

EXECUTIVE OFFICE OF THE PRESIDENT
**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

OFFICE OF PUBLIC & MEDIA AFFAIRS

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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20506

FOR IMMEDIATE RELEASE
Saturday, December 31, 1994

94-73
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**USTR KANTOR WILL TAKE RETALIATORY TRADE ACTION AGAINST
CHINA IF INTELLECTUAL PROPERTY CONCERNS NOT ADDRESSED**

United States Trade Representative Mickey Kantor today announced that he will take retaliatory trade action against China if it does not agree to address U.S. intellectual property rights concerns. Kantor published a list of products which are being considered for retaliation. Publication is legally required prior to the imposition of trade action. Public comment on the list can be submitted to USTR until January 30, 1995. China's exports to the U.S. of the products on the list amount to approximately \$2.8 billion a year. If sanctions are imposed, products affected by the trade action will be drawn from this list.

"To date, China has been unwilling to take the necessary steps to protect American intellectual property," Kantor stated, "American companies are suffering tremendous losses annually to piracy in China. This cannot continue."

Although China has attempted steps to improve IPR enforcement, rampant piracy of America's most competitive products continues unabated, including leading edge technologies such as computer software. In addition, China blocks market access for American movies, videos, and sound recordings -- allowing Chinese pirate operations to satisfy demand for these products and reap the benefits.

"We are prepared to act to protect U.S. industry," Kantor said. "It is critical that China demonstrate serious resolve to eradicate rampant piracy."

In addition to the 30-day public comment period, USTR will hold public hearings on January 24-25 to discuss the proposed retaliation list.

USTR Kantor will make a final determination on February 4, 1995 on whether China's IPR practices are unreasonable or burden U.S. commerce. If that determination is positive, he will then determine an appropriate response -- including trade retaliation. Any trade retaliation will be based on the proposed list. In that case, tariffs will be raised up to 100 percent on the imported products from China that are on the final list.

FACT SHEET

Special 301 Investigation

On June 30, 1994, Ambassador Kantor identified China as a Priority Foreign Country under the 1974 Trade Act, and immediately initiated a Special 301 investigation into China's intellectual property rights (IPR) enforcement practices. Under the statute, the investigation runs for as long as six months. At the end of the six month investigation, in this instance on December 31, 1994, the USTR must make a determination whether China's IPR enforcement policies and practices are unreasonable and constitute a burden on, or restrict, U.S. commerce. Ambassador Kantor has made an initial determination that China's IPR enforcement practices are unreasonable and constitute a burden and restrict U.S. commerce. As part of his response to this determination, Kantor, at the direction of the President, has ordered the legally required publication of a proposed list of Chinese products to which tariffs of 100 percent would be attached.

There will be a thirty-day public comment period on the proposed list. On February 4, 1995, USTR Kantor will make a final determination concerning China's IPR practices. If that determination is negative -- and China has not agreed to address U.S. intellectual property rights concerns -- Kantor will order publication of a final list and mandate a date by which the list would become effective.

The List

The list, submitted to the Federal Register on December 30, is comprised of \$2.8 billion of Chinese imports to the United States. This list, from which a final list will be selected, is comprised of leading Chinese exports to the United States -- including electronics, footwear, toys, and other products. In accordance with the statutory requirements, the public has 30 days within which to comment on the list -- and on the USTR's proposed determination. In addition to receiving written comments, USTR will hold public hearings on January 24-25 at the White House Conference Center.

The Negotiations

Overall, China has made the changes in its legislation required by the 1992 U.S.- China Memorandum of Understanding on Intellectual Property Rights, but China has not lived up to its obligation under the Agreement to enforce its laws and regulations. While China's legal IPR regime as a whole has improved greatly since the MOU was signed, enforcement of intellectual property rights has been essentially absent. Today, IPR piracy in China is rampant. U.S. industries estimate that piracy of copyrighted works alone reaches at least \$1 billion annually, with piracy of trademarks and patented products adding significantly to that total. Among the largest and most obvious offenders in China are producers of U.S. copyrighted CDs, laser discs, and CD-Roms who operate 29 CD factories, largely in south and central China. With an annual production capacity exceeding 75 million in a domestic

market that has a capacity of 5 million; most of those pirated CDs, LDs, and CD-Roms are destined for export -- and such pirated products are now found in Hong Kong, southeast Asia, and increasingly, in the Americas.

Piracy of other audiovisual works, particularly audiocassettes and videos in China, runs close to 100 percent -- with little evidence of effective controls on such piracy to date. Piracy of other cutting-edge U.S. copyrighted products, particularly computer software, runs at about 94 percent -- and 100 percent in CD-Roms, where no U.S. computer software has been licensed legally for production in China. The administrative apparatus in China for policing copyright piracy is extremely weak, with National Copyright Administration offices in less than a majority of China's provinces, and with few qualified personnel and no real authority to take effective action against offenders. The courts have yet to yield substantial judgments in civil cases against Chinese defendants.

Piracy of trademarks is also rampant, especially in south China, and enforcement, while effective in some locales, is sporadic at best. China currently fails to protect well-known marks or to offer adequate and effective protection for service marks and other U.S. trademarks.

Negotiations have been underway with China on IPR enforcement for 18 months, including 6 months under the Special 301 investigation. The President, members of the cabinet, and very senior U.S. government officials have expressed concern at the highest levels in China about the prevalence of piracy and the damage that it does to U.S. economic interests. At the negotiating level, eight rounds of negotiations have been held in 1994, including four since the Special 301 investigation was initiated.

The last round of talks were suspended in Beijing earlier in December. China's IPR improvement actions to date can be characterized by small steps with little adequate follow-through. For example, on July 5, China amended its criminal code to include criminal penalties for copyright infringement, but to date has not initiated prosecutions against any obvious offenders. China's Supreme Court has yet to issue an interpretation of the statute, making prosecution virtually impossible under China's legal system. China has also launched sporadic raids since last Spring against IPR offenders, but raids in general have been aimed at retailers. Despite the open and obvious nature of copyright piracy, to our knowledge, there have been no major raids on manufacturers -- especially the CD plants in south China. To its credit, China formed a ministerial level task force, and subsidiary task forces in 17 provinces and municipalities, but the task forces have not yet been given powers to take action.

EXAMPLES OF THE HARM CAUSED U.S. WORKERS BY PIRACY IN CHINA

A vast array of American workers rely on legitimate exports for their livelihoods. Rampant piracy in China is displacing those exports, not only to China but to third country markets that are being inundated with pirated product from China. The result is fewer jobs for U.S. workers.

Any number of examples could be cited, but let's use one familiar to all of us -- the Whitney Houston CD, the soundtrack of "The Bodyguard". This CD has sold 28 million copies in markets around the world. (Recorded music is a \$31 billion dollar industry -- not counting all the ancillary industries it 'multiplies' through. Last year, industry sales in the United States topped \$10 billion, and sales in the rest of the world reached over \$21 billion).

The Whitney Houston CD was made in a plant in Huntsville, Alabama where hundreds of workers guided it from a single, studio recording to the product bought by 28 million consumers the world over. The factory in Huntsville includes sales and marketing employees, customer service reps, sound engineers working with technical specs and laser equipment, technicians operating machines that mold and punch the discs, technicians operating machines that apply polycarbonate linings, disc colorists, paint mixers and silkscreeners, graphic artists who make the insert cards, packers who put the discs into their plastic cases, boxers, loading dock operators, production coordinators, back office personnel. And this doesn't even touch on the pre-production and post-production stages in which U.S. workers -- our musicians, writers, mixers, studio producers, technical advisors, wholesale and retail sales clerks, to name a few, made their contribution. These are real people, and real jobs.

The same story can be told time and time again when we look at the scope of piracy in China. Additional examples of how U.S. right holders -- and thus U.S. workers -- are being harmed in China include:

- * On a recent visit to the showroom of the Shenfei plant in Shenzhen on Hong Kong's border, U.S. industry representatives found copies of over 30 U.S. movies for sale, such as "Twins," "City Slickers II," "Robocop," "Die Hard," "Out of Africa," "Terminator II," "Gone With the Wind," "Fantasia," "Beverly Hills Cop," and "Amadeus." None of these had been authorized for production in China. The showroom staff bragged that the pirated copies were being exported to South Korea, Taiwan, Singapore, Malaysia and Thailand, and that they were looking for new export markets all the time.
- * Some of the pirated films now being copied onto laser discs or video cassettes in China have not yet been released in those formats in the United States. For example, "Jurassic

Park" and the "Lion King" became available in China on laser disc before they were released on video in the United States.

* One can walk into a video store in Beijing and find copies of U.S. works for sale. An industry representative recently visited one store and found copies of "Above the Law," "Under Siege," the James Bond library of films, and the made-for-television movies "Queenie," "Capone," and "Fight for Life."

* While piracy of U.S. films is rampant in China, China currently mandates that only 10 "quality films" may be imported. As a result, the movie "Terminator II" could not be legally imported into China but it was a blockbuster hit in China's thousands of "video cinemas" -- which ran the pirated video version of the film with great commercial success.

-- When given the opportunity, U.S. films that are imported legally do very well. The "Fugitive," imported as one of this year's 10 quality foreign films, was an overwhelming commercial success.

* The illegal use of famous U.S. brand names is also rampant in China. A few of the many examples include:

-- Cornflakes have become known as "Kongalu flakes" to Chinese consumers -- a bogus product whose trademark and packaging is identical to that of Kellogg's Cornflakes.

-- Delmonte canned products are better known in China as "Jialong" -- a flagrantly pirated version of the Delmonte trademark.

-- Sun Microsystems' trademark has been appropriated and used by a Mr. Sun, a small-scale computer manufacturer in South China who successfully markets his products by using the Sun Microsystems trademark.

-- Mineral water drinkers in China can enjoy "Pabst Blue Ribbon Water," and, when chilled by the cool night air, they can wear "Pabst Blue Ribbon" parkas, on sale in stands near the U.S. Embassy in Beijing.

* The Business Software Alliance, an association of major U.S. software manufacturers, estimates that 94 percent of the Chinese market is comprised of pirated software.

* Pirated copies of U.S. software packages are freely sold on the streets and in stores in China. For example, anyone can

walk into a store in Beijing and buy a pirated copy of Microsoft's popular Windows software package. The store simply copies it onto a few blank floppy discs while you wait for a tiny fraction of its retail price. In some places, you can even get pirated copies of the manuals on how to use the software.

- * There is a growing concern among the U.S. software industry that the production of CD-ROMs containing pirated copies of U.S. packages will explode in the near future. CD-ROMs produced in China and containing unauthorized copies of U.S. works are now flooding the Hong Kong market.
- * Chinese companies and government ministries also pirate software on a large scale for internal use. Ministries' budgets reportedly do not include monies for the purchase of software, even though software is widely used within the government.
- * China now has a production capacity of over 75 million CDs, LDs, and DC-ROMs with a domestic market of only 5 million. The vast majority of U.S. sound recordings, movies and software copied in this manner is illegal. As a result, not only is the Chinese market flooded with pirated products, the over-capacity is exported all over Asia and as far away as Canada and the United States.
- * The CDs produced in huge quantities contain some of the most famous U.S. artists. One cache of CDs recently found in Guangzhou contained the pirated songs of Whitney Houston, Billy Joel, Michael Jackson and Kenny G.
- * The proliferation of these pirated works in China and in third-country markets prevents U.S. right holders from marketing their legitimate product in those markets.

[BILLING CODE 3190-01-M]

[Docket Number 301-92]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Extension of 301 Investigation of the People's Republic of China's Protection of Intellectual Property and Provision of Market Access to Persons Who Rely on Intellectual Property Protection; Proposed Determinations; Request for Public Comment; and Notice of Public Hearing

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of determination under section 304(a)(3)(B) of the Trade Act of 1974, as amended (Trade Act), 19 U.S.C. 2414(a)(3)(B), to extend the investigation of the acts, policies and practices of the Government of the People's Republic of China (China) on the enforcement of intellectual property rights and the provision of market access to persons who rely on intellectual property protection; notice of proposed determination pursuant to section 304(a)(1) of the Trade Act, 19 U.S.C. 2414; request for public comment pursuant to section 304(b) of the Trade Act on the proposed determinations; notice of public hearing.

SUMMARY: Pursuant to section 304(a)(3)(B) of the Trade Act, the

United States Trade Representative (USTR) has determined to extend the investigation initiated under section 302(b)(2)(A) of the Trade Act of certain acts, policies and practices of China that deny adequate and effective protection of intellectual property rights and market access to person who rely on intellectual property protection. The USTR is seeking public comment concerning a proposed determination that certain acts, policies and practices of China with respect to its protection of intellectual property and provision of market access to persons who rely on intellectual property protection are unreasonable and constitute a burden or restriction on U.S. commerce. The USTR is also seeking public comment and will hold a public hearing on January 24 and 25, 1995, regarding a determination on appropriate action under section 301 being considered in response to these acts, policies and practices.

EFFECTIVE DATE: The investigation is extended through Saturday, February 4, 1995. Written comments on the proposed determinations are due by noon Monday, January 30, 1995. Requests to testify at the hearing must be submitted by noon Friday, January 13, 1995; written testimony is due by noon Wednesday, January 18, 1995; and written rebuttals are due by noon Friday, January 27, 1995.

FOR FURTHER INFORMATION CONTACT: Questions concerning the ongoing investigation or the products under consideration should be directed to Deborah Lehr, Director for China and Mongolian

Affairs (202) 395-5050, or Thomas Robertson, Assistant General Counsel (202) 395-6800; questions about the public hearing, written testimony and written comments should be directed to Sybia Harrison, Staff Assistant to Section 301 Committee, (202) 395-3432. All of the above persons are located at the Office of the United States Trade Representative, 600 17th Street, N.W., Washington, D.C. 20506.

SUPPLEMENTARY INFORMATION: On June 30, 1994, pursuant to section 302(b) of the Trade Act, the USTR initiated an investigation of those acts, policies and practices of China that were the basis for identification of China as a priority foreign country (PFC) under section 182 of the Trade Act. See 59 FR 35558 (July 12 1994). China's identification as a PFC was primarily based on its failure to create an effective intellectual property enforcement regime, causing rampant copyright piracy and trademark infringement resulting in significant damage to U.S. interests. Appropriate implementation of China's new patent law and administrative protection program for pharmaceuticals and agricultural chemicals was also of concern. Particular problems with China's present enforcement regime include, among other things, internally inconsistent laws; a lack of transparency in the enforcement structure; a lack of protection for existing works; gaps in responsibility in the enforcement structure; a lack of consistent application of the laws throughout the central, provincial and local governments; a lack of funding, training and education; conflicts of interest; burdensome and

discriminatory agency requirements that restrict foreign access to trademark protection; overly-broad compulsory licensing provisions; a failure of enforcement authorities to coordinate; and the absence of an effective border control mechanism.

China's identification as a PFC was also based on its failure to provide fair and equitable market access for persons who rely on intellectual property protection. The most serious market access problems are found in the areas of audiovisual products, sound recordings, and published written materials. Particular concerns include a hidden system of internal quotas, a lack of transparency, a lack of consistency in application, monopoly control over the importation and distribution of products embodying intellectual property, and a prohibition on the production or distribution of products embodying intellectual property that is not related to the content of those products.

Extension of Investigation

Numerous bilateral negotiations have been held on these issues since the initiation of this investigation. While China has indicated that it will take some actions to address U.S. concerns, significant movement on a majority of the U.S. issues has not been shown. These issues are too complex and complicated to resolve before the end of the six-month statutory deadline for concluding this investigation.

In light of the need for further time for negotiations to resolve these remaining issues, the USTR has determined pursuant

to section 304(a)(3)(B)(i) of the Trade Act, that "complex or complicated issues are involved in the investigation that require additional time." The investigation has thus been extended to Saturday, February 4, 1995.

Proposed Determinations and Action

If the issues which are the basis of this investigation are not resolved, the USTR proposes to determine pursuant to section 304(a)(1)(A)(ii) of the Trade Act that acts, policies and practices of the Chinese government with respect to the enforcement of intellectual property rights and the provision of market access to persons that rely on intellectual property protection are unreasonable and constitute a burden or restriction on U.S. commerce.

In the event the USTR makes such a determination, the USTR must determine pursuant to section 304(a)(1)(B) what action to take in response. The USTR proposes that, pursuant to the authority provided under section 301(c)(1)(B) of the Trade Act, to take the following action: To impose increased duties on certain products of China to be drawn from the list of products set forth in the Annex to this notice. These products represent approximately 2.8 billion dollars in U.S. imports of Chinese-origin goods over the last quarter of 1993 and the first three quarters of 1994. The decision on what specific products could be subject to increased tariffs will take into consideration the written comments provided and any written and oral testimony.

offered at the public hearing.

Public Comment on Determinations and Hearing Participation

In accordance with section 304(b) of the Trade Act, the USTR invites all interested persons to provide written comments on the proposed determinations. With respect to the proposed trade action under section 301, comments may address: (1) the appropriateness of subjecting the products listed in the Annex to this notice to an increase in duties; (2) the levels at which duties on particular products should be set; and (3) the degree to which an increase in duties on particular products might have an adverse effect on U.S. consumers. Comments will be considered in recommending any determination or action under section 301 to the USTR.

The USTR will also consider the written, oral, and rebuttal comments submitted in the context of public hearings held pursuant to section 304(b) of the Trade Act and in accordance with 15 CFR 2006.7 through 2006.9. The hearings will commence at 10 a.m. on Tuesday, January 24, 1995, and continue on Wednesday, January 25, 1995, if necessary. The hearings will be held in the Truman Room of the White House Conference Center, 726 Jackson Place, N.W., Washington, D.C. 20506.

Request to Testify: Interested persons wishing to testify orally at the hearings must provide a written request to do so by noon Friday, January 13, 1994, to Sybia Harrison, Staff Assistant

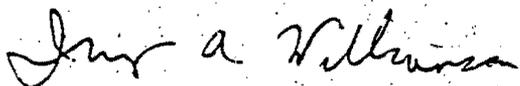
to the Section 301 Committee, Office of the U.S. Trade Representative, 600 17th Street NW, Washington DC 20506. In their request, they must provide the following information: (1) name, address, telephone number, and firm or affiliation; and (2) a brief summary of their presentation. Requests must conform to the requirements of 15 CFR 2006.8(a). After the Chairman of the Section 301 Committee considers the request to present oral testimony, Ms. Harrison will notify the applicant of the time of his or her testimony. Remarks at the hearing will be limited to 5 minutes.

Written Testimony: In addition, persons presenting oral testimony must submit their complete written testimony by noon Wednesday, January 18, 1995. In order to assure each party an opportunity to contest the information provided by other parties, USTR will entertain rebuttal briefs filed by any party by noon Friday, January 27, 1995. In accordance with 15 CFR 2006.8(c), rebuttal briefs should be strictly limited to demonstrating errors of fact or analysis not pointed out in the briefs or hearing and should be as concise as is possible.

Requirements for Submissions: Written comments on the proposed determinations under section 304 of the Trade Act, written testimony, and rebuttal briefs must be filed in accordance with the requirements set forth in 15 CFR 2006.8(b) and are due according to the relevant deadlines noted above. Comments must state clearly the position taken and describe with

particularity the supporting rationale, be in English, and be provided in twenty copies to: Chairman, Section 301 Committee, Room 223, USTR, 600 17th St., N.W., Washington, D.C. 20506.

Written comments, testimony, and briefs will be placed in a file (Docket 301-92) open to public inspection pursuant to 15 CFR 2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR 2006.15. Persons wishing to submit confidential business information must certify in writing that such information is confidential in accordance with 15 CFR 2006.15(b), and such information must be clearly marked "Business Confidential" in a contrasting color ink at the top of each page on each of the twenty copies and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary will be placed in the Docket open to public inspection.



Irving A. Williamson

Chairman, Section 301 Committee

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 23, 1994

December 23, 1994

MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

SUBJECT: Acceptance of the WTO Agreement

Being advised that Canada, the European Community, Mexico, Japan, and other major trading countries have committed to acceptance of the Uruguay Round Agreements, I have determined that a sufficient number of foreign countries are accepting the obligations of those Agreements, in accordance with article XIV of the Agreement Establishing the World Trade Organization (WTO Agreement), to ensure the effective operation of, and adequate benefits for the United States under, those Agreements.

Pursuant to section 101(b) of the Uruguay Round Agreements Act (Public Law 103-465; 108 Stat. 4809) and section 301 of title 3, United States Code, I hereby direct the United States Trade Representative, or his designee, to accept the Uruguay Round Agreements, as described in section 101(d) of that Act, on behalf of the United States in accordance with article XIV of the WTO Agreement.

You are authorized and directed to publish this memorandum in the Federal Register.

WILLIAM J. CLINTON

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| 1994 HTS Subheading | Article Description |
|------------------------|---|
| | (The bracketed language in this Annex has been included only to clarify the scope of the numbered 6-digit sub-headings covered by the action of this notice, and such language is not itself intended to describe articles on which action is being considered.) |
| | Sugar confectionery (including white chocolate), not containing cocoa: (Chewing gum, whether or not sugar-coated) Other: Confections or sweetmeats ready for consumption: [Candied nuts] |
| 1704.90.20 pt. | Other, put up for retail sale |
| | Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid: Mushrooms [Straw mushrooms] Other: |
| 2003.10.00 pt. | In containers each holding not more than 255 g, other than whole or sliced |
| | Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Carboxylic acids with alcohol function but without other oxygen function, their anhydrides, halides, peroxides, peroxyacids and their derivatives: |
| 2918.14.00 | Citric acid |
| | Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics: [Boxes, cases, crates and similar articles] |
| | Sacks and bags (including cones): Of polymers of ethylene: [Reclosable, with integral extruded closure] Other: [With no single side exceeding 75 mm in length] |
| 3923.21.00 pt. | Other |
| | Tableware, kitchenware, other household articles and toilet articles, of plastics: [Tableware and kitchenware] Other: [Curains and drapes, including panels and valances; napkins, table covers, mats, scarves, runners, doilies, centerpieces, antimacassars and furniture slipcovers; and like furnishings] |
| 3924.90.20 | Picture frames |
| 3924.90.55 | Other |

1994 HTS
Subheading

Article Description

Other articles of plastics and articles of other materials of headings 3901 to 3914:
[Office or school supplies; articles of apparel and clothing accessories
(including gloves); fittings for furniture, coachwork or the like; statuettes
and other ornamental articles]

Other:

[Buckets and pails; nursing nipples and pacifiers;
ice bags; douche bags, enema bags, colostomy bags,
hot water bottles, and fittings therefor; invalid
and similar nursing cushions; crutch tips and
grips; dress shields; finger cots; pessaries;
prophylactics; sanitary belts; bulbs for syringes;
syringes (other than hypodermic syringes) and
fittings therefor, not in part of glass or metal;
handles and knobs, not elsewhere specified or
included, of plastics; parts for yachts or
pleasure boats of heading 8903; parts of canoes,
racing shells, pneumatic craft and pleasure boats
which are not of a type designed to be principally
used with motors or sails; beads, bugles and
spangles, not strung (except temporarily) and not
set, and articles thereof, not elsewhere specified or
included; imitation gemstones; gaskets, washers
and other seals; frames or mounts for photographic
slides; belting and belts, for machinery;
clothespins; pneumatic mattresses and other
inflatable articles, not elsewhere specified or
included; waterbed mattresses and liners, and
parts of the foregoing; empty cartridges and
cassettes for typewriter and machine ribbons;
fasteners, in clips suitable for use in a
mechanical attaching device; flexible plastic
document binders with tabs, rolled or flat]

Other:

[Laboratory ware; reflective triangular
warning signs for road use]

3926.90.95 pt.

Other

Articles of apparel and clothing accessories (including gloves), for all
purposes, of vulcanized rubber other than hard rubber:

Gloves:

4015.11.00

Surgical and medical

1994 HTS
Subheading

Article Description

| | |
|----------------|---|
| | Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; traveling bags, toiletry bags, knapsacks and backpacks, handbags, shopping bags, wallets, purses, map cases, cigarette cases, tobacco pouches, tool bags, sports bags, bottle cases, jewelry boxes, powder cases, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanized fiber, or of paperboard, or wholly or mainly covered with such materials or with paper: |
| 4202.11.00 pt. | Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers: With outer surface of leather, of composition leather, or of patent leather, other than attache cases, brief cases, school satchels, occupational luggage cases and similar containers |
| | [Articles of a kind normally carried in the pocket or in the handbag] |
| 4202.91.00 pt. | Other: With outer surface of leather, of composition leather or of patent leather, other than golf, travel, sports and similar bags |
| | Articles of apparel and clothing accessories, of leather or of composition leather: |
| | Gloves, mittens and mitts: |
| | [Specially designed for use in sports] |
| | Other: |
| 4203.29.05 | Gloves of horsehide or cowhide (except calfskin) leather: Wholly of leather: With fourchettes or sidewalls which, at a minimum, extend from fingertip to fingertip between each of the four fingers |
| | Other articles of leather or of composition leather: |
| | [Shoelaces; straps and strops] |
| | Other: |
| 4205.00.80 | [Of reptile leather] |
| | Other |
| 4414.00.00 | Wooden frames for paintings, photographs, mirrors or similar objects |
| | Wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling within chapter 94: |
| 4420.10.00 | Statuettes and other ornaments, of wood |
| | Other: |
| | Jewelry boxes, silverware chests, cigar and cigarette boxes, microscope cases, tool or utensil cases and similar boxes, cases and chests, all the foregoing of wood: |
| | [Cigar and cigarette boxes] |
| 4420.90.65 | Other: Lined with textile fabrics |

1994 HTS
Subheading

Article Description

Other articles of wood:

[Clothes hangers]

Other:

[Wood dowel pins; wood blinds, shutters, screens and shades, all the foregoing with or without their hardware; toothpicks, skewers, candy sticks, ice cream sticks, tongue depressors, drink mixers and similar small wares; pickets, palings, posts and rails, the foregoing which are sawn; assembled fence sections; clothespins; canoe paddles]

Other:

[Pencil slats]

Other

4421.90.95 pt.

Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibers; box files, letter trays and similar articles, of paper or paperboard of a kind used in offices, shops or the like:

[Cartons, boxes and cases, of corrugated paper or paperboard; folding cartons, boxes and cases, of non-corrugated paper or paperboard; sacks and bags, having a base of a width of 40 cm or more]

Other sacks and bags, including cones:

[Shipping sacks and multiwall bags, other than grocers' bags]

4819.40.00 pt.

Other

Registers, account books, notebooks, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting pads, binders (looseleaf or other), folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers (including cover boards and book jackets) of paper or paperboard:

Registers, account books, notebooks, order books, receipt books, letter pads, memorandum pads, diaries and similar articles:

Diaries and address books

4820.10.20 pt.

Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings:

[Postcards]

4909.00.40 pt.

Greeting cards

Gloves, mittens and mitts, knitted or crocheted:

[Gloves, mittens and mitts impregnated, coated or covered with plastics or rubber]

Other:

[Of wool or fine animal hair; of cotton; of synthetic fibers]

Of other textile materials:

[Of artificial fibers]

Other:

[Subject to cotton, wool, or man-made fiber restraints]

6116.99.80 pt.

Other:

Of silk and containing 70 percent or more by weight of silk or silk waste

| 1994 HTS Subheading | Article Description |
|------------------------|---|
| 6213.10.10 | Handkerchiefs: Of silk or silk waste: Containing 70 percent or more by weight of silk or silk waste |
| 6214.10.10 | Shawls, scarves, mufflers, mantillas, veils and the like: Of silk or silk waste: Containing 70 percent or more by weight of silk or silk waste |
| 6403.40.30 pt. | Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather: [Sports footwear; footwear with outer soles of leather, and uppers which consist of leather straps across the instep and around the big toe; footwear made on a base or platform of wood, not having an inner sole or protective metal toe-cap] Other footwear, incorporating a protective metal toe-cap: Welt footwear: [With pigskin uppers] Other |
| 6403.91.90 pt. | [Other footwear with outer soles of leather] Other footwear: Covering the ankle [Welt footwear] Other: [For men, youths and boys] For other persons: [Work footwear] Other: For infants |
| 6403.99.90 pt. | Other: [Footwear made on a base or platform of wood] Other: [Welt footwear] Other: [For men, youths and boys] For other persons: Valued over \$2.50/pair [House slippers; work footwear] Other: [Tennis shoes, basketball shoes, and the like for women, misses, children and infants] Other: [For women] For misses, children, or infants |

1994 HTS
Subheading

Article Description

| | |
|----------------|--|
| 6404.11.20 pt. | <p>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials: Footwear with outer soles of rubber or plastics: Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like: Having uppers of which over 50 percent of the external surface area (including any leather accessories or reinforcements such as those mentioned in note 4(a) to this chapter) is leather, for women</p> |
| 6404.20.40 pt. | <p>Footwear with outer soles of leather or composition leather: Not over 50 percent by weight of rubber or plastics and not over 50 percent by weight of textile materials and rubber or plastics with at least 10 percent by weight being rubber or plastics: Valued over \$2.50/pair, for women</p> |
| 6912.00.50 | <p>Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china: [Tableware and kitchenware] Other</p> |
| 6913.10.50 | <p>Statuettes and other ornamental ceramic articles: Of porcelain or china: [Statues, statuettes and handmade flowers, valued over \$2.50 each and produced by professional sculptors or directly from molds made from original models produced by professional sculptors] Other: [Of bone chinaware]</p> |
| 6913.90.50 | <p>Other: [Statues, statuettes and handmade flowers, valued over \$2.50 each and produced by professional sculptors or directly from molds made from original models produced by professional sculptors] Other: [Of ceramic tile; of earthenware, whether or not decorated, having a reddish-colored body and a lustrous glaze, and mottled, streaked or solidly colored brown to black with metallic oxide or salt]</p> |
| | Other |

| 1994 HTS Subheading | Article Description |
|------------------------|---|
| | <p>Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal:</p> <p>Of precious metal whether or not plated or clad with precious metal: [Of silver, whether or not plated or clad with other precious metal:]</p> <p>Of other precious metal, whether or not plated or clad with precious metal: [Rope, curb, cable, chain and similar articles produced in continuous lengths, all the foregoing, whether or not cut to specific lengths and whether or not set with imitation pearls or imitation gemstones, suitable for use in the manufacture of articles provided for in this heading]</p> <p>Other: [Necklaces and neck chains, of gold; clasps and parts thereof]</p> |
| 7113.19.50 | Other |
| | <p>Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel:</p> <p>Non-threaded articles: [Spring washers and other lock washers]</p> |
| 7318.22.00 | Other washers |
| | <p>Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel:</p> <p>[Iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like]</p> <p>Other: [Of cast iron, enameled or not enameled]</p> <p>Of stainless steel:</p> <p>Cooking and kitchen ware: [Teakettles]</p> <p>Other: [Cooking ware] Kitchen ware</p> |
| 7323.93.00 pt. | |
| | <p>Other articles of copper: [Chain and parts thereof]</p> <p>Other: [Cast, molded, stamped or forged, but not further worked]</p> <p>Other: [Containers of a kind normally carried on the person, in the pocket or in the handbag]</p> <p>Other: [Coated or plated with precious metal]</p> |
| 7419.99.50 pt. | Other, except brass plumbing goods |

| 1994 HTS Subheading | Article Description |
|------------------------|---|
| | Electric motors and generators (excluding generating sets): [Motors of an output not exceeding 37.5 W, universal AC/DC motors of an output exceeding 37.5 W] |
| | Other DC motors; DC generators: Of a output not exceeding 750 W: Motors: Exceeding 74.6 W but not exceeding 735 W |
| 8501.31.40 | |
| | Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones, earphones and combined microphone/speaker sets; audio-frequency electric amplifiers; electric sound amplifier sets; parts thereof: Headphones, earphones and combined microphone/speaker sets: [Telephone handsets] Other |
| 8518.30.20 | |
| | Audio-frequency electric amplifiers: [For use as repeaters in line telephony] Other |
| 8518.40.20 | |
| | Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device: [Dictating machines not capable of operating without an external source of power] |
| | Telephone answering machines: Announce and record machines |
| 8520.20.00 pt. | |
| | Other magnetic tape recorders incorporating sound reproducing apparatus: Cassette type [Microcassette type] Other: [AC only] Other: [Without speakers other than headphones, earphones or headsets] |
| 8520.31.00 pt. | |
| | Transmission apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras: Transmission apparatus incorporating reception apparatus: Transceivers: Citizens Band (CB): [Hand-held] |
| 8525.20.15 pt. | |
| | Other: Cordless handset telephones |
| 8525.20.50 | |
| | Other: Radio telephones designed for installation in motor vehicles for the Public Cellular Radiotelecommunication Service |
| 8525.20.60 pt. | |

1994 HTS
Subheading

Article Description

| | |
|----------------|---|
| | Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528: |
| | Antennas and antenna reflectors of all kinds; parts suitable for use therewith: [Television; radar, radio navigational aid and radio remote control] |
| 8529.10.60 | Other |
| 8531.10.00 pt. | Electric sound or visual signaling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 8512 or 8530; parts thereof: Burglar alarms |
| 8536.61.00 | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for a voltage not exceeding 1,000 V: Lamp-holders, plugs and sockets: Lamp-holders |
| 8544.20.00 | Insulated (including enameled or anodized) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors: [Winding wire] Coaxial cable and other coaxial electric conductors |
| 8544.41.00 | [Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships] Other electric conductors, for a voltage not exceeding 80 V: Fitted with connectors |
| 8544.51.80 | Other electric conductors, for a voltage exceeding 80 V but not exceeding 1,000 V: Fitted with connectors: [Fitted with modular telephone connectors] |
| 8712.00.15 pt. | Other Bicycles and other cycles (including delivery tricycles), not motorized: Bicycles having both wheels exceeding 50 cm but not exceeding 55 cm in diameter |
| 9102.11.45 pt. | Wrist watches, pocket watches and other watches, including stop watches, other than those of heading 9101: Wrist watches, battery powered, whether or not incorporating a stop watch facility: With mechanical display only: Having no jewels or only one jewel in the movement: Other: [With gold- or silver-plated case] Other: Movement |

1994 HTS
Subheading

Article Description

Parts and accessories of articles of headings 9301 to 9304:

Of shotguns or rifles of heading 9303:

[Shotgun barrels]

Other:

[Of muzzle-loading shotguns or rifles]

Other:

[Of shotguns, including shotgun-rifle combinations]

Of rifles:

[Stocks]

9305.29.50

Other

Seats (other than those of heading 9402), whether or not convertible into beds, and parts thereof:

[Seats of a kind used for aircraft or motor vehicles; swivel seats with variable height adjustment; seats other than garden seats or camping equipment, convertible into beds; seats of cane, osier, bamboo or similar materials]

Other seats, with wooden frames:

Upholstered:

Chairs:

[Of teak]

9401.61.40 pt.

Household, other than teak

Other:

[Bent-wood seats]

Other:

Chairs:

[Of teak]

9401.69.60 pt.

Household, other than teak

Other seats, with metal frames:

[Upholstered]

Other:

Outdoor:

With textile covered cushions or textile seating or backing material:

[Household]

Other

9401.79.00 pt.

Other:

[Household]

Other

9401.79.00 pt.

Other:

Household

9401.79.00 pt.

| 1994 HTS Subheading | Article Description |
|------------------------|--|
| | Other furniture and parts thereof: [Metal furniture of a kind used in offices] |
| 9403.20.00 | Other metal furniture [Wooden furniture of a kind used in offices or in the kitchen] Wooden furniture of a kind used in the bedroom: [Bent-wood furniture] Other: [Designed for motor vehicle use] |
| 9403.50.90 pt. | Other, except beds Other wooden furniture: [Bent-wood furniture] |
| 9403.60.80 | Other [Furniture of plastics] Furniture of other materials, including cane, osier, bamboo or similar materials: [Of cane, osier, bamboo or similar materials] |
| 9403.80.60 pt. | Other, except household Parts: [Of furniture of a kind used for motor vehicles] Other: [Of cane, osier, bamboo or similar materials, of rubber or plastics, of textile material, except cotton, of wood] |
| 9403.90.80 pt. | Other, of metal Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included: Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares: Of base metal: Household, of brass |
| 9405.10.40 pt. | Electric table, desk, bedside or floor-standing lamps: Of base metal: [Of brass] |
| 9405.20.60 pt. | Other, household only |
| 9405.20.80 pt. | Other, household only |
| | Non-electrical lamps and lighting fittings: [Incandescent lamps designed to be operated by propane or other gas, or by compressed air and kerosene or gasoline] Other: [Of brass] Other |
| 9405.50.40 | |

| 1994 HTS Subheading | Article Description |
|------------------------|---|
| | Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof; [Snow-skis and other snow-ski equipment; parts and accessories thereof:] |
| | Water skis, surf boards, sailboards and other water-sport equipment; parts and accessories thereof: [Sailboards and parts and accessories thereof:] |
| 9506.29.00 pt. | Other, except water skis |
| | [Golf clubs and other golf equipment, and parts and accessories thereof; articles and equipment for table-tennis, and parts and accessories thereof; tennis, badminton or similar rackets, whether or not strung, and parts and accessories thereof; balls, other than golf balls and table-tennis balls; ice skates and roller skates, including skating boots with skates attached, and parts and accessories thereof] |
| | Other: [Articles and equipment for general physical exercise, gymnastics or athletics; parts and accessories thereof] |
| | Other: [Archery articles and equipment and parts and accessories thereof; badminton articles and equipment, except rackets, and parts and accessories thereof; baseball articles and equipment, except balls, and parts and accessories thereof; football, soccer and polo articles and equipment, except balls, and parts and accessories thereof; ice-hockey and field-hockey articles and equipment, except balls and skates, and parts and accessories thereof; lacrosse sticks; lawn-tennis articles and equipment, except balls and rackets, and parts and accessories thereof; skeet targets; sleds, bobsleds, toboggans and the like and parts and accessories thereof; snowshoes and parts and accessories thereof] |
| 9506.99.55 | Swimming pools and wading pools and parts and accessories thereof |
| 9506.99.60 pt. | Other, except nets not elsewhere specified or included |
| | Fishing rods, fish hooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets; decoy "birds" (other than those of heading 9208 or 9705) and similar hunting or shooting equipment; parts and accessories thereof: |
| 9507.10.00 pt. | Fishing rods |
| | Ball point pens; felt tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating styli; propelling or sliding pencils (for example, mechanical pencils); pen-holders, pencil-holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 9609: |
| 9608.10.00 | Ball point pens |

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 23, 1994

TO IMPLEMENT THE TRADE AGREEMENTS RESULTING FROM
THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS,
AND FOR OTHER PURPOSES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. On April 15, 1994, the President entered into trade agreements resulting from the Uruguay Round of multilateral trade negotiations ("the Uruguay Round Agreements"). In section 101(a) of the Uruguay Round Agreements Act ("the URAA") (Public Law 103-465; 108 Stat. 4809), the Congress approved the Uruguay Round Agreements listed in section 101(d) of that Act.

2. (a) Sections 1102(a) and (e) of the Omnibus Trade and Competitiveness Act of 1988, as amended ("the 1988 Act") (19 U.S.C. 2902(a) and (e)), authorize the President to proclaim such modification or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties, as he determines to be required or appropriate to carry out any trade agreements entered into under those sections.

(b) Accordingly, I have determined that it is required or appropriate in order to carry out the Uruguay Round Agreements, which were entered into under sections 1102(a) and (e) of the 1988 Act (19 U.S.C. 2902(a) and (e)), that I proclaim the modifications and continuances of existing duties, duty-free treatments, excise treatments, and additional duties set forth in the Annex to this proclamation.

3. (a) Section 111(a) of the URAA authorizes the President to proclaim such other modification of any duty, such other staged rate reduction, or such other additional duties beyond those authorized by section 1102 of the 1988 Act (19 U.S.C. 2902) as the President determines to be necessary or appropriate to carry out Schedule XX--United States of America, annexed to the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994 ("Schedule XX").

(b) Accordingly, I have determined that it is necessary or appropriate to carry out Schedule XX to proclaim such other

such other additional duties, beyond those authorized by section 1102 of the 1988 Act (19 U.S.C. 2902), as are set forth in the Annex to this proclamation.

4. Section 111(d) of the URAA requires the President to proclaim the rate of duty set forth in Column B of the table set forth in that section as the column 2 rate of duty for the subheading of the Harmonized Tariff Schedule of the United States ("HTS") that corresponds to the subheading in Schedule XX listed in Column A.

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(OVER)

5. (a) Section 22(f) of the Agricultural Adjustment Act ("the Adjustment Act") (7 U.S.C. 624(f)), as amended by section 401(a)(1) of the URAA, provides that, as of the date of entry into force of the Agreement Establishing the World Trade Organization ("the WTO Agreement"), no quantitative limitation or fee shall be imposed under that section with respect to any article that is the product of a World Trade Organization member, as defined in section 2(10) of the URAA.

(b) Section 401(a)(2) of the URAA further provides that, with respect to wheat, amended section 22(f) of the Adjustment Act (7 U.S.C. 624(f)) shall be effective on the later of the date of entry into force of the WTO Agreement or September 12, 1995.

(c) Accordingly, I have decided that it is necessary to provide for the termination of all quantitative limitations and fees previously proclaimed under section 22 of the Adjustment Act (7 U.S.C. 624), other than those for wheat, as provided in the Annex to this proclamation.

6. (a) Section 404(a) of the URAA directs the President to take such action as may be necessary in implementing the tariff-rate quotas set out in Schedule XX to ensure that imports of agricultural products do not disrupt the orderly marketing of commodities in the United States.

(b) Section 404(d)(3) of the URAA authorizes the President to allocate the in-quota quantity of a tariff-rate quota for any agricultural product among supplying countries or customs areas and to modify any allocation, as he determines appropriate.

(c) Section 404(d)(5) of the URAA authorizes the President to proclaim additional U.S. note 3 to chapter 17 of the HTS, dealing with imports of sugar, together with appropriate modifications thereto, to reflect Schedule XX.

(d) Section 405 of the URAA directs the President to cause to be published in the Federal Register the list of special safeguard agricultural goods and, if appropriate, to impose price-based or volume-based safeguards with respect to such goods consistent with Article 5 of the Agreement on Agriculture annexed to the WTO Agreement, and authorizes the President to exempt from any safeguard duty any goods originating in a country that is a party to the North American Free Trade Agreement ("the NAFTA").

7. Presidential Proclamation No. 6641 of December 15, 1993, implemented the NAFTA with respect to the United States and, pursuant to sections 201 and 202 of the North American Free Trade Agreement Implementation Act ("the NAFTA Act") (19 U.S.C. 3331 and 3332), incorporated in the HTS the tariff modifications and rules of origin necessary or appropriate to carry out or apply the NAFTA. Certain technical errors were made in the

to reflect accurately the intended tariff treatment and rules of origin provided for in the NAFTA, it is necessary to modify certain provisions of the HTS, as set forth in the Annex to this proclamation.

8. Presidential Proclamation No. 6455 of July 2, 1992, implementing the Andean Trade Preference Act ("the ATPA") (19 U.S.C. 3201 et seq.), provided duty-free entry for all eligible articles, and duty reductions for certain other articles that are the product of any designated beneficiary country under that Act. Through technical error, the tariff

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treatment of ethyl alcohol, ethyl tertiary-butyl ether, and mixtures containing these products was incompletely stated. Accordingly, I have decided that it is appropriate to modify the provisions of subchapter I of chapter 99 of the HTS to provide fully for the tariff treatment of such products under the ATPA.

9. Section 242 of the Compact of Free Association ("the Compact") between the United States and Palau provides that, upon implementation of the Compact, the President shall proclaim duty-free entry for most products of designated freely associated states. Such duty-free treatment, pursuant to the Compact of Free Association Approval Act ("the Compact Act") (Public Law 99-658; 100 Stat. 3672, 48 U.S.C. 1681 note), is subject to the limitations of section 201 of the Compact Act and sections 503(b) and 504(c) of the Trade Act of 1974 ("the 1974 Act") (19 U.S.C. 2463(b) and 2464(c)). In Presidential Proclamation No. 6726 of September 27, 1994, I proclaimed that the Compact would enter into force on October 1, 1994. In order to accord such duty-free treatment to products of Palau, I have decided that it is necessary and appropriate to modify general note 10 to the HTS to designate the Republic of Palau as a freely associated state. Further, I have decided that it is appropriate to modify general note 4(a) to the HTS, which enumerates designated beneficiary countries for purposes of the Generalized System of Preferences, to delete Palau from the list of non-independent countries and territories.

10. Presidential Proclamation No. 5759 of December 24, 1987, imposed increased rates of duty on certain products of the European Community ("EC"), in response to the EC's implementation of the Council Directive Prohibiting the Use in Livestock Farming of Certain Substances Having a Hormonal Action. Austria, Finland, and Sweden have indicated that they will become member states of the EC on January 1, 1995. Accordingly, to clarify that the increased rates of duty imposed by Proclamation No. 5759 continue to apply to the EC in its capacity as a foreign instrumentality, it is necessary to amend the HTS to indicate that the duties are to be imposed on products of the EC, including products of all new and future member states, and not just on products of countries that were members of the EC in 1987 and that were listed in the HTS for illustrative purposes.

11. Additional U.S. note 24 to chapter 4 of Schedule XX provides for a delay in the effective date, or prorating, of the expansion of tariff-rate quotas for cheeses above the existing quota quantities provided for in subchapter IV of chapter 99 of the HTS that will result from the implementation of United States commitments under the Uruguay Round Agreements, in the case of countries or areas that implement their market access commitments on a date later than the effective date of Schedule XX. The current members of the European Community (Belgium, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, and the United Kingdom), Austria, Poland, Sweden, and Switzerland all have indicated their intention not to

12. Section 604 of the 1974 Act (19 U.S.C. 2483) authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, of other acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to section 604 of the 1974 Act (19 U.S.C. 2483), section 1102 of the 1988 Act (19 U.S.C. 2902), sections 201 and 202 of the NAFTA Act (19 U.S.C. 3331 and 3332), and title I and title IV of the URAA, do hereby proclaim:

(1) In order to provide generally for the tariff treatment being accorded under the Uruguay Round Agreements, including the modification or continuance of existing duties or other import restrictions and the continuance of existing duty-free or excise treatment provided for in Schedule XX, the URAA, and the other authorities cited in this proclamation, including the termination of quantitative limitations and fees previously imposed under section 22 of the Adjustment Act (7 U.S.C. 624), the HTS is modified as set forth in the Annex to this proclamation.

(2) (a) The modifications to the HTS made by sections A (except with respect to paragraphs thereof specifying other effective dates), C, E, and IJ of the Annex to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on and after January 1, 1995;

(b) The modifications to the HTS made by sections B, D(1)-(5), F, G, H, and L of the Annex to this proclamation, and by those paragraphs of section A specifying effective dates other than January 1, 1995, shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on and after the dates set forth in such sections of the Annex;

(c) The modifications to the HTS made by section D(6) of the Annex to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on and after the dates set forth in such section, unless the United States Trade Representative (USTR) announces that the scheduled staged duty reductions set forth in such Annex section are being withheld because other major countries have not afforded adequate entity coverage under the Agreement on Government Procurement annexed to the WTO Agreement, and so advises the Secretary of the Treasury and publishes this information in a notice in the Federal Register;

(d) The modifications to the HTS made by section D(7) of the Annex to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on and after the date announced by the USTR in a

Accordingly, I have determined, pursuant to my authority under sections 111(a) and (b) of the URAA and section 1102 of the 1988 Act (19 U.S.C. 2902), that it is appropriate not to make available the amounts specified in section K of the Annex to this proclamation until July 1, 1995.

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(OVER)

(e) Section K of the Annex to this proclamation, providing for a delay in implementation of the expansion of tariff-rate quotas of cheeses, applies during the period January 1, 1995, through June 30, 1995, unless the USTR determines that it is in the interest of the United States for any such delays to apply to a different period and publishes notice of the determination and applicable period in the Federal Register. The USTR also is authorized to prorate over the applicable period any of the quantities that may be imported.

(3) The USTR is authorized to exercise my authority under section 404(d)(3) of the URAA to allocate the in-quota quantity of a tariff-rate quota for any agricultural product among supplying countries or customs areas and to modify any allocation as the USTR determines appropriate.

(4) The Secretary of Agriculture is authorized to exercise my authority to make determinations under section 405(a) of the URAA and to publish those determinations in the Federal Register.

(5) Effective January 1, 1995, in order to clarify that the additional duty provided for in subheadings 9903.23.00 through 9903.23.35, inclusive, of the HTS shall apply to new member states of the European Community, the superior text to those subheadings is modified as provided in the Annex to this proclamation. The USTR is authorized to alter the application of the increased duties imposed by Presidential Proclamation No. 5957, as modified herein, by further modifying the superior text to those subheadings so that it reflects accurately all member states of the European Community or any successor organization. Notice of any such modification shall be published in the Federal Register.

(6) Whenever the rate of duty in the general subcolumn of rates of duty column 1 of the HTS is reduced to "Free", all rates of duty set forth in the special subcolumn of column 1 shall be deleted from the HTS.

(7) The USTR, the Secretary of Agriculture, and the Secretary of the Treasury are authorized to exercise my authority under the statutes cited in this proclamation to perform certain functions to implement this proclamation, as assigned to them in the Annex to this proclamation.

(8) Paragraphs (1)-(4), (6), and (7) shall be effective on January 1, 1995, unless the USTR announces prior to that date that the WTO Agreement will not enter into force on that date.

(9) All provisions of previous proclamations and Executive orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-third day of December, in the year of our Lord nineteen hundred and ninety-four, and of the Independence

other major countries have afforded adequate entity coverage under the Agreement on Government Procurement annexed to the WTO Agreement; and

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WILLIAM J. CLINTON

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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20506

FOR IMMEDIATE RELEASE
Thursday, December 22, 1994

94-72
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Statement of the U.S. Trade Representative

The Government of Canada has announced decisions regarding broadcasting, magazine publishing, and the reform of domestic copyright laws which directly affect and adversely discriminate against U.S. interests. USTR, in close consultation with U.S. industry, is examining all of its options, including retaliation options, to appropriately respond to these unacceptable developments.

The Canadian Radio - television and Telecommunication Commission (CRTC) decision to evict Country Music Television (CMT) on January 1, 1995, after 10 years of developing the country music television market in Canada, amounts to nothing less than a confiscation of CMT's business, and will reflect negatively on Canada as a safe and secure place to invest. CMT is being replaced by a new, directly competitive, Canadian-owned service. Earlier this week the Federal Court of Canada denied CMT's appeal from the CRTC decision on the narrow issue of whether or not CMT was granted due process.

The CRTC decision also compromises the interests of Canadian country artists and performers who, through CMT's worldwide showcase, have been broadcast throughout Canada, the United States, Europe, and Asia, and would soon have been seen in Latin America. Unless the government acts quickly, Canadian artists' access to this global audience will be threatened. CMT has now appealed to Prime Minister Jean Chretien to have the Government of Canada review the CRTC decision, particularly in light of its potentially negative implications for Canada's trade and investment climate. Ambassador Kantor has also written Trade Minister MacLaren strongly and urgently requesting the Government to reverse this decision, eliminate this discriminatory CRTC policy and allow all broadcast services to compete fairly in the Canadian market.

In addition, the Government of Canada today announced that it will seek legislation to implement an 80 percent tax on the

advertising revenue of so called "split-run" editions of foreign magazines published in Canada. The clear intent of this legislation is to prevent the further publication of Sports Illustrated Canada, despite the strong support it enjoys from Canadian readers. The tax will not only affect Sports Illustrated Canada, but also any such future split-run editions of foreign publications.

The Canadian Government has also announced that it will seek legislation to establish a public performance right for record producers and performers and a levy on the sale of blank audio tapes. The revenues collected from these programs are intended to compensate performers and producers for the performance and home-taping of their works in Canada. The United States would be extremely concerned if such legislation were to deny U.S. performers and producers their fair share of these revenues. Rather than being distributed to U.S. performers and producers, these revenues, we have been led to believe, may be given to Canadian performers and producers to subsidize their operations. This treatment would be particularly unacceptable in light of the fact that Canadian performers and producers are granted their fair share of similar revenues in the United States.

The United States Government sees these developments as concrete evidence of an increasing and disturbing trend in Canada toward the implementation of policies which are intended to protect Canadian industry by discriminating against legitimate U.S. broadcasting, publishing and copyright interests in Canada. In an era of rapidly changing communication technologies and the development of the information superhighway, it is difficult to understand the Government of Canada's implementing such policies, which are directly contrary to the global trend toward liberalization and cooperation in these sectors.

Representatives of the United States Government will be in direct communication with their Canadian counterparts in the days and weeks ahead in an effort to persuade Canada of the necessity to alter this unacceptable course of action.

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FOR IMMEDIATE RELEASE
Wednesday, December 21, 1994

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AGREEMENT REACHED ON SHIPBUILDING

The key shipbuilding nations, accounting for almost 80 percent of world shipbuilding, signed the Final Act of a multilateral agreement in Paris today that will eliminate government subsidies and other trade-distorting practices in the world shipbuilding sector. Signing this agreement signals the conclusion to nearly five years of negotiations and realizes a key element in the plan announced by President Clinton in October 1993 to strengthen the competitiveness of America's shipyards. The ceremony yesterday clears the way for ratification of the agreement by the various Parties.

"The signing of this agreement completes the process initiated in July when a text was forged in Paris creating the conditions under which all shipbuilding countries can compete fairly," said U.S. Trade Representative Mickey Kantor. "The Administration will now work with Congress to develop implementing legislation leading to its entry into force as scheduled on January 1, 1996. The agreement, which eliminates foreign subsidies and creates strong international rules in the shipbuilding sector, is a decisive step toward ensuring a truly competitive international market for our industry while lessening the chance that trade conflicts will erupt as occurred in the 1980s."

The agreement covers the construction and repair of self-propelled seagoing vessels of 100 gross tons and above. It will eliminate subsidies and other distortive practices, both direct and indirect and provide for effective enforcement of these prohibitions. The agreement also will set strong common rules for domestic and export credit financing for ships and establish an injurious pricing mechanism to prevent dumping in this sector. The home-build provisions of the Jones Act will not be changed by the Agreement.

Participants in the negotiations, which have been conducted under the auspices of Organization for Economic Cooperation and

Development (OECD), include the European Union, Japan, Korea, Finland, Norway, Sweden, and the United States. The agreement was accepted by all delegations in July and went through a "legal scrub" in September leading to the signing of the Final Act yesterday. The Clinton Administration will submit implementing legislation to Congress next year to bring U.S. law into compliance with the Agreement and provide for the administration of the injurious pricing discipline.

Conclusion of an OECD agreement to eliminate subsidies in the shipbuilding sector, which has been characterized by heavy government subsidization and chronic dumping, has been a major objective of the U.S. government and industry for almost five years.

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FOR IMMEDIATE RELEASE
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UNITED STATES AND UZBEKISTAN SIGN BILATERAL INVESTMENT TREATY

The United States and Uzbekistan today signed a Bilateral Investment Treaty (BIT). United States Trade Representative (USTR) Ambassador Kantor and Uzbekistan Deputy Prime Minister and Minister for Foreign Economic Relations Sultanov signed the treaty in Washington.

The BIT guarantees the rights to invest on terms no less favorable than those accorded domestic or third-country investors. It also guarantees the free transfer of capital, profits and royalties, freedom from performance requirements of any kind, access to international arbitration, and internationally recognized standards of expropriation and compensation.

"This treaty represents another step we have taken together to create a better basis for trade and investment relations between our countries," said Kantor. "Together with the Trade Agreement's provisions on trade and the protection of intellectual property, it is a key element of an open investment climate. We expect it will further strengthen economic links between our countries."

The BIT is the thirty-second signed by the United States.

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FOR IMMEDIATE RELEASE
Thursday, December 15, 1994

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U.S. AND CANADA ESTABLISH CONSULTATIVE PROCESS ON SOFTWOOD LUMBER

United States Trade Representative Michael Kantor and Secretary of Commerce Ron Brown announced today agreement with the Government of Canada to establish a bilateral consultative process on trade in softwood lumber and related forestry resource issues. The purpose of this consultative process is to establish an ongoing dialogue to create better understanding, to resolve problems, and to try to avoid the need for future trade measures.

"From the U.S. standpoint, a key purpose of the consultations is to try to address the problem of injurious subsidies, over which the United States and Canada, and our respective softwood lumber industries, have been locked in dispute for more than a decade," Ambassador Kantor said. "We think the moment is right to attempt a consultative process in an effort to settle our differences without having to resort to the kind of litigation we have seen in the past," Kantor noted.

Many positive changes in provincial forestry resource management programs have already been announced in Canada. The United States hopes that those announcements are indicative of the general direction in which Canada and its provinces intend to continue in coming years. The United States believes that movement toward market-oriented systems of forest resource management, along with mechanisms to ensure they remain in place, and the easing of existing bilateral trade barriers, hold the best prospect for mitigating the possibility of future contentiousness and litigation.

"I welcome this move toward conciliation and consultation with Canada, our largest trading partner, on the issue of softwood lumber", Secretary Brown said. "There is no higher priority for our bilateral trade relationship with Canada than seeing these consultations succeed. We intend to put together an interagency team knowledgeable in trade and forestry resource management issues in order to try to ensure that these consultations are mutually productive and beneficial. We also plan to consult

closely and evaluate this process with the U.S. industry," Secretary Brown said.

Also today, the Coalition for Fair Lumber Imports is announcing that it is dropping the lawsuit challenging the constitutionality of the binational dispute settlement process and the decision of the binational panel in the softwood lumber case. This step will contribute greatly to a positive environment in which to commence the consultative process.

Separately, the Department of Commerce has determined under the authority of the Tariff Act of 1930 to refund the remainder of cash deposits with interest held under the countervailing duty (CVD) order issued in 1992 on softwood lumber from Canada. This refund has no impact on the Federal budget.

Both the Governments of Canada and the United States believe that these announcements concerning the constitutional challenge and countervailing duty (CVD) cash deposits represent very positive steps in moving beyond litigation and dispute toward a more positive and mutually advantageous atmosphere for bilateral lumber trade. The dialogue being announced today represents an effort to capitalize on this new atmosphere of cooperation and conciliation by launching a process aimed at greater mutual understanding and therefore an enhanced ability to resolve problems.

Attached is a document, "Elements of a Consultative Process", which outlines this consultative process more specifically. This document has been agreed upon by both governments, and is being announced simultaneously today in Ottawa by Minister for International Trade Roy MacLaren.

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FOREIGN SHARE OF JAPANESE SEMICONDUCTOR MARKET
HITS 23.2%

Foreign share of the Japanese semiconductor market hit a record 23.2% in the third quarter of 1994, surpassing the previous high of 21.9% set in the previous quarter.

"I welcome the continued improvement in the foreign share of Japan's semiconductor market," said Ambassador Mickey Kantor. "This is a very positive development and demonstrates the success that can be achieved by a results-oriented agreement coupled with the vigorous, sustained efforts of both the U.S. and Japanese industries and the two governments to implement that agreement. We need to recall, however, that not long ago progress under the agreement was deemed insufficient and foreign market share was lagging far below expectations. While our efforts under the agreement have resulted in a considerable improvement in foreign market share over the past two years, we need to recommit ourselves to the gradual and steady progress called for under the agreement in order to prevent backsliding."

The foreign 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 19.4 percent in 1993.

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% |

*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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AGREEMENT FINALIZED WITH JAPAN ON FLAT GLASS

The U.S. and Japan have reached final agreement to open the Japanese flat glass market to foreign suppliers, following on the agreement in principle reached by Ambassador Michael Kantor and MITI Minister Ryutaro Hashimoto on October 1.

"This agreement meets all our goals and is enthusiastically welcomed by our industry," Ambassador Kantor said. "It also demonstrates that the Clinton Administration's results-oriented trade policy toward Japan is working to open up that important market."

"The Government of Japan has agreed that the goal of this agreement is to increase market access and sales for competitive foreign glass, regardless of capital affiliation," according to Ambassador Kantor. "We have solid objective criteria with which to judge the results."

In an unprecedented development, a statement will be issued by Japan's flat glass distributors announcing their intention to diversify their supply sources and avoid discrimination based on capital affiliation, an important first step in breaking up keiretsu relationships in this sector. Japan's three flat glass manufacturers will also issue a statement reaffirming that distributors are free to purchase from any supplier, including foreign glass manufacturers.

The impact of these public statements cannot be overstated -- the Japan Fair Trade Commission has reported on the unwillingness of many glass distributors to carry foreign glass, or even the glass of a second Japanese manufacturer. Real competition will be injected into this sector for the first time, and market forces will start to operate.

According to Ambassador Kantor, "This agreement is not only good for foreign flat glass manufacturers, but it is also good for the Japanese consumer, who will benefit from lower prices for glass

products and, thus, lower housing costs as well as energy conservation through increased use of insulating glass."

The agreement also includes provisions for the expanded use of safety and insulating glass windows, areas where American firms have a clear competitive advantage; significant import promotion measures by the Japanese Government; and a Japanese Government commitment to end discrimination in public sector procurement of flat glass.

Ambassador Kantor also said, "I want to recognize my negotiating team for a tremendous effort -- Deputy USTR Ambassador Charlene Barshefsky, Assistant USTR Ira Wolf, Senior Advisor for Japan David Burns, and Assistant General Counsel James Southwick."

FLAT GLASS: FACT SHEET

Anti-competitive Practices

- Japan's flat glass industry systematically excludes foreign competition.
- The \$4.5 billion Japanese flat glass market, the second largest in the world, is dominated by an oligopoly of three large producers with separate, exclusive, distribution systems.
- The three Japanese Glass manufacturers, Asahi Glass Company, Ltd, Nippon Sheet Glass, and Central Glass Company, supply 95-97 percent of the Japanese market, either through production in Japan or imports from their subsidiaries or affiliates abroad.
- Since the late 1960's, these three producers have maintained steady market shares, and have changed prices, capacity and product mix in near lock-step.
- Evidence of an uncompetitive market structure in Japan abounds. Glass prices in Japan have remained substantially above world prices, despite the lack of any quality or technology advantages by the Japanese producers.
- The reason is simple: Japan's three producers control the market through effectively exclusive, parallel distribution systems.
- Japan's own Fair Trade Commission (JFTC) has recognized that this distribution system restricts market access and raises concerns about anti-competitive practices: Its 1993 report on this market states that:

"In the Japanese market for flat glass, highly concentrated with three manufacturers practically dominating the market, all three of them have adopted a parallel marketing setup mostly composed of de facto exclusive agents. This would seem to be one of the factors that discourages suppliers other than these three manufacturers to access the market. At the same time, it would seem to have the aspect of facilitating oligopolistic concerted conduct among the three manufacturers."

Competitiveness of U.S. Glass

- Glass manufactured by U.S. glass companies is high quality.
- Over the past several years, U.S. flat glass imported into Japan has been priced 20 to 95 percent lower than Japanese glass, (depending on thickness).

- U.S. glass makers are competitive in all types of glass, but particularly in advanced technology products such as insulated, coated, and safety glass.
- Even though American flat glass makers are globally competitive -- with market shares exceeding 25% in Europe and Latin America -- the U.S. firms have less than 1% of Japan's \$4.5 billion market after 25 years of effort. Indeed all foreign affiliated suppliers only have 3% of the Japanese market.

Terms of the Agreement:

- Japanese glass distributors will issue unprecedented public statements that they will diversify their sources of supply to include competitive foreign glass suppliers and that they will avoid discrimination based on capital affiliation. Japanese glass manufacturers will also issue a separate statement supporting diversification in their previously exclusive distribution networks.
- The GOJ will work with the Japanese glass industry to assure that there is no discrimination in the Japanese glass market based on the capital affiliation of the supplier.
- The GOJ will promote increased competition in the procurement of glass for construction projects, including large-scale construction projects, and procure glass for construction projects based on nondiscriminatory technical and performance specifications and competitive commercial terms and conditions.
- The two governments will evaluate progress achieved toward the goals of the Framework and the goals of the Measures using qualitative and quantitative criteria, including:
 - Change in the extent to which Japanese glass distributors deal in or use imported flat glass, regardless of capital affiliation;
 - Change in the sales and market share of foreign flat glass in Japan;
 - Change in the sales (volume and value) of insulating and safety glass in Japan.

In other provisions, the Agreement provides for:

- Tender documentation for construction service procurements covered by the Public Works Action Plan will state that the bid and subcontractors will be selected for the project on a non-discriminatory basis with proper consideration given to competitive business offers from foreign glass manufacturers.

- Active Japanese Government promotion of the use of safety and insulating glass windows and other energy conservation windows in Japan, in residential and commercial buildings.
- Establishment by the GOJ in government or quasi government-funded projects of contact points where flat glass manufacturers, including foreign flat glass manufacturers will be able to explain their products.
- In the procurement of construction services covered by the Public Works Action Plan, published procurement notices by the Japanese Government agencies included in the announcement of major construction materials to be required.
- Reaffirmation by the Japan Fair Trade Commission of its commitment to enforce the Anti-Monopoly Act in the glass sector.
- Data from MITI, on an annual basis, on the sales (volume and value) of flat glass in Japan, imports (volume and value) of flat glass into Japan in the aggregate and by country of export; and sales (value and volume in Japan) of insulating glass and safety glass; and the total value of construction-related foreign and domestic flat glass procured by general contractors which have voluntarily established contact points.
- Annual survey of glass distributors to collect data indicating the extent to which they deal in or use imported flat glass and the percentage (by volume and by value) of flat glass procured or used that is imported and that comes directly or indirectly from manufacturers other than the traditional supplier of the distributor or glazier.
- Annual consultations to assess implementation of the Measures, based on the qualitative and quantitative criteria.

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FOR IMMEDIATE RELEASE
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MEDIA ADVISORY

USTR Kantor and leaders from the countries of the Caribbean had a very useful discussion. The Caribbean leaders explained clearly the vital importance of bananas to their economic survival and political stability.

USTR Kantor stressed U.S. support for trade preferences for the Caribbean, including under the Lome Agreement until the year 2002. "Our problem is with the discriminatory practices of the European Union (EU), not with the benefits Caribbean countries have under Lome," he said. Ambassador Kantor explained that the section 301 investigation of EU practices will continue.

"I want to work with you on finding mutually acceptable solutions to this problem," Kantor stressed.

The leaders agreed to begin immediately a dialogue between the United States and the Caribbean countries on the banana issue at the technical level. The terms of reference for the dialogue will be worked out, if possible this weekend.

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FOR IMMEDIATE RELEASE
December 5, 1994

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U.S. TRADE REPRESENTATIVE MICKEY KANTOR
ANNOUNCES THE MEMBERS OF THE INVESTMENT AND SERVICES
POLICY ADVISORY COMMITTEE

Today, U.S. Trade Representative Michael Kantor announced the appointment of 30 members to the Investment and Services Policy Advisory Committee [INSPAC].

The committee is responsible for providing policy advice to the U.S. Trade Representative on issues involving investment, services and trade. It is composed of CEOs and senior level executives from the services, banking, recording, legal, telecommunications, entertainment and cable industries.

Ambassador Kantor described the INSPAC as "exceptionally qualified to tackle the difficult and challenging trade issues involving investment and services. The strength and leadership of the members on the INSPAC will offer USTR a broad spectrum of advice that will prove invaluable in shaping trade policy."

The members serve a two-year term. The INSPAC is administered by the U.S. Trade Representative.

The 30 appointees are:

John H. Adams, Executive Director of Natural Resources Defense Council

Lester M. Alberthal Jr., Chairman, President and CEO of Electronic Data Systems Corporation, who has been appointed to serve as the Chair of the INSPAC.

Clarence A. Avant, Chairman of Motown Record Company

Jason A. Berman, Chairman and CEO of Recording Industry Association of America

Michael R. Bonsignore, Chairman and CEO of Honeywell Inc.

Lunsford Bridges, President of Metropolitan National Bank

F. Amanda DeBusk, Partner at O'Melveny & Myers

William H. Donaldson, Chairman and CEO of the New York Stock Exchange

Eugene Eidenberg, Executive Vice-President & Group Executive of MCI International Group

Governor James Florio, Professor for Public Policy and Administration for Rutgers University

Rich Frank, President of the Walt Disney Studios

Jay D. Hair, President of the National Wildlife Federation

John R. Hall, Chairman and CEO of Ashland Oil

Paul N. Keller, President of Keller Construction Company

Robert F. Kelley, Managing Partner for Governmental Affairs of Arthur Anderson & Co.

Kay Koplowitz, Founder, President and CEO of USA Networks

Charles S. Levy, Partner at Wilmer, Cutler and Pickering

Drew Lewis, Chairman, President and CEO of Union Pacific Corporation

Whitney Macmillan, Chairman and CEO of Cargill, Incorporated

Jay Mazur, President of Int'l Ladies' Garment Workers' Union

Linda K. Paresky, Co-Chairperson of Thomas Cook Travel

Charles De Queljoe, Executive Director, Investment Banking Division of Lippo Group

Ed L. Romero, Founder and President of Advanced Sciences Incorporated

Richard Rosenberg, CEO of Bank of America

Michael P. Schulhoff, CEO of Sony Corporation of America

John J. Sweeney, President of Services Employees Int'l Union, AFL-CIO

Richard Teerlink, President and CEO of Harley-Davidson, Inc.

Solomon Trujillo, President and CEO of US West Marketing Resources

Angelo K. Tsakopoulos, President of AKT Development Corporation

Charles Uribe, Chairman of the Board of AJ Contracting

Mark R. Warner, Managing Partner of Capital Cellular Corporation

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FOR IMMEDIATE RELEASE
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STATEMENT BY AMBASSADOR KANTOR

United States Trade Representative Mickey Kantor today announced "out-of-cycle" review decisions with respect to certain countries under the U.S. Government's "special 301 program" designed to advance the protection of intellectual property rights. The reviews affected three countries--Greece, Egypt and the United Arab Emirates. An out-of-cycle review of India is scheduled for the end of January 1995. An out-of-cycle review of El Salvador was concluded in June 1994 with a decision to maintain this country on the "watch list."

Today's decision demonstrates the Administration's resolve to maintain pressure on countries throughout the year to provide adequate and effective protection of intellectual property.

In April 1994, at the time of the last annual special 301 review, Kantor identified 37 trading partners that deny adequate and effective protection of intellectual property or deny fair and equitable market access to United States persons that rely upon intellectual property protection. At that time, Kantor placed Greece, Egypt and the United Arab Emirates on the special 301 "watch list" and stated that he would conduct out-of-cycle reviews of their status under the special 301 program in the autumn.

Kantor has completed these out-of-cycle reviews and today made the following determinations:

Greece has been elevated to the "priority watch list."

Greece has been on the watch list for six years. USTR's April 30, 1994 special 301 announcement stated "motion picture and sound recording piracy, including unauthorized broadcasts by numerous pirate T.V. stations in Greece, remain major areas of concern." The problem centers largely on the Greek government's failure to act against a large number of unlicensed television stations that thrive on unauthorized broadcasts of U.S. motion pictures. The U.S. motion picture industry is harmed by these unauthorized broadcasts because the pirate stations pay them no compensation for televising their films, and this unauthorized screening has caused a significant fall-off in legitimate theatrical attendance and video sales and rentals.

Continued Greek inaction on this problem until very recently prompted Kantor to raise Greece to the "priority watch list." Kantor stated: "We note that the Greek Government has very recently moved against one such station. We hope this is the start of a sustained campaign against these

unauthorized broadcasts, in which case we would be prepared to reexamine Greece's status in the special 301 program. Conversely, continued Greek inattention to our concerns would only exacerbate the problem."

Egypt will remain on the "watch list."

After being on the "priority watch list" in 1992 and 1993, Kantor moved Egypt to the "watch list" in April 1994 after it enacted a good copyright law and made strong enforcement efforts. Kantor has also been encouraging the Egyptian government to pass a new patent law that would provide immediate product patent and pipeline protection for pharmaceuticals and agricultural chemicals. He has indicated his belief that a modern patent law would benefit the Egyptian people and serve as a model for the region. However, some in Egypt are advocating utilization of a long transition period before providing such protection.

In April Kantor decided to continue monitoring this situation until the fall out-of-cycle review. A U.S. team recently visited Egypt to consult on this matter. Given that patent legislation remains under consideration in the Egyptian government and then will be submitted to the People's Assembly, Kantor decided to keep this matter under review. Kantor stated: "The Egyptians should understand that strong patent protection will encourage the investment and technology transfer needed to accelerate Egypt's economic development. It could also provide the incentive necessary to get important pharmaceuticals and agricultural chemicals to the Egyptian market for the benefit of the Egyptian people. This protection is particularly important in establishing a basis for biotechnology cooperation under any Science and Technology Agreement between our two countries."

The United Arab Emirates will remain on the "watch list."

The UAE has been on the watch list since 1991 because of rampant copyright piracy problems. During the 1994 annual review in April, U.S. copyright-based industries urged the USTR to elevate the UAE to the "priority watch list." Because the UAE had recently begun to move against such piracy, Kantor deferred this decision until the fall out-of-cycle review in order to continue monitoring these efforts.

Kantor stated: "The out-of-cycle review has confirmed that the UAE has made very good progress in eliminating motion picture and sound recording piracy. For this they should be commended. However, we continue to be concerned about software piracy and other IPR-related matters in the UAE. I have instructed my officials to continue working with the UAE in addressing these problems. The positive record of enforcement in the audiovisual sector in recent months makes us optimistic that these other concerns will be addressed effectively by the time of next annual review in April, 1995 to permit us to remove the UAE from the watch list as well."