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## **House Approves Trade Bill; Contains Series Of New Tools For Retaliation Against Unfair Trade Practices**

*by John Neagle*

*Category/Department: General*

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On April 30, by a vote of 290 to 137, the House passed a 900-plus page trade bill that would provide a series of new tools for retaliating against unfair trade practices. According to House Speaker Jim Wright, "The purpose of this bill is not to hinder imports but to enhance exports. If you're serious about improving American competitiveness, here's your opportunity." The most controversial component of the trade bill is an amendment introduced by Rep. Richard Gephardt, approved by a four-vote margin on April 29. It would require use of quotas and tariffs to reduce by 10% a year "excessive" bilateral trade surpluses by major trading partners that are achieved by unfair trade practices. President Reagan has threatened to veto a trade bill containing the Gephardt amendment. Changes for passage of the amendment in the Senate are regarded as remote. On April 30 Republicans tried and failed to delete the Gephardt amendment and three other sections. These sections are as follows: the entire Banking Committee bill, including requirements for US negotiations to establish an international agency to buy Third World debt and to achieve a "competitive" exchange rate for the dollar; a ban on federal government purchases of goods from any foreign nation where the government is found to have discriminated against US suppliers; and, a requirement for foreign investors with major holdings in US business and real estate to provide the Commerce Department with information on the size and type of their investments. House Republicans, however, were more willing to support other provisions in the bill opposed by the White House. Of special interest here are provisions requiring mandatory retaliation against trading partners that violate trade agreements and transferring powers from the president to the office of the US Trade Representative (USTR). If negotiations to remove unfair trade practices fail, the government would first impose tariffs or quotas equal to the value of US trade lost. If the unfair practices persist, the Gephardt amendment requires the Administration to take action, through import bans or cancellation of trade agreements, to reduce the country's trade surplus by 10% a year. Next, the House legislation establishes an Industrial Competitiveness Council to promote US competitiveness and productivity. It expands the existing Trade Adjustment Assistance program for retraining companies and workers displaced by foreign competition. The 290 votes in favor exactly equals the total needed to override a presidential veto. The strong vote reflects the political pressure to act on trade, and not necessarily support for some of the bill's main provisions, since House members are split on many of them. The full Senate is expected to debate a trade bill in June.

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