

To: Our Clients and Friends

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Bill Introduced in U.S. Congress to Review Existing Trade Pacts

On June 24, 2009, more than 100 lawmakers in the U.S. House of Representatives introduced the Trade Reform, Accountability, Development and Employment (TRADE) Act.

Key provisions of the proposed TRADE Act include the following:

- The Government Accountability Office would be directed to conduct a comprehensive review of major trade agreements, including NAFTA and the WTO agreements, with respect to their economic impact on the United States and foreign countries as well as their impact on security, human rights, social conditions and environmental standards. This review would have to be completed before any new trade agreement negotiations or congressional consideration of the pending agreements with Panama, Colombia and South Korea.
- Future U.S. trade agreements would be required to include specific terms concerning environmental standards, labor, food and product safety, agriculture, trade remedies, human rights and protection against currency manipulation. Future trade agreements would not be allowed to eliminate Buy American policies, promote the relocation of businesses off-shore or compromise domestic health or environmental laws.
- The President would be required to submit a plan to address the gap between current agreements and the above requirements as well as the deficiencies identified by the GAO in its review. The pending trade agreements with Panama, Colombia and South Korea would have to be renegotiated accordingly.
- The Fast Track authority would be replaced by a new mechanism giving Congress a much greater role in setting criteria and negotiating objectives for future trade agreements based upon the terms set forth in the bill.

All but two of the bill's sponsors are Democrats. A similar bill is expected to be introduced in the U.S. Senate later this year.

President Obama, during his presidential campaign, often criticized free trade agreements for failing to include stricter labor and environmental standards. As President, however, he has not pushed for drastic trade restrictions. Over the weekend, he expressed opposition to a provision in the House energy bill passed on June 26th that would require a tariff on imports from countries that do not curb their carbon dioxide emissions.

Needless to say, legislation like the proposed TRADE Act would mean a revolution in U.S. trade policy with far-reaching global consequences. Although the Administration has not yet taken a position on the bill, the recent comments on the House energy bill suggest that it is unlikely to have the Administration's support in its current form.

Prepared by: Jackson C. Pai
Direct Dial: (310) 576-2107
jackson.pai@bryancave.com

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Bryan Cave LLP International Trade Client Service Group

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Curt Dombek, Partner, CSG Leader
David Stepp, Partner
Nicole Simonian, Partner
Andrew Klunness, Partner
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Jackson Pai, Associate
Marwa Hassoun, Associate

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*Non-legal professionals

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