

SENATE BILL REPORT

SJM 8019

AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY &
ECONOMIC DEVELOPMENT, MARCH 2, 1993

Brief Description: Requesting Congress not approve certain international trade agreements.

SPONSORS: Senators Spanel, Prentice, M. Rasmussen, Williams, Pelz, Franklin, Rinehart and Quigley

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; M. Rasmussen, and Williams.

Minority Report: Do not pass.

Signed by Senators Bluechel, Deccio, and Erwin.

Staff: Midori Okazaki (786-7444)

Hearing Dates: March 2, 1993

BACKGROUND:

The General Agreement on Tariffs and Trade (GATT) provides a framework of rules for most of the world's trade. Negotiations to amend GATT, known as the Uruguay Round, have been under way since 1986. Conclusion of these negotiations have been stalled in large measure by disagreements over agricultural subsidies. A 1991 decision by a GATT panel ruling that a United States ban on the imports of tuna violated GATT trade rule highlighted tensions between GATT and national environmental policies.

The North American Free Trade Agreement (NAFTA), which would lower trade barriers between the United States, Canada and Mexico, was signed last year. Labor and environmental groups have expressed fear that American businesses would be lured to Mexico by lower environmental and labor standards, threatening both American jobs and the environment. President Clinton has endorsed the pact but has stated that he would not sign legislation putting its provisions into law until three supplemental agreements had been concluded. Negotiations are scheduled to begin during the week of March 15 on these supplemental pacts, which are supposed to cover labor issues, environmental issues and surges in imports that may follow the lowering of trade barriers.

SUMMARY:

It is the sense of the Legislature that lower labor and environmental standards in Mexico and other nonindustrialized trading partners of the United States result in lower production costs in these counties and give these nations an unfair competitive advantage, and that approval of NAFTA and GATT in their present forms will exacerbate this situation. The Legislature petitions the President and the Congress to withhold approval of any trade agreement which will jeopardize the United States' standard of living or which limit the ability to adopt laws to protect Americans' health or safety or the environment at any level of government.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

GATT and NAFTA as currently written are flawed. They will undermine the democratic process by limiting the ability of the US to enact and enforce laws to protect workers and the environment. NAFTA does nothing to deter the flow of Mexican workers into the US and will result in continued exploitation of Mexican workers. The resolution is patterned after one adopted in Idaho, and represents a reasoned approach. It is not anti-trade, but signals support for increased trade with safeguards.

TESTIMONY AGAINST:

The resolution is premised on an incomplete understanding of GATT and NAFTA. Only through international agreements does the US have the ability to bring other governments' practices in line with our own. The consequences foreseen in the resolution are not certainties. Washington is the most trade-dependent state in the nation and adoption of a highly negative resolution is not in the state's best interest.

TESTIFIED: PRO: Senator Harriet Spanel; Ken Stump, Greenpeace; Juan Jose Bocanegra, Unidos; Beth Burrows, Fair Trade Campaign; Ed Picotte, IBEW; Peter Guzman, Rebound; Kelley Janes, NAFTA/GATT Justice Committee; Jeff Johnson, Washington State Council; CON: Robert A. Kapp, Washington Council on International Trade