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STAFF DATA ON THE TRADE REFORM ACT

PRENEGOTIATION PROCEDURES; CONGRESSIONAL LIAISON AND OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

(Chapters 3–6 of Title I
Sections 131–163 of House bill)

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

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Prenegotiation Procedures; Congressional Liaison and Office of the Special Representative for Trade Negotiations

(Chapters 3–6 of Title I)

Sections 131–163 of House Bill

HEARINGS AND ADVICE CONCERNING NEGOTIATIONS—CHAPTER 3 (SECTIONS 131–135)

House Bill: 1. Tariff Commission Advice.—Section 131 of the House bill would require the President to publish and submit to the Tariff Commission a list of articles for which duty modifications may be put into effect pursuant to his authority to negotiate trade agreements, as under his compensation and renegotiation authorities. Articles to be made the subject of nontariff barrier negotiations would only be submitted to the Tariff Commission where the particular NTB was to be converted into a rate of duty affording substantially equivalent tariff protection. The Tariff Commission would be required to submit to the President within 6 months its advice as to the effect of such duty modifications on the major U.S. economic sectors, including consumers. The Tariff Commission is directed to study specified foreign and domestic factors influencing the effect of duty modifications on the U.S economic sectors and to hold public hearings. the President, *if he chooses*, could also request the Tariff Commission to investigate and report on the effects of modification of non-tariff barriers (not involving conversion to rates of duty) on domestic manufacturers and purchasers.

2. Executive Department Advice.—Section 132 is comparable to existing law and would provide that the President shall seek advice from appropriate executive agencies and other sources before entering into any trade agreement. The Special Representative for Trade Negotiations is included in the list of agencies for the first time.

3. Public Hearings.—Section 133 would require the President, through public hearings, to provide an opportunity for the presentation of views by any interested parties concerning any matters relating to proposed trade negotiations or compensation agreements.

4. Prerequisite for Officers.—Under section 134, the President would be prohibited from entering into any trade agreement or making a compensation offer affecting duties until after he has received the Tariff Commission report under section 131 and a summary of the public hearings under section 133. These prerequisites would not apply with respect to offers in nontariff agreements not affecting duties.

5. Advisory Committee (Private Sector Advice).—Section 135 would provide for the establishment of various private advisory groups representing labor, industry, agriculture, consumers and the public, which are to provide policy and technical advice on the trade negotiations. Specific provision is made for the creation of an overall Advisory Committee, appointed by the President and chaired by the Special Trade Representative, composed of not more than 45 individuals representing the Government, labor, industry, agriculture, consumer interests and "the general public". Technical advisory groups in particular sector areas would also be established upon the President's initiative or upon that of representatives of the various sectors themselves. Informal opportunities for the submission of views from any other private organizations or groups would also be provided.

Staff Suggestions.—The staff feels that it would be advisable to establish private advisory groups along sectorial lines as well as the overall private advisory committee of 45. The sectorial advisory groups sould be closely involved, as sector negotiations proceed, to insure a continued flow of information to the U.S. negotiators. However, under the House bill, such advisory groups would meet only at the call of the Special Trade Representative. The Committee may wish to make it explicit that representatives from each group: (1) be kept fully informed on U.S. negotiating objectives; (2) be apprised of progress during the negotiations. It is unlikely that major changes in U.S. nontariff barriers would be acceptable unless the private sector supports such changes. Therefore, the staff recommends that the private advisory group in each sector should be required to issue an advisory opinion to the Congress on any agreement concluded or contemplated which affect their sectors at the time such agreement is submitted to the Congress. If there are minority views, they should be included.

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS—CHAPTER 4 (SECTION 141)

House Bill.—The House bill would continue the existence of the Special Representative for Trade Negotiations, and two Deputies, all of whom would be given the rank of Ambassador. The bill would provide a statutory listing of responsibilities for the office of the Special Trade Representative, and would guarantee the existence of this office as a focal point for the planning and implementation of trade policy. It does not deal specifically with the relationship between the office of Special Trade Representative and the Council on International Economic Policy which also has statutory authority and recognition.

Staff Suggestions.—The staff believes that the Special Trade Representative should be held closely accountable to the Congress during

the course of these negotiations. Perhaps an annual hearing could be suggested or required in the Committee Report. The Committee might also wish to consider whether the Special Trade Representative should be made an independent body who would represent both the President and the Congress at these negotiations rather than the House bill which establishes the Office of the Special Trade Representative as part of the White House operation.

Although the position of Special Trade Representative was created by legislation handled by the Finance Committee in 1962, nominations submitted by the President have been referred to the Foreign Relations Committee. It is suggested that the Committee provide a 3-year authorization for the Office of Special Trade Representative. The annual budget authority for STR contained in the fiscal year 1975 budget is as follows:

1973 (actual)	$1,014,000
1974 (estimate)	1,519,000
1975 (estimate)	1,925,000

That the Committee report make it clear that in the future nomination for this position will be referred to the Finance Committee.

CONGRESSIONAL VETO PROCEDURE—CHAPTER 5 (SECTIONS 151–152)

House Bill.—The bill would provide rules governing the consideration of resolutions disapproving the entering into force of trade agreements on nontariff barriers negotiated pursuant to section 102. The 90-day Congressional veto procedure would also be made applicable to:

(1) the imposition of quotas and orderly marketing agreements to provide import relief (section 203),

(2) the imposition of tariff increases or quotas in response to unfair trade practices restricting U.S. exports (section 301), and

(3) the initiation or continuation of nondiscriminatory treatment to countries not currently enjoying such tariff status (section 403).

There are no Congressional overrides when the President refuses to grant any import relief after an industry has been found to be seriously injured by imports.

Sections 151 and 152 stipulate the procedures which would be used for Committee referral, consideration, and discharge, as well as Floor consideration of the resolutions of disapproval. The bill would put severe time limits on Committee consideration of a resolution (7 days) and on debate (10 hours), and would establish a closed rule (no amendments) on the resolutions after Committee consideration.

Staff Suggestions.—In view of the Committee's action to delete the Congressional veto procedure related to nontariff barriers in domestic law, it is recommended that the veto procedure in sections 151 and 152 of the House bill be deleted.

CONGRESSIONAL LIAISON AND REPORTS. (SECTIONS 161–163)

House Bill: 1. Congressional Advisors.—Section 161 provides that 10 members of Congress (five members from the Finance Committee and 5 from the Ways and Means Committee) would be accredited as "official advisors" to the United States delegation to international conferences and negotiations with respect to trade agreements. The delegates would be selected by the President of the Senate and the Speaker of the House of Representatives. Since the President of the Senate is actually the Vice President of the United States, the bill would have a member of the Executive branch choosing the Senate delegates to the trade negotiations.

Delegate would be chosen to serve during each regular session of Congress, and individuals could be reselected to serve for more than one session. No provision is made for Committee staff oversight of the negotiations or their accreditation to the negotiations.

2. Transmission of Agreements and Reports.—Section 162 would require the President to transmit trade agreements to Congress as soon as practical after they have entered into force with respect to the United States. The President would also be required under section 163 to submit annual reports to the Congress on the Trade Agreements Program, covering essentially all major actions taken under the authority of the bill. The Tariff Commission would also continue to submit annual reports to the Congress giving a factual account of the operation of the Trade Agreements Program.

Staff Suggestions.—Congressional Advisors—The staff believes that merely delegating five members of the Finance Committee and five members of the Ways and Means Committee as "official advisors" to the U.S. delegation will not assure adequate Congressional oversight any more than the same procedures did during the "Kennedy Round" of tariff and trade negotiations. The Committee may wish to consider whether it should establish an overall Trade Oversight Subcommittee.

Nontariff barrier agreements may involve matters under the jurisdiction of other Committees of the Congress such as Commerce, Foreign Relations, Banking, and Agriculture. The Committee may wish to consider whether it would be appropriate to designate two members from these Committees to serve as official advisors on any matters affecting their jurisdictions. Alternatively, the Committee could direct the Special Trade Representative to keep any Committee of Congress fully informed of any prospective nontariff barrier agreements which may affect the jurisdiction of that Committee.

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