

NATIONAL FOREIGN TRADE COUNCIL, INC.

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September 6, 2001

The Honorable Dennis Hastert (Letter was sent to every member of the House)
Speaker of the House
H-232 U.S. Capitol
Washington, D.C. 20515-6501

Dear Mr. Speaker:

The National Foreign Trade Council (NFTC) and its 500 members urge you to act on one of the most important issues facing the Congress this year -- renewal of Trade Promotion Authority (TPA). Approval of TPA this year is vitally important and clearly in the national interest of the United States.

At its core, TPA is about partnership and cooperation between the legislative and executive branches on U.S. trade policy. It allows our nation to speak with one voice to the rest of the world about our commitment to lead and negotiate trade agreements that open markets, establish basic rules and principles to govern trade in a transparent and non-discriminatory manner, and create mechanisms for objectively resolving trade disputes. It has led to a trading system that is largely built around U.S. concepts of market-based economic growth and a sense of fair play. As the world's largest trader and most competitive economy, American business, farmers, workers and consumers have benefited enormously from this partnership and cooperation.

The first form of TPA dates back to the 1934 Reciprocal Trade Agreements Act (RTAA), which Congress granted to President Roosevelt and renewed on several separate occasions for the purpose of negotiating reciprocal tariff reduction agreements. The more current form of TPA was first granted in the landmark 1974 Trade Act. It recognized that negotiating trade agreements to address non-tariff barriers was just as important as tariff barriers. Today, the United States continues to face significant trade barriers and must continue to negotiate their elimination through major trade agreements. Greater access to the 96% of the world's consumers living outside the United States is vital to America's economic health at home.

The TPA debate has been underway for several years. It has taken on greater urgency for fundamental reasons, including the following:

1. **Restarting the U.S. and Global Economy.**-- The U.S. economy is experiencing slower growth, not seen in eight years. Major markets and fragile economies overseas are experiencing similar lackluster growth or are in recession. One proven way to stimulate economic growth at home and abroad is through negotiating bilateral, regional and multilateral trade liberalization. TPA will allow the President to move forward with this economic stimulus strategy. It will foster U.S. job growth and help sustain the 22 million American jobs that are directly related to America's trade with the rest of the world.

2. Importance of Trade to Small- and Medium-Sized Business.-- With 25% of the US economy dependent on trade, greater access to the global marketplace creates and sustains well-paying American jobs and improves the lives of working families. The most important beneficiaries of open, rules-based trade policies are America's small- and medium-sized enterprises (SMEs). They account for 97% of U.S. exporters and 30% of direct exports. A vast number of SMEs are also "invisible exporters" - suppliers of goods and services to larger U.S. exporters. Attached is a sample of such suppliers in your congressional district. The sample is based on a recent NFTC compilation of the primary suppliers to 13 of the largest U.S. exporters. TPA will allow the United States to achieve new trade agreements on behalf of SMEs.

3. Renewing U.S. Economic Leadership to Seize the Benefits from Trade Agreements and Launch a New WTO Round.-- TPA expired in 1994, more than seven years ago. Since then, the United States has been unable to launch and successfully conclude major new trade agreements to eliminate barriers to American-made goods and services. While the United States has been sitting it out, our trading partners have been moving forward aggressively to negotiate separate trade agreements which have put American exporters, farmers and workers at a serious disadvantage. Unless and until TPA is once again in place, the United States will continue to be in a weak leadership position in shaping the future trading system. With the potential launch of a new WTO round of multilateral trade negotiations at the Doha Ministerial this November, speaking with a strong and united voice on trade takes on critical importance.

It is time to move beyond the debate over the relationship of trade to environment and labor. The NFTC supports sound environmental policies and respect for core worker rights globally. These issues are important to address in their own right and in a manner that is trade expanding. Clearly, fostering economic growth and raising living standards through rules-based trade expansion helps alleviate poverty and creates a growing middle class -- essential ingredients to improving the environment and worker rights worldwide. Moreover, trade agreements support America's economic engagement in developing economies; such engagement sets the example for high labor and environmental standards and helps spread American values globally. At the same time, trade agreements allow countries, including our own, to set and preserve their own high standards on environment and labor.

The time to act on TPA is now. We urge you to support and approve TPA this year to restart economic growth, bolster America's leadership position in the global economy, and give the President the tools he needs to implement a forward looking trade policy that is in our national interest and in line with other national policy objectives.

Sincerely,



William A. Reinsch
President