EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Wednesday, May 3, 1995

95-33
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement of USTR Mickey Kantor on the Gephardt / Rockefeller Trade Bill

I want to commend the efforts today of Leader Gephardt and Senator Rockefeller in introducing the Open Markets and Fair Trade Act of 1995. They are recognized leaders on global economic issues, and have spent years working to reduce unfair foreign barriers to U.S. exports.

The Administration shares their concerns about closed foreign markets, and welcomes this expression of Congressional support for achieving real market opening in key sectors around the world. We look forward to working with Leader Gephardt, Senator Rockefeller, and other sponsors of this legislation on expanding U.S. access to foreign markets and creating U.S. jobs.

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Webmaster @ USTR - 3 May 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, May 5, 1995

95-34
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Mickey Kantor

Good afternoon. Despite much hard work and our efforts to look for creative solutions, the United States and Japan have been unable to reach an agreement regarding the auto and auto parts sector.

Let me emphasize that Japan is a valued friend and ally of the United States. Our political and strategic relations are very strong. But after 20 months of talks, it has become apparent that Japan will not take the steps necessary to bring genuine market access and concrete results in a sector in which Japan has a $37 billion dollar trade surplus with the United States, accounting for nearly 60 percent of the overall bilateral trade balance and nearly 25 percent of the U.S. globall trade deficit.

As President Clinton said yesterday:

> ". . . the one thorny probleim that never seem to get solved is the inaccessibility of the Japanese markets, not only to autos, but also to auto parts."

This Administration has focussed intently on the challenge of building an equitable trading relationship with Japan. Since 1971, in good times and bad, the United States has run a merchandise trade deficit with Japan. Since 1980, these deficits have stood at exharbitantly high levels, and reached a record high of $63 billion last year. The composition of this deficit disproportionately represents imbalances in trade of high value- added ufactured goods, most particularly motor vehicles and parts -- important sectors for high-wage high-skill jobs.

This Administration sought to lay the foundation for a new, more balanced and cooperative economic relationship with Japan through the "United States-Japan Framework for a New Economic Partnership." In the auto and auto parts sector, Japan committed in the Framework to:

> the objective of achieving significantly expanded sales opportunities to result in a significant expansion of purchases of foreign parts by Japanese firms in Japan and through their transplants, as well as removing problmm which affect market access and encouraging imports of foreign autos and auto parts in Japan.

Japan and the United States reaffirmed there objectives in a statement an May 23rd last year.

The automotive sector is important to achieving the Franework's objectives precisely because it is so large and integral to both country's economies. Motor vehicle and equipment manufacturing is the largest of all our manufacturing industries, and is the cornerstone of our nation's industrial base. No other industry has a bigger impact on America's economy -- over 4% of our nation's Gross Domestic

Product over the past three decades.

The Big Three -- Chrysler, Ford and General Motors -- employ over 690,000 workers on a payroll of $31 billion. They also have a huge multiplier effect on employment throughout the auto-supply industry. Together with suppliers and dealers, they employ more than 2.5 million Americans in literally thousands of facilities and dealerships across the country.

The Big Three are among the largest purchasers in the U.S. of natural and synthetic rubber, machine tools, glass, semiconductors, aluminum, iron and steel. Since 1990, they have invested more than $117 billion in plants, equipment, research and development and workforce training.

We are trying to erase decades of market restrictions in Japan which has resulted in substantial loss of jobs and business opportunties in the U.S. and other countries. In 1953, the Big Three U.S. auto makers had 57 percent of the Japanese market. At that time, the Government of Japan decided that it was going to protect the domestic automobile industry. Through high tariffs, allocations of capital, and a range of other measures, the Government of Japan in essence kicked foreign producers out of the market. By 1960, the U.S. share was less than 1 percent. When tariffs came down over the next decades, the range of formal and informal barriers continued to lock U.S. and other foreign competitors out of the Japanese market, nullifying and impairing the benefits of tariff reductions.

The U.S. car market is wide open. Japanese companies enjoy a 24% market share in the United States. We have a meager 1.5% share in Japan. Overall in 1994 foreign vehicles constituted 4.6 percent of the Japanese market. In other G-7 countries foreign share of the automobile market ranges from 33-57 percent.

Let me emphasize that we are absolutely committed to letting Japanese consumers decide whether they find U.S. products attractive. What we insist on is the opportunity for those products to be offered to Japanese consumers. The market access problems in the auto parts sector are equally severe. Foreign auto parts, from all countries, take on ly 2.6% of the Japanese market. In the U.S. the market share for foreign is 32. 5%; elsewhere among the G-7 Countries foreign parts range from 16-60% of the market.

The American people, labor, industry, and congressional leaders and over 150 Senators and Representatives from both parties are united in their support for takinq a firm position with respect to Japan's closed market. More than 15 major industry groups recently called upon Japan to open its market.

Let me review the three areas that the negotiations focused on: automobile themselves, original equipment original parts installed at the factory, and the aftermarket, or secondary market, for replacement parts.

1. Automobile (Dealerships).

Today, nearly 80% of U.S. auto dealers sell imported cars alongside American label vehicles. The ability to sell through an existing dealership network, rather than establishing all new dealers from scratch, has been critical to the ability of foreign auto companies, including Japanese companies, to enter and expand in the United States. In Japan, only 20% percent of Japanese dealers sell foreign and Japanese cars, and only 7 percent sell American and Japanese cars.

Obtaining greater access to existing dealerships is key to increasing foreign auto sales in Japan, because of the near-prohibitive expense of starting a new network of dealers from scratch. At the time in the past when it would have been much more possible to do so, other barriers essentially shut foreign companies out of the Japanese market.

The problem is one for all foreign manufacturers, not just the U.S. Big Three. Just last week, the director of the newly-opened Tokyo office of the European Automobile Manufacturing Association, Anthony Millington, stated:

The European -motor veblicle manuf aoturers are convinced that with further deregulation of the market, and improved access to delear networks, it will be possible to achieve much greater market penetration for the Europeans.

The Japanese Goverrment is fond of stating how many models the European,manufacturers axe offering in Japan as evidence of their of their "greater efforts" than the U.S. Big Three. Yet with all their models and supposed greater efforts, their market share is 2.8 percent. The European Business Council has said that if the Japanese market were open, Europe would have a 10 percent share.

The U.S- Government proposed several reasonable measures designed to improve the confidence of Japanese dealers that they are free to carry foreign vehicles without fear of retribution. On one key measure, the tl.S. and Japan were able to agree in principle: The Japanese Government would send a letter to each vehicle dealer reassuring them that they are free to deal in competing vehicles, and explaining to them their rights under Japan's Anti- Monopoly Act.

On another key point, however, the two Governments could reach no agreement. The U.S. position was that Japanese vehicle dealers will not feel free to deal in foreign vehicles unless they hear "an ok" directly from their current supplier. We therefore asked for a proactive role for Japanese manufacturers to make sure there was no intimidation of dealers. Given the very real restrictions that Japanese manufacturers have placed on their dealers in the past, it was perfectly reasonable, and consistent with Japanese competition law and policy, to ask for this involvement of Japanese manufacturers.

2. Aftermarket/Replacement Parts.

The Japanese market for replacement auto parts is restricted by a complex system of regulations that go well beyond what is needed for safety or environmental protection. Instead, these regulations accomplish three purposes: keeping out foreign parts, raising prices for Japanese consumers, and providing big profit margins for Japanese parts malkers, who can therefore charge less for the parts they sell to Japanese vehicle manufacturers as original equipment.

In Japan, 40 percent of all automotive repair and maintenance business is done in connection with regularly scheduled motor vehicle inspections required under Japanese law. Most of the inspections, and most of the repair work in connection with the inspections, are perfomed at a select group of garages that have received special designation from the Government of Japan. These "designated" garages are either auto dealerships or other large garages closely tied in with Japanese auto manufacturers and their original equipment parts suppliers. They use virtually no foreign parts.

The U.S. asked Japan for deregulatory measures to allow more garages to get into the repair business associated with the regular inspections. Japan refused to offer any deregulation in this area whatsoever. It would neither allow for the inspections and repairs to be separated -- so that a vehicle could be inspected at a designated garage and repaired at another site nor was Japan willing simply to lower the barrriers to becoming a designated garage so that other garages, which may be less tied in to Japanese manufacturers and more willing to use foriegn parts, could get into the business.

Japan also was unwilling to offer any meaningful deregulation of its so-called "critical parts list". This list -- the exact contents of which is kown only to Japanese rotators -- includes most essential vehicle parts. The parts may only be replaced by heavily-regulated certified garages which use few foreign parts.

Japan was willing to offer some deregulation in other areas. But without any access to the core market associated with regular inspections and repair, it was not possible to reach a meaningful agreement.

3. Original Equipment Parts

In the area of original Ligament parts sales to Japanese manufacturers in Japan as well as the U.S., the U.S. was attempting to address a very real problem: the closed "keiretsu" purchasing relationships between Japanese manufacturers and their key suppliers. Despite the world class competitiveness and strong price advantages of U.S. suppliers, Japanese manufacturers simply are not responding to market

forces. They are continuing to exclude U.S. and other non-Japanese companies from supplying high value-added, integral and designed-in parts, and are relying on their keiretsu suppliers.

This fact poses a serious dilema: we can never address the tremendous trade imbalance between our countries and its economic side effects unless we overcome the imbalances in this sector. We cannot overcome the imbalances in this sector unless the Japanese auto manufacturers take responsibility to do their part, and to do what would appear very much in the interest of their bottom lines in any case.

In the Framework, Japan specifically committed to addressing original equipment parts purchases by the Japanese manufacturers. Accordingly, it would have been entirely appropriate for us to insist on addressing this issue in the Framework context, including with the goals and objective criteria of the Framework. However, in an effort to be flexible and to respond to Japanese concerns, the U.S. agreed to address this issue outside the Framework, through voluntary plans by the Japanese manufacturers.

Because there was a history of voluntary plans by the Japanese manufacturers -- which were welcomed by the two Governments and which had achieved some progress -- we believed that the least intrusive and most acceptable approach would be to pursue this previously used avenue.

To address any concerns that the manufacturers might have, we offered to agree to a "joint announcement" with 'the Government of Japan that would make clear that any voluntary plans would not be treated as commitments but as business forecasts. Moreover, in specific response to Japanese Goverrment demands, we asked the U.S. Big Three to commit to making statements of their future intentions for the Japanese market with respect to product introductions, marketing, and other factors. The Big Three stood ready to do so.

However, the Japanese Government refused any consideration of this idea, and refused to allow for any possibility of voluntary plans. The Japanese government adopted a rigid ideological stance that appeared bent on failure, while we attempted to seek practical solutions to real problems.

The result is, as I have said, unfortunate.

In short, the Government of Japan has refused to address our most fundamental concerns in all areas. Discrinination against foreign manufacturers of autos and auto parts continues.

Historians will have to decide what our leaders were thinking when they ignored the competitive challenge of Japan for more than 40 years, and accepted an unbalanced trading relationship. This Administration, from the President down, believes that closed markets -- "sanctuary markets" -- have no place in an international trading system. They certainly have no place in the second largest economy in the world, the country which has benefitted most from an open trading system.

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Webmaster @ USTR - 5 May 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Saturday, May 6, 1995

95-35
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Kantor

The President's National Economic Council met this morning. It reviewed the status of the negotiations with Japan on autos and auto parts. The NEC considered all the options available with regard to responding to this situation. The NEC unanimously agreed to recommendations for the President. We would expect an Administration announcement will be forthcoming.

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Webmaster @ USTR - 6 May 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Tuesday, May 16, 1995

95-36
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Kantor

Today I am announcing our proposed sanctions list in the section 301 case regarding barriers in the Japanese "aftermarket" for replacement auto parts and automotive accessories. This follows the May 10 unfairness determination that covers acts, practices, and policies of the Government of Japan with respect to the aftermarket that are unreasonable and burden and restrict United States commerce.

The list consists of imports of Japanese luxury cars, which would be subject to duties of 100 percent ad valorem. Imports of vehicles on the list in 1994 were valued at approximately $5.9 billion. The models on the list are:

Manufacturer	Model
Honda	Acura Legend
	Acura 3.2 TL
Toyota	Lexus LS 400
	Lexus SC 400
	Lexus SC 300
	Lexus GS 300
	Lexus ES 300
Nissan	Infiniti Q 45
	Infiniti J 30
	Infiniti I 30
Mazda	929
	Millenia
Mitsubishi	Diamante (4 door sedan)

None of these cars is made in the United States.

In accordance with the requirements of section 301, we are requesting public comment on this proposed action. Written comments must be submitted by Monday June 19, 1995. There will be a public hearing on June 8, 1995, to be continued on June 9, 1995 if necessary. The final determination will be made on June 28, 1995.

Because the list contains a narrow range of products, we do not expect at this juncture that the final list would be altered significantly. However, we will carefully consider, and fairly evaluate, any and all information provided in this process in reaching a final determination

This list is the work of an interagency team that made recommendations to me. In compiling the list, we took into account a number of factors. We sought to include a Japanese industrial sector that would have an interest in having this issue resolved and that was important to Japan. On the other hand, we sought to minimize the adverse impact on the U.S. economy. In particular, we wanted to minimize the impact on U.S. workers, U.S. businesses, and U.S. consumers -- especially low and moderate income consumers. We also sought to include goods for which there are alternative souces of supply.

I have asked the United States Customs Service to withhold liquidation of entries of the vehicles on the list as of 12:01 am Saturday, May 20. If the increased tariffs go into effect, we intend for them to go into effect as of May 20.

We welcome the statements of the U.S. auto companies that they intend not to take advantage of this situation at the expense of American consumers. However, we need to ensure that we work together to protect American consumers as we address the issue of U.S. competitiveness in this automotive market and creating high-wage, high-skill jobs.

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Webmaster @ USTR - 16 May 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, May 26, 1995

95-37
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by the Office of the United States Trade Representative

The USTR responded today to the request of the Japanese government to resume negotiations to open the Japanese automotive market. The Japanese government has indicated it is anxious to meet as soon as possible, and we have agreed to their request.

So as not to confuse bilateral concerns with those issues on the broader, international agenda for the G-7 meetings in Halifax in mid-June, we have proposed that meetings with Japanese representatives take place in Washington on June 20 and 21. We look forward to those talks.

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

May 26, 1995

The Honorable Ryutaro Hashimoto
Minister of International Trade and Industry
Ministry of International Trade and Industry
Tokyo, Japan

Dear Minister Hashimoto:

I have received Japan's request for consultations pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) and Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT), and your Government's "Background Paper on Government of Japan Request for Consultations Pursuant to WTO Procedures" dated May 17.

I strongly disagree with your Government's allegations concerning the determinations under sections 301 and 304 of U.S. trade law and possible action in the future. These actions are completely consistent with U.S. obligations under the WTO Agreements. Even your Government recognizes that the proposed measures do not violate the WTO Agreements, since your background paper cites the "non-violation" provisions of GATT Article XXIII:l(b). Moreover, these allegations of "future" violations of the GATT and DSU clearly contradict the rationale for considering this case to be a matter of urgency.

Every nation has the right to maintain its trade laws and use them under appropriate circumstances and

the Government of Japan recognizes our assertion of this right in its background paper. As I wrote Director-General Ruggiero on May 10, when a matter is within the ambit of the WTO, the United States will pursue it in he WTO. The barriers to market access in the automotive sector in Japan include a wide range of acts, policies, and practices, and we intend to address each one in.the appropriate manner.

Inasmuch as your government appears, by its request, to be anxious to re-engage in talks on the automotive issue, and inasmuch as we share your view on reservation of "the right to raise additional legal matters" during the consultations, we agree to consult with representatives of your Government. Both of our governments are in active preparation for the meeting of the G-7 at Halifax. Given the importance of these meetings and agenda at Halifax, in the view of the U.S. Government it would not be appropriate to hold scheduled talks on the automotive issue as part of a bilateral agenda. Instead, I propose that our representatives begin meetings in Washington on June 20-21.

I look forward to receiving your reply.

Sincerly
\s\
Michael Kantor

CC: Ambassador Endo
Permanent Representative
to the International organizations
Geneva, Switzerland

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Webmaster @ USTR - 26 May 1995

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

FOR IMMEDIATE RELEASE
Friday, June 2, 1995

95-38
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

STATEMENT BY THE U.S. TRADE REPRESENTATIVE

The United States and Japan have discussed two sets of meetings related to U.S. efforts to open the Japanese auto market. These meetings were the result of a U.S. proposal to hold talks on June 12th in Geneva and June 20th and 21st. The U.S. has recommended Washington, D.C. as the venue for the second set of talks. Japan's trade minister, Ryutaro Hashimoto, indicated a willingness to accept this proposal in a meeting with U.S. Ambassador Walter Mondale. Ambassador Mickey Kantor is confirming this understanding in the attached letter to MITI Minister Hashimoto.

June 2, 1995

The Honorable Ryutaro Hashimoto
Minister of International Trade and Industry
Ministry of International Trade and Industry
Tokyo, Japan

Dear Minister Hashimoto:

I received your letter responding to my letter of May 26 which accepted Japan's request for consultations.

First, I want to clarify the record with respect to the outcome of the most recent meeting of the members of the Organization for Economic Cooperation and Development (OECD). The consensus outcome at the OECD Ministerial from the 25 participating countries was in fact to "reaffirm their commitment to . . . remove impediments (including administrative and structural ones) to the openness of national markets to global competition." There is, in fact, nothing in the communique regarding unilateralism. We are pleased that the Government of Japan shares in this objective regarding removing impediments to open markets. We are committed to working with you to resolve our current concerns with respect to Japan's automotive, automobile and auto parts market.

Second, I must reiterate that every country retains the right to utilize its own domestic trade laws to address acts, policies or practices which are outside the ambit of the WTO Agreements.

With respect to the date and venue for our meetings, the United States recognizes that the terms of the WTO Agreement mandate that consultations take place within 30 days of your request and that you have a right to insist on talks within that time frame. We are committed to adherence to the WTO Agreement and are therefore fully prepared to uphold our obligation. In making our initial proposal to you, we believed that holding our meetings on June 20-21 was essential in order to avoid holding bilateral negotiations during the G-7 Summit in Halifax. Moreover, while the United States has steadfastly sought a negotiated solution to all of the automotive issues, use of the urgency provisions of the DSU will not promote this objective and is simply not appropriate.

In addition, your letter also indicates Japan's preference that these talks be held in Geneva, Switzerland rather than in Washington, D.C. as we had initially suggested.

We are prepared to hold an initial set of talks at the appropriate level in Geneva on June 12-13 on the automotive issues raised by our governments. The second set of meetings should be conducted, preferably in Washington, D.C. on June 20-21 as we previously suggested. Comprehensive discussions are essential if we are to resolve the outstanding issues between us.

I look forward to receiving your earliest response.

Sincerely,

Michael Kantor

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

95-39

FOR IMMEDIATE RELEASE
Monday, June 5, 1995

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

USTR ANNOUNCES MUTUAL RECOGNITION AGREEMENT REACHED BY ENGINEERS UNDER NAFTA

On Monday, June 5, representatives of the engineering profession of the United State and Mexico signed an historic agreement on the requirements for temporary and perman licensing of engineers in the three countries. It is the first mutual recognition a professional services resulting from provisions of the NAFTA.

In his remarks at the signing ceremony, USTR Kantor congratulated the engineers on t accomplishment. "Both the NAFTA and the GATS (the General Agreement on Trade in Services)," he said "seek to make it easier for professionals in one country to prac either temporarily or on a long-term basis. This is a success story and we all want recognized as such."

The agreement specifies the educational, experience and examination requirements for and permanent licensing of engineers that will be recognized in each country. This increased portability of credentials and greater mobility of engineers in serving th American market.

Before the agreement can enter into force, it must be ratified by professional organ each country and by state and provincial governments in the United States and Canada license engineers.

NAFTA encourages the professions in each country to develop mutual recognition agree NAFTA also has specific provisions to develop temporary-licensing of engineers. It under the latter provisions, that led the engineers to the agreement on both tempora permanent licensing.

The agreement was negotiated by the United States Council for International Engineer Practice (USCIEP), the Canadian Council of Professional Engineers (CCPE), and the "C Mexicano para la Practica Internacional de la Ingenierall (COMPII).

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

95-40

FOR IMMEDIATE RELEASE
Tuesday, June 13, 1995

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

USDA AND USTR ANNOUNCE COUNTRY REALLOCATION OF CURRENT TARIFF-RATE QUOTA FOR SUGAR

WASHINGTON, June 13 -- Secretary of Agriculture Dan Glickman today announced that a sugar tariff-rate quota (TRQ) shortfall of 92,427 metric tons (101,883 short tons) i the import entry period that ends September 30, 1995. The countries for which a sho been declared are Barbados, Congo, Gabon, Papua New Guinea, and St. Kitts & Nevis.

United States Trade Representative Michael Kantor today announced that the quota all for the five countries have been suspended and are being reallocated among the follo countries in metric tons, raw value:

Country/1,2	Reallocated Amount
Argentina	44,035
Australia	7,788
Belize	1,032
Bolivia	750
Brazil	13,606
Colombia	2,252
Costa Rica	1,407
Dominican Republic	16,515
Ecuador	1,032
El Salvador	2,440
Fiji	845
Guatemala	4,504
Guyana	1,126
Honduras	938
India	750
Jamaica	1,032
Malawi	938
Mauritius	1,126
Mozambique	1,220
Nicaragua	1,971
Panama	2,721
Peru	3,848
Philippines	12,668
South Africa	2,158
Swaziland	1,502
Taiwan	1,126
Thailand	1,314
Trinidad-Tobago	657
Zimbabwe	1,126
Total	92,427

1/ Countries having quota suspended and reallocated to other quota-holding countries Barbados 23,763 MT, Congo 14,584 MT, Gabon 21,840 MT, Papua New Guinea 13,999 MT, and St. Kitts & Nevis 18,241 MT.

2/ The reallocation amount is zero for the ten minimum quotaholding countries includ Congo, Cote d'Ivoire, Gabon, Haiti, Madagascar, Mexico, Papua New Guinea, Paraguay, Kitts & Nevis, and Uruguay. The previously announced minimum allocation for these c exceeds the base import quota plus any reallocation adjustment.

The reallocation will not affect any future sugar tariff-rate quota announcements fo period beginning October 1, 1995.

Secretary Glickman also reconfirmed that the August 8, 1994 announcement of the tari quota of 1,322,978 metric tons (1,458,333 short tons) remains unchanged and that the period ends September 30, 1995.

Conversion factor: 1 metric ton = 1.10231125 short tons

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

FOR IMMEDIATE RELEASE
Wednesday, June 14, 1995

95-41
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Mickey Kantor

Japan has announced, through MITI Minister Ryutaro Hashimoto, its willingness to resume negotiations regarding U.S. efforts to open the Japanese market to foreign autos and auto parts.

The meetings will be held in Geneva at the Deputy Minister level on June 22 and 23. They will be convened without preconditions or limitation, and will cover the full range of substantive U.S. concerns.

A second round of meetings will be held during the same period at the WTO regarding technical issues.

USTR Kantor characterized the announcement as helpful, but indicated that, without a meaningful, concrete agreement, trade sanctions would be imposed and the U.S. would proceed with the filing of its WTO case on June 28.

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

94-42

FOR IMMEDIATE RELEASE
Thursday, June 15, 1995

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

FOREIGN SHARE OF JAPANESE SEMICONDUCTOR MARKET HITS 22.8% IN FIRST QUARTER

Foreign share of the Japanese semiconductor market was 22.8% in the first quarter of decline from the record high of 23.7% reached in the fourth quarter of 1994, but sti the 1994 quarterly average.

"T'he 22.8% share recorded this quarter represents continued strong performance by U other foreign suppliers, although I am disappointed that we were unable to maintain momentum we have seen in foreign share of Japan's semiconductor market," said USTR M Kantor. "I am pleased that our two industries are developing a mutually reinforcing as evidenced by a growing cooperative spirit and increased promotional activities, a strong showing in market share we have seen over the past two years. However, I rem concerned about the lagging share in some of our most competitive sectors -- automot telecommunications, and video games. We need to work together to achieve procress i sectors and the gradual and steady improvement in market access called for under the Arrangement. I am confident that with dedicated efforts by both governments and ind implement it, we will realize these goals."

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 22.4 percent in 1994.

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%

*These market share figures were provisionally calculated based on the same assumptions on captive semiconductor suppliers that were made in previous

8/11/00 8:51 AM

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

94-42

FOR IMMEDIATE RELEASE
Thursday, June 15, 1995

Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
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FOREIGN SHARE OF JAPANESE SEMICONDUCTOR MARKET HITS 22.8% IN FIRST QUARTER

Foreign share of the Japanese semiconductor market was 22.8% in the first quarter of decline from the record high of 23.7% reached in the fourth quarter of 1994, but sti the 1994 quarterly average.

"T'he 22.8% share recorded this quarter represents continued strong performance by U other foreign suppliers, although I am disappointed that we were unable to maintain momentum we have seen in foreign share of Japan's semiconductor market," said USTR M Kantor. "I am pleased that our two industries are developing a mutually reinforcing as evidenced by a growing cooperative spirit and increased promotional activities, a strong showing in market share we have seen over the past two years. However, I rem concerned about the lagging share in some of our most competitive sectors -- automot telecommunications, and video games. We need to work together to achieve procress i sectors and the gradual and steady improvement in market access called for under the Arrangement. I am confident that with dedicated efforts by both governments and ind implement it, we will realize these goals."

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 22.4 percent in 1994.

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%

*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.

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

94-43

FOR IMMEDIATE RELEASE
Thursday, June 22, 1995

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

Ambassador Kantor Announces Commercial Settlement in the U.S.-Canada Country Music Television Dispute

USTR Mickey Kantor announced today that Nashville-based Country Music Television and New Country Network (a Canadian network) have reached a tentative agreement to form a single Canadian country music network to be called CMT: Country Music Television (Canada). Kantor stated, "I am tremendously pleased to be announcing today support for this tentative agreement." Kantor had set yesterday as the deadline by which USTR would publish a list of proposed retaliation targets if progress was not made toward resolving the issues in the Country Music Television section 301 investigation.

In a press release issued today by the firm's U.S. and Canadian partners -- Gaylord Entertainment Company and Group W Satellite Communications (U.S.) and Rogers Communications and Rawlco (CND) -- it was announced that the parties would allow an additional 45 days to conclude the final details of the arrangement. Approval of the partnership is then required from the Canadian Government. The partners also announced that under this arrangement CMT Canada will be available to six million Canadian homes, 4 million more homes than CMT had reached in Canada prior to their eviction from the Canadian market on January 1, 1995, and will renew broadcasting of Canadian artists.

Kantor went on to say that, "We hope that the agreement, upon final implementation, which includes any necessary approval from the Government of Canada, will provide a sufficient basis to terminate the section 301 investigation."

If the investigation is terminated, the USTR will closely monitor, under section 301 authority, the operation of the CMT commercial settlement.

However, Kantor further stated that the United States Government remains extremely concerned that Canada's competitive services policy remains in place. "This policy continues, by its very existence, to threaten the security of other U.S. services

currently authorized for distribution in Canada and discourages other U.S. services from seeking such authorization." Therefore, USTR will also closely monitor, under section 301 authority, the experience of other U.S. services that have, or may choose to seek, authorization for distribution in Canada. Should any adverse action be taken on the part of the Government of Canada with respect to the granting or termination of such authorizations for U.S. services, the USTR, in consultation with U.S. industry, will examine whether further action under section 301 is appropriate.

At the same time, the United States recognizes that the Government of

Canada has initiated broad reviews of broadcasting and telecommunications policy and regulation in Canada. In concluding his remarks Kantor said, "While we are encouraged by the Canadian Government's recent efforts toward allowing greater competition in the broadcasting market, we remain firm in our belief that, as a result of these policy reviews, the competitive services policy should be eliminated. We will continue to work toward that goal through frequent and regular bilateral consultations with our Canadian counterparts."

Background

In late 1993 and early 1994, the Canadian Radio-television and Telecommunications Commission (CRTC) held a regulatory proceeding to consider new applications for authority to distribute programs over cable television in Canada. In that proceeding, at the request of New Country Network, the Commission on June 6, 1994 revoked CMT's authorization to be distributed in Canada once New Country Network began distribution. The Canadian-owned licensee began distribution on January 1, 1995 and, at that time, CMT was evicted from the Canadian market. On February 6, USTR accepted CMT's Section 301 petition and initiated an investigation of certain practices of the CRTC - specifically, the investigation focuses on the CRTC's practice of denying market access to foreign-owned television programming services which are determined to be directly competitive with Canadian-owned services (the so-called competitive services policy).

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

94-44

FOR IMMEDIATE RELEASE
Thursday, June 22, 1995

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

Statement of Ambassador Kantor

Joint Commission on Grains Report

June 22, 1995

The Canada-United States Joint Commission on Grains today released its prel report on grain trade issues between our countries. I welcome this preliminary repo compliment the U.S. and Canadian members of the Commission for their hard work. I l forward to reviewing the Commission's recommendations and to receiving the final rep September.

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

95-45

FOR IMMEDIATE RELEASE
Wednesday, June 28, 1995

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

STATEMENT BY AMBASSADOR MICKEY KANTOR

I am pleased to announce that the United States of America and the Government of Japan have reached an historic agreement today. This agreement is a significant step to fundamental change. It is solid, meaningful and concrete. It is broad, detailed, and quantifiable. It is a step toward providing the same access for foreign competitors to Japan's market for autos and auto parts as Japan has to the U.S. market. The agreement will begin to create a level playing field.

The challenges both of our nations face are how to increase jobs for our workers, how to raise the standard of living for our families, and how to create global growth. We've proven we can make important progress toward meeting those challenges. This will be neither the first nor the last time we will be called upon to assume this responsibility. The greatest risk of all is when we turn our backs and hide behind our fears.

The agreement we reached just two hours ago is good for America. It is good for Japan. And most importantly, it is good for the working men and women of both of our countries. It will have an important economic impact on both of our economies -- the world's two largest -- as its effects multiply through not only the automotive sectors, but its scores of supplier industries, as well.

Throughout these twenty-two months of negotiations, we have never lost sight of the importance of our relationship with Japan. But even strong relationships need renewal. Through sharing responsibility, as our two nations have done today, even greater ties are built.

The United States and Japan together assumed such responsibility in working together successfully to help complete the Uruguay Round and to strengthen the Asia Pacific Economic Cooperation Forum (A.PEC).

In mid-1993, President Clinton sought to lay the foundation for, a new, more balanced and cooperative economic relationship with Japan through the "United States-Japan Framework for a New Economic Partnership". In the auto and auto parts sector, Japan committed in the Framework to:

> the objective of achieving significantly expanded sales opportunities to result in a significant expansion of purchases of foreign parts by Japanese firms in Japan and through their transplants, as well as removing problems which affect market access and encouraging imports of foreign autos and auto parts in Japan.

Japan and the United States reaffirmed these objectives in a statement on May 23rd last year.

In the past twenty eight months, the United States and Japan.have reached 15 trade agreements in important sectors ranging from medical technology and telecommunications to construction and apples. We have negotiated strong and fair agreements, we have made progress, and we are seemg markets beginning to open.

In seeking today's agreement, we have enjoyed the support of an overwhelming majority of the American people, of labor and industry, of bipartisan Congressional leadership, and over 150 Senators and Representatives from both sides of the aisle.

Before closing I would like to thank my counterpart, Ryutaro Hashimoto, the Minister of International Trade and Industry of Japan. When Minister Hashimoto and I first met on Monday evening here in Geneva, I presented him with a Kendo shinai. I said at the time that the sport him of Kendo represents courage, honesty, integrity, and patience. After spending a great deal of time with my friend during the last several days I can assure you that he represents all of these qualities and more.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Monday, July 3, 1995

95-47
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR Kantor Initiates Investigation of Japanese Market Barriers for Consumer Photographic Film and Paper

United States Trade Representative Mickey Kantor today announced his decision to initiate an investigation of Japanese market barriers for consumer photographic film and paper. This decision is in response to a petition filed by Eastman Kodak Company under section 301 of the Trade Act of 1974.

Section 301 provides the means for businesses and workers in the United States to seek the aid of the government in gaining relief from unfair trade practices which burden or restrict U.S. commerce.

Kantor said, "American manufacturers of photographic film and paper should be able to compete on a fair basis in the Japanese market, just as Japanese firms can here. It is critical that U.S. firms achieve full access to Japan's market, a market roughly comparable in size to that of the U.S."

"I hope that we can work constructively with Japan to ensure that Japan's market is open to U.S. film products," Kantor added.

Fact Sheet

Kodak alleges that after World War II the Japanese Government prevented Kodak from achieving a significant market presence in Japan through high tariffs, import licensing requirements and a prohibition on inward investment. These formal barriers were subsequently replaced with "liberalization countermeasures" designed to create an anticompetitive structure and block the expansion of Kodak's sales in Japan.

According to the petition, the restrictive market structure remains in place and continues to act as an impediment to access for Kodak.

The petition further asserts that access to the market for photographic film and paper is maintained through a system of exclusive distribution relationships, anti-competitive practices by firms and trade associations relating to retail price maintenance, financial dependence of distributors on Japanese manufacturers, and rebates from manufacturers which are nontransparent and anticompetitive.

Kodak estimates that these market barriers have cost it an estimated $5.6 billion in foregone export sales since the mid-1970's.

According to the petition, Fuji enjoys a 75% share in Japan for photographic film. Kodak's share of this market is only 7%, while that of other manufacturers is 18%. This contrasts with Kodak's 43% share in

Europe and 44% share throughout the rest of the world (excluding Japan, U.S. and Europe).

Also according to the petition, Japanese manufacturers have roughly a 86% share of Japan's photographic paper market, while Kodak's share is only 8%.

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Webmaster @ USTR - 3 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Monday, July 3, 1995

95-48
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

United States Signs Bilateral Investment Treaties With Honduras and Nicaragua

Two new Bilateral Investment Treaties (BITs) were signed Saturday, July 1, 1995 by U.S. Trade Representative Mickey Kantor in Denver, Colorado, where the United States hosted the first Western Hemisphere Trade Ministerial. The Ministerial Meeting, mandated by President Clinton and his counterparts at the December 1994 Summit of the Americas in Miami, builds on the momentum established in Miami to further hemispheric integration and to conclude the negotiation of the Free Trade Area of the Americas (FTAA) by the year 2005.

In separate ceremonies, Kantor signed the respective Treaties with Honduran Minister of Economy and Commerce Gustavo Aguilar Barahona, and Nicaraguan Minister of Economy and Development Pablo Pereira Gallardo.

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

"These Treaties represent concrete steps toward the creation of a strong foundation for trade and investment relations with the countries in the Western Hemisphere as envisioned by President Clinton at the Summit of the Americas," said Kantor. "In addition to the seven other investment Treaties in the region and the NAFTA, these Treaties expand high standards of treatment and protection for U.S. investors throughout a significant portion of the hemisphere."

With regard to expropriation issues, Kantor welcomed Nicaragua's commitment in concluding the BIT to protect investors against future confiscation or expropriation, and emphasized the need to continue diligently the resolution of all outstanding investment disputes.

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Webmaster @ USTR - 3 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, July 14, 1995

95-49
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

U.S. Requests NAFTA Panel to Examine Canadian Agricultural Tariffs

U.S. Trade Representative Mickey Kantor announced today that the United States has asked the North American Free Trade Commission to establish an arbitral panel to consider a U.S. complaint regarding tariffs Canada began applying to certain U.S. dairy, poultry, and egg products on January 1, 1995. The U.S. complaint also applies to tariffs Canada plans to impose on U.S. barley and barley products as well as a limited number of additional dairy products beginning August 1, 1995.

This is the first request for an arbitral panel under the dispute settlement provisions of the North American Free Trade Agreement (NAFTA). The Agreement went into effect January 1, 1994.

On January 1, 1995, Canada began applying duties ranging up to 350% on imports of most dairy, poultry and egg products above threshold levels specified for each product. The United States maintains that Canada's application of these higher-tier tariffs to U.S. products is not in accord with NAFTA. The Agreement requires the elimination of all tariffs between the United States and Canada and prohibits the introduction of any new tariffs on cross-border trade.

In accordance with NAFTA dispute settlement rules, the United States requested formal consultations on this matter on February 2, 1995. Consultations between U.S. and Canadian officials were held in Ottawa on March 1, 1995. Because those discussions failed to resolve our differences, the United States asked that this matter be considered by the NAFTA Commission (the three NAFTA trade ministers) -- the second step in the NAFTA dispute settlement process. This issue was addressed at the June 7, 1995, Commission meeting, but there was no progress towards a settlement. NAFTA rules require that at least 30 days must elapse between the time an issue is considered by the Commission and the filing of a request for an arbitral panel. The Commission must establish an arbitral panel after receiving a written request.

The following letter was sent to Ministers Roy MacLaren and Herminio Blanco:

July 14, 1995

Dear -

Pursuant to Article 2008 of the North American Free Trade Agreement (NAFTA), the Government of the United States hereby requests the Free Trade Commission to establish an arbitral panel to examine, in the light of the relevant provisions of the NAFTA, the matter referred to the Commission in the June 1, 1995, request of the United States for a Commission meeting, including the errata attached to my June 10, 1995, letter to the Commission.

On February 2, 1995, the United States requested consultations on this matter with the Government of Canada under NAFTA Article 2006. Consultations held in Ottawa on March 1, 1995, failed to resolve the issue. Pursuant to the June 1, 1995, request of the United States, the Commission convened in Toronto on June 7, 1995, but has been unable to resolve the matter within 30 days after convening.

Sincerely,
/s/
Michael Kantor.

cc: James Holbein, Esq.

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Webmaster @ USTR - 14 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, July 14, 1995

95-50
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR and USDA Announce Second Country Reallocation of Current Tariff-Rate Quota for Sugar

U.S. Trade Representative Mickey Kantor today announced the reallocation of 17,923 metric tons (MT) -- 19,757 short tons -- of sugar under the 1994/95 tariff-rate quota. This is in addition to the reallocation announced on June 13, 1995.

Kantor determined that five countries will not utilize their remaining quota balances, including the amounts reallocated to them in the June 13, 1995, reallocation announcement. Accordingly, their remaining quota balances are being reallocated. The five countries are: India, Madagascar, the Philippines, Taiwan, and Thailand. The following amounts are reallocated from each of these (in MT raw value): India, 750 MT; Madagascar, 2,066 MT; the Philippines, 12,668 MT; Taiwan, 1,126 MT; and Thailand, 1,314 MT.

The 17, 923 MT is being allocated to the following countries in metric tons, raw value:

Country	Reallocated Amount
Argentina	522
Australia	1,009
Belize	134
Bolivia	97
Brazil	1,762
Colombia	292
Costa Rica	183
Dominican Republic	2,139
Ecuador	134
El Salvador	316
Fiji	109
Guatemala	583
Guyana	146
Honduras	121
Jamaica	134
Malawi	121
Mauritius	146
Mozambique	158
Nicaragua	255
Panama	353
Papua New Guinea	8,005
Peru	499
South Africa	279
Swaziland	195
Trinidad-Tobago	85
Zimbabwe	146
Total	17,923

The USTR reallocation excludes the following minimum quotaholding countries: 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 reallocation adjustment. Barbados, India, Madagascar, Philippines, Taiwan and Thailand were also excluded from this reallocation based on reported lack of shipment intentions for the June 13 reallocation quantity.

The reallocation of the 17,923 MT includes reinstating to Papua New Guinea 8,005 MT of the 13,999 MT reallocated from it in the June 13 announcement. This amount was reinstated due to a confirmed delivery contract for quota entry into the United States by September 30, 1995.

Any quota amounts that remain undelivered by September 30, 1995 will not be carried over to the subsequent quota period. This reallocation will not affect the sugar tariff-rate quota announcement for the fiscal year beginning October 1, 1995.

Secretary of Agriculture Dan Glickman reaffirmed that the total amount of the tariff-rate quota (TRQ) remains unchanged and that the TRQ entry period ends September 30, 1995.

Conversion factor: 1 metric ton = 1.10231125 short tons

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Webmaster @ USTR - 14 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, July 14, 1995

95-51
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

USTR Kantor Announces Agreement on Korean Steel

USTR Mickey Kantor announced today that the Government of Korea has agreed to the establishment of a consultative mechanism to discuss key economic trends and data concerning steel sheet and pipe and tube products. The Korean government will also notify the United States in advance of any government measure introduced to control steel production, pricing or exports, and make certain the Korean steel industry fully understands that the government no longer interferes in pricing or production.

"We think that increased transparency in the Korean steel industry will be helpful to us in examining some of the concems raised by U.S. pipe and tube producers," said Ambassador Kantor. The forum will meet periodically over the next twelve months, and may be renewed by mutual decision by both governments.

On June 1, the Committee on Pipe and Tube Imports filed a Section 301 petition against Korea, alleging that the Korean government restricts exports of steel sheet and pipe and tube, and controls prices of steel sheet. The petitioners have decided to withdraw their petition in light of the Korean govemment's agreement.

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Webmaster @ USTR - 14 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Wednesday, July 19, 1995

95-52
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Press Release

U.S. Trade Representative Mickey Kantor and Secretary of Agriculture Dan Glickman announced today that the United States is seeking immediate consultations with the European Union concerning the EU's import valuation system for grains (rice, wheat, rye, barley, corn and sorghum) which went into effect July 1.

Under the system, tariffs are assessed on a value constructed from reference prices, rather than on actual invoice prices. The system is resulting in tariffs that exceed the tariff binding the EU agreed to in the Uruguay Round. In addition, the system is a violation of the EU's obligations under the agreement on customs valuation.

Consultations will be held under the World Trade Organization's dispute settlement procedures. "We feel it necessary to take this step," said Ambassador Kantor. "Both Secretary Glickman and I have raised U.S. concerns about the proposed EU system a number of times. Now that the import valuation system has gone into effect, we must protect U.S. agriculture by exercising our rights under the World Trade Organization."

Both Ambassador Kantor and Secretary Glickman noted that theyhave the full support of the U.S. grains industry.

Background

The European Union (EU) committed in the Uruguay Round to limit the duty-paid import price of certain grain imports. For wheat, corn, sorghum, barley and rye, the tariff-paid import price (CIF basis) cannot exceed 155 percent of the internal EU support price. For brown Indica rice, the duty-paid import price cannot exceed 180 percent of the internal EU support price.

The EU Commission announced that the initial calculation of the maximum duty-paid price for grains other than rice would be 184.7 ECU per ton, or approximately $250. For brown Indica rice, the initial maximum duty-paid price is approximately $800 per ton. These ceiling prices went into effect on July 1.

If the invoice price of a shipment of grain exceeds the established ceiling, then the EU should not charge any import duty. For shipments priced below the ceiling, the duty should be calculated as the difference between the shipment price and the maximum duty-paid import price.

However, the EU has decided to use constructed values as the basis for its duty assessments rather than acutal invoice prices. The constructed values are based on a limited number of market prices, adjusted

for transportation costs. The calculated value is then compared to the maximum duty-paid import price to obtain a duty that is charged for all shipments, regardless of actual invoice price. The calculation is repeated and the duty adjusted every two weeks.

Limited adustments in the duty are made for type and quality differences (e.g., an "abatement" of 8 ECU per ton is deducted from the duty charged on malting barley to take account of the price difference between feed barley and malting barley prices).

The constructed valuation system does not take account of the wide variety of types and qualities of grain traded, nor does it adequately account for the infinite number of contract provisions that affect the price of an individual shipment of grain. The utilization of market prices for an "average" shipment will result in tariff overcharges on high quality, higher priced or consumer-ready products. Furthermore, biweekly adjustments cannot take account of constantly fluctuating market conditions.

Based on actual CIF import prices for grains in Rotterdam during the first week in July, trade sources estimate that the reference price system resulted in duty overcharges of $25 and $14 per ton, respectively, for low quality and high quality wheat. For corn, the excess in duties was $35 per ton. Actual CIF prices for rice imports into Rotterdam are not available as yet.

During 1991-1993, the EU imported approximately $400 million of grain annually from the United States. The EU's agreement on duty-paid import price ceilings for grains was a key factor in bringing the Uruguay Round agricultural negotiations to closure, and constituted an important part of the balance of concessions negotiated in the Round.

Consultations will be conducted under Article XXIII of the General Agreement on Tariffs and Trade 1994. Initial consultations must be held within 30 days. If consultations fail to resolve the dispute within 60 days of the date of the consultations request, then the United States may request the establishment of a dispute settlement panel.

The Government of Canada has also requested consultations on this issue. The Canadian request does not include rice.

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Webmaster @ USTR - 19 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Thursday, July 20, 1995

95-53
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Statement by Ambassador Kantor

Ambassador Mickey Kantor announced today that U.S. efforts to open the South Korean market to U. S. meat and other food products has resulted in a successful agreement between the United States and the Korean governments.

USTR Kantor said, "We have enjoyed strong support from our industry and our Congress for working within the WTO to resolve this dispute -- and our two governments have demonstrated that, using the tools of the WTO, we can achieve a mutually acceptable result."

"The importance of this agreement to the tens of thousands of American workers in our beef and pork industries across all 50 states is manifest. Korea is the fourth largest market in the world for our agricultural exports, and the third largest market for our beef."

The dispute, which arose in early 1994, concerned Korea's government-mandated shelf-life standards which adversely affect a range of U.S. food exports, such as vacuum-packed beef and pork, frozen patties and sausages, poultry, and other products.

Last month, Korean authorities met with the United States in Geneva to explain Korea's laws and regulations concerning the shelf-life of food products. Those discussions contributed to the final settlement, which will be forwarded to the Chairman of the Dispute Settlement Body in Geneva today.

Korea agreed to phase-out its current system and, similar to most other countries, allow manufacturers to set their own "use-by" dates. For chilled, vacuum-packed pork and beef and all frozen food, including beef, pork and poultry, Korea's new system will come into effect on July 1, 1996. For all dried, packaged, canned or bottled products, the manufacturer's use-by system will go into effect on October I of this year.

In the interim, Korea has established specific government mandated shelf-life dates that will allow trade to take place until the new system takes effect. The settlement also covers other concerns raised by the U.S. meat industry, including pork tendering procedures.

As a result of this settlement, the United States Government is terminating the investigation of the Korean restrictions affecting U.S. meat imports under Section 301 of the Trade act of 1974. In addition, both sides agreed to begin work immediately on drafting a joint letter to the WTO Dispute Settlement Body, aimed at resolving another case regarding Korea's residue testing and inspection of imported agricultural products.

BACKGROUND

Unscientific sanitary regulations are commonly employed to keep out imports, particularly agricultural products. In February of 1994, Korean authorities suddenly seized a shipment of American sausages because they had been "wrongly classified" by customs officials over the past four years as products with a 90-day shelf-life expiration period. Under the "coffect" classification, Korean authorities said, the sausages would have been allowed only a 30-day expiration period -- roughly the time it would take for the sausages to clear port.

Korea ultimately reversed itself on this particular product, but not until the U.S. meat industry filed a Section 301 petition.

In November of 1994, the United States Trade Representative accepted a Section 301 petition filed by the U.S. meat industry (The National Cattleman's Association, The National Pork Producers' Council, The American Meat Institute), which asserted that Korea restricts U.S. meat imports and abrogates three bilateral agreements. The Petitioners argued that the market could be even more significant if trade restrictions were eliminated. For example, Koreans consume four times as much beef as the Japanese on a per capita basis. Trade damages estimates range from $240 million for 1994 to as much as $1 billion annually by 1999.

In its investigation, the USTR found that Korean shelf-life standards are not supported by scientific studies, and are applied in an arbitrary and discriminatory manner. Most countries in the world, including member nations of the European Union and APEC, rely on manufacturer determined "use-by" dates to control food safety and quality.

After bilateral consultations broke down at the end of April, the United States requested WTO Article XXII Consultations on May 3, 1995. Canada joined the consultations, which were held in Geneva on June 5 and 6. Australia and New Zealand also expressed interest in the case.

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Webmaster @ USTR - 20 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Monday, July 24, 1995

95-54
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Kantor Appraises Progress in GSP Worker Rights, IPR Reviews

U.S. Trade Representative Mickey Kantor provided an appraisal today of active Generalized System of Preferences (GSP) worker rights and intellectual property rights (IPR) reviews. These cases originated in previous GSP annual reviews. Kantor said "We have continued to seek resolution of outstanding GSP cases, although we were unable to initiate the 1994 annual review. Because of the uncertainty surrounding the expiration, renewal and possible reform of the GSP program last year, it was not feasible to conduct this annual review. While the future of GSP remains unclear and the program will expire again on July 31, I am hopeful that this important program will obtain multi-year reauthorization in the next few months. It is for this reason that we have just initiated the 1995 annual review."

Ambassador Kantor recalled that two GSP cases had been terminated successfully since July 1, 1994, when the last comprehensive accounting of GSP reviews had been issued. Both of these cases involved the Dominican Republic, one concerning worker rights and the other intellectual property rights. Regarding these cases, Ambassador Kantor stated that "I greatly appreciate the positive steps taken by the Government of the Dominican Republic to bring these cases to a positive conclusion. Ambassador Ariza of the Dominican Republic was instrumental in resolving these cases by assuring that the Dominican Government had a precise understanding of the cases and the measures that would be needed to conclude them."

The U.S. Trade Representative then summarized the status of each worker rights and IPR review:

Worker Rights Reviews

Maldives: "I have recommended to the President that Maldives be suspended from the GSP program. On July 1, 1994 I extended this review for an additional year in order to continue a dialogue with Maldives on worker rights. Unfortunately, after a two year review I have concluded that Maldives is not prepared currently to protect internationally recognized worker rights adequately, especially the right to organize and bargain collectively. We have made several reasonable suggestions to Maldives for remedying this situation. Once Maldives takes sufficient steps to rectify worker rights deficiencies, we will reinstate Maldives promptly as a GSP beneficiary."

Thailand: "Last year the Thai Cabinet approved legislation that would restore worker rights lost in 1991 when the State Enterprise Labor Relations Act (SELRA) was enacted by the military government. In 1995, work proceeded in obtaining tripartite consensus on a new bill, but it was not enacted by the parliament. In May the government coalition fell apart, leading to elections on July 2 which were followed by the formation of a new government. We expect SELRA reform legislation to be taken up and enacted in the next session of parliament (as well as action on Announcement 54 of 1991), and will

assess the status of the review on the basis of progress in enacting such legislation at the end of the upcoming session of parliament."

Guatemala: "We continue to find slow, steady progress in respect for worker rights in Guatemala -- attributable in large measure to the dedication and effectiveness of Labor Minister Gladys Morfin Mansilla. Of particular note are the rapid increase in peaceful resolution of labor complaints through mediation, the establishment of eight regional offices of the Ministry of Labor, and the proactive posture of labor inspectors reflected in the self-initiation of visits to commercial farms. We also note with satisfaction the government's recent successes in promoting the successful resolution of private land occupations. On the other hand, a troubling number of unresolved instances of intimidation or attack against labor activists and continuing slow resolution of labor complaints, particularly in the court system, are causes for serious concern. Therefore, we have determined to continue the worker rights review until November 1 with the expectation that additional progress in implementation of the labor law will permit termination of the review at that time."

Pakistan: "During the last few months we have had two major consultations with the Government of Pakistan on this review. This dialogue has been constructive and led to several important improvements in the labor area. For example, the number of government and para-statal organizations covered by Pakistan's Essential Services Act which have been exempted from certain labor laws has been reduced significantly. Pakistan understands the additional steps that will be necessary in the child/bond labor area and the Karachi Export Processing Zone to terminate this case and appears eager to take them. I commend the Government of Pakistan for its cooperative spirit in pursuing resolution of this case and am extending the review until October 1 in order to confirm that specific assurances are realized."

Intellectual Property Rights

Kantor also commented on the results of several on-going intellectual property reviews under the GSP program:

Honduras: "Honduras has made significant improvements in its copyright regime since 1992, when a review of its GSP status was initiated under the IPR criteria of U.S. GSP legislation. In August 1993 it passed a new copyright law that resolved many of the concerns at issue in the review. This law, however, contains a number of shortcomings. The Government of Honduras is in the process of seeking legislative approval of amendments that would address these remaining problems. Based on these encouraging developments, USTR has decided to extend the review until December 1995 to allow time for the enactment of the copyright law amendments."

Poland: "Since September 1993, when USTR accepted for review a petition filed by the International Intellectual Property Alliance, Poland has passed a new copyright law and stepped up anti-piracy enforcement. However, Poland's legal regime does not provide a clear basis for protecting foreign sound recordings, including U.S. sound recordings. Poland can address this problem by acceding to the Geneva Phonograms Convention, or by prompt implementation of the national treatment provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. These provisions will become binding on all WTO members as of January 1, 1996. USTR will extend the review of Poland's GSP status until February 1996 in the expectation that, by that time, Poland will have taken the steps required to provide adequate protection to U.S. sound recordings."

Turkey: "Turkey's failure to provide adequate protection for patented pharmaceuticals and copyrighted works is a longstanding concern. Recently, though, the Government of Turkey passed amendments that address some of the shortcomings in the copyright law. A new patent law was also enacted in June. While it contains some positive elements, the U.S. remains concerned with other provisions, among them the timing of the introduction of patent protection for certain products, including pharmaceuticals. In addition, Turkey, in Customs Union negotiations with the European Union, has committed to making all its intellectual property laws (including its patent law) consistent with international standards by January 1, 1999. In view of these developments, the review of Turkey will be extended until December 1995, at which time the situation surrounding implementation of the copyright law and Turkey's progress in improving other aspects of its IPR regime will be assessed."

El Salvador: "Although El Salvador passed modern intellectual property legislation in 1993, the Government of El Salvador has yet to promulgate accompanying implementing regulations. In addition, the Salvadoran Government does not effectively enforce its laws, particularly those protecting copyrighted works, despite our frequent entreaties that it do so. We are concerned that there has been little enforcement of prohibitions against piracy of U.S. intellectual property. The review, therefore, will be extended for three months. At the end of this period, an assessment of progress will be made and there will be an appropriate U.S. response."

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Webmaster @ USTR - 24 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Thursday, July 27, 1995

95-55
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

Ambassador Kantor Announces the Trade Advisory Committee on Africa [TACA]

U.S. Trade Representative Mickey Kantor announced the creation of the Trade Advisory Committee on Africa [TACA] today. The committee will study and make recommendations regarding trade and development with Africa. TACA members were chosen to participate in this senior level advisory committee because they have principal responsibility for corporate investment, development or management in Africa.

Ambassador Kantor said, "I welcome the special insights of this group of distinguished advisors to guide us as we develop a comprehensive set of trade and development policies that will enhance our relationship as trading partners with all the countries of Africa."

This trade advisory committee was established as an Administration measure to implement more effectively the directive contained in Section 134 of the Uruguay Round implementing legislation. In Section 134, Congress stated that "the President should develop and implement a comprehensive trade and development policy for the countries of Africa."

The TACA is composed of 13 CEOs and senior level officials:

Bernard B. Beal	CEO, M.R. Beal & Company
Paul Bowman	Vice President, Johnson & Johnson International
William J. Cooling	Sr. Executive Vice President, Colgate-Palmolive Company
Delon Hampton	Chairman and CEO, Delon Hampton & Associates
Charles H. James III	Chairman and CEO, C.H. James and Son
Joachim Kempin	Sr. Vice President, OEM Division, Microsoft Corporation
Franklin H. Kennedy	CEO and President, Equator Holdings Limited and Equator Bank Limited
Patricia Nachtigal	Vice President & General Counsel, Ingersoll-Rand Company
Anthony J.F. O'Reilly	Chairman, President & CEO, H.J. Heinz Company
Allan K. Peterson	Area Vice President (Latin America, Africa), 3M
Federico Sacasa	Group Executive Vice President, Bank of America
Manco Snapp	Vice President, Masonite
Anthony Welters	Chairman and CEO, Healthcare Management Alternatives, Inc.

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Webmaster @ USTR - 27 July 1995

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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

FOR IMMEDIATE RELEASE
Friday, July 28, 1995

95-56
Contact: Anne Luzzatto
Dianne Wildman
Kirsten Powers
Jamal Simmons
(202) 395-3230

President Clinton Extends GSP Benefits to Moldova

Today, Ambassador Kantor announced that President Clinton has signed a proclamation extending the benefits of the Generalized System of Preferences (GSP) program to Moldova. Ambassador Kantor stated, "We support the efforts of Moldova to liberalize its economy. Favorable access to the U.S. market under our GSP program should encourage trade and investment between our countries, leading to further openness."

The GSP program offers duty-free access to the U.S. market for more than 4,600 agricultural and industrial products. Moldova will now be eligible to export all of these products to the United States duty-free.

The purpose of the GSP program is to offer incentives to developing economies that will encourage development, attract investment and increase trade. The United States believes that increased trade is an effective means of encouraging broad-based economic development and a key means of sustaining economic reform and liberalization.

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Webmaster @ USTR - 28 July 1995