EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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EXECUTIVE OFFICE OF THE PRESIDENT

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Tuesday, August 1, 1995

95-57
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USTR Announces Restoration of GSP Benerits to Thailand, Review Petitions

The Office of the U.S. Trade Representative today announced that President Clinton had approved the restoration of certain trade benefits under the Generalized System of Preferences (GSP) that Thailand had lost in 1989. The benefits were revoked in 1989 because of inadequate protection of intellectual property rights. Last year, recognizing the progress Thailand has made in improving intellectual property protection, U.S. Trade Representative Mickey Kantor initiated a review to examine the restoration of lost GSP benefits. The President's decision is the result of that review.

"Thailand bas made considerable progress in both improving its legal protection for intellectual property, and enforcement," said Kantor. "We are continuing to consult closely with Thailand to improve IPR protection still furtber." Like other WTO members, Thailand will need to amend its laws and improve its enforcement to comply with international obligations under the TRIPs agreement. "Rapid implementation of TRIPs by all WTO members is one of our highest trade policy priorities," Kantor noted. "We urge Thailand to continue its positive trend in the IPR area by coming into compliance with TRIPs as rapidly as possible."

Kantor also announced that a number of new petitions to expand or retain GSP benefits for Thailand were being accepted for further review. "There are a number of legal conditions that must be fulfilled before we can decide to grant such petitions," Kantor noted, "which include not only the economic impact in the United States, but various trade policy considerations enumerated in the GSP law. We will be examining all of these issues closely as we conduct our review." This is the first time in 6 years that new petitions on behalf of Thailand have been accepted for review, and also reflects progress in the intellectual property area.

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Webmaster @ USTR - 1 August 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Wednesday, August 2, 1995

95-58
Contact: Anne Luzzatto
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USTR Announces Allocation of Sugar Tariff-Rate Quota for 1995-96

United States Trade Representative Michael Kantor today announced the country-by-country allocations of the tariff rate quota of 1,117,195 metric tons (1,231,496 short tons) for raw cane sugar for fiscal year 1996. This allocation is based on the countries' historical trade to the United States.

The 1,117,195 metric tons for raw cane sugar are being allocated to the following countries in metric tons, raw value:

Country	FY1996 Allocation
Argentina	45,418
Australia	87,668
Barbados	7,394
Belize	11,619
Bolivia	8,450
Brazil	153,154
Colombia	25,350
Congo	7,258
Cote d'Ivoire	7,258
Costa Rica	15,843
Dominican Republic	185,897
Ecuador	11,619
El Salvador	27,462
Fiji	9,506
Gabon	7,258
Guatemala	50,699
Guyana	12,675
Haiti	7,258
Honduras	10,562
India	8,450
Jamaica	11,619

Madagascar	7,258
Malawi	7,394
Mauritius	12,675
Mexico	7,258
Mozambique	13,731
Nicaragua	22,181
Panama	30,631
Papua New Guinea	7,258
Paraguay	7,258
Peru	43,306
Philippines	142,591
South Africa	24,293
St. Kitts & Nevis	7,258
Swaziland	16,900
Taiwan	12,675
Thailand	14,787
Trinidad-Tobago	7,394
Uruguay	7,258
Zimbabwe	12,675
Total:	1,117,195

The USTR allocation for the FY 1996 TRQ for raw cane sugar includes the following minimum quota-holding countries: Congo, Cote d'Ivoire, Gabon, Haiti, Madagascar, Mexico, Papua New Guinea, Paraguay, St. Kitts & Nevis, and Uruguay.

The allocation of the U.S. tariff rate quota of 22,000 metric tons (24,251 short tons) for refined sugar (including 1,656 metric tons (1,825 short tons) for specialty sugar imports), will be announced prior to the beginning of the next quota period which begins October 1, 1995.

Conversion factor: 1 metric ton = 1.10231125 short tons

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Webmaster @ USTR - 2 August 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Tuesday, August 15, 1995

95-59
Contact: Anne Luzzatto
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Kantor Recommends Malaysia's Graduation From GSP

Citing Malaysia's extraordinary economic success, U.S. Trade Representative Mickey Kantor announced today that he is recommending that the President "graduate" that country from eligibility for trade preferences under the Generalized System of Preferences (GSP). The GSP program grants duty free access to the United States for imports of over 4,000 selected items from developing countries. It expired on July 31, and re-authorization is being considered by the United States Congress. Although formal action to initiate the graduation of Malaysia from the program will have to await re-authorization, Ambassador Kantor said that he wished to give importers, retailers, producers and others timely guidance about Malaysia's probable future GSP status.

"The GSP program is intended to help developing countries compete in U.S. markets against imports from more developed economies. Like the four former beneficiaries -Korea, Taiwan, Hong Kong, and Singapore -- that were graduated from the program six years ago, Malaysia no longer needs such preferential tariff treatment to be competitive in U.S. markets," Kantor said. Last year, Malaysia was the top beneficiary of the GSP program, accounting for 28 percent of total GSP imports from all 145 beneficiary countries. Moreover, in just the past year, Malaysia's exports of GSP products increased 66 percent, from $3 billion to $5 billion.

"Malaysia is clearly a world class producer of the products that it ships under the GSP program," Kantor said, "and it is to be congratulated for its economic success. We will continue longstanding U.S. trade policy of evaluating top GSP users to determine if they need these benefits to compete and develop." Kantor noted that he was recommending that removal of Malaysia from GSP be completed on January 1, 1997 to allow time for adjustment by those affected. Kantor also noted that the strong growth in bilateral trade with Malaysia was an indication of our positive and mutually beneficial trading relationship.

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Webmaster @ USTR - August 15 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Tuesday, August 15, 1995

95-60
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TEXT OF U.S.-JAPAN AUTOMOTIVE AGREEMENT IS COMPLETED

BACKGROUND DOCUMENT

The United States and Japan have finalized the text of the U.S.-Japan Framework agreement on autos and auto parts, reached in Geneva on June 28th.

SUMMARY OF THE AGREEMENT

The 30-page text spells out a wide-ranging set of commitments by the Government of Japan to meet the Framework objective of "achieving significantly expanded sales opportunities to result in a significant expansion of purchases of foreign parts by Japanese firms in Japan and through their transplants, as well as removing problems which affect market access, and encouraging imports of foreign autos and auto parts in Japan."

Progress toward achieving the Framework objectives and the objectives of the agreement will be assessed and monitored according to 17 objective criteria -- qualitative and quantitative. These detailed criteria include change in the number of new foreign vehicles sold in Japan, change in the number of direct franchise agreements between foreign vehicle manufacturers and Japanese dealers to establish dealerships in Japan, change in the value of foreign auto parts sold in Japan, and change in purchases of U.S. auto parts for use in Japanese automobiles produced in the United States.

In applying the objective criteria, the Governments will seek and consider any available, relevant, and reasonable data -- using U.S. and international sources. The U.S. and Japan have agreed to annually review the operation of the agreement and monitor progress toward reaching the results envisioned.

The Government of Japan's commitments in the Framework agreement are complemented by the Joint Announcements made by Ambassador Kantor and Minister Hashimoto on June 28 and June 29 regarding the voluntary plans, dealerships, and competition policy.

The text and the announcements are reinforced by detailed voluntary plans of the Japanese auto manufacturers and undertakings by virtually every key participant in the Japanese automotive sector, including the Japanese Auto Manufacturers Association (JAMA), the Japan Automobile Dealers Association (JADA), the Japan Automotive Parts Association (JAPA), and the Japan Automobile Service Promotion Association (JASPA).

For its part, the U.S. Government is setting up a far- reaching, collaborative mechanism with the U.S. automotive industry to monitor data and verify the progress under the agreement. This effort will focus on monitoring imports of foreign vehicles and auto parts into Japan, implementation of aftermarket deregulation, and above all, purchases of U.S. parts by the Japanese auto manufacturers to insure that non-keiretsu parts suppliers have full competitive opportunities. Details of the monitoring mechanism will be finalized in September.

Taken together, the commitments to action by the Government of Japan and statements by the Japanese private sector address every major barrier to access that has frustrated U.S. (and other foreign) producers of competitive autos and auto parts in their efforts to sell in Japan and to the Japanese transplants. It is an unprecedented, enforceable set of commitments to open the Japanese market to foreign competitive autos and auto parts and to increase the opportunities for competitive parts suppliers to sell to the Japanese transplant manufacturers.

A. The 30-page text of the Framework automotive agreement contains enforceable commitments by Japan to:
    - improve access to Japanese auto dealerships;
    - provide wide-ranging government support and financial incentives to facilitate increased auto and auto parts imports into Japan, by such means as import promotion financing by the Japan Development Bank; Japan External Trade Organization (JETRO) sponsored exhibitions of foreign vehicles in Japan and dealership training in handling foreign vehicles and; financing by the Export -Import Bank of Japan to increase imports of manufactured products.
    - promote increased purchases from non-keiretsu parts suppliers in Japan and in the U.S. and other countries through expanded research and development, nondiscriminatory parts procurement, and open design-in and procurement processes by manufacturers in Japan and the transplants;
    - address a list of specific automobile performance and technical standards that hinder car imports into Japan;
    - provide vehicle registration data to foreign motor vehicle manufacturers for use in market research on an equal basis as it is provided to Japanese manufacturers and;
    - broadly deregulate barriers to selling replacement parts in the Japanese auto parts "aftermarket";
    - evaluate progress toward achieving the goals of the agreement based on a set of 17 objective criteria. In addition to the 15 criteria related to dealerships, increased auto parts purchases, and the aftermarket, the two sides agreed to general criteria -- market conditions and implementation of measures;
    - provide detailed data to the U.S. in such areas as the number and value of new foreign vehicles sold in Japan broken down by country of export and by manufacturer, and the number of new foreign vehicles sold through direct franchise agreements with Japanese dealers; and
    - consult annually with the U.S. Government to assess implementation of the Measures based on the agreed-upon objective criteria through 2000 and beyond if the two countries agree.

B. In addition, the full package of supporting documents accompanying the text consists of the following:
    - a series of joint announcements between Ambassador Kantor and Minister Hashimoto released in Geneva, concerning voluntary plans, dealerships, and competition policy;
    - voluntary plans issued by the five leading Japanese auto manufacturers on June 28;
    - statements by virtually every key participant in the Japanese automotive sector detailing actions they will take;
    - a letter from Minister Hashimoto to Japanese auto dealers on competition policy; and
    - a statement by the American Automobile Manufacturers Association (AAMA) outlining the efforts of the Big Three in the Japanese auto market.

DETAILS OF THE AGREEMENT

Sales of Foreign Cars in Japan (Dealerships)

Goal. Our goal in this area is to ensure U.S. access to the existing Japanese dealer network. U.S. auto manufacturers, as well as their European competitors, cite lack of access to existing auto dealerships in Japan as the crucial barrier to increased sales of foreign autos in Japan. Historically, the Japanese auto manufacturers maintained exclusive business arrangements with their dealers. Although Japanese antitrust authorities over 14 years ago advised that such exclusive arrangements raised concerns under Japanese competition law, Japanese dealers have continued to express strong concerns that entering into an agreement with a foreign vehicle manufacturer could lead to problems in their relationship with their current Japanese supplier. This concern has made them extremely reluctant to carry foreign autos. In the United States, more than 80 percent of auto dealers carry both foreign and domestic brands, whereas in Japan the figure is well under 10 percent.

Access to the existing dealership network is important for market access in any country, but particularly so in Japan, where very high land prices and restrictive land-use and other regulations make it extremely difficult to establish new dealerships.

Measures. The agreement ensures access to the dealership network by addressing the core issue of the exclusive relationship between Japanese automobile manufacturers and their dealers. First, each of the Japanese automobile manufacturers has provided a statement to their dealers affirming that the dealers are free to carry the products of foreign suppliers and that they should fear no adverse consequences from the manufacturers if they do so. The Government of Japan agreed to reinforce this message by sending an official notice to each Japanese auto dealer informing them that they are free to sell competing motor vehicles and also informing them of their rights under Japan's Antimonopoly law if they should feel pressure from the Japanese manufacturers not to deal with foreign suppliers.

The agreement requires each Japanese auto manufacturer to designate a senior official who would be responsible for underscoring the freedom of dealers to carry foreign autos if they so chose. When a foreign vehicle manufacturer is seeking a franchise agreement with a Japanese dealer, the senior official of the Japanese manufacturer with whom the dealer has been affiliated would be available to meet upon request with the dealer and foreign vehicle manufacturer to reassure the dealer, in the presence of all three parties, that the dealer is free to deal with the foreign manufacturer without fear of adverse consequences.

In addition to the dealership plan, the Government of Japan agreed to two other important steps to improve market access for foreign vehicles in Japan:

- Japan agreed to provide new vehicle registration statistics to foreign vehicle manufacturers on the same basis as domestic manufacturers. Improved access to this data -- which provides key information regarding consumer demand -- is critical to foreign manufacturers in Japan. Japanese manufacturers rely on this data and on detailed marketing information gained from their large established dealer networks to market their products.
- The Government of Japan also agreed to address 23 motor vehicle standards and certification requirements. In the past, compliance with Japanese Government vehicle standards has added considerably to the cost of importing foreign vehicles into Japan.

The United States Government has also agreed to support U.S. vehicle manufacturers efforts in Japan.

Objective Criteria. The U.S. and Japan agreed on the following quantitative criteria to measure increased access and sales of foreign automobiles to Japan:

- Change in the number and value of new foreign vehicles sold in Japan and change in number sold in Japan by manufacturer.
- Change in the number of direct franchise agreements between foreign vehicle manufacturers and Japanese dealers.

The U.S. and Japan agreed on the following qualitative criteria:

- Efforts by Japanese vehicle manufacturers to promote open and competitive distribution systems.
- Efforts of foreign vehicle manufacturers to offer competitive products and terms.
- Compliance with the Japanese Anti-Monopoly Act.

Data Collection. To enable the U.S. and Japan to assess these quantitative and qualitative criteria, Japan agreed to provide the following data:

- The number and value of new foreign vehicles sold in Japan.
- The number and value of new foreign vehicles sold in Japan by country of export.
- The number of new foreign vehicles sold in Japan by manufacturer.
- The number of new foreign vehicles sold through direct franchise agreements with Japanese dealers.
- The number of new vehicles exported to Japan from Japanese transplants.

Monitoring. The U.S. Government intends to rigorously monitor data and verify progress toward achieving the goal of greater U.S. access to the existing Japanese dealership network. This effort will focus on monitoring imports of foreign vehicles into Japan.

Joint announcements and Japanese private sector statements. The dealership portion of the agreement is complemented by a joint announcement by Ambassador Kantor and Minister Hashimoto, in which the U.S. envisions, as a result of the agreement, an increase of direct franchise agreements between U.S. manufacturers and Japanese dealers will result in approximately 200 new sales outlets by the end of 1996, increasing to a total of approximately 1,000 new sales outlets by the end of 2000.

This joint statement is reinforced by announcements made by the Japan Auto Dealers Association (JADA), and the American Automobile Manufacturers' Association (AAMA). JADA announced plans for enhancing opportunities for foreign vehicle manufacturers' access to existing dealer outlets in Japan. The AAMA reiterated its determination to expand the presence of its members in the Japanese market.

Purchases of Foreign Parts by Japanese Firms

Goal. Our goal in this area is to increase purchases of foreign parts by Japanese firms, including Japanese transplant auto companies in the U.S. All foreign auto parts companies have experienced considerable difficulty during more than the last decade in selling auto parts to the Japanese auto companies in Japan. Despite years of efforts, imports of parts into Japan have risen only marginally. As the Japanese auto companies set up transplants in the U.S. over the last decade or so, similar difficulties in market access were encountered by U.S. suppliers that made efforts to sell to the Japanese transplants.

This lack of increase in Japanese purchases of U.S. auto parts has been even more difficult to justify during the past few years, as U.S. auto parts have become more competitive, both in terms of price and quality, and the price advantage of U.S. parts has widened because of the substantial appreciation of the yen.

Measures. Under the agreement, the Government of Japan has committed to implement a number of measures that will improve access to and sales of U.S. and other foreign auto parts in the original equipment area -- i.e., parts for new cars. First, the Government of Japan committed to support steps by the Japanese auto manufacturers to increase sales opportunities for foreign suppliers in Japan and other countries where the transplants are located without adverse discrimination based on capital affiliation, i.e. without giving preferential treatment to keiretsu allies. In addition, the Government of Japan promised to support manufacturers efforts to expand R&D outreach in foreign countries and to open further design-in and procurement parts processes in Japan and other countries.

To support the increased import of foreign automotive parts, the Government of Japan agreed to provide a wide range of financial incentives to promote the creation of infrastructure needed to support the sales of auto parts in Japan. These will include loans oriented toward foreign companies, product import financing from the Japanese Export Import Bank, and Small Business Loans. The Government of Japan will also conduct major exhibitions of foreign auto parts throughout Japan, run training programs and conferences, and sponsor overseas missions.

The U.S. Government committed to continue to support the efforts of our parts suppliers to export to Japan.

Objective Criteria. The U.S. and Japan agreed upon the following quantitative criteria to measure improved access and sales of foreign original equipment auto parts by Japanese firms:

- Change in the value of foreign auto parts imported into Japan as measured by Japanese and foreign country official statistics.
- Change in the extent of localization, including purchases of U.S. auto parts for use in Japanese automobiles produced in the U.S.
- Change in the purchases of U.S. auto parts by Japanese transplant vehicle manufacturers in the U.S.

The U.S. and Japan agreed on the following qualitative criteria:

- Efforts by Japanese vehicle manufacturers and their transplants to broaden suppliers' sales opportunities through design-in and supplier outreach, localization of R&D, and transparency in purchasing.
- Procurement of parts of Japanese vehicle manufacturers and Japanese transplants vehicle manufacturers without adverse discrimination based on capital affiliation.
- Efforts by foreign manufacturers to offer competitive terms.

Data Collection. To enable the U.S. to assess these quantitative and qualitative criteria, Japan agreed to provide official import statistics for auto parts.

Monitoring. The U.S. Government intends to rigorously monitor data and verify progress toward achieving the goal of improved access and sales of foreign original equipment parts by Japanese firms. This effort will focus on monitoring imports of foreign auto parts into Japan and purchases of U.S. parts by Japanese auto manufacturers to ensure that non-keiretsu parts suppliers have full competitive opportunities.

Joint announcements and Japanese private sector statements. The measures undertaken by the Government of Japan complement and reinforce the stated intentions of the Japanese auto manufacturers to increase their purchases of foreign parts as spelled out in their voluntary plans issued on June 28.

Japanese commitments to increase purchases of original equipment parts are complemented by two joint statements by Ambassador Kantor and Minister Hashimoto. In the statements, they welcomed announcements by Japanese auto manufacturers of plans to increase purchases of foreign parts both in Japan and in their transplant facilities.

The U.S. estimates on the basis of individual company plans that, with regard to the North American market, U.S. parts purchases by Japanese manufacturers will increase by $6.75 billion by 1998 and that the companies will increase production of vehicles in the U.S. from 2.1 million to 2.65 million by 1998. In addition, the U.S. estimates an increase of $6 billion in foreign parts purchases by Japanese companies for use in Japan, of which the U.S. share should reach $2 billion.

In addition, statements were made by the following trade associations not to discriminate against foreign auto parts: the Japan Automotive Parts Industries Association (JAPIA), the Japan Automobile Manufacturers' Association (JAMA), the Japan Auto Parts Association (JAPA), the Japan Federation of Auto Parts Sales Association, the Japan Auto Accessories Manufacturers' Association, and the Japan Automobile Service Promotion Association.

Deregulation of the Aftermarket for Replacement Parts

Goal. Our goal in this area is to change the structure of the replacement auto parts market, or "aftermarket", in Japan in order to increase Japanese purchases of U.S. replacement parts. The foreign share of the Japanese auto parts aftermarket is currently only about 1 percent. Strict Japanese regulations channel most repair work to a system of 63,000 "certified" and 20,000 "designated" garages that are closely tied in with Japanese automotive manufacturers or to a distribution system that strongly disfavors foreign parts. The regulations also ensure that the larger auto parts and service chain stores -- which have more bargaining power in the distribution system and are more likely to use lower-cost foreign parts -- are prohibited from performing most automotive repairs.

The protected aftermarket gives Japanese parts suppliers the freedom to price replacement parts at 200-300 percent higher than U.S. parts, or what they could charge in a competitive market. This system allows Japanese auto parts suppliers to reap excessive profits in the aftermarket that are used to subsidize their marginal profits from sales of original equipment parts to vehicle manufacturers. This arrangement makes it extremely difficult for foreign auto parts suppliers to compete against the Japanese parts suppliers.

Measures. In the agreement, Japan committed to undertake several measures to clarify and loosen the critical parts regulation, the first of three primary regulatory barriers. The regulations in this area provide that if a vehicle repair involves a critical parts repair, the repair must be performed at a certified garage or be inspected at a MOT Land Transport Office within 15 days of the repair. The definition of critical parts repair is broad and non-transparent. To avoid uncertainty and the possible need for inspection, most consumers' response is to choose a certified garage.

For the first time, Japan has published an item-by-item list clearly stating which of several commonly replaced parts are, and which are not, subject to the critical parts regulation. In addition to clarifying the list, Japan agreed to deregulate some key items on the list -- including shock absorbers, struts, power steering systems, and trailer hitches -- immediately opening a significant market for U.S. makers of these products. It also agreed to a year-long, full review of all remaining items on the list with an eye toward removing all but those regulations necessary to ensure safety and environmental protection. In addition, the Government of Japan will put in place a petition procedure for foreign and domestic parts suppliers to seek the removal from the list of specific items on a case-by-case basis.

This deregulation of the critical parts list will provide immediate and long-term benefits for foreign suppliers by allowing them to sell a broader range of parts to garages and auto parts chain stores that are not government-certified and thus not tied into the distribution system dominated by the Japanese manufacturers.

Japan also agreed to create a new system of "specialized" certified garages, which will provide further opportunities for foreign suppliers of parts that are not taken off the critical parts list. Specialized certification will allow repair garages to focus only on certain types of critical parts repairs, subject to reduced regulatory burdens. As a result, specialized repair shops -- such as brake or transmission service chains -- can be established in Japan, introducing new competition in the market and new distribution relationships.

The second primary regulatory problem are the regulations requiring regular motor vehicle inspections, or "shaken." In Japan the shaken inspections may be performed only at designated garages or Japanese Government inspection sites. If the inspection is done at a designated garage, any repairs required must be done there as well. Two-thirds of all such inspections take place at the designated garages, and about 40 percent of all repair business in Japan is performed in connection with such inspections.

The designated garages, therefore, are essential to the system. However, half of them are located at Japanese auto dealerships and almost exclusively use parts from their affiliated Japanese auto maker. The other half are strongly linked into the distribution system, which is dominated by the Japanese manufacturers.

In the agreement, the Government of Japan committed to create a new system of special designated garages, which will immediately allow an additional 8,000 garages to become designated garages. The new designated garages will introduce new competition into the market and will provide new opportunities for foreign suppliers to sell their products because these garages are not tied into the existing distribution system. Over time, the number of designated garages could rise significantly.

Along with the creation of specialized certified and designated garages, the Government of Japan agreed generally to loosen regulatory controls on the certified garage system by reducing floor space, number of mechanics, and tool requirements. These deregulatory actions will lower the cost of investment in new garages and allow new competitive pressure within the garage system, particularly from those utilizing foreign auto parts.

The third critical regulatory barrier relates to the installation of automotive accessories. Previously, installation of an accessory that added more than about half an inch to any dimension of the vehicle required an expensive and complete re-inspection. These accessories might include, for example, side mirrors, roof racks, brush guards, etc. The agreement establishes that unless these parts are welded or riveted to the vehicle, installation will be completely deregulated. The Agreement also specifically lists a large number of popular accessories, installation of which, within three months, will be free of the previous modification regulations. The accessories market in Japan exceeds $2 billion a year, according to the Japanese Ministry of Transportation.

The Japanese Government, both MITI and the Ministry of Transportation, will mount an extensive information campaign to ensure that its own inspectors do not discriminate against foreign or "non-genuine parts," and that all Japanese repair and service facilities understand these regulatory changes and the need to avoid any discrimination against foreign auto parts. Further, the Japanese Government issued administrative guidance to parts distributors and repair garages not to discriminate against foreign parts and to ensure that their customers are aware of the option of purchasing foreign parts. The distributors and garages have responded to the guidance by issuing public statements of nondiscrimination between foreign and domestic parts.

In addition, the Government of Japan plans to support the creation of a database system matching Japanese vehicle types with compatible foreign replacement parts.

Objective Criteria. The U.S. and Japan agreed to the following quantitative criteria to measure the extent of deregulation in the auto parts aftermarket:

- Change in the value and share of foreign parts purchased in Japan for aftermarket use.
- Change in number of specialized certified garages and designated garages.

The U.S. and Japan also agreed on the following qualitative criteria:

- The status of the range of deregulatory efforts promised by the Government of Japan.
- The Government of Japan's responsiveness to complaints with regard to its aftermarket regulations.

Data Collection. To enable the U.S. to assess these quantitative and qualitative criteria, Japan agreed to provide official import statistics for auto parts and other relevant national and regional statistics.

Monitoring. The U.S. intends to rigorously monitor data and verify progress toward achieving the goal of increased Japanese purchases of U.S. aftermarket auto parts. This effort will focus on monitoring implementation of aftermarket deregulation and Japanese purchases of U.S. parts.

Anti-competitive practices

Goal. Our goal in this area is to substantially improve effective enforcement of the Anti-Monopoly Act in all sectors, including the automotive sector.

Measures. In the Agreement, the Government of Japan affirms its commitment to eliminate anti-competitive practices in the automotive sector. Anyone may report suspected violations, which will be reviewed promptly by the Japan Fair Trade Commission (JFTC).

Joint Announcement. Minister Hashimoto underscored the commitment of the senior officials of the Government of Japan to a strengthened JFTC in a joint statement with Ambassador Kantor.

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Webmaster @ USTR - 15 August 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Friday, August 18, 1995

95-61
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USTR Announces Revised Allocation of Sugar Tariff-Rate Quota for 1995-96

United States Trade Representative Mickey Kantor today announced revised country-by-country allocations of the tariff-rate quota of 1,117,195 metric tons (1,231,496 short tons) for raw cane sugar for fiscal year 1996. These allocations replace those announced on August 1, 1995, and correct some mathematical errors in the earlier announcement.

The 1,117,195 metric tons for raw cane sugar are being allocated to the following countries in metric tons, raw value:

Country	FY 1996 Allocation
Argentina	45,281
Australia	87,402
Barbados	7,731
Belize	11,583
Bolivia	8,424
Brazil	152,691
Colombia	25,273
Congo	7,258
Cote d'Ivoire	7,258
Costa Rica	15,796
Dominican Republic	185,335
Ecuador	11,583
El Salvador	27,379
Fiji	9,477
Gabon	7,258
Guatemala	50,546
Guyana	12,636
Haiti	7,258
Honduras	10,530
India	8,424
Jamaica	11,583

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Madagascar	7,258
Malawi	10,530
Mauritius	12,636
Mexico	7,258
Mozambique	13,690
Nicaragua	22,114
Panama	30,538
Papua New Guinea	7,258
Paraguay	7,258
Peru	43,175
Philippines	142,160
South Africa	24,220
St. Kitts & Nevis	7,258
Swaziland	16,849
Taiwan	12,636
Thailand	14,743
Trinidad-Tobago	7,371
Uruguay	7,258
Zimbabwe	12,636

The USTR allocation for the FY 1996 TRQ for raw cane sugar includes the following minimum quota-holding countries: Congo, Cote d'Ivoire, Gabon, Haiti, Madagascar, Mexico, Papua New Guinea, Paraguay, St. Kitts & Nevis, and Uruguay.

Any allocation of the U.S. tariff-rate quota of 22,000 metric tons (24,251 short tons) for refined sugar (including 1,656 metric tons (1,825 short tons) for specialty sugar imports), will be announced prior to the beginning of the next quota period which begins October 1, 1995.

Conversion factor: 1 metric ton = 1.10231125 short tons

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Webmaster @ USTR - 18 August 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Friday, August 25, 1995

95-62
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U.S.-Korea Reach Agreement on Cigarettes

The United States achieved its key objectives in reaching agreement to amend the 1988 Record of Understanding Concerning Market Access for Cigarettes. Today's agreement affirms Korea's right to protect public health while ensuring nondiscriminatory treatment for U.S. exports.

The 1988 agreement ensured market access for foreign cigarettes, limited the type and rates of cigarette taxes, and provided guidelines for advertising of cigarettes. Korea requested consultations to amend the agreement because it wanted to increase cigarette taxes and sharply limit cigarette advertising in an effort to protect public health. Today's agreement provides for Korea to introduce measures intended to reduce smoking through changes in tax and advertising policies.

The USTR-led negotiating team included representatives of the Departments of Health and Human Services to ensure that health concerns were being adequately addressed.

Other key provisions of the agreement include:

- Elimination of Korea's discriminatory mechanism for allocating cigarette revenues to Korean local governments. Revenues from sales of both domestic and imported cigarettes are currently allocated to states based only on local sales of domestic cigarettes. This formula discriminates against imported brands by inducing states to promote consumption of domestic cigarettes in order to raise revenue.
- A planed increase in Korea's specific tax on cigarettes by between 30 - 50% over current rates. After three years, Korea may apply the same Value Added Tax as is applied to other consumer products.
- Limitations on advertising of cigarettes in Korea in a non-discriminatory manner,
- Consultation with the United States prior to fliture changes in advertising and tax policy concerning cigarettes to ensure that such changes will not have a discriminatory effect on imported cigarettes.

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Webmaster @ USTR - 25 August 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Wednesday, September 6, 1995

95-63
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USTR and Department of Commerce Announce Unprecedented Monitoring Mechanism for U.S. - Japan Automotive Agreement

United States Trade Representative Mickey Kantor and Secretary of Commerce Ron Brown announced today that the United States Government, in an unprecedented collaboration with the U. S. Automotive sector, will commit significant resources to monitoring the U.S. - Japan Automotive Agreement, and the related private sector undertakings, to ensure that a significant increase in sale of competitive U.S. autos and auto parts takes place.

How The Monitoring Will be Conducted

Interagency Enforcement Team

An Interagency Enforcement Team, headed jointly by USTR and the Department of Commerce, will be formed to monitor progress under the Agreement. Day-to-day efforts will be made by members of this ten-person team, including experts from the Departments of State, Labor, Transportation, and the Customs Service, to collect and analyze specific data on all aspects of United States - Japan automotive trade.

Twice Yearly Public Reports

Based on the work of the Interagency Team, the Administration will, every six months, publicly release an assessment of progress in all areas covered by the Automotive Agreement. The first report will be issued about March 15, 1996.

A Telephone Help' Line

The Commerce Department's Office of Automotive Affairs will provide a "one-stop" shop to help U. S. automotive companies take advantage of the opportunities afforded by the Auto Agreement. A contact telephone line will be set up to receive and to respond to inquiries and complaints of U. S. business with respect to access to the Japanese automotive market and opportunities to do business with the Japanese manufacturers here in the United States.

More Comprehensive Data Collection

The goal of the U.S. Government is the most comprehensive and effective monitoring effort possible. The U.S. will continue to make use of the data which is provided by the Japanese Auto Manufacturers Association (JAMA) under the MOSS agreement. In addition, however, the data collection and monitoring effort will be fundamentally strengthened by the following steps:

- The Department of Transportation will implement new regulations which will provide more complete local content data and will work to ensure that this data is accurate.
- NAFTA trade in autos will be monitored by tracing of parts through first and second tier suppliers, in accordance with NAFTA procedure.
- The Customs Service will make available detailed information on auto parts imports into Foreign Trade Zones within the United States. Japanese automakers' production in the United States takes place in Foreign Trade Zones.
- The U.S. has agreed with the European Union, Canada and Australia to exchange information with each country in order to assess the degree of market opening in Japan, and to provide assurance that the benefits of the agreement are available on an MFN basis. (The U. S. is favorably disposed to an EU request to participate in consultations on the Agreement with the United States and Japan, but has not, as yet, discussed the request with Japan.)
- The Auto Parts Advisory Committee (APAC) has today announced a new Industry Date Collection and Reporting Program. This new program will provide information on sales of auto parts, accessories, and materials by U. S. suppliers to Japanese auto companies in Japan and in the U.S. An independent firm will collect, analyze and report the U. S. company data on an aggregate basis.
- Where previously the U.S. Government had to rely on data from Japanese companies to enforce agreements, the U.S. Government will now have a full range of its own data on which to make assessments of whether progress is being made.

What Will Be Monitored

The U.S. Government will closely monitor all of the commitments and plans announced within the Auto Agreement and in associated documents and plans.

The Government of Japan agreed to far-reaching measures to improve access for foreign vehicle imports. In particular, the U. S. Government will monitor the number of new Big Three franchised outlets in Japan, Big Three vehicles sold through the outlets, and the total number of Big Three autos sold in Japan. The Big Three spent considerable time before the Agreement formulating business plans regarding the number of dealers necessary to penetrate the Japanese market. We will, in particular, want to know if the U.S. expectation for 200 new Big Three dealerships within a year of signing the Agreement, and steady progress toward the goal of 1000 new outlets by the year 2000, is being attained.

Japan and the United States have agreed to the following objective criteria to monitor progress in the Japanese vehicle import market:

- Change in the number and value of new foreign motor vehicles sold in Japan
- Change in the number of direct franchise agreements concluded between foreign vehicle manufacturers and Japanese dealers
- Japanese vehicle manufacturers' efforts to promote open and competitive distribution systems for vehicles
- Foreign vehicle manufacturers' efforts to offer competitive products in Japan
- Private sector actions to ensure compliance with the Anti-Monopoly Act

The Government of Japan committed to very significant regulatory changes in the Japanese parts replacement market, and set specific dates for these regulatory changes. Through frequent discussions with the Japanese Ministry of Transportation, we will be closely monitoring Japanese regulatory changes to be sure that they fulfill commitments made in the Agreement. We will also monitor U.S. and other country exports of replacement parts and accessories to Japan to assure that this market is indeed opening to foreign products.

Japan and the United States have agreed to the following objective criteria to monitor progress in the parts replacement market:

- Change in the value and share of foreign parts purchased in Japan for aftermarket use

- Change in the number of specialized certified garages and designated garages
- Status of deregulation of the auto parts aftermarket
- Japan's responsiveness to complaints regarding the clarification or deregulations of repair or modification inspections

In conjunction with the conclusion of the Auto Agreement, Japanese companies indicated their intention to expand significantly their purchases of auto parts from all countries, including the United States. It was projected that auto parts imports into Japan would reach the $6 billion level by 1997. The United States will be closely monitoring U.S. auto parts exports to Japan.

Japan and the United States have agreed to the following objective criteria to monitor progress in the original equipment market in Japan:

- Change in the value of foreign auto parts exported to Japan
- Efforts by Japanese manufacturers to broaden suppliers' sales opportunities
- Procurement of parts by vehicle manufacturers without discrimination based on their capital affiliation
- Efforts of foreign auto parts suppliers to offer competitive products under competitive terms and conditions

In the above areas, the Auto Agreement focuses on imports of parts and vehicles into Japan. The United States made a consistent effort to ensure that it was creating new opportunities for all countries in the Japanese market. We will join with other countries to ensure that they are experiencing growth of their automotive sales into Japan as well. We have agreed with Australia, Canada, and the European Union that we will meet and exchange information with each of these countries to carefully assess the degree of market opening in Japan for automotive products.

One of the key objectives of the Auto Agreement with Japan was to ensure that Japanese auto companies in the United States continued to increase their purchases of U.S. auto parts based on price and quality. Japanese companies indicated in their voluntary plans that they would increase the degree of localization of parts purchases by their U.S. transplant operations, as measured by the NAFTA and other standards. In particular, we will monitor NAFTA trade in autos to assure that NAFTA rule of origin rules are scrupulously met. This will mean that attention will be paid to tracing of parts through first and second tier suppliers, as provided for in the NAFTA. Also, the Department of Transportation will implement new procedures under the American Automobile Labeling Act to provide a more accurate picture of U.S. produced content in Japanese vehicles made in the United States.

Japan and the United States have agreed to the following objective criteria to monitor progress in this area:

- Change in the extent of Japanese transplant procurement of U.S. parts per vehicle
- Change in purchases of U.S. auto parts by Japanese transplants in the United States
- Efforts by Japanese manufacturers to broaden suppliers' sales opportunities
- Procurement of parts by vehicle manufacturers without discrimination based on their capital affiliation
- Efforts of foreign auto parts suppliers to offer competitive products under competitive terms and conditions

Another key objective of the Agreement is to ensure that Japanese vehicle manufacturers are not discriminating in favor of Japanese keiretsu suppliers to the exclusion of competitive and capable U.S. parts suppliers. This commitment to non-discrimination is one of the overarching principles in the Agreement. The Auto Parts Advisory Committee has undertaken to mount a comprehensive system to collect data on U.S. company sales to the Japanese auto companies in the U.S. and Japan. By comparing trends in data on U.S. company sales to total purchases, the United States will be able to monitor efforts by Japanese companies in the U.S. and in Japan to assure that discrimination against U.S.- company made auto parts is not taking place.

There are many statements in the Auto Agreement supporting documents with regard to opening distribution channels for replacement auto parts in Japan. We intend to closely monitor the degree to which Japanese retail and wholesale auto parts outlets are newly handling U.S. and other foreign products.

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Webmaster @ USTR - 6 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Friday, September 8, 1995

95-64
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Foreign Share of Japanese Semiconductor Market Edges Up To 22.9% In Second Quarter

Foreign share of the Japanese semiconductor market edged up to 22.9% in the second quarter of 1995. The first quarter market share was 22.8%.

"The continued strong market performance we see this quarter illustrates once again the progress our industries have made under the U.S.-Japan Semiconductor Arrangement in building close business relationships and increased cooperation. These industry efforts have been supported by the vigilant and sustained efforts of our two governments to implement the Arrangement," said Ambassador Mickey Kantor. "However, we believe further progress can, and will, be made under the Arrangement. In particular, we are looking for improved market access in sectors where progress has been lagging and where we are most competitive, including telecommunications, automotive, and video games. We look forward to sharing in the tremendous growth opportunities that have been predicted in the Japanese semiconductor market, and will continue to work closely with the Japanese to ensure that the gradual and steady improvement in market access called for under the Arrangement is achieved."

The market share figure was calculated by U.S. and Japanese government officials in accordance with the statistical system established under the 1991 U.S.-Japan Semiconductor Arrangement. The foreign market share averaged 22.4% in 1994.

Foreign Market Share	
Under the 1991 U.S.-Japan Semiconductor Arrangement	
Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992	15.9%
Q4 1992	20.2%
Q1 1993	19.6%
Q2 1993	19.2%
Q3 1993	18.1%
Q4 1993	20.7%
Q1 1994	20.7%
Q2 1994	21.9%
Q3 1994	23.2%
Q4 1994	23.7%
Q1 1995	22.8%
Q2 1995	22.9%

*These market share figures were provisionally calculated based on the same assumptions on captive semiconductor suppliers that were made in previous quarters. The two governments will continue to seek to resolve differences concerning treatment of captive suppliers as soon as possible.

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Webmaster @ USTR - 8 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Tuesday, September 12, 1995

95-65
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Joint Statement From Ambassador Michael Kantor and Secretary Daniel Glickman Regarding U.S.-Canada Grains Issues

United States Trade Representative Mickey Kantor and Secretary of Agriculture Daniel Glickman announced today the Administration's position regarding U.S. - Canada grains issues in light of the expiration yesterday of the U.S. - Canada Memorandum of Understanding (MOU) on Grains.

First, the Administration reiterates its longstanding position that it will not accept market disruption from imports of Canadian wheat. The United States remains concerned about the non-transparent pricing practices of the Canadian Wheat Board.

Second, the United States will closely monitor exports of Canadian grains to the United States from September 12, 1995 to September 11, 1996.

Third, the United States intends to consult with the Government of Canada to discuss potential problems before imports from Canada reach disruptive levels.

It is the intention of the United States to request these consultations at six, nine, and 11 month intervals if Canadian exports of durum wheat or other wheat exceed the proportional share of the 1994-95 tariff rate quotas (TRQs) that were in place under the MOU.

Finally, following consultations, the Administration will use appropriate U.S. trade laws if it appears likely that market disruption will occur, using as a point of reference the TRQ levels that were in place under the MOU.

The TRQs on wheat imports ended on September 11, 1995 when the MOU expired. They were effective in moderating imports of Canadian wheat and were a necessary response to the market disruptions of 1993/4 and prior years. This year, U.S. and Canadian grain producers have an improved market outside of North America because world grain supplies are tight and returns from overseas sales are very attractive. Hopefully, 1995/6 signals a transition from the past when Canadian wheat disrupted our market to a period of larger exports to third country markets. Nevertheless, the United States remains concerned about the possibility of wheat imports from Canada again disrupting our market and causing financial hardship for U.S. producers. Consequently, we must continue to monitor imports and take action if necessary to avoid market disruption.

To address longer-term problems in U.S. - Canada grain trade, the two countries last year established the Joint Commission on Grains to provide recommendations in regard to U.S. and Canadian marketing and support systems and the effect of those systems on the Canadian and U.S. markets and on competition between the two countries in third country markets. The preliminary report of the Joint Commission contained some useful recommendations for addressing problems in our bilateral grain trade. The final report of the Commission is expected to be released later in September. We look forward to reviewing it.

Ambassador Kantor and Secretary Glickman also announced today they are requesting that the Government of Canada agree to establish a bilateral working group to analyze the recommendations of the Joint Commission.

Ambassador Kantor and Secretary Glickman expressed their thanks to the Joint Commission for its work and gratitude for the tremendous contribution each of the members of the Commission has made in assisting the two governments in efforts to address longer-term concerns in wheat trade.

Ambassador Kantor and Secretary Glickman also said that the United States will monitor the volume of barley imports, which in the last two years have hit record levels. Should barley import levels grow significantly, the Administration will consider taking appropriate action.

(Copies of the MOU are available from the USTR Public Affairs Office).

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Webmaster @ USTR - 12 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Wednesday, September 13, 1995

95-66
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Tobacco Import Tariff-Rate Quota Proclamation Signed By President Clinton

Ambassador Kantor today announced that President Clinton signed a Proclamation imposing a tariff-rate quota on imports of leaf tobacco which will protect domestic growers from high levels of imports. The changes will take effect today.

The Proclamation was signed following negotiations with supplying countries under the auspices of the World Trade Organization. In announcing the tariff-rate quota, Kantor said, "We take very seriously our international obligations and I am pleased we were able to find a solution which is consistent with international trade rules and guarantees exporters access to the U.S. market."

BACKGROUND

In the early 1990's, imports of unmanufactured tobacco into the United States increased steeply. In 1993, in response to these steep increases, Congress enacted the Ford Amendment, which limited the amount of imported tobacco that could be used in the manufacture of cigarettes.

In July of the following year, a GATT dispute settlement panel was requested by nine tobacco exporting countries -- Brazil, Argentina, Chile, Colombia, Guatemala, El Salvador, Venezuela, Thailand, Zimbabwe, and Canada.

The GATT panel determined that the Ford Amendment's domestic content requirements violated U.S. obligations under the GATT.

After extensive discussions with Congress and industry representatives, the Administration took an action which was fully consistent with our international obligations, but which also preserved the intended effect of the Ford Amendment -- to limit massive imports of raw tobacco.

To achieve conformity with the GATT/WTO, the Administration initiated a process under GATT Article XXVIII which authorizes a member country to renegotiate its tariff commitments.

Following the procedures required by the GATT/WTO, the U.S. obtained agreements with each of the affected trading partners that established a tariff-rate quota -- a two-tier tariff that permits a certain quantity of imports at a low tariff and subjects imports above that quantity to a very high tariff.

Under these new agreements, which include country-specific allocations for major supplying countries, tobacco entering the United States for consumption within the agreed allocation will be assessed a tariff equal to the concession rates negotiated in the Uruguay Round. Any tobacco imports entering the United States above the agreed allocation will be assessed a tariff of 350 percent ad-valorem.

The tariff-rate quota will affect the same tobacco which was targeted under the Ford Amendment, specifically, flue-cured, burley and other light air-cured tobaccos that are imported for the manufacture of cigarettes consumed domestically.

The countries that now have a specific allocation under the tariff-rate quota are Argentina, Brazil, Chile, the European Union, Guatemala, Malawi, Philippines, Thailand, and Zimbabwe.

Under the Uruguay Round Agreements Act, establishing this tariff-rate quota triggers the termination of the Ford Amendment retroactively, as of January 1, 1995.

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Webmaster @ USTR - 13 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Thursday, September 14, 1995

95-67
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United States Trade Representative Michael Kantor Welcomes the ACTPN Report on Asia

U. S. Trade Representative Mickey Kantor today welcomed the release of an Advisory Committee on Trade Policy and Negotiations report on Asia. Kantor said the report provides timely advice, in advance of the November APEC meeting in Osaka, Japan. It is the ACTPN's third report on APEC, the first two having been presented in November 1993 and October 1994.

"I look forward to reviewing the report on Asia and considering its recommendations," Kantor said.

Copies of the ACTPN report are available in the USTR reading room at 600 17th street in room 101.

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Webmaster @ USTR - 14 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Monday, September 18, 1995

95-68
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USTR Announces Tariff-Rate Quota for Refined Sugar (Other Than Specialty Sugar) Will Be Available on a Global Basis

WASHINGTON, September 15 -- United States Trade Representative Michael Kantor today announced that the tariff-rate quota of 22,000 metric tons (24,251 short tons) for refined sugar (other than the 1,656 metric tons (1,825 short tons) reserved for specialty sugar imports) will be available on a globalized basis, that is, it will be available on a first-come, first served basis.

USTR will also suspend the requirement for certificates of quota eligibility (CQE) with respect to this refined sugar. The CQE system will remain in place for imports of raw cane sugar.

USTR has allocated the quantity reserved for specialty sugar imports to each of the following countries and areas, in the amount of 72 metric tons, raw value, each- Belgium, Burma, Cameroon, People's Republic of China, Denmark, Federal Republic of Germany, France, Hong Kong, Indonesia, Ireland, Italy, Japan, Kenya, Republic of Korea, Luxembourg, Netherlands, Netherlands Antilles, Sufiname, Sweden, Switzerland, United Kingdom, Venezuela and Republic of Yemen.

Conversion factor: 1 metric ton = 1.10231125 short tons

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Webmaster @ USTR - 18 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Monday, September 18, 1995

95-69
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United States and European Communities Hold Consultations on EC's Import Valuation System for Grain

Exercising our rights under the World Trade Organization's dispute settlement procedures, the US consulted with the EC on the implementation of its tariff bindings for grains. While the consultations were useful and the EC provided answers to many of the US questions, a resolution of the issue was not reached.

Under the WTO, the EC has made commitments to limit the duty owed for a grain shipment to the difference between the ceiling price and the invoice price of that grain. For example, based on this understanding, if the invoice price of a shipment of grain exceeds the established ceiling, then the EC should not charge an import duty. If the invoice price of a grain shipment is priced below the ceiling, the duty should be calculated as the difference between the ceiling price and the invoice price.

The EC has instead implemented a system in which duties are based on a "constructed" value, raising concerns that the EC will charge unfairly high duties and provide less access for US grain into the EC market than had been expected. The constructed valuation system does not permit differentiation among the wide variety of types and qualities of grain traded, nor does it adequately account for the infinite number of contract provisions that affect the price of an individual shipment of grain. Because the "constructed" value is equal to the difference between a ceiling price and an average price -- as opposed to the transaction's actual invoice price, sellers of high-value grains are penalized.

For example, trade sources estimate that the duty-paid import price of corn entering Southern Europe has been $10 to $15 above the ceiling. Dark Northern Spring wheat with 15 percent protein has been trading at a $10 to $20 premium to the wheat used for the reference price, and the duty-paid import price consequently would regularly exceed the ceiling. With malting barley trading at a $40 to $50 premium over feed barley, the duty discount for malting barley is far from adequate, and the duty-paid malting barley import price has greatly exceeded the ceiling. For rice, there is the valuation problem described for the other grains, and also a problem of discriminatory treatment among supplying countries. Duty reductions for basmati rice of Indian and Pakistani origin provide more favorable treatment than to like U.S. products.

USTR Kantor and Secretary Glickman are considering the next steps in this case.

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Webmaster @ USTR - 18 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Thursday, September 21, 1995

95-70
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Statement of Ambassador Kantor
Fast Track Negotiating Authority
September 21, 1995

Thank you Mr. Chairman and Members of the Committee for the opportunity to discuss fast track. I am here today to urge the Committee to continue a tradition of bipartisan trade policy that has promoted American leadership and American prosperity for working people.

It is no overstatement to say that we are witnessing today greater trade expansion than in any other period in history. With strong bipartisan support, we've passed major trade agreements. We've opened markets for American exporters from auto manufacturers to farmers.

How far have we come? In 1970, the value of trade was equal to 13% of the U.S. economy. This year trade will be 30% of our economy. Look at the last three years. In 1993, exports grew 4%; in 1994, 10.2%. This year, we're on pace to expand exports by more than 16%. If current trends continue, U.S. exports in December will be 41% higher than December 1992. With the bipartisan leadership of the Congress and the Administration, exports have created at least 1.6 million jobs in the past three years. And trade jobs on average pay 13-17% higher than non-trade related jobs.

This Committee is considering how to formulate fast track authority. I think the starting point should be a simple question: What are we trying to fix? With all the success we've achieved, why are we tinkering? What is our goal? We know a formulation that has created hundreds of thousands of American jobs.

This debate is about Chile -- and a lot more. Fast track is a statement about Congress' interest in continued American leadership on trade. It's about continuing the momentum we've generated for expanded trade through APEC, for expanded trade with Europe. It's about promoting peaceful commerce in places like the Middle East, where extending duty-free benefits to the Gaza and West Bank could further the peace process.

It's about leadership or abdication of U.S. leadership in Latin America. In 1993, we passed NAFTA in one of the great bipartisan victories of the past two years. At the Summit of the Americas last December, the United States led the hemisphere in the declaration of free trade throughout the Americas as our shared goal. Today, Chile has begun talks to become the first new country to join NAFTA. Brazil, Argentina and other markets hold enormous potential. By 2010, U.S. companies could be exporting more to Latin America alone than to Europe and Japan combined.

Make no mistake: If we falter, others are waiting to reap the benefits of world trade on their terms. The U.S. has a natural advantage in this hemisphere. But if we hesitate, Europe and Japan are eager to fill the void. We can't win new opportunities if we can't negotiate. We can't lead from the sidelines.

Unfortunately, the current fast track bill has moved away from the tried and true formula of past fast track legislation. The current bill removes from the table entire categories of barriers and distortions faced by American companies overseas. And that is the significance of the debate over labor and environment.

Our position is straightforward -- The President is committed to addressing labor and environment issues in the context of trade agreements.

At the end of the day, no trade agreement will become law if Congress doesn't vote to approve it. You get the final say. But why limit our potential? Why tie the United States' hands before we even sit down at the table?

Let me be reiterate the Administration's position:

- The President strongly supports extension of fast track negotiating authority;
- Fast track extension is essential to the continued expansion of American exports and the continued creation of American jobs;
- The current Republican proposal is too limited and is not acceptable;
- As an alternative, we would support simple reauthorization of the 1991 fast track legislation, that is -- the identical authority given by Democratic congresses to both President Reagan and President Bush;
- The President is committed to addressing labor and environment issues in the context of trade agreements.

I am here to work with you in moving forward with fast track authority. The Administration's goal is a formula that continues an impressive record of bipartisan support for expanding trade opportunities. Fast track is the vehicle through which we make tangible our willingness to cooperate. In the past, Congresses have put partisanship aside when it comes to fast track. Democratic Congresses have given Republican Presidents flexible grants of fast track authority. This Congress should do no less.

Mr. Chairman, as you indicated to me, the potential exists to continue to discuss and modify the Majority's proposal in search of a bipartisan solution. We will continue to work toward this goal.

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Webmaster @ USTR - 21 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Wednesday, September 27, 1995

95-71
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United States Will Challenge European Union Banana Import Regime in the World Trade Organization

United States Trade Representative Michael Kantor today announced that the United States will use the dispute settlement procedures of the new World Trade Organization (WTO) to challenge the European Union's banana import regime. Kantor earlier this year noted that the EU regime unfairly discriminates against and had caused significant harm to U.S. banana marketing firms and their workers. The United States has held numerous consultations with the EU regarding its regime, but the European Union Commission has not been able to obtain a mandate to negotiate settlement of the dispute. Guatemala, Honduras and Mexico will join the United States in the WTO challenge of the EU.

Kantor said, "We have repeatedly sought changes in the European banana regime to address the discrimination against U.S. companies, but unfortunately the EU has been inflexible. We think it is appropriate at this time to resort to WTO dispute settlement procedures and we are pleased that other countries in our region that are also adversely affected by the regime are joining us."

On October 17, 1994, Ambassador Kantor initiated a section 301 investigation of the EU banana regime in response to a petition filed by Chiquita Brands International, Inc. and the Hawaiian Banana Industry Association alleging that certain practices of the EU concerning the importation of bananas were unreasonable and discriminatory and burden and restrict U.S. commerce. Based on the information obtained in this investigation, Ambassador Kantor also decided today to pursue the WTO case in the context of a new section 301 investigation and to terminate the current 301 investigation of the EU banana regime. Section 301 requires that the Trade Representative make a determination in this new investigation on whether the EU practices are actionable under section 301 by no later than 30 days after the conclusion of the WTO dispute settlement procedures or March 27, 1997, whichever is earlier.

Kantor also indicated that he was continuing related section 301 investigations of the banana export practices of Colombia and Costa Rica, which implemented a "Framework Agreement" on bananas they had earlier concluded with the EU. The participation of Colombia and Costa Rica in the Framework Agreement aggravates the harm to U.S. companies caused by the EU banana regime. Ambassador Kantor reiterated that the United States will continue to press Colombia and Costa Rica to withdraw from that arrangement. He noted that while the Framework countries claim that they also suffer from the European regime, that is not an excuse for imposing additional discrimination.

The activities of U.S. firms marketing and growing bananas make a sizeable contribution to the U.S. economy. These firms employ some 16,000 workers in the United States, with an estimated 7,500 of these workers involved in banana related operations. The net assests of the two largest U.S. banana marketing firms totaled some 1.7 billion dollars at the close of 1994.

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Webmaster @ USTR - 27 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20508

FOR IMMEDIATE RELEASE
Thursday, September 28, 1995

95-72
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Super 301 Report Transmitted to Congress by USTR President Extends Super 301 by Executive Order USTR Kantor Announces Agreement with Korea on Autos

Super 301 Transmitted to Congress

As required by the Super 301 provisions in U.S. trade law, Ambassador Kantor has transmitted a report to the Senate Finance and House Ways and Means committees on his review of U.S. trade expansion priorities.

Ambassador Kantor said about the review, "We have sought to ensure that we have identified the most significant trade barriers affecting U.S. goods and services exports and that we are taking effective actions to address them. We will address these barriers using every means at our disposal, including international dispute settlement proceedings, bilateral, regional and multilateral negotiations, and our trade laws. We are especially committed to using our trade laws to enforce U.S. rights under trade agreements."

USTR Kantor will periodically review the status of our efforts to eliminate the practices cited in the report and will adjust our strategies appropriately based on the progress being made. In light of the results of recent negotiations, Ambassador Kantor decided not to identify any priority country practices this year.

Extension of Super 301

Ambassador Kantor also announced that the President signed yesterday an executive order extending the Super 301 provisions in U.S. trade law for another two years. The President reinstated Super 301 by Executive Order 12901 of March 3, 1994. That order requires the Trade Representative in 1994 and 1995 to review U.S. trade expansion priorities and to cite significant foreign trade barriers which should be identified as priority foreign country practices. In announcing the extension, Ambassador Kantor said, "Super 301 has been an effective tool in identifying foreign unfair practices and encouraging their removal. We are extending Super 301 at this time in order to send a clear signal to our trading partners that we intend to vigorously enforce our trade agreement rights and to pursue foreign unfair practices."

Agreement on Autos Reached with Korea

Also today, USTR Mickey Kantor announced that Korea and the United States have reached an agreement to increase market access for U.S. and foreign passenger vehicles into Korea. The agreement is a significant step forward in creating a more competitive environment for U.S. autos, particularly the mid-sized vehicles U.S. companies produce.

Although Korea's auto practices have not been designated as a Priority Foreign Country under Super

301, Korea will remain in the Super 301 Report under Category III, and we will continue to monitor closely progress in implementing the agreement and the results of ongoing consultations.

In the agreement, Korea agreed to liberalize standards and certification practices, reduce taxes that discriminate against imported vehicles, permit foreign advertisers equal access to television advertising time, allow foreign majority ownership of auto retail financing entities and improve consumer perception of imports in that country. Korea also has made a commitment not to introduce any new measures that adversely affect market access. (see separate press release dated September 28, 1995)

Since the Clinton Administration began, we have concluded over 150 trade agreements, including the North American Free Trade Agreement, the Uruguay Round and historic trade agreements with Europe, Japan and China. Many of these successes occurred because of our willingness to enforce our trade laws if other nations were not living up to their agreements, or were acting uncompetitively. We have set the stage for trade expansion in Asia through the Asia Pacific Economic Cooperation forum with the Bogor Declaration; and announced creation of a Free Trade Area of the Americas by 2005 at the historic Summit of the Americas. And we have led the world in addressing issues which affect trade but were previously considered out of bounds in trade agreements, including corruption, labor and the environment.

By leading, we have ensured -- and will continue to ensure -- that these agreements were shaped on our terms.

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Webmaster @ USTR - 28 September 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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95-73
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USTR Kantor Announces Agreement With Korea on Autos

United States Trade Representative Mickey Kantor announced today that Korea and the United States have reached an agreement to increase market access for U.S. and foreign passenger vehicles into Korea.

"While much more needs to be accomplished to fully open the Korean auto market," Ambassador Kantor said, "this agreement is a significant step forward in creating a more competitive environment for U.S. autos, particularly the mid-sized vehicles U.S. companies produce. Although I have not designated Korea's auto practices as a Priority Foreign Country Practices under Super 301, we will monitor closely the quantitative and qualitative criteria in the agreement and will examine whether a WTO case would be appropriate."

Korea has agreed to liberalize standards and certification practices, reduce taxes that discriminate against imported vehicles, permit foreign advertisers equal access to television advertising time, allow foreign majority ownership of auto retail financing entities and improve consumer perception of auto imports in that country. Korea also has made a commitment not to introduce any new measures that adversely affect market access.

Korea has maintained a sanctuary market for automobiles at home while it pursues an aggressive export strategy abroad. Korea is the world's third largest auto exporter after Japan and the European Union, and is the fifth largest manufacturer of autos in the world. Korea's home market is also the fastest growing in Asia. Yet its policies effectively exclude imported passenger vehicles. In 1994, the foreign share in the Korean auto market was less than 0.3 percent, compared to 5 percent in Japan, over 38 percent for France and Germany, and 33 percent for the United States.

The United States will assess implementation of Korea's commitments and will measure the actual effects they have on foreign passenger vehicle sales in the Korean market. Under the agreement's consultation provisions, Korea has agreed to discuss further liberalization of discriminatory taxes that impede auto imports. Ambassador Kantor has directed his staff to report to him by June 1, 1996 on the results of these talks in order to evaluate the effects of the agreement on market access.

FACT SHEET
U.S. - Korea Memorandum of Understanding: Market Access for Foreign Automobiles

General

- The U.S. and Korea reached a Memorandum of Understanding (MOU) on autos on September 28, 1995. The MOU agreement contains provisions on Korea's auto tax system, standards and certification procedures, advertising, auto financing, consumer perceptions and future consultations.

Auto Taxes

- Korea's annual vehicle registration tax, cited as the single most onerous barrier identified by the Big Three automakers, will be reduced for cars with larger engines as follows:

Engine Size	Old Rate (Won/CC)	New Rate (Won/CC)	Reduction
2.5 -3 liters	410	310	24 Percent
Greater than 3 liters	650	370	41 Percent

- Korea also will lower the special excise tax on all medium and large cars from 25 to 20 percent, a reduction of 20 percent.
- These two tax cuts will reduce the tax burden on cars with larger engines by an average $2,800 per vehicle. This is a 15 percent reduction in the overall tax burden.

Standards and Certification Procedures

- Korea will substantially reduce the amount of documentation required to secure safety approval for each new car model, saving U.S. manufacturers thousands of hours of labor for each model.
- Korea will raise the threshold for required documentation and testing from 100 to 500 autos, effective immediately, and to 1000 autos by 1998. This change recognizes the high quality of U.S. automobiles and will allow U.S. manufacturers to introduce new models more easily.
- To fulfill Korea's new pass-by noise standards, Korea will allow U.S. automakers to use internationally recognized noise test procedures at laboratories in the United States without further testing in Korea.

TV Advertising

- By eliminating "locked time," Korea will, for the first time, give foreign firms equal access to TV advertising time. Currently, access is severely restricted for new entrants.

Consumer Perceptions

- Korea's Trade Ministry will send a letter to the Korean Automobile Importers and Dealers Association (KAIDA) which will state that ownership of a foreign car, in and of itself, does not constitute grounds for a tax audit or other government harassment. Consumer fears of such harassment has dampened demand for foreign vehicles.

Consultative Mechanism

- Korea agrees to further consultations to monitor market access for foreign autos. In monitoring the results of the MOU, the following quantitative and qualitative criteria will be used:
  - the change in the number and value of foreign autos sold in Korea, in total and by country of export;
  - specific official actions to improve consumer perception of imports;
  - implementation of all other measures set out in the MOU, including standards, certification and advertising measures, taxes and tariffs.
- In addition, both governments will continue to consult on Korean taxation policies.

Korean Auto Industry

- Like other strategic industries, the auto industry in Korea has benefitted from protected markets to move from ninth largest motor vehicle manufacturer in the world in 1991 to fifth largest in 1994.

Korea produced 2.3 million vehicles in 1994 and is expected to increase output to 2.7 million this year.

- Korea's auto production grew at an average annual rate of approximately 20 percent from 1985 to 1994.
- By the year 2000, Korean manufacturers will double their current capacity to reach 5 million vehicles per year.
- The rate of increase of Korea's auto exports is remarkable. From 1993 to 1994, total exports grew by 15 percent, equivalent to one-third of its total production.
- After Japan and the EU, Korea is the third largest auto exporter in the world.
- These statistics reflect Korea's aggressive export strategy, strong price competitiveness and use of a sanctuary home market as an export platform.

The Korean Auto Market

- In 1994, Korea imported and sold only 1900 autos from the U.S., but exported over 207,000 cars to the U.S. No other major auto-producing country imports fewer cars than Korea.
- Total import sales account for only 0.3 percent of the Korean auto market. In contrast, Japan imports 5 percent, Germany and France about 38 percent and the U.S. 33 percent of their autos (including intra EU and intra NAFTA trade, respectively). Sales of Korean made cars in the U.S. market totalled 173,000 units equivalent to 2 percent of our passenger vehicle market.
- Korea maintains a severely closed market with an array of tariff and non-tariff barriers, including discriminatory taxes based on engine size and an auto tariff (8 percent) more than three times that of the United States (2.5 percent).
- Burdensome automobile standards and certification procedures make it prohibitively expensive to introduce new models to the Korean market.
- Pervasive and government sanctioned anti-import sentiment among Korean consumers have limited marketing opportunities and intimidated our potential customers.
- Korea's television advertising regulations sharply limited U.S. automakers' attempts to reach Korean consumers.
- The Korean Government did not allow foreign firms to participate in the auto financing market until this year, when foreign investors were limited to minority partnership in auto retail financing ventures.

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