

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

**OFFICE OF PUBLIC & MEDIA AFFAIRS**

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WASHINGTON  
20506

FOR IMMEDIATE RELEASE  
FRIDAY, MARCH 4, 1994

94-14  
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KANTOR ANNOUNCES DESIGNATION OF UKRAINE 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) to Ukraine. Under GSP, the U.S. grants duty-free access to 4400 semifinished and agricultural goods from over 140 developing countries and territories.

"The proclamation signed by President Clinton today provides Ukraine with incentive to transform to a free market economy", Kantor said. "History teaches that free and open markets are the surest way to economic development", Kantor continued. "GSP is part of the Administration's overall efforts to help Ukraine pursue badly needed market reforms."

In the first six months of 1993, Ukraine exported to the U.S. \$12 million in goods which would have been eligible for duty-free treatment under GSP.

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WASHINGTON  
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**MEDIA ADVISORY**

Mickey Kantor, U.S. Trade Representative, will hold a press conference today at 3:15 in the second floor auditorium of the Office of Thrift Supervision on 17th Street (1700 G Street). Cameras are allowed. Call the USTR press office for more information at (202) 395-3350.

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WASHINGTON  
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FOR IMMEDIATE RELEASE  
TUESDAY, MARCH 8, 1994

94-15  
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USTR 1994 TRADE POLICY AGENDA AND 1993 ANNUAL REPORT

President Clinton today transmitted to Congress the 1994 Trade Agenda and the 1993 Annual Report of the President of the United States on the Trade Agreements Program, U.S. Trade Representative Michael Kantor announced today.

Prepared pursuant to the Omnibus Trade and Competitiveness Act of 1988, the document describes the Clinton Administration's trade priorities for the year ahead and reviews the principal trade policy actions and accomplishments of 1993. "By leading the effort to open markets abroad and expand trade," Ambassador Kantor wrote in his introduction, "the President has laid the foundation for prosperity into the next century."

Central to the Administration's agenda for 1994 are:

- (1) Securing Congressional approval for the Uruguay Round agreement, establishing the new World Trade Organization (WTO), and implementing a system to ensure that agreements will be fully enforced;
- (2) expanding regional trade by:
  - o implementing and monitoring the various provisions of the North American Free Trade Agreement, including acceleration of tariff cuts by mid-1994;
  - o deepening our trade and investment ties with the nations of the Asian Pacific Economic Cooperation forum; and
  - o broadening trade and investment with Latin America and the Caribbean;

(3) pursuing bilateral trade initiatives aimed at:

- o ensuring (via the Framework for a New Economic Partnership) that Japan approaches the level of openness of other major industrial economies, with respect to direct foreign investment and market access for goods and services;
  - o ensuring that China adheres fully to its trade pacts with us, including agreements related to textile shipments and those obligating China to expand market access and protect intellectual property;
  - o ensuring that the European Union and its member states continue to work toward resolving problems arising from quotas in the audiovisual sector (Broadcast Directive) and discriminatory government procurement legislation (Utilities Directive); and
  - o supporting the economic and political reforms in Eastern Europe and the former Soviet Union via trade and investment treaties, agreements to protect intellectual property, agricultural export credits, and benefits accorded under the Generalized System of Preferences (GSP) program.
- (4) undertaking work geared to reaching a multilateral agreement incorporating a high level of investment standards;
- (5) seeking renewal of the Generalized System of Preferences (GSP), a tool of trade policy that promotes economic development by offering duty-free access for selected products from developing countries; and
- (6) enforcing vigorously existing trade agreements and U.S. trade laws.

Kantor stressed that trade must be a "two-way street," that there can be "no something for nothing." He noted that if our trading partners are to enjoy the benefits of the global trading system, they must accept the responsibility of building markets that are "comparably open."

In addition, Kantor echoed the President's resolve that our trade policy is "inextricably linked" to the three-fold domestic economic objective of creating jobs, fostering growth, and making our nation more competitive.

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TRADE REPRESENTATIVE  
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WASHINGTON, D.C.  
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For Immediate Release  
Thursday, March 10, 1994

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**AUDITOR'S REPORT OF CANADIAN WHEAT BOARD  
DURUM WHEAT SALES TO THE UNITED STATES**

U.S. Trade Representative Michael Kantor and Canadian Minister for International Trade Roy MacLaren today announced the results of the first audit of Canadian Wheat Board (CWB) durum wheat sales to the United States.

On May 11, 1992 the United States requested the establishment of a CFTA Chapter 18 dispute settlement panel regarding the interpretation of, and Canada's compliance with, Article 701.3 of the United States - Canada Free-Trade Agreement (CFTA) with respect to CWB durum wheat sales to the United States. This article requires that the CWB not sell durum wheat to the United States below the acquisition price of the goods plus any storage, handling, or other costs incurred by it with respect to those goods.

The panel ruled on the interpretation of the article, but did not make any findings as to whether Canada was in compliance with it. The panel recommended that annual audits of CWB durum wheat sales to the United States be conducted to determine whether Canada was in compliance.

During the period audited, January 1, 1989 to July 31, 1992, the CWB completed 105 contracts for durum wheat sales to the United States. Of those 105 contracts, 102 were found to be in compliance and three contracts were found not to be in compliance with Article 701.3 of the CFTA. On average, the 102 contracts found to be in compliance (totaling 1,028,548 metric tons) exceeded the acquisition price plus storage, handling and other costs, as defined by the panel, by C\$28.72 per metric ton. The three contracts (totaling 13,985 metric tons) found to be in violation occurred during the January 1, 1989-July 31, 1989 period, and were an average of C\$5.82 per metric ton below the level calculated in accordance with Article 701.3.

The auditor concluded that, except for these three contracts, the CWB has complied, in all material respects, with Article 701.3 of the CFTA.

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FOR IMMEDIATE RELEASE  
Saturday, March 12, 1994

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UNITED STATES - JAPAN ARRANGEMENT  
ON CELLULAR TELEPHONE SYSTEMS

U.S. Trade Representative Mickey Kantor announced today that the United States and Japan have reached a results-oriented agreement that will provide U.S. cellular telephone systems comparable market access in Japan, through a highly detailed schedule of quarterly commitments. The Government of Japan will monitor and oversee completion of the system, and will also ensure compliance with the commitments made. Kantor stated: "After nine years and three failed agreements, the Government of Japan will ensure that U.S. technology has the same opportunities to compete in the Tokyo-Nagoya cellular telephone market as Japanese technologies have."

Kantor praised the Government of Japan for its hard work in resolving this longstanding problem and its commitment to providing comparable market access to the Tokyo-Nagoya cellular telephone market. "Unlike previous agreements, this one is results-oriented. On February 15, I said that an agreement in this area should use objective criteria to set clear standards for success. It should: specify the date by which the Tokyo-Nagoya system will be in place; indicate the percentage of coverage expected by particular dates; and set forth expectations for the number and timeframe for the installation of various parts of the system, such as the number of base stations. Today's agreement contains those elements and more."

The agreement, contained in an exchange of letters between Ambassador Kantor and Ambassador Takakaza Kuriyama, specifies such terms as:

- A plan containing a schedule of quarterly commitments on the numbers of base stations and voice channels and the ratios of population coverage.
- A deployment plan to be completed within 30 days setting out the precise geographic location of each base station in the Tokyo-Nagoya area.
- These commitments will result in 159 new base stations, containing an additional 9900 voice channels. The installation will begin in April 1994; installation and deployment of the base stations will be completed by September 1995; installation and deployment of the voice channels will be completed by December 1995.

- Coverage of 95% of the population in the Tokyo-Nagoya area by September 1995.

The Government of Japan has agreed to:

- Monitor and oversee completion of the IDO commitments, including those in the letter and all associated documents.
- Ensure compliance with the letter and associated documents on a quarterly basis.
- Meet quarterly with the U.S. Government to assess implementation of the actions described in the letter and associated documents.
- Reallocate 1.5 megahertz of spectrum for use by the U.S. technology-based system.
- Expeditiously grant all necessary permits and licenses to IDO and approvals required by IDO to complete the TACS system.

Ambassador Kantor stated: "This agreement validates our results-oriented approach. It levels the playing field in the Tokyo-Nagoya cellular telephone market so that our firms can compete on an equal footing with Japanese companies. It demonstrates this Administration's resolve to change the status quo with respect to the U.S.-Japan bilateral economic relationship. It also demonstrates that the U.S. and Japan can work together to achieve real market access in Japan."

This agreement is worth a great deal to the United States. It represents the opening of a market for very high-technology U.S. products. It means creation of jobs in the U.S., where the switching, terminal and other equipment, the base stations and 80% of the cellular phones are manufactured.

In response to the actions described in the agreement, and upon completion and submission to the Government of Japan of a mutually satisfactory deployment plan within 30 days, Ambassador Kantor will terminate all action under section 1377 on this matter. In the interim period, the section 1377 action will be formally suspended.

## ELEMENTS OF THE U.S.-JAPAN CELLULAR TELEPHONE ARRANGEMENT

### CONSTRUCTION AND DEPLOYMENT OF THE TACS SYSTEM

- A plan containing a schedule of quarterly commitments on the numbers of base stations and voice channels and the ratios of population coverage.
- A deployment plan to be completed within 30 days setting out the precise geographic location of each base station in the Tokyo-Nagoya area.
- These commitments will result in 159 new base stations, containing an additional 9900 voice channels. The installation will begin in April 1994; installation and deployment of the base stations will be completed by September 1995; installation and deployment of the voice channels will be completed by December 1995.
- Coverage of 95% of the population in the Tokyo-Nagoya region by September 1995.
- An immediate letter of intent containing commitments with respect to the specific equipment to be purchased and all associated terms and conditions.

### PROMOTION OF THE TACS SYSTEM

- Establishment of a sales organization dedicated to the promotion of the TACS system.
- Sales promotion of the TACS system, including devotion of 2/3 of IDO's total advertising budget to TACS promotion.
- An agreement to add no further capacity to the HI-CAP system beyond that which is currently underway.
- Implementation of a specially-designed campaign to encourage the movement of subscribers onto the TACS system.
- Transfer within 18 months, *i.e.*, by September 1995, of 1.5 MHz of spectrum from IDO's HI-CAP system to its TACS system which will be accomplished without inconvenience to HI-CAP customers as a result of the campaign mentioned above.

### IMPLEMENTATION OF THE COMMITMENTS

- IDO will provide quarterly reports to Japan's Ministry of Posts and Telecommunications.

## *GOVERNMENT OF JAPAN COMMITMENTS*

- Monitor and oversee completion of the IDO commitments, including those in the letter and all associated documents.
- Ensure compliance with the letter and associated documents on a quarterly basis.
- Meet quarterly with the U.S. Government to assess implementation of the actions described in the letter and associated documents.
- Approve reallocation of 1.5 MHz to the TACS system.
- Expediently grant all necessary permits and licenses to IDO and approvals required by IDO to complete the TACS system.
- Give full and prompt consideration to any request from IDO for new tariff rates and conditions.

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WASHINGTON  
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FOR IMMEDIATE RELEASE  
FRIDAY, MARCH 18, 1994

94-18  
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**FOREIGN MARKET SHARE OF JAPANESE SEMICONDUCTOR MARKET  
REACHES 20.7 PERCENT**

Foreign share of the Japanese semiconductor market reached 20.7 percent in the fourth quarter of 1993, representing more than a two full percentage point gain from the third quarter of 1993.

"We are pleased to see an increase in foreign market share for the fourth quarter," said U.S. Trade Representative Mickey Kantor. "However, we remain concerned that U.S. and other foreign semiconductor suppliers are not achieving improved access to the Japanese market on a sustained basis commensurate with their very strong global competitive position. What we want to avoid is a repeat of 1993 when foreign market share declined steadily over the first three quarters of the year. It is essential that effective steps be taken now by the Japanese government and industry to ensure that gradual and steady improvements in foreign market share continue throughout the duration of the Arrangement. We look forward to cooperating with the government of Japan to ensure this important agreement is carried out in a way that is beneficial to all parties," said Kantor.

Foreign Market Share  
Under the 1991 U.S.-Japan Semiconductor Arrangement

Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992*	15.9%
Q4 1992*	20.2%
Q1 1993*	19.6%
Q2 1993*	19.2%
Q3 1993*	18.1%
Q4 1993*	20.7%

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

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WASHINGTON, D.C.  
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FOR IMMEDIATE RELEASE  
Monday, March 28, 1994

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**STATEMENT BY AMBASSADOR MICKEY KANTOR**

U.S. Trade Representative Mickey Kantor announced today the conclusion of an agreement with the European Union which guarantees EU recognition of Bourbon Whiskey and Tennessee Whiskey as distinctive products of the United States. The EU is committing to allow only distilled spirits products from the United States to use the names "Bourbon" and "Tennessee Whiskey".

In the same agreement the U.S. Government commits to recognize Scotch Whisky, Irish Whisky, Cognac, Armagnac, Calvados and Brandy de Jerez as distinctive products of the European Union. Most of these products had already been granted U.S. recognition for decades. Only Cognac, Armagnac and Calvados had previously been the subject of an international recognition agreement -- a 1971 bilateral agreement with France in which France recognized Bourbon Whiskey.

The EU has never before provided distinctive product recognition to U.S. distilled spirits.

"This agreement provides greater commercial certainty in the EU market for some premium U.S. distilled spirits," said Ambassador Kantor. "It also ensures EU consumers that they are buying the genuine article when they purchase Bourbon and Tennessee Whiskey."

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 28, 1994

STATEMENT BY THE PRESS SECRETARY

The President's Conversation with Prime Minister Hosokawa

Prime Minister Hosokawa of Japan called the President today at 5:30 p.m. to provide the President a personal account of the Japanese reform package which will be announced after a cabinet meeting in Tokyo. The two leaders spoke for roughly ten minutes.

The President expressed appreciation for the Prime Minister's preview of the plan and noted he would study further the details of the proposal when they were available.

The President also expressed his deep sympathy for the families of the Japanese exchange student and the Japanese-American student who were the victims of random violence in Los Angeles.

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EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
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FOR IMMEDIATE RELEASE  
Tuesday, March 29, 1994

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**Statement by United States Trade Representative Michael Kantor on the  
Termination of the Bell Canada/Northern Telecom "Preferred-Supplier" Relationship**

I am pleased to announce today that Bell Canada, the largest telephone company in Canada, and its affiliated supplier, Northern Telecom, have agreed to end the preferred-supplier relationship between the two companies, effective March 31, 1994. The Government of Canada has confirmed that this procurement relationship, which had been sanctioned by Canadian regulatory decisions, is ended and that the government will apply appropriate regulatory oversight by the Canadian Radio-television and Telecommunications Commission and under the Competition Act to future Bell Canada purchases.

The preferred-supplier relationship had long permitted Bell Canada to seek proposals from Northern Telecom before seeking outside suppliers for its telecommunications equipment requirements. It acted to disadvantage U.S. firms seeking to compete for telecommunications equipment business in Canada. The preferred-supplier relationship, as a barrier to a significant share of the Canadian market, had been listed in the National Trade Estimates Report (NTE) every year since 1987. With the companies' decision to abrogate the contracts that defined the relationship and the Government of Canada's confirmation of these actions, we are removing the references to this relationship from this year's report.

As a result, U.S. exporters will have new opportunities in Canada, and Northern Telecom's U.S. subsidiary will be eligible for U.S. government support under the Commerce and State Department's export advocacy program and cannot be denied support on the basis that the National Trade Estimates Report identifies any Canadian practices relevant to their telecommunications products. Northern Telecom employs more than 20,000 Americans in telecommunications manufacturing and R&D in North Carolina, Tennessee, Florida, and other locations in the United States.

The U.S. Government has the right to reinstate references to Canadian procurement practices in the NTE if, contrary to expectations, the termination of the preferred-supplier relationship is not effective.

We are confident that these positive steps by the Government of Canada, Bell Canada, and Northern Telecom will strengthen the U.S.-Canadian trade relationship, notably in the area of telecommunications trade.

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WASHINGTON, D.C.  
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FOR IMMEDIATE RELEASE  
Wednesday, March 31, 1994

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**STATEMENT BY AMBASSADOR MICKEY KANTOR**

U.S. Trade Representative Mickey Kantor announced today that the President has signed an Executive Order establishing a Trade and Environment Policy Advisory Committee ("TEPAC").

The TEPAC will provide policy advice to the U.S. Trade Representative on issues involving trade and the environment. It will be composed of 35 CEOs and senior-level executives, to be appointed by the U.S. Trade Representative, from environmental interest groups, industry, agriculture and consumer groups. Committee members will be asked to designate alternate, staff-level representatives who could provide advice on technical issues related to trade and environment policy.

"Environmental issues are becoming increasingly important in trade-policymaking," said Ambassador Kantor. "Consequently, we felt it was vital that we create a forum within which we can seek the advice of representatives from a broad spectrum of the environmental community, as well as representatives of the environmental technology and services industries."

The Office of the U.S. Trade Representative will be issuing a Federal Register notice seeking nominations for representatives to the Committee.

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WASHINGTON, D.C.  
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FOR IMMEDIATE RELEASE  
Thursday, March 31, 1994

94-21  
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USTR RELEASES 1994 INVENTORY OF FOREIGN TRADE BARRIERS

The Office of the U.S. Trade Representative today released the ninth annual U.S. report on foreign trade barriers at a press conference given by USTR General Counsel Ira Shapiro. He described the report overall as providing "the factual basis for our sustained efforts to open markets and expand trade: multilaterally, regionally and bilaterally."

*The 1994 National Trade Estimate Report on Foreign Trade Barriers (NTE)* lists a wide range of trade barriers maintained by our trading partners, which restrict our exports as well as those of other nations. The mandate for the NTE report, established by the Congress, is to list all significant trade barriers, whether they are consistent or inconsistent with international trading rules. Examples of remaining barriers include restrictive import policies, export subsidies, deficiencies in intellectual property protection, and investment and services restrictions.

However, to focus only on the number of countries and barriers, Shapiro said, "misses the forest for the trees." This is so because of our success in the past year in reducing trade barriers around the world as a result of the completion of the Uruguay Round. It also ignores the fact that this year's NTE also describes many examples where our trading partners have reduced or eliminated trade barriers that were noted in previous years.

This year's report takes on added significance because of the recent reinstatement of the trade law provisions known as Super 301. Under these provisions the Trade Representative will identify in 1994 and 1995 those "priority foreign country practices" the elimination of which have the greatest potential for the expansion of U.S. exports. The identification occurs on September 30th, six months after the issuance of the National Trade Estimates report.

The longest section of the report relates to Japan. Shapiro noted that the section contains examples of progress, but also documents the fact that the barriers in Japan to imports of manufactured goods and services far exceed the barriers of other G-7 nations and place an unacceptable burden on the global trading system.

The report was prepared by the Office of the U.S. Trade Representative with contributions from other government agencies, the private sector, and U.S. embassies overseas. It is required annually by the Trade and Tariff Act of 1984, as amended in 1988.

[Note to editors and reporters: one free copy of the 1994 National Trade Estimate Report is available to news organizations from the USTR Office of Public Affairs.]



EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20500

THE CHAIRMAN

Friday, April 1, 1994  
For Immediate Release

Press Contact: Thomas O'Donnell  
(202) 395-5084

**STATEMENT OF LAURA D'ANDREA TYSON**

Today's reports contain more good news on the underlying fundamentals of the current economic expansion. The reports indicate not only that the economy continues to sustain good job growth, but does so without inflationary pressures from the labor market.

Nonfarm payroll employment increased by 456,000 jobs in March. This sizeable increase comes after 2 months when employment was depressed because of bad weather. Averaging over January, February, and March, jobs increased by about 200,000 per month—the same solid rate of job creation as the last 3 months of 1993. Manufacturing jobs were up for the sixth straight month and construction rebounded strongly from its weather-depressed level of the first 2 months of the year. The unemployment rate was unchanged in March at 6.5 percent.

Both the employment report and the personal income report contain good news about inflation. According to the employment report, average hourly earnings increased only 0.1 percent in March and only 2.4 percent from March 1993. Industry-by-industry, the pace of wage growth is very moderate. According to the personal income report, total wages and salaries also increased slightly, by only 0.2 percent in March. Therefore, the economy is continuing to create jobs, but without the inflationary pressure that could compromise future growth.

A number of special factors—especially the Los Angeles earthquake in January and the severe winter weather across much of the country in January and February—make it difficult to interpret recent data. We do not, however, see anything in the current reports on income, consumption, and employment that would cause us to revise our forecast for overall economic growth in 1994. Thus, the economy appears to be on a path of moderate, sustainable growth in 1994 after very strong growth at the end of 1993.

1 page To: Press Secy  
fr: Ginny Terzano / Talking Points

OFFICE OF THE UNITED STATES  
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FOR IMMEDIATE RELEASE  
TUESDAY, APRIL 5, 1994

94-21  
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**Annual Review of Telecommunications Trade Agreements under  
Section 1377 of the 1988 Trade Act Completed**

United States Trade Representative Mickey Kantor announced today that the annual review of the operation of the United States' telecommunications trade agreements under Section 1377 of the 1988 Trade Act was completed March 31, 1994. This review was completed concurrently with the release of the National Trade Estimates Report, published last week. Apart from the cellular telephone issue with Japan identified and resolved earlier this year, the review identified no other violations of telecommunications trade agreements but raised concerns about potential problems in Japan and Korea.

"Telecommunications is a priority at USTR, and it is essential that U.S. firms receive the benefits guaranteed them under our trade agreements," said Ambassador Kantor.

As had been announced previously, on February 15, 1994, USTR had determined under Section 1377 that the Government of Japan was not in compliance with the cellular telephone portions of the 1989 Third-Party Radio and Cellular Telephone Agreement. The implementation problems were subsequently resolved in arrangements concluded with the Government of Japan on March 12, 1994. With respect to the other telecommunications trade agreements with Japan, the annual review identified no violations of the agreements concerning NTT procurements, network channel terminating equipment, satellite procurement, or the provision of international value-added network services.

Concerning the NTT Agreement, however, serious concerns remain with regard to the low level of foreign purchases reported under the agreement. Total foreign procurements represented only about 7 percent of total NTT procurement in Japanese Fiscal Year (JFY) 1992, the most recent year for which data are available. Noted Ambassador Kantor, "Given the global competitiveness of U.S. and other foreign telecommunications companies, we would have expected foreign market share to be substantially higher after 13 years' experience under the NTT agreements."

Concerning the review of the telecommunications trade agreement with Korea concluded in 1992, concerns remain with respect to certain qualification practices by Korea Telecom, the national Korean telephone company, which is a covered entity under the agreement. USTR will be monitoring forthcoming KT decisions concerning certain equipment certifications later this year and will have the option to review the situation under this statute if difficulties arise for U.S. suppliers in the Korean market.

"Enforcement of our trade agreements is a central element of this Administration's trade policy," said Ambassador Kantor.

## THE WHITE HOUSE

Office of the Press Secretary  
(Minneapolis, Minnesota)

For Immediate Release

April 8, 1994

REMARKS BY THE PRESIDENT  
TO THE POOL

Marquette Hotel  
Minneapolis, Minnesota.

2:36 P.M. CDT

THE PRESIDENT: I wanted to mention a couple of things today. First, this morning, pretty early, I had a conversation with Prime Minister Hosokawa in which he told me that he was going to resign and that he hoped it would help the cause of political reform. He said he was very proud of the work that he had done in his term as Prime Minister in trying to promote reform within Japan and in trying to reform Japan's relationships with the United States, and that he intended to keep working on that, and that he hoped that I would continue to work on the Japanese-U.S. relationship with his successor.

I told him that I was personally very sorry to see him step down, that I thought he had provided amazing leadership to the people of Japan, and that he had made them believe in the possibility of change and that it could help the people. And I thanked him specifically not only for his work in political reform, but for opening the Japanese rice market for the first time in history, and for engaging us in a lot of other issues, and for his support in Korea and in a number of other areas.

It was a good conversation and I'm very grateful to him for that -- for what he did.

Let me just mention one other thing, if I might. I called today the Secretary of State, the Secretary of Defense and my National Security Advisor and had extended conversations with all three of them about the situation in Rwanda. And I want to mention it only because there are a sizable number of Americans there and it is a very tense situation. And I just want to assure the families of those who are there that we are doing everything we possibly can to be on top of the situation to take all appropriate steps to try to assure the safety of our citizens there. But it is a difficult situation and we should all know that.

Q Mr. President, there are some people, even within the administration, who feel that this really marks a very bad turn for U.S.-Japanese trade talks and economic policy.

less hope that it can be concluded successfully.

THE PRESIDENT: I'm just not sure. We certainly don't intend to change our economic policy or our trade policy. But one of the problems that the Prime Minister had was that the coalition that he heads as presently constituted contains a small minority that can, in effect, veto what a majority of the coalition might want on economic reform. So while I think, clearly, he was as committed to the kinds of changes in the modernization of Japan's economic policy as any person who has ever headed that government, I think what he hopes is that in the end there will be a realization without him that there must be a majority coalition for change.

MORE

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- 2 -

So I think what we're going to have to do, frankly, is to stick with our policy and then see how it shakes out in Japan, how it works itself out. They're going to have to work that out.

Q But, Mr. President, in the past we've been pretty hard on Japan. In the last year or so we've been very rough on them. When the talks broke down you said you didn't want to paper over differences with rhetoric. Do you think there's a chance maybe we were a little too hard on Japan and it might be a time to kind of step back and let this kind of settle?

THE PRESIDENT: Well, I don't -- those two things are not inconsistent. I think we should stick with our policy and be firm about it. We also tried to support Japan in many ways. And as I said on my trip there, I think that our policy is in the best interest of the Japanese. A more open Japanese market means that the Japanese citizens won't have to pay almost 40 percent more for their consumer goods than they otherwise would. And I think it means more jobs and a more prosperous economy in Japan. And I think we should keep pushing for that. But I think plainly the Japanese are going to need a little bit of time to constitute a new government.

The United States-Japanese relationship is a complicated one in the sense that it has many legs. It has a security aspect, a political aspect, an economic aspect. But I do not expect there to be a marked deterioration in our relationships with that country. We're too important to each other and to the rest of the world.

Q With Prime Minister Hosokawa stepping down, is there a sense in your White House that the administration is going to have to start from scratch with Japan on trade? It's a whole new picture now.

THE PRESIDENT: I don't think so. I don't think so. We started, interestingly enough -- it's easy to forget now, but the agreement itself, the framework agreement was negotiated with Mr. Miyazawa before he left office, with the concurrence of at least a sufficient number of the people in his government in the LDP, which would normally be thought of as more resistant to these sorts of changes. So -- and we have kept up -- we have had a good relationship, our administration has, with a number of the Japanese political leaders in this coalition. And we'll just have to see what comes out of it.

But I'm not -- I would not assume that the cause of economic and political reform will suffer an irrevocable setback. If you listen to the Prime Minister carefully in his public statement, he made it clear that while there were these personal questions which were raised which he took, I think -- to use his words -- personal and moral responsibility for, he also talked about the importance of having an effective governing coalition and the need for the reform movement to come to grips with it.

So I wouldn't write the epitaph of change too quickly here. I think Mr. Hosokawa believes that he may be able to continue to push for it and be a force for it, and I think he believes that we may wind up with a Japanese government with a little more capacity to change in some areas than perhaps the present coalition does. We'll just have to wait and see.

Q Might it complicate the situation with North Korea and with China? You've got some big decisions regarding Asia in the next two months.

THE PRESIDENT: Well, we do. My belief is that the -- that any successor government will keep working closely with us on North Korea, and keep in close touch with us on China and keep working with us with China on North Korea. I believe that will happen. I would be surprised if that did not happen.

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- 3 -

Q Which way are we going on Bosnia right now?

Q The Perry way or the Christopher way?

THE PRESIDENT: We're going -- no. That's a -- let me just say, I think that's a great overstatement. I talked to both of them in each of the last few days about a number of other issues. But I don't think that there ever was a real difference between them. And our government position is clear, and we'll keep trying to work for peace in Bosnia. We'll make our air forces available as part of the NATO strategy, as part of the UNPROFOR strategy to protect the forces that are there.

They were both trying to say in different ways that we might -- we certainly wouldn't rule out the use of our efforts around Gorazde, but that there is a process that triggers those efforts, which you know well and which has to be followed before we can bring our force into play. So I do not believe there is a difference between the two of them and I -- frankly, my instinct, having talked to both of them at some length, is that there never was a difference between the two of them. So we are together; we have the same policy we always had and we're going to keep trying to make it work.

THE PRESS: Thank you.

END

2:45 P.M. CDT

pool report 6  
april 8

Speaking in a barely audible voice, President Clinton talked to the pool Friday afternoon about Japan, Rwanda and Bosnia.

On Rwanda, he said he had spoken with Secretary of State Warren Christopher, Defense Secretary William Perry and National Security Adviser Tony Lake about the "sizeable" number of Americans there in a "very tense situation."

He said he wanted to assure the families of those in Rwanda that the U.S. is doing everything it can to assure the safety of Americans in that troubled African country, but it is a "difficult situation and we should all know that."

On Japan, Clinton said he didn't expect U.S. policy to change with the resignation of Prime Minister Hosokawa.

He praised Hosokawa for his work in trying to promote reforms in Japan and Japan's relationship with the United States.

In a 10-minute phone call this morning, Hosokawa told Clinton he intended to keep working on U.S.-Japan relations and he hoped that Clinton would keep working on U.S. - Japanese relations with his successor as well.

"I told him that I was personally very sorry to see him step down, that I thought he had provided amazing leadership to the people of Japan and that he had made them believe in the possibility of change... and I thanked him specifically not only for his work in political reform but for opening the Japanese rice market for the first time in history."

Clinton also said: "I think what we're going to have to do frankly is stick with our policy and then see how it shakes out in Japan, how it works itself out. They are going to have to work it out."

He also said, "The Japanese are going to need a little bit of time to constitute a government. The United States Japanese relationship is a complicated one in the sense that it has many legs - it has a security aspect, a political aspect, an economic aspect, but I do not expect there will be a marked deterioration in a relationship with that country. We're too important to each other and the rest of the world."

On Bosnia, Clinton said the U.S. government position is clear: "We'll keep trying to work for a peace in Bosnia."

He said he didn't think there was a difference of opinion between Christopher and Perry, and after talking to them, he said he didn't think there ever was a difference.

"We are together. We have the same policy we always had."

Judi Hasson  
USA TODAY

Dana Hawkins  
US News and World Report

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

FOR IMMEDIATE RELEASE  
FRIDAY, APRIL 8, 1994

94-22  
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(202) 395-3230

**Statement by Ambassador Michael Kantor**

I am pleased by the announcement the GATT Trade Negotiating Committee agreed today to allow the United States and its allies the clear right to raise the labor standards issue in the Preparatory Committee, which establishes the WTO. This means we will be able to begin discussions immediately, rather than waiting for the creation of the WTO in 1995. Addressing the intersection of trade and internationally recognized labor standards is a high priority of the United States.

The President has long understood the importance of this issue. During the campaign, he endorsed the North American Free Trade Agreement, but insisted on negotiating a supplemental agreement that protected worker rights in this country and Mexico. He has continued to raise the issue of labor standards with our trading partners since taking office. He said it best this January: "While we continue to tear down anticompetitive practices and other barriers to trade, we simply have to ensure that our economic policies also protect the environment and the well being of workers."

In fact, this is not a new issue. It was first raised after World War I in the Treaty of Versailles. Presidents of the United States from both parties have raised the issue. The commitment to address the issue goes as far back as the Havana Charter.

Our goal in creating the WTO is not to have more trade for its own sake, but to raise standards of living -- not just in this country, but around the world. The key to maintaining economic growth is building the middle class in countries around the globe. Moving people up from poverty into the middle class ensures that they have the incomes to buy our products, as well as those of their own countries. It fosters stability and democracy within those countries. Ultimately, it strengthens the global trading system, and is essential to the future success of that system.

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

FOR IMMEDIATE RELEASE  
WEDNESDAY, APRIL 13, 1994

94-23  
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UNITED STATES AND EUROPEAN UNION REACH PROCUREMENT AGREEMENT

U.S. and EU negotiators reached agreement today in Marrakech, Morocco on government procurement. As a result of the agreement the two parties will nearly double to over \$100 billion the bidding opportunities available on each side under the GATT Government Procurement Code.

The agreement expands upon the bilateral Memorandum of Understanding (MOU) on Procurement signed in May 1993 by permanently covering the electrical utility sector and subcentral government entities under the GATT Procurement Code. The procurement package will not include a separate bilateral agreement on telecommunications utilities, but the United States and EU pledged to continue to negotiate on access to procurement markets for government-owned telecommunications utilities.

The new U.S.-EU procurement agreement builds on GATT Government Procurement Code coverage agreed to in Geneva on December 15 of last year. In December, U.S. and EU negotiators limited bilateral coverage to central government procurements of goods, services, and construction.

Ambassador Michael Kantor, the U.S. Trade Representative, hailed the agreement as an historic step in expanding trade opportunities in government procurement. Kantor noted that "this agreement will secure permanent access for our producers of heavy electrical equipment to the \$28 billion EU electrical utilities sector. We are also very pleased that we have begun to open the huge EU subcentral government procurement market."

Ambassador Kantor expressed his disappointment, however, that the United States and EU could not finalize an agreement on telecommunications. While the U.S. and EU negotiators made important steps in receiving key issues on telecommunications, the EU balked at completing an agreement because of its insistence that the United States lift all Buy American restrictions on federally-funded mass transit, highway and airport projects. In the absence of an agreement on telecommunications procurement, the U.S. sanctions imposed under Title VII of the 1988 Trade Act on certain EU member states last May will remain in effect.

Marrakesh, Morocco

STATEMENT OF AMBASSADOR MICHAEL KANTOR  
UNITED STATES TRADE REPRESENTATIVE

URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS  
TRADE NEGOTIATIONS COMMITTEE  
APRIL 14, 1994

It is a great honor for me to be here as President Clinton's representative for the formal signing of the Uruguay Round agreement. I am pleased that Vice President Gore will speak to us later this afternoon. The Vice President flew here from California to underscore our country's commitment to the success of the Uruguay Round.

The challenge of carrying out the new agreement and making the global trading system work is just beginning. While many people contributed to the success of the Round, I want to pay special tribute to the Director General of the GATT, Peter Sutherland. He took the work of his predecessor, Arthur Dunkel, and with his intellect and energy, played an indispensable role in bringing the negotiations to a successful conclusion. I also wish to thank King Hassan for his gracious hospitality in hosting this event.

I came to the hard work of these negotiations long after most of you. I will always be grateful for the opportunity that the President gave me in joining you in contributing to the Round's successful conclusion. Reflecting on what we have accomplished together, I am struck by the thin line that separates success and failure.

There were many moments when the seven year effort seemed poised to fail. Astute commentators gave us many reasons why we would fail. They said the distance between developed and developing nations could not be bridged. They said the issues of services, investment and intellectual property were too complex. They said the end of the Cold War spurred economic competition, not cooperation. They said we could not transcend our bilateral disputes.

They were wrong. Honest discussion and tough negotiation brought us to mutual understanding. We recognized that the post-Cold War period would be characterized---must be characterized---by economic cooperation as well economic competition. Bilateral differences would not disappear, but we refused to let them block our progress.

We succeeded because the ties that bind us together are

stronger than the forces seeking to pull us apart. We are in a global economy where goods, services, and capital cross borders at dazzling speeds. The forces of globalization will not erase the sovereignty of our individual nations or our distinctive cultures, but they do require us to recognize that our prosperity is bound up together; that we increase prosperity by erasing barriers, rather than creating them, and that we need an international trading system to make that growth possible.

The poet Yeats once wrote, "things fly apart; the center does not hold." This time, the center held.

President Clinton has described this juncture as "the third great moment of decision in the 20th century." After the First World War, the U.S. withdrew; after 1945, we chose the other path, forging international ties, and opened the door to a period of unprecedented global growth.

Today, we are at the third defining moment. The end of the Cold War presents new opportunities and new dangers, but we are confronted by the same basic choice: engagement or withdrawal? Through the Uruguay Round and the agreements we sign tomorrow, the United States remains intensely engaged and committed to the international system. As the President has said, we believe that open and competitive commerce enriches us a nation, and the world. And we intend to compete, not retreat.

We will continue to build on the accomplishments of the Round. Twenty one more countries seek to join us in the WTO, and we welcome the accession of those countries who are willing to maintain high standards and adhere to basic GATT principles.

We are living in a changed world; a world where the only constancy is change. With the end of the Cold War and the rise of a globalized economy, shaping the changes that result from a more interdependent world is absolutely critical to global prosperity.

I recognize that some are uncomfortable as we seek to address the environment and internationally recognized labor standards. But in this rapidly changing and increasingly interdependent world, it is beneficial---and inevitable---that we have begun to move beyond the traditional dictates of trade. It is clear that open markets and expanded trade foster growth and prosperity. Now our vision of the trading system must be dynamic and able to meet the emerging challenges to our collective global economic growth.

Increasingly, we will address issues related to each other's internal policies, such as competition policy and other domestic regulatory policies, as well as environmental protection and labor standards. In a globalized economy, how a nation addresses these issues affects its trading partners.

This does not mean nations will begin to relinquish sovereignty. We will continue to protect our sovereignty in the United States as will all of you. Eventually, we will decide to address these issues as a matter of national self-interest. We cannot avoid the realities of today's world; we must continue the momentum of the Uruguay Round by working together to raise the standard of living of people everywhere.

Today we mark an historic milestone. But our work is a work in progress. The success of the trading system depends on our ability to ensure prosperity through a rising standard of living. Successful market economies, thriving democracy, and social justice are all intertwined.

We must all remember that our work is not an academic exercise. We seek to create the conditions in which all our people have the opportunity to fulfill their individual potential and build better lives for themselves and their families.

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

FOR IMMEDIATE RELEASE  
Tuesday, April 19, 1994

Contact: 94-24  
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(202) 395-3230

Statement by Ambassador Mickey Kantor on Trade Deficit Increases in February

The Department of Commerce this morning reported a sharp increase in the U.S. goods and services trade deficit (seasonally adjusted) for February: \$9.7 billion, up from \$6.6 billion in January and an average monthly average of \$6.4 billion in 1993.\*

First, it should be noted that monthly trade balance figures are quite volatile. For example, monthly balances for 1993 ranged from a deficit of \$3.6 billion in February to a high of \$8.5 billion in October. Not too much significance should therefore be attached to the data for any single month.

There has however been a trend toward higher trade deficits since 1992. This trend is clearly consistent with the fact that the United States is growing more rapidly than its major trade partners. Stronger U.S. growth has caused imports to rise quickly, while poor economic conditions abroad have kept U.S. export growth to more modest rates.

The impact of such differences in growth rates may be particularly strong at the current time. Fourth quarter U.S. real GDP grew at a very strong annual rate of 7.0%. Meanwhile, Japan, Germany and many other major economies continue to experience negative or very slow economic growth. Even Mexico is experiencing recessionary conditions.

Geographically, the trade deficit (goods only, not seasonally adjusted) with Japan was unchanged from January to February (\$4.6 billion) and with China declined by over \$500 million to \$1.7 billion. The U.S. surplus with Mexico and Latin America however declined by over \$600 million; with Western Europe there was a \$700 million shift from small surplus in January to a deficit of \$529 million in February; with the Hong Kong, Korea, Singapore and Taiwan, the deficit increased by nearly \$200 million; and with OPEC the deficit increased by over \$400 million as weather-related conditions increased demand for petroleum.

The total deficit in three product categories represented a large proportion of February's overall, non-seasonally-adjusted goods trade deficit of \$10 billion. These were clothing, with a February deficit of \$2.2 billion, autos, trucks and parts, with a \$3.2 billion deficit, and petroleum and products, with a \$2.9 billion deficit.

February's large trade deficit, reflecting poor economic conditions abroad, may act to dampen down U.S. GDP growth in the first quarter of 1994. Policy actions by other major trading nations to encourage growth are clearly needed to support the sustained, balanced expansion of the global economy, including the economy of the United States.

\*For goods (merchandise) alone, February's seasonally adjusted deficit was \$13.9 billion, up from \$11.3 in January and a monthly average of \$11.0 billion in 1993.

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

April 21, 1994

April 21, 1994

## MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

SUBJECT: Import Relief Determination Under Section 406 of the Trade Act of 1974 on Honey from the People's Republic of China

Pursuant to section 406 of the Trade Act of 1974 (19 U.S.C. 2436) and sections 202 and 203 of the Trade Act of 1974 (as those sections were in effect on the day before the date of the enactment of the Omnibus Trade and Competitiveness Act of 1988), I have determined the action I will take with respect to the affirmative determination of the United States International Trade Commission (USITC), on the basis of its investigation (No. TA-406-13), that market disruption exists with respect to imports from China of honey provided for in heading 0409 and subheadings 1702.90 and 2106.90 of the Harmonized Tariff Schedule of the United States.

After considering all relevant aspects of the investigation, including those set forth in section 202(c) of the Trade Act of 1974, I have determined that import relief for honey is not in the national economic interest of the United States. However, I am directing the United States Trade Representative (USTR), in consultation with the appropriate agencies, to develop a plan to monitor imports of honey from China. The monitoring program is to be developed within thirty days of this determination.

In determining not to provide relief, I considered its overall costs to the U.S. economy. The USITC majority recommendation for a quarterly tariff rate quota (a 25 percent ad valorem charge on the first 12.5 million pounds each quarter, increasing to 50 percent on amounts above that level), to be applied for three years, would cost consumers about \$7 million while increasing producers' income by just \$1.9 million. Overall, national income would be reduced by approximately \$1.2 million. The other forms of relief recommended by other Commissioners would also result in substantial costs to consumers while offering little benefit to producers and reducing national income.

In addition, the gap between production and consumption in the United States is approximately 100 million pounds, with imports of honey from China helping to fill that gap at the low end for industrial use. Any restrictions on imports of honey from China would likely lead to increased imports from other countries rather than significantly increased market share for U.S. producers.

Although rising somewhat since 1991, U.S. honey inventories are not large by historical experience, either in absolute amounts or relative to consumption. Honey stocks reported by the U.S. Department of Agriculture were much higher in the mid-1980's

more

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(about 75 percent of consumption in 1985 and 1986), before falling to their lowest level in a decade in 1991 (26.6 percent of consumption). 1993 stocks were 37.8 percent of consumption, well below the 1980-1993 average level of 46.4 percent.

The U.S. government has supported honey producers since 1950, in part, to ensure enough honeybees would be available for crop pollination. This is an important national interest. I believe that current trends in the provision of pollination and honey production will not be significantly affected by not providing relief. Crop producers indicate that they believe pollination will still be cost effective even if service prices rise.

I have also concluded that, in this case, imposing trade restrictions on imports of honey would run counter to our policy of promoting an open and fair international trading system.

This determination is to be published in the Federal Register.

WILLIAM J. CLINTON

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

FOR IMMEDIATE RELEASE  
Friday, April 22, 1994

94-25  
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DAVID KURAKANE  
(202) 395-3230

**Joint Release from Secretary Espy and U.S. Trade Representative Kantor**

Secretary of Agriculture Mike Espy and U.S. Trade Representative Mickey Kantor announced today that the United States had formally notified other GATT member-countries of the U.S. intention to take action on grain imports pursuant to Article XXVIII of the GATT.

As a result of this notification under Article XXVIII, the United States will be allowed after ninety days to impose higher tariffs or tariff-rate quotas on grains. GATT rules call for the United States and Canada, the only significant exporter of grains to the United States, to try to agree on a negotiated solution during this ninety-day period. Failing agreement, the United States may proceed unilaterally, but Canada would then be able to exercise GATT rights as well.

The United States and Canada have been negotiating since January about bilateral trade in several agricultural products that will be the subject of new rules because of the combination of the Uruguay Round and the NAFTA. Those products include not only wheat and barley, but also sugar, poultry, peanut products and dairy. "Today's announcement is about achieving a fair solution not only for wheat but a wide range of agricultural commodities that we have been discussing with Canada," said Secretary Espy.

Ambassador Kantor added, "While we are prepared to exercise our rights under GATT and NAFTA on all these products, we are also still fully prepared to negotiate a solution to the agricultural problems of both countries in a way that recognizes the needs of each side."

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

FOR IMMEDIATE RELEASE  
Friday, April 22, 1994

94-26  
CONTACTS: ANNE LUZZATTO  
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(202) 395-3230

**Statement by U.S. Trade Representative Mickey Kantor**

U.S. Trade Representative Mickey Kantor announced today that the President has asked him to consult with other agencies to develop a program to monitor imports of honey from the People's Republic of China. The President, pursuant to his obligations under section 406 and sections 202 and 203 of the Trade Act of 1974, decided that monitoring was the best and most appropriate response to the International Trade Commission's recent finding that imports of honey from China are increasing rapidly so as to be a significant cause of threat of material injury to the domestic industry. In addition, the President determined that providing other import relief to U.S. honey producers would not be in the national economic interest of the United States.

Kantor said that USTR would report to the President within the next thirty days on a monitoring program.

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

FOR IMMEDIATE RELEASE  
Monday, April 25, 1994

94-27  
CONTACTS: ANNE LUZZATTO  
DIANNE WILDMAN  
DAVID KURAKANE

**GATT Director General Sutherland to Leave GATT At Year End**

U.S. Trade Representative Michael Kantor and EU Vice President Sir Leon Brittan today expressed regret that GATT Director General Sutherland today announced his intention to leave his post at the General Agreement on Tariffs and Trade (GATT) at the end of the year, before the World Trade Organization (WTO) enters into force. Kantor and Brittan reiterated their appreciation for the brilliant efforts of the Director General in bringing the difficult Uruguay Round negotiations to a successful conclusion. In Washington today the two said that "without doubt, Sutherland's leadership was instrumental in putting a final acceptable package together. We are sorry that Peter will not be the first Director General of the World Trade Organization, but know that he will do everything in his power to complete his assignment with the same enthusiasm he has displayed thus far and will establish the groundwork for entry into force of the WTO."

Sutherland was appointed to the position of Director General in July 1993. In announcing his decision to leave the GATT before the WTO enters into force, Sutherland suggested that it was necessary to take this decision so that a search for a new Director General of the organization could begin. Sutherland confirmed that he would continue to lead the GATT through the transition to the World Trade Organization, but cited personal and family reasons for not wishing to continue beyond the end of the year in Geneva.

the problems or practices that resulted in those countries being placed on the list have been alleviated.

Kantor also noted concerns with continuing or prospective problems in Brazil, Canada, Germany, Honduras, Israel, Panama, Paraguay, Russia and Singapore, which were not included on the Special 301 lists. Kantor noted that those countries should take steps to alleviate identified problems promptly.

Kantor pointed out that many trading partners made significant progress this year in resolving longstanding problems. In February, we concluded a special 301 investigation with Brazil in which that Government demonstrated considerable leadership for the rest of the hemisphere. Kantor also mentioned the considerable progress made in reducing or eliminating longstanding problems in Hungary, Poland, Taiwan and Thailand. In addition, Colombia, Egypt, Honduras, Poland, Russia, Taiwan and Venezuela enacted new copyright, patent or trademark legislation, or strengthened their existing legislation; Korea, Thailand, Egypt, the United Arab Emirates, Italy, Mexico and Taiwan undertook significant enforcement efforts over the past year; the Andean Pact countries of South America took steps to improve protection for patents, trademarks, plant varieties and copyrights; and the United States concluded bilateral intellectual property protection agreements with Ecuador and Jamaica.

"The improvements in intellectual property protection that have taken place in many countries over the past year are a direct result of this Administration's resolve to make headway in this trade sector, which is of vital importance to U.S. interests. In addition, the conclusion of the GATT Uruguay Round has had a positive impact in breaking legislative logjams and increasing political will in countries to establish and enforce a high level of protection," Kantor stated.

Kantor also stressed that the world made great strides toward improving the institutional structure for protection of intellectual property. He referred to the implementation of the North American Free Trade Agreement, as well as the conclusion of the GATT Uruguay Round, which includes the agreement on Trade-related Aspects of Intellectual Property, or TRIPS. Kantor called for all countries to commit to early implementation of the TRIPS agreement.

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

FOR IMMEDIATE RELEASE  
Saturday, April 30, 1994

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**USTR ANNOUNCES THREE DECISIONS:  
TITLE VII, JAPAN SUPERCOMPUTER REVIEW, SPECIAL 301**

United States Trade Representative Mickey Kantor today announced decisions and initiated actions in three important trade areas: Title VII -- discrimination in foreign government procurement; special 301 -- protection of intellectual property rights; and the continuation of a review of Japan's compliance with the provisions of our bilateral Supercomputer Agreement.

Today's decisions demonstrate the Administration's continued resolve to take strong measures to ensure comparable market access and intellectual property protection for U.S. products -- measures which are key to this Administration's policy of opening markets and creating trade opportunities for U.S. companies and jobs for U.S. workers.

**Title VII**

Kantor's decision under Title VII of the 1988 Omnibus Trade and Competitiveness Act focused on Japan and two priority sectors identified in the U.S.-Japan Framework Agreement-- medical equipment and telecommunications. Kantor also announced that sanctions imposed against the European Union (EU) on May 28, 1993, for EU discrimination in the telecommunications sector will remain in force.

Kantor announced that USTR would not identify Japan under Title VII at this time but will review the situation in 60 days on the basis of Japanese actions in the interim. Noting that some progress was made at his meeting with former Foreign Minister and now Prime Minister Hata in Marrakech on April 15 towards resuming the Framework negotiations, including negotiations on telecommunications and medical technology government procurement, Kantor stated that "Much remains to be done." He specifically noted that "in deciding whether to identify Japan under Title VII in 60 days, we will assess the seriousness of any official Japanese response to the points that were discussed at the Marrakech meeting."

In addition, Kantor announced that sanctions would remain in force under Title VII against the EU. These sanctions were imposed on May 28, 1993, after the United States and

## FACT SHEET

### 1994 Title VII Decisions

Progress has been made in the last year on government procurement, particularly with the completion of the new GATT Government Procurement Code and the conclusion of an historic U.S.-EU agreement as part of the new Code. The Administration expects to build on this progress over the next year by seeking to expand membership in the Code and further open government procurement markets in all countries.

The U.S. is disappointed, however, with the status of the U.S.-Japan Framework negotiations and the failure of Japan to move rapidly to open its government procurement markets in key sectors. The U.S. expects action soon from the Government of Japan in these sectors and will continue to work with the EU to seek a comprehensive resolution to the telecommunications procurement problem.

The Title VII announcement includes the following elements:

- o USTR will conduct an early review of the status of Japanese discrimination in government procurement related to the telecommunications and medical technology sectors to determine whether to identify Japan under Title VII in 60 days (no later than 30 June 1994).
- o USTR will maintain the sanctions imposed against the EU on May 28, 1993 for EU discrimination with respect to telecommunications equipment.
- o USTR will report to Congress information on the following discriminatory procurement practices, which do not meet the criteria for identification under Title VII, but are of concern:
  - Australia for discriminatory practices in the information technology sector;
  - Brazil for discriminatory practices in the computer, software, telecommunications and digital electronics sectors;
  - China for non-transparent government procurement practices, although progress has been made in the last year; and
  - Japan for discriminatory practices in the supercomputer and computer sectors.

## FACT SHEET

### "SPECIAL 301" ON INTELLECTUAL PROPERTY

#### ACTIONS TAKEN

Ambassador Michael Kantor, the United States Trade Representative, announced today the Administration's decision with respect to this year's required review under the so-called "special 301" provisions of the Trade Act of 1974 (Trade Act).

This decision reflects the progress made in the course of 1993 in resolving many longstanding problems and increasing the general level of protection for U.S. intellectual property interests.

The decision announced by Ambassador Kantor includes the following specific actions:

- if satisfactory progress is not reached to address U.S. concerns with **Argentina, China and India** by June 30, these countries will be designated as "priority foreign countries" and investigations will be initiated immediately consistent with section 302 of the Trade Act;<sup>1</sup>
- placing six countries on the "priority watch list:" **the European Union, Japan, Korea, Saudi Arabia, Thailand and Turkey;**
- placing 18 countries on the "watch list" and conducting "out-of-cycle" reviews of **Egypt, El Salvador, Greece and the United Arab Emirates;**
- making special mention of **Brazil, Canada, Germany, Honduras, Israel, Panama, Paraguay, Russia and Singapore.**

The Administration reiterates its commitment to ensure full and effective implementation of the "special 301" provisions of the Trade Act. To that end, it will engage problem countries in a dialogue aimed at not only resolving the problems that brought about their inclusion on the "special 301" lists, but also seeking an improvement in the overall level of intellectual property protection. The United States strongly encourages all countries to expedite implementation of the provisions of the GATT TRIPS agreement.

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<sup>1</sup> Section 302 requires countries designated as priority foreign countries to be subject to an investigation of the practices which lead to their designation, unless such practices are already subject to action under the statute. Since India's practices are already subject to ongoing action under the statute, a new investigation would not be initiated.

consultations to resolve U.S. problems. Ambassador Kantor has determined that if satisfactory progress is not made with these countries in the next 60 days, or by June 30, that they will be identified as priority foreign countries and investigation of their practices will be initiated immediately. A review of some of the concerns with each of these countries is presented below.

Argentina has been on the priority watch list since April 1993 for failure to enact legislation providing full and effective patent protection. Patent legislation which would significantly upgrade Argentina's current patent law was introduced by the Government of Argentina in October 1991, but that legislation has not been enacted. This legislation, while generally good, contains a significant fault in that it contains a provision which might permit parallel importation.

China concluded an MOU in January 1992, thereby putting an end to the special 301 investigation initiated in 1991. China has fulfilled many of the commitments in that MOU, including joining international conventions on intellectual property, and enacting legislation to effect that level of protection in its national law. However, the Government of China has not followed through in effective enforcement and was placed on the priority watch list last year. Copyright piracy is particularly acute, and trademark infringement is also common. China also denies fair and equitable market access to U.S. persons that rely on intellectual property protection, including the U.S. recording and motion picture industries.

India was first identified as a "priority foreign country" in 1991. Although we were able to resolve some problems in the areas of trademark and copyright protection and enforcement, and market access for motion pictures, continued problems in these areas, and serious problems in the patent area led the USTR to identify India again in 1992. The persistence of those problems led to USTR identifying India again in 1993. India has made progress in improving the legal basis for copyright protection, but these changes have not yet been made. We encourage India to complete its own legislative process and follow through with effective enforcement. It is also important for India to continue to further improve trademark protection through the adoption of pending trademark legislation. We seek to reengage India in a meaningful dialogue with respect to these and other intellectual property issues, including patent protection, and we call on India to commit to early implementation of all aspects of the Uruguay Round TRIPS agreement.

## Priority Watch List

The Administration has decided to place six trading partners on the priority watch list because the lack of intellectual property protection or market access is especially significant for U.S. interests. USTR will devote special attention to resolving these problems, many of which are longstanding. The trading partners are:

- the European Union
- Japan
- Korea
- Saudi Arabia
- Thailand
- Turkey.

The European Union is retained on the "priority watch list" because the Broadcast Directive, up for review this year, restricts market access. In addition, the Private Copying Directive, likely to be proposed this year, and national levy systems already in place in France, Germany, Spain and Belgium, deny national treatment to the U.S. The European Union refused to cover the audio-visual industry at all in their GATT Uruguay Round GATS schedules. In addition, the European Telecommunications Standards Institute (ETSI) adopted an IPR and standardization policy that differs significantly from that adopted by other countries, and it is considering measures to expel or significantly reduce the membership status of ETSI members who do not accept this policy.

Japan has been included on the "watch list" for the past five years because of inadequate intellectual property protection. Despite considerable efforts made to resolve these issues in the Framework negotiations, the problems remain and Japan has now been moved up to the "priority watch list." Problems in the patent area are of particular concern, including among other issues: an unreasonably long application processing time, especially on technology applications; pre-grant oppositions; inadequate grace period; narrow interpretation of claims in post-grant proceedings; and extensive delays in court proceedings. There is also extensive software piracy, lack of adequate enforcement mechanisms for trade secrets, and delays in trademark registration. In addition, the Japanese Government has convened a panel to consider amending its copyright law to permit decompilation of computer software. The U.S. has expressed its grave concern to Japan about any steps taken to weaken copyright protection of computer software.

Korea has made great strides in the past year in protecting intellectual property rights, especially in the area of enforcement, but has been kept on the "priority watch list" due to a number of remaining concerns. These include inadequate intellectual property laws; funding levels and resources for enforcement raids and prosecution, especially for software; a number of trademark registration problems, which call into question Korea's compliance with a 1986 bilateral trade agreement; continued piracy of U.S. textile designs, and; the compulsory licensing provisions of Korea's semiconductor mask works law. In addition, Korean Customs regulations do not provide an adequate basis to prevent the exportation of infringing goods and the Korean trade secrets law does not adequately protect proprietary information.

under its copyright law, and relaxed local content requirements for the broadcasting of new services. Nevertheless, the U.S. remains concerned about parallel importation, rental rights and other copyright issues.

Chile: The U.S. seeks for Chile to bring its inadequate intellectual property laws into conformity with TRIPS and NAFTA.

Colombia: The Colombian Government has passed, as a member of the Andean Pact, three decisions on intellectual property, which improve protection over previous decisions but still do not provide adequate and effective protection in all areas, particularly in the patent area. Also, while Colombia has a modern copyright law it has had difficulty in enforcing existing copyright laws.

Cyprus: The U.S. expects that the Government of Cyprus will vigorously enforce its new copyright law and stamp out widespread piracy of video and audio recordings and unauthorized book publishing.

Egypt: Egypt will shortly issue a Prime Ministerial decree to resolve our remaining concerns with copyright protection. Additionally, Egypt has drafted an excellent draft patent law which we expect to be promptly enacted absent any delay in protection for any types of products. An October out-of-cycle review will monitor progress on these issues.

El Salvador: The U.S. is keeping El Salvador on the watch list and conducting an out-of-cycle review. Significant progress made by enacting the Copyright law in 1993 has been negated by postponing its implementation.

Greece: The U.S. is keeping Greece on the watch list and conducting an out-of-cycle review because of lack of enforcement of the February 1993 copyright law. Motion picture and sound recording piracy, including unauthorized broadcasts by the numerous pirate stations in Greece, remain major areas of concern.

Guatemala: Guatemala does not adequately protect pharmaceuticals and the copyright law needs to be updated. A major problem is the interception and unauthorized retransmission of U.S. satellite-carried programming by cable and multichannel microwave distribution systems. In addition, Guatemala does not provide effective trademark protection, especially for famous marks.

Indonesia: The U.S. is concerned about deficiencies in Indonesia's patent law and regulations, including: a short term of protection (14 years), provisions on compulsory licensing, and a provision allowing the unauthorized importation of 50 specific pharmaceuticals. In addition, Indonesia should improve enforcement of its copyright law. Infringement of textile designs is becoming a significant problem.

Italy: Video and software piracy remains a major problem in Italy despite newly vigorous enforcement efforts. The USG will closely monitor the new government's efforts to improve enforcement against piracy in Italy.

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Venezuela: The Venezuelan Government has passed, as a member of the Andean Pact, three decisions on intellectual property. However, these decisions still do not provide adequate and effective protection in all areas, particularly in the patent area. Also, despite enactment of a new copyright law last year, piracy remains a serious problem. The U.S. will continue to monitor the law's implementation and enforcement of penalties against infringers, as well as recently initiated expedited proceedings for patent and trademark applications.

### Special Mention

This year, the USTR determined that, while some countries had made progress in improving the level of intellectual property protection, there is need for greater effort or further improvement. In other instances, intellectual property problems are beginning to become serious. The Administration has placed these countries in the "special mention" category to draw attention to areas of concern. It is expected that these countries will respond to these concerns so that the Administration will not have to take additional steps. Countries in the "special mention" category are:

Brazil's welcomed reform efforts in intellectual property rights are important to a broad cross-section of the U.S. private sector. We will closely monitor these efforts with great interest.

Canada merits concern, despite its strong intellectual property laws, because of policies currently in place, and others that have been proposed which discriminate against non-Canadian periodicals.

Germany will be obliged to protect U.S. performers of sound recordings under the Uruguay Round TRIPS agreement. We understand that Germany is considering unilateral action to extend protection to U.S. performers even before TRIPS implementation and we encourage such an action.

Honduras has obtained approval of improved copyright, trademark and patent legislation, taken major steps to legalize illegitimate cable TV operations, and joined the Paris Convention. The Government of Honduras has promised to meet remaining USG concerns about copyright protection, and we will continue to work with Honduras on achieving improved patent and trademark laws and their enforcement.

Israel has an antiquated copyright law, which, combined with poor enforcement, has led to widespread cable and software piracy. We seek rapid revision of the copyright law and improved enforcement. Additionally, Israel is working on a law governing licensing of satellite signals by cable operators.

Panama provides inadequate copyright protection and inadequate enforcement to prevent the transshipment of copyright and trademark infringing goods. Computer software is not adequately protected by copyright and criminal penalties.

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SPECIAL 301  
PROGRESS ON INTELLECTUAL PROPERTY ISSUES

JANUARY-APRIL 1994

- o Korea began a 10-month effort to reduce piracy, albeit at a reduced level from its January-October 1993 campaign (January).
- o Poland passed a new copyright law and signed it into law. (February)
- o Colombia deposited its instrument of accession to the Geneva Convention for the Protection of Phonograms. (February)
- o On February 23, 1994, the Italian Parliament approved the Film Industry Decree Law issued by the government on January 17. The Law abolished longstanding Italian screen quotas.
- o On February 25, 1994, the United States concluded a Section 301 investigation in which Brazil outlined steps it had taken and plans it will take to improve intellectual property protection.
- o Jamaica signed a comprehensive bilateral intellectual property rights agreement. (March)
- o Indonesia issued implementing regulations for its patent law. The regulations were necessary to carry out important elements of the 1992 understanding between the United States and Indonesia. (March)
- o Egypt's People's Assembly enacted amendments to its 1992 copyright law to treat computer software as literary works, thus ensuring that the copyright term for computer software is 50 years. (March)
- o The United Arab Emirates Ministry of Information issued a circular prohibiting all importation of piratical material, and giving stores and manufacturers until September 1, 1994 to eliminate all piratical stock. (March)
- o The results of the Uruguay Round were signed at a Ministerial in Marrakesh, Morocco. (April)
- o Saudi Arabia deposited its instrument of accession to the Universal Copyright Convention. (April)
- o The United Arab Emirates cancelled the September grace period, and required immediate elimination of all pirated stock. The UAE also issued a circular prohibiting use of unlicensed software. (April)
- o The following countries undertook significant enforcement efforts since last April: Korea, Thailand, Egypt, the United Arab Emirates, Italy and Taiwan. We will continue to monitor these countries to ensure that improved enforcement efforts continue.

- o The Council of the European Union adopted 1) a Directive on the Harmonization of Copyright Laws in satellite broadcasting and cable retransmission, which the member states must implement by January 1, 1995 (September); and 2) the Directive on the Harmonization of the Duration of Copyright and of certain related rights (October).
- o Ecuador signed a comprehensive bilateral intellectual property agreement. (October)
- o Thailand implemented an administrative system to provide a measure of "pipeline" patent protection for pharmaceuticals. (October)
- o The Mexican government formed an interagency task force in October 1993 to cut through the bureaucratic obstacles hindering effective action.
- o The Korean National Assembly adopted amendments to Korea's copyright, cable TV, computer software and customs laws. (December)
- o The Uruguay Round was concluded, including the agreement on the Trade Related Aspects of Intellectual Property Rights -- TRIPS. (December)
- o In December 1993, for the first time, a Singapore court sentenced a software pirate to jail and awarded legal and investigation costs to private prosecutors. In addition, Singapore's Attorney General prosecuted several major dealers of pirated software in cooperation with the U.S. private sector. In March 1994, three defendants in the case pleaded guilty and were sentenced to nine months in prison.
- o South Africa's parliament passed a replacement for the Trade Marks Act of 1963 and passed a Designs bill, which also grants specific protection to integrated circuits. (December)
- o The Andean Pact passed new decisions to upgrade patent and trademark (Decision 344), plant varieties (Decision 345) and copyright protection (Decision 351). (October, December)

#### JANUARY-APRIL 1993

- o Taiwan's Legislature approved a Bilateral Copyright Agreement and amended Taiwan's copyright law to prohibit parallel importation. (April)
- o The Philippines signed a bilateral agreement that addresses copyright, patent and trademark concerns. It also includes provisions on enforcement of rights. (April)
- o Switzerland's new Trademark Law came into effect making its protection EC compatible. New copyright amendments, that U.S. industry considers to be lacking, have been passed and will take effect in July. (April)

Chamber of Deputies "Special Commission on Intellectual Property" and introduced for consideration in that Committee.

- o The EC has amended its proposal for biotech patents.
- o Denmark became the first member state to implement the EC's Software Directive.
- o Poland enacted a new patent law, although the U.S. remains concerned about the compulsory licensing provision.
- o Taiwan passed and promulgated a new copyright law and implementing regulations.
- o Korea ratified the US-Korea Patent Secrecy Agreement, which has yet to enter into force.
- o China joined the Berne Convention and the Universal Copyright Convention.
- o The President of Turkmenistan signed a law for the protection of intellectual property.
- o New copyright law enacted in Pakistan strengthening penalties for infringement and protecting computer programs as "literary works."
- o The Russian Federation enacted and implemented a patent law that meets high international standards and is compatible with the terms of the bilateral Trade Agreement.
- o The Russian Federation enacted and implemented strong laws for the protection of semiconductor layouts and the protection of computer software and databases. Both laws are fully compatible with the terms of the bilateral Trade Agreement and meet international standards.
- o New Zealand repealed legislation that allowed compulsory licensing of pharmaceuticals.
- o The Ukrainian Government adopted the Paris Convention, Madrid Agreement, and the Agreement on Patent Cooperation.
- o Chile extended its term of copyright protection to life plus 50 years -- the Berne Convention standard.
- o Brazilian Government issues Executive decree bringing Brazil into full compliance with the Stockholm Text of the Paris Convention For the Protection of Industrial Property.
- o The United States and the Russian Federation exchanged diplomatic notes causing the entry-into-force of a bilateral Trade Agreement which commits Russia to an extensive IPR legislative agenda.
- o Bolivia passed a new Copyright Law providing a framework for

- o The Government of Argentina introduced comprehensive patent reform legislation to the Congress.
- o Chile implemented its new patent and trademark law.
- o Indonesia's Patent Law took effect.
- o Mexico enacted an copyright law which extends the term of protection for sound recordings, creates rental rights and significantly increased sanctions.
- o Mexico enacted an industrial property law which extended patent protection to chemical, pharmaceutical and metal alloy products, as well as to some biotechnological inventions; extended the term of patent protection to 20 years from filing; and extended the term of trademark protection to a renewable period of ten years.
- o China's new copyright law took effect.
- o The European Community adopted a directive requiring member states to provide copyright protection for computer software programs.
- o The United States and Bulgaria signed a trade agreement including strong protection for intellectual property rights.
- o Korea enacted trade secrets legislation.
- o Chile enacted a revised Patent and Trademark Law, including product patent protection for pharmaceuticals.
- o The United States and the People's Republic of Mongolia signed a trade agreement including strong protection for intellectual property rights.
- o Singapore strengthened its Trademark Law.

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- o The European Community took a "common position" on protection for computer software, including a 50-year term of copyright protection.
- o Malaysia amended its copyright law and acceded to the Berne Convention for the Protection of Literary and Artistic Works.
- o Japan enacted a law protecting trade secrets.
- o Chile clarified its copyright protection for computer software, thus ensuring that it is a "literary work."
- o The United States signed a trade agreement with Czechoslovakia which includes strong terms of protection for intellectual property rights.