Mr. BOND. Mr. President, I express my sincere thanks to the majority leader.

DEPARTMENT OF INTERNATIONAL TRADE

Mr. BOND. Mr. President, I have been very troubled during the past few months by the debate over the proposal to eliminate the Department of Commerce. Much of the debate has focused on the need to eliminate the so-called corporate welfare programs of the International Trade Administration and the Bureau of Export Administration. I would like to address these proposed cuts today.

Congress is embarked on a long overdue effort to make real cuts in Government programs and move toward balancing the budget by 2002. This effort deserves strong support from every member of this body, because eliminating the budget deficit is the primary responsibility facing Members of Congress today. The debt is a burden on the backs of the American people, on the future of our children, and on the competitiveness of U.S. companies trying to win in today's competitive world marketplace. That is why I voted for the budget in committee and again on the Senate floor, and that is why I support it strongly.

Certainly, the Commerce Department—like most of the Federal Government—can stand some significant trimming, and I applaud efforts to weed out outdated and inefficient programs at Commerce as well as at other departments. I believe, however, the attacks on these two trade agencies are misguided and misinformed.

As we enter the 21st century, it is clear the future of our Nation's economy depends on the international marketplace. If we are to remain the world's leading economy, then we will have to dominate the international market as well as our own. The competition will be intense, and companies from other nations will come to the field equipped with a wide array of tools provided by their nation's governments—from concessional financing, to market research, to high-level sales help from senior government officials. If our companies are going to remain competitive, they must have at least some access to the same tools. The International Trade Administration is the agency that helps to provide that edge.

At the same time, it is just as critical that we ensure other countries are trading fairly and playing by the rules. That is the job of the U.S. Trade Representative. However, all of the trade negotiators at USTR operate with significant support from the Commerce Department. The loss of that support would have a crippling impact on our ability to ensure our interests. BXA, the Bureau of Export Administration, and ITA, the International Trade Administration, are the engine that drive the rest of the Federal Government's trade agencies. Without them, the other agencies will cease to function properly, and effectively to help our businesses gain jobs and the revenues that they need from the world market.

For that reason, when the Senate considers legislation to abolish the Department of Commerce, I will offer an amendment to create a new, but very small Department of International Trade which will consist solely of the current Commerce Department trade agencies—the Bureau of Export Administration and the International Trade Administration.

There are a wide range of reasons for retaining the trade functions in a Department of International Trade. I would like to take a few moments to discuss the most important ones:

First, Senators need to understand that the International Trade Administration is responsible for supporting the activities of the Office of the U.S. Trade Representative with sectoral and technical expertise. The proposals to eliminate the Commerce Department appear not to recognize this fact.

Everyone seems to agree that USTR is a successful agency which performs a critical function, and which must be retained. But too few seem to realize that USTR is made up of a mere 170 people. They could not possibly handle all of our trade negotiations without significant support from other agencies, particularly the International Trade Administration.

When we are negotiating an auto parts deal with Japan, for example, there will be a USTR official sitting at the bargaining table leading the team. Behind that person, however, are almost certain to be experts from the Office of Automotive Affairs and the Office of Japan Trade Policy. The proposals to abolish the Commerce Department would eliminate both of these offices, which would leave the USTR negotiator unsupported, and unable to counter the Japanese negotiator on the other side of the table. We would have our head handed to us in these negotiations, and every other international trade negotiation we undertook. The result would be a loss of U.S. jobs as our ability to negotiate fair trade agreements is eroded.

The important role that ITA plays in trade negotiations is illustrated by looking at the NAFTA talks on which ITA experts spent more than 50,000 hours in the last year of the negotiations alone.

It should also be noted that ITA plays the lead role in a wide range of trade talks. For example, ITA led the negotiations that opened Japan's construction and government procurement markets to United States firms. ITA experts developed the negotiating positions for all U.S.–E.U. standards barrier talks since 1990.

It is also important to note that the International Trade Administration is the Federal agency with primary responsibility for monitoring bilateral and multilateral trade agreements. Elimination of the network of ITA specialists would severely hamper our ability to monitor trade agreements and ensure that other countries are playing by the rules.

Second, the proposals to eliminate the Commerce Department would effectively remove the Federal Government from providing export promotion and assistance for nonagricultural exports.

Now I realize there are many of my colleagues who would applaud that development, but I would like to take just a moment to review the impact it would have on American companies.

The economic battleground has moved solidly to the international marketplace. Our future economic growth depends, in large part, on American firms winning their share of the new markets developing in places like Indonesia, India, Brazil, and China. These countries have huge populations which are hungry for development. The infrastructure needs is these nations are staggering. Investment in roads, bridges, telecommunications systems, power generation, and other infrastructure projects is estimated to be $1 trillion over the next 5 years in Asia alone. The competition for these projects will be intense. Companies from Germany, Japan, Canada, and other nations will aggressively seek to win them; and they will go after them with strong tools provided by their governments. These tools will include not only concessional financing, but also market research, industry expertise, and the high-level marketing help of senior government officials. Already our companies go into this battle with fewer resources available from the government than their foreign competitors. If we send them in unarmed, they will simply get stomped.

We must also recognize that the markets in these countries are not like ours. Almost all of these infrastructure contracts will be awarded by governments, not by private firms. The officials responsible for making the buying decisions are used to dealing with other Government officials, rather than with businessmen. U.S. Government support is needed to support the business effort so that they can win in these markets.

I know of many examples from my personal experience in which ITA personnel played a key role in helping to clinch huge exports for companies in my State. In one, Black & Veatch, a Kansas City construction firm teamed with General Electric, won a $250 million power generation project in Malaysia last year with the active support of the Foreign Commercial Service officer in Kuala Lumpur, who spent 3 years on the project. The result was a win for the United States against a Japanese firm offering concessional government financing. The project has the potential to bring in a total of $1 billion in business if the American companies win the follow-on work. They would never have had a chance of winning without the active, on-theground support of the U.S. Government.

Commerce assistance is just even more important for small firms. Earlier this year, I received a letter from one businessmen in St. Louis who summed up the important role the US&FCS plays in supporting exports by small companies.

I might add here, Mr. President, we all know the major exporting companies, large companies in America are very competitive in the world market. They need help to stay on an equal footing with Export-Import Bank assistance and other financing, but when it comes to getting into the world market our medium- and small-sized businesses do not have the resources to mount an effective campaign for a small business. This letter reads as follows, and I quote:

> Four years ago, acting as vice president of a 65-year-old small business in St. Louis, Mo., I watched in horror as more and more of our independently owned retail customer base began closing. I then observed the exit of our largest single account, which accounted for 10% of our total company sales. After studying the competitive nature of U.S. business, I decided to investigate foreign markets as a possible answer to our declining sales problems.
>
> I did not know one single thing about international trade, I did not know where to look for possible customers, how to find them or how to communicate with them if, indeed, one was to be found. To a first-time potential exporter, the world looked like a very big place indeed, and I thought I had no way of knowing how to access it.
>
> One single seminar sponsored by the Department of Commerce, a two-hour lecture on international shipping, started my company once again on the road to financial stability. For during that two-hour meeting, and during the subsequent small talk that followed, I was introduced to the world through the eyes of the United States and Foreign Commercial Service and the U.S. Department of Commerce.
>
> Within only one year's time, our company exports climbed to $110,000. With continued tutelage from various members of the US&FCS, the second year of exporting yielded $263,000. Year three saw our sales climb to $473,000. Year four saw $576,000 in international sales alone.

Mr. President, those are significant amounts for a small company. They are very significant for any community. They are vitally important for the workers who make the products that are sold in the world market. If we multiply it across the tens of thousands of small firms that could be exporting, you would see the enormous impact on our trade deficit and our overall economic well-being that these functions of the Department of Commerce serve.

It is for that reason, Mr. President, I believe, when we take a look at weeding out the chaff and cutting out unnecessary activities, we must be well advised to keep those things which are working, to keep those things which are vitally important for ensuring the continued competitiveness of small- and medium-sized firms in the world market. If we do not help these firms, they will wither and die.

We must recognize, however, that small companies like this one are not going to export without help. They do not have the people, they do not have the time, and they do not have the resources to devote to entering the often-difficult international marketplace. If we take away their access to Commerce Department assistance, they are not going to go out and hire private lawyers and accountants—instead, they are going to forgo exporting, and cede valuable markets to foreign firms.

Third, the proposals to eliminate the Commerce Department would destroy the Import Administration. The Import Administration is the Agency responsible for enforcing and administering the laws against dumped and subsidized exports of other countries. Actions initiated by the Import Administration have played a key role in the revitalization of several U.S. industries.

The proposal that has been introduced in the House to abolish the Commerce Department would transfer the functions of the Import Administration to USTR which is not a proper agency to be making such determinations, and which will not have the manpower to handle the job.

A fourth problem with the plans that have been put forward is that they would transfer the responsibility for licensing dual use exports from the Bureau of Export Administration, to either the State Department or Defense Department.

Under the current system of export controls, the Commerce Department is responsible for licensing dual-use exports such as machine tools, computers, and telecommunications. The State Department has the responsibility for licensing weapons sold overseas. Over the past several years, as Congress has considered proposals to rewrite the export control system, a primary goal of exporters has been to ensure that as many exports as possible fall under the jurisdiction of the Commerce Department rather than the State Department. There are several reasons for this move. State is seen as not being friendly to exporters. It is seen as something of a black hole where export license applications can disappear until sales are lost to foreign firms by default.

Further, exporting is not the primary concern of the State Department. Instead, the Agency is focused on foreign policy concerns. It is easy to imagine a scenario in which an export application might be denied due to foreign policy interests rather than commercial interests.

Finally, State is in the process of taking cuts in its primary programs. As that happens, there is almost certainly not going to be an adequate number of people assigned to noncore functions such as export licensing. The result will be a further loss of jobs for American firms.

The alternate proposal to move the licensing function to the Defense Department is similarly problematic. DOD has responsibility for national security, not exporting. They do not have there expertise to deal with dual-use commercial items such as machine tools, computers, and telecommunications items. The result is certain to be that they will err on the side of caution and deny all licenses—or at least a majority of them.

Fifth, the proposal would transfer the responsibility for enforcing export controls from Commerce to the Customs Service. Now I am a strong supporter of the Customs Service. I think they are doing a fine job with the limited resources we give them. I have visited several of their facilities, I have watched them in action at the border. We can be proud of the job they are doing, particularly in keeping illegal drugs out of our country.

I am concerned, however, that the proposal to split enforcement from export licensing and transfer it to Customs will weaken our effort to control the spread of weapons of mass destruction. No matter how good a job Customs does, and they have done some good work in this area, they will still not be focused on it as their primary function, as the agents in Commerce are currently. Also, I fear that export enforcement will take back seat to the more visible activity of combating the spread of illegal drugs.

I should like to turn for a moment to the proposal to transfer several of these functions to USTR. I simply do not think that will work.

USTR is part of the Executive Office of the President. For 2 years now, we have told the President that he must cut the White House staff back significantly. Now some are coming forward with a proposal that would reverse any progress that has been made, by transferring hundreds of new employees to the White House. That does not make a whole lot of sense.

Just as important, USTR is not an appropriate home for these agencies or functions. USTR is a policy agency designed to advise the President and play the role of honest broker between other trade agencies. Transferring the functions of the Import Administration, the Foreign Commercial Service, and other agencies to USTR will make it a line agency with significantly broader responsibilities than it currently has. I question whether that is a step we want to be taking. I, for one, do not think so.

And there are other problems that are sure to arise. I am sure agricultural interests will be concerned that this proposal will put some of Commerce's manufacturing and services trade specialists into USTR. Since we would not be doing the same for the commodity specialists in the Department of Agriculture, they are certain to see this move as tipping the balance of interest in the White House away from agriculture interests.

As I stated earlier, if we are in fact going to eliminate the Commerce Department, I believe the solution to this problem is to create a very small, but very effective Department of International Trade made up solely of the existing functions of the International Trade Administration and the Bureau of Export Administration, and represented in the Cabinet. Creation of this agency will allow us to continue to remain effective in the international arena without spending more money than we are now. It keeps BXA and ITA together, thereby preserving the synergy that comes from keeping trade in one agency; and it allows exporters to continue to have a place at the cabinet table.

This new Department of International Trade would not be the bureaucratic monster that today's Commerce Department has become. It would have a budget of less than $400 million—not even one-tenth of the current Commerce Department budget.

My plan would not consolidate other existing trade agencies. It would leave USTR, the Export-Import Bank, OPIC, and TDA as independent agencies. Senators may ask why I do not consolidate them into this new agency, and my answer is very simple, they work, and I have long subscribed to the old adage, if it ain't broke, don't fix it. They are small agencies, performing critical functions, and we ought to leave them alone to continue that fine work.

As I have said already, trade is the key to our economy's future. If we toss in the towel right now, we can give up on the hope of remaining the world's most important economy. We simply will not be able to do so. I am not willing to toss in the towel, and I bet a majority of Senators agree with me.

In closing, I would note that a number of wild charges have been tossed around by those opposed to the so-called corporate welfare programs of export promotion and finance. I would like to focus on just one of those wild charges.

The report accompanying the House budget resolution references a CBO report which states:

> [a]ll increases in exports * * * resulting from ITA's * * * activities are completely offset by some mix of reduced exports of other industries and increased imports.

Now, Mr. President, I do not know which rocket scientist at CBO came up with than analysis, but it is one of the most ludicrous assertions I have come across in my time here in Washington—and trust me I have heard some good ones.

When the people at ITA work to see that a foreign airline buys Boeing 747's or McDonnell Douglas MD–11's rather than Airbus aircraft, is that increase in our exports offset by reduced exports or increased imports? No.

When a US&FCS officer in Kuala Lumpur helps to ensure that American firms win a major power project against their subsidized Japanese competitor, does that result in reduced exports somewhere else in our economy? Of course not.

Mr. President, the world trade pie is huge. The United States has a large part of it, but we should have an even larger part. Attitudes like the one expressed by this bureaucrat at CBO show a complete lack of understanding of this fact. If we make the mistake of believing them, we will condemn this Nation to lost jobs, a declining economy, and a lower standard of living as we enter the 21st century.

Mr. President, I thank the Chair for the indulgence. I yield the floor.

RECESS UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 9:30 a.m. tomorrow.

Thereupon, at 5:25 p.m., the Senate recessed until Tuesday, June 20, 1995, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate June 19, 1995:

DEPARTMENT OF STATE

PEGGY BLACKFORD, OF NEW JERSEY, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GUINEA-BISSAU.

EDWARD BRYNN, OF VERMONT, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GHANA.

JHOHN L. HIRSCH, OF NEW YORK, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SIERRA LEONE.

VICKI J. HUDDLESTON, OF ARIZONA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE DEMOCRATIC REPUBLIC OF MADAGASCAR.

ELIZABETH RASPOLIC, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE GABONESE REPUBLIC AND TO SERVE CONCURRENTLY AND WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE.

DANIEL HOWARD SIMPSON, OF OHIO, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF ZAIRE.

Executive nominations received by the Secretary of the Senate June 16, 1995, under authority of the order of the Senate of January 4, 1995:

INFORMATION AGENCY

DAVID W. BURKE, OF NEW YORK, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 3 YEARS. (NEW POSITION.)

EDWARD E. KAUFMAN OF DELAWARE, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 2 YEARS. (NEW POSITION.)

TOM C. KOROLOGOS, OF VIRGINIA, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 3 YEARS. (NEW POSITION.)

BETTE BAO LORD, OF NEW YORK, TO BE A MEMBER OF THE BROADCASTING BOARD OF GOVERNORS FOR A TERM OF 2 YEARS. (NEW POSITION.)