

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

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**TABLE OF CONTENTS
PRESS RELEASES FOR MARCH 1996**

- March 7, 1996 96-21 Kantor recommends Partial GSP Suspension of Pakistan**
- March 7, 1996 96-22 USTR Announces Commercial Agreement in the U.S.-Canada country music television dispute**
- March 11, 1996 96-23 USTR Kantor Announces Challenge of Discriminatory Canadian Magazine Practices; Cites Clinton Administration Determination to Defend U.S. Industries**
- March 14, 1996 96-24 USTR Kantor Statement on White House Announcement of Chair and Vice Chair of Commission on US-Pacific Trade and Investment Policy**
- March 18, 1996 96-25 US and Mexico Agree to Mechanism for Streamlining Approval of tires**
- March 19, 1996 96-26 Foreign Share of the Japanese Semiconductor market reaches record 29.6%**
- March 26, 1996 96-27 Statement by USTR Mickey Kantor on Agreement with Russia on US Poultry Exports**
- March 27, 1996 96-28 USTR 1996 Trade Policy Agenda and 1995 Annual Report**

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**TABLE OF CONTENTS
PRESS RELEASES FOR APRIL 1996**

April 1, 1996	96-31	USTR Releases 1996 Inventory of Foreign Trade Barriers
April 1, 1996	96-32	USTR Announces Allocations of Tariff-Rate Quota for Raw Cane Sugar
April 2, 1996	96-33	Statement by USTR Kantor on Japan Insurance
April 2, 1996	96-34	Statement by USTR Kantor on Japan's Revised Deregulation Action Plea
April 2, 1996	96-35	Statement of Ambassador Kantor on Finalizing Softwood Lumber Agreement
April 3, 1996	96-36	Annual Review of Telecommunications Trade Agreements Under Section 1377 of the 1988 Trade Act Completed
April 29, 1996	96-38	WTO Appellate Body Issues Report on EPA Rules for Imported Gasoline
April 30, 1996		USTR announces two Decisions: Title VII and Special 301
April 30, 1996	96-40	Statement of Ambassador Charlene Barshefsky: Basic Telecom Negotiations

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**TABLE OF CONTENTS
PRESS RELEASES FOR MAY 1996**

- | | | |
|---------------------|--------------|--|
| May 2, 1996 | 96-41 | USTR Announces Swearing in of Chief textile Negotiator Rita Hayes as Ambassador |
| May 20, 1996 | 96-43 | WTO panel to Review EU Hormone Directive |
| May 29, 1996 | 96-44 | Further Consultations Scheduled Between China and US on IPR Enforcement |

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Thursday, March 7, 1996

96-21
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KANTOR RECOMMENDS PARTIAL GSP SUSPENSION OF PAKISTAN

U.S. Trade Representative Mickey Kantor announced today that he is recommending that the President suspend Pakistan's benefits under the Generalized System of Preferences (GSP) program in three categories of goods when it is reauthorized. Kantor made this decision based on a finding by an interagency committee that Pakistan had not taken sufficient steps to conform to internationally recognized worker rights.

While there has been improvement in some areas, Kantor noted that "child and bonded labor remains persistent throughout Pakistan. Greater attention has been given to this problem recently by the Government of Pakistan. However, it still has not demonstrated its dedication to eliminating the most odious aspects of child labor nor has it devoted the energy and resources necessary to improve the lives of child workers."

Citing the three sectors that will have GSP benefits suspended surgical instruments, sporting goods, and certain hand-knotted carpets - Kantor said, "These are industries in which the exploitation of children is particularly common. Children often are forced to do dangerous tasks and to work even when exhausted."

A GSP review of worker rights in Pakistan was initiated in June 1993. Several consultations have been held. Progress has been achieved in reducing the number of entities considered "essential" services, which are permitted to restrict the right to organize and bargain collectively. However, in addition to the child and bonded labor issue, the Government of Pakistan continues to suspend the application of worker rights laws in the Karachi Export Processing Zone. "The practice of exempting export processing zones from national labor laws is very disturbing," Kantor concluded.

-30-

Webmaster @ USTR - 7 March 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE

Thursday, March 7, 1996

96-22 (1)

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USTR ANNOUNCES COMMERCIAL AGREEMENT IN THE U.S. - CANADA COUNTRY MUSIC TELEVISION DISPUTE

USTR Mickey Kantor announced today that Nashville-based Country Music Television (CMT) and the New Country Network (a Canadian country network) have signed an agreement to form a single Canadian country music network to be called CMT: Country Music Television (Canada). Kantor had set today as the deadline by which USTR would act if an agreement was not reached.

Kantor stated "The only acceptable resolution of this issue was to restore Country Music Television's access to the Canadian market. This Administration will not tolerate discrimination against any U.S. industry. It is of special concern when it involves Canada, one of our largest export markets and our FTA partner. I hope we can work together to avoid additional disputes in this area."

Kantor went on to say, "This agreement is an important victory for the U.S. and Canadian country music industry. By overcoming discriminatory practices, which do not serve the interests of any artist, this agreement will help insure performers reach the broadest possible audience across the globe for their tremendously popular music they produce."

Kantor went on to say that while this particular dispute has been resolved, the Clinton Administration remains concerned about Canada's discriminatory broadcasting policies which remain in place.

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

In a press release issued today by the firm's U.S. and Canadian partners -- Gaylord Entertainment Company and Group W Satellite Communications and Rogers Communications and RAWLCO-- it was announced that under this agreement CMT Canada will be available to six million Canadian homes, 4 million more homes than CMT had reached in 1994, and will resume telecasts of videos by Canadian country music artists.

Background on the Dispute

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.

On February 6, USTR determined certain Canadian broadcasting policies deny national treatment and market access to U.S.-owned television programming services and, on their face, discriminate.

-30-

Webmaster @ USTR - 7 March 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Monday, March 11, 1996

96-23
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USTR KANTOR ANNOUNCES CHALLENGE OF DISCRIMINATORY CANADIAN MAGAZINE PRACTICES; CITES CLINTON ADMINISTRATION DETERMINATION TO DEFEND U.S. INDUSTRIES

United States Trade Representative Mickey Kantor today announced that the United States will use U.S. trade laws and the dispute settlement procedures of the World Trade Organization (WTO) to challenge discriminatory practices by the government of Canada that unfairly protect Canada's domestic magazine industry. Kantor noted the immediate injury and the potential harm the precedent of such discrimination could cause U.S. firms and their workers. Kantor today requested WTO consultations with the government of Canada to address the Canadian practices.

The dispute is the third such matter the Clinton Administration has taken to the WTO since the establishment of the USTR Enforcement Unit in January, 1996.

Ambassador Kantor said he would pursue the WTO case in the context of a section 301 investigation. Section 301 of the 1974 Trade Act is the principal U.S. statute for addressing foreign unfair trade practices. Section 301 requires that the Trade Representative make a determination in this investigation as to whether the Canadian practices are actionable under section 301 by no later than 30 days after the conclusion of the WTO dispute settlement proceedings or 18 months after the initiation of the section 301 investigation, whichever is earlier.

The case addresses a series of Canadian laws and regulations aimed at keeping out or discriminating against foreign magazines, particularly so-called "split-run" magazines, which are Canada-specific editions of foreign magazines. By discriminating against U.S. magazines that tailor their content to Canada, the Canadian laws and regulations aim and succeed at preventing U.S. magazines from expanding in Canada based on the simple marketing principle of giving the customers what they want.

Canada discriminates against foreign magazines using a series of measures put in place since the mid-1960s to protect the Canadian magazine publishing industry from U.S. competition: Canada first banned the importation of split-run magazines into Canada. Then, on December 15, 1995, Canada imposed an 80 percent excise tax on advertising in those magazines. The tax was designed to prevent Time-Warner from publishing in Canada a local edition of Sports Illustrated and to prevent future entries by split-run magazines into the Canadian market. Along with this, Canada disallows an income tax deduction to Canadians who advertise in split-run magazines. Finally, the postage rates for magazines not produced in Canada by Canadian-owned companies are significantly higher than the postage rates for Canadian magazines.

The magazine case is one of an increasing number of U.S. concerns about Canadian practices in the cultural/communications area. Others include differences over broadcasting, copyrights, direct-to-home satellite regulations, and book distribution. Section 301 was recently used successfully to encourage a

settlement involving Country Music Television broadcasts in Canada.

In making today's announcement, Kantor said, "The United States has, over the past three years, repeatedly raised concerns regarding these magazine practices, but unfortunately the government of Canada has steadfastly refused to negotiate settlement of this dispute and has recently made these discriminatory practices more restrictive.

"Our action is justified not only on the merits of the case itself, but it is also important in setting a clear precedent that the United States is prepared to act on so-called cultural issues where there is discrimination against U.S. interests. The Clinton Administration is committed to combating the growing attack on our country's publishing and entertainment industries, whether from Canada, Europe or Asia.

"While Canada has characterized many of its concerns about its magazine sector in cultural terms, the actions it has taken with regard to foreign periodicals are, in fact, aimed at protecting Canadian commercial interests.

"Canada could choose to promote its magazine writers and publishers, or encourage readership of Canadian magazines, in a manner consistent with its international obligations. Instead, it has chosen to protect the Canadian magazine industry by denying market access to foreign split-run publications and channeling advertising revenues to Canadian-owned publications. Canadian publishers certainly do not suffer discrimination in the U.S. market."

History of the Dispute

In 1990, Canada approved Time Canada Ltd.'s proposal to print and distribute in Canada a split-run edition of Sports Illustrated (SI) as an expansion of its long-standing investment in Canada. Canadian government approval was required under the terms of the Investment Canada Act.

Following the approval, Canada's publishing industry pressured the Canadian government to take action against SI-Canada and prevent future publication of split-run editions in Canada. The government of Canada established a Task Force on the Canadian Magazine Industry to analyze the situation and make recommendations.

The Task Force issued interim recommendations in July, 1993, and a final report in March, 1994. It urged the government to change the Investment Canada Act "business guidelines" in a way that would prohibit non-Canadian publishers from printing and selling new, split-run editions.

The Task Force also recommended that the government impose an 80 percent excise tax that would, in effect, make it impossible to expand the number of issues of any split-run magazine currently in circulation in Canada. Application of the tax in the manner the task force recommended capped the number of SI Canada issues at six per year. It would have allowed certain Canadian-owned split-runs (such as Hockey News, which has a sizeable U.S. readership) to continue circulating at a far higher number of issues.

The government implemented the Task Force guidelines in two steps. On July 19, 1993, the government changed the Investment Canada Act guidelines. The changes "grandfathered" SI-Canada, but ensured that Time-Canada and other subsidiaries of U.S. publishing firms could not use satellite transmission to begin printing and distributing split runs of their other magazines.

In December, 1994, the government of Canada announced it would introduce legislation implementing the excise tax recommended by the Task Force. However, the government went further than the recommendation, drafting a bill that would apply the tax to every issue of SI-Canada, while protecting Canadian-owned split-runs. The legislation was passed as introduced on December 15, 1995.

USTR Enforcement Actions

This action against Canada underscores the Administration's resolve to vigorously enforce U.S. trade agreements and to use U.S. trade laws in support of those enforcement efforts. Since the Clinton Administration came into office, it has used U.S. trade laws in over 140 instances to level the playing field and to keep U.S. industries competitive.

This is the third time in the past two months, following the establishment of a new enforcement unit at USTR, that the U.S. has launched an action to enforce the WTO agreements. In January the WTO dispute settlement procedures were invoked to challenge EU import restrictions on meat produced with growth hormones, and in February the U.S. launched a challenge of Japan's failure to provide adequate protection to pre-existing sound recordings.

Since the WTO was established in January 1995, the US has launched complaints in nine disputes:

- Korea - testing and inspecting agricultural products
- Korea - shelf-life regulations
- Japan - distilled spirits taxes
- EU - import duties on grains
- EU - import regime for bananas
- Australia - import ban on fresh & chilled salmon
- EU - import ban on hormone-treated meat
- Japan - protection for sound recordings
- Canada - barriers to sales of foreign magazines

In some cases, merely invoking these procedures has enabled us to reach a settlement, without having to seek a formal panel finding -- the process is working to our benefit: Korea shelf-life and EU grains have already settled.

-30-

Webmaster @ USTR - 11 March 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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FOR IMMEDIATE RELEASE
Thursday, March 14, 1996

96-24
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USTR KANTOR STATEMENT ON WHITE HOUSE ANNOUNCEMENT OF CHAIR AND VICE CHAIR OF COMMISSION ON U.S. - PACIFIC TRADE AND INVESTMENT POLICY

The White House today announced the appointments of Kenneth D. Brody and Clyde Prestowitz, Jr. as Chair and Vice Chair, respectively, of the new Commission on U.S. - Pacific Trade and Investment Policy.

Formed at the urging of Senator Jeff Bingaman, Democrat of New Mexico, the Commission will have a broad mandate to review both the opportunities and the obstacles in U.S. trade policy with Japan, China and the Asia-Pacific region, and to recommend strategies for significant further market openings for U.S. competitive products, services and investment in the region.

Senator Bingaman, who has served as Chair of the Democratic Leadership Task Force on Economic Competitiveness, has long been a leader on issues related to the economic competitiveness of the United States, particularly in the area of trade in high technology goods.

The Clinton Administration's policies on trade have contributed to an unprecedented growth in exports for the United States. Merchandise exports have grown at a stunning pace since President Clinton entered office. In 1993, exports grew 4%; in 1994, 10%, and in 1995, exports were up by more than 14%. In the first three years of this Administration, over a million new jobs were created by exports. Today, 11 million American jobs depend on export trade. On average, jobs associated with goods exports pay 13 - 17% more than other jobs in the economy.

In the past thirty-six months, more markets have been opened than in any similar period in history. The President led a bipartisan coalition to pass NAFTA, creating the largest free trade agreement in the world. Three weeks later, the United States led the world to complete the Uruguay Round of the GATT after seven years of negotiations. The Uruguay Round enjoyed overwhelming bipartisan support in the Congress. More than 180 trade agreements -- multilateral, regional, and bilateral -- have been completed since January 1993.

The economies of the Asia Pacific region are the world's most dynamic, growing at three times the rate of the world's established industrial economies. Asia's share of the world's GDP is 25%, three times that of only 30 years ago. Projections show that by the year 2000 the east Asian economies will form the largest market in the world for U.S. exports, surpassing those of Western Europe and North America.

The Asia Pacific region is of growing importance to the United States. Our trade across the Pacific is 50% greater than our trade across the Atlantic -- our merchandise exports alone to Asia have grown over 50% in the last four years and support over two million high-paying U.S. jobs. If the United States maintains its current market share, Asia, excluding Japan, is estimated to be our largest export market by

the year 2010, absorbing approximately \$284 billion of our goods. Growing U.S. services sales to Asia will add many tens of billions of dollars more to U.S. exports.

Specific objectives of the Commission will include assessing the effectiveness of multilateral market opening initiatives, such as within the World Trade organization and Asia Pacific Economic Cooperation (APEC), setting out the role for future regional and bilateral initiatives to lower barriers to trade, and assessing the role of initiatives in a number of functional areas, such as government procurement, investment requirements and the role of financing in trade expansion.

Its members, who will be announced shortly, have been selected for their knowledge of, and practical experience with, the difficulties of doing business in Asia.

-30-

Webmaster @ USTR - 14 March 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Monday, March 18, 1996

96-25
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U.S. and Mexico Agree to Mechanism for Streamlining Approval of Tires

USTR Mickey Kantor announced today that the United States and Mexico had agreed on a mechanism for streamlining the approval of new truck and passenger car tires exported to Mexico. Under the agreement, the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) will identify laboratories it recognizes as competent to test to the U.S. Federal Motor Vehicle Safety Standards.

Test data from these laboratories (which includes manufacturer's facilities) will be used by Mexican authorities in determining whether the product meets the Mexican regulations and is entitled to certification. Greater efficiencies will be achieved by eliminating the need to duplicate performance and safety testing, and ship tires to Mexico for testing by laboratories located in Mexico.

This agreement was facilitated by the close cooperation between U.S. and Mexican regulatory authorities which are working together on a range of standards issues as part of the North American Free Trade Agreement (NAFTA) Committee on Standards-Related Measures. The agencies were able to evaluate and agree upon the functional equivalency of the performance and safety requirements which paved the way for the agreement on test data.

Initially, NHTSA has identified three U.S. laboratories for purposes of providing data to the Mexican authorities, and it intends to proceed with a request for the recognition of additional laboratories.

Kantor stated that: "This agreement is noteworthy because it builds on the NAFTA, which requires acceptance of U.S. test data in 1998. It is another demonstration of the benefits the NAFTA is providing for U.S. firms and workers."

-30-

Webmaster @ USTR - 18 March 1996

**OFFICE OF THE UNITED STATES
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**Executive Office of the President
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FOR IMMEDIATE RELEASE
Tuesday, March 19, 1996

96-26
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**FOREIGN SHARE OF THE JAPANESE SEMICONDUCTOR MARKET
REACHES RECORD 29.6%**

The foreign share of Japan's semiconductor market reached a new record at 29.6% in the fourth quarter of 1995 -- up over 3 percentage points from the previous record of 26.2% reached in the third quarter of 1995.

"I am gratified by the continuing strong performance of foreign companies in the Japanese semiconductor market," said USTR Mickey Kantor. "The gains we have seen demonstrate the progress that is possible when governments commit to a long-term cooperative arrangement on market access. I am convinced that, with the continuing efforts by our two industries and governments, we will see even more progress under the U.S.-Japan Semiconductor Arrangement and its successor. Particular areas where we and our industry see strong potential for more progress include the telecommunications, automotive, and video games sectors; sales to small and medium-sized Japanese users; and design-in contracts. Continuing the framework of government and industry activities provided by the current Arrangement is critical in order to ensure that we achieve further progress in all these areas."

The market share figure was calculated by U.S. and Japanese government officials in accordance with the statistical system established under the 1991 U.S.-Japan Semiconductor Arrangement. The foreign market share averaged 16.7% in 1992, 19.4% in 1993, 22.4% in 1994, and 25.4% in 1995. Despite this growth, the foreign share of the Japanese market remains relatively low compared to the situation in other markets. For example, Japanese firms held about 78% of the Japanese market as compared with only 24% of the world market outside of Japan. In the United States, now the world's leading producer of semiconductors, the foreign market share is estimated at about 39% in 1995.

-30-

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

Q3	1991	14.3%
Q4	1991	14.4%
Q1	1992	14.6%
Q2	1992	16.0%
Q3	1992	15.9%
Q4	1992	20.2%
Q1	1993	19.6%
Q2	1993	19.2%
Q3	1993	18.1%
Q4	1993	20.7%
Q1	1994	20.7%
Q2	1994	21.9%
Q3	1994	23.2%
Q4	1994	23.7%
Q1	1995	22.8%
Q2	1995	22.9%
Q3	1995	26.2%
Q4	1995	29.6%

*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.

Webmaster @ USTR - 18 March 1996

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**Executive Office of the President
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FOR IMMEDIATE RELEASE
Tuesday, March 26, 1996

96-27
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**STATEMENT BY USTR MICKEY KANTOR ON AGREEMENT
WITH RUSSIA ON U.S. POULTRY EXPORTS**

"A key feature of President Clinton's trade policy has been an emphasis on enforcement of our trade agreements and our trade laws to ensure that we make the rules fair and that other countries live up to their obligations.

"We have accomplished that in reaching the agreement being announced today -- an agreement which will allow U.S. poultry exports to Russia to resume immediately."

Russia has become an important market for U.S. poultry, accounting for more than 30 percent of all U.S. poultry exports. U.S. exports of poultry to Russia have grown dramatically since 1993, reaching \$606 million by 1995. Poultry accounts for approximately 20 percent of all U.S. merchandise and goods exports to Russia.

-30-

Webmaster @ USTR - 18 March 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Wednesday, March 27, 1996

96-28
Contact: Ann Luzzato
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USTR 1996 Trade Policy Agenda and 1995 Annual Report

President Clinton today transmitted to Congress the 1996 Trade Policy Agenda and the 1995 Annual Report of the President of the United States on the Trade Agreements Program, U.S. Trade Representative Mickey Kantor announced today.

Prepared pursuant to the Omnibus Trade and Competitiveness Act of 1988, the document describes the Clinton Administration's trade policy priorities for the year ahead and reviews the principal trade policy actions and accomplishments of 1995. It also contains this year a new section covering the first annual report on the activities of the World Trade Organization, which is required by the Uruguay Round Agreements Act, and an Annex listing trade agreements entered into by the United States since 1984 that afford increased market access or reduce barriers and other trade distorting policies by other countries.

Noting that the President has consistently sought to achieve more opportunities to sell U.S. goods and services in foreign markets, Ambassador Kantor stressed that the means toward this goal "have been to enter into agreements which open new markets to U.S. exports; monitor and enforce those agreements to ensure our trading partners are living up to their obligations; and enforce our trade laws."

The Administration's 1996 agenda will be focused on the following three areas:

1. **Implementation.** A major priority this year is to ensure that the members of the World Trade Organization are fully implementing the commitments they made during the Uruguay Round (UR) of multilateral negotiations. We also will continue to press for the implementation of UR commitments through regional initiatives such as the Free Trade Area of the Americas, the Asia-Pacific Economic Cooperation Forum and the TransAtlantic Market Place. We also will be paying particular attention to the implementation of key bilateral agreements, including those with Japan, China and the European Union.
2. **Enforcement.** Enforcement of both international trade agreements and U.S. trade laws underpins the Administration's approach to trade and will be central to our agenda in 1996. In accordance with this priority, USTR created at the beginning of this year a permanent Monitoring and Enforcement Unit devoted exclusively to monitoring implementation of U.S. trade laws and trade agreements, determining compliance by foreign government with their trade agreement obligations, and pursuing actions necessary to enforce U.S. rights under those laws and agreements.
3. **Expansion.** Our enforcement efforts will create the momentum for expanding existing trade agreements, and enlarging the scope of barriers that trade agreements now cover. In this respect an important element of our 1996 agenda is to build on the regional and multilateral agreements already reached, seeking higher levels of obligation. We also aim to expand the coverage of trade agreements to address practices that undermine the benefits achieved through stronger trade rules and market access commitments: trade distortions created by low labor standards, excessive

regulation, the lack of transparency, bribery and corruption, barriers to environmentally sustainable development, and anti-competitive behavior causing trade effects.

In describing the context for the Administration's trade policy agenda, Ambassador Kantor noted that the President has recognized--and acted on-- four new realities that are shaping our world.

- First, our nation's economic strength begins at home;
- Second, globalization and interdependence of the economies of the world are here to stay;
- Third, in the post-Cold War world, trade has taken its place at the foreign policy table, alongside strategic and political concerns; and
- Finally, trade is more important than ever to the U.S. economy.

Kantor wrote that "President Clinton has articulated and implemented a trade policy that responds to these realities." Based on this policy, he noted that this Administration "has concluded over 180 trade agreements; vigorously implemented, monitored and enforced those agreements, as well as agreements entered into in previous administrations, and enforced our trade laws." The end result, he wrote, is that "American workers and companies are winners again; we are the most productive and competitive nation in the world."

-30-

Note: Public copies of the 1996 Trade Policy Agenda and 1995 Annual Report will be available Wednesday, March 27, 1996 from the Office of Public Affairs, room 103, at USTR. In addition, the report can be located at USTR's Internet Home Page address, which is: <http://www.USTR.gov/>

Webmaster @ USTR - 27 March 1996

96-30 NOT ISSUED

Faint, illegible text scattered across the lower half of the page, possibly bleed-through from the reverse side.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Monday, April 1, 1996

96-31
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USTR Releases 1996 Inventory of Foreign Trade Barriers

The Office of the U.S. Trade Representative today released the eleventh annual U.S. report on foreign trade barriers. The 1996 National Trade Estimate Report on Foreign Trade Barriers (NTE) lists a wide range of foreign trade barriers which restrict U.S. exports as well as those of other nations.

The NTE report plays a crucial role in President Clinton's trade policy. As President Clinton said at American University in February 1993, "We will continue to welcome foreign products and services into our markets but insist that our products and services be able to enter theirs on equal terms." President Clinton has steadfastly pursued that goal by identifying barriers to U.S. exports, negotiating agreements to reduce them, and diligently monitoring and enforcing those agreements, as well as our trade laws.

Ambassador Mickey Kantor said, "In three years under President Clinton's leadership, the Administration has negotiated nearly 200 agreements to open foreign markets, which has helped fuel record export growth and the creation of over a million jobs. In fact, in 1995, the United States experienced the largest dollar volume increase in exports in its history. By identifying remaining barriers to trade, the NTE report marks an essential step towards eliminating those barriers. It is critical to President Clinton's efforts to create trade that is open and fair."

Despite the progress of the last three years, significant barriers to trade still exist. The NTE report lists all significant trade barriers, whether or not they are consistent with international trading rules. Examples of major remaining barriers include policies restricting the import of goods and services, export subsidies, deficiencies in intellectual property protection, and investment barriers. Many such barriers are inconsistent with trade agreement obligations, including those under World Trade Organization (WTO) agreements. Since the establishment of the WTO in 1995, the United States has used WTO dispute settlement procedures to address foreign trade barriers eleven times -- more than any other WTO member. In January 1996 Kantor established a permanent unit at the USTR devoted exclusively to monitoring trade agreements and pursuing actions necessary to enforce U.S. rights under those agreements and under U.S. trade laws.

At a press briefing releasing the report, USTR General Counsel Jennifer Hillman said the continued existence of trade barriers, "should not take away from the fact that significant progress has been made." Indeed, this year's NTE report notes many examples where our trading partners have reduced or eliminated trade barriers described in previous years, in large part due to the negotiation of trade agreements.

The NTE report is directly related to the implementation of two other U.S. trade laws. Under the "Special 301" provision, thirty days after the release of the NTE report, the USTR must identify those countries that deny adequate and effective protection for intellectual property rights or deny fair and equitable market access for persons that rely on intellectual property protection. In addition, under the

"Super 301" executive order, within six months of the submission of the NTE report the USTR is to review U.S. trade expansion priorities and identify those priority foreign country practices, the elimination of which is likely to have the most significant potential to increase U.S. exports.

The longest section of the report once again relates to Japan. Hillman noted that "while the Administration's trade policy of achieving practical, market-based, 'results-oriented' agreements has produced real results, ...we believe that vigorous implementation of our agreements is critical." She also drew special attention to the problem of trade barriers in China and, for the first time, Hong Kong. While significantly greater access has been achieved in China, that country's trade regime "remains highly protectionist." The principal problem in Hong Kong, where China will regain sovereignty next year, is in the area of intellectual property rights protection.

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.

-30-

[Note to editors and reporters: one copy of the 1996 National Trade Estimate Report is available to news organizations from the USTR Office of Public Affairs. In addition, the report can be located at USTR's Internet Home Page address, which is: <http://www.ustr.gov/index.html>]

Items Related to this Press Release:

The 1996 National Trade Estimate (NTE) Report

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Monday, April 1, 1996

96-32
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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 200,000 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 Glickm announced the quota increase of 200,000 mt April 1, 1996. These allocations are in addition to the earlier allocations of the quota amount of 1,817,195 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/1,2	Current FY 1996 Allocation	Additional Allocation	New FY 1996 Allocation
Argentina	75,623	10,118	85,741
Australia	145,971	19,529	165,500
Barbados	12,311	0	12,311
Belize	19,346	2,588	21,934
Bolivia	14,069	1,882	15,952
Brazil	255,009	34,117	289,127
Colombia	42,208	5,647	47,855
Congo	7,258	0	7,258
Cote d'Ivoire	7,258	0	7,258
Costa Rica	26,380	3,529	29,910
Dominican Republic	309,528	41,411	350,940
Ecuador	19,346	2,588	21,934
El Salvador	45,726	6,118	51,843
Fiji	15,828	2,118	17,946
Gabon	7,258	0	7,258
Guatemala	84,417	11,294	95,711
Guyana	21,104	2,824	23,928
Haiti	7,258	0	7,258
Honduras	17,587	2,353	19,940
India	14,069	1,882	15,952
Jamaica	19,346	2,588	21,934
Madagascar	7,258	0	7,258

Malawi	17,587	2,353	19,940
Mauritius	21,104	2,824	23,928
Mexico	7,258	0	7,258
Mozambique	22,863	3,059	25,922
Nicaragua	36,932	4,941	41,873
Panama	51,002	6,823	57,825
Papua New Guinea	7,258	0	7,258
Paraguay	7,258	0	7,258
Peru	72,106	9,647	81,753
Philippines	237,422	0	237,422
South Africa	40,450	5,412	45,861
St. Kitts & Nevis	7,258	0	7,258
Swaziland	28,139	3,765	31,904
Taiwan	21,104	2,824	23,928
Thailand	24,622	3,294	27,916
Trinidad-Tobago	12,311	1,647	13,958
Uruguay	7,258	0	7,258
Zimbabwe	21,104	2,824	23,928
	1,817,195	200,000	2,017,195

1/ Additional increases in the TRQ were not allocated to the Philippines and Barbados at this time because market conditions indicate they are unable to supply additional sugar.

2/ The additional allocation amount is zero for the ten minimum quota-holding countries including: Congo, Cote d'Ivoire, Gabon, Haiti, Madagascar, Mexico, Papua New Guinea, Paraguay, St. Kitts & Nevis, and Uruguay. The previously announced minimum allocation for these countries exceeds the base import quota plus any additional increases in the tariff-rate quota.

* Conversion factor: 1 metric ton = 1.10231125 short tons

-30-

Webmaster@ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, April 2, 1996

96-33
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Statement by USTR Kantor on Japan Insurance

Ambassador Mickey Kantor today stated that the issuance by the Ministry of Finance of ordinances implementing Japan's new Insurance Business Law is not a sign that the United States' concerns in this area have been addressed.

"The United States Government remains extremely concerned with Japan's implementation of key commitments of the U.S. - Japan insurance agreement," Kantor said. "While the ordinances issued on April 1, in and of themselves, do not constitute a violation of the agreement; this in no way means that our disagreement with Japan on this issue has been resolved."

Kantor stated that both governments agreed that MOF would not go forward at this time with ordinances addressing the key areas of disagreement between the U.S. and Japan regarding implementation of the insurance agreement. Specifically, ordinances addressing activities by new subsidiaries of major Japanese insurance companies in the so-called "third sector," and U.S. proposals for deregulation in the primary life and non-life sectors will not be issued until a mutually agreeable resolution of these issues is reached between the two governments. The current situation will remain in place in the absence of such an agreement. MOF also issued several ordinances on a provisional basis on other issues and will amend these ordinances based on the outcome of further talks with the United States Government.

"The United States will insist that the Ministry of Finance implement the insurance agreement as written and agreed to," Kantor said. The insurance agreement establishes a clear linkage between there first being broad based, meaningful deregulation of Japan's primary life and non-life sectors before new subsidiaries of Japanese insurance companies are allowed to expand activities into the third sector in a way that would cause "radical change in the business environment" in the third sector.

The United States Government strongly supports deregulation of Japan's insurance market and has put forward concrete ideas addressing both limited near-term deregulation and long-term substantial deregulation of Japan's primary life and non-life sectors. "We believe Japanese consumers and foreign firms would benefit from deregulation of Japan's primary insurance sectors, which account for over 95% of Japan's total insurance market," Kantor noted.

The U.S. remains willing to continue our bilateral talks with Japan towards a mutually acceptable resolution of our disagreement. Kantor said, "The Administration will continue to seek a mutually acceptable resolution to our disagreement with Japan over implementation of the insurance agreement. However, we will not stand by if a priority sector Framework agreement is not implemented as intended."

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, April 2, 1996.

96-34
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Statement by USTR Kantor on Japan's Revised Deregulation Action Plan

The United States Government welcomes the release by the Government of Japan of the first revision to Japan's Deregulation Action Plan. We are currently undertaking a thorough analysis of this lengthy document and intend to offer detailed comments once this analysis is completed.

Our preliminary assessment of the revisions is that there appear to be some areas of potentially meaningful deregulatory commitments, in such areas as telecommunications and financial services. In addition, we are cautiously optimistic that the imported housing initiative recently announced by Prime Minister Hashimoto will be effective in broadly addressing the need for deregulation in this important area. We look forward to working closely with the Government of Japan on its program.

Nevertheless, our initial impression is that the revised action plan falls far short of our expectations for ambitious deregulation as embodied in our recommendations submitted to the Japanese Government on November 21, 1995. For example, while the United States called for abolition of the Large Scale Retail Store Law (Daitenho), under the revised deregulation action plan Japan has committed only to undertake a study to be completed in 1997.

The United States Government continues to place great importance on removing structural barriers to trade with Japan. In the Framework agreement both governments established a Deregulation and Competition Policy Working Group to serve as a focus of discussion with Japan on these critical issues. This working group will continue its efforts in this area.

-30-

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, April 2, 1996

96-35
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Statement of Ambassador Kantor On Finalizing the Softwood Lumber Agreement

I am pleased to announce that U.S. and Canadian negotiators have finalized the softwood lumber agreement between our countries. The effective date of implementation of the agreement is April 1, 1996.

The completed agreement represents the culmination of more than a year's effort that we have undertaken to provide relief and a level playing field for the U.S. lumber industry and its workers who have been hard hit by Canadian softwood lumber imports, which reached the record level of 36% of the U.S. market in 1995.

Under the agreement, which runs for five years, Canada has committed to reduce its softwood lumber exports to the United States in exchange for a U.S. commitment to refrain from trade action in this sector.

Specifically, Canada's four leading lumber producing provinces (British Columbia, Quebec, Ontario and Alberta) have agreed to reduce their combined shipments of lumber from 16.2 billion board feet last year to 14.7 billion for the year starting April 1, a reduction of 1.5 billion board feet. This reduction would bring the Canadian import penetration down to 32.8%, although there are also provisions for additional lumber from Canada to enter at a taxed rate of \$50/1000 board feet and for the release of additional wood to meet demand in "hot" markets.

Crucial from the standpoint of our industry and workers is the five year nature of the agreement, reducing import levels from the major Canadian provinces. This long term commitment to stability will enable our companies to recover market share, plan, reinvest and prosper.

To administer this volume restraint, Canada began implementing on April 1 a nationwide program for export licensing and permitting, allowing both countries to track volumes and province of origin.

On our part, the U.S. lumber industry---including lumber companies, unions and trade associations---have endorsed the agreement, and pledged not to seek recourse to the trade laws for the duration of the agreement. Those having made such pledges represent more than 50% of the lumber production in the U.S. Moreover, the industry commitment not to bring trade action has formed the basis for the U.S. Commerce Department to conclude that it would dismiss any petition for trade relief in this sector that was brought under the countervailing duties or dumping law as long as the agreement is in effect, and not breached. The U.S. government has also said that it will not self-initiate trade action during the life of the agreement.

The agreement reached today differs from the approach that was taken in the agreement in principle

announced on February 16. At that time, each of the concerned Canadian provinces were taking different approaches in an effort to put together a package of policy and pricing changes that would accomplish the volume reduction important to U.S. producers. In the past week, Canada and the four major exporting provinces concluded that a straightforward, unified approach would be more workable and effective. Our objective has always been results; we welcomed the change, which provides far more certainty, stability and assurance of import reduction, while carrying out the objectives of the agreement in principle.

The U.S. and Canada have battled almost continuously about softwood lumber for nearly fifteen years. There have been three countervailing duty cases, extended CFTA and NAFTA disputes and GATT challenges. All the disputes have centered on the contention by the U.S. industry, endorsed by the U.S. Commerce Department, that a number of Canadian provincial forest management practices which give Canadian mills access to low cost timber constitute countervailable subsidies. We believe this history and the special circumstances in this sector, including the different approaches to forests management between the U.S. and Canada, require the kind of practical agreement that we have reached today.

I am gratified that the agreement is strongly supported by the U.S. Coalition for Fair Lumber Imports, with whom we have worked continuously. I want to express my appreciation for the leadership shown by Canadian Trade Minister Arthur Eggleton, with whom I have spoken today, and others representing Canada, the provinces and the Canadian lumber industry in the negotiations.

-30-

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Wednesday, April 3, 1996

96-36
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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 the completion of the annual review of the operation of U.S. telecommunications trade agreements under Section 1377 of the 1988 Trade Act.

"Ensuring that our trading partners are living up to their obligations is a top priority of President Clinton's trade policy," said Ambassador Kantor. "Enforcement of our trade agreements and trade laws is critical to ensuring that we create trade that is both open and fair. The Section 1377 review is a valuable tool in that effort, and helps support crucial U.S. industries and thousands of jobs in this country."

This year's review, which was completed on March 31, 1996, focused on U.S. concerns about implementation of bilateral agreements with Korea and Japan; and Mexico's implementation of the NAFTA telecom chapter.

Mexico. The review concerned Mexico's implementation of its NAFTA telecom obligations, including Mexico's delay in implementing procedures for acceptance of test data for product safety requirements for telecom terminals. Mexico's acceptance of test data for all requirements that apply to telecom terminals is necessary for U.S. firms to gain access to the Mexican market, as provided by the NAFTA.

Bilateral negotiations in recent days made progress, but Mexico has been unwilling to provide concrete assurances that it would remedy this situation in a manner that meets U.S. concerns. Mexico also denies an obligation to adopt procedures on acceptance of product safety test data prior to 1998. Consequently, in accordance with Section 1377, the U.S. Trade Representative has determined that Mexico is not in compliance with its obligations and will initiate NAFTA dispute settlement procedures. The U.S. remains interested in continuing discussions with Mexico on resolving this issue.

"We must ensure that U.S. firms and workers are provided the market access necessary to compete effectively in the Mexican market," stated Ambassador Kantor. "Acceptance of test data will enable telecom equipment supplied to Mexico to be manufactured in the U.S., protecting U.S. jobs in this important sector."

Korea. Following intensive negotiations, the United States and Korea reached an agreement on outstanding problems of implementation of the 1992 telecommunications trade agreement, as well as on specific commitments elaborating on the areas covered in the 1992 agreement.

Ambassador Kantor said, "we have solidified the benefits guaranteed by our agreements with Korea and set the stage for addressing other market access issues expeditiously. This new agreement helps ensure

that workers and companies in the U.S. telecommunications industry can compete fairly in Korea." Korea is an important and growing market for U.S. telecommunications equipment and services suppliers; U.S. equipment exports to Korea totaled nearly \$800 million in 1995.

This agreement contains Korean commitments to: improve procurement procedures by Korea Telecom (KT), the government-owned operator; ensure U.S. suppliers receive equal treatment in procurement of advanced technologies, such as ATM; and strengthen protection of U.S. suppliers' intellectual property rights, both in KT's procurement process and the government's type approval process. In order to ensure that the agreement effectively addresses concerns raised by U.S. companies, USTR will carefully monitor implementation of Korea's new commitments during the next three months and make another determination as to compliance on July 1, 1996.

The Korean Government has agreed to begin talks with the U.S. to address U.S. concerns about market access issues outside the scope of existing agreements covering telecommunications. Until recently the Korean market was almost totally dominated by KT (whose procurement is covered by the 1992 agreement). Procurement by non-covered entities is becoming increasingly important as the liberalization of the Korean telecommunication sector proceeds. Consequently, Ambassador Kantor has initiated a review, also to be completed by July 1, as to whether the existing agreements with Korea are adequate to achieve the market access objectives specified in the 1988 Telecommunications Trade Act.

Japan. The U.S. and Japan resolved issues relating to procurement by NTT and NTT's personal handyphone subsidiary, thus providing access to the Japanese market for U.S. suppliers.

Concerns about access to the procurement of NTT's personal handyphone subsidiary emerged after the creation of this entity in late 1994. After a series of discussions during 1995 and the first quarter of 1996, the U.S. and Japan have agreed to review NTT's foreign procurement of personal handyphone system (PHS) equipment, as well as procurement by the NTT PHS subsidiary and other PHS providers in Japan. The discussions between the U.S. and Japan have also been helpful in highlighting the importance of developing open and publicly available standards, with foreign company participation, for personal handyphone equipment and other emerging telecommunications technologies in which U.S. companies excel. The two countries will meet to review developments in the PHS market, including foreign participation, by the end of the year.

During this year's review, USTR did not identify any problems regarding Canadian implementation of its NAFTA telecom obligations.

"U.S. telecommunications equipment and services are the most technologically advanced and competitive in the world. It is essential that U.S. firms be given the opportunities promised under our trade agreements," said Ambassador Kantor, "and that we use our trade tools to gain access for U.S. firms and workers to new opportunities in important telecom markets. We are committed to increasing market access beyond that already secured."

-30-

Webmaster @ USTR - 16 May 1996

96-37 NOT ISSUED

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
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FOR IMMEDIATE RELEASE
Monday, April 29, 1996

96-38
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WTO Appellate Body Issues Report on EPA Rules for Imported Gasoline

The Appellate Body of the World Trade Organization (WTO) today released its report in a case brought by Venezuela and Brazil against the United States involving an Environmental Protection Agency (EPA) regulation on imported gasoline. The Appellate Body found that these provisions do not comply with WTO rules, but at the same time it reversed an earlier finding by a WTO dispute settlement panel that would have narrowed the scope of an exception to international trade rules for measures relating to the conservation of exhaustible natural resources.

Acting U.S. Trade Representative Charlene Barshefsky said, "While we are disappointed that the practical result of this case remains unchanged, we are gratified that the Appellate Body has reversed an error that, if followed by future panels, would have inappropriately limited this important exception."

This dispute involves a December 1993 EPA regulation aimed at controlling auto emissions in the United States. The panel found in January 1996 that EPA's regulation governing "reformulated" and "conventional" gasoline, establishing different requirements for imported gasoline than for most domestically produced gasoline, discriminates against imports from Venezuela and Brazil, in violation of the General Agreement on Tariffs and Trade (GATT). The United States appealed on February 21, arguing that the panel had erred in narrowly construing the conservation exception. The Appellate Body agreed, and found that the U.S. regulations were indeed "measures relating to the conservation" of clean air, "made effective in conjunction with" domestic conservation measures. However, it found that the United States had not met the general conditions for use of the GATT exceptions, because it had not adequately explored other ways to meet its environmental objectives without unduly discriminating against foreign products.

In responding to the report, Ambassador Barshefsky said, "In accepting our arguments, the Appellate Body has preserved the balance in the WTO agreements that maintains the freedom of its members to protect the environment and conserve natural resources."

Venezuela and Brazil were not challenging the Clean Air Act, nor U.S. goals to have cleaner air. They were challenging a narrow part of the EPA implementing regulations. In fact, the panel specifically concluded that it "was not its task to examine generally the desirability or necessity of the environmental objectives of the Clean Air Act," and the Appellate Body Report notes explicitly that the GATT exceptions are "designed to permit important state interests - including the protection of human health, as well as the conservation of exhaustible natural resources - to find expression."

The Appellate Body report recommends that the United States bring its regulations into conformity with its WTO obligations, but it is up to the United States to determine how to respond. Ambassador Barshefsky noted, "We will carefully consider the findings of the Appellate Body, and will be consulting with Congress and interested members of the public. At this point, the Administration will review all

options available for responding to the report." She emphasized, however, that "our bottom line -- and this was recognized by the Appellate Body -- is that the results of this dispute will not compromise this Administration's commitment to strong and effective implementation of the Clean Air Act."

BACKGROUND

EPA's December 1993 regulation implements the 1990 amendments to the Clean Air Act that required that gasoline sold in major highly polluted 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 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 "statutory" requirement based on what was intended to be an estimate of the 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.

Venezuela and Brazil alleged that EPA's approach was discriminatory because their refiners could provide audited and verifiable data. The Appellate Body found that the United States had not adequately explored means of mitigating the verification and enforcement problems and had appeared to pay more attention to the potential costs of various options to domestic refiners than costs to foreign refiners.

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.

-30-

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, April 30, 1996

Contact: Dianne Wildman
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USTR ANNOUNCES TWO DECISIONS: TITLE VII AND SPECIAL 301

Acting United States Trade Representative Charlene Barshefsky today announced decisions and initiated actions in two important areas: Special 301 -- protection of intellectual property rights -- and Title VII -- discrimination in foreign government procurement.

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 and to promote more open foreign procurement practices -- measures which are key to this Administration's policy of opening markets and creating opportunities for U.S. companies and jobs for U.S. workers.

Special 301

Accomplishments Over The Past Year

Ambassador Barshefsky noted the substantial progress made during this past year in improving intellectual property protection, including progress in countries whose practices have been major IPR concerns in the past.

The most important progress in intellectual property protection occurred within the World Trade Organization (WTO) Agreement on the Trade-Related Aspects of Intellectual Property Rights, commonly known as the TRIPs Agreement, which came fully into force for developed countries on January 1, 1996. This is a significant step forward in advancing the protection of intellectual property globally. Ambassador Barshefsky stated: "We now expect all developed countries to be in conformity with the obligations of the TRIPs Agreement. We also are working with all other trading partners to accelerate implementation of this Agreement. These are top priorities for this Administration." She continued: "We will be monitoring carefully as these obligations come into effect and will not hesitate to use the WTO's dispute settlement provisions if necessary to ensure full compliance."

As a result of these TRIPs obligations, several trading partners amended their intellectual property laws over the past year. These include Japan, Italy, Spain, Portugal, Sweden, Finland, Greece and Austria.

Another very significant event occurring within the past month was enactment of a modern patent law in Brazil. "This new law, once implemented, will help establish Brazil's leadership in the region in terms of the protection intellectual property rights, and will make Brazil a more attractive location for technology-based investment," Barshefsky noted.

Other significant progress toward improving the protection of intellectual property worldwide is set out in the attached document entitled: Developments in Intellectual Property Rights. This progress included new laws, measures or commitments to improve copyright protection in such trading partners as Bulgaria, the Czech Republic, Greece, Haiti, Hong Kong, India, Korea, Latvia, Moldova, Panama, Peru, Romania, Turkey, the Ukraine, and Venezuela. In the industrial property area, progress along these same

lines occurred in Bolivia, Colombia, the Czech Republic, Japan, Panama, Peru, Singapore, Taiwan, Turkey, the UAE, and Venezuela.

WTO Dispute Settlement

On the occasion of the April 1995 special 301 announcement, USTR gave notice to its trading partners that it expected them to implement on schedule their obligations under the WTO, including the TRIPs Agreement. USTR has monitored closely such implementation and has moved aggressively when a failure to implement has adversely affected U.S. economic interests.

In this context, on February 9 USTR initiated WTO dispute settlement proceedings against Japan because of its failure to protect the rights of U.S. performing artists and producers who recorded during a twenty-five year period from 1946 to 1971. Similarly, on March 11 USTR announced initiation of WTO dispute settlement proceedings against Canada because of discriminatory practices it has adopted to protect its domestic magazine industry.

Barshefsky today announced that she will, as a result of this year's Special 301 review, initiate four additional WTO dispute settlement actions now or in the near future against Portugal, Turkey, India and Pakistan for their failure to fulfill certain IPR-related WTO obligations. These actions will be conducted within the context of self-initiated Section 301 investigations.

These actions can be summarized as follows:

Portugal -- Portuguese patent law does not comport with the TRIPs requirement that the term of a patent last from the date of grant until 20 years from the date it was filed. TRIPs also requires that this term apply to new patents and to those that are still in effect. Portugal has modified its law to provide a 20-year term to patents granted after June 1, 1995. Several U.S. companies have complained that they stand to lose significant revenues if the longer TRIPs patent term is not applied to their existing patents. The United States will initiate formal consultations under WTO dispute settlement procedures today in Geneva. We have very recently received new information from the Government of Portugal that it may have modified its interpretation of the underlying TRIPs obligation. Dispute settlement proceedings will progress until we reach a satisfactory resolution of this matter.

Pakistan -- Pakistan does not currently provide product patent protection for pharmaceutical or agricultural chemical products. Article 70(8) of TRIPs requires countries that do not provide patent protection for such products as of January 1, 1995, to establish a so-called "mailbox" mechanism in which persons may file patent applications for these products, where they will be preserved until patent protection is provided. Accordingly, the United States will initiate formal consultations under the WTO today in Geneva.

Under this TRIPs provision, all applications filed in a country's mailbox must be processed when full product patent protection is ultimately granted without regard to the time that has passed since they were filed in the mailbox. This ensures that applications filed after January 1, 1995, will be eligible for some term of protection if they otherwise satisfy the conditions of patentability, even if the developing country is taking advantage of the transition period permitted by the Agreement. TRIPs Article 70(9) additionally requires that products subject to mailbox applications be granted exclusive marketing rights for up to five years during the transition period if a patent and marketing approval is granted on the product in another WTO country and marketing approval is granted in the country providing marketing exclusivity.

India -- India fails to provide patent protection for pharmaceutical or agricultural chemical products. It also has not legislatively established mailbox and marketing exclusivity systems in accordance with Article 70(8) and 70(9) of the TRIPs Agreement. Therefore, the United States will initiate formal consultations under WTO dispute settlement procedures in Geneva in the near future.

Turkey -- Turkey maintains a discriminatory "municipality" tax on box office revenues from the showing of foreign films, but not on box office revenues from the showing of domestic films. This does

not comply with Turkey's national treatment obligations under Article III of the GATT. Accordingly, formal consultations under WTO dispute settlement procedures will be invoked by the United States in Geneva in the near future.

Barshefsky stated that she will not hesitate to bring additional WTO challenges where appropriate.

Special 301 Decisions

Under the "special 301" provisions of the Trade Act of 1974, as amended, Barshefsky today identified 35 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. She listed an additional 19 trading partners that will require monitoring.

In doing so, Barshefsky designated China as a "priority foreign country" under special 301 because of its failure to implement the 1995 intellectual property enforcement agreement. Economic damage to U.S. industries continues to rise as a result. Although China has made some progress in halting the retail trade in infringing goods, it has failed to stop illegal CD, video and CD-ROM production, to prevent the export of infringing goods, or to honor its promise to grant market access for legitimate audiovisual products. Because intellectual property enforcement problems in China are already the subject of an action under section 301, a new section 301 investigation will not be initiated. China's implementation of the 1995 agreement will remain subject to section 306 monitoring. Trade sanctions for noncompliance could be imposed pursuant to a decision by USTR that China is not satisfactorily implementing the 1995 agreement.

Barshefsky announced placement of eight trading partners on the special 301 "priority watch list." Two of these trading partners -- Argentina and Greece -- will be subject to review during the course of the year to evaluate progress made in the next several months. Other trading partners on the priority watch list include the European Union, India, Indonesia, Japan, Korea, and Turkey.

The USTR also announced placement of 26 trading partners on the special 301 "watch list," and that "out-of-cycle" reviews would be conducted with seven of these trading partners -- El Salvador, Italy, Paraguay, the Philippines, Russia, Saudi Arabia, and Thailand.

Finally, Ambassador Barshefsky noted growing concerns about IPR problems in five trading partners, and highlighted developments and expectations for further progress in 14 trading partners. Barshefsky will subject five of these trading partners, Bolivia, Bulgaria, South Africa, Taiwan, and Hong Kong, to review during the course of the year.

Details of Ambassador Barshefsky's special 301 decisions are provided in the attached Fact Sheet.

Title VII

Ambassador Barshefsky announced the identification of Germany under the 1988 Omnibus Trade and Competitiveness Act for its failure to adequately implement obligations under the 1993 U.S.-European Union (EU) Memorandum of Understanding (MOU). In making the announcement, Ambassador Barshefsky emphasized that the United States had given Germany every opportunity to ensure U.S. access to the German heavy electrical equipment market and establish a credible bid challenge system as required by the MOU, going so far as to limit action a year ago in the 1995 Title VII Report to expressing "substantial concern" with Germany's implementation of its international obligations. Since then, however, new developments indicate that the experiences of U.S. firms are not isolated cases and that a systemic problem exists, requiring a change in legislation or administrative measures. Identification triggers a 60-day period for consultations, and Ambassador Barshefsky confirmed that such consultations have already been requested of Germany, as required by Title VII. Ambassador Barshefsky noted that the United States "is ready to sit down with the German Government to resolve the issue and avoid further action under Title VII." She also emphasized, however, that "this is a procurement sector with a long history of discrimination against U.S. firms and we need more than a promise that problems won't recur in future procurements."

Ambassador Barshefsky indicated that the Administration made no other identifications in the 1996 Title VII Report but that the Report provides additional information on the Administration's initiatives to fight bribery and corruption in foreign procurement practices. Ambassador Barshefsky stated that the "Administration is out in front on this issue and is pressing other countries to come to grips with the trade distortions caused by bribery and corruption." In particular, the Report focuses on efforts in the WTO to launch negotiations on transparency, openness and due process in government procurement practices of all WTO Members. The Report also refers to Singapore, New Zealand and Chile as countries that have been aggressive in combating bribery and corruption in their government procurement.

Additionally, the Title VII Report provides information on procurement practices of Japan with respect to public works, supercomputers and computers; Australia with respect to information technology and telecommunications; Brazil with respect to telecommunications; and China for its across-the-board lack of transparency. Finally, the Report updates implementation of the WTO Government Procurement Agreement (GPA) and NAFTA Chapter 10.

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Items Related to this Press Release:

Fact Sheets - "Special 301" On Intellectual Property Rights and Title VII Annual Report - 30 April 1996

Title VII Annual Report on Discrimination in Foreign Government Procurement - 30 April 1996

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Tuesday, April 30, 1996

96-40
Contact: Dianne Wildman
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Statement of Ambassador Charlene Barshefsky Basic Telecom Negotiations April 30, 1996

I am pleased to announce today that the United States led a successful effort to extend multilateral negotiations aimed at opening the global telecommunications market. Vice President Gore announced last year that the United States would open its telecom market if other nations would open their markets. Unfortunately, we have not yet reached a critical mass of quality offers from our trading partners. Rather than accept a bad deal -- or walk away from the good offers tabled by many countries -- the United States won support for an extension of the telecom talks to February 15, 1997.

The United States has led the world in these talks since the beginning. Our goal has been to achieve substantial market access world-wide for our highly competitive telecommunications industry. In February 1995, Vice President Gore announced that the United States was prepared to open its \$215 billion telecommunications market if other nations would do the same. Last July, the United States followed through on that pledge by making the most comprehensive market opening offer of any nation. Our offer remains the best on the table today.

We have said from the beginning, however, that there must be a critical mass of high quality offers from other nations in order to reach a global agreement. As this Administration has said repeatedly, we expect foreign markets to be as open to our goods, services and investment as ours is to theirs.

Unfortunately, that critical mass is not yet on the table. Taken together, the offers in Geneva fall far short. As things stand today, over 40% of world telecom revenues and over 34% of global international traffic are not covered by acceptable offers. We will not enter an agreement on these terms.

The United States, however, took the initiative to forge a consensus on an extension of the talks. The additional time will allow other nations to improve their market-opening offers and help to achieve our common goal -- a global telecom agreement. Such an agreement -- if done right -- can unleash the tremendous pent-up demand in most other countries for better and cheaper telecommunications services.

We believe that the United States can use its leverage to obtain improved offers. If we cannot, we have reserved all our rights to modify or withdraw our offer.

Much has been accomplished in the talks to date. For example, thirty countries have accepted pro-competitive regulatory principles -- a particularly significant achievement in light of past domination by monopolies. In addition, ten countries have tabled offers with market opening roughly equivalent to the U.S. offer.

We are cautiously optimistic that the extension will allow us to obtain access to foreign markets. Many of our trading partners are currently in the middle of legislative processes that can influence the quality

of their offers. Others have legislative authority to commit to more than they offered in these talks. Still others have made offers that need sharp, specific improvement. We aim to use the extension period to persuade all of these countries to bind the full range of market opening possible under their laws, and to change their laws, if necessary, including the adoption of fair and effective rules of competition.

The Clinton Administration will continue to work hard to open foreign markets to U.S. telecommunications companies. Global market access for U.S. industry will promote the interests of American workers and consumers alike. Our industry and workers can compete with anyone as long as the rules are fair.

For this reason, it makes sense to preserve the hard-fought gains we have made in this negotiation so far. But we will not make a deal simply for the sake of making a deal. Rather, at the end of the extended talks, the United States must receive comparable value for what it is offering, or no agreement will be possible.

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Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Thursday, May 2, 1996

96-41
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USTR ANNOUNCES SWEARING IN OF CHIEF TEXTILE NEGOTIATOR RITA HAYES AS AMBASSADOR

Acting U.S. Trade Representative Charlene Barshefsky announced today the swearing in of Rita Derrick Hayes as Chief Textile Negotiator with the rank of Ambassador in the Office of the United States Trade Representative. The Oath of Office was administered by Secretary of Commerce Mickey Kantor.

"During the last three years we have made great advances in the effort to create free and fair trade. This Administration is committed to ensuring that U.S. textile workers and companies have full opportunities in the global marketplace," said Barshefsky. "Ambassador Hayes' experience and knowledge of the textile industry will be crucial in ensuring that our workers compete on a level playing field."

Hayes assumed her current duties as Chief Textile Negotiator in October, 1995, and was confirmed by the U.S. Senate with the rank of Ambassador on February 29, 1996. In her current capacity, Hayes serves as principal advisor to the Acting USTR Charlene Barshefsky, on international trade policies concerning textile and apparel products. She conducts multilateral and bilateral negotiations and assists in the implementation and enforcement of textile agreements.

Before coming to the USTR, Hayes served as the Deputy Assistant Secretary for Textiles, Apparel and Consumer Goods Industries at the U.S. Department of Commerce, and Chairperson of the Committee for the Implementation of Textile Agreements (CITA). She was responsible for domestic and international policy initiatives that encourage U.S. firms to expand their markets. In this capacity, she oversaw the development of programs to improve the domestic and international competitiveness of American fiber, textile, apparel and consumer products, and administered U.S. textile and apparel bilateral agreements.

At the Department of Commerce, Hayes worked closely with U.S. industry, labor unions and the Congress to enhance the competitiveness of U.S. textile/apparel workers and exports. Barshefsky noted, "At both the Commerce Department and USTR, Ambassador Hayes has been instrumental in negotiating and enforcing international agreements, opening foreign markets to U.S. exports and mitigating distortion in the U.S. textile sector." Since the Clinton Administration took office in 1993, the United States has concluded, implemented and enforced nearly 90 international textile agreements, including the NAFTA and the Uruguay Round Agreement on Textiles and Clothing.

Prior to joining the Administration, Hayes served on the Clinton-Gore Transition Team in the area of energy and natural resources. From 1987 until 1993, Hayes was Chief of Staff to Congresswoman Elizabeth J. Patterson of South Carolina. From 1982 until 1987, she was the District Administrator and Chief of Staff to Congressman John M. Spratt, Jr. Before that, she served as Chair of then-Governor Richard Riley's Nuclear Advisory Committee for the State of South Carolina and a member of Governor Riley's Special Review Committee.

Webmaster @ USTR - 16 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Wednesday, May 15, 1996

96-42
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Acting USTR Charlene Barshefsky Announces Preliminary Retaliation List on \$3 Billion of Chinese Imports

Acting USTR Charlene Barshefsky today announced the publication of a \$3 billion preliminary retaliation list targeting Chinese exports to the United States. This action comes as a result of China's failure to satisfactorily implement the 1995 IPR Agreement. If China fails to take action, prohibitive tariffs will be imposed on June 17, 1996 on approximately \$2 billion worth of products drawn from this list.

In February 1995, the U.S. and China reached a landmark agreement in intellectual property rights protection. In the agreement, China promised to markedly reduce piracy, to improve enforcement at the border, and to open its markets for U.S. computer software, movies, and sound recordings products and companies.

Despite the 1995 IPR Enforcement Agreement, China remains the largest pirate of U.S. intellectual property. Although China has taken steps to clean up piracy at the retail level, production, distribution, and export of pirated products continue to rise. The U.S. copyright industries estimate that losses amounted to \$2.3 billion in 1995.

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

U.S. copyright industries alone represent more than 5 percent of the U.S. work force roughly equal to the U.S. auto industry and are growing three times as fast as the rest of the economy. The copyright industries contribute an estimated \$400 billion to the U.S. economy, accounting for roughly 6% of GDP. The U.S. computer software industry alone maintains a 75% market share worldwide and created almost 60,000 jobs last year.

"Our action today should come as no surprise to China. We have given China every reasonable opportunity -- including 8 trips to Beijing and the provinces and more than 30 senior-level consultations with the Chinese -- to come into compliance with its 1995 commitments," said Barshefsky.

"We do not take the move to retaliation lightly. We welcome foreign products into our markets, but we insist that our products be treated fairly overseas. When other countries do not live up to their obligations, we will take action," she added.

Publication of the preliminary retaliation list is legally required prior to the imposition of trade action. Public comment on this list can be submitted to USTR until 5:00 pm on June 14, 1996. In addition, USTR will hold public hearings on June 6-7 to discuss the proposed retaliation list.

Items Related to this Press Release:

[IPR Enforcement in China - Fact Sheet](#)

Federal Register Notice: [Docket 301-92](#) (Annex I & II to the FR Notice Contain the Proposed List of Items)

Supplementary Information about the Proposed Action and List - [Q&A](#)

[Webmaster @ USTR - 16 May 1996](#)

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Monday, May 20, 1996

96-43
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WTO Panel to Review EU Hormone Directive

Acting USTR Charlene Barshefsky and Secretary of Agriculture Dan Glickman announced today that the Dispute Settlement Body of the World Trade Organization (WTO) has established a panel to examine the European Union's ban on imports of beef from animals raised with the benefit of growth hormones.

In commenting on today's action, Ambassador Barshefsky said, "We are very pleased that the Dispute Settlement Body has established a panel to hear our long-standing complaint. The EU Hormone Directive has no legitimate basis and we believe the panel will find that the Directive violates the EU's obligations under the WTO agreements. Our pursuit of this dispute underscores the Administration's firm commitment to eliminate unfair trade practices that restrict U.S. exports."

The EU directive has severely restricted exports of U.S. beef to the continent. When the EU imposed the ban in 1989, the United States attempted to challenge it under the General Agreement on Tariffs and Trade, but the EU blocked the establishment of an experts group to examine the Directive. Under new WTO rules, the EU can no longer block the establishment of a panel.

USDA Secretary Dan Glickman also commended the WTO for establishing a panel today, stating, "The evidence is overwhelming that proper use of these hormones poses no danger to human or animal health. Even scientific groups composed by the EU have found that these hormones are safe when used properly. We hope that the panel process will lead to a re-opening of the EU market to U.S. beef -- which would benefit consumers and producers on both sides of the Atlantic."

The U.S. requested consultations on this matter with the EU -- the first step in the WTO dispute settlement process -- on January 26, 1996. Consultations were held in Geneva on March 27, 1996, with Australia, Canada and New Zealand joining the United States. Because these consultations failed to produce a resolution, the United States decided to request a dispute settlement panel. The panel will hear the arguments of both sides and report its findings around the end of this year.

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Webmaster @ USTR - 20 May 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
20506

FOR IMMEDIATE RELEASE
Wednesday, May 29, 1996

96-44
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FURTHER CONSULTATIONS SCHEDULED BETWEEN CHINA AND U.S. ON IPR ENFORCEMENT

In response to an invitation from the People's Republic of China, Acting U.S. Trade Representative Charlene Barshefsky today announced that she is sending a team led by Assistant USTR for Japan and China, Lee Sands, to China for consultation on June 6-7 on China's implementation of the 1995 IPR Enforcement Agreement.

"Last year we reached a good agreement with the Chinese. The question today is China's willingness to live up to its commitment under that agreement," said Barshefsky. "We expect China to take action against the pirate CD factories, intensify efforts to stamp out the rampant piracy in Guangdong Province, improve enforcement at the border against illegal exports of CDs, CD ROMS and other products, and open its markets to U.S. intellectual property-based companies and products. China must now act decisively on these issues."

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Webmaster @ USTR - 30 May 1996