

Capitol Hill

May 9th, 2003

WASHINGTON INTERNET DAILY

The Singapore and Chile Free Trade Agreements (FTAs) moving toward congressional action are a "significant departure" from past accords on telecom, computers and related services, House Commerce Subcommittee on Commerce, Trade & Consumer Protection Chmn. Stearns (R-Fla.) said Thurs. However, he said at a hearing on the significance of the FTAs to trade in services and e-commerce, the questions are whether they're good for all Americans and who will lose or gain as a result of them. The FTAs raised concerns of members on both sides of the aisle. Nearly 3 million private sector jobs have been lost since President Bush took office, ranking Democrat Schakowsky (Ill.) said. "I for one won't support future trade agreements that put U.S. workers on the unemployment rolls," she said. Both the Chile and Singapore FTAs present "significant problem areas," Schakowsky said, especially involving workers' rights. Rep. Upton (R-Mich.), who chairs the Commerce Subcommittee on Telecom & the Internet, said he wanted to ensure that the FTAs didn't put U.S. businesses at a competitive disadvantage. Upton particularly expressed concern over the agreements' potential effect on the relationship between domestic and international telecom policy. Rep. Markey (D-Mass.) said the owner of Singapore technologies to be traded under the FTA was the Singapore govt. and U.S. companies shouldn't have to compete against govt.-owned businesses. Rep. Brown (D-O.) criticized the agreements as a "devolution to the failed policy" of the North America Free Trade Agreement. The FTAs are "completely and intentionally unenforceable," Brown said. U.S. Trade Representative (USTR) officials and a Dept. of Commerce (DoC) official defended the FTAs. Michelle O'Neill, Commerce deputy asst. secy.-information technology industries, said the U.S. would benefit from having U.S. digital products treated the same as Singaporean and Chilean digital products, and from the reduction to 0% of tariffs on information and communication technology (ICT) products. The Singapore FTA provides a high level of intellectual property protection to make it easier for U.S. companies to trade with Singapore, she said. The Chile FTA will give American industry new opportunities to export ICTs, she said. Asked whether the U.S. govt., in negotiating the FTAs, advocated positions that could tie Congress's hands if it decides to amend the Digital Millennium Copyright Act (DMCA), Asst. USTR-Asia-Pacific & APEC Affairs Ralph Ives said the agreements were sufficiently flexible to allow lawmakers to make certain changes in the law. However, he said, he would have to see what those changes

were. Robert Holleyman, pres. of the Business Software Alliance, praised the FTAs for their strong IP protections. Moreover, he said, given that by 2005 2/3 of all software is expected to be delivered online, it's right that for the first time the FTAs recognize the concept of digital products and treat them the same as traditional products. "Important precedents have been set" for what the U.S. can achieve in the next round of World Trade Organization talks, Holleyman said. Software & Information Industry Assn. Gen. Counsel-Senior Vp Mark Bohannon urged lawmakers not to become bogged down in too many sector- specific trade agreements or on the technicalities of how to define a digital product. Congress must keep the focus on all areas of e-commerce, Bohannon said. -- DS -----

The House Govt. Reform Committee late Wed. approved HR- 1837 by Chmn. Davis (R-Va.), a bill aimed at streamlining govt. procurement of technology and services (WID May 1 p3). More than 135 billion of the 200 billion spent annually by the federal govt. on goods and services is spent specifically on services, Davis said, but federal staffs often aren't equipped to make the right decisions: "There are serious questions as to whether we're spending that money wisely." Procurement reform is an important issue with Davis; HR-1837 is based on his HR-3832 from the previous Congress. -----

The Senate at our deadline Thurs. was expected to approve a bipartisan bill that would permit Foreign Intelligence Surveillance Act (FISA) courts to issue wiretaps on suspected terrorists not affiliated with a foreign power. The floor debate had been delayed over rival amendments, with Sen. Feingold (D-Minn.) wanting to amend the bill to make FISA more open, and Senate Judiciary Committee Chmn. Hatch (R-Utah) in return suggesting he would amend it to make permanent provisions of the USA Patriot Act due to sunset in 2005 (WID April 11 p5). A compromise was reached Wed., Senate sources said, under which neither amendment would be introduced.