINATION.—

(1) IN GENERAL.—If a positive determination is made under section 321(b), the President shall determine whether, as a result of the elimination of a duty under the Agreement, a Chilean textile or apparel article is being imported into the United States in such increased quantities, in absolute terms or relative to the domestic market for that article, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing an article that is like, or directly competitive with, the imported article.

(2) SERIOUS DAMAGE.—In making a determination under paragraph (1), the President—

(A) shall examine the effect of increased imports on the domestic industry, as reflected in changes in such relevant economic factors as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits, and investment, none of which is necessarily decisive; and

(B) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.

(b) PROVISION OF RELIEF.—

(1) IN GENERAL.—If a determination under subsection (a) is affirmative, the President may provide relief from imports of the article that is the subject of such determination, as provided in paragraph (2), to the extent that the President determines necessary to remedy or prevent the serious damage and to facilitate adjustment by the domestic industry.

(2) NATURE OF RELIEF.—The relief that the President is authorized to provide under this subsection with respect to imports of an article is an increase in the rate of duty imposed on the 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.

SEC. 323. PERIOD OF RELIEF.

(a) IN GENERAL.—The import relief that the President is authorized to provide under section 322, including any extensions thereof, may not, in the aggregate, exceed 3 years.

(b) EXTENSION.—If the initial period for any import relief provided under this section is less than 3 years, the President may extend the effective period of any import relief provided under this section, subject to the limitation set forth in subsection (a), if the President determines that—

(1) the import relief continues to be necessary to remedy or prevent serious damage and to facilitate adjustment; and

(2) there is evidence that the industry is making a positive adjustment to import competition.

SEC. 324. ARTICLES EXEMPT FROM RELIEF.

The President may not provide import relief under this subtitle with respect to any article if import relief previously has been provided under this subtitle with respect to that article.

SEC. 325. RATE AFTER TERMINATION OF IMPORT RELIEF.

When import relief under this subtitle is terminated with respect to an article, the rate of duty on that article shall be duty-free.

SEC. 326. TERMINATION OF RELIEF AUTHORITY.

No import relief may be provided under this subtitle with respect to any article after the date that is 8 years after the date on which duties on the article are eliminated pursuant to the Agreement.

SEC. 327. 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 this subtitle shall be treated as action taken under chapter 1 of title II of that Act.

SEC. 328. BUSINESS CONFIDENTIAL INFORMATION.

The President may not release information which the President considers to be confidential business information unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released by the President, or such party subsequently consents to the release of the information. To the extent business confidential information is provided, a nonconfidential version of the information shall also be provided, in which the business confidential information is summarized or, if necessary, deleted.

TITLE IV—TEMPORARY ENTRY OF BUSINESS PERSONS.

SEC. 401. NONIMMIGRANT TRADERS AND INVESTORS.

Upon a basis of reciprocity secured by the Agreement, an alien who is a national of Chile (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 such alien, if accompanying or following to join the alien) may, if otherwise eligible for a visa and if otherwise admissible into the United States under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), be considered to be classifiable as a nonimmigrant under section 101(a)(15)(E) of such

Act (8 U.S.C. 1101(a)(15)(E)) if entering solely for a purpose specified in clause (i) or (ii) of such section 101(a)(15)(E). For purposes of this section, the term ''national'' has the meaning given such term in article 14.9 of the Agreement.

SEC. 402. NONIMMIGRANT PROFESSIONALS; LABOR ATTESTATIONS.

(a) NONIMMIGRANT PROFESSIONALS.—

(1) DEFINITIONS.—Section 101(a)(15)(H)(i)(b) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(i)(b)) is amended by striking ''212(n)(1), or (c)'' and inserting ''212(n)(1), or (b1) who is entitled to enter the United States under and in pursuance of the provisions of an agreement listed in section 214(g)(8)(A), who is engaged in a specialty occupation described in section 214(i)(3), and with respect to whom the Secretary of Labor determines and certifies to the Secretary of Homeland Security and the Secretary of State that the intending employer has filed with the Secretary of Labor an attestation under section 212(t)(1), or (c)''.

(2) ADMISSION OF NONIMMIGRANTS.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended—

(A) in subsection (i)—

(i) in paragraph (1), by striking ''For purposes'' and inserting ''Except as provided in paragraph (3), for purposes''; and

(ii) by adding at the end the following:

''(3) For purposes of section 101(a)(15)(H)(i)(b1), the term 'specialty occupation' means an occupation that requires—

''(A) theoretical and practical application of a body of specialized knowledge; and

''(B) attainment of a bachelor's or higher degree in the specific specialty (or its equivalent) as a minimum for entry into the occupation in the United States.''; and

(B) in subsection (g), by adding at the end the following:

''(8)(A) The agreement referred to in section 101(a)(15)(H)(i)(b1) is the United States-Chile Free Trade Agreement.

''(B)(i) The Secretary of Homeland Security shall establish annual numerical limitations on approvals of initial applications by aliens for admission under section 101(a)(15)(H)(i)(b1).

''(ii) The annual numerical limitations described in clause (i) shall not exceed 1,400 for nationals of Chile for any fiscal year. For purposes of this clause, the term 'national' has the meaning given such term in article 14.9 of the United States-Chile Free Trade Agreement.

''(iii) The annual numerical limitations described in clause (i) shall only apply to principal aliens and not to the spouses or children of such aliens.

''(iv) The annual numerical limitation described in paragraph (1)(A) is reduced by the amount of the annual numerical limitations established under clause (i). However, if a numerical limitation established under clause (i) has not been exhausted at the end of a given fiscal year, the Secretary of Homeland Security shall adjust upwards the numerical limitation in paragraph (1)(A) for that fiscal year by the amount remaining in the numerical limitation under clause (i). Visas under section 101(a)(15)(H)(i)(b) may be issued pursuant to such adjustment within the first 45 days of the next fiscal year to aliens who had applied for such visas during the fiscal year for which the adjustment was made.

''(C) The period of authorized admission as a nonimmigrant under section 101(a)(15)(H)(i)(b1) shall be 1 year, and may be extended, but only in 1-year increments. After every second extension, the next following extension shall not be granted unless the Secretary of Labor had determined and certified to the Secretary of Homeland Security and the Secretary of State that the intending employer has filed with the Secretary of Labor an attestation under section 212(t)(1) for the purpose of permitting the nonimmigrant to obtain such extension.

''(D) The numerical limitation described in paragraph (1)(A) for a fiscal year shall be reduced by one for each alien granted an extension under subparagraph (C) during such year who has obtained 5 or more consecutive prior extensions.''.

(b) LABOR ATTESTATIONS.—Section 212 of the Immigration and Nationality Act (8 U.S.C. 1182) is amended—

(1) by redesignating the subsection (p) added by section 1505(f) of Public Law 106–386 (114 Stat. 1526) as subsection (s); and

(2) by adding at the end the following:

''(t)(1) No alien may be admitted or provided status as a nonimmigrant under section 101(a)(15)(H)(i)(b1) in an occupational classification unless the employer has filed with the Secretary of Labor an attestation stating the following:

''(A) The employer—

''(i) is offering and will offer during the period of authorized employment to aliens admitted or provided status under section 101(a)(15)(H)(i)(b1) wages that are at least—

''(I) the actual wage level paid by the employer to all other individuals with similar experience and qualifications for the specific employment in question; or

''(II) the prevailing wage level for the occupational classification in the area of employment,

whichever is greater, based on the best information available as of the time of filing the attestation; and

''(ii) will provide working conditions for such a nonimmigrant that will not adversely affect the working conditions of workers similarly employed.

''(B) There is not a strike or lockout in the course of a labor dispute in the occupational classification at the place of employment.

''(C) The employer, at the time of filing the attestation—

''(i) has provided notice of the filing under this paragraph to the bargaining representative (if any) of the employer's employees in the occupational classification and area for which aliens are sought; or

''(ii) if there is no such bargaining representative, has provided notice of filing in the occupational classification through such methods as physical posting in conspicuous locations at the place of employment or electronic notification to employees in the occupational classification for which nonimmigrants under section 101(a)(15)(H)(i)(b1) are sought.

''(D) A specification of the number of workers sought, the occupational classification in which the workers will be employed, and wage rate and conditions under which they will be employed.

''(2)(A) The employer shall make available for public examination, within one working day after the date on which an attestation under this subsection is filed, at the employer's principal place of business or worksite, a copy of each such attestation (and such accompanying documents as are necessary).

''(B)(i) The Secretary of Labor shall compile, on a current basis, a list (by employer and by occupational classification) of the attestations filed under this subsection. Such list shall include, with respect to each attestation, the wage rate, number of aliens sought, period of intended employment, and date of need.

''(ii) The Secretary of Labor shall make such list available for public examination in Washington, D.C.

''(C) The Secretary of Labor shall review an attestation filed under this subsection only for completeness and obvious inaccuracies. Unless the Secretary of Labor finds that an attestation is incomplete or obviously inaccurate, the Secretary of Labor shall provide the certification described in section 101(a)(15)(H)(i)(b1) within 7 days of the date of the filing of the attestation.

''(3)(A) The Secretary of Labor shall establish a process for the receipt, investigation, and disposition of complaints respecting the failure of an employer to meet a condition specified in an attestation submitted under this subsection or misrepresentation by the employer of material facts in such an attestation. Complaints may be filed by any aggrieved person or organization (including bargaining representatives). No investigation or hearing shall be conducted on a complaint concerning such a failure or misrepresentation unless the complaint was filed not later than 12 months after the date of the failure or misrepresentation, respectively. The Secretary of Labor shall conduct an investigation under this paragraph if there is reasonable cause to believe that such a failure or misrepresentation has occurred.

''(B) Under the process described in subparagraph (A), the Secretary of Labor shall provide, within 30 days after the date a complaint is filed, for a determination as to whether or not a reasonable basis exists to make a finding described in subparagraph (C). If the Secretary of Labor determines that such a reasonable basis exists, the Secretary of Labor shall provide for notice of such determination to the interested parties and an opportunity for a hearing on the complaint, in accordance with section 556 of title 5, United States Code, within 60 days after the date of the determination. If such a hearing is requested, the Secretary of Labor shall make a finding concerning the matter by not later than 60 days after the date of the hearing. In the case of similar complaints respecting the same applicant, the Secretary of Labor may consolidate the hearings under this subparagraph on such complaints.

''(C)(i) If the Secretary of Labor finds, after notice and opportunity for a hearing, a failure to meet a condition of paragraph (1)(B), a substantial failure to meet a condition of paragraph (1)(C) or (1)(D), or a misrepresentation of material fact in an attestation—

''(I) the Secretary of Labor shall notify the Secretary of State and the Secretary of Homeland Security of such finding and may, in addition, impose such other administrative remedies (including civil monetary penalties in an amount not to exceed $1,000 per violation) as the Secretary of Labor determines to be appropriate; and

''(II) the Secretary of State or the Secretary of Homeland Security, as appropriate, shall not approve petitions or applications filed with respect to that employer under section 204, 214(c), or 101(a)(15)(H)(i)(b1) during a period of at least 1 year for aliens to be employed by the employer.

''(ii) If the Secretary of Labor finds, after notice and opportunity for a hearing, a willful failure to meet a condition of paragraph (1), a willful misrepresentation of material fact in an attestation, or a violation of clause (iv)—

''(I) the Secretary of Labor shall notify the Secretary of State and the Secretary of Homeland Security of such finding and may, in addition, impose such other administrative remedies (including civil monetary penalties in an amount not to exceed $5,000 per violation) as the Secretary of Labor determines to be appropriate; and

''(II) the Secretary of State or the Secretary of Homeland Security, as appropriate, shall not approve petitions or applications filed with respect to that employer under section 204, 214(c), or 101(a)(15)(H)(i)(b1) during a period of at least 2 years for aliens to be employed by the employer.

''(iii) If the Secretary of Labor finds, after notice and opportunity for a hearing, a willful failure to meet a condition of paragraph (1) or a willful misrepresentation of material fact in an attestation, in the course of which failure or misrepresentation the employer displaced a United States worker employed by the employer within the period beginning 90 days before and ending 90 days after the date of filing of any visa petition or application supported by the attestation—

''(I) the Secretary of Labor shall notify the Secretary of State and the Secretary of Homeland Security of such finding and may, in addition, impose such other administrative remedies (including civil monetary penalties in an amount not to exceed $35,000 per violation) as the Secretary of Labor determines to be appropriate; and

''(II) the Secretary of State or the Secretary of Homeland Security, as appropriate, shall not approve petitions or applications filed with respect to that employer under section 204, 214(c), or 101(a)(15)(H)(i)(b1) during a period of at least 3 years for aliens to be employed by the employer.

''(iv) It is a violation of this clause for an employer who has filed an attestation under this subsection to intimidate, threaten, restrain, coerce, blacklist, discharge, or in any other manner discriminate against an employee (which term, for purposes of this clause, includes a former employee and an applicant for employment) because the employee has disclosed information to the employer, or to any other person, that the employee reasonably believes evidences a violation of this subsection, or any rule or regulation pertaining to this subsection, or because the employee cooperates or seeks to cooperate in an investigation or other proceeding concerning the employer's compliance with the requirements of this subsection or any rule or regulation pertaining to this subsection.

''(v) The Secretary of Labor and the Secretary of Homeland Security shall devise a process under which a nonimmigrant under section 101(a)(15)(H)(i)(b1) who files a complaint regarding a violation of clause (iv) and is otherwise eligible to remain and work in the United States may be allowed to seek other appropriate employment in the United States for a period not to exceed the maximum period of stay authorized for such nonimmigrant classification.

''(vi)(I) It is a violation of this clause for an employer who has filed an attestation under this subsection to require a nonimmigrant under section 101(a)(15)(H)(i)(b1) to pay a penalty for ceasing employment with the employer prior to a date agreed to by the nonimmigrant and the employer. The Secretary of Labor shall determine whether a required payment is a penalty (and not liquidated damages) pursuant to relevant State law.

''(II) If the Secretary of Labor finds, after notice and opportunity for a hearing, that an employer has committed a violation of this clause, the Secretary of Labor may impose a civil monetary penalty of $1,000 for each such violation and issue an administrative order requiring the return to the nonimmigrant of any amount paid in violation of this clause, or, if the nonimmigrant cannot be located, requiring payment of any such amount to the general fund of the Treasury.

''(vii)(I) It is a failure to meet a condition of paragraph (1)(A) for an employer who has filed an attestation under this subsection and who places a nonimmigrant under section 101(a)(15)(H)(i)(b1) designated as a full-time employee in the attestation, after the nonimmigrant has entered into employment with the employer, in nonproductive status due to a decision by the employer (based on factors such as lack of work), or due to the nonimmigrant's lack of a permit or license, to fail to pay the nonimmigrant full-time wages in accordance with paragraph (1)(A) for all such nonproductive time.

''(II) It is a failure to meet a condition of paragraph (1)(A) for an employer who has filed an attestation under this subsection and who places a nonimmigrant under section 101(a)(15)(H)(i)(b1) designated as a part-time employee in the attestation, after the nonimmigrant has entered into employment with the employer, in nonproductive status under circumstances described in subclause (I), to fail to pay such a nonimmigrant for such hours as are designated on the attestation consistent with the rate of pay identified on the attestation.

''(III) In the case of a nonimmigrant under section 101(a)(15)(H)(i)(b1) who has not yet entered into employment with an employer who has had approved an attestation under this subsection with respect to the nonimmigrant, the provisions of subclauses (I) and (II) shall apply to the employer beginning 30 days after the date the nonimmigrant first is admitted into the United States, or 60 days after the date the nonimmigrant becomes eligible to work for the employer in the case of a nonimmigrant who is present in the United States on the date of the approval of the attestation filed with the Secretary of Labor.

''(IV) This clause does not apply to a failure to pay wages to a nonimmigrant under section 101(a)(15)(H)(i)(b1) for nonproductive time due to non-work-related factors, such as the voluntary request of the nonimmigrant for an absence or circumstances rendering the nonimmigrant unable to work.

''(V) This clause shall not be construed as prohibiting an employer that is a school or other educational institution from applying to a nonimmigrant under section 101(a)(15)(H)(i)(b1) an established salary practice of the employer, under which the employer pays to nonimmigrants under section 101(a)(15)(H)(i)(b1) and United States workers in the same occupational classification an annual salary in disbursements over fewer than 12 months, if—

''(aa) the nonimmigrant agrees to the compressed annual salary payments prior to the commencement of the employment; and

''(bb) the application of the salary practice to the nonimmigrant does not otherwise cause the nonimmigrant to violate any condition of the nonimmigrant's authorization under this Act to remain in the United States.

''(VI) This clause shall not be construed as superseding clause (viii).

''(viii) It is a failure to meet a condition of paragraph (1)(A) for an employer who has filed an attestation under this subsection to fail to offer to a nonimmigrant under section 101(a)(15)(H)(i)(b1), during the nonimmigrant's period of authorized employment, benefits and eligibility for benefits (including the opportunity to participate in health, life, disability, and other insurance plans; the opportunity to participate in retirement and savings plans; and cash bonuses and non-cash compensation, such as stock options (whether or not based on performance)) on the same basis, and in accordance with the same criteria, as the employer offers to United States workers.

''(D) If the Secretary of Labor finds, after notice and opportunity for a hearing, that an employer has not paid wages at the wage level specified in the attestation and required under paragraph (1), the Secretary of Labor shall order the employer to provide for payment of such amounts of back pay as may be required to comply with the requirements of paragraph (1), whether or not a penalty under subparagraph (C) has been imposed.

''(E) The Secretary of Labor may, on a case-by-case basis, subject an employer to random investigations for a period of up to 5 years, beginning on the date on which the employer is found by the Secretary of Labor to have committed a willful failure to meet a condition of paragraph (1) or to have made a willful misrepresentation of material fact in an attestation. The authority of the Secretary of Labor under this subparagraph shall not be construed to be subject to, or limited by, the requirements of subparagraph (A).

''(F) Nothing in this subsection shall be construed as superseding or preempting any other enforcement-related authority under this Act (such as the authorities under section 274B), or any other Act.

''(4) For purposes of this subsection:

''(A) The term 'area of employment' means the area within normal commuting distance of the worksite or physical location where the work of the nonimmigrant under section 101(a)(15)(H)(i)(b1) is or will be performed. If such worksite or location is within a Metropolitan Statistical Area, any place within such area is deemed to be within the area of employment.

''(B) In the case of an attestation with respect to one or more nonimmigrants under section 101(a)(15)(H)(i)(b1) by an employer, the employer is considered to 'displace' a United States worker from a job if the employer lays off the worker from a job that is essentially the equivalent of the job for which the nonimmigrant or nonimmigrants is or are sought. A job shall not be considered to be essentially equivalent of another job unless it involves essentially the same responsibilities, was held by a United States worker with substantially equivalent qualifications and experience, and is located in the same area of employment as the other job.

''(C)(i) The term 'lays off', with respect to a worker—

''(I) means to cause the worker's loss of employment, other than through a discharge for inadequate performance, violation of workplace rules, cause, voluntary departure, voluntary retirement, or the expiration of a grant or contract; but

''(II) does not include any situation in which the worker is offered, as an alternative to such loss of employment, a similar employment opportunity with the same employer at equivalent or higher compensation and benefits than the position from which the employee was discharged, regardless of whether or not the employee accepts the offer.

''(ii) Nothing in this subparagraph is intended to limit an employee's rights under a collective bargaining agreement or other employment contract.

''(D) The term 'United States worker' means an employee who—

''(i) is a citizen or national of the United States; or

''(ii) is an alien who is lawfully admitted for permanent residence, is admitted as a refugee under section 207 of this title, is granted asylum under section 208, or is an immigrant otherwise authorized, by this Act or by the Secretary of Homeland Security, to be employed.''.

(c) SPECIAL RULE FOR COMPUTATION OF PREVAILING WAGE.—Section 212(p)(1) of the Immigration and Nationality Act (8 U.S.C. 1182(p)(1)) is amended by striking ''(n)(1)(A)(i)(II) and (a)(5)(A)'' and inserting ''(a)(5)(A), (n)(1)(A)(i)(II), and (t)(1)(A)(i)(II)''.

(d) FEE.—

(1) IN GENERAL.—Section 214(c) of the Immigration and Nationality Act (8 U.S.C. 1184(c)) is amended by adding at the end the following:

''(11)(A) Subject to subparagraph (B), the Secretary of Homeland Security or the Secretary of State, as appropriate, shall impose a fee on an employer who has filed an attestation described in section 212(t)—

''(i) in order that an alien may be initially granted nonimmigrant status described in section 101(a)(15)(H)(i)(b1); or

''(ii) in order to satisfy the requirement of the second sentence of subsection (g)(8)(C) for an alien having such status to obtain certain extensions of stay.

''(B) The amount of the fee shall be the same as the amount imposed by the Secretary of Homeland Security under paragraph (9), except that if such paragraph does not authorize such Secretary to impose any fee, no fee shall be imposed under this paragraph.

''(C) Fees collected under this paragraph shall be deposited in the Treasury in accordance with section 286(s).''.

(2) USE OF FEE.—Section 286(s)(1) of the Immigration and Nationality Act (8 U.S.C. 1356(s)(1)) is amended by striking ''section 214(c)(9).'' and inserting ''paragraphs (9) and (11) of section 214(c).''.

SEC. 403. LABOR DISPUTES.

Section 214(j) of the Immigration and Nationality Act (8 U.S.C. 1184(j)) is amended—

(1) by striking ''(j)'' and inserting ''(j)(1)'';

(2) by striking ''this subsection'' each place such term appears and inserting ''this paragraph''; and

(3) by adding at the end the following:

''(2) Notwithstanding any other provision of this Act except section 212(t)(1), and subject to regulations promulgated by the Secretary of Homeland Security, an alien who seeks to enter the United States under and pursuant to the provisions of an agreement listed in subsection (g)(8)(A), and the spouse and children of such an alien if accompanying or following to join the alien, may be denied admission as a nonimmigrant under subparagraph (E), (L), or (H)(i)(b1) of section 101(a)(15) if there is in progress a labor dispute in the occupational classification at the place or intended place of employment, unless such alien establishes, pursuant to regulations promulgated by the Secretary of Homeland Security after consultation with the Secretary of Labor, that the alien's entry will not affect adversely the settlement of the labor dispute or the employment of any person who is involved in the labor dispute. Notice of a determination under this paragraph shall be given as may be required by such agreement.''.

SEC. 404. CONFORMING AMENDMENTS.

Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended—

(1) in subsection (b), by striking ''(other than a nonimmigrant described in subparagraph (H)(i), (L), or (V) of section 101(a)(15))'' and inserting ''(other than a nonimmigrant described in subparagraph (L) or (V) of section 101(a)(15), and other than a nonimmigrant described in any provision of section 101(a)(15)(H)(i) except subclause (b1) of such section)'';

(2) in subsection (c)(1), by striking ''section 101(a)(15)(H), (L), (O), or (P)(i)'' and inserting ''subparagraph (H), (L), (O), or (P)(i) of section 101(a)(15) (excluding nonimmigrants under section 101(a)(15)(H)(i)(b1))''; and

(3) in subsection (h), by striking ''(H)(i)'' and inserting ''(H)(i)(b) or (c)''.

The SPEAKER pro tempore (Mr. HEFLEY). Pursuant to House Resolution 329, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 50 minutes. The gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Michigan (Mr. CONYERS) each will control 10 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

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

Mr. Speaker, I rise in strong support of H.R. 2738 and the companion bill, which we will discuss immediately following, H.R. 2739. These are the first fruits of the passage of the Free Trade Act implementing for the United States its ability to negotiate agreements with countries, with regions, and with multilateral organizations.

We have been out of the arena for a long time. To show you how long we have been out and how much the world has changed in a very positive way, when you look at H.R. 2738, the Free Trade Agreement with Chile, there are a number of firsts in trade agreements with the United States that are racked up by this particular agreement.

One, it is the first true bilateral agreement that we have had in 15 years. It is the first free trade agreement with a South American country. It is the first free trade agreement using a negative list approach in services, a significant step forward where you say where you do not want to play, but everything else is open. That stands on its head the historical free trade agreement arrangement.

This is the first free trade agreement requiring our trading partner to apply the TRIPS Plus Intellectual Property protections which go beyond the WTO protections. This is the first FTA allowing the use of monetary assessments for commercial disputes as a means to avoid collateral damage caused by import sanctions. It is the first FTA treating labor and environment obligations enforceable on a par with commercial disputes.

It is the first FTA requiring our trading partner to utilize transparent rulemaking procedures following U.S. standards. It is the first free trade agreement covering e-commerce.

You can go on and on because there are so many firsts in these agreements. The idea is that once we are back in the field, we have leap-frogged across a decade and a half. These are world-class free trade agreements, and one of the things that I think we can say is, it is about time.

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

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

Mr. Speaker, I rise in support of the Chile and Singapore Free Trade Agreements. Even though they are small in terms of the overall trade that our great Nation will be involved in, it is the first time that we are recognizing the ability to trade with our South American neighbors and to coordinate this with Mexico and the Caribbean and, indeed, to move forward so that we can end up with a free trade agreement for the Americas.

It is oftentimes said that peace is not just the absence of war, but it is the ability for nations to work with each other to trade with each other to improve the quality of life and to create jobs. And to a large extent, the work that has been done on the Chile and Singapore agreements will serve as a model for agreements that have to follow.

But I must say that, as we trade, we must remember that we have to, as a great Nation, have to have minimum standards that we expect that our trading partners will have. We have to make certain that we try to protect not just intellectual property rights, but environmental rights and workers' rights. We have to recognize that if we are going to become members of international organizations that have international standards, we must abide by those standards; and certainly all Americans should want to have core international work standards so that we do not drive to the minimum what we pay our workers and health standards that we try to improve.

In the Chile and Singapore agreements, you will see documents that these countries are to enforce their domestic labor laws. Many of us support the Chile and Singapore Free Trade Agreement not only because they have decent labor laws, but they have the ability and willingness to enforce them. We are not certain that this is going to happen with other trade agreements that may be coming before this body, but we want to make it abundantly clear that the mere fact that we accept this language in Chile and Singapore does not mean that we will have to accept this language where we do not see it is abundantly clear that other nations have labor laws that follow the core international labor organization laws and the fact that they have a willingness to enforce these laws.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Michigan (Mr. LEVIN) for purposes of control. The gentleman is the ranking member of the Subcommittee on Trade.

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

There was no objection.

Mr. THOMAS. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, it is with great pleasure that I rise today to express my strong support for the U.S.-Chile Free Trade Agreement.

Mr. Speaker, it was back in late 1992, just as the former Bush administration concluded negotiations on NAFTA, that the U.S. announced its intention to pursue a Free Trade Agreement of the Americas, or FTAA, with Chile as its first new partner. Now, at that time, no one could have predicted that it would take more than a decade to conclude an agreement and arrive here at the House today.

The delay, of course, was not the result of changes in the administrations

in the U.S. or Chile, President Clinton supported an FTA with Chile as did President George W. Bush when he was elected in 2000. And successive Chilean governments have backed an agreement.

It was only last year, with the passage of Trade Promotion Authority, or TPA, that the logjam finally was broken and the negotiators, free to conclude the agreement that we address here today.

There is no mystery as to why the United States moved forward first with Chile. It is true, Brazil is potentially a much larger Latin American market for U.S. products and services, and the nations of the Caribbean are undeniably closer to the United States. But it was Chile, not Brazil or the Caribbean or other nations of our hemisphere that exhibited our greatest promise for a partnership, and that is why we should support this agreement today.

Truly a South American success story, Chile during the 1990s, more than doubled its gross domestic product, becoming the fourth fastest growing economy in the world. Even more significant are the political reforms that have supported this growth. Chile has rebuilt its historically solid democracy over the past decade. It has a transparent government that adheres to the rule of law. It has a firm legal commitment to human rights, including strong progressive labor and environmental protection regimes.

Perhaps most importantly, Chile has demonstrated its commitment to open markets, lowering unilaterally many of its own trade barriers and working bilaterally, regionally, and multilaterally for trade liberalization. In short, Chile is a good partner who can only become a better partner within our hemisphere with the enactment into force of this agreement.

It is not a huge trading partner for the United States. Its population of 15 million is only slightly larger than my home State of Illinois. And Chile is our 44th largest trading partner, whereas the United States is Chile's number one trading partner. Right now, most Chilean products enter the United States duty free under the GSP. In contrast, our products face a 6 percent across-the-board tariff when they enter Chile.

This free trade agreement with Chile will put the United States back on an equal or better footing with the Europeans, Brazilians, Mexicans, and Canadians with whom we compete in Chile. It is an agreement that is strong on market access, service openings, intellectual property protection, and labor and environmental safeguards.

The Free Trade Agreement with Chile was a good idea 10 years ago and it is an even better idea today. It is about reducing trade barriers, allowing our companies to compete successfully, and strengthening our friendships in the Western Hemisphere. I urge my colleagues to support the legislation.

□ 1030

Mr. LEVIN. Mr. Speaker, let me just be sure of the procedure here so that we are clear. I want to be sure that all the Members who want to speak on both sides of this have a chance to do so. I think the way we worked this out, the gentleman from California (Mr. STARK) would go next, and after the gentleman from California (Mr. STARK), the gentleman from California (Mr. THOMAS) will go, and then I will go.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Michigan (Mr. LEVIN) has the time, and he can yield it at his pleasure.

Mr. LEVIN. Mr. Speaker, I yield 25 minutes to my distinguished colleague from California (Mr. STARK).

The SPEAKER pro tempore. Does the gentleman ask unanimous consent that he be able to yield that time?

Mr. LEVIN. Yes, Mr. Speaker.

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

There was no objection.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume, and in doing so rise in opposition to 2738, the U.S.-Chile Free Trade Agreement implementing the Act. And not only do I speak on behalf of numerous Members who oppose this, but I also speak on behalf of the International Brotherhood of Teamsters, the AFL–CIO, the International Brotherhood of Boilermakers, the International Brotherhood of Electrical Workers, United Auto Workers, United Steelworkers of America, the UNITE, the needle trades, and the Machinists Union, all of whom strongly oppose the Singapore and Chile Free Trade Agreements, and it will soon become apparent why they oppose it.

These agreements are notable for their lack of labor rights enforcement language and, for the first time, the addition of a permanent work visa program for a violation of a guest laborer organization that invites foreign workers to come to this country under specialized visa programs, and these agreements are a template for future trade agreements and are sufficient reason to oppose both agreements and the implementing legislation.

American workers have suffered too many job losses for the sake of free trade, for the sake of giving huge tax cuts to the richest Americans, and they have suffered, the children and education and health care in this country, as the current administration has worked its will to harm and dismantle labor unions and to ignore children's education by starving these programs through tax cuts.

The U.S. Trade Representative has the ability to ensure that good-paying jobs are not shipped overseas, I must say, by negotiating labor standards that have strong enforcement measures, but the U.S. Trade Representative has not, he will not, and the administration will not ask him to. Thus, it is up to Congress to require him to protect U.S. workers from the devastation of trade agreements like the Chile Fair Trade Agreement.

Our Nation's unemployment rate reached 6.4 percent in June, the highest rate in more than 9 years, causing the loss of more than 1 million jobs in the last 3 months. Since NAFTA, we have lost 500,000 jobs due to NAFTA. Three-quarters of the jobs lost due to NAFTA have been in the manufacturing sector. These are good-paying jobs that have been shipped overseas. These are traditional American jobs that are the highest skilled among our labor force.

But rather than take the successes of the U.S.-Jordan Fair Trade Agreement, which was heralded by labor and environmental organizations, as the new model for trade agreements, the Bush administration is taking us down the path of further job losses and more degradation of our environment.

Chile's Free Trade Agreement contains only one enforceable provision on workers rights, and it is a hollow, hollow obligation that each country, get this, each country must enforce but not necessarily maintain its own domestic labor laws. If they change their domestic labor laws, that is all they have to do. If they eliminate their domestic labor laws, this fair trade agreement acknowledges that and ignores the fact that there will no longer be any workers rights.

It pays lip service to upholding the International Labor Organization's core worker rights and to not weaken its domestic labor laws, but then both these provisions are expressly excluded from coverage in the dispute settlement chapter. Hence, the Chile Fair Trade Agreement contains virtually no labor standards because any worthwhile labor standard is not enforceable.

The U.S. cannot afford to go down the road of further job losses with the Chile FTA and the Singapore FTA or any other future trade agreements.

It is anticipated that 3.5 million white collar jobs and $136 billion in wages will shift from the United States to low-cost countries in the next 10 years. So all of those, in addition to the 100,000 high-tech jobs we have already lost in California, Silicon Valley, those jobs will become obsolete under the Bush administration's course for free trade. It will not just be IT jobs. We will see a shift in financial service jobs, research and development jobs, service call center jobs and insurance jobs.

Then we get to the new immigration visa program established in the Chile FTA, and it will exacerbate the loss of white collar jobs here. The current H–1B visa program, kind of an enforced slavery program that was written at the behest of the Silicon Valley corporations, is a program of a 3-year temporary work visa renewable one time. So it is a 6-year program. The new visa program will allow an indefinite renewal, time after time, for 1,400 nationals from Chile.

U.S. college grads will increasingly see a future in flipping hamburgers and

waiting on tables, while college grads from overseas will increasingly see good-paying white collar jobs in their future.

The U.S.-Chile Free Trade Agreement is nothing more than a model, a template, an excuse for the Bush administration to diminish labor standards here in the United States. Furthermore, it sets a dangerous precedent as a model for current negotiations with Central America and the Western hemisphere, and I am sorry for my colleagues who think we are going to do something different in Central America. They are just wrong.

We cannot trust the U.S. Trade Representative or the Bush administration to do the right thing. We know it. They behave like China. If we want to get them to do the right thing, we must stop them here before they strike again and diminish more labor standards. It is time for us to stand up, defend the few good-paying jobs we have left in this country and demand the administration go back to the drawing board and include enforceable labor language in the Chile FTA.

I urge my colleagues to oppose H.R. 2738, the implementing language for the U.S.-Chile Free Trade Agreement.

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

Mr. SENSENBRENNER. Mr. Speaker, I rise to claim the time for the Committee on the Judiciary.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. SENSENBRENNER) is recognized for 10 minutes.

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

Mr. Speaker, both the U.S.-Chile and U.S.-Singapore Free Trade Agreements contain several important provisions within the purview of the Committee on the Judiciary. Both agreements contain competition clauses that ensure antitrust laws are applied in a neutral, transparent and nondiscriminatory manner while safeguarding basic procedural rights.

The agreements also contain robust intellectual property protections, requiring the governments of Chile and Singapore to take affirmative steps to eradicate the piracy of trademarks, patents, satellite television rights and other forms of intellectual property. These intellectual property provisions are widely supported and are likely to serve as a model for future free trade agreements. The intellectual property and antitrust provisions required no substantive changes to U.S. law and thus are not within the text of the implementing legislation before the House today.

For the last several years, I have woefully and repeatedly expressed concern about substantive changes to U.S. law contained in free trade agreements. Before passage of the Trade Promotion Authority Act, immigration provisions were included in earlier free trade agreements such as NAFTA without formal consultation with Congress. This regrettable practice created precedent for subsequent trade agreements, and immigration provisions were included in both the Chile and Singapore Free Trade Agreements before the elevated consultation requirements created by the Trade Promotion Authority were enacted last year.

Mr. Speaker, article I, section 8, clause 3 of the Constitution gives the Congress plenary authority over matters pertaining to immigration and naturalization. During the Committee on the Judiciary's mock markup of this legislation, I, the gentleman from Michigan (Mr. CONYERS), the ranking member and several members of the committee spoke with a united and bipartisan voice and declared that immigration provisions in future free trade agreements will not receive the support of the Committee on the Judiciary. Plainly stated, the Committee on the Judiciary will oppose any future free trade agreement that contains substantive changes in immigration law.

Following the markup, the gentleman from Michigan (Mr. CONYERS), the ranking member, and I transmitted a letter to the United States Trade Representative that reaffirmed Congress' exclusive constitutional mandate to consider immigration law. An additional letter was sent by other members of the committee and several Members of the Congress not on the committee echoing this bipartisan commitment. This was sent to the Trade Representative.

Mr. Speaker, the Committee on the Judiciary's July 10 preintroduction markup of this legislation was a mock markup in name only. At the markup, the committee reported several substantive amendments to the draft we were furnished, and these were incorporated into the legislation which we consider today.

First, while the draft implementing legislation created a separate visa category for skilled workers from Chile and Singapore, the Committee on the Judiciary amended the Immigration and Nationality Act to ensure that these visas, 6,800 in total, are now deducted from the national H–1B visa cap at the time they are issued and when they are renewed after five or more prior extensions.

The committee also reported an amendment to ensure that every second extension of temporary status for citizens of Chile and Singapore be accompanied by a new employer attestation to ensure that an employer updates the prevailing wage determination after each second application for extension.

In addition, the committee approved an amendment that requires an employer to pay a fee equal to that charged to an employer petitioning for H–1B visa status whenever a temporary exit visa is granted and after every second extension of that status.

Finally, H.R. 2738 and H.R. 2739 now explicitly state that an employer generally cannot sponsor an alien for an EL or H–1B1 visa if there is any labor dispute occurring in the occupational classification at the place of employment, regardless of whether the labor dispute is classified as a strike or a lockout. In this regard, title IV of both bills provides greater worker protection than that presently contained in the H–1B program.

The committee's commitment to ensuring that its amendments were incorporated into the introduced bills we consider today dramatically enhanced the quality of the legislation and recaptured a crucial prerogative of the Congress. It is my hope and expectation that the Committee on the Judiciary's clarion call over the last 2 weeks that immigration provisions be excluded from future trade agreements will be clearly received by this and future administrations.

Given the leadership of Ambassador Zoellick, his proven commitment to working with Congress on a cooperative and constructive basis that fully respects the constitutional prerogatives of this body and the dedication and professionalism of his staff, I have great confidence that the will of Congress will not be ignored.

□ 1045

Mr. Speaker, reducing barriers to U.S. exports is crucial to restoring America's economic vibrancy. U.S. products containing intellectual property continue to lead America's exports, and it is incumbent upon this body to ensure that foreign governments stamp out the rampant piracy that costs America and Americans several billion dollars a year.

Strong safeguards in these agreements will ensure that the governments of Chile and Singapore create criminal sanctions to punish intellectual property theft with the seriousness and severity that it demands. In addition, the antitrust provisions will ensure that these governments do not rely on the increasingly common foreign practice of manipulating antitrust laws to discriminate against American businesses.

Mr. Speaker, the Chilean-Singapore Free Trade Agreements contain critical market-opening provisions which will expand commercial opportunities for America's farmers and dairy producers and ensure that the United States continues to lead the world in exports. These agreements also advance America's broader strategic interests by liberalizing trade with two key economic allies which serve as regional models for neighboring countries.

For the reasons I have outlined, Mr. Speaker, I urge my colleagues to support this legislation.

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to claim the time of the Committee on the Judiciary.

The SPEAKER pro tempore (Mr. HEFLEY). The gentlewoman from Texas

(Ms. JACKSON-LEE) is recognized for 10 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I believe we might have been on another journey if the USTR had responded to the concerns of many of us in a more constructive and readily solvable fashion. The Committee on the Judiciary stands as the monitor of the Constitution, and it is clear that the issue of commerce is designated in the Constitution. But it is also clear that in the Constitution, under Article 1, Section 8, Clause 4 of that document, it provides that Congress shall have the power to establish a uniform rule of naturalization.

The Supreme Court has long found that this provision of the Constitution grants Congress plenary power over immigration policy. Moreover, the Court has found that the formulation of policies pertaining to the entry of aliens and their right to remain here, as entrusted exclusively to Congress, has become as firmly embedded in the legislative and judicial tissues of our body politics as any aspect of our government. Nonetheless, the administration has negotiated a new visa program in the U.S.-Singapore-Chile FTA usurping Congress' clear and constitutional role in creating immigration law.

Mr. SENSENBRENNER. Mr. Speaker, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the balance of my time be yielded to the gentleman from Utah (Mr. CANNON) and that he be allowed to yield time to other Members.

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

There was no objection.

Ms. JACKSON-LEE of Texas. Reclaiming my time, Mr. Speaker, we want to be friends with all of those very fine neighbors and nations across the ocean, but I believe that the USTR made a terrible mistake in implementing FTA, which many of us questioned, by delving into authority that should be left to this Congress. The USTR should not have included immigration provisions in both of these trade bills. The inclusion of immigration provisions overstepped the bounds of the USTR and usurped the jurisdiction of the Committee on the Judiciary.

Many of us reached out to the USTR in order to analyze ways of retracting some of those negotiated provisions in the trade agreement. Through their stubbornness, they refused to meet or to agree to any of these provisions. Let me give an example.

We have about 8 million undocumented aliens in the United States. Many of us have argued vigorously that we should find a way through the Congress, legislatively, to allow those undocumented individuals who are working, who are paying taxes, to access legalization. In this trade bill, we have a perpetual unlimited visa process that will allow any of those citizens from those countries to stay in the United States forever.

Now, Mr. Speaker, I did not say 1 year, 2 years, or 3 years, I said forever, with an annual renewal. No review by this Congress at all. So rather than come in, try to establish legal permanent residency, all you have to say is that you are coming in under this particular visa provision, and each year you are allowed to renew it.

We simply asked for there to be a capping of 8 years, to at least have the ability, if we are supposed to be concerned about homeland security, securing of this Nation. We now have a gaping new hole that someone can go through to apply for this kind of visa, through certain processes, and stay in the United States forever. Forever, Mr. Speaker.

Negotiating objectives that the Congress laid out for the USTR in the Trade Act of 2002 do not include a single word on entry into the United States. That was my fear about Fast Track Authority. That is what we should be concerned about.

I understand what trade agreements are about. They are a deal. It is that simple. Plain and simple, they are deals. You sit on this side of the table, they sit on that side of the table, and you make a deal. And the dealmakers do not want anyone to oversee the deal so they can slip anything in without any ability of this Congress to oversee it.

What they have done is slipped in a perpetual visa status that no one can oversee. There is no specific authority in the TPA to negotiate new visa categories or to impose new requirements on our temporary entry system, yet that is exactly what the USTR has done in these trade agreements. The trade agreements create a new visa classification for the temporary provision of a nonprofessional that is similar in many respects to the existing H–1B nonimmigrant classification.

The new nonimmigrant visa classifications, however, would differ from the existing H–1B program in significant ways. The provisions for the new nonimmigrant visa permit allow an unlimited number of extensions in 1-year increments. This makes it possible for a foreign employee entering the company on a supposedly temporary basis at the age of 22 to remain until he or she is ready to retire at the age of 70. This is with the backdrop of 6.4 million that are unemployed and with the backdrop of companies like IBM, just reported in the newspapers, outsourcing a number of their jobs, maybe upwards of 3,000 per company, outsourcing them from the United States to places beyond its borders.

In effect, this gives American employers the option of keeping permanent workers in a temporary legal status forever and ever and ever. In contrast to the H–1B program, workers are granted a 3-year visa that can be extended only once. And maybe some of us believe there should be more flexibility, but at least there is an end time. A single 3-year extension is available, but there is an end time.

The labor certification attestation is one of the few safeguards we have in our H–1B system for ensuring that employers do not abuse temporary workers and undermine the domestic labor market. The implementation legislation contains some but not all of the attestation requirements that apply in our H–1B program. The implementing legislation completely omits the category of H–1B independent employers and the additional attestation requirements that apply to them.

The problem we have here, Mr. Speaker, is the fact that we have legislation that includes boundaries beyond that of the USTR. They should not have trampled on the rights of this Congress regarding the issues of immigration, and I would argue that for that very reason this bill has an Achilles heel and should be defeated.

I will begin by saying that I value the trade relations that the United States has with Chile. Although Chile was only our 36th largest trading partner in goods in 2002 (with $2.6 billion in exports and $3.8 billion in imports), Chile has one of the fastest growing economies in the world. Its sound economic policies are reflected in its investment grade market ratings, unique in South America. Over the past 15–20 years, Chile has established a thriving democracy, a free market society and an open economy built on trade. I support trade with Chile.

My concern is with the details of the trade agreement. The U.S. Trade Representative (USTR) should not have included immigration provisions in the Chile Free Trade Agreement. The negotiating objectives that Congress laid out for the USTR in the Trade Protection Act of 2002 (TPA) do not include a single word on temporary entry into the United States. There is no specific authority in the TPA to negotiate new visa categories or to impose new requirements on our temporary entry system, yet that is exactly what USTR has done in the Chile Free Trade Agreement.

The inclusion of immigration provisions overstepped the bounds of the USTR and usurped the jurisdiction of the Congress. Article I, section 8, clause 4 of the Constitution provides that Congress shall have the power to establish a uniform Rule of Naturalization. The Supreme Court has long found that this provision of the Constitution grants Congress plenary power over immigration policy. The Court has found that the formulation of policies [pertaining to the entry of aliens and their right to remain here] is entrusted exclusively to Congress has become as firmly embedded in the legislative and judicial tissues of our body politics as any aspect of our government. Nonetheless, the Administration has negotiated a new visa program in the Chile Free Trade Agreement; usurping Congress' clear constitutional role in creating immigration law.

The Chile Free Trade Agreement creates a new visa classification for the temporary admission of nonimmigrant professionals that is similar in many respects to the existing H–1B nonimmigrant classification. The new nonimmigrant visa classification, however, would

differ from the existing H–1B program in significant ways.

The provisions for the new nonimmigrant visa permit an unlimited number of extensions in 1-year increments. This makes it possible for a foreign employee entering the country on a supposedly temporary basis at the age of 22 to remain until he is ready to retire at the age of 70. In effect, this gives American employers the option of keeping permanent workers in a temporary legal status. In contrast, under the H–1B program, workers are granted a 3-year visa that can be extended only once. A singe 3-year extension is available.

The Labor Certification Attestation is one of the few safeguards we have in our H–1B system for ensuring that employers do not abuse temporary workers to undermine the domestic labor market. The implementing legislation contains some, but not all, of the attestation requirements that apply in our H–1B program.

The implementing legislation completely omits the category of H–1B dependent employers and the additional attestation requirements that apply to them. H–1B dependent employers are required to attest that new entrants will not displace American workers and demonstrate that they have tried to recruit American workers. The implementing legislation should have a similar provision.

In addition, the H–1B program authorizes the Secretary of Labor to initiate her own investigations and enforcement proceedings based on credible information that an employer is violating the rules of the H–1B program. No such authority is granted to the Secretary in the Chile Free Trade Agreement's implementing legislation.

The Chile Free Trade Agreement requires permanent changes to our immigration system, but for now these changes are limited to two countries. Unfortunately, we may see these programs expanded to dozen of additional countries in future Free Trade Agreements. The administration is currently negotiating additional Free Trade Agreements with Australia, Morocco, five countries in Southern Africa, five countries in Central America, and the 34 countries of the Western Hemisphere.

Immigration policy is a sensitive, political matter. Changes in immigration law traditionally have been the result of intense, open negotiations between workers, employers, immigration advocates, and Members of Congress. These issues simply do not belong in fast-tracked trade agreements negotiated by executive agencies. Because the legislation is being fast-tracked, Congress does not have the power to amend it. We have to vote on it as written with no power to make any changes.

If amendments had been permitted, I would have offered one to put a limit on renewals. My amendment would have permitted no more than eight 1-year renewals of the nonimmigrant status. That would have permitted a 9-year period, which would be 50 percent longer than is allowed for employees who are here with H–1B status.

I also would have offered an amendment that would have used part of the fees generated by the new visa classification for accelerating the processing of nonimmigrant visas by the State Department's consulate offices. Delays in processing nonimmigrant visas are causing difficulty to people coming to the United States for medical treatment, to do important research, or for any of a number of other urgent reasons.

I urge you to vote against the U.S.-Chile Trade Agreement Implementation Act, H.R. 2738.

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

Mr. CANNON. Mr. Speaker, I yield myself such time as I may consume, and I rise to speak in favor of the United States and Chile Free Trade Agreements.

Mr. Speaker, I appreciate the fact the administration has worked closely with the gentleman from Wisconsin (Mr. SENSENBRENNER) and other members of the Committee on the Judiciary on the legislation to implement the temporary entry provisions that are included in the Singapore and Chile Free Trade Agreements.

The bill language relating to the temporary entry of professionals was carefully crafted to track the H–1B program, therefore ensuring that Chilean professionals fall under the H–1B cap and that comparable fees can be charged and that the labor attestations for these visas are modeled after the H–1B program.

The temporary entry of professionals, who must have bachelor degrees or more advanced degrees, facilitates trade and services which currently account for 65 percent of the U.S. economy. The international mobility of business professionals has become an increasingly important aspect of competitive markets for suppliers and consumers alike. Facilitating the movement of professionals allows trade partners to more efficiently provide each other with services, such as architecture, engineering, consulting, and construction. It has been customary to include such provisions in trade agreements as a part of the services chapter, and the U.S. service providers are very supportive of these provisions.

The current U.S. Trade Representative inherited the Chile agreement from the prior administration, and this USTR has consulted very closely with Congress on negotiations on the agreement last year and on the implementing legislation in recent weeks, including on temporary entry of professionals. I know the USTR appreciates this consultation process on these sensitive issues. The USTR has continued to consult with Congress on trade agreements now being negotiated, including the Moroccan Free Trade Agreement, the Central American Free Trade Agreement, the Australia FTA, and the Free Trade Area of the Americas, and none of these agreements currently includes provisions on the temporary entry of professionals.

Over the past few weeks, Congress has sent a clear message asking USTR to discontinue the practice of including such provisions in these agreements. I know the USTR listens closely to Congress, and I am confident that we will continue to have opportunities to work closely with Ambassador Zoellick and his team in ensuring that the best possible free trade agreements are achieved.

Congress' goal, however, is not to become the U.S. trade negotiator itself but to be a close partner in the overall process. Recent consultations with the administration on the Chile agreement shows that this partnership is beneficial and can work. Let us not take a step backward at this crucial time. I urge my colleagues to support this agreement.

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

The SPEAKER pro tempore. The gentleman's time has expired.

Ms. JACKSON-LEE of Texas. Mr. Speaker, may I inquire of the Speaker how much time we have remaining?

The SPEAKER pro tempore. The gentlewoman from Texas has 2 minutes remaining.

Ms. JACKSON-LEE of texas. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I thank the gentlewoman from Texas for yielding me this time.

Mr. Speaker, the Statue of Liberty speaks out very clearly, if anybody has been to this great monument. And from the poem ''The New Colossus,'' at the bottom, the 19th century American poet Emma Lazarus writes, ''Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore. Send these, the homeless, tempest-tossed, to me. I lift my lamp beside the golden door.''

□ 1100

What has happened to us, in a country where we continue to export jobs and import workers? This issue is at the very center of the economy of this country. We will never have recovery until we address it, Mr. Speaker.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I yield myself the balance of my time.

Let me conclude by simply saying this. This legislation again has trampled on the constitutional rights delineated for this Congress as it relates to immigration policies. This bill does not even have the provision that says that you need to attest that there are no American workers that can do this job before you give this perpetual visa.

When we tried to get a revenue stream for the visa fees in order to unclog the backlog of visas in our consul offices around the world, for researchers and people who need medical care, we could not even get that established. The USTR has trampled on our rights.

Fast track should not undermine the Constitution. This is a bad trade bill, a bad precedent, and if this Congress does not stand up to its right to protect the American people, who will?

I ask my colleagues to vote against this. They need to go back to the drawing boards, back to the deal-making, and if need be, you need to have Congress sit at this table so that you do not trample on our rights and begin to

put in immigration policies that discriminate against hard-working immigrants who are here in this country seeking legal status, who cannot seek legal status because of our policies, yet you can be overseas, staying overseas, look up, get a visa and never leave this country.

If we are concerned about security, if we are concerned about homeland security, if we are concerned about protecting ourselves against terrorism, what a big, gaping hole.

This is a bad trade bill. I ask my colleagues to vote against it.

The SPEAKER pro tempore (Mr. HEFLEY). All time for the Judiciary Committee portion of the bill has expired.

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

There is no question that we should rightly be concerned about traditional industries, manufacturing and the changing world and the United States relationship to that changing world. And I do believe that there will be some free trade agreements that will come before us when the concern about manufacturing is front and center. But one of the important things about the agreement that is in front of us today, the U.S.-Chile Free Trade Agreement is, first of all, I consider this agreement old business, not new business.

Secondly, I just have to tell you, as someone who represents California and, more particularly, the great Central Valley of California in which when I am back home, and I am greatly anticipating that in less than a week, in the morning the sun comes up over the snowy Sierra Nevadas.

As most of you know, Mount Whitney at 14,500 feet is the highest mountain in the continental 48 States. The Central Valley is the single richest agricultural area in the world. When the sun goes down, it goes down over the Pacific Ocean. If you have the opportunity, as I have, to be able to go to Chile, you will find that the geography, the topography is literally exactly the same.

One of the things that is important about this agreement is that it is a world-class agreement in the area of agriculture. Where many times people use nontariff barriers, argue sanitary or phytosanitary reasons for not allowing the free movement of agricultural products, what we have here is an opportunity to show the rest of the world how it ought to be done.

What I am hearing from people is, why should we enter into this agreement? I guess my response is, why not? It is true that we are trading the entire internal market of the United States for a market about the size of L.A. County.

But the fact of the matter is, Chile has not waited for us, no matter how close our friendship is. They have moved on in the world. They have free trade agreements with other countries who are more than willing to supply the products that we would love to supply, and no matter how close the friendship, if the price is not right, if the structure is not right, they are going to trade with people who are smart enough and wise enough to create a more comfortable trading arrangement.

We are doing this for us, not for Chile. But let me tell you, the U.S. consumer has benefited from this relationship.

Just as I described the geography of California and the geography of Chile, they may be the same, but when you look at them on the globe, they are on opposite sides of the equator, which means we are able to produce the same agricultural products but at a different time of the year. There is a seasonal complementariness to the agriculture on what would otherwise be directly competing products that creates a positive for the American consumer. Just one product, table grapes, currently if you go down to your market, you will find fresh table grapes and especially the new varieties that are seedless and they will be in a bag which says ''Product of USA.'' But if you go to that same market in November or December or January or February, you will find what looks like exactly the same product in a bag and it will say ''Product of Chile.''

What we used to do in the old days was when the growing season was over, we would throw the grapes in cold storage, 4 months later we would drag them out and, as you might expect, consumer demand and interest was pretty low. Today, we can supply 12 months out of the year a fresh product where there is not the kind of conflict that would otherwise occur.

We benefit, the Chileans benefit from the primary focus of agriculture in an agreement that is world class, but beyond that, allows us to go to the market in Chile and offer a product in competition with other countries. But this time we do so under a free trade agreement. And when you have an opportunity to trade under the same economic relationship, then the question is, if there is no difference in terms of economics, why not trade with a friend rather than someone else? That is what this free trade agreement is all about.

Mr. Speaker, it is now my pleasure to yield 3 minutes to the gentlewoman from Washington (Ms. DUNN), but prior to that, I yield my time to the gentleman from Illinois (Mr. CRANE), chairman of the Subcommittee on Trade, and ask unanimous consent that he have the ability to disburse the time as he may see fit.

The SPEAKER pro tempore (Mr. QUINN). Is there objection to the request of the gentleman from California?

There was no objection.

Ms. DUNN. Mr. Speaker, it is indeed a pleasure to speak on behalf of this agreement. It has been a long time coming. I am delighted to be here on the floor supporting it.

This is the first comprehensive free trade agreement between the United States and a major South American country. Passing this trade agreement will help American businesses and farmers gain better access to foreign markets.

Currently, Chile already has a trade agreement with the European Union, with Mexico and Canada, but not with the United States. As a result, American businesses and farmers do not enjoy the same preferential benefits and advantages that their counterparts in these countries do. Of course, that results consistently in our losing contracts to Canada, the EU and Mexico because we must pay the 6 percent tariff in Chile since we do not have an agreement and they, of course, pay nothing which makes the cost of their goods and services much less.

By leveling the playing field, this trade agreement will ensure that 85 percent of United States consumer and industrial products will receive tariff-free treatment in Chile immediately. For our farmers, over 75 percent of agricultural goods exported to Chile will be duty-free within 4 years. Furthermore, both nations renewed their commitment to continuing to work on resolving sanitary and phytosanitary issues so that artificial barriers will no longer be used to inhibit legitimate trade.

For the people I represent in the Pacific Northwest, this trade agreement will require Chile to comply with intellectual property rights protections beyond the current international standards and will improve enforcement against piracy and counterfeits. It is my hope that the IPR provisions in this agreement will be a model for our efforts with the Central American FTA and the impending Free Trade Area of the Americas negotiations.

This agreement is not only about expanding market access; it also reflects our commitment to strengthen our relationship with our friends and our neighbors in South America. It will also underscore our commitment to move forward with a hemispheric free trade agreement through the FTAA. While two-way trade between our nations was only $6.4 billion last year, this agreement will help to expand foreign investment that will strengthen both our economies.

I urge passage of this bill.

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

Clearly, the Chile and Singapore Free Trade Agreements have many strong provisions, including comprehensive commitments by Chile and Singapore to open their goods, agricultural and services markets. This will be beneficial to American businesses, workers and farmers, commitments that will increase regulatory transparency and act to the benefit of U.S. investors, intellectual property holders, businesses, workers and consumers.

So what is the major source of controversy, especially since the economic impact of the two agreements combined will account for less than one-

quarter of 1 percent of U.S. GDP? I believe that it is mainly the potential and the existing inappropriate use by this administration of provisions in these agreements as models for other agreements.

For example, the Singapore FTA includes an integrated sourcing initiative. As first drafted, ISI would have allowed in listed instances components from any country in the world imported directly into Singapore to be treated as Singapore content, i.e., Singapore as a proxy for other nations not signatory to the FTA. This local content feature has been restricted through amendments to the agreement and by this legislation at our instigation, making it difficult to use as a practical matter. And, importantly, Democrats took the initiative to prevent any expansion of the ISI list without congressional approval. These efforts should send a clear message: Do not negotiate a similar provision in any future FTA.

Second, both agreements contain provisions relating to the temporary entry of nationals which required the creation of a new H1B visa program for workers from these countries. We were able through the implementing legislation on a bipartisan basis to significantly tighten these provisions. As a result, they are not now, in my judgment, a sufficient reason to vote against these agreements. But in this day and age of heavy loss of American jobs, the changes insisted on by this House must send a clear message to the administration not to negotiate immigration provisions in future FTAs, especially where the number of such visas involved would be larger without the active involvement of Congress.

Third, both agreements contain separate dispute settlement rules that place arbitrary caps on the enforcement of the labor and environmental provisions. This is a mistaken approach, the difficulties of which would only be magnified if used as a precedent for future FTAs involving very different circumstances.

Fourth, while substantial progress was made in the critical area of investment, these agreements should not be a model for all future FTAs. Additional steps should be included in future trade negotiations to ensure fully that foreign investors have no greater rights than U.S. citizens have under U.S. law.

Fifth, of great concern about these agreements is the actual use by USTR in the ongoing Central American negotiations of the ''enforce your own laws'' standard in the Singapore and Chile FTAs relating to basic labor standards. The laws of Chile and Singapore incorporate five internationally recognized core labor standards, prohibition against child labor, forced labor, discrimination, and, vitally, the right to associate and bargain collectively; and they basically enforce them, though there are cultural differences in their doing so.

In clear contrast to Chile and Singapore, the laws of most Central American countries irrefutably do not embody these five standards and the inadequate laws that exist are poorly enforced. Indeed, there is a pervasive antiworker-rights culture that prevents workers from getting a livable piece of the economic pie and climbing the economic ladder to the middle class.

□ 1115

So use of an ''enforce your own law standard'' where opposite conditions exist is a contradiction that would lead to contradictory results.

Central America does not need to suppress its workers to compete. To say that it does, whether with neighbors or with China, is untrue, and such an argument only gives ammunition to those who say that expanded trade, indeed globalization, inevitably leads to helping the rich and continuing to exploit the poor.

CAFTA is the real test and provides a real opportunity to shape expanded trade so that it leads to a leveling up, not a leveling down, with FTAA following next. So there is not a race to the bottom. So people in developing nations, as is basically true now in Chile and Singapore, can move up the ladder. So it is clear to workers in our Nation that when they compete, it is not with workers in other nations suppressed of their basic rights to associate and bargain together to get a decent piece of the economic action.

There are two ways to respond to this situation.

One is to acknowledge the many positives in these agreements, voting a green light while making very clear a red light against misapplication of Chile and Singapore to CAFTA, FTAA, and other future agreements where the conditions are very different. Different conditions, different agreements. Or, to vote ''no.''

My judgment is that the message is more clear, the distinctions between different situations remain starker and less blurred, and efforts to make these distinctions more likely to succeed with a ''yes'' vote in the manner described above. Either way, there must be a similar message: Do not negotiate an agreement with Central American nations on the assumption that conditions are like those in Chile or Singapore when they are not.

We oppose such efforts. They would not lead to the breakthroughs that Central American or FTA nations need in access to U.S. markets. They would result, in my judgment, in the eventual defeat of CAFTA. And they would throw away an opportunity, a major opportunity for those Central American nations and others, and for ours, and an opportunity to move U.S. trade policy forward, with the broad base of support necessary for a healthy future for expanded trade.

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

Mr. STARK. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, where I come from, trade is a 4-letter word: J-O-B-S. Unfortunately, this Congress, this U.S. Trade Representative, and this President do not spell very well.

In the 2½ years since George Bush became President, we have lost 3.1 million jobs in this country, we have lost 2.1 million manufacturing jobs in this country, and President Bush's answer is, more tax cuts for the wealthiest Americans, more cuts in services to veterans, to education, to health care, and more flawed trade agreements. There was fast track, and now there is Singapore and Chile.

American workers understand these trade agreements do not work. We have lost 2.1 million manufacturing jobs in 2½ years. American workers understand that NAFTA has failed. Ten years ago when NAFTA passed, we had a $1.7 billion surplus with Mexico and Canada. Today, 10 years later, we have a $25 billion deficit with Canada and Mexico.

American workers understand that our China trade policy does not work. A dozen years ago we had a $100 million trade deficit with China. Today, under these failed policies, for a decade we have had a $100 billion trade deficit with China, and growing.

President Bush, Sr., told the American people that for every billion dollars in trade surplus or trade deficit, it meant 18,000 jobs. That means that our trade deficit with China every year costs us 1.8 million jobs. Yet we continue the same failed trade policies that hemorrhage American jobs.

In 1992, the U.S. had a $38 billion trade deficit. Today, it is a $418 billion trade deficit. We had a bigger trade deficit in May of this year than we had for the entire year 11 years ago.

And white collar workers are next. The New York Times said IBM's top employee relations executive said 3 million service jobs will be gone by 2015, 3 million more. These are white collar: 3 million more jobs lost.

American workers, as I said, understand that these trade agreements, these failed trade policies hemorrhage American jobs.

Two years ago, President Clinton and the Congress finally figured it out. We passed a trade agreement, the Jordan Trade Agreement, that lifted up environmental labor standards, lifted up standards, lifted up people's lives, promoted American values rather than pulling down labor standards and pulling down environmental standards. Now President Bush has brought us back to the same failed NAFTA policies. That is what this Chile trade agreement is about.

The worst part is the Bush administration has announced that these agreements with Chile and Singapore will serve as the model for future trade agreements such as the Central American Free Trade Agreement, CAFTA, and the Free Trade Agreement of the Americas. They will serve as the model

for these next huge trade agreements that will hemorrhage even more jobs.

The administration impact report on the Singapore Free Trade Agreement, which we will debate next, estimates that we will lose 22,000 manufacturing jobs.

That is the problem. This trade policy is continuing to hemorrhage American jobs.

Mr. CRANE. Mr. Speaker, I yield 3 minutes to my distinguished colleague, the gentleman from Illinois (Mr. WELLER).

Mr. WELLER. Mr. Speaker, let me first indicate my strong support for this trade agreement with our friend and ally, the nation of Chile, a longtime democracy, a longtime ally; and clearly, I am one who believes that if you believe in freedom and democracy, you believe in free trade.

This historic agreement that we have between our Nation and Chile to reduce trade barriers and open up opportunities for Illinois agriculture and Illinois business and Illinois workers to sell products is a big step forward.

I want to focus on a very key portion of this trade agreement with the nation of Chile and our country, and that is, this trade agreement recognizes that today, in our economy, our global economy, that we are in a digital age, and that we exist in a digital global economy.

Our Nation's largest exports are in entertainment and technology, important industries for the State of Illinois. We are concerned about the rights of those who create music, entertainment, software, and technology products, and we are concerned about manufacturers' patents.

This agreement is an historic agreement because it includes, clearly, one of the highest levels of intellectual property rights protections that we have ever had in any trade agreement with any other nation. It is just one more reason why we should all support, in a bipartisan way, this trade agreement with the nation of Chile.

We have a high level of intellectual property rights protections. We protect trademarks in this legislation, state-of-the-art protections in this digital age. We also protect copyrights, protecting copyrights in the digital economy, protections from piracy.

We often think about it. Here in the Americas, particularly in Latin America, we have seen cases where there is an incredible amount of piracy and an incredible amount of counterfeiting of intellectual goods, music and entertainment and films and software; and that is a tremendous loss to the artists, to the creators, to those who came up with that idea and that product. But if we are concerned about those workers, we ought to ensure that they get the benefits of the fruits of their labors. If we do not provide for additional protections for intellectual property rights, those involved in piracy, some are even associated with terrorist organizations, will continue to have that niche where they take away the rights of our workers.

This is historic legislation that is before us today, protecting intellectual property rights as well as the patent rights for our American businesses, as well as our American workers.

I would note that Illinois, of course, is a major manufacturer of pharmaceutical products and also is a major manufacturer of agricultural chemicals. Again, this legislation provides strong protections for the copyrights and patents that protect our industries in Illinois.

Last, of course, it is one thing to say we are going to agree to protect them; the other key part is what are we going to do to enforce these intellectual property rights? Clearly, this agreement that we have with the nation of Chile provides tough penalties which they agree to implement on those who commit piracy and counterfeiting.

This legislation deserves bipartisan support.

Mr. LEVIN. Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Washington (Mr. MCDERMOTT), my distinguished colleague on the Committee on Ways and Means.

Mr. MCDERMOTT. Mr. Speaker, today's votes are not about the merits of liberalizing or opening up foreign markets to American goods and services. Democrats and Republicans both support doing that because over 90 percent of our consumers live outside the United States borders.

I represent a congressional district whose economy relies heavily on exports, but my district is also deeply concerned about the process by which economies liberalize and the effects these liberalizations have on working families and the environment in which they live.

Process is very important. Read James Madison. The rules that the Congress laid out in the fast track bill were not met. Fast track requires the U.S. Trade Representative to consult with several private-sector advisory committees to seek their opinion about trade agreements, but Mr. Zoellick refused to provide these committees with the final text of the agreements before they were required by law to respond. Many on the committees voiced frustration over this.

One committee, the Advisory Committee on Services, had this to say when they submitted their final analysis of the Singapore agreement: ''It should be noted that our members were challenged by the lack of available text during the 30-day period we had to conduct this analysis and write this report.''

Mr. Speaker, after EarthJustice represented several environmental groups in court to seek the release of documents used in the U.S.-Chile negotiations, a district court ruled that the U.S. Trade Representative was wrong to deny Americans these documents. After that ruling, instead of opening up, the Inside U.S. Trade article which I offer for the RECORD says, ''The Office of the USTR is now formally classifying negotiating texts and related documents as exempt from the Freedom of Information Act requests on national security grounds as a part of an overall effort aimed at tightening the flow of information on trade policy between the executive branch and the private sector.''

The Congress needs more time, not less. We do not need obstruction from the USTR. I believe that our Founding Fathers wanted it to be an open process. For that reason, I suggest that we reject this document and we will go back to the drawing boards. Mr. Zoellick has to follow the law. Let people have the information. Do not hide behind secrecy on national security grounds.

Mr. Speaker, I will enter in the RECORD at this point an article from Inside U.S. Trade, dated April 25, 2003.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, today I rise in support of the United States-Chile Free Trade Agreement implementation. When signed into law, this agreement, as with other free trade agreements, will help boost exports of Americans' goods and services. It will help create more net jobs for American workers and will help fuel economic growth.

Mr. Speaker, when trade grows, income grows. Free trade not only creates opportunities for the unemployed and underemployed, it helps increase wages and improves the standard of living of our workers and consumers at home and abroad. It is that simple, and we have 200 years of experience to prove it.

For example, free trade benefits small business, the job engine of America.

□ 1130

Ninety-seven percent of U.S. exporters are small businesses with fewer than 500 employees. Free trade benefits farmers. U.S. agricultural exports support hundreds of thousands of jobs. Nearly 25 percent of farmers' gross cash sales are generated by exports.

Perhaps most importantly, trade benefits families through a greater choice of goods through lower prices so more families can get better products using less of their paychecks.

But, Mr. Speaker, besides the obvious economic benefits, fundamentally we must recognize that it is not nations that trade with nations, it is people that trade with people. Every American should have the right to determine the origin of the products they want to purchase, be these products from next door, down the street or even Chile and Singapore. With the exception of national security and safety considerations, it should not be the

role of the Federal Government to tell consumers from where they should buy their goods. It is a fundamental economic liberty that is at stake here.

Mr. Speaker, I urge my colleagues to reject protectionism and to support jobs and freedom by supporting this Free Trade Agreement with Chile.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentlewoman from Ohio (Mrs. JONES).

(Mrs. JONES of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank the gentleman from California (Mr. STARK) for his leadership on this issue and for yielding me time.

Mr. Speaker, today I rise to express my opposition to the trade agreements before the House today. My concerns regarding these agreements cover many issues such as their lack of strong labor and environmental enforcement language, the intrusion of immigration policy into the realm of trade policy, and the fact that these agreements are a step backwards from the standards set by the Jordan Free Trade Agreement and are being used and touted as the model for future agreements.

First, however, I would like to address the effect these agreements will have on our trade deficit and how they will harm American workers.

As the gentleman from California (Mr. STARK) has already said, our Nation's unemployment rate is now at 6.4 percent, the highest rate in more than 9 years. Many of these jobs were lost in the manufacturing sector, just under 100,000 in Ohio alone. It seems that many perceive the solution to this crisis is to implement trade agreements that depart from the standards set by the U.S.-Jordan Free Trade Agreement, returning instead to what most would concede is the weak model accomplished by NAFTA. I anticipate that the most likely traded item these agreements will facilitate will only be more U.S. jobs.

Like NAFTA, the Chile/Singapore agreements will cause shifts in production from the U.S. that will further engorge the already bloated trade deficit and lead to the loss of more U.S. jobs.

At this time, I have been working in the City of Cleveland trying to save steel jobs in the City of Cleveland with my colleague who I share Cleveland with in terms of representation.

Mr. KUCINICH. Mr. Speaker, will the gentlewoman yield?

Mrs. JONES of Ohio. I yield to the gentleman from Ohio.

Mr. KUCINICH. Mr. Speaker, I want to say that, having worked together in Cleveland in trying to save jobs in the steel industry, we understand what these trade bills do in undermining our jobs. Of course, we are both familiar with the fact that the unemployment rate nationally is currently at 6.4 percent and with this bill we are going to receive an aggravated trade deficit that is already at $492 billion. I think the gentlewoman would agree that this is a condition that is intolerable for the workers in that district.

Mrs. JONES of Ohio. Absolutely.

Mr. KUCINICH. We already see these agreements that have weak labor laws, and this particular bill with a country that has laws that were established by an anti-labor, anti-union dictator, how in the world can our country protect our workers when we are facilitating a race to the bottom when we are engaging in trade agreements with countries that do not have a history of protecting workers?

Mrs. JONES of Ohio. The wonderful thing about all these agreements is that, right in the Ohio delegation, we have five members in our delegation who are on record in opposition to this trade agreement. I believe it is probably the largest number of Members who are engaged.

Mr. KUCINICH. One of things that we fought for is to protect the rights of the public, and this bill opens the door to further privatization and deregulation of vital human services, including health and water; and what that means is higher profits for corporations, higher rates and diminished services and limited access for more people.

So I want to thank the gentlewoman for her leadership and how we have been able to work together in Cleveland to protect jobs. We know from our constituents that they need us here on the floor of the House making sure that we demand this these trade agreements not further cause loss of jobs and loss of power on the part of the people.

Mrs. JONES of Ohio. I will reiterate that it is so important that everybody understand that even though Chile and Singapore may be better than other countries, these agreements are set to be a model for future trade agreements, and we do not want to set the model at the standard that we have in these agreements.

I am pleased to stand here with my colleagues in opposition to this legislation.

Mr. CRANE. Mr. Speaker, I yield two minutes to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, I rise in strong support of this agreement for better trade between the U.S. and Chile and, following this, U.S. and Singapore. I appreciate the leadership of the gentleman from Illinois (Chairman CRANE) in opening these new markets for American companies.

There is a principle involved in every piece of legislation we deal with. The principle in trade is this: If, as Americans, we build a better mouse trap, we ought to be able to sell it anywhere in the world without discrimination. If someone else builds a better mouse trap, we ought to be able to buy it for our families and for our businesses.

This type of free trade is important to America if we look at the most important thing, jobs. It is important to us because now every one of every three new jobs we are creating in America comes from international trade. No one sells more than our country outside. No one buys more than our country inside. And one out of every three acres that our farmers plant are for sale overseas, so it is important that these markets are open to companies and our farmers.

This is important in our State as well. It is important to Texas already. Just Chile's trade is responsible for almost 180,000 new jobs in Texas. That is enough new Texas workers to fill the Astrodome three times over. We have not even yet begun to scratch the surface of what new jobs we can create through free trade; and as the State which is the largest exporter, in other words, no one sells more, ships more overseas than our State, this is real jobs for our communities. These are real jobs for our families.

But let me state that, though we have not scratched the surface, other countries are not waiting for us to get our act together. They are already reaching agreements so that their companies can sell on level playing fields. We need to make sure American companies have a fair shake.

Mr. LEVIN. Mr. Speaker, I yield 3½ minutes to the gentleman from Texas (Mr. ORTIZ).

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

Mr. ORTIZ. Mr. Speaker, I rise in support of the trade agreements before us, the Chile/Singapore agreements.

As a Democrat, I often find myself opposing long-time friends on matters of trade, and that never comes easily. But the reason I support this agreement is I know free trade simply works through strategic agreements like this one.

I have seen the unemployment rate in south Texas and my State of Texas decline through the 1990s. Coming from a poor district like the district that I represent, to see unemployment go down from 15, 17 percent to 9 percent after the agreement that we had with Mexico tells us one thing, that these agreements work.

Now we are not speculating about the benefits of free trade. We have seen them at work in our community. This economy churns mightily, and the more free trade we have, the more opportunities that there are for this Nation to advance our economy. By strengthening trade and investment relations between two partners with similar economies, both nations benefit from this agreement. This agreement streamlines the operation of major industries within our countries, the United States, Singapore, and Chile. It allows our companies greater efficiency and flexibility by cutting processing costs for some technology products and medical devices in Singapore and the United States. Benefits like this will foster greater economic growth between these countries.

The FTA formalizes our work together on labor, environmental and domestic enforcement issues. And in Singapore, clearly, these trade agreements strengthens our economic opportunity with our military partner in the war on terrorism. I have seen what Singapore has done to help us with our military. They built a pier to the cost of anywhere from 40 to $50 million so that our vessels could berth, so they could refuel, so that our young sailors could have R&R in Singapore. This strengthens the United States' presence in east and south Asia, with Singapore as a base.

Singapore serves as a regional center for many American multinational corporations. This will be the first transcontinental trade agreement across the Asia-Pacific to the nation whose United States trade exceeds all our current trading partners, which is the second largest Asian investor in the United States after Japan and which hosts over 1,300 United States corporations and 15,000 Americans. With Chile, we have the same.

As great a country that we are, can you imagine that we only have four trading agreements with the rest of the world? And what I have seen when I travel through these countries is that other countries seem to be eating our lunch. We cannot afford to do that.

I ask my friends on both sides of the aisle to please support these free trade agreements with Chile and Singapore. It will benefit our country and the lives of many of our people.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New York (Mr. HOUGHTON).

Mr. HOUGHTON. Mr. Speaker, I am not going to take my two minutes because there have been many figures cited, there have been many comparisons. There are always problems in trade agreements, whether they are labor conditions or environmental or currency or intellectual property rights.

The only thing I can say is, I have been there. I have done business in Chile. I have manufactured, I have sold, and I have never had a situation where they have abused the trading privilege.

There are two issues here: one is to protect the jobs, and we all do that. The gentleman from Michigan (Mr. LEVIN) and I were down at the International Trade Commission talking about section 201 and the steel case. Of course, we are trying to protect our jobs, and we have got to do it, and we have got to do more. But at the same time we have got to open up markets. Because, as everybody knows, 95 percent of the world's population is outside of the United States, and we cannot build a wall around us.

This is a good agreement. It is not a perfect agreement, but it is a good agreement with a good country, and I urge Members to support it.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

Mr. KLECZKA. Mr. Speaker, the proponents of the Chile and Singapore trade agreements are correct. The bills before us today will lead to increased jobs and increased exports. Unfortunately, those increases will take place in Chile and Singapore and not in the United States.

Since the first contraction of the United States gross domestic product in March, 2001, our trade deficit has risen by 31 percent. During the same period we have lost over 2.4 manufacturing jobs. Congress should be considering measures to grow the economy and create jobs instead of agreements before us today that are just one more step down the road of growing trade deficits and lost employment.

These bills represent a significant step backwards from the progress made on the Jordan Free Trade Agreement and even a step backwards from the bill authorizing fast track. Passage of these agreements will set a horrible precedent for future trade negotiations and will be an omen for even more U.S. job losses.

The devil is in the details: The Chile and Singapore Free Trade Agreements contain only one workers' rights provision protected by a dispute settlement procedure, and this is that a country enforce its own labor laws. However, the bills do not commit Chile or Singapore to even have any labor laws or to ensure that their labor laws meet any international standards.

□ 1145

These agreements also create a totally new visa category for the temporary entry of professionals into this country, even if there is no shortage of workers in the United States. These visas are temporary in name only because the bill provides that they are renewable indefinitely.

It is absurd to allow new sources of low-wage labor into this country when we are not facing a labor shortage, quite the contrary, but are facing the highest unemployment rate in 9 years.

The Singapore Free Trade Agreement also is a large loophole that allows goods made in other countries to be treated as made in Singapore and imported into our country duty free if they simply pass through Singapore's ports. This practice will allow goods made all over the world to escape U.S. duties.

Mr. Speaker, I urge my colleagues to reject both of these trade agreements.

The SPEAKER pro tempore (Mr. QUINN.) The Chair would inform the speakers that the gentleman from Illinois (Mr. CRANE) has 28½ minutes remaining, the gentleman from Michigan (Mr. LEVIN) has 8 minutes remaining and the gentleman from California (Mr. STARK) has 8 minutes remaining.

Mr. CRANE. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. DREIER), our distinguished chairman of the Committee on Rules.

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

Mr. DREIER. Mr. Speaker, I rise in strong support of these agreements. I was not intending on speaking. Yesterday, I certainly had my say; for an hour, we had a very interesting exchange with a wide range of our colleagues on both sides of the aisle on this issue. But I was listening to the debate upstairs and heard some aspersions cast at our great U.S. Trade Representative, Ambassador Robert Zoellick.

I will tell my colleagues that I have had the privilege of serving now approaching a quarter century in this institution, and I have worked closely with a wide range of U.S. Trade Representatives and I have never known one to be more open to input not only from Members of Congress, but from a wide range of entities that are charged with providing the kind of information that is necessary for him to do his job.

I also want to say that we, in a bipartisan way, have had great leadership on this issue. The gentleman from Illinois (Mr. CRANE), the chairman of the Subcommittee on Trade, has, and I know this makes him sound like there is a huge disparity in our age, in fact, there is a huge disparity in our age. When I was a child, the gentleman from Illinois (Mr. CRANE) was providing great leadership on the goal of breaking down tariff barriers and openness.

I have heard a number of our colleagues talk about this issue, and freedom is really what this is all about.

We referred to the fact yesterday that 71 years of one-party rule in Mexico came to an end on July 2, 2000, and we know that that came about in large part due to the economic liberalization that was implemented in Mexico; and we saw political freedom follow. Clearly, we, by breaking down barriers, are expanding freedom worldwide.

In 1947, following the Second World War, leaders of the United States and Europe came together to establish the General Agreement on Tariffs and Trade, and the goal was a very simple one, Mr. Speaker. It was the elimination of tariff barriers, knowing that Adolph Hitler was emboldened by the fact that the United States Congress had passed a Smoot-Hawley Tariff Act, and we stuck our heads in the sand and did not engage in Western Europe, and that played a role in bringing him into power.

Similarly, we have seen very repressive societies in recent history, and we have been able to break down that repression through the further expansion of freedom and opportunity, and that is what this is all about.

Clearly, trade, as the gentleman from Illinois (Mr. CRANE) taught me, is a win-win. It benefits both sides.

Are there dislocations? Are there difficulties with which we have to contend? Absolutely. The economic theory of comparative advantage says we do what we best.

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

Mr. DREIER. I yield to the gentleman from New Jersey.

Mr. PASCRELL. Mr. Speaker, when the gentleman says displacement, when a manufacturing job is lost, the average in United States pays $635 a week, and it is usually replaced eventually down the line by a retail job, which is $350. Let us put the facts on the table.

Mr. DREIER. Mr. Speaker, I have a limited amount of time.

Mr. PASCRELL. Let us get our facts straight.

Mr. DREIER. Mr. Speaker, I am going to continue to yield to the gentleman. What are the facts?

Mr. PASCRELL. The facts are that we should not have manufactured jobs here and have manufactured jobs across the ocean. We need to take care of our own people in this country.

Mr. DREIER. Mr. Speaker, the gentleman has made his point.

If I could reclaim my time, Mr. Speaker, let me reclaim my time and say that comparative advantage does, Mr. Speaker, say that we do what we do best. Do I want a manufacturing sector of our economy? Absolutely, but I do not in any way want us to arbitrarily keep into place an antiquated society. We have to recognize that this is a global economy and the world is changing. We have to be prepared to compete in that global economy.

Mr. LEVIN. Mr. Speaker, I yield 5 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's courtesy in permitting me to speak on this today. I have enjoyed working with our colleague, the gentlewoman from Illinois (Mrs. BIGGERT), in promoting a discussion of the benefits of this agreement with Chile. I think it is an important step in getting our balance on trade correct. And I appreciate the dialogue between my friend from New Jersey and the Chair of the Committee on Rules because I think it is important for us to get our facts straight, and I think an honest and open discussion will promote that.

The facts, from my perspective, are that the United States gives up very little in exchange for this agreement. My colleagues have heard, if they have been following the debate on the floor, the fact that the average tariff for U.S. goods is over 5.5 percent for what we send to Chile, but that the vast majority of the product that comes from Chile to the United States is duty free and the average about one-half of 1 percent.

In my community, the facts are, we have seen the impact of losing the market share that the United States used to have with Chile, lost to the other countries that Chile has in the Western Hemisphere, like Argentina, Brazil, Mexico and Canada, and the European Union where we are losing market share.

I represent Freight Liner. Perhaps the largest, most efficient truck manufacturing operation in the world is in my community. They are family wage, union jobs, paying upwards of $20 an hour or more. In the last 10 years, because we have lost market share, because we could not compete with manufacturing in Brazil and in Mexico, we have lost the truck market.

There is a potential with this agreement that we would be able to have a more advantageous situation, and actually it would make more family wage jobs in my community.

We heard talk about labor and environmental practices, and I yield to no one in my concern to make sure that we are protecting quality of life and the environment at home or around the world; but the facts are, if we look at Chile, it has strong labor and environmental standards. They are amongst the best in Latin America. It is important for us to reinforce that, and I would suggest that Chile is a good model in terms of what happens on the ground. Indeed, overall, Chile is a good model. It is an island of stability in very troubled waters in Latin America. We ought to reinforce that model by providing this trade agreement to them.

I have been troubled since I have come to this Chamber listening to some of the debate that has been more emotional than factual, where people on both sides have engaged in the debate between what some say is fair trade and some say is free trade. Well, I would like us to begin an era of honest trade debate.

We have all got our blind spots. The United States has its protections. One of the reasons why I voted against the trade promotion authority that was before us last Congress is that people wanted to draw bright partisan lines and then make a hash out of our trade policy with side agreements on citrus and textiles, and we had this egregious farm bill that really was antitrade.

I think this agreement before us is a step for us to get our balance back. It is a vote for an opportunity to deal with the merits of the agreement, not what is down the line. That is the precedent I want to establish, that we look at the agreements before us, look at the facts and vote on them, that we vote on the merits and that we start rebuilding the trust, the understanding and the dialogue in this Chamber so that we can have an honest trade debate, which is so important for the future of my community, my State and, I think, our country.

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

Mr. Speaker, I am delighted to rise today in support of H.R. 2738, legislation that implements the U.S.-Chile Free Trade Agreement. The U.S.-Chile FTA has been a very long time in coming. During the NAFTA non-markup 10 years ago, I offered an amendment expressing the sense of Congress that the President should begin FTA negotiations with Chile. Finally, this has come to fruition.

Chile has one of the fastest growing economies in the world. Over the last two decades, Chile has established a vigorous democracy, a thriving and open economy built on trade and a free market society. The U.S.-Chile FTA will help Chile continue its impressive record of growth, development and poverty reduction. It will also help spur progress in the free trade area of the Americas, and will send a positive message throughout the world by demonstrating that we will work in partnership with those who are committed to free markets.

The U.S.-Chile FTA provides new trade opportunities for U.S. workers and manufacturers. More than 85 percent of two-way trade in consumer and industrial products will become tariff free immediately, with most remaining tariffs being eliminated within 4 years. This tariff elimination will benefit manufacturers, workers and consumers in such key industries as construction equipment, autos and auto parts, computers and other information technology products and medical equipment.

The agreement also allows access to new opportunities and benefits to Chile's fast-growing services sector for U.S. service providers.

In the area of agriculture, more than three-quarters of U.S. farm goods will enter Chile tariff free within 4 years, and all remaining tariffs will be phased out within 12 years. New opportunities for trade and numerous agricultural sectors such as soybeans, pork and feed grains, as well as in processed food products such as distilled spirits and breakfast cereals, will be created by this FTA.

The U.S.-Chile FTA is also groundbreaking in many areas. For example, the U.S.-Chile FTA will be a benchmark for future trade agreements because of the protections given to U.S. intellectual property rights. These new protections in digital areas such as software, music, text and videos go beyond past trade agreements in addressing protection for U.S. patents and trade secrets.

A U.S.-Chile FTA will provide tremendous benefits to the economies of both the United States and Chile. According to a study that was conducted by the University of Michigan and Tufts University, it is estimated that a U.S.-Chile FTA will expand U.S. GDP by $4.2 billion annually.

I strongly urge my colleagues to support this bill and to use this opportunity to strengthen the United States' strong relationship with Chile, which will extend the benefits of the free trade agreement to the American people.

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

□ 1200

Mr. STARK. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. LIPINSKI).

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

Mr. LIPINSKI. Mr. Speaker, I rise in opposition to the Chilean and Singapore Free Trade Agreements.

Mr. Speaker, I continue to be amazed by the supposedly business-friendly policies that are advanced by the American business community. As we should have learned from Enron and Worldcom, focusing on immediate profit recognition is usually a terrible long-term business strategy. But that is also the failed strategy of our shortsighted trade policies: Our business community is addicted to a quick fix at the expense of its long-term health—and America's long-term health by extension.

Perhaps there will be some short-term gains in U.S. exports because of these trade accords. Some in this body seem proud to argue that tariffs on U.S. luxury cars will be eliminated under the Chile accord. My colleagues, I am eager to see how many luxury cars we will sell to Chile.

In the last three years, 2.6 million American manufacturing jobs were lost, mostly because of bad foreign trade agreements. Today, our unemployment rate is at a 9-year high and American wages are stagnant.

If these trade agreements were part of a grand foreign aid program to develop poor countries, I would feel somewhat better about them. After all, we would presumably be transferring America's standard of living to the developing world, and nurturing new consumers. But that is not the case either, as the business communities in Central America and East Asia are just as myopic as the American corporate lobby.

The countries this administration proposes to expand trade with have little to no environmental or labor protections, and their workers' wages reflect this reality. Under this Singapore and Chile framework, these countries will not be required to abide by International Labor Organization standards. Accordingly, worker wages and standards of living will continue to be abhorrent, and American jobs will continue to be trans-shipped abroad.

These agreements will further the gulf of extreme poverty in this world, and drag down progressive societies along with them. Mr. Speaker, I urge my colleagues to reject the Chile/Singapore trade framework and adopt a healthy, long-term vision for America's future.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding me this time.

As this is the first significant trade agreement in the 21st century, let us look back and see, is our trade policy working? 2001, $358 billion trade deficit; 2002, $436 billion trade deficit; a record first quarter this year, $136 billion headed toward a $550 billion trade deficit; $1.5 billion a day, $1 million a minute. Three million jobs have been lost in the last decade due to trade policies, capital exports; 251,000 manufacturing jobs since January 1; 53,000 in May.

NAFTA, WTO, Fast Track, FTAA. Every time here on the floor of the House we hear the same carrying on about exports of goods and services and consumer benefits. Yes, exports will result. I agree. But they forget to tell us that there will be a much greater increase in imports, and they do not talk about the net, which is this deficit headed to more than $.5 trillion.

Then, if cornered, they will fall back and say, what about the consumer benefits? Well, the benefits are not really great for American workers when their jobs have been exported, no matter how cheap the goods are.

Earlier, we heard an eloquent lesson in geography, new false promises for our farmers. Already there are pending unfair trade complaints for dumping against grapes, raspberries, pears and salmon from Chile. But do not worry, we will retrain these people who lose their jobs for the new high-tech economy and for all the skilled work. Except now IBM, Boeing, GM, they are all exporting their jobs; and it is estimated under these agreements we will export 3.3 million skilled jobs in the next decade because of these trade agreements.

There is a new twist in this one, though. We are going to import skilled laborers from Chile under this agreement. Yes, we will mandate the importation of skilled laborers to displace the few remaining jobs in the United States of America.

Is our trade policy working? Yes, exactly as designed, but not the way it is being sold here on the floor of the House. It is about access to cheap labor, weak laws, and profiting a select few multinational corporations.

Will the last worker in the last manufacturing plant in America please turn out the lights.

Mr. CRANE. Mr. Speaker, I ask unanimous consent that I be allowed to yield the balance of my time to the gentleman from Texas (Mr. BRADY) and that he be permitted to manage the time.

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

There was no objection.

Mr. LEVIN. Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Texas (Mr. STENHOLM).

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

Mr. STENHOLM. Mr. Speaker, I rise in support of the Chile Free Trade Agreement, and I thank the gentleman from Michigan for yielding me this time.

The Chile Free Trade Agreement will eliminate tariffs on 85 percent of the U.S. exports to Chile immediately. Under the U.S.-Chile Free Trade Agreement, American workers, consumers, businesses, and farmers will enjoy preferential access to a small but fast-growing economy, enabling trade with no tariffs and under streamlined customs procedures.

Over 75 percent of U.S. farm goods, including pork, beef, wheat, soybeans, feed grains, and potatoes will enter Chile duty-free within 4 years. Other duties on U.S. agriculture products will be phased out over 12 years.

U.S. farmers' access to Chilean markets will be as good or better than our competitors in Chile. Now, that is something to be emphasized: as good or better. This will help reverse the gains Canada and Europe achieved in market share after implementing their free trade agreements with Chile.

U.S. wheat, wheat flower, and vegetable oils will now receive the most preferential rate available and will be duty free at the conclusion of the transition periods.

While U.S. tariffs will also be eliminated over time under the free trade agreement, the agreement has a provision that will help protect farmers and ranchers from sudden surges in imports of designated agricultural products from Chile, a very key new and significant additions to the trade agreement.

The agricultural safeguard provision will apply to imports of certain Chilean products, including many canned fruits, frozen concentrated orange juice, tomato products and avocados. The safeguard is price-based and automatic.

The prices for the commodities subject to safeguards will be programmed into U.S. Customs Service computers, which will automatically assess the tariff uplift if the import value of the commodity falls below the trigger price established in the agreement. When the safeguard is triggered, additional duties will be applied.

Mr. Speaker, Chilean consumers appreciate the quality of U.S. agricultural products, but prior to this agreement there were significant hurdles to U.S. exports, something that gets overlooked by those who oppose this agreement. Chile's associate membership with MERCOSUR and its free trade agreements with other countries meant that while U.S. products paid the full common external tariff, up to 10 percent, products from Europe, Canada, Mexico, Argentine and Brazil entered Chile at either zero duty or reduced rates.

Progress was made in 1997 when the United States gained exclusive market access for table grapes, apples and citrus after resolving a number of sanitary and phytosanitary issues.

Let me just say in conclusion that this Chile Free Trade Agreement benefits the U.S. by lowering duties on exports to Chile. Clearly, it will benefit us over current law and the current situation. It also includes innovative provisions on transparency and customs facilitation that will help promote full implementation of these agreements and further respect for the rule of law.

For these reasons, I urge my colleagues to support implementation of the Chile Free Trade Agreement.

Mr. BRADY of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, does it matter in all these discussions if we have a trade agreement with Chile or not? Would it matter if this bill simply went away? The answer is, if you care about American jobs, yes, it very much matters.

The National Association of Manufacturers estimates that the lack of an

agreement between America and Chile causes our companies to lose more than $1 billion in sales each year to other countries. For example, when Chile reached free trade agreements with Europe, sales to Europe automatically increased. In fact, it expanded by 30 percent in the year just ending in February, while our increased sales to Chile were negligible at best. We did not have an agreement. Our sales faltered. Germany had an agreement, and their sales grew by almost 50 percent. France had an agreement with Chile. They grew by 41 percent.

We have to ask ourselves, if these free trade agreements are so bad, why do other countries pursue them so much, and why do immediately they begin selling more of their products to Chile, and why do they start creating more jobs in their countries?

We are paying a price in America for not having a free trade agreement; and, frankly, in this economy we cannot stand to lose even one American job or lose the prospect of creating more American jobs.

Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. LEVIN).

The SPEAKER pro tempore. The Chair informs all speakers that the gentleman from Michigan (Mr. LEVIN) has 4½ minutes remaining, the gentleman from California (Mr. STARK) has 6 minutes remaining, and the gentleman from Texas (Mr. BRADY) has 15 minutes remaining.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I thank the gentleman from California for yielding me this time.

Mr. Speaker, those who are supporting the Chilean resolution here would like us to think this is the process. Many of them have said already we do not agree with what the United States Trade Representative did in these agreements, and for that reason we will oppose the bills by voting yes. Now, if that makes sense, please, what have I missed?

We have already a trade deficit with Chile. That deficit has tripled from 2001. It is now $1.2 billion. This is not the way to have reciprocal trade agreements. These agreements set precedent. Again, we export jobs, we import workers. It is our workers that are out of jobs.

We understand that this is at the very basis of the downturn in the economy. We will not recover this economy. These folks are out of work not 2 weeks or 3 weeks, this is permanent unemployment; and the jobs that they finally do get pay half of what the jobs paid that they lost. This is a fact of life.

The trade deficit that we have with Chile and the rest of the world equates to a loss of $1 million per minute in United States' wealth. It makes no sense. We need to stop the hemorrhaging of jobs.

We need to stop trying to communicate to the American people that we care about their jobs. We know that these trade agreements are precipitated by the big folks, the big corporations, the big farmers to the detriment of the average American worker, and we cannot accept that any longer.

What is it about this trade deal that will stop the job losses? How does this end these consecutive months of decline in the manufacturing workforce? The silence is deafening, Mr. Speaker.

Mr. BRADY of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. PORTMAN), who has played a leading role in expanding markets around the world for American companies.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me this time, and I just want to say that the silence may be deafening to the gentleman, so I will break it. There is no silence among those of us who support these trade agreements. These are good trade agreements because they will mean more U.S. jobs. That is the whole point.

This is a very exciting day on the floor, Mr. Speaker, because for years this Congress has been paralyzed on trade. While other countries are gaining market share in countries like Chile and, as an obvious example, where for 10 years the United States has not been able to move forward on trade because this Congress, at least for the past 7 or 8 years, has not had the ability through a Trade Promotion Authority, Fast Track authority to do so, we have lost market share. We have lost jobs.

We have lost jobs in my area of Ohio, which is a heavy export area; we have lost jobs all over the country, and I would daresay in the State of the gentleman from New Jersey as well. And that is what it is all about.

Now there will be an allocation of jobs. There will be a differential, depending on what part of the country you are from. But to lose these jobs because other countries, including our friends in Europe, are getting this market share in countries like Chile is unacceptable. It is irresponsible. So I am delighted to be on the floor to talk about Singapore, to talk about Chile, to talk about two good trade agreements that come out of a process where we finally now have, through this Trade Promotion Authority law, the ability to open up these markets to U.S. goods.

Our country is wide open. We protect a few products, but for the most part we are the most open country in the world. We let them sell stuff here. Talk about trade deficits. That is because we are open. They are not as open as we are. We want to open up their markets, including to products from my area.

Earlier today there was discussion about, gee, there is not enough consultation in these agreements. I do not know where that comes from, because there is unprecedented consultation in these two agreements that come out of, again, this Trade Promotion Authority that we finally passed in Congress, which allows Congress to have a bigger role and the public to have a bigger role in saying how to come up with these agreements.

Is it perfect? No. We would all like to have more of this, more of that, more information.

But let me cite a few facts. There have been more than 250 meetings with Members and staff regarding Singapore and Chile. There has been a proposed draft provided to Congress prior to the negotiating sessions. That was never true previously. The final draft text was made available to Congress not yesterday but in January of 2003.

We have also worked with more than 700 cleared advisors, including labor and environmental representatives. They are the ones that put together these advisory committees that work together with the trade folks at USTR, the U.S. Trade Representative and his negotiators. And, guess what, of those 31 advisory committees looking at everything, all the issues across the board, including environmental policy, of the 31, 30 have endorsed both of these free trade agreements. Thirty of the 31, including the environmental group.

□ 1215

That is pretty good. Yes, we always want to know as Members of Congress how we can represent our constituents better, but we have seen a vast improvement in the consultation. Therefore, I think it is ironic that some would come to this floor and say this is somehow backtracking on the ability of Congress to know what is in these agreements.

I strongly support the Chilean and Singapore Free Trade Agreements.

Mr. LEVIN. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from California (Mr. BECERRA), a colleague on the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time. I thank my colleague from Texas for yielding us additional time as well. I hope that we will listen to the debate here by many, including those who are opposed to this agreement. I will stand here today in support of this agreement, but with some trepidation.

First, I have to say that Chile and Singapore perhaps represent the type of country that we would like to extend these free trade agreements to, the opportunity to have these accords with us. Chile and Singapore have both proven that they are advancing countries, they have both demonstrated a respect for their laws and enforcement of their laws; and in regards to Chile in particular, it is a country within Latin America that has over the years demonstrated that it is ready to be a full-fledged partner of the United States when it comes to international commerce.

Quite honestly, we would have had a great standard to work with in negotiating an accord on trade with Chile and

Singapore if we had looked at the model that had just come through this House within the past year and that was the trade agreement with Jordan. In that Jordan agreement, we established that we would respect not just a country's manufactured products, not just that each country would respect its intellectual property and protect those rights of the property, not just that we would respect our agricultural industries, but in Jordan we also said we will respect the people who actually produce all these things, the workers; we will respect each country's environment, and we will respect that we want to bring everybody up, not just the manufactured good, not just a piece of intellectual property, not just agriculture, but the actual people who do the work.

Unfortunately, this agreement did not include that language. This agreement treats workers differently than it treats a manufactured product. It treats workers less than it does capital, inanimate objects, and that, I think, is unfortunate.

Yes, there are some provisions within the deal that speak to enforcement provisions to make sure that each of those two countries, Chile and Singapore, enforces its own laws. But what happens if they do not have these laws in the future? Then we cannot respect labor rights and environmental rights.

Chile and Singapore probably would have been very happy to have negotiated an agreement that was similar to Jordan on labor and the environment because they already meet those standards in their own domestic laws. The unfortunate thing here is that we know that the administration is negotiating future agreements with Central America and other countries that are not prepared, like Chile and Singapore, to take on these obligations, because they have proven, they have demonstrated that they will not protect the rights of workers, the rights of the environment, and they will not enforce even those laws on the books that may be able to do that.

What are we left with? A year ago when we debated the fast track law that gave the President the authority to negotiate these agreements without having to come to Congress for consultation, I said, this is a chance for this country to lead, for our country and its administration to lead.

Mr. Speaker, the administration did not lead. Instead of trying to protect workers and the environment the same way we protect inanimate objects and capital, we did not do that. We had that opportunity to do so.

Not only are we not protecting those things, labor and the environment, but we are also not funding the tools we have in place to try to make sure countries do respect the rights of workers and the environment.

It is unfortunate that we are moving forward with a budget in this administration that would defund those systems that we have in place in agencies that would give us a chance to know if countries are actually protecting their workers and the environment.

Mr. Speaker, this is not a way to lead. But am I going to fault Chile and Singapore for the failings of our government negotiators in not trying to protect workers here and abroad, and the environment here and abroad? I will not do that. But I hope that we will all learn, as the Congressional Hispanic Caucus decided a week ago, that we will not support future agreements on trade that use the same language as the Chile and Singapore agreements do with regard to labor and the environment.

It is time to protect workers and the environment the same way we protect any other inanimate object.

Mr. BRADY of Texas. Mr. Speaker, I yield myself 2 minutes. What kind of partner will we have in free trade with Chile? The answer is, America will have a wonderful partner in trade.

Chile has one of the fastest growing economies in the entire world. Over the last two decades, Chile has established a vigorous democracy, an open democracy, a thriving and open economy built on trade and a free market society. These are American values that we treasure. These are values that Chile embraces. The American-Chile Free Trade Agreement will help Chile continue its impressive record of growth, of development and in alleviating poverty in Chile; it will help spur progress in the Free Trade Area of the Americas; and importantly, I think it will send a positive message throughout the world by demonstrating that America will work in true partnership with those who are committed to free markets.

Free trade opens markets, it opens minds, it fosters democracy, it fosters labor rights and environmental protections. This free trade agreement represents those values, American values that we ought to be embracing.

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

Mr. STARK. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from California (Ms. SOLIS).

Ms. SOLIS. Mr. Speaker, today I rise to urge my colleagues to oppose the U.S.-Chile and U.S.-Singapore Free Trade Agreements. Almost 5,000 jobs have been lost in my district alone since President Bush took office. Unemployment in towns that I represent are largely represented by Latinos and are averaging around 10 percent unemployment rates.

Almost 10 years after NAFTA was adopted, we saw our trade deficit with Canada and Mexico go up 10 times higher than we would have ever anticipated, destroying hundreds and thousands of jobs that left that will never come back to this country. Why when unemployment in the U.S. is at a 9-year high are we engaging in trade policies that have failed to create jobs here at home?

The Chile and Singapore trade agreements would allow thousands of temporary workers from many low-wage nations to enter into this country to compete with Americans or people who live here for those high-paying jobs. They would fill virtually any service sector jobs that have recently been filled by people who are looking for a better wage. They would be able to get jobs in technology, finance, engineering, medicine and law.

I recently saw some news stories on one of the major stations showing two very highly skilled people that recently lost their jobs. They were engineers. Now one is a telemarketer and the other one is flipping burgers. They are barely making minimum wage right now.

Why is it, then, that the U.S. wants to enter into this trade agreement with Chile and Singapore? This is a giant step backwards. Just 2 years ago, we went about supporting the Jordan Free Trade Agreement, which I believe set a higher standard for both environmental and labor laws. Why are we going backwards?

This, as I understand, will be a template for future negotiations with Central America. I have something to say about that, because I am part Central American and recently visited Nicaragua and El Salvador. They do not have any standards for labor relations or negotiations. They actually permit young women under the age of 15 to work long hours under harsh conditions, and they do not even receive a dollar's worth of pay in a day.

How are we going to lead America down that route, to lose so many jobs? I ask my colleagues to vote against these two agreements.

Mr. STARK. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts (Mr. FRANK).

Mr. LEVIN. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts (Mr. FRANK).

The SPEAKER pro tempore (Mr. QUINN). The gentleman from Massachusetts is recognized for 2½ minutes.

(Mr. FRANK of Massachusetts asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. FRANK of Massachusetts. Mr. Speaker, first I do want to comment on the irony of many of us being lectured about the value of free trade by supporters of the most anti-free trade, anti-poor people policy that the United States has, our agriculture policy. People who have voted for the American agriculture bill have less credentials to preach to the rest of us about being fair to poor people than anyone I can think of.

I am here to speak against the Chile Free Trade Agreement, as well as the Singapore Free Trade Agreement, both for the reasons that we have heard from from others, but specifically because they have unfortunately become the embodiment of a purist, right-wing ideology gone mad. Chile, in fact, as we have known, has been a successful economy. Part of what Chile did as it

was building its successful economy was to adopt some sensible controls on short-term capital flows. They did not want hot money coming in and out.

Most analysts agree that the major cause of the problems in Asia in the late 1990s had to do with hot money going in and out. Sound economies, sound budgets were undermined when short-term investments had flowed in and there was a run on the country.

Most economists today agree, including advocates of free trade, that it is wise for countries in some cases, particularly developing countries that may not have sound banking systems, to be allowed to put controls not on foreign direct investment, but on short-term hot money. This agreement, because of the right-wing ideology that governs this administration and, I must say, I believe contrary to the wishes of the Trade Representative, embodies a purist view that says no capital controls anywhere, anytime, anyplace.

Let me tell my colleagues what some free trade advocates say of this. The Economist magazine, which prides itself on its free trade credentials, says in an article entitled ''A Place for Capital Controls'':

''In negotiating new free trade agreements with Chile and with Singapore, the U.S. has recently sought assurances of complete capital account liberalization. Bitter experience suggests that such demands are a mistake. It is past time to revise economic orthodoxy.''

Joseph Stiglitz, former chief economist of the World Bank, a strong supporter of the Trade Promotion Act, a free trader, says:

''There is an emerging consensus among economists that emerging markets should be particularly wary about full capital account liberalization. It makes little sense for our trade agreements to be pushing on our trading partners' restrictions which fly in the face of sound economics.'' He is again opposed to this.

Finally, Professor Jagdish Bhagwati, a strong advocate of free trade, says:

''The inclusion of provisions in this regard, in these treaties, in these FTAs, seems to be ideological and a result of narrow lobbying interests hiding behind the assertion of social purposes or ideology.''

I urge the rejection of these treaties. Singapore and Chile were forced to agree to these over their objection. If we rejected these treaties, we could easily renegotiate without these ideological insistencies, right-wing ideology run amuck. I hope that we defeat these treaties and renegotiate them without imposing this rigid capital control prohibition on these two countries.

[Excerpted testimony from Apr. 1, 2003 House Financial Services Committee Hearing on the U.S.-Singapore and U.S.-Chile FTAs]

THE CAPITAL CONTROL PROVISIONS IN THE SINGAPORE AND CHILE FTAS

By Jadish Bhagwati, University Professor (Economics), Columbia University)

The inclusion of capital control provisions in the Chile and Singapore FTAs is . . . difficult to understand in terms of economics. Even the IMF, including in its latest report from its Chief Economist Ken Rogoff and associates, concedes the case for prudence rather than haste in dismantling capital controls and in occasional but cautious use of them when necessary in otherwise capital-wise open economies. The inclusion of provisions in this regard in these FTAs seems therefore to be ideological and/or a result of narrow lobbying interests hiding behind the assertion of social purpose. I see, in particular, the following problems with these FTAs as a template:

1. The provisions are overly ambitious in extending to all kinds of ''investments'', including ''futures, options and derivatives'', instead of being confined to direct foreign investment. I see this as a potential problem with the NGO community which has become properly sensitive to financial flows and crises, and to the havoc they cause, especially on the poor in the afflicted countries. It will simply play into the hands of the many anti-globalization critics who see trade treaties as being captive to financial and corporate interests. At a time when trade liberalization itself has become difficult to manage, the inclusion of such provisions into a trade agreement is to invite gratuitous criticism.

2. The limitations put on what can be demanded by way of compensation for use of capital controls and their effects on the value of investments by foreign entities go some way towards assuaging the early concerns. But they still amount to roadblocks. I do not see how it can lead to anything but political objections when invoked, just as the ultra-conservative view of ''takings'' that was slipped into Chapter 11 provisions of NAFTA has led to fierce political objections.

3. As I read the text of the agreements, it appears that the traditional protections built in for ''balance of payments'' situations, which would have been invoked automatically to suspend ''free transfers'', have been removed and been replaced by a separate Dispute Settlement mechanism when capital controls are invoked. This is more restrictive for Chile and Singapore; it also constitutes a tightening of the restrictions being imposed on these countries' ability to use capital controls as they see fit.

None of this is good news. It also seems to me that few other countries will be prepared to accept such a template. Such restrictions, which are to be deplored in any event, are best left to be handled through investment agreements, rather than fastened on to trade agreements where they will bring trade liberalization, a policy which is far less controversial, into disrepute.

[From The Economist, May 3, 2003]

A PLACE FOR CAPITAL CONTROLS

For many developing countries, unrestricted inflows of capital are an avoidable danger.

If any cause commands the unswerving support of The Economist, it is that of liberal trade. For as long as it has existed, this newspaper has championed freedom of commerce across borders. Liberal trade, we have always argued, advances prosperity, encourages peace among nations and is an indispensable part of individual liberty. It seems natural to suppose that what goes for trade in goods must go for trade in capital, in which case capital controls would offend us as violently as, say, an import quota on bananas. The issues have much in common, but they are not the same. Untidy as it may be, economic liberals should acknowledge that capital controls—of a certain restricted sort, and in certain cases—have a role.

Why is trade in capital different from trade in goods? For two main reasons. First, international markets in capital are prone to error, whereas international markets in goods are not. Second, the punishment for big financial mistakes can be draconian, and tends to hurt innocent bystanders as much as borrowers and lenders. Recent with terrible clarity. Great tides of foreign capital surged into East Asia and Latin America, and then abruptly reversed. At a moment's notice, hitherto-successful economies were plunged deep into recession.

These experiences served only to underline the lesson of previous financial decades. Yet it is a lesson that governments remain decidedly reluctant to learn. Big inflows of foreign capital present developing countries with a nearly irresistible opportunity to accelerate their economic development. Where those flows are of foreign direct investment, they are all to the good. But in other cases, disaster beckons unless a series of demanding preconditions are met first. A flood of capital into an economy with immature and poorly regulated financial institutions can do more harm than good.

Unquestionably, developing countries should strive to improve their financial systems so that foreign capital can be successfully absorbed. Good government, sophisticated financial firms, and regulators who are honest and competent cannot eliminate the risk of financial calamity altogether, but they can reduce it to bearable proportions. At that point a liberal regime for international capital makes sense. The trouble is, many developing countries are nowhere near that point.

Rich-country governments and, until recently, the International Monetary Fund have often seemed reluctant to endorse this notion. One might say the same of The Economist. This reluctance is defensible Often, indeed typically, governments have abused capital controls in ways that oppress their citizens and do grave economic harm. It seems safer to frown on any and all controls—and, in those cases where they have been used intelligently and successfully, to acknowledge any success very grudgingly. But this is dishonest. It is better to face up to the case for such rules in some circumstances and thing hard about how to use them sensibly, with restraint.

IN FROM THE COLD

Experience suggests some rules. Refrain from blocking capital outflows (tempting as this might be at times of crisis). Such measures are usually oppressive, and deter future inflows of all kinds. Poor countries need all the foreign direct investment they can get: let inflows of FDI be unconfined. Other long-term inflows also pose little threat to stability. The chief danger lies with heavy inflows of short-term capital, bank lending above all. These can be difficult to stem, but many developing countries would do well to emulate the successful experience of Chile, which has imposed taxes on such inflows, with the rate of tax varying according to the holding period. In negotiating new free-trade arrangements with Chile (and with Singapore), the United States has recently sought assurances of complete capital-account liberalization. Bitter experience suggests that such demands are a mistake. It is past time to revise economic orthodoxy on this subject.

(By Joseph E. Stiglitz, Professor of Economics and Finance, Columbia University)

The importance of the subject of these hearings cannot be overestimated. There are implications for global economic stability and poverty reduction, and continuing progress in trade liberalization, as well as for broader relations with other countries around the world.

The provisions in the recent trade agreements with Chile and Singapore limiting government interventions in short term capital flows are a major source of concern. Everything should be done to eliminate them from the agreements, and to make sure that such provisions are not inserted into further trade agreements.

The purpose of trade agreements is to facilitate trade, and to eliminate trade barriers among countries. In principle, reducing such trade barriers can be of benefit to all policies on the part of government require that they maintain reserves equal to the amounts that they hold in short term foreign denominated liabilities. Hence, when a firm within a poor developing country borrows short term abroad, it in effect forces the government to set aside a corresponding amount in reserves, typically held in U.S. dollar T-bills. In effect, the country is borrowing, say, $100 million from American bank, paying say, 18 percent interest, and at the same time lending precisely the same amount to the U.S., and receiving today less than 2 percent interest. The country as a whole loses on the entire transaction. The money the government put into reserves could have yielded far higher returns, say invested in education, roads, or health. It is no wonder then that so many countries have been so skeptical about capital account liberalization.

Chile, in its period of rapid economic growth, in the early 90s, imposed restrictions on the inflow of capital. I believe that such restrictions play an important role in its growth and stability. In particular, it meant that when global capital markets suddenly changed their attitudes towards emerging markets, and when capital started flowing out of them and the markets insisted on far higher interest rates, Chile was spared the pains inflicted on so many other countries (though of course it still faced problems caused by changing copper prices.) Such restrictions on capital inflows are of limited relevance in the current economic situation—with an overall dearth of capital flows to emerging markets—hopefully, at some time in the future, when capital flows are more abundant, Chile might find it in its own best interests to dampen these flows, to avoid the irrational exuberance that has affected so many countries. Whether Chile chooses to do so should be a matter of its own determination.

By the same token, the developing countries in Asia that have grown the fastest, done the most to eliminate poverty, and exhibited the greatest stability have all intervened actively in capital markets at critical stages in their development—and many continue to do so today. They have shown forcefully that one can attract huge amounts of foreign direct investment, without fully liberalizing markets to short term speculative flows.

Using our economic power and the promise or hope of increased investment and exports, to impose the viewpoint of particular set of interests, or particularly ideology, on our trading partners. Trade should be bringing us all closer together. Trade agreements with these kinds of provisions are likely to do just the opposite. This is especially the case if the kinds of patterns we have observed in recent years continue, with the short term capital flows contributing so much to instability, and with its accompaniment of insecurity and poverty.

The arguments for trade liberalization is totally distinct from those for capital market liberalization. They share in common but one word, ''liberalization''. There is an emerging consensus among economists that emerging markets should be particularly wary about full capital account liberalization, exposing themselves to the vicissitudes of short term speculative capital flows. It makes little sense for our trade agreements to be pushing on our trading partners restrictions which fly in the face of sound economics.

Mr. BRADY of Texas. Mr. Speaker, I yield myself such time as I may consume.

In conclusion, what does this trade agreement mean for America and for American workers? Our answer is, a lot for our future. In this agreement there will be new opportunities for workers, especially those in manufacturing-type companies, because much of the tariffs will be immediately taken away for consumer and industrial products.

It means that our products will be more competitive. That is important if you are a worker in a company that sells construction equipment, automobiles and automobile parts, computers and other information technology products, or if you work for a company that sells medical equipment and paper products.

This agreement is important for U.S. farmers and ranchers because most of the farm goods will be tariff-free within 4 years. That is important if you are selling pork in America, pork and pork products, beef and beef products, soybeans and meal, durum wheat, feed grains, potatoes and processed foods, these are jobs for your industry.

This provides access to the fast-growing services market in Chile. That is important if you work for a U.S. bank, for a U.S. insurance company, for an American telecommunications firm. If you work in a U.S. securities firm or an express delivery company, if you are a professional in that area, these are new opportunities for sales for your company and for yourself.

This is a trade agreement for the Digital Age. So it is important for workers who work in U.S. software, which is a growing part of our economy, in the music world, in the video and text world, these are record protections for our patents, for the work that American workers and inventions that we have created.

This is important for U.S. investors with strong protections and a secure, predictable legal framework for those of us who will invest in Chile. It is important if you are a company who wants to sell to the Chilean government because it creates ground-breaking anticorruption measures and guarantees that we have a fair and transparent process to sell our goods and services to a big range of Chilean government entities, including airports and seaports.

Finally, these are strong protections for labor and environment. Both governments commit to enforce their domestic labor and environmental laws. There is an innovative enforcement mechanism that includes monetary assessments to make sure that commercial, labor and environmental obligations are met. These cooperative projects will help protect wildlife, reduce environmental hazards and promote internationally recognized labor rights.

In conclusion, Mr. Speaker, if we do not pass this trade agreement, we will pass over a billion dollars worth of sales that we could have with Chile each year, a billion dollars that will create a lot of U.S. jobs and save a lot of U.S. workers in America.

□ 1230

The time is now for a free trade agreement between U.S. and Chile, a time for new American jobs, for new American growth, for our economic future.

Mr. RAMSTAD. Mr. Speaker, I rise today in strong support of H.R. 2738, the ''U.S.-Chile Free Trade Agreement Implementation Act.''

Last Congress, we passed Trade Promotion Authority to open markets for American products, create jobs and get the best deal possible for our businesses and workers. Our legislative efforts are beginning to pay off with our first two bilateral Free Trade Agreements, with Chile and Singapore.

Mr. Speaker, Chile represents a particular benefit because it is the first free trade pact between the U.S. and a South American country, opening important new inroads into the continent.

Through the personal mission work I've done in South America, I can tell you firsthand that it's long past time we pay more attention to the economic problems of our South American neighbors. And our initial inroads in Chile, hopefully followed by a Central American Free Trade Agreement will go along way toward achieving our goal of a Free Trade Area of the Americas.

Mr. Speaker, Chile has one of the fastest growing economies in the world. Over the last two decades, Chile has established a vigorous democracy, a thriving and open economy built on trade and a free-market society.

The U.S.-Chile Free Trade Agreement will help Chile continue its impressive record of growth, development and poverty alleviation. It will help spur progress toward our larger goal of creating a Free Trade Area of the Americas and will send a strong message to the rest of the world that we will work in partnership with those who are committed to free markets.

The best part, though, is that reducing trade barriers is not a zero-sum game. Free Trade agreements open markets for American companies, improving the American economy and providing more American jobs!

Unfortunately, because we are so behind in international trade agreements, U.S. companies are at a steep competitive disadvantage in Chile because other countries, including Canada, Mexico and the European Union, already have Free Trade Agreements with Chile.

The U.S.-Chile Free Trade Agreement takes away the advantage these countries have and will expand U.S. GDP by approximately $4 billion.

Mr. Speaker, it's long past time the U.S. actively engaged our foreign trade partners to negotiate bilateral and multi-lateral trade agreements. Our manufacturers, farmers and businesses depend on our swift action in opening up new markets for their products. The U.S.-Chile Free Trade Agreement represents an excellent start to what I hope will lead to several more bilateral and multilateral Free Trade Agreements in the near future.

Mr. Speaker, let's pass this legislation and help put people back to work!

Mr. ETHERIDGE. Mr. Speaker, I rise today to announce my support for H.R. 2738, legislation implementing a free trade agreement with the nation of Chile.

Chile has consistently been a partner with the United States in pushing for more open and freer trade throughout the world. Since the 1970s, Chile has pursued a policy of unilateral trade opening through the systematic and sustained lowering of import tariffs and the near total elimination of non-tariff barriers. It is therefore only fitting that one of America's first free trade agreements of the 21st Century will be with this nation.

Chile currently has signed more free trade and economic agreements with other nations than has the United States. By passing this agreement, U.S. exports to Chile will now be on an equal footing with exports from Canada, Mexico, the European Union, and many other Latin American nations.

I am particularly pleased about the benefits this agreement provides with respect to agriculture. For example, all tariffs on pork and pork products will be eliminated immediately upon implementation. Due to the hard work of the folks at USTR, Chile has agreed to recognize the U.S. meat-inspection system.

Several other commodities important to North Carolina also will receive immediate duty-free access to Chile, including cotton and tobacco. While North Carolina poultry does not get immediate access, tariffs will be reduced over the next 10 years.

This is an acceptable agreement for a nation as economically advanced and sophisticated as Chile. However, I want to make it perfectly clear to the Administration that the Chile Free Trade Agreement and the Singapore Agreement are not sufficient models for future trade agreements.

Currently, the Administration is negotiating a Free Trade Agreement of the Americas, a Central American Free Trade Agreement, and several other FTAs with a variety of nations. As the Administration's first attempts to negotiate a free trade agreement, I believe Singapore and Chile deserve support. However, future agreements will prove to be much more difficult tests of the Administration.

I support fair trade. However, on future FTAs, the Administration will need to do a better job with regard to market access, sanitary and phytosanitary issues, labor and environmental standards, and intellectual property protection. I look forward to continuing to work with the Administration and my colleagues in Congress on all of these important issues.

I ask my colleagues to support this bill.

Mr. KIND. Mr. Speaker, I rise today in support of the Chile-U.S. Free Trade Agreement (FTA). While I maintain reservations about certain sections of this agreement, overall I believe that this FTA succeeds in lowering tariffs on American goods entering Chile and will benefit Wisconsin and the United States.

As our Nation leads the world into the 21st century, we should not shy from opportunities to guide and expand global trade. Chile has persevered as a model of successful, pro-trade economic growth in a region scarred by economic turmoil. Our enhanced engagement with Chile, symbolized in the free trade agreement, is a necessary commitment to stability and economic prosperity in Latin America, while at the same time serving to expand American export opportunities.

The U.S.-Chile Agreement will essentially level the playing field for U.S. companies and workers. Currently, Chile imposes a uniform tariff of six percent on American exports. Under this agreement, the tariff will be eliminated immediately on approximately 85 percent of U.S. exports. Tariffs on the remaining exports will phase out over the next 4 to 12 years. In comparison, 65 percent of Chile's exports enter the United States duty-free under the Generalized System of Preferences program, with the remaining goods facing an average duty of 0.5 percent.

With the United States economy still in a slump, the consequences of not pursuing an FTA with Chile are extreme for American workers. In 2001, exports from the United States to Chile totaled over $3 billion. This was 17 percent of all imports into Chile and made the U.S. Chile's largest single country trade partner. Over the past 2 years, however, the percentage of American imports into Chile has decreased as other international competitors have completed FTA's with Chile, including Mexico, Canada, Central America, European Union, and South Korea, and have taken over as major suppliers to the Chilean market. As a result, the U.S. has seen its share of the Chilean market drop by one third, and its bilateral trade position reverse from surplus to deficit.

This define in market share is evident in my home state of Wisconsin. For example, in 2000, Wisconsin exports to Chile totaled over $120 million—in the top quarter of all U.S. states. Of this amount, over $90 million was in industrial machinery. However, in 2002, Wisconsin exports to Chile declined to $72 million total and $47 million in industrial machinery.

The FTA with Chile will benefit Wisconsin in additional ways, including opening up the Chilean market to U.S. agriculture imports. Chile's tariffs on dairy imports from the U.S. will drop from as high as ten percent to zero in four years. The National Milk Producers Federation expects that exports will increase by several million dollars during the first few years of the agreement, and continue to grown down the road.

As I mentioned earlier, I do have concerns with this agreement, but on its merits, I believe the FTA with Chile addresses a number of important issues and will benefit the American economy. Today's trade environment is constantly changing, with non-tariff trade issues impacting all aspects of our economy and law. Through 14 rounds of negations over 2 years, negotiators were able to hammer out agreements on very complicated and important issues including intellectual property, e-commerce, agriculture, market access, and government procurement. In these respects, this FTA addresses growing challenges facing international trade in the 21st century.

Controversy remains on a few very important aspects of any trade agreement—those dealing with labor and environment. While these provisions are some of the most difficult to find agreement on with potential trade partners, I along with many in Congress, believe trade agreements can serve to raise labor and environmental standards in developing nations and that such provisions must be included in bilateral trade agreements.

While differing from the labor provisions in the Jordan agreement, the labor language in this bill, requiring Chile to enforce its labor laws or be subject to penalty, is acceptable because there is wide agreement that Chile's labor laws are consistent with high International Labor Organization standards and are systematically enforced. In addition, there is wide agreement that, while possible, it is very unlikely that Chile would ever lower labor standards to entice trade.

I, along with many members, also remain concerned with the inclusion of immigration policy in a fast tracked trade bill. While the USTR argues that the temporary workers provisions can be an aspect of services trade, I believe that Congress must thoroughly debate any changes to immigration policy. These objections were strongly conveyed by my colleagues and I to the USTR, and as a result the implementing language before us includes language placing certain H1–B visa restrictions and caps on the temporary worker provisions in this agreement that were previously excluded.

Trade agreements cannot be one-size-fits-all, and this comprehensive bilateral agreement conforms to the characteristics of Chile and the United States. With an open and developed economy grounded in market-based principles, a strong and growing middle class, a credible labor movement, and laws respecting human rights, Chile is a model trading partner. It is in the strategic interest, and economic interest of the United States to engage Chile and complete our nation's 5th bilateral free trade agreement. I urge my colleagues to support this agreement.

Ms. LEE. Mr. Speaker. I rise in opposition to H.R. 2738, the Chile Free Trade Agreement.

Last year, this House passed a free trade agreement that I voted for because it encouraged commerce while protecting important labor and environmental standards and protecting American jobs.

The Chilean FTA and the Singapore agreement we will be voting on shortly, represent the products of Fast Track: Congress has no chance to remedy fundamental flaws in these bills. We are asked to accept what the President hands us, and in this case the Administration has handed us two bills that represent a step backward.

These bills do not uphold basic labor standards.

We set a terrible precedent if we pass these bills without adequate labor provisions because I guarantee you this weak standard will be replicated in future trade agreements.

We see the same shortfall on environmental standards and thus we set a bad precedent in that regard as well.

We need to be promoting sustainable development and environmentally sustainable trade—it's in the American interest.

Finally, this bill and its companion will continue to erode the American job base. NAFTA has cost hundreds of thousands of American jobs.

These trade agreements and those that will follow in their path will accelerate this job loss,

further damaging an economy that is already spiraling down in a jobs depression.

Labor and environmental standards are not luxuries: they are essential ingredients to a sound trading policy. We could have built on the Jordanian standard; instead, these bills fall short.

I urge you to oppose this bill.

Mr. SHAYS. Mr. Speaker, I rise in strong support of this legislation to implement free trade agreements that have been negotiated with Chile and Singapore. These agreements are an important step in restoring our international competitiveness, stimulating our economy and promoting long-term economic growth.

The Administration's first two negotiated agreements since receiving trade promotion authority in 2002 will benefit businesses in Connecticut, which exported $279 million worth of goods to Singapore and $59 million worth of goods to Chile in 2000. More broadly, these agreements provide an excellent framework for creating larger free trade areas.

Chile could be a model for creating a Central American Free Trade Agreement, and even more broadly, a Free Trade Area of the Americas. The country is an ideal partner in South America because, unlike many other nations in the region, it has stabilized and restructured its economy, lifting price controls, deregulating labor markets, and privatizing state enterprises.

The United States is Chile's largest single-country trading partner, accounting for 20 percent of Chilean exports and 15 percent of imports in 2002. Chile is the United States' 34th largest export destination and 36th largest import contributor, but because Chile already has free trade agreements with other countries, including Canada, an agreement with Chile is critical to reduce the relatively high tariffs U.S. businesses face compared to these countries, and allow them to compete.

Singapore is a much larger trading partner for the United States. It is our 11th largest export market, with $16.2 billion in goods, and the 16th largest source for imports, with $14.8 billion. The United States is Singapore's second-largest trading partner, after Malaysia and before even Japan. Both countries already have relatively open trade with very low tariffs, if any at all, so the implementation of this agreement should not create a significant imbalance of any sort.

Southeast Asia generally has been a poor partner in trade, with average tariffs near 30 percent, and I have serious concerns about these nations' respect for intellectual property (IP) rights, but this agreement is a step in the right direction. The agreement allows U.S. companies to receive monetary compensation in cases where IP rights have been violated, and establishes tough penalties under Singapore law for IP violators.

In my judgment, trade can have a positive effect on social reforms and environmental protections by facilitating economic development and creating both the income and the institutional structures to address those issues.

Since 1994, when trade promotion authority expired, the United States has been steadily losing its status as the leader of free trade. We can't afford to let this decline continue. Passing trade promotion authority was like setting up a ladder that gives us the ability to get back to the top, and passing these two free trade agreements takes the first steps up that ladder. I urge my colleagues to support H.R. 2738 and H.R. 2739.

Ms. SLAUGHTER. Mr. Speaker, I rise in strong opposition to the Singapore and Chile Free Trade Agreements. Such flawed bilateral agreements risk further weakening our economy at a time of record trade deficits and when our nation's unemployment rate is at its highest point in nine years. I cannot support these agreements, which will simply send millions of American manufacturing jobs overseas. I will not put the economic security of my constituents at stake.

Our domestic manufacturing sector has been decimated by the so-called ''liberalization of world trade.'' Since enactment of the North American Free Trade Agreement (NAFTA) and China's entry into the World Trade Organization, the U.S. has experienced a net loss of three million jobs, according to the Economic Policy Institute. In the manufacturing sector alone, we have experience a free fall, with more than 1.7 million jobs lost. The liberalization of world trade and the emergence of nations like China, India and Mexico as centers of manufacturing and technology for U.S. firms has certainly played a role in speeding the decline of U.S. industry.

Mexico and China are not solely to blame for the fact that my own district of Rochester, New York, in my district, has lost half of its manufacturing base in the past two decades. However, I doubt that Eastman Kodak would have moved its entire disposable camera manufacturing operation, ''lock, stock, and barrel'' to Mexico and China last year, in the absence of NAFTA and WTO trade preferences.

My constituents will, no doubt, appreciate the bitter irony that Congress is considering these bills—that are being touted as job-creating initiatives—when, just yesterday, Kodak, which has a long, storied history in Rochester, announced that between two and three thousand jobs would be eliminated in Rochester (6,500 worldwide). Kodak attributes its decision to the fact that its film business has been significantly weakened, with the emergence of the digital camera market. Where are those jobs going? Certainly, Kodak is not going to abandon its film manufacturing altogether? No, those jobs are going overseas, to our trading partners—where wages are low, labor standards are spotty, and the environment is free for the poisoning.

I cannot help but be struck by the glaring reality of what has happened to Kodak's Rochester workforce, about 40,000 jobs lost—never to return—since 1990. In the days leading up to the vote on NAFTA, Kodak tried to assure me that NAFTA would be a ''job-creator''—that Rochester would be booming—that the only jobs that would move abroad would be low-skilled, low-paying. I take no pleasure in saying that Kodak's vision has not come to pass.

At the same time, there's more bad news from Kodak. Kodak is again poised to leave behind its loyal employees and a region that has treated it well as it ships new technology overseas. On Monday, Kodak announced that it plans to begin manufacturing part of its revolutionary new display technology in China. The company has entered into a licensing agreement with a Hong Kong firm to manufacture Kodak's organic light emitting diode display (OLED). This technology, developed in the U.S., represents a major breakthrough in display technology with untold potential for consumer and military products. Making matters worse, Kodak's OLED production facility will be the first of its kind in China—a move that could foreclose any hope of OLED production ever growing in the U.S. This decision represents another missed opportunity to rebuild our electronic component sector.

Mr. Speaker, regrettably Rochester's experience with Kodak is not unique. As an active member of the Congressional Manufacturing Caucus, I know that this issue cuts across party lines, state lines, and economic class. Given what we know about the costs of trade liberalization, enactment of these two bilateral agreements would be tantamount to aiding and abetting in the destruction of our manufacturing base.

When we look at the agreements themselves, I am very disappointed that they fail to establish sufficient enforcement of labor and environmental protections and would loosen U.S. immigration policy regarding temporary entry of workers. Rather than building on the positive labor and environmental provisions in the U.S.-Jordan Free Trade Agreement, these agreements place no requirement on Chile and Singapore to adhere to internationally recognized labor principles. With the Central American Free Trade Agreement and the Free Trade Area of the Americas (FTAA) in the pipeline, these agreements are a terrible model. Simply put, a vote for the U.S.-Chile and U.S.-Singapore agreements would send a signal that the weak labor standards in them are acceptable.

Mr. Speaker, I urge my colleagues to join me in rejecting these flawed agreements.

Mr. MOORE. Mr. Speaker, I rise in support of both H.R. 2738 and H.R. 2739, the U.S.-Chile and U.S.-Singapore Free Trade Agreements, respectively.

Globalization is here to stay. With markets now linked globally by computers, satellite communications, and advanced transportation networks, international trade and investment will play an increasing role in American prosperity. We cannot, as a nation, afford to retreat from a proactive strategy of trade expansion that takes advantage of our position as the world's most prosperous and dynamic economy.

I have great faith in American workers. They are the best in the world. And, I'm convinced they can compete with workers from any other country.

Trade liberalization is also an important tool towards developing responsible global relations. It is a tool, as the preamble of the GATT states, for ''raising standards of living, ensuring full employment, developing the full use of the resources of the world and expanding the production and exchange of goods.'' Indeed, open markets are an important engine of economic growth, which can expand opportunities, raise living standards, and affect social change. Perhaps most importantly, however, trade liberalization provides our nation with an additional diplomatic tool and a forum within which our nation may deal with international disputes and/or coalition building. Trade's national security component cannot be understated.

The Chile and Singapore Free Trade Agreements include strong and comprehensive commitments from both of these nations to open their goods, agricultural and service markets to U.S. producers. These agreements include commitments that will increase regulatory transparency and act to the benefit of U.S.

workers, investors, intellectual property holders, businesses and consumers.

While some of the provisions in these FTAs could serve as a model for other agreements, a number of provisions clearly cannot be, nor should they be. As a general rule, I believe that each country or countries with whom we negotiate are unique; and while the provisions contained in the Chile and Singapore FTAs work for Chile and Singapore, they may not be appropriate for FTAs with other countries, where may exist very different circumstances.

Indeed, concerns have been raised that the Administration may use some of their provisions contained in the agreements as models for other FTAs, such as the Central America Free Trade Agreement (CAFTA), where the conditions may make it inappropriate to do so. Specifically, with regard to the labor and environmental provisions, there are separate dispute settlement rules that place arbitrary caps on the enforceability of those provisions. Moreover, these agreements contain an ''enforce your own laws'' standard for dealing with labor and environmental disputes. In the context of Chile and Singapore, I have limited concerns about this standard since both of these countries' laws essentially reflect internationally recognized core labor rights. How they are applied does vary in the two countries, reflecting the different general characteristics of the two nations; however, there is little practical concern that these countries will backtrack.

Concerns about labor and environmental standards, however, should receive careful scrutiny on a case-by-case basis as different circumstances and situations warrant. Use of the ''enforce your own law'' standard is invalid as a precedent—indeed is a contradiction to the purpose of promoting enforceable core labor standards—when a country's laws clearly do not reflect international standards and when there is a history, not only of non-enforcement, but of a hostile environment towards the rights of workers to organize and bargain collectively. Using a standard in totally different circumstances will lead to totally different results.

As such, my vote for the Chile and Singapore FTAs should not be interpreted as support for using these agreements as boilerplate models for future trade negotiations. I will evaluate all future trade agreements on their merits and their applicability to each country to ensure that core international labor rights and environmental standards are addressed in a meaningful manner. Expanded trade is important to this country and the world; but it will be beneficial to a broad range of persons in our nation and in other nations only if these trade agreements are carefully shaped to include basic standards, including the requirement that nations compete on the basis of core rights for their workers, not by suppression of these basic rights.

The Singapore and Chile FTAs meet these standards and I urge my colleagues to support these two important initiatives.

Mr. SHAW. Mr. Speaker, I rise today in support of H.R. 2738, the United States-Chile Free Trade Implementation Act. A free trade agreement with Chile is tremendously important to U.S. trading interests with our South American neighbors.

The legislation before us provides a new market access for U.S. Consumer and industrial products, new opportunities for U.S. financial institutions, an open and competitive telecommunications market, protections for U.S. investors, common ground on environmental protections, and allows for 85 percent of consumer and industrial products to become duty-free.

Chile is a trade leader in South America. Over the last decade, Chile has doubled its gross domestic product and has become the 4th fastest growing economy in the world. This success stemmed from low inflation, a balanced national budget, a vigilance to eliminate corruption and a strong financial infrastructure. In securing this agreement, we acknowledge the leadership of the Lagos Administration both in Santiago and here in Washington.

Mr. Speaker, I congratulate Ambassador Robert Zoellick and his distinguished team at USTR in crafting what can truly be called a world class agreement. Free trade is the future of the U.S. economy. I urge my colleagues to support H.R. 2738.

Mr. UDALL of New Mexico. Mr. Speaker, I rise today in opposition to H.R. 2738 and H.R. 2739, the U.S.-Chile FTA Implementation Act and the U.S.-Singapore FTA Implementation Act, respectively. It is unfortunate that I find myself in this position because I want to support trade agreements because I believe they can have a positive effect on our economy. However, they only can have a positive effect if they are negotiated properly. They only can have a positive effect if they have strong labor, environmental, and consumer protections. Unfortunately, these two bills before us, and the underlying Free Trade Agreements, are woefully inadequate in these regards.

Unlike the U.S.-Jordan FTA, which passed unanimously in the 107th Congress, these FTAs—the first signed by the Administration since passage of Trade Promotion Authority—will set a dangerous precedent for future agreements, including the Central American FTA and the Free Trade Area of the Americas (FTAA).

Unlike the U.S.-Jordan FTA, which provided workers with enforceable protections based on the core International Labor Organizations workers' rights—freedom of association; the right to bargain collectively; prohibitions on child labor, forced labor and employment discrimination, these FTAs give scant attention to these important issues. The only reference to workers' rights is a provision stating that each party ''shall not fail to effectively enforce its labor laws,'' not matter how inadequate they may be. There is no parity between our strong labor laws here in the United States and the weak protections in Singapore or Chile.

As predicted during the TPA debate during the 107th Congress, these trade agreements are bad environmental policy—and now, we have no change to amend them. Contrary to the claims of the FTA supporters, the provisions on investment in the Chile and Singapore FTAs do not meet the requirements of the Trade Act of 2002 that foreign investors should receive ''no greater substantive rights'' than U.S. citizens under U.S. law. What this means is that foreign investors will be granted broad rights under international law that do not exist under U.S. law. For example, many companies have aggressively used NAFTA's Chapter 11 authority to undermine our strong environmental protections. This continues with the Chile and Singapore FTAs where foreign investors can bring suit against our laws to prevent pollution because they may claim a right to be compensated. This is just one example. Applied broadly, these two FTAs have investment language that could cause serious harm to the environment and the public interest.

The Chile and Singapore FTAs also undermine U.S. immigration policy. Specifically, they loosen policies regarding temporary entry to workers. Some claim the H1–B visa issue has been addressed. However, this is far from true. While the implementing legislation claims to ''fix'' the problem by limiting the damage by applying some elements of the H1–B, these provisions are not legally binding because the agreements in the actual trade agreement have been violated by these ''fixes'' and will be eliminated in the pacts' dispute resolution systems. Furthermore, the Chile FTA has an unprecedented requirement that the U.S. provide ''written justification'' to any person denied a visa.

The Singapore FTA contains Integrated Sourcing Initiative (ISI)/Transshipment permissions. Last year's Fast Track, or Trade Promotion Authority contained no authority to negotiate such deals. Yet, the U.S. Trade Representative has this deal in the FTA, and the so-called ''fix'' largely replicates existing terms in the World Trade Organization Information Technology Agreement, for which even the Clinton Administration—as pro-free trade as any—never sought congressional approval.

Also, these FTAs could have very negative affects on the health care system. They will impede the access to life-saving medicines by extending patents beyond the 20-year limit required by the Trade-Related Aspects of Intellection Property Rights (TRIPS); they will require a 5-year waiting period before governments can provide generic drug producers test data, thereby delaying affordable medicines; they also will permit major pharmaceutical companies to block the production of generic medicines. Also, the Singapore FTA reduces tobacco tariffs to zero, which actually will encourage more dumping of U.S. tobacco products in Singapore. Finally, these FTAs will open the door to further privatization and deregulation of vital human services including health care professionals, and the provisions for public control of water and sanitation services. Amazingly, these FTAs will leave the U.S. open to challenges from foreign private corporations and the subsidiaries to compete for these public sector services. This is just plain wrong.

Finally, some have claimed to have ''fixed'' this legislation with a ''mock mark-up'' in the Ways and Means Committee. I'm not quite certain what a ''mock mark-up'' is, but most believe it hasn't done anything. Specifically, some who support this implementing legislation say we have two choices: one, we can block this legislation to send a message to the administration that they need to do a better job of negotiating FTAs that have real environmental and labor protections. Or, two, we can approve this implementing legislation, and then send a message to the White House to do a better job the next time. I, for one, am not willing to take that risk—the risk that this White House and this USTR will actually listen to Congress. That is one of the reasons I voted against TPA in the first place. Sadly, many of my concerns and reason for voting no have come to fruition in these first two negotiations.

I want to support free trade because I know it has the potential to help American workers

and consumers. In fact, I have supported trade agreements previously, including the U.S.-Jordan FTA. Unfortunately, however, I cannot find many positive developments in either the U.S.-Chile Free Trade Agreement or the U.S.-Singapore Free Trade Agreements. Reluctantly, Mr. Speaker, I will vote ''no''on H.R. 2738 and on H.R. 2739. I urge my colleagues to do likewise.

Mr. BRADY of Texas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LINDER). Pursuant to House Resolution 329, the bill is considered read for amendment, and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

Pursuant to section 3 of House Resolution 329, the Chair postpones further consideration of the bill until later today.

GENERAL LEAVE

Mr. BRADY of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on the subject of the bill just considered.

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

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to make an announcement.

On July 24, 1998, at 3:40 p.m., Officer Jacob J. Chestnut and Detective John M. Gibson of the United States Capitol Police were killed in the line of duty defending the Capitol against an intruder armed with a gun.

At 3:40 p.m. today, the Chair will recognize the anniversary of this tragedy by observing a moment of silence in their memory.

UNITED STATES-SINGAPORE FREE TRADE AGREEMENT IMPLEMENTATION ACT

Mr. BRADY of Texas. Mr. Speaker, pursuant to House Resolution 329, I call up the bill (H.R. 2739) to implement the United States Singapore Free Trade Agreement, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of H.R. 2739 is as follows:

H.R. 2739

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''United States-Singapore Free Trade Agreement Implementation Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to approve and implement the Free Trade Agreement between the United States and the Republic of Singapore entered into under the authority of section 2103(b) of the Bipartisan Trade Promotion Authority Act of 2002;

(2) to strengthen and develop economic relations between the United States and Singapore for their mutual benefit;

(3) to establish free trade between the 2 nations through the reduction and elimination of barriers to trade in goods and services and to investment; and

(4) to lay the foundation for further cooperation to expand and enhance the benefits of such Agreement.

SEC. 3. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term ''Agreement'' means the United States-Singapore Free Trade Agreement approved by Congress under section 101(a).

(2) HTS.—The term ''HTS'' means the Harmonized Tariff Schedule of the United States.

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE AGREEMENT.

(a) APPROVAL OF AGREEMENT AND STATEMENT OF ADMINISTRATIVE ACTION.—Pursuant to section 2105 of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3805) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), Congress approves—

(1) the United States-Singapore Free Trade Agreement entered into on May 6, 2003, with the Government of Singapore and submitted to Congress on July 15, 2003; and

(2) the statement of administrative action proposed to implement the Agreement that was submitted to Congress on July 15, 2003.

(b) CONDITIONS FOR ENTRY INTO FORCE OF THE AGREEMENT.—At such time as the President determines that Singapore has taken measures necessary to bring it into compliance with those provisions of the Agreement that take effect on the date on which the Agreement enters into force, the President is authorized to exchange notes with the Government of Singapore providing for the entry into force, on or after January 1, 2004, of the Agreement for the United States.

SEC. 102. 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, which 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 by virtue of congressional approval thereof; 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. 103. CONSULTATION AND LAYOVER PROVISIONS FOR, AND EFFECTIVE DATE OF, PROCLAIMED ACTIONS.

(a) CONSULTATION AND LAYOVER REQUIREMENTS.—If a provision of this Act provides that the implementation of an action by the President by proclamation is subject to the consultation and layover requirements of this section, such action may be proclaimed only if—

(1) the President has obtained advice regarding the proposed action from—