EXECUTIVE OFFICE OF THE PRESIDENT

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Friday, January 5, 1996

96-01
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## USTR Establishes a Permanent Monitoring and Enforcement Unit

We must enforce our trade laws and our agreements with all the tools and energy at our disposal.

-- President Clinton, February 26, 1993

U.S. Trade Representative Mickey Kantor announced today the establishment of a permanent unit at USTR devoted exclusively to monitoring all U.S. trade agreements and implementing U.S. trade laws, determining compliance by foreign governments, and pursuing actions necessary to enforce U.S. rights under those agreements and laws.

In a speech before the Center for National Policy in Washington, D.C., Kantor stated: As we have said time and again, the most important part of our job is what happens after we sign an agreement. So today I want to emphasize the importance of enforcement in the context of the President s overall trade policy.

### The Need for the Monitoring and Enforcement Unit

During the past three years, the Clinton Administration has concluded more than 180 trade agreements, including the Uruguay Round, NAFTA, and Free Trade Area of the Americas (FTAA) agreements, the APEC declarations, as well as historic market-opening agreements with Europe, Japan, and China. These agreements have contributed to an unprecedented export boom and helped to create hundreds of thousands of high-paying jobs for American workers.

The success of these agreements can be seen in the unprecedented export growth during the last three years. In 1993, exports grew 4 percent; in 1994, 10 percent. In 1995, exports were up by almost 16 percent. For the first time, export growth exceeded import growth on a year to date basis.

Agricultural exports were up the first nine months of 1995 by 26.9 percent over 1994's strongperformance. The trade deficit has just fallen for the third month in a row and, as a share of GDP, is down to 1.7 percent, roughly half its 1987 peak of 3.3 percent. The trade deficit with Japan improved for the sixth month in a row, and through the first nine months of this year, the deficit is lower than in 1994. These numbers look good -- but not good enough.

If we are to continue this important expansion of our exports, we need the support and confidence of the American people -- they want to know that other countries are living up to their obligations.

So, even though the trade agreements that the Clinton Administration has negotiated are already yielding substantial benefits, it is essential that we continue to vigorously monitor and enforce those agreements as well as agreements negotiated during prior administrations in order to make the most of the

opportunities they provide. Consequently, the USTR Monitoring and Enforcement Unit will focus its efforts on ensuring that foreign governments are implementing their commitments under these agreements and adhering to their obligations.

**The Mission of the Monitoring and Enforcement Unit**

The mission of the Monitoring and Enforcement unit is to ensure that other nations live up to their obligations under our trade agreements. The unit will monitor and enforce all trade agreements and obligations under U.S. trade laws, but priorities will be given to:

- promoting high dollar, high volume U.S. exports
- U.S. export industries, including high growth industries
- barriers which affect job creation and existing jobs, including high wage, high skill jobs
- barriers that are widespread and which represent recurring patterns of export barriers covering many markets, especially the fastest growing and largest markets in the world
- keeping U.S. small and medium sized businesses competitive and expanding in the global marketplace

This list represents principles which will guide us in our efforts. It is not all inclusive.

The unit will work with all geographic and sectoral offices within USTR. Through an interagency task force, the unit will identify priorities for enforcement and develop strategies for obtaining compliance by our trading partners, using all the tools available.

**The Unit's Responsibilities**

**Monitoring**

- In cooperation with the Department of Commerce, develop and maintain a comprehensive data base and tracking system for monitoring compliance with trade agreements, including an archive of the negotiating history for each agreement.
- Prepare the National Trade Estimate Report on Foreign Trade Barriers (NTE Report) and Annual Report on the President's Trade Agreements Program.
  The NTE Report, which contains an inventory of the most important foreign barriers affecting U.S. exports of goods and services, provides a valuable tool for enforcing U.S. trade laws.
  The Annual Report will now contain a list of all trade agreements entered into since 1984 that afford increased market access or reduce barriers. This list will provide public information about what trade agreement rights are available and will help us monitor compliance with our trade agreements. The Report also will include information on actions the government has taken to ensure compliance with such agreements.
- Identify foreign government practices for U.S. enforcement action and ensure the proper coordination of the Super 301 process and Special 301 review of countries that deny adequate and effective protection for intellectual property rights, the Section 1377 review of the operation and effectiveness of U.S. telecommunications trade agreements, and the Title VII report identifying countries that discriminate in government procurement against U.S. goods and services. Ensure that all of our trade policy leverage including GSP, CBI, ATPA and other unilateral trade preference programs is brought to bear on countries that do not comply with their obligations.
- In cooperation and consultation with U.S. business, worker representatives and other non-governmental organizations, systematically examine implementation of our bilateral, regional and multilateral agreements.

**Enforcement**

- In coordination with the National Economic Council, the Department of Commerce and other agencies, ensure that the U.S. pursues in the WTO, NAFTA, and elsewhere those trade agreement violations that most inhibit U.S. exports of goods and services as well as those violations that adversely affect U.S. intellectual property rights and U.S. investments abroad.
- Coordinate and supervise litigation of all disputes to which the United States is a party in dispute

settlement proceedings under the WTO, NAFTA, and other multilateral and bilateral trade agreements. Prepare the dispute settlement component of the President's Annual Report to the WTO. Maintain litigation files, tracking systems, and the USTR public docket for dispute settlement.

- Follow up bilaterally and multilaterally on noncompliance with trade agreement commitments and initiate dispute settlement proceedings when appropriate.
- Ensure the most effective use of U.S. trade laws to back up international enforcement of our WTO rights and to address problems that are outside the scope of the WTO. Ensure effective use of Section 301 process including self-initiation of investigations where appropriate, and response to petitions from non-government sources.

**Staff of the Monitoring and Enforcement Unit**

The Unit will be led by Jane Bradley, a 13-year veteran of USTR, who will be returning from a recent assignment at the White House. Joining Jane Bradley will be Fred Montgomery, who will head the monitoring function, and Amelia Porges, who will be responsible for enforcement; Jeff Nuechterlein, formerly a USTR Special Counsel, Rachel Shub, a litigator in USTR s Office of General Counsel, and Derek Wolff, formerly of the USTR Japan office.

**Outreach by the Monitoring and Enforcement Unit**

The Monitoring and Enforcement staff will work closely with Congress, state and local governments, the private sector, labor organizations, and other non-governmental organizations to determine whether other countries are living up to their agreements and to identify trade practices that should be included in the NTE Report.

The staff can be reached by contacting the Assistant U.S. Trade Representative for Monitoring and Enforcement, Room 501, the Winder Building, 600 17th Street, N.W., Washington, DC 20508, (202) 395-3582 (telephone), (202) 395-3640 (fax).

**Background on Some Enforcement Actions to Date**

Prior to our establishing the new Monitoring and Enforcement Unit, it has been the view of USTR Kantor that the most important aspect of the work of USTR is what happens after agreements are signed. Emphasis on enforcement is not new. Its importance was cited by President Clinton during his February 26, 1993 speech at American University, and by Kantor during his Senate confirmation hearing on January 19, 1993, when he said: I think nothing would be better for our ability to open markets than to be credible in showing that we will enforce existing laws and agreements.

Following are some examples of enforcement actions that have been taken since the Clinton Administration came to office.

With the European Union we used the leverage of Title VII to achieve an historic agreement on heavy electrical equipment in 1993, which covered the EU electrical power utility sector for the first time (a $25 billion annual market). We were unable to reach agreement with the EU on telecommunications procurement, and imposed sanctions under Title VII in 1993. They remain in force but have been effective in bringing the EU back to the negotiating table. We have also brought actions with regard to enlargement, grains and bananas. In the first two of these cases, we have concluded agreements with the European Commission resolving our concerns. Finally, we have maintained sanctions against the EU in response to their ban on imports of meat raised using growth hormones.

With China, we reached a key agreement on textiles after enforcement actions were taken on transshipment. We went to the brink with China on intellectual property rights enforcement when the Administration announced that it would impose $1.1 billion in trade sanctions if we did not reach agreement on improved enforcement of intellectual property and market access for U.S. IPR products. As part of our vigilant monitoring of that agreement, USTR Kantor announced on

December 14 immediate actions that China must take in implementing that agreement. A USTR team is in Beijing now conducting an internal review of China' s actions in implementing the Agreement as the first anniversary approaches.

We have enforced the Generalized System of Preferences program to ensure that numerous countries that benefit from the program protect internationally recognized worker rights and intellectual property rights.

Last year our Title VII report raised the important issue of corruption for the first time and highlighted its role in international trade policy. We are pressing for transparency in procurement now on a number of fronts in order to combat problems with corruption. With respect to Korea, we have used the WTO's new Sanitary and Phytosanitary Agreement regarding Korea's arbitrary and unscientific government-mandated shelf-life standards for beef, pork poultry and other food products. We also reached an agreement with Korea to fully open their auto market, following a Super 301 designation.

Finally, with Japan, we have brought many actions:

We initiated a section 301 investigation on Japan s aftermarket for auto parts and eventually completed a market-opening results-oriented automotive agreement with Japan. It is beginning to show positive results with regard to increased purchases of auto parts by Japanese transplants in the United States, deregulation of the Japanese aftermarket for replacement parts, and the number of Japanese dealerships showing foreign cars.

After nine years of ineffective agreements, the Clinton Administration concluded a results-oriented agreement in March 1994 to open the cellular telephone market in the Tokyo-Nagoya area, the largest population center in Japan. Since the Agreement was signed, subscriptions to the North American designed system grew from 22,000 to over 500,000 in September 1995.

The Telecommunications and Medical Technology sectors were identified as priority sectors for agreement in the July 1993 U.S.-Japan Framework agreement. In response to the lack of progress in these negotiations, the U.S. identified Japan under Title VII of the 1988 Trade Act. On October 1, 1994, we concluded three agreements in these sectors. U.S. sales of medical equipment to Japan have grown about twenty percent since the agreement was signed. We have been disappointed so far with the slow progress being achieved under the Telecommunications Government Procurement and NTT agreements and are continuing to press the Japanese to increase their purchases from U.S. telecommunications suppliers, among the most competitive in the world.

Due to lack of progress under the Semiconductor Arrangement, we held emergency consultations with Japan in January 1994 to identify ways to improve foreign access under the agreement. In the months following the consultations, foreign market share increased steadily from 20.7 percent to over 26 percent for the third quarter of 1995. We are now seeking renewal of the agreement to ensure that market access continues to improve under a government-to-government agreement.

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Webmaster @ USTR - 5 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Wednesday, January 10, 1996

96-02
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## USTR Announces Results of Section 301 Investigations of the Banana Regimes of Costa Rica and Colombia

USTR Mickey Kantor announced today that he determines banana policies of Costa Rica and Colombia to be unfair. However, he also indicated the U.S. will continue working with both nations to solve the remaining outstanding issues.

As a result of reaching Memoranda of Understanding (MOU) with the two countries, no sanctions will be invoked at this time. In announcing the results of the section 301 investigations, USTR Kantor said Costa Rica and Colombia have not fully addressed all of the problems facing U.S. companies that ship bananas from these countries. However, Costa Rica and Colombia have demonstrated their willingness to work constructively with the U.S. Therefore, USTR Kantor has decided that the appropriate action at this time is to implement a process aimed at addressing the outstanding issues, while monitoring the commitments Costa Rica and Colombia made in the recently concluded MOUs.

Kantor said, "This process will help me to assess alternatives as we move forward in our efforts to resolve problems affecting trade in bananas."

Kantor today released the MOUs the United States signed with Costa Rica on January 6 and with Colombia on January 9. These MOUs result from consultations held during the past year.

The MOUs establish consultative mechanisms with Costa Rica and Colombia designed to enhance cooperation on issues affecting banana trade. In particular, Costa Rica, Colombia and the United States will press the European Union (EU) to move to a market-oriented regime at the earliest possible date and, in the meantime, to eliminate the discrimination in the export certificate system. All three countries also agree on the objective of obtaining expanded access in the EU market for Latin American bananas. The MOUs also commit Costa Rica and Colombia to prevent erosion of recent improvements sought by the U.S. in the administration of their banana regimes.

Kantor emphasized that the United States will continue to press Costa Rica and Colombia to suspend trade distorting elements of the Banana Framework Agreement (BFA) or to adopt measures which would have an effect comparable to such action. The BFA between these nations and the EU hinders efforts by the United States and several Latin American nations to change the EU's banana regime.

The United States intends to continue to pursue its dispute with the EU until a satisfactory resolution has been found, and welcomes the support certain Latin American nations -- in particular, Guatemala, Honduras, and Mexico, as well as Equador and Panama -- have provided in this effort. The United States will continue to coordinate closely with these nations on the next steps in our efforts against the EU banana regime. The United States now expects Colombia and Costa Rica will also endorse reform of the EU banana regime.

USTR Kantor said, "I wish to emphasize the Administration's continuing commitment to ensure fair treatment -- both in Latin America and the EU -- for U.S. banana marketing companies."

Kantor also noted that the United States continues to recognize the Caribbean's need for tariff preferences for their bananas in the EU market, at least during a transitional period.

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Webmaster @ USTR - 10 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Thursday, January 11, 1996

96-03
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**Statement of Ambassador Mickey Kantor**

I endorse Secretary Glickman's recommendation today that the Administration pursue WTO dispute resolution to address the European Union's ban on hormone treated meat. The EU ban is harmful to American ranchers and has no scientific basis. We will seek a WTO ruling that it is inconsistent with the EU's international trade obligations. Our trading partners must live up to their agreements with the United States. When they do not, we will challenge them vigorously.

Since 1989, the EU has prohibited imports of any meat produced from animals treated with growth hormones. The EU ban is not based on scientific principles and therefore we believe that it violates the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. The United Nations Codex Alimentarius has recently confirmed the lack of a scientific basis for restricting the use of these growth hormones.

When the EU imposed the ban in 1989, the U.S. attempt to challenge it in the GATT was blocked by the EU. The United States then retaliated by increasing duties on agricultural imports from the EU, affecting approximately $100 million in trade annually. These sanctions will remain in place while the U.S. pursues WTO action.

The first step in the new WTO dispute settlement process is to request consultations with the EU. Other interested countries may participate in such consultations.

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Webmaster @ USTR - 11 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Wednesday, January 17, 1996

96-04
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## WTO Dispute Settlement Panel Issues Report on EPA Rules for Imported Gasoline

Underscoring the Clinton Administration's commitment to strong and effective implementation of U.S. environmental laws, including the Clean Air Act, USTR Mickey Kantor announced today that he would carefully review the legal options available to him, including appeal, with respect to a WTO panel report released today.

The WTO dispute settlement panel report reviewed a challenge by Venezuela and Brazil to a December 1993 EPA regulation on gasoline aimed at controlling auto emissions in the United States. Venezuela and Brazil had challenged parts of the EPA regulation governing "reformulated" and "conventional" gasoline that establish different requirements for imported gasoline than for most gasoline produced in the United States. The WTO panel report concludes that in this respect EPA's regulation treats Venezuelan and Brazilian gasoline less favorably than U.S. gasoline and in some instances does not qualify under the WTO exceptions for health, conservation and enforcement measures.

Kantor stated in responding to the report, "Obviously we are disappointed that the panel did not accept our view that the EPA regulation's treatment of imports is consistent with WTO rules. At the same time, I must emphasize that the results of this dispute cannot and will not compromise this Administration's commitment to our environmental laws. Nothing related to this matter will undermine fulfilling the objectives of the Clean Air Act. We will be carefully reviewing the panel's reasoning and our legal options, and will be consulting with Congress and interested members of the public about our next steps."

Under WTO rules, the United States has the right to appeal the report to the WTO Appellate Body once the report is circulated to all WTO Members on January 29. A WTO panel or Appellate Body report has no force under U.S. law. Once a report is adopted, it is for the United States to determine how to respond.

**BACKGROUND**

EPA's December 1993 regulation implements the 1990 amendments to the Clean Air Act that require that gasoline sold in major U.S. population centers be "reformulated" so as to control automobile emissions, while also seeking to ensure that the reformulated gasoline program does not result in a degradation of the quality of "conventional" (i.e., non- reformulated) gasoline sold outside these more polluted populated areas of the United States. The panel's findings pertain only to those parts of the EPA regulation that establish different requirements for imports. Under the regulation, most U.S. refiners must maintain certain gasoline parameters at their individual 1990 historical levels, by using a variety of data determined by EPA. Most importers, however, must ensure that their gasoline satisfies an across-the-board requirement based on an estimate of an average of the 1990 levels in the U.S. market as a whole. The rule for importers was based on EPA's conclusion that the provisions governing U.S.

refiners could not be applied to imports without raising substantial concerns regarding the availability of foreign data, enforcement problems, and environmental consequences. For reformulated gasoline, EPA's requirements on imports and U.S. gasoline will be identical beginning in 1998.

Less than 5 percent of U.S. gasoline requirements are supplied by imports, although imports have typically represented between 10 and 20 percent of East Coast supplies.

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Webmaster @ USTR - 17 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Thursday, January 18, 1996

96-05
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**Statement by Ambassador Kantor**

The WTO panel finding concerning Venezuela and Brazil's challenge to an Environmental Protection Agency (EPA) regulation governing imports of reformulated and conventional gasoline appears to be widely misunderstood, due to either misleading or inaccurate accounts in the press.

The panel report found that, in certain instances, the EPA regulation's treatment of imported gasoline is inconsistent with provisions of the General Agreement on Tariffs and Trade (WTO).

Contrary to some press reports, the challenge was limited to EPA's implementing regulation, and not directed at any law of Congress. The panel's review was limited to EPA's regulation, and its findings with respect to that regulation have no bearing on provisions of the Clean Air Act. Moreover, the panel report specifically notes that it "was not its task to examine generally the desirability or necessity of the environmental objectives of the Clean Air Act."

More importantly, WTO panel reports have no force under U.S. law. In particular, federal agencies are not bound by any finding or recommendations included in WTO panel reports, and such reports do not provide legal authority for federal agencies to change their regulations or procedures. The rules of the WTO leave to the discretion of the United States and state and local governments whether to make any change in federal, state or local laws or regulations, and the manner in which any such change may be implemented.

Fulfillment of the Clean Air Act objectives is of overriding importance, and the Administration has no intention of taking any action that would compromise these objectives.

WTO rules provide parties to dispute settlement proceedings the automatic right to appeal. I have every intention of pursuing an appeal in this case, but before making any final decision I want to consider the views of the Congress, interested agencies, industry and members of the public.

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Webmaster @ USTR - 18 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Friday, January 19, 1996

96-06
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## USTR Announces Results of Special 301 "Out-of-Cycle" Reviews

United States Trade Representative Mickey Kantor today announced "out-of-cycle" review decisions with respect to certain countries under the U.S. Government's "special 301 program," designed to advance the protection of intellectual property rights. The reviews affected three countries-- Turkey, Japan and Indonesia.

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

In April 1995, at the time of the last annual special 301 review, Kantor identified 38 trading partners that deny adequate and effective protection of intellectual property or deny fair and equitable market access to United States persons that rely upon intellectual property protection. At that time, Kantor placed Turkey and Japan on the special 301 "priority watch list" and Indonesia on the special 301 "watch list" and stated that he would conduct reviews of the status of these countries under the special 301 program in December.

Kantor has completed these and today made the following determinations:

**Turkey will remain on the priority watch list.**

Turkey has been on the priority watch list since 1992 largely because it has had inadequate intellectual property laws and its enforcement efforts have been ineffective. Copyright and patent piracy is widespread. In 1995, Turkey passed copyright, patent, and trademark laws. In addition, the European Parliament approved Turkey's entry into a Customs Union Agreement with the EU. As part of this, Turkey has agreed to continue to improve its intellectual property protection, and will face continued pressure from the European Union and the United States to strengthen IPR standards and enforcement. Concurrently, a separate GSP review remains underway of whether Turkey's GSP status should be modified due to lack of adequate IPR protection.

Kantor noted with cautious optimism that Turkey's new obligations will result in higher levels of protection for U.S. intellectual property in Turkey. More importantly, Kantor stated: "I look for significantly greater efforts by the Government of Turkey to enforce its intellectual property laws and to curtail piracy." He expressed regret that Turkey would not be providing patent protection for pharmaceutical products until 1999 and stressed the importance of immediate implementation of full patent protection to promote investment in Turkey and to encourage technology transfer.

**Japan will remain on the priority watch list.**

Kantor expressed serious concerns about (1) the scope of patent protection and (2) the protection of

sound recordings in Japan. Kantor praised Japan for issuing revised examination guidelines directing its patent examiners to base the scope of patents on "prophetic" as well as "working" examples provided in patent applications. Perhaps even more importantly, Kantor is pleased that these broader guidelines will apply to outstanding patent applications. Kantor said: "This means that the thousands of patents applications already filed in Japan by American inventors will be evaluated under these broader guidelines. We look forward to the Government of Japan's publication of additional guidelines clarifying that the new examination rules are to be applied to all existing applications, regardless of their filing date."

However, Kantor expressed deep concern that Japan is unwilling to consider revising the statute under which its courts consider patent infringement when the competing product is similar to or equivalent with, but not identical to, the patented product. "Until this change occurs," Kantor said, "it appears that imitators may be able to circumvent Japan's patent laws by making minor, non-substantive modifications to products in order to avoid infringement. This is an important issue that needs to be addressed."

Kantor stated that Japan's apparent unwillingness to protect U.S. sound recordings produced before 1971 that are still subject to intellectual property protection in the United States would breach Japan's TRIPs obligations. "Japan's failure to correct this matter by January 1, 1996, when TRIPs obligations became effective, would appear to give the U.S. no recourse other than to pursue its rights under the World Trade Organization," Kantor said.

Japan's practice, unless corrected, violates TRIPs Article 14.6, which applies the provisions of Berne Article 18 to the protection of sound recordings. Berne Article 18 generally requires that a country must retroactively protect the works originating of other Berne member- countries if those works have not fallen into the public domain in the country of origin -- in this case the United States -- and have not enjoyed a full term of protection in the country providing the retroactive protection -- in the case Japan. A very large number of U.S. sound recordings were produced before 1971 which meet these criteria and deserve retroactive protection in Japan.

**Indonesia**

Kantor also announced that a decision regarding the out-of-cycle review of Indonesia has been continued because more information is expected soon on the subject of Indonesia's enforcement activities, particularly regarding computer software.

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Webmaster @ USTR - 19 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Friday, January 19, 1996

96-07
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## USTR Announces Allocation of Tariff-Rate Quota for Raw Cane Sugar

United States Trade Representative Mickey Kantor today announced country-by-country allocations for the additional 400,000 metric tons (mt) of the tariff-rate quota for raw cane sugar imports for the period October 1, 1995, through September 30, 1996. Agriculture Secretary Glickman announced the quota increase of 400,000 mt January 17, 1996. These allocations are in addition to the earlier allocations of the quota amount of 1,417,195 mt (new total country-by-country allocations are indicated below).

Country-by-country tariff-rate quota allocations in metric tons, raw value, for raw cane sugar allowed into the United States at the low duty rate for the October 1, 1995-September 30, 1996 period are as follows:

| 1995-96 Raw Sugar TRQ Allocation | | | |
|---|---|---|---|
| **Country** | **Current FY 1996 Allocation** | **Additional Allocation** | **New FY 1996 Allocation** |
| Argentina | 58,285 | 17,339 | 75,623 |
| Australia | 112,503 | 33,468 | 145,971 |
| Barbados | 9,488 | 2,823 | 12,311 |
| Belize | 14,910 | 4,435 | 19,346 |
| Bolivia | 10,844 | 3,226 | 14,069 |
| Brazil | 196,541 | 58,468 | 255,009 |
| Colombia | 32,531 | 9,677 | 42,208 |
| Congo | 7,258 | 0 | 7,258 |
| Cote d'Ivoire | 7,258 | 0 | 7,258 |
| Costa Rica | 20,332 | 6,048 | 26,380 |
| Dominican Republic | 238,561 | 70,968 | 309,528 |
| Ecuador | 14,910 | 4,435 | 19,346 |
| El Salvador | 35,242 | 10,484 | 45,726 |
| Fiji | 12,199 | 3,629 | 15,828 |
| Gabon | 7,258 | 0 | 7,258 |
| Guatemala | 65,062 | 19,355 | 84,417 |
| Guyana | 16,265 | 4,839 | 21,104 |
| Haiti | 7,258 | 0 | 7,258 |

| | | | |
|---|---|---|---|
| Honduras | 13,555 | 4,032 | 17,587 |
| India | 10,844 | 3,226 | 14,069 |
| Jamaica | 14,910 | 4,435 | 19,346 |
| Madagascar | 7,258 | 0 | 7,258 |
| Malawi | 13,555 | 4,032 | 17,587 |
| Mauritius | 16,265 | 4,839 | 21,104 |
| Mexico | 7,258 | 0 | 7,258 |
| Mozambique | 17,621 | 5,242 | 22,863 |
| Nicaragua | 28,465 | 8,468 | 36,932 |
| Panama | 39,308 | 11,694 | 51,002 |
| Papau New Guinea | 7,258 | 0 | 7,258 |
| Paraguay | 7,258 | 0 | 7,258 |
| Peru | 55,574 | 16,532 | 72,106 |
| Philippines | 182,987 | 54,435 | 237,422 |
| South Africa | 31,176 | 9,274 | 40,450 |
| St. Kitts & Nevis | 7,258 | 0 | 7,258 |
| Swaziland | 21,687 | 6,452 | 28,139 |
| Taiwan | 16,265 | 4,839 | 21,104 |
| Thailand | 18,976 | 5,645 | 24,622 |
| Trinidad- Tobago | 9,488 | 2,823 | 12,311 |
| Uruguay | 7,258 | 0 | 7,258 |
| Zimbabwe | 16,265 | 4,839 | 21,104 |
| **Totals:** | 1,417,195 | 400,000 | 1,817,195 |

**The allocation includes the following minimum quota-holding countries:** Congo, Cote d'Ivoire, Gabon, Haiti, Madagascar, Mexico, Papua New Guinea, Paraguay, St. Kitts & Nevis, and Uruguay.

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Webmaster @ USTR - 19 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Monday, January 22, 1996

96-08
Contact: Ann Luzzato
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(202) 395-3230

## USTR Monitors Korean Shelf-Life Agreement

Ambassador Mickey Kantor announced today that U.S. and Korean negotiators successfully concluded technical talks to ensure the implementation of the U.S.-Korea Agreement on Shelf- Life. On the basis that Korea has committed to notify the WTO next week of certain revisions to the Korean Food Code, the United States will not at this time seek a panel under the WTO's dispute settlement rules.

When Ambassador Kantor announced the establishment of USTR's new monitoring and enforcement unit earlier this month, he indicated that enforcing the Shelf-Life Agreement would be a top priority.

Last July, Korea agreed to phase-out its current government-mandated shelf-life system and allow manufacturers to set their own "sell-by" dates, similar to most other countries. For all dried, packaged, canned or bottled products, the manufacturer's "sell-by" system went into effect on October 1, 1995. Technical talks were held to ensure that all shelf-stable products falling under this provision of the Agreement are notified to the WTO. Based on these discussions, Korea will remove the shelf-life requirement for five additional product categories by March 31. Korea already liberalized 207 products on October 1, 1995.

For chilled, vacuum packed pork and beef and all frozen food, Korea's new system will come into effect on July 1, 1996. During the technical talks held this week, Korean experts clarified Korean Food Code temperature specifications for chilled and frozen meat. They also confirmed a provision in the agreement that temperature requirements will not be used for the purpose of restricting trade.

Korea did not agree to liberalize a seven-week shelf-life requirement for sterilized milk products, such as UHT milk. Consequently, the United States reserved its rights to pursue this issue under the WTO's dispute settlement rules.

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Webmaster @ USTR - 22 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Monday, January 22, 1996

96-09
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## Progress Achieved Under U.S.-Japan Computer Agreement

U.S. Trade Representative Mickey Kantor welcomed the recent data provided by the Computer Systems Policy Project (CSPP) which show that the foreign share of the Japanese national government procurement market has doubled from 6 percent in 1993 to 12 percent in 1994. This segment, which includes computer purchases by the major Japanese Ministries, accounts for 37 percent of the $8.3 billion Japanese public sector computer market.

Kantor expressed concern, however, with the drop in foreign share of the Japanese quasi- government computer procurement market from 33 percent in 1993 to 21 percent in 1994. "We recognize that this segment, which accounts for 35 percent of the Japanese public sector market, grew rapidly in 1994. However, we were extremely disappointed that foreign sales did not keep up with the pace of growth in the market," Kantor said. He also expressed concern with the slow growth in the foreign share of the local government computer procurement market in Japan.

Total foreign share of the Japanese public sector computer procurement market grew from 9 percent in 1993 to 14 percent in 1994. Ambassador Kantor noted that "Although foreign share increased in the public sector market, it still falls way below the foreign share of the Japanese private sector computer market which reached 37 percent in 1994. We hope that the Japanese Government will continue to increase its foreign computer purchases so as to close this gap."

Kantor stressed the need for full implementation of the U.S.-Japan Computer Agreement. The goal of this agreement is to "expand procurement of competitive foreign computer products and services." The bilateral agreement was concluded in 1992 and calls for annual consultations. The United States and Japan plan to hold consultations next month to discuss these data and other implementation issues.

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Webmaster @ USTR - 22 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Wednesday, January 31, 1996

96-10
Contact: Ann Luzzato
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**Statement by Ambassador Kantor**

I applaud the Joint Memorandum of Understanding on aircraft market access that was concluded yesterday by Vice President Al Gore and Prime Minister Chernomyrdin of the Russian Federation. The negotiation of this agreement, which was led by Ambassador Ira Shapiro, will enable U.S. aircraft manufacturers to participate in the Russian aircraft market that is currently small but has strong growth potential. It also makes clear that the Russian aircraft industry will eventually be integrated into the international economy and will be subject to the same rules and disciplines as U.S. and other aircraft manufacturers. This, I believe, effectively addresses the concerns that I and others had raised last year in connection with Export-Import Bank consideration of proposed financing for U.S. components for a maximum of 20 Russian Ilyushin IL-96/M&T aircraft and enabled the Administration to support Export-Import Bank approval of guarantees supporting U.S. exports of engines, avionics and other components for this aircraft. The agreement and the Export-Import Bank action, taken together, are good news both for the manufacturers of components for Ilyushin and for the U.S. aircraft manufacturers and will provide thousands of aerospace jobs in the United States.

## BACKGROUND FACT SHEET

**U.S.-Russia Agreement on Aircraft Market Access**

- The Joint Memorandum of Understanding (MOU) signed January 30 between the United States and the Russian Federation addresses U.S. concerns about barriers to access to the Russian civil aircraft market and about the application of international trade rules to the Russian aircraft sector. These concerns were raised in connection with the proposed Export-Import Bank financing to support the export of U.S. engines and components for installation on Ilyushin (IL-96) aircraft, which was also approved by the Bank January 30.
- The joint MOU ensures that U.S. aircraft manufacturers will be able to participate in the Russian market and to share in this growth. It also makes clear that the Russian aircraft industry will in time be fully integrated into the international economy and will be subject to the same rules and disciplines as U.S. and other aircraft manufacturers.
- Russia is not a member of the World Trading Organization or the Agreement on Trade in Civil Aircraft ("GATT Aircraft Code"). These agreements establish the basic international rules governing trade in the aircraft sector; other key aircraft producing countries, such as the United States, Canada and the EU are members of these agreements.
- In the MOU, Russia has confirmed that it will join the Aircraft Code. (Membership in the Aircraft code requires the elimination of all tariff and non-tariff barriers to trade in aircraft, engines and components.) Russia has already indicated its intention to join the WTO and negotiations have begun on the terms of its accession.
- Reflecting the difficulties Russia is now experiencing in restructuring and privatizing its economy, purchases (and leases) of large jet aircraft, both domestic and foreign, by the Russian airline

industry are currently at low levels. However, the Russian fleet is badly in need of modernization and the potential demand is very large. It is estimated that as many as 1,600 aircraft, valued at more than 75 billion dollars, will be needed over the next 20 years to upgrade Russian airlines to meet their needs, and as many as 250 large civil transport aircraft over the next five years.

- The joint MOU helps U.S. and other Western aircraft manufacturers gain access to Russia's market at a key juncture as Russia seeks to modernize its aircraft fleet. In the interim before Russia accepts full international trade obligations, the MOU commits Russia to provide fair and reasonable access to its market. The Russians will take steps, such as the granting of tariff waivers, to enable their airlines to meet their needs for U.S. and other non-Russian aircraft. As the Russian economy and the demand for aircraft strengthen, the granting of tariff waivers will increase. Moreover, Russian tariffs on aircraft, which are currently 30 percent, will be steadily reduced.

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Webmaster @ USTR - 31 January 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Thursday, February 1, 1996

96-11
Contact: Ann Luzzato
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(202) 395-3230

**Statement of Ambassador Michael Kantor**

In recent weeks, the consultative process on softwood lumber has intensified into serious negotiations. From the standpoint of the United States government and the U.S. lumber industry, our goal is to provide relief to the U.S. lumber industry, hard hit by an increasing and high level of Canadian lumber imports resulting from unacceptable government subsidies, and to provide a level playing field in the lumber trade between our countries.

We had set January 31 as the deadline for reaching agreement in principle, or concluding that negotiations had not succeeded. Yesterday, I received a call from Ambassador Chretien, assuring me that the new Canadian government, sworn in last week, would be considering this issue at the highest level within the next ten days. He also confirmed that Art Eggleton, the new Canadian trade minister, would come to Washington to meet with me during the week of February 12 and would be prepared to address the lumber issue fully. On this basis, I agreed to Ambassador Chretien's request to defer taking any action on lumber until after meeting with Minister Eggleton.

My decision also reflects my judgment that the negotiations are continuing to make significant progress. At meetings last week, British Columbia presented the details of its proposal outlined on December 15, which appears to be a promising basis for a solution with Canada's largest producer. Much work, and hard negotiation remains, but B.C. government and industry officials deserve credit for their efforts and leadership. There are also active discussions under way with the remaining provinces aimed at ensuring that they contribute equitably to a solution to the lumber problem.

I had a full discussion yesterday with representatives of the U.S. Coalition for Fair Lumber Imports, representing U.S. industry, who came in from all around the country. The Coalition is supporting a delay and withholding action beyond January 31 because their representatives believe that the negotiations are making significant progress. They will continue to work with us intensively in the drive to resolve the issue between now and Minister Eggleton's visit.

At every juncture, our industry has demonstrated its preference for a negotiated solution to the longstanding lumber dispute. But the consultations have been on-going since March, and during that time, the damage caused to the U.S. industry from Canadian lumber imports has increased sharply. Canadian lumber imports have risen to an unprecedented 36% of the U.S. market, up from 27% of the market in 1991, at the time Canada terminated the Memorandum of Understanding then in effect. According to industry calculations, the value of Canadian imports has risen from $2.56 billion in 1991 to $5.65 billion in 1995, and 29,000 U.S. lumber mill jobs and tens of thousands collateral jobs have been lost during that time. Lumber mills have been closing, in all areas of the country, on almost a weekly basis, in recent months.

The U.S. government and the lumber industry continue to believe that a negotiated solution is within

reach, and is preferable to another countervailing duty case or other application of U.S. trade laws. But it is time to resolve this issue, in a way that provides the needed relief and the level playing field that U.S. companies and workers deserve.

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Webmaster @ USTR - 1 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Monday, February 5, 1996

96-12
Contact: Ann Luzzato
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## USTR Kantor Comments on Trade and Development Policy Report on Sub-Saharan Africa

USTR Mickey Kantor, commenting on President Clinton's transmittal to the Congress his comprehensive trade and development policy for the countries of Sub-Saharan Africa, said:

"The increasing commitment to democratic political principles and market-based economic reforms by the countries of Sub-Saharan Africa provides an historic opportunity for the United States. We must seize this opportunity for partnership aimed at both supporting African development objectives and pursuing U.S. economic and security interests."

The report, which is mandated by Section 134 of the Uruguay Round Agreements Act, provides a comprehensive framework for an integrated trade and development policy toward the 48 countries of Sub-Saharan Africa. The report presents initiatives which are focused on achieving five basic objectives: 1) trade liberalization and promotion; 2) investment liberalization and promotion; 3) development of the private sector; 4) infrastructure enhancement; and 5) economic and regulatory reform. This report also establishes an interagency Africa Trade and Development Coordinating Group to be co-chaired by the National Security Council and the National Economic Council. The mandate of this group includes responsibility for overseeing implementation of the policy and programs outlined in the report. The group will also establish a dialogue with the Congress and with officials, business leaders and academics in both Africa and the United States to continue to refine and focus U.S. trade and development policy for the countries of Sub-Saharan Africa.

Kantor thanked Congressman Jim McDermott of Washington, a member of the House Ways and Means Committee, for first proposing and including in the Uruguay Round Agreements Act the amendment calling for the development of the policy.

Kantor said, "Congressman McDermott has been a leader in the effort to expand and diversify trade with Africa, and I look forward to working with him, as well as Congressman Crane and Congressman Rangel, to implement this policy."

The Office of the United States Trade Representative led the interagency team which prepared the report, to which nineteen departments and agencies contributed. It is the first of five annual reports required by the statute.

In addition, the U.S. International Trade Commission, at the request of the Administration, prepared a report entitled "U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy," which the President also transmitted to the Congress today.

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Webmaster @ USTR - 5 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Tuesday, February 6, 1996

96-13
Contact: Ann Luzzato
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## USTR Announces Determinations In Country Music Television SECTION 301 Investigation Of Canadian Broadcasting Policies

USTR Mickey Kantor announced today that he has determined certain Canadian broadcasting policies deny national treatment and market access to U.S.-owned television programming services and, on their face, are discriminatory. However, he also indicated that, in light of ongoing discussions, no retaliatory action will be announced at this time.

It is our understanding that Country Music Television (CMT) and the New Country Network ( a Canadian country network) are continuing intensive negotiations aimed at finalizing an agreement to form a single Canadian country music network to be called CMT: Country Music Television (Canada).

On June 6, 1994, the Canadian Radio-television and Telecommunications Commission (CRTC) denied CMT the right to continue broadcasting in Canada, not because CMT had failed to operate in Canada according to all laws and regulations, but simply because it was deemed competitive with a new Canadian-owned service, the New Country Network. The CRTC's action was the result of a decade-old practice of denying market access to foreign-owned television programming services which are determined to be directly competitive with Canadian-owned services.

At that time, CMT, which had been available in Canada since 1984, was one of the fastest- growing U.S. services in Canada, reaching almost two million Canadian homes via 450 cable operators.

Over those ten years, CMT showcased U.S. and Canadian country artists, not only in their home markets, but in other markets where CMT is available such as Asia, Europe and Latin America. However, as of January 1, 1995, Canadian cable operators were no longer allowed to provide CMT to their subscribers.

In late 1994, CMT appealed the decision to Canada's Federal Court of Appeal and then to Canada's Supreme Court. Both courts denied CMT's appeal.

USTR initiated a section 301 investigation on February 6, 1995. On June 22, 1995, USTR announced CMT and the New Country Network had reached a tentative agreement-in-principle and, therefore, USTR would not proceed with plans to publish a list of proposed retaliation targets. However, negotiations to finalize the agreement were not concluded prior to the statutory deadline by which USTR must make its determinations under section 301 -- February 6, 1996.

In announcing his determinations today, Kantor said that, should the negotiations not be successfully concluded in the coming weeks, proposed trade action would be announced by USTR.

Kantor went on to say that while he hopes that negotiations will quickly resolve this particular dispute, the United States Government remains concerned that Canada's competitive services policy still remains in place.

Therefore, Kantor also stated that, under section 301, USTR will closely monitor, not only the CRTC's implementation of any agreement resolving the CMT dispute, but will also closely monitor the CRTC's actions regarding other U.S.-owned television programming services that have, or may seek, authorization for distribution in Canada.

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Webmaster @ USTR - 6 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Wednesday, February 7, 1996

96-14
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## USTR Mickey Kantor Cites Export-Driven Progress in Reduction of U.S. Trade Deficit for November, 1995

Commenting on the November, 1995 trade numbers, USTR Mickey Kantor said, "The United States continues to make solid, steady progress in the reduction of our goods and services deficit -- it is down for the fifth straight month. This progress is being driven by an impressive increase in U.S. exports. In fact, goods exports for the month of November of $49.4 billion were the second highest on record, while services exports of $17.9 billion were at a record high."

"The President's leadership, his economic plan, lower budget deficits and over 180 trade agreements, along with the productivity of U.S. workers, have contributed significantly to this trend. U.S. workers are now the most competitive in the world."

More specifically, Kantor noted:

- Our trade deficit with the world has declined for five months in a row -- from November, 1994 to November, 1995, it declined 27.5%. From October, 1995 to November, 1995, the decline was 12.3%
- The merchandise trade deficit is increasing at an ever decreasing rate -- this month represents the second highest export of goods in U.S. history.

  Our percentage increase in exports is outpacing our percentage increase in imports.

- Japan: We have decreased our trade deficit with Japan for 1995, through November. It is $55.8bn, as compared to last November, year to date of $60.1 bn. This is a 7.1% decrease through November of 1995.

  Our exports to Japan are increasing at four times the rate of our imports.

  The reduction in our trade deficit in auto and auto parts represents 70% of the overall reduction of our trade deficit with Japan through November of 1995.

  Our percentage increase through November, 1995 of exports to Japan of passenger cars and trucks is 53%.

  Our overall increase in the export of autos and auto parts to Japan is 36%.

  Japanese exports to the U.S. of Japanese autos and auto parts have decreased by 5.2%.

  Two charts showing trends in the growth rates of U.S. goods exports and imports with both Japan

and the world are attached.

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Webmaster @ USTR - 7 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Friday, February 9, 1996

96-15
Contact: Ann Luzzato
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## USTR Kantor Initiates WTO Dispute Settlement Proceedings Against Japan for Its Sound Recording Copyright Practices

USTR Mickey Kantor today initiated WTO dispute settlement proceedings against Japan for allowing pirating of works recorded by U.S. performing artists and producers between 1946 and 1971. The United States will demonstrate that the lack of protection accorded by Japan for these works is a clear violation of an agreement negotiated during the Uruguay Round known as the Agreement on Trade-Related Aspects of Intellectual Property Rights, or "TRIPs".

USTR Kantor said, "Over the last several months, we have expressed our serious concerns about this problem to the Japanese government, to no avail. We expect the Japanese to fulfill their obligations. Because Japan is not living up to its TRIPs obligations, the entire body of American music produced from 1946, the date to which the WTO rules extends, to 1971 is vulnerable to piracy."

"What is affected here," said Kantor, "is one of the most vibrant -- and popular -- periods in the history of American music -- from the swing music of Duke Ellington, the bebop jazz of John Coltrane, the rock and roll of Elvis Presley, Chuck Berry, Little Richard, Johnny Cash, Patsy Cline and the Sixties sounds of Bob Dylan, the Beach Boys and Otis Redding. The remarkable range and stature of the music produced in that quarter-century makes it an important part of our heritage."

**Background on the TRIPs Agreement**

Japan's recent amendments to its copyright law only grant protection to foreign sound recordings that were produced on or after January 1, 1971, the date on which Japan first provided meaningful protection for sound recordings under its copyright law.

Japan's action places it squarely in conflict with Article 14.6 of the TRIPs agreement, which article applies the provisions of Article 18 of the Berne Convention to the protection of sound recordings. These provisions generally require that a country -- in this case, Japan -- provide a 50-year term of protection to pre-existing works originating in another WTO member-country -- in this case, the United States -- if those works have not already enjoyed a full term of protection in both countries. Since Japan, along with other developed countries, was required to fulfill its TRIPs obligations by January 1, 1996, all sound recordings produced in other WTO member countries after January 1, 1946 must be eligible for protection.

**Background on the Problem of Unauthorized Sound Recordings**

It is estimated that millions of unauthorized recordings from the pre-1971 period are manufactured and sold in Japan annually. Routinely, these recordings are compilations and thus affect multiple artists. Japan's failure to live up to its TRIPs obligation is costing U.S. right holders millions of dollars in lost

sales. The industry estimates that U.S. right holders in these sound recordings are losing half a billion dollars a year as a result of Japan's failure to address this problem.

As a result, proceeds from legitimate compact disc (CD) sales are not brought back to the United States where they can be invested in new artists producing new works. It means that there is little incentive for a U.S. record company such as Motown to reissue works by artists like the Temptations, knowing that they have to compete against cheaper unauthorized versions.

The U.S. recording industry, along with other entertainment industries, is a key U.S. industry. Recorded music is a $31 billion dollar industry. In 1993, industry sales in the United States topped $10 billion, and sales in the rest of the world reached over $21 billion. Over 60% of that $21 billion in industry foreign sales was of products made by Americans. The recording industry employs tens of thousands of workers in our country and in every state in the nation. Along with the musicians and sound engineers who record the music, there are countless others, including the workers who press and make the CDs, truckers who transport them, and retail clerks who sell them.

Moreover, the recording industry is just the tip of the iceberg with respect to intellectual property protection. And Japan is just the tip of the iceberg when talking about countries tempted to violate their international obligations to protect intellectual property.

If the United States took no action against Japan, other countries might interpret that as permission to disregard their obligations. This issue is too important to U.S. workers and companies to let that happen.

Some of our most competitive and dynamic companies depend on adequate intellectual property protection to guarantee their success. They are in industries that create high-wage jobs and are critical to our effort to raise standards of living and ensure prosperity in the 21st century. Industries such as computer software, publishing, multimedia, sound recordings, motion pictures, biotechnology, pharmaceuticals, and medical technology are among these. We cannot allow a precedent to be set which threatens the livelihood of these companies and their workers.

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Webmaster @ USTR - 9 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Sunday, February 11, 1996

96-16
Contact: Ann Luzzato
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(202) 395-3230

## USTR Kantor Announces Agreement With Russia on Firearms and Ammunition Exports to the United States

USTR Michael Kantor announced today a new trade agreement with Russia which will prevent a flood of Russian gun imports that the FBI has determined would be attractive to criminals. "This agreement will make our streets safer," said Kantor, "particularly by keeping inexpensive, easily concealable handguns out of our market."

The agreement prohibits the export from Russia of firearms that have not been specifically listed in the agreement. The agreement also allows the U.S. to take unilateral action if the overall level of firearm imports from Russia poses a threat to U.S. domestic security or foreign policy interests.

USTR Kantor said, "This agreement clearly promotes the President's domestic and foreign objectives -- fighting crime in the U.S. and normalizing relations with Russia." The new arrangement will replace the current restrictions on Russian firearms imports under the International Traffic in Arms Regulations (ITAR) developed during the Cold War.

The types of weapons which are permitted under the agreement are collectors' items or rifles that have a purely hunting or sporting purpose. The collectors' items are all more than 50 years old, have been certified as collectors' items by a state or federal museum and are associated with a significant historical event or figure. The agreement prohibits the importation of ammunition that may be able to pierce armor.

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## AGREEMENT LIMITING EXPORTATION OF RUSSIAN FIREARMS AND AMMUNITION TO THE UNITED STATES

### FACT SHEET

**Prohibition on All Firearms Attractive to Criminals**

The Agreement does not allow the importation of any firearms that would be attractive to criminals.

**Positive List**

The Agreement restricts imports of firearms only to those on a limited lists. No other firearms may be imported except by mutual agreement of the United States and Russia.

**Handguns**

Allows only the importation of specific Olympic-style target pistols (used in sporting competitions) and certain "curios and relics" (collectors' items). The "curios and relics" are all more than 50 years old, have been certified as collectors' items by a state or federal museum and are associated with a significant historical event or figure.

**Rifles**

Allows only the importation of specific hunting and sporting rifles, including sporting rifles used in Olympic competition.

**Ammunition**

Prohibits the importation of ammunition that may be able to pierce armor. (7.62X25mm caliber)

**Safeguards**

Protects against threats to public safety from a large influx of firearms or ammunition by allowing the United States to take any actions necessary to protect domestic security.

**U.S. Laws on Firearms and Ammunition Continue to Apply**

All U.S. laws and regulations governing the importation of firearms and ammunition continue to apply, including safety requirements and laws banning assault weapons and small handguns from any country.

Webmaster @ USTR - 11 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Friday, February 16, 1996

96-17
Contact: Ann Luzzato
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## U.S. and Canada Reach Agreement on Softwood Lumber

United States Trade Representative Mickey Kantor announced today that an Agreement-in-Principle has been reached with the Government of Canada in the softwood lumber consultations. The effective date of the Agreement is April 1, 1996.

Ambassador Kantor stated that, "This agreement will provide the necessary relief and the level playing field that U.S. companies and workers have sought for so long and certainly deserve.

"However, should this agreement fail, I pledge to use our trade laws to prevent further erosion of our industry's competitive position. As the President said in a major speech at American University in February, 1993, we must enforce our trade laws and our agreements with all the tools and energy at our disposal."

"This Administration has been aggressive in pursuing the opening of foreign markets to U.S. products, and have kept our markets open to the products and services of our trading partners. But we have made it clear that we will maintain the competitive position of U.S. workers and businesses when they are adversely affected by unfairly subsidized imports."

Kantor went on to say, "The Agreement represents the culmination of a more than year-long effort by both countries to resolve our differences and avoid further acrimony over this longstanding bilateral dispute. There was no higher priority for our bilateral trade relationship with Canada than seeing these negotiations succeed. Our ability to do so is an historic accomplishment and clearly demonstrates the tremendous commitment we share to maintain our strong trading relationship."

The overall objectives of the Agreement are to:

- foster stable growth in the North American softwood lumber market,
- reduce Canadian exports in order to maintain average overall U.S. imports of Canadian softwood lumber at historic levels,
- insure continued access to the U.S. market for Canadian producers of softwood lumber,
- provide access to Canadian softwood lumber in periods of high demand,

The Agreement specifically addresses the concerns of the U.S. lumber industry regarding increasing levels of softwood lumber imports from Canada and the Canadian industry's concerns regarding secure and predictable access to the U.S. market.

### Canadian Practices of Most Concern to the U.S.

The Canadian practice that has been of most concern to the U.S. industry is the sale of timber owned by

Canadian provinces to Canadian lumber producers at below market prices.

Unlike Canadian lumber producers, U.S. producers must pay competitive market prices for their timber which is principally sourced from private lands in the United States.

Of additional concern to U.S. industry has been log export restrictions and local processing requirements in British Columbia and similar practices in other provinces. These restrictions confer additional benefits to Canadian producers by artificially lowering even further the cost of logs used in the production of lumber.

**Impact of Unfair Canadian Practices on U.S. Workers**

Approximately 140,000 Americans are employed by U.S. lumber mills. U.S. lumber mills and their associated industries have lost thousands of jobs since 1991. If Canada's market share had not increased, many more U.S. lumber industry jobs would have been created.

Lumber mills have been closing in all areas of the country. In the Pacific Northwest region alone one report lists 5,838 jobs lost from primary mill closures between 1993 and 1995. More than 70 U.S. mills in more than a dozen states have permanently closed since 1993.

The states hardest hit by mill closures include California, Oregon, Washington, Maine, Georgia, Louisiana, Arizona, Idaho and Montana.

Canadian lumber imports have risen to an unprecedented 36 percent of the U.S. market, up from 27 percent of the market in 1991. Over the 1993-1995 period, the volume of Canadian imports has increased more than 12 percent, and Canadian market share has grown almost three percent. Since the beginning of the consultations in December 1994, the U.S. industry has lost another almost three percentage points of the market.

This alone accounts for more than $400 million in lost sales.

As imports have increased, lumber prices have dropped by over one-third from their January 1994 peak. Prices fell from a high of $475 per thousand board feet at the beginning of 1994 to $292 per thousand board feet in June of 1995. A board foot is a unit of measure used in the industry which is equivalent to a piece of lumber one foot by one foot by one inch.

In recent years lumber production in eastern Canada has been rising. In Quebec, output is expected to increase by approximately 15 percent. Lumber production in eastern Canada is expected to reach 10.1 billion board feet in 1996, an increase of more than 65 percent since Canada terminated the Memorandum of Understanding in 1991.

**Brief History of the Dispute**

In 1986, following the Department of Commerce's preliminary finding of subsidy, the United States and Canada negotiated the U.S. - Canada Memorandum of Understanding (MOU), which required Canada to offset subsidies by collecting a tax of 15 percent on softwood lumber exports to the United States.

In 1991, Canada unilaterally terminated the MOU, and the United States self-initiated a countervailing duty investigation and put interim duties in place. However, the findings of the CVD investigation were not upheld by a binational panel established under the U.S.- Canada Free Trade Agreement. The panel decision was split on strictly national lines.

Subsequently, the U.S. lumber industry filed a constitutional challenge to the NAFTA and the binational panel system. The U.S. and Canada agreed in December 1994 to launch the current consultative process on softwood lumber to attempt to resolve problems and avoid future litigation. At that time, the U.S. industry withdrew its constitutional challenge.

In the event of any failure of the Agreement, the Clinton Administration is committed to take the

following steps: Initiate a trade action under section 301 of the Trade Act of 1974 against Canadian lumber imports; immediately impose higher tariffs on Canadian lumber imports, but suspend their collection until a determination as to their amount is reached in the countervailing duty case the U.S. lumber industry has indicated it would file; and, to ensure collection of the tariffs, require that a bond be posted for all Canadian lumber imports. The tariffs would be retroactive.

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Webmaster @ USTR - 16 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Tuesday, February 20, 1996

96-18
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## Clinton Administration to Appeal WTO Panel Report on Reformulated Gasoline

USTR Mickey Kantor announced today that the Clinton Administration will appeal the WTO panel finding concerning Venezuela and Brazil's challenge to an Environmental Protection Agency (EPA) regulation governing imports of reformulated and conventional gasoline. The appeal will be filed in Geneva on February 21.

The panel report found that, in certain instances, the EPA regulation's treatment of imported gasoline is inconsistent with provisions of the General Agreement on Tariffs and Trade (WTO).

In commenting on the filing, Kantor reiterated, "The results of this dispute will not, and cannot, compromise the Clinton Administration's commitment to our environmental laws. Nor will this matter undermine our fulfilling the objectives of the Clean Air Act. A WTO panel or Appellate Body report has no force under U.S. law. Once a report is adopted, it is for the United States to determine how to respond."

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Webmaster @ USTR - 20 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Thursday, February 22, 1996

96-19
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**Statement by Ambassador Kantor**

U.S. Trade Representative Mickey Kantor released today a letter to World Trade Organization (WTO) Director General Renato Ruggiero, which called on the WTO to fight bribery and corruption in international transactions.

In releasing the text of the letter, Kantor specifically noted that, "continuing problems with bribery and corruption in the markets of WTO members may compromise the progressive elimination of trade barriers we worked so hard to achieve."

Kantor emphasized to Director General Ruggiero that the WTO should play a role in developing disciplines to help root out corrupt practices around the world, specifically proposing that "increasing transparency, openness and due process in government procurement systems in all WTO member countries" would be a good place to start.

With government-owned enterprises -- the most appealing export market for many U.S. manufacturers -- and subcentral governments, the annual procurement market in developing countries may approach $1 trillion. These transactions currently are not subject to WTO or other international trade disciplines. Although it is difficult to quantify the potential losses in U.S. exports as a result of bribery and corruption, anecdotal information clearly indicates that it is a multi-billion dollar problem. Last year, from April 1994 to May 1995, the U.S. Government learned of almost 100 cases of foreign firms using bribes to undercut U.S. firms' in winning contracts valued at $45 billion.

Kantor also noted with approval the work of the OECD in tackling the issue of the tax deductibility of bribes and its exploration of issues of criminalization. Kantor's letter to Director General Ruggiero is attached.

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Webmaster @ USTR - 22 February 1996

# OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

**FOR IMMEDIATE RELEASE**
Wednesday, February 28, 1996

96-20
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## USTR Mickey Kantor Cites Unprecedented U.S. Export Growth for 1995

In commenting on the release of 1995 trade figures by the Department of Commerce, United States Trade Representative Mickey Kantor said today, "U.S. exports of merchandise increased by over $[75] billion in 1995, for a total of $[577] billion in yearly exports, the largest export growth in American history. These figures confirm the Administration's trade policy is working."

"The positive results we've achieved on trade are the direct result of a tough trade policy that stands up for American workers and farmers. The Clinton Administration has concluded over 180 trade agreements and vigorously enforced our trade laws. We have welcomed foreign products and services into our markets, but we're insisting that other countries allow our products and services into their markets on equal terms."

### Exports of Goods and Services Exceeded [$780] billion in 1995

According to the Commerce Department, exports of goods and services exceeded [$780] billion in 1995.

- In the agriculture sector, U.S. agriculture exports surged by [24]% in 1995 to $[54] billion, after several years of moderate to no growth; and records have been set in sectors including poultry, pork, wheat and cotton.
- Advanced technology exports grew by [14]% in 1995 to $[137] billion.
- Merchandise exports have grown a stunning [34] % since President Clinton entered office. In 1993, exports grew 4%; in 1994, 10%; today's figures show that in 1995, United States merchandise exports grew [15]%.
- Export growth exceeds import growth. For the first time in years, our exports are growing faster than our imports. Export growth in 1995 [15.1]%, exceeded the growth of imports [12.9]%.
- In the last six months of 1995, our overall trade deficit was [ ] percent lower than the first half of the year.

### New jobs are being created for the American people

As a result of this unprecedented export growth, 880,000 new jobs were created in 1995, for a total of 12 million U.S. jobs supported by exports. Since President Clinton took office, [1.6] million new jobs have been created as a direct result of increased exports.

### Our trade policy with Japan is working

For thirty years, American Presidents have tried to crack open the Japanese market. President Clinton is succeeding: according to Japan's own figures, the U.S. trade deficit with Japan reached it's lowest point in twelve years in January, 1996.

- U.S. exports to Japan grew [20]% in 1995 to $[64] billion;
- As a result of the 1995 U.S.-Japan Auto Agreement, U.S. exports of American vehicles to Japan increased by [53]% in 1995 to $[3] billion. And that trend is already continuing in 1996. In January, the Automobile Manufacturers Association reported that Big Three sales to Japan rose 36% over January 1995. Auto parts exports to Japan increased by 10% in 1995 to $1.5 billion.
- Japan reported last week that its global trade surplus in January declined by 83 percent from a year earlier to $467 million. Japan's trade surplus with the United States declined for the eighth consecutive month to its lowest level in 12 years, shrinking 51 percent from a year earlier to $1.5 billion, the fastest rate of decline in 16 years. Japan's estimated 1995 surplus is 7 percent lower than 1994.
- American exports to Japan are growing at four times the rate of our imports from Japan. The Commerce Department reports that our exports to Japan in 1995 were nearly [$64] billion dollars, [19.6] percent greater than 1994. U.S. exports to Japan are growing faster than overall U.S. exports, 19.6 percent vs. 15.1 percent. U.S. exports to Japan in 1995 have increased by 34 percent over their 1992 level.
- Exports to Japan are creating new American jobs: U.S. jobs supported by exports to Japan have increased by 21 percent since 1992, to nearly 1 million jobs in 1995.

**The U.S. is the world's largest exporter**

The United States has regained its position as the world's largest exporter

- surpassing Germany. And we are the world's number one producer of automobiles for the first time since the 1970s, overtaking Japan.
- The World Economic Forum in 1995 judged the American economy to be the most competitive in the world for two years in a row -- and up from number five in 1992.
- Exports to the dynamic economies in Asia (excluding Japan) and Latin America (excluding Mexico) have risen by 40% and 36% respectively in the last 2 years (1993 to 1995).

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