

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

OFFICE OF PUBLIC & MEDIA AFFAIRS
600 17th Street, N.W.
Washington, D.C. 20508
Phone: 202.395.3230/ Fax: 202.395.7226

**TABLE OF CONTENTS
PRESS RELEASES FOR JANUARY 1995**

January 1, 1995	95-01 Kantor Announces Textile Market Access Agreement with India
January 3, 1995	95-02 Kantor Commemorates Full Implementation of US-Israel Free Trade Area Agreement
January 4, 1995	95-03 USTR Kantor Announces Interim Agreement on EU Enlargement
January 9, 1995	95-04 USTR Kantor Makes Preliminary decision that EU Banana Regime Harms US Interests; Initiates Section 301 Investigation of Colombian and Costa Rican Banana Export Practices
January 13, 1995	95-05 US Signs Bilateral Investment Treaties With Albania and Latvia
January 25, 1995	95-06 USTR Mickey Kantor Sets Out Two Years of Accomplishments of Clinton Administration's Trade Policy While on Cincinnati Visit
January 30, 1995	95-07 US and China Conclude New Commercial Space Launch Agreement

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

OFFICE OF PUBLIC & MEDIA AFFAIRS
600 17th Street, N.W.
Washington, D.C. 20508
Phone: 202.395.3230/ Fax: 202.395.7226

**TABLE OF CONTENTS
PRESS RELEASES FOR FEBRUARY 1995**

February 4, 1995	95-08	USTR Mickey Kantor Orders 100% Tariffs on More Than \$1 billion of Chinese Imports; Cites China's Failure to Protect US Intellectual Property
February 6, 1995	95-09	Statement by Amb. Mickey Kantor
February 6, 1995	95-10	Kantor Announces Designation of Armenia as GSP Beneficiary
February 6, 1995	95-11	USTR Kantor Announces 301 Investigation of Certain Discriminatory Canadian Communications Practices
February 9, 1995	95-12	Kantor Announces Date of Hemispheric Trade Ministers Meeting
February 22, 1995	95-12	Statement by Amb. Mickey Kantor
February 26, 1995	95-12	US and China Reach Accord on Protection of Intellectual Property Rights, Market Access

FOR IMMEDIATE RELEASE
SUNDAY, JANUARY 1, 1995

95-01
CONTACT: ANNE LUZZATTO
DIANNE WILDMAN
KIRSTEN POWERS
JAMAL SIMMONS
(202) 395-3230

KANTOR ANNOUNCES TEXTILE MARKET ACCESS AGREEMENT WITH INDIA

Ambassador Mickey Kantor announced today that the United States has reached an historic agreement with the Government of India which will open the Indian market to U.S. exports of textiles and clothing. "This is a landmark agreement" Kantor said and "represents the first time that U.S. exports of textiles and clothing to India will be permitted."

Under the agreement, beginning January 1, 1995, all exports of U.S. textile and apparel products will be "eligible" for entry into India. Immediate "unrestricted" access will be provided to several key U.S. products -- including fibers, yarns and industrial fabrics. Similar "unrestricted" access for apparel fabrics, home furnishings and clothing will be provided as soon as India lifts its Balance of Payments exemption, or in no more than three years for home furnishings and apparel fabrics, five years for most apparel and seven years for other items, whichever is sooner. India also agreed to a rapid and significant reduction in the tariffs levied on imports covering the entire range of textile products -- from fibers and yarns to clothing.

Kantor noted, "I am particularly pleased that we have been able to reach an agreement that is very good for both sides." Kantor added that the agreement "represents a very positive step in further improving trade relations between the United States and India. This agreement means that our textile trade can take place on a fair, stable and more long-lasting basis. This outcome is the result of the perseverance and hard negotiating of Jenifer Hillman, our chief textile negotiator, who, in the last 18 months, has concluded some 40 textile agreements."

Kantor added "The United States has made it clear throughout the Uruguay Round negotiations that its commitment to phase-out textile quotas under the Multifiber Arrangement is connected to the commitment of other countries to open their markets to U.S. textile and apparel products. India was the only remaining textile exporting country that had yet to make a commitment to open its market--so this agreement is a critical component in our efforts to ensure that everyone plays by the same rules and opens their markets to our exports."

India was on track to export approximately \$1.5 billion in textiles and clothing to the U.S. for 1994, while U.S. exports to India have been severely limited to only minimal exports of some yarns and other non-apparel products representing less than .5% of India's exports to the U.S.--approximately \$7.6 million in 1994. "This agreement represents a victory for American textile and clothing workers" Kantor noted. "Our textile industry is highly competitive and efficient and can compete anywhere in the world. This agreement will give us the chance to compete in India too."

The agreement reached with India is pivotal because it calls for India to lower its tariffs largely over a 5-year period with some of these reductions being reached within 4 years. Indian

tariffs will be reduced to levels no higher than 20% for yarns and fibers; 25% for industrial fabrics; 30% for most apparel fabrics; and 35% for most home furnishings and apparel items.

Under the terms of the Uruguay Round agreement, the United States will phase out its textile and apparel quotas over a 10-year period, including the quotas currently placed on imports from India.

Market Access Agreement with India for Textiles and Clothing

Background

- o The Indian market represents access to a population of over 900 million with an overall GDP purchasing power equivalent of \$1.7 trillion (FY94 est.) and rapidly growing economy.
- o Textiles is a major industry for India with exports to the U.S. totalling \$1.4 for year ending September 1994.
- o India has historically maintained tacit bans on imports of apparel, fabrics and many types of yarn by listing these products on a "restricted list" of imports. These restrictions apply to all "consumer" goods and have been maintained as a result of India's balance of payments situation.
- o Any potential U.S. exports removed from the list due to domestic shortages or similar reasons were still subject to tariffs of 40-80% or higher.
- o At the time the negotiations on the Uruguay Round Agreements concluded in December, 1993, India had refused to bind any of its tariffs on apparel fabrics, home furnishings or clothing or to remove any textile or clothing items from its negative restricted list.
- o The agreement provides access for U.S. textiles and clothing

to the Indian market by addressing both the problem with the "restricted list" and the high tariffs.

- o As a result of the agreement, India has agreed to immediately remove fibers, yarns and industrial fabrics from the "restricted list" and to provide immediate access through their Special Import License for all other products. In addition, India has agreed to remove home furnishings and apparel fabrics from the "restricted list" within in three years, and to remove most clothing items from the list within five years.
- o Because the "restricted list" is maintained as a result of India's balance of payments situation, it is likely, due to the tremendous improvements in India's financial situation, that the "restricted list" may be eliminated even faster than the guaranteed schedule set forth in the agreement.
- o In addition, India agreed to make all items immediately eligible for importation under its Special Import Licensing program. This is a program which permits Indian companies with significant export performance to import items currently on the negative restricted list, up to a maximum amount equivalent to 10% of the value of the company's exports.
- o In terms of tariffs, India agreed to lower the majority of its tariffs on products covered in the agreement largely over a 5-year period, with some of these reductions being reached within 4 years. A number of other countries have chosen to schedule their tariff reductions over as much as ten years.
- o Since 1991, India has also embarked on an economic program that included reduction of applied tariffs. It is expected that the applied tariffs to textiles and apparel will be further reduced over the next few years. However, agreement provides for significant and rapid reduction in India's tariff bindings, which ensures that the reductions will occur as scheduled and that India could not later increase those tariff rates.
- o India has agreed to bind their tariffs no higher than 20% for yarns and fibers; 25% for industrial fabrics; 30% for apparel fabrics; and 35% for home furnishings and most apparel items.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, January 3, 1995

95-02
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Kantor Commemorates Full Implementation of U.S.-Israel Free Trade
Area Agreement

U.S. Trade Representative Mickey Kantor announced that, effective January 1, the U.S.-Israel Free Trade Area Agreement (FTAA) is now fully implemented after completion of a ten year phase-in period. The FTA eliminates tariffs and most other trade barriers between the U.S. and Israel. "This historic agreement," said Kantor, "has resulted in a dramatic increase in trade between the U.S. and Israel, which has led to substantial job creation in both countries."

Originally signed on April 22, 1985, the U.S.-Israel FTAA was the first free trade agreement negotiated by the United States. Since that time, U.S. exports to Israel have nearly tripled, from \$1.68 billion in 1985 to an estimated \$4.8 billion in 1994. Exports from Israel to the U.S. have also grown dramatically, from \$2.14 billion in 1985 to an estimated \$5.0 billion in 1994.

The FTAA addresses not only tariffs but also other barriers to free trade such as licenses, government procurement restrictions, subsidies and other restrictive measures. The FTAA also provides a consultative mechanism between the U.S. and Israel. The Joint Committee created to supervise the agreement's implementation has proven to be a useful tool for addressing issues that arise under the FTAA. The Joint Committee met most recently on June 15 in Washington, D.C. and was chaired by Ambassador Kantor and Israel's Minister of Industry and Trade Micha Harish. "The U.S.-Israel FTAA," noted Kantor, "has been of great benefit to both nations. It has greatly expanded trade, demonstrated the value of increased dialogue through commerce, and deepened the historic friendship between us."

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
WEDNESDAY, JANUARY 4, 1995

95-03
CONTACT: ANNE LUZZATTO
DIANNE WILDMAN
KIRSTEN POWERS
JAMAL SIMMONS
(202) 395-31-30

USTR Kantor Announces Interim Agreement on EU Enlargement

United States Trade Representative Michael Kantor today announced that he has reached an interim agreement with the European Union (EU) addressing the trade effects of the recent EU enlargement. The agreement will allow continued low-tariff access for billions of dollars of U.S. exports to Austria, Finland and Sweden, the three countries which joined the European Union (EU) and adopted the EU tariff schedule on January 1, 1995. The six-month agreement will give the United States and the European Union time to negotiate permanent compensation in the form of lower tariffs for exports to the EU. These negotiations will start in January.

"This interim agreement," said Kantor, "allows the vast majority of U.S. exports to Austria, Finland and Sweden to continue unimpeded and allows time to follow GATT and WTO procedures to reach a negotiated agreement on permanent compensation. It demonstrates what can be accomplished when the U.S. and EU work together to achieve practical solutions to avert trade conflict."

The interim agreement will establish "tariff rate quotas" allowing continued access for imports of the following products to Austria, Finland and Sweden: semiconductors; computers; computer parts; chemicals; records and tapes; optical fibers and lenses; medical instruments; oscilloscopes; orthopedic equipment; crayfish; plywood; and aluminum. For imports of these products up to an agreed level, each of these countries will apply the tariff rate that it would have applied in 1995 if it had not joined the EU. For any other imports, the normal EU tariff will apply. The levels were agreed in order to keep trade flowing while negotiations are carried out for permanent compensation.

The United States was unable to bridge its differences with the EU over coverage in the interim agreement of some other affected sectors including agriculture and paper. However, the EU has agreed to consider these products, without prejudice, during the permanent tariff compensation negotiations in the first half of 1995.

The GATT and the WTO Agreement permit countries to form and enlarge customs unions such as the EU. However, when enlargement of the EU impairs tariff security by raising tariffs, then the EU must negotiate with its trading partners, including the U.S., under Articles XXIV:6 and XXVIII of the GATT. These provisions provide for compensation to be provided in the form of tariff reductions by the EU.

FOR IMMEDIATE RELEASE
Monday, JANUARY 9, 1995

95-04
CONTACT: ANNE LUZZATO
DIANNE WILDMAN
KIRSTEN POWERS
JAMAL SIMMONS
(202) 395-3230

USTR Kantor Makes Preliminary Decision that EU Banana Regime
Harms U.S. Interests; Initiates Section 301 Investigation of
Colombian and Costa Rican Banana Export Practices

United States Trade Representative Michael Kantor today announced that he has made a preliminary decision in the section 301 investigation of the European Union's banana import regime that the regime is adversely affecting U.S. economic interests. Kantor also announced he is seeking public comment by February 10, 1995, on what response, including trade retaliation, is appropriate. Kantor invited the public to identify specific European goods and services against which retaliatory trade action could be taken after a final determination that the EU's banana import policies are discriminatory and unreasonable and constitute a burden and restriction on U.S. commerce.

USTR Kantor commenced the investigation on October 17, 1994, in response to a petition filed by Chiquita Brands International and the Hawaii Banana Industry Association under section 301 of the Trade Act of 1974. Section 301 provides the means for businesses and workers in the United States to seek the aid of the government in gaining relief from unfair trade practices which burden or restrict U.S. commerce.

Kantor said, "The discriminatory practices of the European Union have already cost U.S. banana marketing and distribution firms hundreds of millions of dollars at a minimum. We have repeatedly sought changes in the European banana regime to address the legitimate concerns of U.S. companies, but unfortunately the EU has been inflexible."

USTR Kantor today also initiated a section 301 investigation of the banana export practices of Colombia and Costa Rica, which implemented a so-called Framework Agreement on bananas they had earlier concluded with the EU. The Framework Agreement allows Colombia and Costa Rica to impose export requirements in a manner that could discriminate against U.S. firms exporting bananas to the EU.

Kantor also repeated a warning he made in October 1994 to Nicaragua and Venezuela, which have also signed but not yet implemented the Framework Agreement, that he will also initiate a section 301 investigation of their banana export practices if they implement the Framework Agreement.

Kantor said, "I will proceed expeditiously with the investigations of Colombia and Costa Rica and will not hesitate to take action to address unfair practices that harm U.S. commerce."

FACT SHEET

- In July, 1993, the European Union (EU) instituted a new EU-wide banana import regime. This regime, which replaced the discriminatory regimes many EU member states had maintained in favor of banana imports from former colonies, favors EU firms and discriminates against U.S. firms which market bananas in the EU.
- Chiquita Brands International, one such U.S.-based firm, has asserted that it has lost over 50 percent of its historical share of the EU market as a consequence of the discriminatory EU banana regime.
- Five Latin American banana exporting countries (Colombia, Costa Rica, Venezuela, Nicaragua, and Guatemala) in early 1994 won a GATT dispute settlement proceeding which found that the post-1993 EU banana import regime was discriminatory and GATT-illegal.
- These countries had previously successfully challenged within the GATT the national banana regimes of certain EU member states. However, the EU blocked adoption of both GATT panel reports.
- During the Spring of 1994, the EU and four of these five Latin governments (except Guatemala) signed a "Framework Agreement on Bananas", in which the four governments settled their GATT cases against the EU in exchange for modifications in the EU banana regime.
- Some of the modifications agreed upon, however, permit the four Latin governments to impose export quotas and licenses in a manner that might discriminate against U.S. firms exporting Latin bananas to Europe.
- In particular, the Framework Agreement authorizes the Latin Framework signatories to require export certificates for bananas. The Agreement also makes the possession of such certificates a prerequisite for the issuance by the EU of licenses to U.S. firms for the importation of bananas into the EU.
- In addition, the Framework Agreement did not address the features of the EU banana regime, including tariff preferences, quotas, and import licensing requirements, which discriminate against non-EU firms.
- On September 2, 1994, Chiquita Brands International, Inc. and the Hawaii Banana Industry Association filed a petition under section 301 of the Trade Act of 1974 claiming that the European Union banana import regime and the Framework Agreement are "unreasonable and discriminatory" and are a "burden and restriction on U.S. commerce."

- Section 301 allows the United States Trade Representative, after an investigation and consultations with a foreign government, to take retaliatory trade action to address unreasonable and discriminatory practices of such government which burden and restrict U.S. commerce.
- Section 301 allows the USTR to take various responsive action to unfair trade practices, including the suspension or withdrawal of trade agreement concessions, such as the imposition of duties, quotas, or other import restrictions on goods.
- On October 17, 1994, United States Trade Representative Michael Kantor, in response to the petition filed by Chiquita and the Hawaii Banana Industry Association, initiated an investigation under section 301 of the 1974 Trade Act of the EU practices that discriminate against U.S. banana marketing companies.
- USTR Kantor on October 17 decided not to grant at that time the petitioners' request to initiate section 301 investigations of the practices of the four Latin American signatories to the Framework Agreement. At such time the European Union had not ratified the Framework Agreement and the Latin American signatories had not taken steps to implement the Agreement.
- The Trade Representative on October 17 called upon the Latin signatories to the Framework Agreement to withdraw from the Framework Agreement and to work with him in seeking reform of the EU's banana policy. USTR Kantor also advised the Latin American Framework signatories that he would initiate an investigation of their banana export policies if in the future they implemented the Framework Agreement.
- The European Union General Affairs Council on December 19, 1995 ratified the Framework Agreement and designated January 1, 1995 as the date it would implement the Agreement. Colombia on December 1 and Costa Rica on December 27 also issued decrees to implement the Framework Agreement effective January 1, 1995.
- Venezuela and Nicaragua are apparently also considering implementation of the Framework, but have not yet issued final regulations to implement the Agreement.
- On January 9, 1995 Kantor invited public comment on what retaliatory measures might be appropriate should he make a final determination that the EU's banana policies are discriminatory and unreasonable and burden and restrict U.S. commerce.
- USTR Kantor has previously told EU officials that he believes U.S. and EU differences over the EU banana import regime could be worked out through negotiations, The European Union, however, thus far has not indicated a willingness to engage in such a process.
- USTR Kantor on January 9, 1995 also announced that he was initiating an investigation of Colombia's and Costa Rica's banana export practices. He also indicated he

would commence section 301 investigations of Nicaragua and Venezuela if they implement the Framework Agreement.

[Billing Code 3190-01-M]

[Docket No. 301-96]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Initiation of Section 302 Investigation Regarding Policies and Practices of the Government of Colombia concerning the Exportation of Bananas to the European Union; Request for Public Comment

AGENCY: Office of the United States Trade Representative

ACTION: Notice of determination regarding initiation of investigation under section 302(b)(1)(A) of the Trade Act of 1974, as amended (19 U.S.C. 2412(b)(1)(A)); request for written comments.

SUMMARY: The United States Trade Representative (USTR) has initiated an investigation under section 302(b)(1)(A) of the Trade Act of 1974, as amended (the Trade Act), with respect to certain acts, policies and practices of the Government of Colombia affecting U.S. companies that export bananas from Colombia to the European Union. USTR invites written comments from the public on the matters being investigated.

DATES: This investigation was initiated on January 9, 1995. Written comments from the public are due on or before 12 noon, on Friday, February 10, 1995.

ADDRESS: Office of the United States Trade Representative, 600
17th Street, NW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Edward Kaska, Director for
European Services and Agriculture, (202) 395-3320; or Irving
Williamson, Deputy General Counsel, (202) 395-3432.

SUPPLEMENTARY INFORMATION: Section 302(b)(1)(A) of the Trade Act
authorizes the USTR to initiate an investigation under chapter 1
of Title III of the Trade Act (commonly referred to as "Section
301"), with respect to any matter in order to determine whether
the matter is actionable under section 301. Matters actionable
under section 301 include, inter alia, acts, policies, and
practices of a foreign country that are unreasonable or
discriminatory and burden or restrict U.S. commerce.

On September 2, 1994, Chiquita Brands International, Inc.
and the Hawaii Banana Industry Association filed a petition
pursuant to section 302(a) of the Trade Act alleging that various
policies and practices of the European Union (EU), Colombia,
Costa Rica, Nicaragua and Venezuela concerning trade in bananas
are discriminatory, unreasonable and burden or restrict United
States commerce. In particular, the petition alleged that the
March 29, 1994 Framework Agreement on Bananas between the EU and
Colombia, Costa Rica, Nicaragua and Venezuela (Framework
Agreement) aggravated the harm caused by the EU banana import
regime and provided for the implementation of discriminatory
measures against the U.S. banana companies.

On October 17, 1994, pursuant to section 302(a) of the Trade
Act, the USTR initiated an investigation of the EU practices
referred to in the petition, but decided not to initiate an
investigation of the practices of Colombia, Costa Rica, Nicaragua
and Venezuela because they had not yet implemented the Framework
Agreement. The USTR called upon these governments to withdraw
from the Framework Agreement before its implementation, and to
seek reform of the EU's banana policy in a manner consistent with
the EU's obligations under the GATT and the Agreement.
Establishing the World Trade Organization.

On December 1, 1994, the Government of Colombia issued
Decree 2655, which governs banana exports from Colombia to the EU
from January 1, 1995 through March 31, 1995 and implements the
Framework Agreement.

Accordingly, on January 9, 1995, the USTR determined that an
investigation should be initiated under section 302(b)(1)(A) of
the Trade Act to determine whether, as a result of Colombia's
implementation of the Framework Agreement, the policies and
practices of Colombia regarding the exportation of bananas to the
EU are unreasonable and discriminatory and burden or restrict
U.S. commerce. On January 9, 1995, the USTR also initiated such
an investigation regarding these policies and practices.

Investigation and Consultations

Pursuant to section 303(a) of the Trade Act, the USTR has
requested consultations with the Government of Colombia
concerning the issues under investigation. USTR will seek
information and advice from the appropriate committees
established pursuant to section 135 of the Trade Act in preparing
the U.S. presentations for such consultations.

Within 12 months after the date on which this investigation
was initiated (i.e., on or before January 9, 1996), pursuant to
section 304 of the Trade Act the USTR must determine, on the
basis of the investigation and the consultations, whether any
act, policy, or practice described in section 301 of the Trade
Act exists and, if that determination is affirmative, determine

what action, if any, to take under section 301 of the Trade Act.

Public Comment: Requirements for Submissions

Interested persons are invited to submit written comments on the acts, policies and practices of the Government of Colombia that are the subject of this investigation, the amount of burden or restriction on U.S. commerce caused by these acts, policies and practices, and the determinations required under section 304 of the Trade Act.

Comments must be filed in accordance with the requirements set forth in 15 CFR §2006.8(b) (55 FR 20593) and are due no later than 12 noon, Friday, February 10, 1995. Comments must be in English and provided in twenty copies to: Sybia Harrison, Office of the General Counsel, Room 223, USTR, 600 17th Street, NW, Washington, DC 20506.

Comments will be placed in a file (Docket 301-96) open to public inspection in the USTR Reading Room pursuant to 15 CFR §2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR §2006.15. Confidential business information submitted in accordance with 15 CFR §2006.15 must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page on each of 20 copies, and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary will be placed in the file that is open to public inspection. An appointment to review the docket may be made by calling Brenda Webb (202) 395-6186. The USTR Reading Room is open to the public from 10 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday, and is located in: Room 101, Office of the United States Trade Representative, 600 17th Street, N.W., Washington, D.C. 20506.

Irving A. Williamson
Chairman, Section 301 Committee
[Billing Code 3190-01-M]

[Docket No. 301-97]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Initiation of Section 302 Investigation Regarding Policies and Practices of the Government of Costa Rica concerning the Exportation of Bananas to the European Union; Request for Public Comment

AGENCY: Office of the United States Trade Representative

ACTION: Notice of determination regarding initiation of investigation under section 302(b)(1)(A) of the Trade Act of 1974, as amended (19 U.S.C. 2412(b)(1)(A)); request for written comments.

SUMMARY: The United States Trade Representative (USTR) has initiated an investigation under section 302(b)(1)(A) of the Trade Act of 1974, as amended (the Trade Act), with respect to certain acts, policies and practices of the Government of Costa Rica affecting U.S. companies that export bananas from Costa Rica to the European Union. USTR invites written comments from the public on the matters being investigated.

DATES: This investigation was initiated on January 9, 1995. Written comments from the public are due on or before 12 noon, on Friday, February 10, 1995.

ADDRESS: Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Edward Kaska, Director for European Services and Agriculture, (202) 395-3320; or Irving Williamson, Deputy General Counsel, (202) 395-3432.

SUPPLEMENTARY INFORMATION: Section 302(b)(1)(A) of the Trade Act authorizes the USTR to initiate an investigation under chapter 1 of Title III of the Trade Act (commonly referred to as "Section 301"), with respect to any matter in order to determine whether the matter is actionable under section 301. Matters actionable under section 301 include, inter alia, acts, policies, and practices of a foreign country that are unreasonable or discriminatory and burden or restrict U.S. commerce.

On September 2, 1994, Chiquita Brands International, Inc. and the Hawaii Banana Industry Association filed a petition pursuant to section 302(a) of the Trade Act alleging that various policies and practices of the European Union (EU), Colombia, Costa Rica, Nicaragua and Venezuela concerning trade in bananas are discriminatory, unreasonable and burden or restrict United States commerce. In particular, the petition alleged that the March 29, 1994 Framework Agreement on Bananas between the EU and Colombia, Costa Rica, Nicaragua and Venezuela (Framework Agreement) aggravated the harm caused by the EU banana import regime and provided for the implementation of discriminatory measures against the U.S. banana companies.

On October 17, 1994, pursuant to section 302(a) of the Trade Act, the USTR initiated an investigation of the EU practices referred to in the petition, but decided not to initiate an investigation of the practices of Colombia, Costa Rica, Nicaragua and Venezuela because they had not yet implemented the Framework Agreement. The USTR called upon these governments to withdraw from the Framework Agreement before its implementation, and to seek reform of the EU's banana policy.

On December 27, 1994, the Government of Costa Rica issued Decree No. 23917 COMEX-MAG, which implements the Framework Agreement.

Accordingly, on January 9, 1995, the USTR determined that an investigation should be initiated under section 302(b)(1)(A) of the Trade Act to determine whether, as a result of Costa Rica's implementation of the Framework Agreement, the policies and practices of Costa Rica regarding the exportation of bananas to the EU are unreasonable and discriminatory and burden or restrict U.S. commerce. On January 9, 1995, the USTR also initiated such an investigation regarding these policies and practices.

Investigation and Consultations

Pursuant to section 303(a) of the Trade Act, the USTR has requested consultations with the Government of Costa Rica concerning the issues under investigation. USTR will seek information and advice from the appropriate committees established pursuant to section 135 of the Trade Act in preparing the U.S. presentations for such consultations.

Within 12 months after the date on which this investigation was initiated (i.e., on or before January 9, 1996), pursuant to section 304 of the Trade Act the USTR must determine, on the basis of the investigation and the consultations, whether any act, policy, or practice described in section 301 of the Trade Act exists and, if that determination is affirmative, determine what action, if any, to take under section 301 of the Trade Act.

Public Comment: Requirements for Submissions

Interested persons are invited to submit written comments on the acts, policies and practices of the Government of Costa Rica that are the subject of this investigation, the amount of burden or restriction on U.S. commerce caused by these acts, policies and practices, and the determinations required under section 304 of the Trade Act.

Comments must be filed in accordance with the requirements set forth in 15 CFR §2006.8(b) (55 FR 20593) and are due no later than 12 noon, Friday, February 10, 1995. Comments must be in English and provided in twenty copies to: Sybia Harrison, Office of the General Counsel, Room 223, USTR, 600 17th Street, NW, Washington, DC 20506.

Comments will be placed in a file (Docket 301-97) open to public inspection in the USTR Reading Room pursuant to 15 CFR §2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR §2006.15. Confidential business information submitted in accordance with 15 CFR §2006.15 must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page on each of 20 copies, and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary will be placed in the file that is open to public inspection. An appointment to review the docket may be made by calling Brenda Webb (202) 395-6186. The USTR Reading Room is open to the public from 10 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday and is located in: Room 101, Office of the United States Trade Representative, 600 17th Street, N.W., Washington, D.C. 20506.

Irving A. Williamson
Chairman, Section 301 Committee

[Billing Code 3190-01-M]

[Docket No. 301-94]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Request for Public Comment Concerning Proposed Determinations and Action Pursuant to Section 301: European Community Banana Import Regime

AGENCY: Office of the United States Trade Representative

ACTION: Request for public comment concerning (1) whether acts, policies, and practices of the European Union (EU) are actionable under section 301(a) or (b) of the Trade Act of 1974, as amended (Trade Act); and (2) if so, what action, if any, should be taken pursuant to section 301(c) of the Trade Act.

SUMMARY: The USTR seeks public comment concerning upcoming determinations pursuant to section 304 and possible action pursuant to section 301 of the Trade Act with respect to the investigation of the EU's trade regime regarding importation of bananas.

DATES: Written comments from the public are due on or before 12 noon, on Friday, February 10, 1994.

ADDRESS: Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Edward Kaska, Director for European Services and Agriculture, (202) 395-3320; or Irving Williamson, Deputy General Counsel, (202) 395-3432.

SUPPLEMENTARY INFORMATION: On October 17, 1994, pursuant to section 302(a) of the Trade Act, the USTR initiated an investigation of the following practices of the EU: (1) Council Regulation (EEC) No. 404/93 and related rules implementing a Community banana policy discriminating against U.S. banana marketing companies importing bananas from Latin America, including a restrictive and discriminatory licensing scheme designed to transfer market share to firms traditionally trading bananas from African, Caribbean and Pacific (ACP) sources and from EU overseas territories and dependencies; and (2) the March 29, 1994 Framework Agreement on Bananas between the EU and Colombia, Costa Rica, Nicaragua and Venezuela (Framework Agreement). By Federal Register notice dated October 24, 1994 (59 FR 53495), USTR requested public comment on the issues raised in the petition. The comment period was subsequently extended by a Federal Register Notice dated November 21, 1994 (59 FR 60026).

Since initiation of the investigation, the USTR has conducted consultations and bilateral discussions with the EU concerning the issues in the petition. The USTR also requested the EU to delay implementation of the Framework Agreement because implementation would aggravate the harm caused by Regulation 404. These efforts have failed to bring about reform of the EU practices.

Section 304(a) of the Trade Act provides that in each investigation initiated under section 302 of the Trade Act, the USTR must determine whether the act, policy or practice is actionable under section 301. The USTR requests comments from the public by February 10, 1995 regarding the actionability under section 301 of the EU practices referred to above.

If this determination is affirmative, the USTR must also determine what action would be appropriate under subsection (a) or (b) of section 301. Actions that would be permitted in the case of a positive determination with respect to the EU include action to suspend, withdraw or prevent the application of

benefits of trade agreement concessions to the EU; imposition of duties or other import restrictions on goods of the EU or fees or restrictions on services of the EU; and restriction or denial of service sector access authorizations with respect to services of the EU. The USTR requests comments from the public by February 10, 1995 regarding the appropriateness of such action, including identification of goods or services of the EU to which such measures might appropriately be applied, as well as identification of other measures which could be taken with respect to trade of the EU.

Public Comment

Comments must be filed in accordance with the requirements set forth in 15 CFR 2006.8(b) (55 FR 20593) and must be filed by 12 noon, Friday, February 10, 1995. Comments must be in English and provided in twenty copies to: Sybia Harrison, Office of the General Counsel, Room 223, USTR, 600 17th Street, NW, Washington, DC 20506.

Comments will be placed in a file (Docket 301-94) open to public inspection in the USTR Reading Room pursuant to 15 CFR 2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR 2006.15. Confidential business information submitted in accordance with 15 CFR 2006.15 must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page on each of 20 copies, and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary shall be placed in the file that is open to public inspection. An appointment to review the docket may be made by calling Brenda Webb (202) 395-6136. The USTR Reading Room is open to the public from 10:00 a.m. to 12 noon and 1 p.m. to 4 p.m., Monday through Friday, and is located in: Room 101, Office of the United States Trade Representative, 600 17th Street, N.W., Washington, D.C. 20506.

Irving A. Williamson
Chairman, Section 301 Committee

FOR IMMEDIATE RELEASE
Friday, January 13, 1995

95-05
CONTACT: ANNE LUZZATTO
DIANNE WILDMAN
KIRSTEN POWERS
JAMAL SIMMONS
(202) 395-3230

UNITED STATES SIGNS BILATERAL INVESTMENT TREATIES
WITH ALBANIA AND LATVIA

Two new Bilateral Investment Treaties (BIT) were signed in conjunction with the White House Conference on Trade and Investment in Central and Eastern Europe, held this week in Cleveland, Ohio.

The United States and Albania signed a Bilateral Investment Treaty on January 11. U.S. Trade Representative Mickey Kantor and Albanian Ambassador Lubin Dilja signed the treaty in Washington.

The United States and Latvia signed a Bilateral Investment Treaty on January 13. Kantor and Latvian Foreign Minister Valdis Birkavs signed the treaty also in Washington.

The BIT guarantees the right 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.

These BITs are the eleventh and twelfth signed during the Clinton Administration and bring the total number of U.S. BITs to 34 overall.

The White House Conference on Trade and Investment in Central and Eastern Europe, as announced by President Clinton last January, focused on practical and commercial issues for the region. In addition to the President, economic ministers and businesspeople from 14 countries attended the conference, along with representatives of more than 350 U.S. companies.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Wednesday, January 25, 1995

Contact: 95-06
Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR Mickey Kantor Sets Out Two Years of Accomplishments of
Clinton Administration's Trade Policy While on Cincinnati Visit

Travelling to Cincinnati to meet with U.S. workers and students, USTR Kantor stressed the benefits of fairer and freer trade to Americans, saying that, "expanded trade has created jobs, raised incomes, and broadened opportunities for millions of working men and women in the United States. Opening markets around the world is central to President Clinton's economic agenda -- creating more jobs at higher wages for our citizens."

In 1994, U.S. trade (exports and imports) in goods and services, including earnings on investment, grew by an estimated \$130 billion, reaching an all time record of \$1.8 trillion -- an amount equal to over 27% of U.S. gross domestic product.

In just two years, the Clinton Administration has achieved unparalleled success by reaching 71 agreements to open the world market for U.S. products and services. The Administration has negotiated: the largest free trade zone in the world; the largest multilateral trade agreement in history, 38 bilateral textile agreements, 14 agreements with Japan, an agreement covering 80% of global shipbuilding, the largest procurement agreement in history with the European Union, a multilateral aluminum agreement, agreements on wheat and softwood lumber with Canada, 12 bilateral investment treaties, three intellectual property rights agreements, and has reached agreement with the nations of the Asia-Pacific region to eliminate barriers to trade in that area, the fastest growing economic region on earth:

Attached is a list of accomplishments in trade for 1993 and 1994.

Two Years in Trade: Major Achievements of the Clinton
Administration

"Open and competitive commerce will enrich us as a nation."

President Clinton
American University
February 26, 1993

Trade has been a centerpiece of President Clinton's plan to enhance the competitiveness of the United States and create a high-skill, high-wage economy. Throughout the first two years, the Clinton Administration concluded historic agreements to

expand trade, negotiated dozens of bilateral treaties on topics ranging from textiles to intellectual property rights, and vigorously utilized U.S. trade law to defend U.S. workers against unfair foreign trade practices.

Below are highlights of the years 1993 and 1994.

1993

- February 4 Under Title VII of the Omnibus Trade and Competitiveness Act, USTR announced intention to impose sanctions responding to discriminatory EU procurement practices.
- February 26 President Clinton, speaking to students at American University, laid out vision for U.S. global economic leadership including reducing the deficit, expanding trade, enhancing global economic coordination, promoting developing country growth, and supporting the democratic process in Russia and other emerging democracies.
- March 19 USTR announced achievement of over 20 percent foreign share in Japan's semiconductor market.
- March 31 USTR announced agreement with Korea to improve implementation of its commitment to open its telecommunications sector, a market worth more than \$300 million.
- April 21 USTR reached agreement with the EU, achieving the long-sought objective of gaining access to the roughly \$20 billion EU market for government procured heavy electrical equipment.
- April 21 EU agreed to put market access first in Uruguay Round priorities, in contrast to prior rounds where market access commitment traditionally came last.
- April 21 USTR Kantor signed the U.S.-Moldova Bilateral Investment Treaty.
- April 30 USTR announced actions under Special 301, including: identifying three countries as "priority" countries and placing ten others on "priority foreign watch" lists. The Special 301 process led to agreements or understandings with Taiwan, Thailand, the Philippines and Hungary.
- April 30 Japan cited under Title VII of 1988 Trade Act as a Country which discriminates in its public procurement of construction services.
- May 10 USTR announced action against EU discrimination in the procurement of telecommunications equipment, a \$5 billion market.
- May 28 President Clinton signed a one-year extension of normal tariff treatment to China (most favored nation or MFN status).

- June 22, 30 At the strong urging of the President, by a vote of 295-126, the House of Representatives passed a "clean" Uruguay Round fast track extension bill, granting President Clinton the authority to negotiate the GATT until December 15.
- July 10 At G-7 Summit in Tokyo, the U.S., EU, Japan, and Canada broke years of stalemate and made specific market access commitments under the GATT.
- July 10 U.S. and Japan reached historic Framework agreement and agreed to negotiate specific reductions in trade barriers.
- July 15 USTR announced agreement with Korea to further open its beef market, where U.S. sales totalled \$220 million in 1992.
- July 15 USTR completed broad review of trade practices and barriers affecting U.S. interests.
- August 5 Supporting President Clinton's goal of encouraging market-based economic growth in developing countries and Central and Eastern Europe, Congress extended duty-free treatment for selected imports under the Generalized System of Preferences (GSP).
- August 5 US reached agreement opening Canadian beer market.
- August 13 The U.S., Mexico and Canada concluded Supplemental Agreements to the NAFTA, fulfilling President Clinton's pledge to address environmental and labor concerns. For the first time ever, a trade agreement is accompanied by agreements to improve cooperation and strengthen enforcement in the areas of labor and the environment.
- August 27 USTR signed the U.S.-Ecuador Bilateral Investment Treaty.
- September 2 Vice President Gore signed U.S.-Russia Commercial Space Launch Agreement, providing for Russian transitional access to the commercial space launch market on terms consistent with fair competition among market economies.
- September 14 President Clinton, joined by former Presidents Ford, Bush, and Nixon signed the NAFTA supplemental agreements.
- September 24 After years of effort, U.S. negotiators agreed on procedures to open the lucrative Japanese market for U.S. apples.
- September 29 President and Commerce Secretary Ron Brown announced a national export strategy designed to increase exports, including more than 60 specific actions. President announced relaxation of export controls on an estimated \$37 billion worth of American goods.
- October 26 Japan committed to undertaking an Action Plan to reform its long-standing discriminatory practices in the construction sector, a \$200 billion market.

- November 17, 20 Congress passed NAFTA implementing legislation.
- November 18-21 President Clinton hosted historic first meeting of leaders of Asia Pacific Economic Cooperation (APEC) forum in Seattle, pledged to develop closer relations and expanded trade with the fastest growing region of the world. President called on GATT negotiators, and especially the Europeans, to bring the seven-year Uruguay Round negotiations to a speedy close.
- November 20 USTR and Secretary of Commerce announced establishment of the U.S.-ASEAN Alliance for Mutual Growth aimed at expanding U.S.- ASEAN trade and commercial ties.
- December 8 President signed NAFTA implementing legislation in Washington, creating the largest free trade area in history -- 370 million consumers with more than \$6 trillion worth of production.
- December 14 U.S. and the EU reached agreement under the GATT, ending seven years of gridlock. This agreement cut U.S. EU tariffs by half, compared to the original goal of one-third, reduced agricultural subsidies, and enhanced protection of intellectual property.
- December 15 In Geneva, 116 countries completed the Uruguay Round, the largest trade agreement in history covering manufactured goods, services, investment and agriculture. President Clinton hailed the agreement as one that "sharpens our competitive edge in areas of United States strength."

Also during 1993, USTR submitted eight bilateral investment treaties to the Senate for advice and consent, and completed 18 bilateral textile agreements.

1994

- January 6 USTR announced Chinese textile import quotas would be lowered citing massive problems of transshipment and overshipment by the Chinese.
- January 15 President Clinton signed the U.S.-Belarus Bilateral Investment Treaty January 17 USTR reached Textile and Apparel Agreement with China following appropriate Chinese response to U.S. concerns.
- January 18 Title VII sanctions on Japan construction terminated after Japan addressed U.S. concerns in its public works sector
- January 21 Concluded six-country agreement on aluminum addressing problems created by the rapid increase of exports of primary aluminum from Russia.
- January 26 Successful renegotiation of International Tropical Timber Agreement Promoting Sustainable Forest

Management announced.

- February 4 USTR Kantor visited Japan to meet with senior political leaders to evaluate status of Framework negotiations.
- February 4 United States and Jamaica signed Bilateral Investment Treaty.
- February 16 USTR suspended formal Indonesia Worker Rights Review to allow Indonesia to take further actions in the protection of worker rights; announced intention to assess progress in six months.
- February 16 USTR designated Kazakhstan and Romania as GSP beneficiaries.
- February 24 USTR filed Extraordinary Challenge in softwood lumber dispute with Canada.
- February 25 USTR terminated its nine month Special 301 Investigation of Brazilian IPR Rights Regime, citing progress being made by Brazil in protection of intellectual property.
- March 3 President reinstated Super 301 by Executive Order.
- March 4 Ukraine designated as GSP beneficiary, President signed the U.S.-Ukraine Bilateral Investment Treaty
- March 7 President Clinton signed the U.S.-Georgia Bilateral Investment Treaty
- March 8 USTR issued 1994 Trade Policy Agenda and 1993 Annual Report.
- March 12 After nine years, United States and Japan reached agreement on Cellular Telephone Systems that will provide U.S. cellular systems comparable market access in Japan. The results-oriented agreement contains a schedule of quarterly commitments to be monitored by the Government of Japan.
- March 18 Foreign share of Japanese semiconductor market reached 20.7%.
- March 28 USTR concluded agreement with EU providing distinctive product recognition in Europe of U.S. distilled spirits.
- March 31 President Clinton created the Trade and Environment Policy Advisory Committee to better obtain advice from a broad spectrum of the environmental community.
- April 8 U.S. sought and received the right to raise labor standards issue in the Preparatory Committee establishing the WTO.
- April 13 U.S. and EU negotiators in Marrakech reached Procurement Agreement nearly doubling, to over \$100 billion, the bidding opportunities available

to each side under the GATT Government Procurement Code.

- April 15 Marrakech: Uruguay Round formally signed creating the broadest, most comprehensive trade agreement in history.
- April 19 Vice-President Gore signed the U.S.-Estonia Bilateral Investment Treaty.
- April 30 USTR signalled continued resolve to take strong measures to ensure comparable market access and intellectual property protection for U.S. products under Title VII, Japan Supercomputer review and Special 301 announcements.
- May 4 USTR reached agreement with Canada on beer market access issues in Quebec.
- May 19 India agreed to reduce tariffs on in-shell almonds. Almonds are the tenth largest food export of the United States and the largest food export from California. Fifty million in exports are estimated for 1994.
- May 24 USTR announced resumption of framework talks with Japan.
- June 15 U.S. and Japan said flat glass negotiations would resume.
- June 30 China was designated as a "priority foreign country" under Special 301 and investigation of its intellectual property practices began immediately. Argentina and India were placed on the "priority watch" list.
- July 1 USTR Kantor noted continued progress and significant advances in reviews of GSP Worker Rights and Intellectual Property Rights cases.
- July 8, 9 G-7 Summit - Naples.
- July 20 Citing progress made by Thailand to improve intellectual property protection, Kantor announced review of Thai GSP benefits lost in 1989.
- July 26 U.S. and Japan agreed to continue Semiconductor Arrangement for a full five-year term.
- July 31 USTR Kantor identified Japan under Title VII for discrimination in government procurement of telecommunications and medical technology goods and services, commencing a 60-day consultation period.
- August 1 U.S. and Canada reached a Preliminary Understanding on wheat addressing the problem of a surge in imports of Canadian grain and establishing a process and time frame to address the longer-term problems in the grain sector.
- August 18 USTR Kantor designated Belarus and Uzbekistan as GSP Beneficiaries.

- August 18 NAFTA six-month anniversary. Elimination of barriers contributed to an increase in U.S. exports to Canada and Mexico of \$8.3 billion, 11.6% increase over the same period for 1993.
- September 11 USTR Kantor hosted Ministers from Canada, Japan and the EU at the 25th "Quadrilateral" meeting in Los Angeles. Uruguay Round ratification and WTO implementation issues were primary.
- September 14 Announcement that foreign share of Japanese semiconductor market climbed to record 21.9%.
- September 26 USTR Kantor signed the U.S.-Trinidad and Tobago Bilateral Investment Treaty.
- September 29 Senate Finance Committee voted unanimously in favor of the Uruguay Round implementing legislation.
- September 30 U.S. fuel conservation measures upheld by GATT panel, confirming that trade rules can be compatible with our laws that conserve natural resources and protect the environment.
- October 1 Agreements reached with Japan under the Framework covering Japanese government procurement of telecommunications products and services including, NTT, and Japanese government procurement of medical technology products and services, and insurance. Section 301 investigation initiated for the Japanese aftermarket for auto replacement parts where regulatory barriers to foreign competition remained acute.
- October 6 United States and Mongolia signed Bilateral Investment Treaty.
- October 17 USTR Kantor initiated Section 301 investigation of European Union Banana Import Regime.
- October 19 Pakistan agreed to open its market to U.S. textiles and apparel.
- November 4 New members named to Trade and Environment Policy Advisory Committee by USTR Kantor and EPA Administrator Browner.
- November 11 APEC meetings in Jakarta; Bogor Declaration to chart future course of economic cooperation within the region signed. Indonesia announced a Comprehensive Action Plan following discussions by the USTR and Indonesia Labor Minister on worker rights conditions in Indonesia.
- November 16 ITC study released on economic impact of the Arab League Boycott on U.S. businesses.
- November 18 NAFTA first anniversary of passage; nine-month figures released showing U.S. exports to NAFTA partners continue to climb, supporting economic growth and jobs at home.

- November 22 USTR Kantor announced a Section 301 investigation of Korean practices with respect to meat imports.
- December 1 Historic GATT vote completed in House and Senate.
- December 8 President signed GATT legislation.
- December 8 Summit of the Americas in Miami. Commitment made on trade that will link the United States with the economies of the entire Western Hemisphere by the year 2005. U.S. exports to the region projected to reach \$88 billion for 1994.
- December 9 United States, Canada and Mexico announced that NAFTA will be expanded to include Chile.
- December 12 Agreement finalized with Japan on flat glass.
- December 14 USTR Kantor signed the U.S.-Uzbekistan Bilateral Investment Treaty.
- December 15 Foreign share of Japanese semiconductor market rose to 23.2%.
- December 15 U.S. and Canada announced consultative process on softwood lumber.
- December 21 Shipbuilding Agreement reached with key shipbuilding nations after five years of negotiations. The agreement, which will cover 80% of world shipbuilding, eliminates government subsidies and other trade distortive practices in the sector.
- December 22 USTR Kantor announced review of U.S. options following discriminatory effect of Canadian government decisions on broadcasting, magazine publishing and copyright reform.
- December 31 USTR Kantor announced retaliatory trade action against China if intellectual property concerns are not addressed; final determination February 4.
- December 31 Textile agreement concluded with India, opening up the large Indian market for the first time to U.S. exports of textiles and clothing.
- January 3, 1995 Kantor commemorated full implementation of U.S.-Israel Free Trade Area Agreement.
- January 4, 1995 USTR reached Interim Agreement on EU Enlargement, addressing the trade effect of the addition to the EU of three new member states.
- January 9, 1995 USTR Kantor made preliminary decision that EU Banana Regime harms U.S. interests; initiated Section 301 Investigation of Colombian and Costa Rican banana export practices.
- January 10, 1995 U.S. and Japan reached financial services agreement under the Framework that will further open Japan's financial markets to foreign competition.

- January 11, 1995 USTR Kantor signed the U.S.-Albania Bilateral Investment Treaty.
- January 12, 1995 U.S. apples arrived in Japan, ending 23-year Japanese ban on apple imports from the United States.
- January 13, 1995 United States signed the Bilateral Investment Treaty with Latvia.
President Clinton "can claim more success in stimulating trade than any of his 43 predecessors."
Tom Fiedler, Miami Herald, December 10, 1994

In his speech endorsing the North American Free Trade Agreement during the 1992 Presidential campaign, President Clinton noted, "As we move toward free trade, we must always remember why we're doing it -- to help the working men and women of America." The President's trade policy is part of an economic strategy aimed at reviving the opportunities and aspirations of America's middle class. From NAFTA to the General Agreement on Tariffs and Trade, from agreements with Japan or Jamaica, expanded trade has created jobs, raised incomes, and expanded opportunities for millions of working men and women in the United States.

The benefits of freer and fairer trade flow throughout the American economy. NAFTA helps Iowa farmers and Illinois auto workers. GATT helps America sell Caterpillar tractors to Brazil and beef to Japan and Korea.

In just two years, the Clinton Administration has achieved unparalleled success by reaching 71 agreements to open the world market for U.S. products and services. The Administration has negotiated: the largest free trade zone in the world, the largest multilateral trade agreement in history, 38 bilateral textile agreements, 14 agreements with Japan, an agreement covering 80% of global shipbuilding, the largest procurement agreement in history with the European Union, a multilateral aluminum agreement, agreements on wheat and softwood lumber with Canada, 12 bilateral investment treaties, three intellectual property rights agreements, and has reached agreement with the nations of the Asia-Pacific region to eliminate barriers to trade in that area, the fastest growing economic region on earth.

In 1994, U.S. trade (exports and imports) in goods and services, including earnings on investment, reached an all time record of an estimated \$1.8 trillion -- an amount equal to over 27% of U.S. gross domestic product.

The United States' trade initiatives and agreements have helped working Americans throughout the country and across key industrial and agricultural sectors. For example:

- NAFTA created the largest free trade area in the world -- over 370 million persons -- with the United States as the hub. In the first eleven months of 1994, exports to Mexico were up by 22% and increased exports to Mexico for the year created an estimated 100,000 new American jobs.
- President Clinton completed negotiations of, and fought for passage of, the Uruguay Round agreement, the largest, most comprehensive trade agreement in history. The Uruguay Round will add an estimated \$100 billion to \$200 billion to U.S. output when fully implemented and increase annual real

income for the average American by \$400 to \$800 per year. Jobs will grow at a minimum by hundreds of thousands.

- President Clinton hosted the historic Summit of the Americas, bringing together the nations of this hemisphere and reached agreement with them to eliminate barriers to trade by 2005.
- The Clinton Administration negotiated a Framework Agreement with Japan in an effort to open their market to U.S. and other foreign goods and services. The Administration then reached 14 agreements with Japan, enhancing U.S. access to the Japanese telecommunications, insurance, medical equipment, glass, financial services and cellular telephone markets, among others. These agreements will create billions of dollars of new sales and create tens of thousands of export-related jobs for working Americans.
- The United States reached an agreement accessing the \$20 billion European Union market for heavy electrical equipment after years of negotiations. Workers and businesses from California to Connecticut will benefit from these new market opportunities.
- The Clinton Administration successfully resolved several Section 301 investigations, including an agreement with Brazil.
- The Clinton Administration concluded or extended bilateral textile agreements with 38 countries, including breaking the ban on imports of U.S. products to India, a potential market of 900 million consumers. In addition, USTR completed a historic textile agreement with China, our single largest supplier of textiles.
- The President hosted the first-ever meeting of leaders of the Asia Pacific Economic Cooperation (APEC) forum in Seattle. A year later in Indonesia, the President and other APEC leaders set a goal to achieve free and open trade and investment among the APEC members by 2020.
- The President's trade initiatives also expanded opportunities for American farmers and ranchers.
 - The Uruguay Round opened up the highly protected rice markets in Japan and Korea. That means that rice farmers in Arkansas, California, Texas and Mississippi, among others, will be able to sell up to 850,000 tons by the year 2000 and nearly 1 million tons by the year 2005.
 - The Uruguay Round will enable us to double our beef exports to Korea over the next five years.
 - The first ever shipments of U.S. apples to Japan just arrived and immediately sold out. This market opening will provide market opportunities of \$100 million annually, aiding Washington state apple growers and eventually those in other states.
- After five years of negotiations, the Clinton Administration

reached an historic agreement to eliminate shipbuilding subsidies. The agreement, which covers 80% of global shipbuilding, levels the playing field for the competitive U.S. shipbuilding industries.

- The Clinton Administration successfully negotiated twelve bilateral investment treaties, implemented eight others, and coordinated US government activities to monitor compliance with 20 bilateral investment treaties in force.
- The Clinton Administration successfully defended a case brought by the E.U. challenging a U.S. gas guzzler tax and Corporate Average Fuel Economy Standards.
- The Clinton Administration successfully crafted a settlement on wheat imports from Canada. The Memorandum of Understanding took effect on September 12, 1994.
- The Clinton Administration successfully concluded a six country agreement on aluminum exports from Russia, providing critical relief to U.S. aluminum producers.

President Clinton is laying the groundwork for job creation and growth into the next century. Opening markets and expanding trade is critical to his effort to restore the American dream.

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

FOR IMMEDIATE RELEASE
Monday, January 30, 1995

95-07
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons

U.S. and China Conclude New Commercial Space Launch
Agreement

U.S. and Chinese negotiators have just initialed a new seven-year bilateral agreement extending disciplines governing continued Chinese participation in the international market for commercial space launch services.

"I believe this agreement carefully balances the interests of the U.S. space launch, satellite, and telecommunications industries," said U.S. Trade Representative Michael Kantor. He further stated that "it will provide effective safeguards against disruption of the market for commercial space launch services while allowing for disciplined Chinese participation in the market. "

The agreement will protect against disruption of the space launch market and provide market stability by placing quantitative limits and a price discipline on Chinese launch contracts.

The original U.S.-PRC commercial space launch agreement was concluded in 1989 and expired December 31, 1994. The new agreement provides for up to eleven Chinese launches for international customers to geosynchronous earth orbit (GEO) through December 31, 2001, as opposed to nine launches over six years in the previous agreement. The new agreement continues to require that Chinese launch prices must be "on a par" with prices offered by Western launch service providers for comparable launches.

The new agreement also includes several new features, such as disciplines for launches to the newly emerging market for satellites to low earth orbit (LEO). In addition, it contains in more detailed conditions under which increases in the quantitative limit may occur to address shortages in the supply of launch services for U.S. satellite manufacturers and users, such as could result from stronger than predicted growth in the demand for launch services or the lack of available launch services from other providers.

The United States and the PRC can conclude mutually beneficial agreements when both sides are committed to finding solutions, even to complex issues. We are currently at a critical juncture in our negotiations with the PRC regarding its policies with respect to the protection of intellectual property. As in space launch, we would hope that the PRC recognizes that its future lies in its adoption of laws, policies, and practices that reflect the norms of the global marketplace upon which it depends for economic well-being, not in the flaunting of those norms. If the PRC adopts a commitment comparable to that shown in our

negotiations on commercial space launch, we can reach a mutually beneficial agreement on intellectual property. However, if we fail to reach agreement with the PRC by the February 4 deadline, we will issue a final retaliation list necessary to defend our commercial interests.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Saturday, February 4, 1995

Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR Mickey Kantor Orders 100% Tariffs
on More Than \$1 Billion of Chinese Imports
Cites China's Failure to Protect U.S. Intellectual Property

Ambassador Mickey Kantor today ordered the imposition of 100% tariffs on \$1.08 billion of imports of Chinese products into the United States because of China's failure to protect and enforce the intellectual property rights (IPR) of U.S. companies and to provide market access for intellectual property-based products and industries.

From 1984 through 1994, U.S. yearly exports to China rose from \$3 billion to \$8.8 billion. In the same period, however, Chinese exports to the U.S. rose from \$3.1 billion to almost \$38 billion. The bilateral trade relationship is seriously imbalanced. The United States is the world's largest open economy, while that of China remains closed to many of our most competitive export sectors.

China's failure to enforce the intellectual property rights of U.S. companies and its persistent denial of market access for intellectual property-based products and industries has damaged U.S. commerce and caused serious losses to American companies and workers.

"We cannot stand by while the interests of our fastest growing, most competitive industries are sacrificed in China. I have said that we would take action by reducing China's access to the U.S. market if China does not protect our computer software, pharmaceuticals, agricultural and chemical products, audiovisual works, books and periodicals, and trademarks. Today's action represents the largest retaliation ever taken by the U. S. government," Kantor said. "So far, the Chinese have taken some steps, but they have not addressed the major substantive problems -- or the continuing operation of Chinese factories that mass-produce pirated products for export."

"This morning I met with Ambassador Li Daoyu of China to inform him that the United States was taking this action. I indicated that the U. S. stands ready to engage in serious negotiation, but that these trade sanctions will automatically become effective if no acceptable agreement is reached by February 26."

Background

USTR Kantor's announcement is the result of an eight-month investigation under the Special 301 provision of the Trade Act of 1974 into China's intellectual property rights enforcement

practices.

Under the statute, the investigation, which was initiated on June 30, 1994, can run up to six months, with the possibility of a 90 day extension. On December 31, USTR Kantor issued a proposed determination that China's IPR enforcement practices are unreasonable and burden or restrict U. S. commerce, and USTR published a proposed retaliation list of \$2.8 billion. At the same time, Kantor extended the investigation until February 4 to allow negotiators time to pursue an acceptable settlement.

Nine days of negotiations on IPR enforcement held in Beijing concluded on January 28 without agreement. Although some progress was made during these negotiations, China failed to make the commitments necessary to permit resolution of the Special 301 investigation.

While China has made significant improvements in its IPR legal regime as a result of the 1992 U.S.-China Memorandum of Understanding on Intellectual Property Protection, piracy of copyrighted works and trademarks is rampant in China.

Piracy of computer software -- one of the most competitive industries of the United States -- runs as high as 94%, according to U.S. software industries. Chinese piracy of U.S. CDs, laser discs, cassette tapes, books, video games, videos and movies is close to 100% in many parts of China.

In the past two years, Chinese companies have begun to export pirated products in large volume -- despoiling markets in southeast Asia and even reaching Latin America, Canada, and the United States. This trend is exemplified by the fact that 29 CD and LD factories in China have a production capacity of 75 million CDs for a domestic market that can absorb only 5 million CDs annually. In addition, some of these factories have begun to produce and export CD-ROMS, which can hold dozens of computer software programs and other copyrighted works on a single disk. To date, despite repeated U.S. requests, China has taken no significant action to stop infringing activities in these factories.

The Chinese Products Subject to Retaliation

The final list, which will appear shortly in the Federal Register, is comprised of 35 product categories of high-growth Chinese exports to the United States. Among the principal products included on the list are: answering machines and cellular telephones; a wide variety of plastic articles; and sporting goods, such as fishing rods, gymnastic equipment and surf boards.

The final list was selected from a broad preliminary list of product categories from China's key export industries. It was created subject to specific criteria designed to minimize any impact on U.S. industry, workers and consumers.

The tariffs will be imposed automatically by the U. S. Customs Department on February 26, 1995 -- thereby allowing several weeks for goods that are in transit to enter the United States before the duties are imposed.

China IPR
FACT SHEET

Special 301 Investigation

On February 4, 1995, U.S. Trade Representative Kantor ordered the imposition of 100 % tariffs on \$1.08 billion of imports of Chinese products into the United States because of China's failure to protect and enforce the intellectual property rights (IPR) of U.S. companies and to provide market access for intellectual property-based products.

China's failure to enforce the intellectual property rights of U.S. companies and its persistent denial of market access for intellectual property-based products has damaged U.S. commerce and caused serious losses to American companies and workers.

The tariff increases will go into effect on February 26, providing sufficient time for goods that have left Chinese ports as of February 4 to clear U.S. Customs before the new duties go into effect.

On February 4, Ambassador Kantor met with China's Ambassador Li Daoyu to inform him of the action the United States was taking. In addition, Kantor extended an invitation to China to resume negotiations.

Ambassador Kantor identified China as a Priority Foreign Country under the 1974 Trade Act on June 30, 1994, and immediately initiated a Special 301 investigation into China's intellectual property rights (IPR) enforcement practices. Under the statute, the investigation runs for up to six months, with a possible three-month extension. At the end of the six month investigation, in this instance December 30, 1994, the USTR made a proposed determination that China's IPR enforcement practices are unreasonable and burden or restrict U.S. commerce. In addition, Kantor authorized publication of a proposed list of Chinese products to which tariffs of 100% could be attached. That list was valued at \$2.8 billion. Ambassador Kantor extended the investigation until February 4, 1995, as a result of the complexity of the negotiations.

The List

The final list, which will appear shortly in the Federal Register, is comprised of 35 product categories of high-growth Chinese exports to the United States and includes items in which the Chinese Government has substantial involvement, such as silk products and bicycles. The top five categories of items on the retaliation list are:

	U.S. Imports	Oct. 93-Sept. 94
1.	Miscellaneous plastic articles (e.g. picture frames, baseball card holders, etc.)	\$465 million
2.	Answering machines & cellular telephones	\$108 million
3.	Sporting goods (e.g., fishing rods, gymnastics equipment & surf boards)	\$78 million
4.	Wooden articles (e.g. picture frames, ornaments, jewelry boxes)	\$70 million
5.	Bicycles (with wheels 20" & smaller)	\$65 million

Other articles on the list include: candies; mushrooms; citric acid; rubber gloves; leather trunks and containers; greeting cards; silk gloves, handkerchiefs and scarves; gold and platinum jewelry; kitchen ware, and copper articles, metal furniture and counters, and non-electric lamp fittings.

The final list was developed after reviewing more than 190 written submissions and testimony presented by the public during two days of hearings and a thirty-day comment period. The hearings addressed the impact the inclusion of particular products on the final list would have on U.S. industries and consumers. U.S. government agencies selected products that would have a clear impact on China, but would cause minimal harm to the U.S. economy, its businesses and workers. For example, the list minimizes, to the extent possible, a disproportionate adverse impact on small and medium-size firms and generally avoids items for which there is no U.S. production or alternate foreign suppliers.

The size of the list is based on the estimates of U.S. government economists on the damage done to the U.S. economy by China's failure to protect effectively intellectual property rights -- that is, losses suffered in China due to Chinese infringement of U.S. copyrighted works, trademarks, and patented products. In addition, we are setting up an interagency group to determine the damage done to the United States by exports to third countries.

U.S.-China Trade Relations

U.S.-China bilateral trade has grown significantly since relations were normalized in 1979, with two-way trade approaching \$50 billion in 1994 compared with \$2.3 billion in 1979. At the same time, the bilateral trade relationship has become badly imbalanced, with the U.S. trade deficit with China skyrocketing from \$70 million in 1983 to almost \$30 billion in 1994. China's imports to the United States during that period have risen 929% (rising from \$3.1 billion to almost \$38 billion in 1994) while U.S. exports to China have gone from \$3 billion to almost \$9 billion during the same period.

Piracy in China

Overall, China has markedly improved its IPR legal regime as required by the 1992 U.S.-China Memorandum of Understanding on Intellectual Property Rights. China has not, however, lived up to its obligation under the Agreement to enforce its laws and regulations. Until recently, enforcement of intellectual property rights has been virtually absent, with piracy rates soaring in all major urban centers along China's increasingly prosperous east coast.

IPR piracy in China is rampant. U.S. industries estimate that piracy of computer software and other copyrighted works rose sharply over the past year. Among the largest and most obvious offenders in China are the operators of 29 CD factories where U.S. copyrighted CDs, laser discs, and CD-ROMs are produced. These factories are largely in south and central China. With an annual production capacity exceeding 75 million CDs 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 pirated products are now found in Hong Kong, southeast Asia, and increasingly, in the Americas.

Piracy of other audiovisual works, particularly audiocassettes, videos and video games in China, runs close to 100% -- with little evidence of effective controls on this piracy to date. Piracy of other cutting-edge U.S. copyrighted products, particularly computer software, runs at about 94% -- and 100% in CD-ROMs, where no major U.S. computer software manufacturer has issued licenses for legal production in China. The administrative apparatus in China for policing copyright piracy is extremely weak. The National Copyright Administration offices are located in fewer than half of China's provinces, and have few qualified personnel and no real authority to take effective action against offenders. The courts, which do have real authority, have yet to issue substantial judgments in civil cases against Chinese defendants. To date, there have been no criminal convictions for major copyright infringers.

Piracy of trademarks is also rampant, especially in south China. 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

Negotiations with China have been underway for 20 months, including eight 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 of the Chinese government about the prevalence of piracy and the damage it causes U.S. economic interests. Since July of 1993 we have met with Chinese negotiators 21 times, including eight rounds in 1994 -- five since the Special 301 investigation was initiated. A nine-day round of negotiations on IPR enforcement concluded on January 28 without agreement.

While agreement has not yet been reached, the Chinese have begun to take action -- both on the ground and in terms of preliminary commitments that will improve IPR enforcement over time. In particular, China has launched a special enforcement period and has begun systematic raids in some regions against retailers, closing shops and levying tough fines. China has yet to take action, however, against manufacturers, including those involved in CD production.

What is Intellectual Property?

Intellectual property refers to a broad collection of rights relating to the products of human inventiveness and creativity. It comprises two main branches: first, industrial property, covering inventions, trademarks, and industrial designs; and, second, copyright.

Patent. A patent is a governmental grant of a property right to the inventor of a product or process which is new and has utility -- that is, it has industrial application. A patent provides the inventor, or the inventor's successor in title, the exclusive right to the invention for a limited period of time. This right generally enables the patentee to exclude others from making, using or selling the invention. As a consequence, the patentee can also grant licenses to third parties, letting them exploit the invention on such terms as the patent may prescribe. The Uruguay Round TRIPS agreement requires that a patent must be valid for a minimum of 20 years from the filing date of the application. The patent term in the U.S. is 20 years from

filing.

Trademark. A trademark is any word, symbol, design or device used to identify a product. Service marks involve similar descriptors to identify a service. The purpose of a trademark or service mark is to identify goods put on the market, thereby distinguishing them from other goods and services, and to indicate their source or origin. These marks enable consumers to recognize products they have previously purchased so that they can exercise their preference purchase them again. Accordingly, trademark owners usually make every effort to maintain or improve the quality of their goods. To a large extent, therefore, trademarks have become a guarantee of quality.

Protection of a trademark means that no person or enterprise other than its owner may use it -- or any other trademark so similar to it that its use would lead to confusion in the minds of the public. The Trips agreement, for example, provides that initial registration of a trademark must be valid for a period of at least seven years, and that registration is renewable indefinitely.

Copyright. Copyright usually refers to "literary and artistic works". U.S. copyright law enumerates eight broad categories of protectible subject matter: literary works (which include computer software), musical works, including accompanying words, dramatic works, including accompanying music, pantomimes and choreographic works, pictorial, graphic and sculptural works, motion pictures and other audiovisual works, sound recordings and architectural works. Works that do not fall into these categories may be protected as well.

Copyright protection means that certain uses of a work are lawful only if made with the authorization of the owner of the copyright. The owner of a right may generally transfer a right, or license certain uses of the work. U.S. copyright law grants the owner exclusive rights to reproduce a work, to prepare derivative works based on it (e.g., to base a film on a book or play), and to distribute copies to the public by sale or other transfer of ownership, or by rental, lease or lending, to perform the work publicly (with the exception of sound recordings), and to display certain categories of works publicly. U.S. law, consistent with the Berne Convention and the TRIPS agreement, protects a copyrighted work for the term of author's life, plus 50 years.

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, wholesales 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

-1-

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 Cornstrips" to Chinese consumers -- a bogus product whose trademark and packaging is identical to that of Kelloggs 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 and in the Beijing Airport.

- * 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

-2-

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.

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

FOR IMMEDIATE RELEASE
Monday, February 6, 1995

95-09
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Mickey Kantor

Today we received a letter from Madam Wu Yi, the Chinese Trade Minister, indicating that they are prepared to resume talks in Beijing next week. We've responded indicating we'll send our negotiators to China on February 13.

Let me reiterate that piracy of U.S. products is an extremely serious problem, and we expect the Chinese to come to the table prepared to address our concerns over the protection of computer software, chemical and agricultural products, pharmaceuticals, trademarks, audiovisual works, and books and periodicals, by:

- o taking effective, immediate measures to curb piracy, including raids on major CD producers;

- o instituting structural changes to improve intellectual property protection over time, such as creating a border enforcement regime, instituting a copyright verification system, and providing access to IPR courts.

- o providing market access for intellectual property-based products.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C.
20506

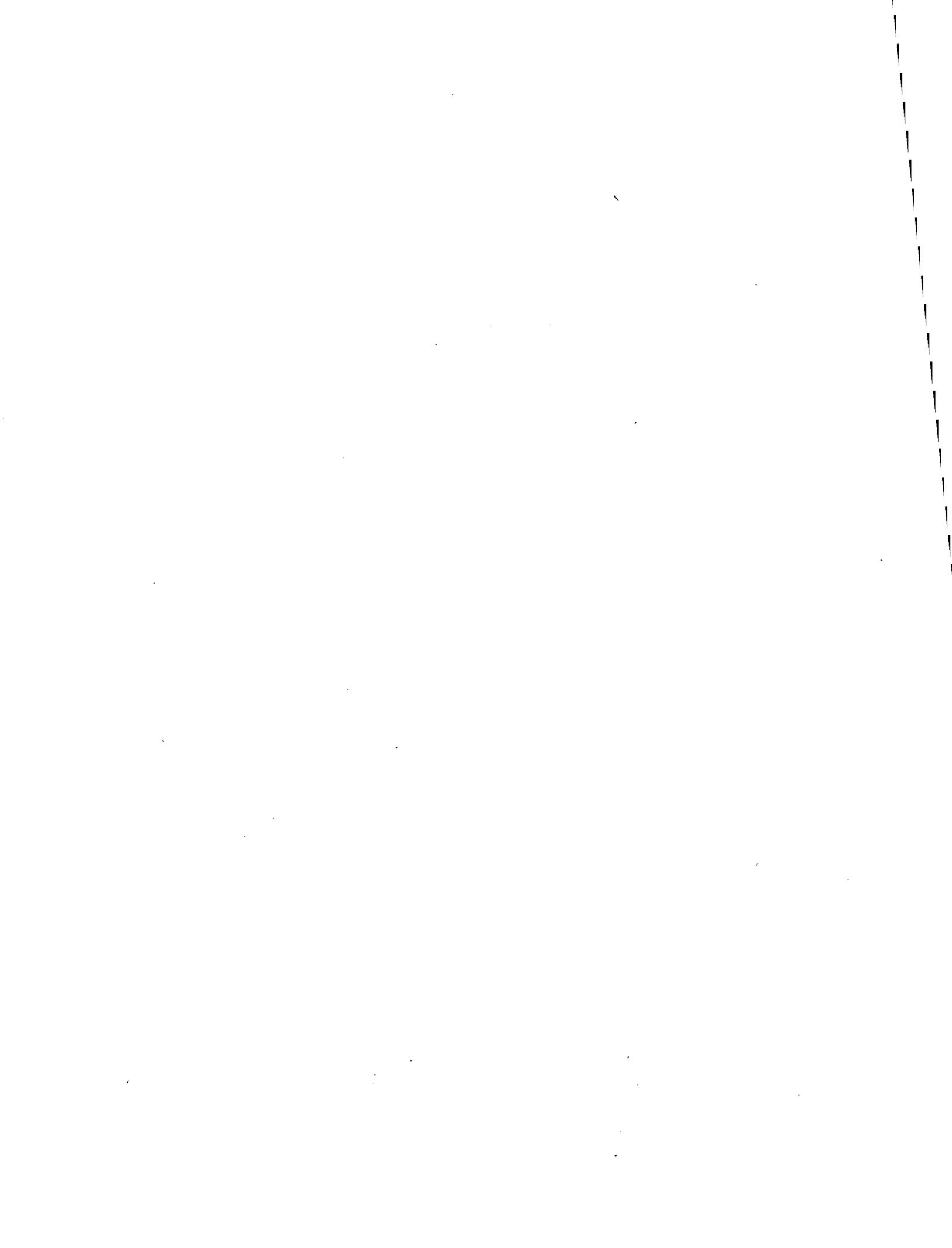
FOR IMMEDIATE RELEASE
Monday, February 6, 1995

Contact: 95-10
Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

KANTOR ANNOUNCES DESIGNATION OF ARMENIA AS GSP BENEFICIARY

U.S. Trade Representative Mickey Kantor announced today that the United States was extending the benefits of the Generalized System of Preferences (GSP) program to Armenia. Under the GSP program, the United States grants duty-free market access to more than 4400 products that are imported from over 140 developing countries and territories. The GSP program reflects the U.S. commitment to an open trading system.

"The President's action today, in designating Armenia as a beneficiary of the U.S. GSP program, will encourage trade and development between our countries," Ambassador Kantor said. "By effectively eliminating import duties on nearly half of Armenia's exports to the United States, this action will support Armenia's efforts to undertake necessary market reform."



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

FOR IMMEDIATE RELEASE
Monday, February 6, 1995

Contact: 95-11
Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR KANTOR ANNOUNCES 301 INVESTIGATION
OF CERTAIN DISCRIMINATORY CANADIAN COMMUNICATIONS PRACTICES

United States Trade Representative Mickey Kantor today announced that he has accepted Country Music Television's (CMT) petition and initiated a section 301 investigation of certain practices of the Canadian Radio-Television Telecommunications Commission (CRTC). Specifically, this investigation stems from the CRTC's practice of denying market access to foreign-owned television programming services which are determined to be directly competitive with Canadian-owned services. In addition, Kantor also announced that if the issue is not resolved expeditiously, USTR proposes to determine that the CRTC practice is unreasonable and constitutes a burden and restriction on U.S. commerce. USTR is inviting public comment by March 6 on the full extent to which the CRTC policy has harmed U.S. interests and on the most appropriate response to Canada's actions.

Kantor said, "We consider the action taken against CMT to be a very serious matter. The CRTC's action amounted to the confiscation of CMT's business efforts over the past ten years to serve the Canadian market. We know of no other comparable action taken in other markets our industry serves and are especially concerned by such treatment in Canada." Kantor went on to say that "we are firm in our resolve to ensure that this issue is addressed, either through an agreed settlement of the matter or, should that prove impossible, through other appropriate action commensurate with the full extent of the harm to U.S. interests inflicted by this policy."

Kantor also said, "Canadian government support for the arts is a noble and worthwhile policy objective. However, it cannot be effectively achieved by discriminating against U.S. interests or by discouraging U.S. investment in Canada. CMT has given extraordinary exposure to Canadian artists in North America and Europe. While our principal concern is for U.S. interests, the CRTC action has also harmed the interests of Canadian artists. The practice is as counterproductive as it is discriminatory."

As part of the 301 investigation, USTR is asking for comment on the CRTC policy to quickly assess the full extent of the harm suffered by U.S. interests. In the meantime, USTR remains hopeful that the Government of Canada will suspend the CRTC practice and initiate a Cabinet-level review of the underlying policy. Also as part of the investigation, USTR has asked the

Federal Communications Commission for information regarding related Canadian interests in the U.S. communications market.

Kantor also addressed the Government of Canada's previous announcement on December 22 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, and legislation to implement a levy on the sale of blank audio tapes. At that time, Kantor noted that these developments were concrete evidence of an increasing and disturbing trend in Canada toward the implementation of policies intended to protect Canadian industry by discriminating against legitimate U.S. interests. Today Kantor said that "should the Government of Canada choose the unfortunate path of pursuing additional discriminatory measures against U.S. publishing and copyright interests, we will again have no choice but to respond."

Country Music Television filed a section 301 petition on December 23, 1994 in response to a CRTC decision on June 6, 1994, terminating CMT's authorization to be distributed in Canada once a new, Canadian-owned licensee became available for distribution on January 1, 1995. Other U.S. services have been denied market access in Canada because their format was considered to be directly competitive with existing Canadian-owned services.

Country Music Television (CMT) is a country music cable television service jointly owned by two U.S.-based corporations, Group W Satellite Communications and Gaylord Entertainment Company. CMT, which airs country music videos, entered the Canadian market in 1984 and by the end of 1994 reached 1.9 million Canadian homes.

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

FOR IMMEDIATE RELEASE
Thursday, February 9, 1995

95-12
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Kantor Announces Date of Hemispheric Trade Ministers Meeting

U.S. Trade Representative Mickey Kantor announced today that the United States will host the first Hemispheric meeting of Trade Ministers in Denver on June 30.

"This announcement signals our intention to move forward in our efforts to create a Free Trade Area of the Americas (FTAA) by 2005, as called for at the Summit of the Americas. The United States has the most to gain from freer trade throughout the hemisphere. Expanded markets means more jobs, greater opportunity, increased productivity and a higher standard of living for American workers and farmers. Colorado, a prolific exporter of agricultural and manufacturing goods, is a perfect site to host this event. I look forward to working with Governor Romer and the bipartisan Congressional delegation to make the event a success," Ambassador Kantor stated.

The meeting of Trade Ministers was mandated in the Summit of the Americas Plan of Action. At this meeting, Ambassador Kantor and trade ministers from the 34 democratically elected governments in the Western Hemisphere will discuss steps to reach the goal of a Free Trade Area by 2005.

On July 1-2, immediately following the meeting of Trade Ministers, Secretary Brown and Ambassador Kantor will co-host the first Hemispheric Trade and Commerce Forum. The Forum will bring together business leaders and trade and commerce ministers from throughout the Americas to discuss core aspects of commercial integration. The Forum will focus on significant opportunities and impediments in building an efficient commercial infrastructure, as well as the implications for the private and public sectors.

U.S. exports to Latin America have grown dramatically in the last decade, increasing from \$30 billion in 1985 to an estimated \$80 billion in 1994. This expansion of trade has created 600,000 American jobs. Moreover, Latin America is the second fastest growing region in the world. By the year 2010, U.S. exports to Latin America are expected to exceed our exports to the E.U. and Japan. The United States supplies 43% of the region's imports, twice the market share of the E.U., and more than six times Japan's market share.

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

FOR IMMEDIATE RELEASE
Wednesday, February 22, 1995

95-12
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Mickey Kantor

Deputy United States Trade Representative Charlene Barshefsky met today, Wednesday, with Vice Minister Sun Zhenyu of Chinals Ministry of Foreign Trade and Economic Cooperation.

Their discussion covered eight areas, including market access, software protection and data collection relating to enforcement efforts.

In addition, Deputy USTR Barshefsky met with three justices of the Supreme People's Court to discuss issues relating to access to the legal system. She also met with Chinals chief prosecutor, Zhang Siqing, to discuss the participation of prosecutors throughout China in enforcement efforts.

On Thursday there will be full-day meetings of eight separate working groups which have been established. At the end of the day, the working groups will reconvene to report on progress made.

On Friday Barshefsky is scheduled to meet with Minister of Foreign Trade and Economic Cooperation Wu Yi.

Ambassador Kantor characterized the talks as "serious and measured," and noted that three factories which had been manufacturing illegal CD's and LD's have been closed down, and that there had been additional raids on retailers.

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

FOR IMMEDIATE RELEASE
Sunday, February 26, 1995

95-12
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

United States and China Reach Accord on Protection of
Intellectual Property Rights, Market Access

United States Trade Representative Mickey Kantor announced today that the United States and China reached an agreement that will provide protection of intellectual property rights (IPR) for U.S. companies and provide market access for our intellectual property-based products.

From 1984 through 1994, U.S. yearly exports to China rose from \$3 billion to \$8.8 billion. In the same period, however, Chinese exports to the U.S. rose from \$3.1 billion to almost \$38 billion. This imbalance in the bilateral trade relationship between the U.S. and China has been, in significant part, due to China's failure to enforce the intellectual property rights of U.S. companies and its persistent denial of market access for intellectual property-based products. Some of the fastest growing and most competitive industries in the United States have been adversely affected, including computer software, pharmaceuticals, agricultural and chemical products, audiovisual works, books and periodicals and trademarks.

On February 4, 1995, Ambassador Kantor announced that, although the United States stood ready to engage in serious negotiations, he had ordered the automatic imposition of 100% tariffs on over \$1 billion of imports of Chinese products beginning February 26 if an acceptable agreement could not be reached by that date. Had the tariff action taken effect, it would have been the largest retaliation ever taken by the U. S. government.

Summary of the Agreement

The agreement reached today between the United States and China contains the following commitments by the Chinese government:

I. To take immediate steps to address rampant piracy throughout China.

o To implement a Special Enforcement Period during which enhanced resources will be allocated to cleaning up large-scale producers and distributors of infringing products.

o To take actions against the factories that are currently producing infringing products. To date, the Chinese have raided and closed six factories, and just last night raided the most

notorious of the pirating factories, the Shenfei Laser Optical Systems Company outside of Hong Kong. They will take further steps necessary to discover any other infringing factories and move against them.

- o To prohibit the exportation of illegal products, including pirate CDs, LDs and CD-ROMs, and to allocate adequate resources to ensure that this takes place.

II. To make long-term structural changes to ensure effective enforcement of intellectual property rights:

- o To establish a strong intellectual property enforcement structure comprised of

- IPR conference working groups at the central, provincial and local levels to coordinate enforcement efforts and the drafting and implementation of legislation and regulation.

- IPR enforcement task forces under each conference working group that are empowered and directed to carry out enforcement efforts with respect to all types of intellectual property.

- o To ensure that cross-jurisdictional enforcement efforts are carried out cooperatively and effectively.

- o To create an effective customs enforcement system modelled on the U.S. customs service.

- o To create a title verification system to help prevent the production, distribution, importation, exportation and retail sale of U.S. audio visual works -- and software programs in CD-ROM format -- without the verified consent of the U.S. right holder. Associations of U.S. right holders will be allowed to establish offices in China to participate in this system.

- o To establish focused enforcement efforts for intellectual property rights in audio visual works, computer programs, and publications.

- o To ensure that U.S. right holders have access to effective judicial relief, including national treatment for civil filing fees and expeditious handling of intellectual property cases involving

foreigners, and to ensure that protection against the destruction of evidence of infringement is provided before a case is filed.

- o To establish a system whereby statistics concerning Chinese enforcement efforts are provided to the U.S. government, and to provide for the Chinese and U.S. governments to meet on a regular basis to discuss the adequacy of enforcement efforts.

- o To ensure the transparency of any laws, regulations, or rules related to the grant, maintenance and enforcement of intellectual property rights.

- o To enhance the training offered judges, lawyers, students,

government officials, and businesspersons on the nature of intellectual property and the importance of its protection.

III. To Provide U.S. right holders with enhanced access to the Chinese market. This includes a commitment to:

- * Place no quotas on the importation of U.S. audio visual products.
- * Allow U.S. record companies to market their entire catalog of works in China.
- * Allow U.S. intellectual property-related companies to enter into joint venture arrangements to produce, distribute and sell their products in China. They will be able to establish operations in Shanghai and Guangzhou initially and expand to eleven other cities within five years.

A Review of the Problem and a History of U.S. Efforts to Resolve It

USTR Kantor's February 4 announcement was the result of an eight month investigation under the Special 301 provision of the Trade Act of 1974 into China's intellectual property rights enforcement practices. Under the statute, the investigation, which was initiated on June 30, 1994, can run up to six months, with the possibility of a 90-day extension. On December 31, USTR Kantor issued a proposed determination that China's IPR enforcement practices were unreasonable and burdened or restricted U. S. commerce, and USTR published a proposed retaliation list of \$2.8 billion. At the same time, Kantor extended the investigation until February 4 to allow negotiators time to pursue an acceptable settlement.

Nine days of negotiations on IPR enforcement held in Beijing concluded on January 28 without agreement. Although some progress was made during these negotiations, China failed to make the commitments necessary to permit resolution of the Special 301 investigation.

While China did make significant improvements in its IPR legal regime as a result of the 1992 U.S.-China Memorandum of Understanding on Intellectual Property Protection, piracy of copyrighted works and trademarks continued to be rampant because China did not live up to its obligation under the Agreement to enforce its laws and regulations. Until recently, enforcement of intellectual property rights has been virtually absent, with piracy rates soaring in all major urban centers along China's increasingly prosperous east coast.

Piracy of computer software -- one of the most competitive industries of the United States -- has been running as high as 94 percent, according to U.S. software industries. Chinese piracy of U.S. CDs, laser discs, cassette tapes, videos and movies has been close to 100% in many parts of China.

In the past two years, Chinese companies have begun to export pirated products in large volume -- despoiling markets in southeast Asia and even reaching Latin America, Canada, and the United States. This trend is exemplified by the fact that 29 CD and LD factories in China have had a production capacity of 75

million CDs for a domestic market that can absorb only 5 million CDs annually. In addition, some of these factories began to produce and export CD-ROMS, which can hold dozens of computer software programs and other copyrighted works on a single disk.

The administrative apparatus in China for policing copyright piracy has been extremely weak. The National Copyright Administration offices, located in fewer than half of China's provinces, have few qualified personnel and no real authority to take effective action against offenders. The courts, which do have real authority, have yet to issue substantial judgments in civil cases against Chinese defendants. To date, there have been no criminal convictions for major copyright infringers.

Piracy of trademarks has also been rampant, especially in south China. Enforcement, while effective in some locales, has been 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.

The Impact of Today's Agreement on U.S. Companies and Workers

The agreement will have a significant and positive effect on the ability of U.S. intellectual property-related companies to work in China and throughout Asia. As a result of the agreement, these companies will be better able to protect their intellectual property rights and to seek access to the Chinese market for their products. This will lead to the creation of more U.S. jobs in some of the most dynamic sectors of the U.S. economy.

On an industry-by-industry basis, the benefits to U.S. companies and workers include:

Computer Software

In addition to the benefits noted above, the agreement will usher in stronger protection in several respects.

- * Immediate action will be taken against major infringers.
- * Conflicts of interest will be removed from the enforcement structure.
- * Enforcement authorities responsible for software protection will be empowered and directed to take strong actions against software pirates.
- * The title verification system will permit U.S. software companies to ensure that their programs are not put on CD-ROMs that are distributed, exported or sold without their verified consent.
- * Chinese government ministries, universities, and companies run or controlled by the Chinese government will work with software owners to ensure that their software libraries are legitimate.

U.S. Manufacturers of Well-Known Products

The counterfeiting of some of the best-known U.S. brand names -- Del Monte, Microsoft, Pabst Blue Ribbon, to name but a few -- has become an increasing problem in China. The agreement will address this problem in several ways.

- * Establish the importance of strong, well-known mark protection.

- * Define how well-known mark status is determined under Chinese laws and regulations.
- * Allow U.S. companies to seek timely and effective enforcement of their rights through clear procedures and the application of reasonable and transparent standards.

U.S. Audio Visual Industry

The U.S. audio visual industry, comprised of the motion picture and sound recording industries, has suffered major losses at the hands of Chinese pirates. In addition to the general provisions noted above, the agreement contains several provisions that together will ensure vastly enhanced protection for U.S. motion picture and sound recording products.

- * Immediate action will be taken against major producers and distributors of pirated audio visual products. China has closed six pirate CD and LD factories to date, and will immediately investigate all other known factories for illegal production.
- * A title verification system will be established to ensure that U.S. audio visual products are not produced, reproduced, distributed, imported, exported or offered for retail sale unless the right holder or her representative has been contacted directly and has verified that permission has been granted.
- * Individuals and entities that are found to have pirated U.S. audio visual works will be strictly punished according to the law.
- * U.S. right holders will have newfound access to the Chinese market through the formation of joint ventures to produce, reproduce, distribute and sell their products.

U.S. Publishing Industry

Like the other intellectual property-based industries, the U.S. publishing industry has suffered at the hands of Chinese pirates. These losses have been exacerbated by the inability of these companies to get access to the Chinese market to sell legitimate product. This industry will enjoy the general benefits noted above as well as:

- * A system to control closely the publication of books and other printed material without the consent of the right holder.
- * Enhanced access to the Chinese market through the ability to form joint ventures to produce, reproduce, distribute, export, import and sell at the retail level published materials.

U.S. Patent-Based Industries

Patent rights represent an important asset for a wide range of U.S. industries, including agricultural chemical, aerospace, automotive, and pharmaceutical industries, to name only a handful. In addition to the general benefits noted above, these industries will enjoy increased protection in China because:

The Negotiations Leading to Today's Agreement

Negotiations with China have been underway for 20 months, including eight 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

of the Chinese government about the prevalence of piracy and the damage it causes U.S. economic interests. Since July of 1993 we have met with Chinese negotiators 22 times, including eight rounds in 1994 -- five since the Special 301 investigation was initiated. A nine-day round of negotiations on IPR enforcement concluded on January 28 without agreement. The most recent round of negotiations, producing today's successful result, began in Beijing at the 'official' level on February 13, and continued when Deputy United States Trade Representative Charlene Barshefsky accepted the invitation of Wu Yi, Minister of Foreign Trade and Economic Cooperation, to come to China on February 20.

What is Intellectual Property? A Summary

Intellectual property refers to a broad collection of rights relating to the products of human inventiveness and creativity. It comprises two main branches: first, industrial property, covering inventions, trademarks, and industrial designs; and, second, copyright.

Patent. A patent is a governmental grant of a property right to the inventor of a product or process which is new and has utility -- that is, it has industrial application. A patent provides the inventor, or the inventor's successor in title, the exclusive right to the invention for a limited period of time. This right generally enables the patentee to exclude others from making, using or selling the invention. As a consequence, the patentee can also grant licenses to third parties, letting them exploit the invention on such terms as the patent may prescribe. The Uruguay Round TRIPS agreement requires that a patent must be valid for a minimum of 20 years from the filing date of the application. The patent term in the U.S. is 20 years from filing.

Trademark. A trademark is any word, symbol, design or device used to identify a product. Service marks involve similar descriptors to identify a service. The purpose of a trademark or service mark is to identify goods put on the market, thereby distinguishing them from other goods and services, and to indicate their source or origin. These marks enable consumers to recognize products they have previously purchased so that they can exercise their preference purchase them again. Accordingly, trademark owners usually make every effort to maintain or improve the quality of their goods. To a large extent, therefore, trademarks have become a guarantee of quality.

Protection of a trademark means that no person or enterprise other than its owner may use it -- or any other trademark so similar to it that its use would lead to confusion in the minds of the public. The Trips agreement, for example, provides that initial registration of a trademark must be valid for a period of at least seven years, and that registration is renewable indefinitely.

Copyright. Copyright usually refers to "literary and artistic works". U.S. copyright law enumerates eight broad categories of protectible subject matter: literary works (which include computer software), musical works, including accompanying words, dramatic works, including accompanying music, pantomimes and choreographic works, pictorial, graphic and sculptural works, motion pictures and other audiovisual works, sound recordings and architectural works. Works that do not fall into these

categories may be protected as well.

Copyright protection means that certain uses of a work are lawful only if made with the authorization of the owner of the copyright. The owner of a right may generally transfer a right, or license certain uses of the work. U.S. copyright law grants the owner exclusive rights to reproduce a work, to prepare derivative works based on it (e.g., to base a film on a book or play), and to distribute copies to the public by sale or other transfer of ownership, or by rental, lease or lending, to perform the work publicly (with the exception of sound recordings), and to display certain categories of works publicly. U.S. law, consistent with the Berne Convention and the TRIPS agreement, protects a copyrighted work for the term of author's life, plus 50 years.