

## **U.S. NEEDS "NAFTA CZAR" TO PROMOTE FREE TRADE IN THE AMERICAS**

**C**ongress last June 1 gave George Bush special authority for an additional two years to negotiate the free trade agreement with Mexico and Canada called the North American Free Trade Agreement (NAFTA). Since that time free trade opponents have been making points in Congress against the proposed accord. Election year politics and the recession combine to threaten passage of the NAFTA this year or even next, unless the Bush Administration campaigns more aggressively for the NAFTA. To avoid a setback for free trade in this hemisphere, the Bush Administration should appoint an Ambassador-At-Large, or "NAFTA Czar," to coordinate the public efforts of the federal agencies in educating Congress and the American people on the benefits of expanding free trade in North America, organize the American business community in support of the NAFTA, and give direction and assistance to a grass roots campaign for a NAFTA.

The importance of a North American Free Trade Area cannot be understated. The NAFTA will create a free trade zone linking the United States to its first (Canada) and third (Mexico) largest trading partners. This zone would have a combined output of \$6 trillion and a consumer market of 360 million people.

Most important, the NAFTA would help America stay internationally competitive. A NAFTA would lower production costs for American firms, helping them to compete against the Japanese and Europeans. It also would convince other Latin American countries of the benefits of open markets and trade, bringing America closer to a hemisphere-wide free trade area. With the increasing threat of protectionism around the world, the U.S. must lead as a strong free trade advocate. The NAFTA will keep America on that path.

**Yes or No Vote.** Congress understood the importance of the NAFTA for America when it extended for two more years the President's authority to negotiate under the so-called "fast track" procedures. This authority had been granted to Bush in the 1988 Omnibus Trade and Competitiveness Act, allowing him to negotiate a trade agreement with minimal congressional interference. Under fast track authority, Congress must vote either to reject or accept the agreement in whole; amendments are not allowed. This gives Bush the credibility he needs to negotiate an agreement with Mexico. The Mexicans would know that promises he makes in the negotiations will not later be changed by Congress.

Congress approved the two-year extension of fast track authority last June after intensive lobbying by the White House, the U.S. business community, Hispanic groups, and other free trade forces. Yet once the Administration received fast track authority and began negotiating the NAFTA, the coalition that came together to promote the NAFTA lost momentum for lack of leadership and direction from the White House.

The Bush Administration hoped to have the NAFTA signed and ready to present to Congress by early this spring, to ensure Congress would vote on the agreement this year. There are several reasons, however, why the NAFTA probably will not reach Congress for a vote this year. First, under the fast track provisions, which require Congress to deliberate for months before signing an agreement, the Administration must present a draft copy of the NAFTA to Congress within the next two months to avoid a partisan vote as

the November election approaches. Second, environmentalists, labor unions, and other special interest groups opposing the NAFTA will have greater influence on Congress because it is an election year. Add to this the sluggish economy that has created a rise in protectionist rhetoric by politicians like Democrat presidential candidate and U.S. Senator John Kerry and Republican presidential candidate Pat Buchanan, and the prospects for passage of a NAFTA are weakened.

**New Battle.** The Administration also faces a completely new battle when the NAFTA goes to Congress for approval. Last year's campaign to obtain "fast track" authority was defensive in nature. Bush received this authority because all Bush had to do was to stop NAFTA opponents from voting against an automatic extension of the authority embodied in the 1988 Omnibus Trade and Competitiveness Act. In contrast, when Bush presents the NAFTA to Congress this year, he will be asking for outright approval of the agreement. Gaining just the simple majority required for ratification is more difficult politically than simply trying to prevent opponents from killing the measure, as was the case in last year's fast track vote.

Since it will be more difficult than before to get congressional approval, it is imperative that Bush complete the NAFTA negotiations with the Mexicans and Canadians as soon as possible. Delay will strengthen the anti-NAFTA forces unless the Administration does much more to promote the benefits of the agreement. Most important should be to appoint a NAFTA "Czar"—a top official who could rally NAFTA supporters and strengthen the coalition that supports North American free trade. This official could correct a glaring deficiency in Bush's current game plan: a lack of information in Congress, among businessmen, in the media, and in the public at large about the job and competitiveness benefits of a NAFTA.

Even natural supporters of NAFTA such as multinational corporations, and potential NAFTA supporters such as small and medium size U.S. businesses, have received little sustained support or direction from the Administration in promoting the NAFTA. This is mainly because there is no single person or agency within the Administration responsible for the NAFTA. The Environmental Protection Agency (EPA), the Departments of Commerce, Labor and State, and the Office of the United States Trade Representative are the main agencies in charge of working on the NAFTA. Yet they have other mandates and institutional agendas that prevent them from giving passage of the NAFTA top priority. The Trade Representative's office, for example, also is busy negotiating the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), and the EPA's primary mandate is enforcing U.S. domestic environmental laws.

**Sole Mandate.** Since no federal government department or agency can wage a successful public campaign in support of a North American free trade area, Bush should appoint a NAFTA Ambassador-At-Large or "Czar" whose sole mandate is to secure passage of the NAFTA. The Czar's responsibilities should be: 1) to coordinate the public efforts of different federal agencies toward passage of a NAFTA; 2) to educate U.S. business previously uninterested in free trade matters, such as small to medium sized companies, on the opportunities for growth under a NAFTA; and, 3) to direct efforts of other private organizations, such as those in the Hispanic community, in organizing grassroots support for the trade agreement. For the NAFTA Czar to win cooperation from the various agencies, the office of NAFTA Czar should report directly to the President. This will prevent any agency within the Administration from controlling the NAFTA office and diverting it from its primary mission to promote passage of the NAFTA.

At a time when American businesses and America's trading partners are questioning the commitment of the U.S. to open markets, the appointment of a NAFTA Czar would be a clear symbol of America's continued commitment to free trade. And it would be much more than symbolic. A NAFTA Czar could become the key to turning the NAFTA into law. Without it, election year politics may destroy the chance to take a critically important step toward creating a prosperous and vast free trade zone in this hemisphere.

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