

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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## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

November 23, 1994

REMARKS BY THE PRESIDENT  
SENATOR DOLE, SENATOR MOYNIHAN, SENATOR PACKWOOD,  
AND USTR AMBASSADOR KANTOR  
IN GATT ANNOUNCEMENT

The Rose Garden

12:07 P.M. EST

THE PRESIDENT: Good morning. Today we have moved one step closer toward gaining broad bipartisan support for GATT. I'm pleased to announce that an understanding has been reached with Senator Dole to reaffirm our United States sovereignty and to make sure that the reaffirmation will be protected in the GATT process. That means that the WTO will be accountable and fair, and will meet our expectations.

The Uruguay Round is the largest, most comprehensive trade agreement in world history. It creates hundreds of thousands of high-paying American jobs. It slashes tariffs on manufactured and agricultural goods. It protects intellectual property. It's the largest international tax cut in history. Most importantly, this agreement requires all trading nations to play by the same rules. And since the United States has the most productive and competitive economy in the world, that is good news for our workers and our future.

For the past 50 years, our country has led the world to create a more open and a more prosperous trading economy. A bipartisan vote in support of the Uruguay Round next week will ensure that we will lead the world for decades to come.

I want to express my deep thanks to Senator Dole, to Senator Packwood, Senator Moynihan who are here, and ask them to speak. I thank Ambassador Kantor for his heroic work in this endeavor, and the Secretary of State for what they have done. The Secretary of State and the Secretary of the Treasury and I are going to have to excuse ourselves to go meet with the Mexican President-Elect, President Zedillo.

I also want to make a brief announcement today. As part of our ongoing nonproliferation efforts, Kazakhstan has delivered into our security nuclear materials capable of making some 20 nuclear weapons. That means that one more threat of nuclear terrorism

proliferation has been removed from the world. Today this is a good day. We are making progress toward making our people more secure and more prosperous.

Again, let me say how excited I am about the prospect of the GATT round passing the Congress, and to express my appreciation to Senator Dole for the very constructive working relationship that we have had. I'd like now to excuse the Secretary of State and Secretary of Treasury, and ask the others who are here to make some comments, beginning with Senator Dole.

Thank you.

SENATOR DOLE: Well, thank you, Mr. President. Let me say that I appreciate the efforts of the President and Ambassador Kantor, Secretary Bentsen, Chief of Staff Leon Panetta.

MORE

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This matter has been going on now for about three months. We've been working on some of the problems that I thought should be addressed on behalf of my constituents and on behalf of some of my colleagues on the Republican side. And now that we've resolved concerns about the WTO, principally about the WTO, and other concerns, I have agreed with the President that we've fixed this as much as we can. And that's been my hope from the start -- we fixed it -- not kill it, let's fix it.

That's been Ambassador Kantor's -- with his efforts and other efforts I think we've fixed it. It may not be perfect, but it answers a lot of the concerns -- I'm getting about 2,000 phone calls a day; had a big rally in Wichita, Kansas, last night. Ross Perot was the speaker. We think we've addressed some of the concerns they raised at that meeting. Not every concern.

So what I will do now -- we have a number of letters from different people in the administration -- Secretary of Treasury, the Chief of Staff, Ambassador Kantor -- I will be writing a personal letter to each of my Republican colleagues in the Senate, enclosing all of this material, asking them to read it very carefully, and suggesting that in my view we ought to be all in support of GATT when it comes up next week. There should be a big, big vote -- not a narrow vote, but a big margin, a bipartisan margin, as we've always had when it came to votes on trades, as Senator Moynihan and Senator Packwood will tell you.

So I thank you, Mr. Ambassador, and appreciate it very much.

SENATOR MOYNIHAN: Senator Dole, Ambassador Kantor. My first -- I'd simply say that Senator Mitchell would be here if the schedule were possible. This came up rather quickly. Mr. Gephardt and Mr. Gibbons I'm sure would do the same.

This is, as Senator Dole said, a bipartisan matter. It was reported from the committee in Finance, 19-0. Senator Dole had some concerns; they were proper concerns. And they have now been met, and properly so. This augers for a very solid vote. I want to agree that this is the culmination of 60 years of American foreign trade policy, going back the reciprocal trade agreements, Cordell Hall, 1934. Would he were with us today, but in any event, that great legacy is soon to be confirmed. And we have you very much to thank, sir, for that.

Senator Packwood, would you --

SENATOR PACKWOOD: Mr. Chairman, thank you. In your career you're lucky if you can be involved with four or five great, extraordinary happenings, and this is one. The United States, on a level playing field, can beat anybody in the United States.

agreement comes closer to lifting that playing field horizontal than anything I have seen in the quarter of a century I have been in the Senate.

I'm proud to be associated with it. And I would say to Bob Dole, the leadership he has given has been extraordinary. I have been with him almost every day, it seems, for the past 10 days. I know the pressure he's been under; I know -- I've been in his office when the calls have come in. I was with him yesterday at the Governors Conference, and the pressure had not stopped then. This is going to pass overwhelmingly because of Bob Dole. (Applause.)

Q What about the capital gains factor?

AMBASSADOR KANTOR: I'll just say a couple of words, and then we'll be glad to take just a few questions.

MORE

Let me just say that I want to thank Senator Dole for not only his constructive idea, but I think he has strengthened this agreement substantively and certainly politically as well. And thank Senator Moynihan, Senator Packwood for their constant support, and Secretary Bentsen, Leon Panetta, who were much involved in these discussions as well.

This is a good agreement on this commission. It will make a difference. It will ensure us that we have put suspenders on with our belt now, and we have assured sovereignty will be protected for not only our country, but for all of our citizens as well.

And I want to thank you personally for all your kindnesses and the way in which this was conducted. It's the way we should conduct all our business on a bipartisan basis. And we certainly do much better for the people of this country. Thank you very much.

Q How is sovereignty guaranteed? Tell us a little bit about why this is going to work.

SENATOR DOLE: Me or Mickey? Well, the big concern has been about, some would say -- in fact, Judge Bork said it was a myth, red herring -- the question of sovereignty and whether America is out-voted, and what recourse we have if we believe there had been adverse decisions that were considered on an arbitrary or capricious basis. What we've done is set up a mechanism to deal with that through an appointment of five retired appellate judges who would go through this process. The bottom line is if we get three adverse decisions in a five-year period based on any one of the criteria, we withdraw from the WTO. That's how it works. And that should satisfy the concerns, I think, of Ross Perot, and all the others out there -- if they're really concerned about that.

We had some other questions on agriculture, which Leon Panetta addressed; a question on patents, which was addressed; a question on pioneer preferences, which has been addressed. And then I'll be receiving a letter from Secretary Bentsen on an issue that the President said yesterday, he would not link to GATT, and it's capital gains rate reduction.

I understand the President's statement, and I think what Secretary Bentsen will be saying in the letter is that he knows that the 105th Congress will be considering a number of issues dealing with capital formation and that he's willing to work with us in every way that he can to give it a serious and careful review. He didn't pledge to do anything -- commit himself to anything. I did the best I could.

And my view is, getting back to GATT, it's going to be much easier to vote for because I think we have strengthened it. But

I want Ambassador Kantor, in case I left out something, to -- do I have the highlights?

AMBASSADOR KANTOR: Just a very quick -- yes. It was just -- I would just add the three adverse decisions would have to be found to be either arbitrary and capricious, involving misconduct, or the panels exceeding their power. Then the Congress, in the first two instances in a five-year period would have to pass a joint resolution and ask us to renegotiate the process that led to that exceeding power or arbitrary capricious activity or misconduct.

And then the third time in a five-year period, the Congress could, if it wishes, pass a joint resolution asking the President to withdraw from the WTO. And, of course, the President would then have a decision either to veto or not veto that legislation.

THE WHITE HOUSE

WASHINGTON

November 23, 1994

The Honorable Robert Dole  
United States Senate  
Washington D.C. 20510

Dear Senator Dole:

I appreciate the opportunity to respond to your concerns about the so-called "pioneers' preference provision," which is found in Title VIII of the GATT implementing legislation.

As you know, this provision serves two basic purposes. First, it prevents the pioneers from obtaining the use of radio spectrum for free. Absent the GATT provision there is, in our judgment, an unacceptable risk that the pioneers will succeed in overturning the current FCC Order which, reversing an earlier order, now requires payment from the pioneers. Second, it rewards the innovation produced by the pioneers who, in the judgment of the FCC, have helped to spur the current interest in the provision of Personal Communications Services. Indeed, we are only days away from the beginning of the broadband PCS auction. The PCS auctions, which were proposed by President Clinton and established in the budget reconciliation act of 1993, are expected by OMB to raise \$12.6 billion for the federal government.

Under the GATT provision, the three pioneers will contribute a significant percentage of the total proceeds to be gained from the PCS spectrum. OMB estimates that, over a five-year period, the three pioneers will pay about \$1.5 billion to the federal treasury.

We are aware, of course, of competing estimates that have been made by opponents of the GATT agreement and potential competitors of the pioneers. In general, those assertions attempt to compare mature, small markets for established wireless services that possess a significant customer base with the incipient, multi-state, demographically-diverse markets for new PCS services. In our judgment, no known alternative estimate establishes a credible basis for analysis.

Of course, as the Administration has consistently noted, no one can predict with certainty the outcome of the coming PCS auctions and, therefore, it is impossible to be absolutely sure how much the pioneers will pay under the GATT

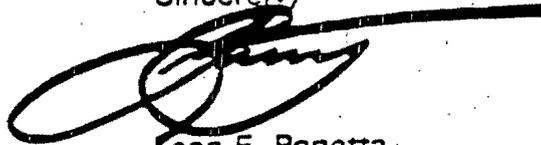
provision or how much that payment might differ from the alternative formulae contained in the current FCC Order.

I can commit to you, therefore, that the Administration will work with Congress next year to do the following:

1. Compare the price paid by the pioneers to the payments paid by the PCS auction winners;
2. Determine whether the government received a fair return for the licenses obtained by the pioneers;
3. If the determination in (2) above is negative, pass legislation that would adequately compensate the United States in accordance with the determination on fair return.

Congress, of course, could still act on its own. We are sending under separate cover a letter expressing our views with regard to the constitutionality of future legislation on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leon E. Panetta', with a long horizontal flourish extending to the right.

Leon E. Panetta  
Chief of Staff

THE WHITE HOUSE  
WASHINGTON

The Honorable Robert Dole  
United States Senate  
Washington, DC 20510

Dear Senator Dole:

It was good to meet with you on Saturday regarding a number of your concerns about the GATT legislation. Lloyd Bentsen, Mickey Kantor and I felt that we had a constructive discussion and are hopeful that you will be joining all of us on both sides of the aisle who are supporting the GATT legislation.

You had raised some specific concerns related to agriculture, which I wanted to follow up with this brief note. Overall, as you know, U.S. agriculture is projected to benefit substantially from the GATT agreement. The coalition of some 265 agricultural organizations who are supporting GATT cite the projections that GATT will lead to increases in U.S. agricultural exports by \$5 to \$14 billion over the next 5 years, which will help to create over 110,000 new jobs in the agriculture sector and help to generate \$10-\$30 billion in related economic activity throughout the U.S. economy.

One of your concerns was whether the Administration was singling out agriculture programs for spending cuts. I can reassure you that this is not the case. The Administration will honor the commitments in this area made by Director Rivlin and Secretary Espy in their September 30, 1994 joint letters to the leadership of the Senate and House Agriculture Committees. Those letters committed the Administration to maintaining discretionary spending on USDA agricultural programs at or above the FY 1995 level in the FY 1996 and 1997 Budget requests to Congress. Regarding mandatory programs, the Administration will consider potential spending changes only in the context of its overall reviews of entitlement programs and in the farm bill process.

You asked specifically about the Export Enhancement Program (EEP) and the Conservation Reserve Program (CRP). With respect to the EEP program, we are following through on our commitment to use it to the maximum extent allowed, as demonstrated by our recent EEP actions on wheat, barley, and pork. In fact, for the FY 1995 budget just enacted, the Administration requested full funding for EEP and it was the Congress that reduced the funding by twenty percent. We have also decided, as part of the implementation of GATT, to reform EEP to focus on market expansion and promotion, not just for combating unfair trade practices.

Regarding the CRP, the Administration strongly supports this program and will propose reauthorization and extension of the CRP in 1995. In addition, we will take further administrative actions as needed to support a continuation of the CRP at the fullest possible level. That will be reflected in the FY 1996 Budget baseline for FY96 and future years.

In the context of concerns held by wheat growers, you asked if the Administration is willing to streamline the approval process for EEP decisions. I am happy to report that we already moving forward on our commitment in the Rivlin-Espy letters to do exactly that. As a result, the most recent EEP decisions were cleared in periods ranging from one to four weeks, in contrast to earlier actions which sometimes took six months.

Finally, you raised questions about how the Administration could aid the oilseed industry. Unfortunately, the funds that you identified to pay for purchases of vegetable oil for food assistance programs have already been included in the GATT legislation to help cover the overall costs of the package. However, oilseed products are specifically included in the additional \$600 million of "greenbox" export promotion program levels that the Administration proposed to carry forward if the GATT passes. Decisions on greenbox spending will be based on criteria such as the importance of programs in promoting value-added products, additionality, and other criteria to be developed in consultation with the Congress.

Oilseeds would benefit from further reductions in trade barriers. The U.S. industry took the lead on the oilseeds zero-for-zero initiative in the Uruguay Round, and the Administration, as stated in the Statement of Administrative Action accompanying the GATT legislation, intends to pursue negotiations to achieve duty reduction and elimination for oilseeds. Our negotiations with China are directed in part toward achieving meaningful access for U.S. agricultural products, including oilseeds, to the Chinese market.

We appreciate the strong support for GATT that the overall U.S. agriculture community has given over the past weeks. I hope that the information I've provided here will reinforce that support and demonstrate the seriousness of our commitments to the industry.

I hope we will have your support in passing the GATT legislation for the good of agriculture and the whole U.S. economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Leon E. Panetta", with a long horizontal flourish extending to the right.

Leon E. Panetta  
Chief of Staff



November 23, 1994

Honorable Robert Dole  
Minority Leader  
United States Senate  
Washington, D.C. 20510

Dear Senator Dole:

One of the revenue measures included in the GATT implementing legislation would require the Federal Communications Commission to recover for the public a portion of the value of the public spectrum that has been awarded by the Commission to licenses granted under the "pioneers preference" program. The legislation requires the pioneers to pay not less than 85 percent, on a per population basis, of the highest bids for licenses in the 20 largest markets in which no applicant has obtained preferential treatment (the 3 pioneer markets). Assuming enactment of the GATT legislation, we understand that a question has been raised whether Congress could pass subsequent legislation free from constitutional infirmities that re-calculates the fees to be paid by the pioneers. This subsequent legislation would likely occur after the FCC proceeds to issue the licenses to the pioneers and would raise a constitutional question whether such subsequent legislation could be effective on a retroactive basis. We believe that the Congress retains wide discretion to enact retroactive economic legislation to support legitimate legislative purposes and such legislation would be permissible from a legal perspective.

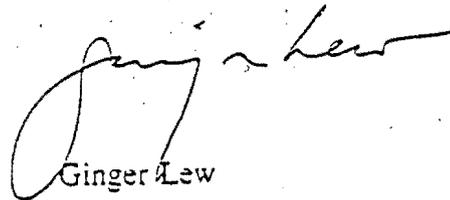
In a case decided June 13, 1994, the Supreme Court held in *United States v. Carlson*, 114 S.Ct. 2018 (1994), that due process was not violated by retroactive application of an amendment to a federal estate tax statute limiting availability of a deduction despite evidence that a taxpayer detrimentally relied on the previous provision and had no notice that the provision would be retroactively amended. In the case, the Court noted that the due process standard to be applied to tax statutes with retroactive effect "is the same as that generally applicable to retroactive economic legislation." 114 S.Ct. at 2022. In quoting from its decision in *Pension Benefit Guaranty Corp. v. R.A. Gray & Co.*, 104 S.Ct. 2709 (1984), the Court stated:

"Provided that the retroactive application of a statute is supported by a legitimate legislative purpose furthered by rational means, judgments about the wisdom of such legislation remain within the exclusive province of the legislative and executive branches."

We believe that the Supreme Court's holding in the *Carlton* case would be controlling if the Congress enacted subsequent legislation with retroactive effect regarding the price paid by the pioneers. There, as here, the subsequent Congressional action would be intended as a "curative" measure to correct previous legislation with "significant and unanticipated" revenue consequences (Congress had estimated the revenue loss from the deduction in the *Carlton* case at \$300 million over 5 years but subsequently discovered the loss could be as much as \$7 billion). There, as here, the "corrective" legislation would be enacted promptly with only a "modest period of retroactivity." Just as a taxpayer "has no vested right in the Internal Revenue Code," no party has a vested right in conveyance of Government spectrum at a discount. See 114 S.Ct., at 2033. In addition, two factors which the appellate court found troubling in that case, a lack of notice and detrimental reliance, would not be present provided the Congress included floor statements in the *Congressional Record* noting the possibility of subsequent legislation relating to the fee question.

For these reasons, we believe that Congress could, if it wished, enact subsequent legislation with retroactive effect regarding the assessment of fees to be paid by the pioneers.

Sincerely,



Ginger Lew

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

NOV 23 1994

The Honorable Bob Dole  
Senate Minority Leader  
United States Senate  
Washington, D.C.

Dear Senator Dole:

Secretary Bentsen, Leon Panetta, and I appreciated the chance to discuss the remaining issues of concern to you in the Uruguay Round implementing legislation. We believe that your concerns can be addressed in a way that enables you to join us in providing the leadership to bring the Uruguay Round effort to a successful conclusion.

You have expressed concern about (1) the World Trade Organization (WTO), dispute settlement, and sovereignty; and (2) the change proposed in the term of patent protection. Let me respond on each issue.

WTO, Dispute Settlement, and Sovereignty.

Critics of the Uruguay Round have charged that proposed WTO and the Dispute Settlement Understanding (DSU) would unacceptably infringe U.S. and state sovereignty. I agree that no trade agreement, whatever its economic benefits, should be approved if it infringes U.S. or state sovereignty. But it is clear, as I have testified many times, that the critics' fears concerning sovereignty are without foundation.

Three Administrations -- two Republican and one Democratic -- steadfastly safeguarded our sovereignty throughout the negotiations. This year, working together on a bipartisan basis, the Administration and Congress established further protections for sovereignty through the implementing legislation.

A broad range of individuals and groups of diverse views across the political spectrum support the view that the Uruguay Round agreements do not affect U.S. sovereignty. These include Consumers Union, the Heritage Foundation, the American Enterprise Institute, Judge Robert Bork, the National Governors Association, the National Conference of State Legislatures, Citizens for a Sound Economy, the American Bar Association, just to name a few.

Section 102(a)(1) of the implementing legislation unequivocally reaffirms that U.S. law prevails in every situation over any conflicting provision of the Uruguay Round agreements. Further, Articles IX and X of the WTO agreement make it clear that no substantive right or obligation of the U.S. can be

altered or changed unless we agree. Article IX establishes that the WTO will operate by consensus -- just as the GATT has. The charge that the United States will be outvoted on important issues in a system where each country has one vote is a "scarecrow" in the view of Judge Bork. In its recent report on the WTO, the Heritage Foundation posed the question: "Does the WTO have any power over the United States that could undermine U.S. sovereignty?" The Foundation's unequivocal answer was "none whatsoever".

Neither the WTO nor WTO dispute settlement panels will have the power to change, or order any change, in Federal, state, or local laws or regulations. Only we in the United States can change our laws. Longstanding practice of the GATT, continued in the WTO, assures that in disputes, we will only be in front of panelists approved by the United States.

Moreover, while the dispute settlement process is not yet as open as the litigation process in the United States, it is far removed from being the "secret tribunal" that critics allege. U.S. briefs in panel cases will take into account Congressional advice and the views of the public. In addition we will provide prompt access to our submissions, and access to at least non-confidential summaries of other WTO member submissions. Panel reports will be made public as soon as we receive them, and our response to any panel report will be developed with Congress. Also, section 123(g)(3) of the implementing legislation permits the appropriate committees of Congress to vote on whether the United States should comply with a panel report.

We have fully safeguarded the right of federal, state, and local governments to protect human, plant, and animal health and safety at whatever level of protection we see fit. Furthermore, state governments may impose more stringent standards than the Federal government and we will be free to exceed international standards when necessary to achieve the level of protection we believe appropriate.

Thanks to extensive consultation with groups of state officials, led by the National Association of Attorneys General and the Multistate Tax Commissioners, state sovereignty is fully protected. This includes the right of the states to participate at every stage of the dispute settlement process if a state law is challenged.

Finally, while the Administration believes that U.S. interests are fully protected, the WTO agreement permits the United States to withdraw on six months' notice at any time and for any reason. Additionally, section 125 of the implementing legislation provides an expedited process by which Congress can

review U.S. participation in the WTO every five years, and revoke approval of the WTO agreement if it so chooses.

Sovereignty has been the central issue in the debate on the WTO throughout this year. When members of Congress or other individuals or groups have come forward with concerns, we have worked hard, and effectively, to address them. Nevertheless, we recognize that concerns remain, in Congress and around the country, about our sovereignty under the WTO, and particularly the impact of a dispute settlement system where "blocking" of panel reports is no longer permitted. We believe that it is important to approve the Uruguay Round agreements with the broadest possible bipartisan support and public confidence. Consequently, the Administration wants to ensure that WTO dispute settlement decisions are fully consistent with the Uruguay Round agreements by providing additional guarantees that WTO dispute settlement decisions will be vigorously monitored to ensure that U.S. sovereignty is not adversely affected.

To that end, the Administration will support legislation next year to establish a WTO Dispute Settlement Review Commission. The Commission would consist of five Federal appellate judges, appointed by the President in consultation with the Leadership of both Houses and the Chairmen and Ranking Members of the Ways & Means and Finance Committees. Each Commissioner would have a four-year term with possible renewals. Provision would be made for appropriate staggering of the terms of the Commissioners.

The Commission will review all final (i.e., adopted) WTO dispute settlement reports (by a panel if the panel report is not appealed or by the Appellate Body) where the final report is adverse to the United States. In each such case, the Commission would determine whether the panel or Appellate Body:

1. Demonstrably exceeded its authority or terms of reference or, where the matter concerned the Uruguay Round Antidumping Agreement, failed to apply Article 17.6 concerning standard of review;
2. Added to the obligations or diminished the rights the United States assumed under the pertinent Uruguay Round agreement;
3. Acted arbitrarily or capriciously, engaged in misconduct, or demonstrably departed from the procedures specified for panels or the Appellate Body in the agreements;

and whether

4. The action in 1, 2, or 3 materially affects the outcome of the report.

The Commission would issue its determination within 120 days after the report is adopted. Three votes would be required for an affirmative determination. The U.S. Government and interested parties would have the right to be heard by the Commission.

Following issuance of any affirmative determination by the Commission, any Member of each House would be able to introduce a joint resolution calling on the President to negotiate new dispute settlement rules that would address and correct the problem identified by the Commission. The resolution would be privileged. The resolution would be discharged from the Ways & Means and Finance Committees under the same procedures provided in section 125 of the implementing legislation; floor action would be expedited under the same procedures.

If there are three affirmative determinations in any five-year period, any Member of each House would be able to introduce a joint resolution to disapprove U.S. participation in the Uruguay Round agreements under the same procedures set forth in section 125 of the implementing legislation. If the resolution is enacted by the Congress and signed by the President, the United States will commence withdrawal from the WTO Agreement.

#### **Term of Patent Protection.**

You have expressed concern about the provision of the implementing legislation which would change the terms of patents in the United States. Specifically, you have asked the Administration to support legislation next year which would change the patent term to grant patents for a term beginning on the date on which the patent issues, and ending on the later of 20 years from the date on which the patent application was filed in the United States or 17 years after the date of the grant.

Under present law, patent rights exist for a term of 17 years measured from the date the patent is granted. The legislation would change our current system to provide for a patent term of 20 years measured from the earliest effective filing date of the application that leads to the patent.

This change, which has the strong, bipartisan support of the House and Senate Judiciary Committees, has been recommended numerous times by expert study groups starting as far back as 1967. One reason the Committees support both the change and the approach taken in the implementing bill is that it will address the problem of "submarine patents".

The Honorable Bob Dole  
Page Five

A "submarine patent" can exist when a patent applicant delays grant of the patent, sometimes for years, even after the Patent and Trademark Office has determined that a patent can be granted. In the meantime, an entire industry has built up around the technology, since patent applications are held secret until after the patent is issued. When the patent issues, the inventor often demands high royalties as the price of not suing companies for patent infringement. The proposal of providing a term of the longer of 20 years from filing or 17 from grant of the patent would not address this problem, since there still will be no incentive for the patent applicant to stop delaying patent grant.

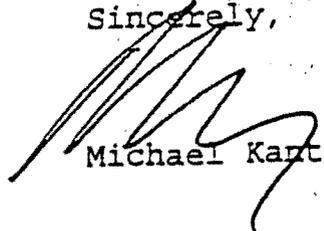
Under the implementing bill, almost all U.S. patent owners will have a longer term of protection than they now have. There are several reasons for this, but the key point is that we included provisions that would add up to five years to the 20-year term provided under the implementing bill if there is delay in getting the patent and that delay is not the fault of the patent owner.

For all these reasons, we believe that the case for the change is compelling, and it will bring great benefits to our patent holders and innovators. The proposed change has extraordinarily broad support in the business and intellectual property communities, ranging from manufacturing and chemical companies, such as 3M, Dow Chemical, Westinghouse, MARS, Exxon Research and Engineering Company, Deere & Company, Bridgestone/Firestone, DuPont, Cincinnati Milacron, Pioneer Hybred, and Fisher-Rosemount to the Intellectual Property Law Section of the ABA, the American Intellectual Property Owners' Association (AIPLA), and the Intellectual Property Owners' Association (IPO).

We believe that if Congress reconsiders the issue next year it will reach the same conclusion reached by the Administration and the Judiciary Committees over the nine months that we work on the implementing bill. Nevertheless, if the Congress does revisit the issue and reaches the conclusion that a change in accordance with your proposal should be made, the Administration would not oppose legislation to achieve that change.

Once again, thank you for discussing this matter with us. I look forward to working with you to secure approval of this historic agreement.

Sincerely,



Michael Kantor

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

FOR IMMEDIATE RELEASE  
Wednesday, November 23, 1994

Contact: 94-63  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

DESCRIPTION OF  
AGREEMENT WITH SENATOR DOLE

1. WTO Dispute Settlement Review

o Throughout the debate on the Uruguay Round this year, concern about the WTO and fears about its possible effects on U.S. sovereignty have been central issues. This concern has focused particularly on the operation of the dispute settlement system and the panel process.

o Three Administrations---two Republican and one Democratic---have worked steadfastly in these negotiations to safeguard U.S. sovereignty in the WTO agreement. Moreover, we have added provisions to the implementing legislation to provide further assurance that U.S. sovereignty---and state sovereignty---would be fully protected.

o We have been gratified that a wide range of individuals and groups, including Consumers Union, the American Bar Association, the Heritage Foundation, the National Governors Association, the National Conference of State Legislatures, and many others have strongly endorsed the trade agreement and implementing legislation, because they concluded that U.S. and state sovereignty were fully protected.

o Nevertheless, we recognize that concerns on this issue remain. We believe that it is important to approve the WTO agreement with broadest possible bipartisan support and public confidence. For that reason, we have worked with Senator Dole and agreed on an approach, which would be embodied in legislation next year, to provide additional assurance on this central issue.

o The Administration will support legislation next year to establish a WTO Dispute Settlement Review Commission. The Commission would consist of five federal appellate judges, appointed by the President in consultation with the Leadership of both Houses and the Chairmen and Ranking Members of the Ways &

Means and Finance Committees.

o It will review all final WTO dispute settlement reports adverse to the United States to determine whether the panel exceeded its authority or acted outside the scope of the agreement. Following issuance of any affirmative determination by the Commission, any member of each House would be able to introduce a joint resolution calling on the President to negotiate new dispute settlement rules that would address and correct the problem identified by the Commission.

o If there are three affirmative determinations in any five-year period, any member of each House may introduce a joint resolution to disapprove U.S. participation in the WTO -- and if the resolution is enacted by Congress and signed by the President, the United States would commence withdrawal from the WTO Agreement.

o Our goals here are straightforward: (1) to assure that the dispute settlement process is accountable; (2) that it is a fair process; and (3) that it works as we expect it to work. From the Administration's standpoint, we are confident that the dispute settlement process will work fairly and that the concerns expressed by many will not materialize.

o However, if panels do exceed their authority, this proposal gives us a fail-safe device.

## 2. Pioneer Preference

o On Pioneer Preference, Senator Dole and the Administration share the same goal: a fair return to the taxpayers from the licensees.

o We believe that the solution worked out in the legislation will provide that fair return, and that it represented a good compromise of an extremely complex issue.

o However, we wanted to assure that the return was fair. On December 5, the FCC is conducting an auction of spectrum for personal communications systems which we believe will yield between \$10-15 billion to the US taxpayers.

o It is important to emphasize that the US taxpayers will receive that kind of return because of the innovative work in personal communications systems by the pioneers. The results of the auction will also give us a basis for ascertaining whether the agreement with the pioneers will produce a fair return.

o We have agreed with Senator Dole to assess the auction, and compare the price paid by the pioneers to the

payments paid by the PCS award winners in the auction. We would determine whether the government received a fair return for the licenses received by the pioneers.

o If we concluded that the government had not received a fair return, we would seek to pass legislation that would adequately compensate the United States in accordance with the determination on fair return.

### 3. Patent Term Issue

o In the implementing legislation, we agreed to a change in the terms of patents in the United States. Under present law, patents run 17 years from the time they are granted. With the change made in the implementing legislation, patents would run 20 years from the time the patent application is filed. This legislation was worked out in full cooperation with the Judiciary Committees of both Houses.

o This is a change that has been studied, and recommended, by many experts since 1967. We believe it will extend the life of patents for most U.S. patent holders. We also believe it is the best way of dealing with abuse of the patent system known as "submarine patents," where an applicant for a patent can delay the process indefinitely by filing modified applications.

o We have also built in protections for delays which occur through no fault of the patent applicant. For all these reasons, this change has broad support: in the Judiciary Committees, and throughout the private sector and the patent community.

o Senator Dole has expressed a preference for a different approach: the longer of 17 years from grant, or 20 years from filing. We believe that if Congress chooses to re-examine this issue next year, it will reach the same conclusion reached by the Judiciary Committees and the Administration this year. However, we agreed with Senator Dole that if Congress reviews this issue, and decides that his proposal is a preferable way to go, we would not oppose legislation changing it.

### 4. Agriculture

o Senator Dole has raised some concerns in the agriculture area. Overall, U.S. agriculture is projected to benefit substantially from the GATT agreement.

o The coalition of 265 agricultural organizations who are supporting GATT cite the projections that GATT will lead to increases in U.S. agricultural exports by \$ 5 to \$14 billion over the next five years, which will help to create over 110,000 new jobs in the agriculture sector and help to generate \$10-30 billion in related economic activity throughout the U.S. economy.

o However, in order to solidify agricultural support for this legislation, the Administration has reiterated its commitment to continued viability and full funding of various programs, including EEP, CRP, and so-called "green box" subsidies. These important assurances should remove any lingering doubts on the part of farm-state legislators as to their support for the GATT agreement.

#### 5. Capital Gains

o As far as the Administration is concerned, there is no link between the Uruguay Round and the capital gains issue.

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

FOR IMMEDIATE RELEASE  
Tuesday, November 22, 1994

Contact: 94-62  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

**U.S. TRADE REPRESENTATIVE MICKEY KANTOR ANNOUNCES THE  
APPOINTMENT OF LES ALBERTHAL TO THE CHAIR OF THE INVESTMENT  
AND SERVICES POLICY ADVISORY COMMITTEE**

United States Trade Representative Mickey Kantor appointed Les Alberthal, chairman of the board of directors, president and chief executive officer of EDS, as the new Chair to the Investment And Services Policy Advisory Committee [INSPAC].

Mr. Alberthal was named chief executive officer of EDS in December of 1986 and was elected chairman of the board of directors in 1989. With more than 25 years of experience in the industry, Mr. Alberthal leads one of the largest information technology and communications companies in the world.

Alberthal has been active in promoting trade and business issues for many years. He is an active member of the World Economic Forum, the Center for Strategic and International Studies Roundtable, and a board member for the Center for the Pacific Rim of the University of San Francisco.

Ambassador Kantor said, "Les Alberthal has the leadership and trade experience to guide the INSPAC through policy formulation that will work to benefit all American workers and firms."

The INSPAC is responsible for providing policy advice to the United State Trade Representative on issues involving investment, services and trade. It is composed of 40 CEOs, lawyers and senior-level executives. The private sector representatives are from services, investment, banking, communications and environmental groups. The members are appointed by and serve at the discretion of the United States Trade Representative for a two-year term.

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

FOR IMMEDIATE RELEASE  
Friday, November 18, 1994

Contact: 94-61  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

**KANTOR STATEMENT ON THE FIRST ANNIVERSARY OF NAFTA PASSAGE**

One year ago a bipartisan majority in the United States Congress passed the NAFTA implementing legislation. It is appropriate on the anniversary of this historic vote to review what NAFTA has accomplished over the last year.

Despite critics' concerns about the loss of jobs and investment due to NAFTA, the U.S. economy has shown great strength since the beginning of NAFTA implementation. The economy has grown at a 3.6% annual rate. Domestic U.S. business investment has grown at a rate of 9%, with investment in producers' equipment in the U.S. growing at an 11.7% rate. Since the beginning of the year, our economy has added over 2.7 million payroll jobs, and manufacturing jobs are up by over 190,000.

A year ago we made the case to the Congress and the American people that NAFTA would provide four key benefits: NAFTA would increase U.S. exports, which in turn would create new, high paying jobs here at home; that NAFTA would increase U.S. competitiveness in North America and throughout the world; and that NAFTA would lead to improved environmental, health, safety and labor conditions throughout the continent. What do the results a year after passage suggest?

*Export growth:* U.S. exports to Mexico are growing more than twice as fast as U.S. exports to the rest of the world. Our trade surplus with Mexico has increased over the last year to \$1.8 billion. Exports to Canada are also growing more rapidly than for the rest of the world.

*Job growth:* Last year we predicted that NAFTA could support 200,000 more jobs within two years. We are right on track to achieve this. The Commerce Department has estimated that, based on year to date growth, export expansion to Mexico in 1994 alone has supported 130,000 export related jobs in the U.S. economy -- and we know these jobs pay higher than average wages.

Since manufactured goods account for 88% of our exports to Mexico, NAFTA is contributing to the strength of this sector, too. U.S. manufacturing volumes are up substantially and manufacturing employment is on the rise.

*U.S. Competitiveness:* The NAFTA eliminates Mexican trade barriers which prevented U.S. firms from maximizing their competitive strengths. Over the last year, this has begun to change. For example, this summer Ford announced it would bring back manufacturing from Mexico to Michigan, where it can better manage its production and inventories.

*Environment and Labor:* NAFTA critics warned that NAFTA would worsen labor and environmental conditions, and that U.S. environmental, health and safety standards would be jeopardized. These alarmist fears have proved baseless. No U.S. environmental, health or safety provisions have been challenged under the NAFTA, while Mexico has continued to strengthen and broaden its environmental regulatory structure. The environmental institutions created by NAFTA -- the North American Commission on Environmental Cooperation, the North American Development Bank, and the Border Environmental Cooperation Commission -- are all well on their way to increasing environmental cooperation and addressing border cleanup concerns. Under the provisions of the North American Agreement on Labor Cooperation, the U.S. Department of Labor has investigated several Mexican labor practices of concern, thereby encouraging greater attention to and compliance with labor standards.



UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

WASHINGTON, D.C. 20230

OFFICE  
OF THE  
SECRETARY

FOR IMMEDIATE RELEASE  
Friday, November 18, 1994

Contact: Maria Cardona  
(202) 482-3263  
Diana Don  
(202) 482-3809

**NAFTA BENEFITS NATION**

Washington, D.C. -- Based on nine-month trade figures for 1994 released today, the United States' exports to its NAFTA partners, Mexico and Canada, continue to climb, supporting U.S. economic growth and jobs.

"NAFTA is working for the United States," Secretary of Commerce Ronald H. Brown said today from Hawaii. "It provides a concrete example of the benefits of free trade. By breaking down barriers for U.S. exports in North America, we increase our global competitiveness and generate new, high-wage jobs for U.S. workers."

Today's figures indicate that exports to North America are growing faster than to the rest of the world. In fact, exports to Canada and Mexico are responsible for almost half of overall U.S. export growth, said Brown.

"The pending GATT agreement now before Congress, which will open more than one hundred markets around the world to U.S. exports, will multiply the benefits of NAFTA in North America by expanding trade throughout the world and supporting U.S. jobs," said Brown.

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~~U.S. exports to Mexico are at record levels -- running at an average rate of \$1 billion~~  
per week since May -- and sales to Canada, our largest trading partner, are also on the rise. These exports are supporting job creation throughout the country, and jobs created by goods exports pay, on average, 13 percent more than all U.S. jobs. Brown noted, "NAFTA is a winning situation for America and America's workers."

The U.S.-Mexico border region, in particular, is profiting as a result of the increased trade flows, and the Department is committed to supporting economic development in the border region. In fact, Commerce has formed a Border Economic Development Task Force to foster a coordinated effort within the Department to benefit the region. *Financing the Border of Tomorrow* and the *Directory of Border-Related Programs* are two reports released and available today by the Task Force to ensure that NAFTA continues to work for the businesses and residents of the U.S.-Mexico border. Both reports are available to the press at the International Trade Administration Office of Public Affairs (202-482-3809) and to the public at the Office of NAFTA at 202-482-0305.

(attachment follows)



## NAFTA: THE FIRST NINE MONTHS

The North American Free Trade Agreement, in effect since January 1, 1994, continues to live up to its promise. U.S. companies are selling more high-value products — such as automobiles and computers — than they have in the past as NAFTA has reduced Mexico's and Canada's trade barriers. These export sales are generating more, higher paying jobs. The opening of Mexico's business and financial services markets by NAFTA offers great promise to U.S. service industries and will further support expansion of business in Mexico and increased U.S. merchandise exports and jobs. NAFTA's safeguard provisions — such as long tariff phase-outs for import-sensitive products — are enabling economic sectors and workers to adjust to free trade.

### NAFTA: CONTINUING TO WORK FOR U.S. EXPORTS AND JOBS

*U.S. exports to North America are growing twice as fast as to the rest of the world.*

- Exports to North America are growing faster than to the rest of the world: Excluding our NAFTA partners, U.S. exports to the rest of the world grew by a healthy seven percent during the first nine months of 1994. U.S. exports to North America were up 14 percent during the same period, double the rate of growth to the rest of the world.

*U.S. exports to Mexico: \$1 billion per week.*

- U.S. exports to Mexico are at record levels. Since May, U.S. exports to Mexico have been averaging \$1 billion per week. Up 21.7 percent over the same period in 1993, U.S. exports to Mexico in 1994 reached a nine-month record of \$37.5 billion.
- Imports from Mexico are also growing, reflecting the solid economic recovery in the United States. At \$35.7 billion, imports from Mexico were up 22.8 percent during the January-September period.

*Expanding exports to Mexico mean more and higher-paying U.S. jobs.*

- We estimate that there would have been 130,000 fewer U.S. jobs in the third quarter had we not had the surge in U.S. exports to Mexico this year.
- Moreover, these are high-skill, higher-paying jobs in sectors like autos, machinery and computers. Almost 90 percent of U.S. exports to Mexico are manufactured goods. Jobs related to goods exports pay 13 percent more than the average U.S. job.

***Since NAFTA implementation, our trade surplus with Mexico has increased.***

- The U.S. merchandise trade surplus with Mexico for Jan.-Sept. 1994 is slightly higher (\$71 million) than for the same period last year and currently stands at \$1.8 billion. However, the balance has been improving throughout the year, and in the third quarter was running at an annual rate of \$2.8 billion (see graph).

***Canada remains our number one market and continues to grow.***

- Trade with our largest trading partner, Canada, is also on the rise. In the first nine months of this year, U.S. exports to Canada were up 11.4 percent over the same period last year, to over \$83 billion. U.S. imports from Canada rose at a slightly faster rate to \$93 billion, in the first nine months of this year.

**NAFTA EXPORTS ARE INCREASING IN ALL MAJOR SECTORS**

[Note: the following data are for the eight month period of Jan-Aug 1994 as compared to the same period last year. Detailed product data for U.S.-Mexico trade in September 1994 are not yet available.]

***The reduction of Mexican trade barriers has spurred U.S. exports.***

- On January 1, one-half of U.S. exports entered Mexico duty-free under NAFTA; within five years, nearly two-thirds will be eligible to enter Mexico duty-free.
- The elimination of Mexican tariffs on U.S. exports has already paid off for U.S. exporters. U.S. exports of products in tariff classifications in which all items are now duty-free reached \$7.4 billion in the first eight months of 1994, an increase of 25 percent over the same period in 1993. (All other product exports have increased by approximately 19 percent.)
- Major increases, by value, have taken place in U.S. exports of computers (30%), semiconductors (98%), cathode-ray tubes for televisions and monitors (93%), and industrial and agricultural machinery (21% and 33%).

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***We are exporting high-value products to Mexico.***

- We are exporting more high value products such as automobiles (up 475%), machine tools (up 34%), and consumer goods (up 21%) to Mexico since the NAFTA was implemented.

***Reduced Mexican barriers to U.S. exports of automobiles are benefitting the U.S. automotive industry.***

- In the first eight months of 1994, the U.S. automobile industry exported over 22,000 passenger vehicles to Mexico, a vast improvement over the 6,300 units shipped during the same period last year, and more than twice the total passenger vehicle exports for 1993 (11,000).

- The increase in U.S. imports of autos from Mexico is in line with the growth of the overall U.S. domestic market this year. What is new is that the NAFTA agreement is making possible a sharp increase in U.S. exports of finished vehicles to Mexico which otherwise would not have taken place.

***U.S. exports of consumer products are growing as fast, or faster than overall exports.***

- U.S. exports of consumer goods to Mexico reached \$3.7 billion in the first eight months of 1994, an increase of 21 percent over the same period last year. Mexico is the third largest market for U.S. consumer goods exports.

***Agricultural exports are also up.***

- U.S. exports of apples have particularly benefitted from the NAFTA's elimination of tariffs and import licenses. In the first eight months of 1994, U.S. apple exports to Mexico increased 74 percent, to \$83 million. This exceeds \$56.7 million of apples exported in all of 1993, which was a record year. In 1990, apple exports to Mexico were only \$6.8 million.
- NAFTA has also benefitted U.S. exports to Mexico of fresh and frozen cuts of beef. Prior to NAFTA's implementation, Mexico had a 25 percent tariff on imports from the U.S. of these products. NAFTA eliminated this tariff, and U.S. exports increased 72 percent to \$144 million, in the first eight months of the year.

***Our financial services providers are benefitting from the Agreement.***

- Mexico has approved the establishment of U.S. financial institution affiliates, including Chemical Bank, Citibank, Bank of America, Chase Manhattan and Nationsbank, in addition to securities, leasing and insurance firms.
- By accessing the large and efficient U.S. capital market, Mexico is able to finance investment in infrastructure and business expansion, which in turn, will support increased U.S. exports and jobs.

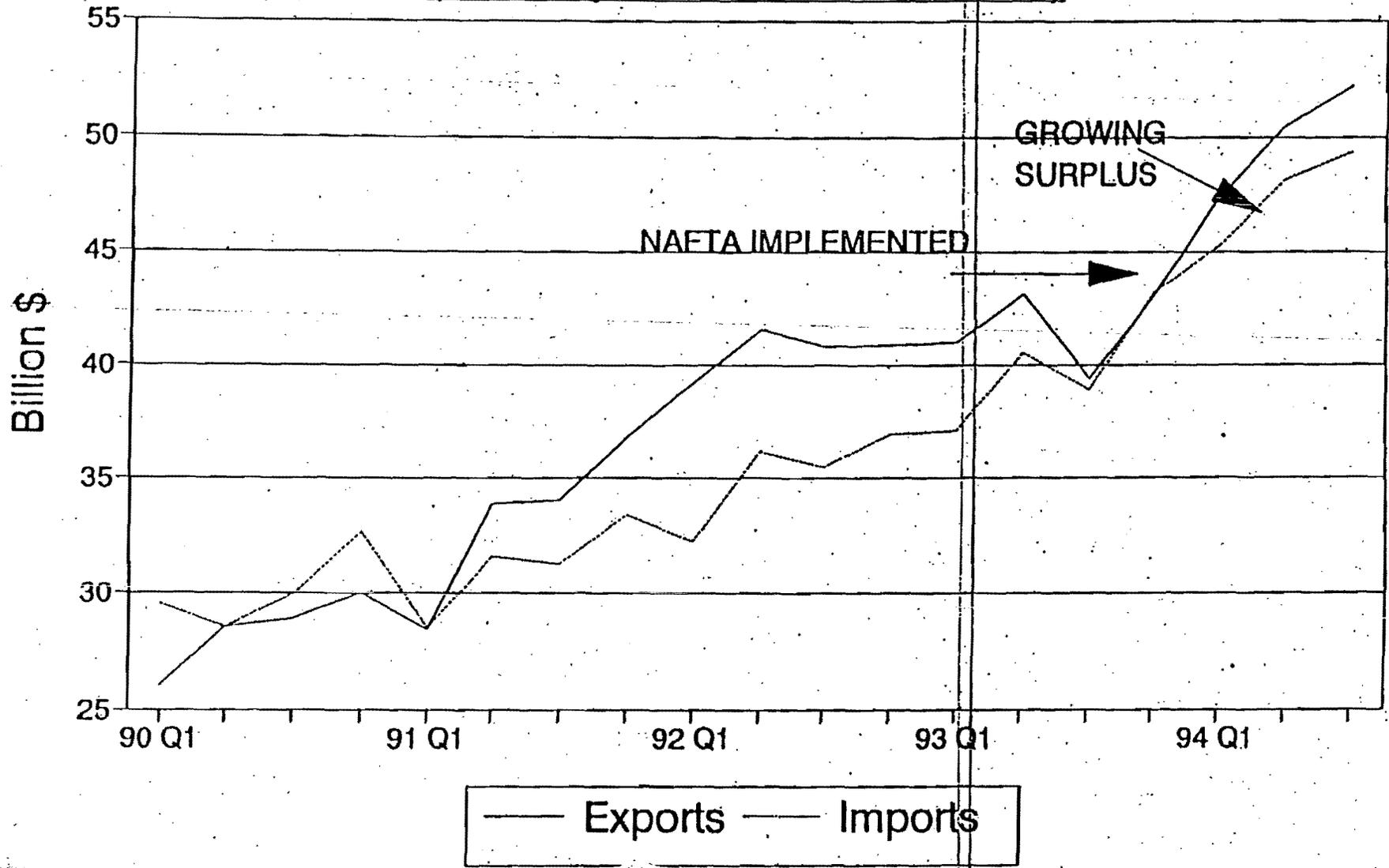
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***Job dislocations have been minimal.***

- Under the special NAFTA Adjustment Assistance Program established in the Department of Labor, approximately 12,122 employees were being provided with assistance as of November 14. This contrasts with the vastly larger total turnover in the U.S. economy of about 6.6 million jobs in the first nine months of this year, cited by the Bureau of National Affairs. For the economy as whole, approximately 3.5 million more Americans were employed in October of 1994 than December of 1993.

Since NAFTA implementation, the U.S. merchandise trade surplus with Mexico has increased

### U.S. TRADE WITH MEXICO (Quarterly Data at an Annual Rate)



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

FOR IMMEDIATE RELEASE  
Thursday, November 17, 1994

94-60  
CONTACT: Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

SUBMISSION BY THE GOVERNMENT OF THE UNITED STATES TO THE  
GOVERNMENT OF JAPAN REGARDING DEREGULATION AND  
ADMINISTRATIVE REFORM IN JAPAN

In an effort to help spur substantial deregulation in Japan, on November 15, the U.S. Government submitted to the Japanese Government a lengthy and detailed paper addressing specific deregulation and administrative reform matters in Japan. The Japanese Government is currently preparing a five-year plan for deregulation measures which it expects to finalize by March, 1995.

The U.S.-Japan Framework, agreed upon in July, 1993, by President Clinton and then-Prime Minister Miyazawa, includes a basket entitled "Regulatory Reform and Competitiveness." The Framework, which continues to be the basis of bilateral U.S.-Japan trade negotiations, includes macroeconomic, sectoral, and structural issues. Three key structural issues, deregulation, transparent procedures, and competition policy, have been the subject of consultations at four working group sessions over the past year and a half. The most recent meeting was held November 15-16 in Tokyo, at which time the United States officially presented to the Japanese Government our initial recommendations on deregulation.

Ambassador Michael Kantor explained that "if fully implemented, these deregulation changes can enhance efficiency, lower prices, and increase the availability and choice of products and services in Japan. Such a change will not only help foreign companies in their effort to achieve real and measurable market access in Japan, but will also dramatically improve the lives of Japanese consumers." Ambassador Kantor noted that "the elimination of regulatory impediments in the Japanese market, combined with more open and transparent Japanese government processes and a pro-active competition policy, are necessary and interlinked measures

open and transparent Japanese government processes and a pro-active competition policy, are necessary and interlinked measures to address some of Japan's broader structural problems that impede market access." He further said that "the U.S. Government looks forward to a constructive dialogue on these issues in the context of the Framework and other fora."

The U.S. proposal includes recommendations regarding basic principles and processes, specific sectors, deregulation-related administrative reform, and competition policy enforcement. It is an initial presentation of U.S. concerns and will be supplemented by additional proposals as the deregulation process unfolds in Japan. USTR will shortly publish a notice in the Federal Register requesting comments and further suggestions from interested parties.

Copies of the full U.S. proposal are available in the USTR Public Affairs Reading Room.

#### Basic Principles and Process

The United States Government urged the Japanese Government to adopt specific principles advocated by major Japanese private sector organizations and advisory groups, and to implement an ambitious program of deregulation based on these principles. Such principles include, among others, broad and continuous review; "freedom from regulation in principle, with regulation as the exception"; enhanced transparency and accountability; prohibition of informal delegation of government authority; and promotion of market mechanisms. The United States also urged Japan to provide for domestic and foreign private sector participation and solicitation of public comments in developing the five-year plan on deregulation. To support the monitoring of the deregulation action plan, the United States urged Japan to issue an annual report which evaluates progress achieved.

#### Specific Deregulation Proposals

The United States Government urged Japan to focus its initial deregulation efforts in the following sectors: agriculture; automobiles and automotive parts; construction materials; distribution-related issues; energy production and delivery; financial services; investment; legal services; medical and pharmaceuticals; and telecommunications and information systems. The United States also suggested that additional sectors be included because of the changing nature of deregulation focus.

#### Administrative Reform Related to Deregulation

The United States Government urged Japan to undertake aggressive administrative reform to enhance the transparency of government practices and to reduce and make transparent the use of informal administrative measures by the Japanese Government. The availability of such informal measures enhances the Japanese

Government's ability to interfere in private sector behavior in a discriminatory and unaccountable fashion. Thus, the U.S. urged Japan to promote the use of the administrative procedure law, consider adopting rulemaking procedures, and enhance the transparency of advisory committees and government information.

#### Competition Policy Enforcement

The Japanese Government's efforts to deregulate its markets will not bear tangible results if private practices that restrict competition are allowed to replace or supplement official regulation. To this end, vigilant competition policy enforcement is critical in ensuring that anticompetitive practices in Japan, particularly in the newly deregulated sectors, are eradicated. Thus, the United States urged Japan to strengthen its competition policy enforcement by improving criminal enforcement of the Antimonopoly Act, enhance the investigatory resources of the Japan Fair Trade Commission, improve private remedies for consumers, and eliminate anticompetitive market situations.

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

FOR IMMEDIATE RELEASE  
Wednesday, November 16, 1994

94-54  
Contact: Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

### ITC Study Shows Economic Impact of the Arab League Boycott on U.S. Businesses

U.S. Trade Representative Mickey Kantor announced today the results of a year-long U.S. International Trade Commission (ITC) report on the economic impact on U.S. firms of the Arab League Boycott of Israel, which found that the costs to U.S. businesses exceeded \$400 million in 1993. "This finding," said Kantor, "underlines the critical importance of ending the Arab League boycott in its entirety."

Although the Arab League boycott is directed at Israel, U.S. companies are impacted by the secondary and tertiary aspects of the boycott. The secondary aspect prohibits Arab League member states from doing business with U.S. and foreign firms that do business with Israel. These firms are placed on a blacklist maintained by the Damascus-based Central Boycott Office (CBO). The tertiary aspect prohibits business dealings with firms that do business with blacklisted companies.

The study, which Ambassador Kantor requested in November 1993, showed that the actual lost sales to U.S. firms likely exceeded the \$410 million survey figure because many of the effects of the boycott were difficult to quantify. Effects included delays in concluding transactions, difficulty obtaining intellectual property protection if blacklisted, and the difficulty of competing with foreign competitors who do not face antiboycott compliance laws similar to those in the United States. The 1993 cost of compliance with U.S. antiboycott laws was estimated at an additional \$160 million.

Ambassador Kantor noted with satisfaction that there is increasing recognition among countries in the region that the boycott is incompatible with progress toward peace and prosperity in the region. For example, on September 30 the Gulf Cooperation Council, representing 6 of the 22 Arab League member states, announced that it's members will no longer enforce the secondary and tertiary aspects of the boycott. They joined Egypt, which does not observe any aspect of the boycott. Given the impact of the boycott on U.S. businesses and the recent progress in the

Middle East peace process, the Administration will continue to aggressively pursue the dismantling of the remaining aspects of the boycott.

-30-

APEC

Fax : 5705429

Nov 15 17:10  
Ms. Pamela Smith  
USIS - WH Filing Center

## APEC ECONOMIC LEADERS' DECLARATION OF COMMON RESOLVE

Bogor, Indonesia  
November 15, 1994

1. We, the economic leaders of APEC, came together in Bogor, Indonesia today to chart the future course of our economic cooperation which will enhance the prospects of an accelerated, balanced and equitable economic growth not only in the Asia Pacific region but throughout the world as well.
2. A year ago on Blake Island in Seattle, USA, we recognized that our diverse economies are becoming more interdependent and are moving toward a community of Asia Pacific economies. We have issued a vision statement in which we pledged:
  - to find cooperative solutions to the challenges of our rapidly changing regional and global economy;
  - to support an expanding world economy and an open multilateral trading system;
  - to continue to reduce barriers to trade and investment to enable goods, services and capital to flow freely among our economies;

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- to ensure that our people share the benefits of economic growth, improve education and training, link our economies through advances in telecommunication and transportation, and use our resources sustainably.
3. We set our vision for the community of Asia Pacific economies based on a recognition of the growing interdependence of our economically diverse region, which comprises developed, newly industrializing and developing economies. The Asia Pacific industrialized economies will provide opportunities for developing economies to increase further their economic growth and their level of development. At the same time developing economies will strive to maintain high growth rates with the aim of attaining the level of prosperity now enjoyed by the newly industrializing economies. The approach will be coherent and comprehensive, embracing the three pillars of sustainable growth, equitable development and national stability. The narrowing gap in the stages of development among the Asia Pacific economies will benefit all members and promote the attainment of Asia Pacific economic progress as a whole.
4. As we approach the twenty-first century, APEC needs to reinforce economic cooperation in the Asia Pacific region on the basis of equal partnership, shared responsibility, mutual respect, common interest, and common benefit, with the objective of APEC leading the way in:
- strengthening the open multilateral trading system;
  - enhancing trade and investment liberalization in Asia Pacific; and
  - intensifying Asia Pacific development cooperation.

5. As the foundation of our market-driven economic growth has been the open multilateral trading system, it is fitting that APEC builds on the momentum generated by the outcome of the Uruguay Round of Multilateral Trade Negotiations and takes the lead in strengthening the open multilateral trading system.

We are pleased to note the significant contribution APEC made in bringing about a successful conclusion of the Uruguay Round. We agree to carry out our Uruguay Round commitments fully and without delay and call on all participants in the Uruguay Round to do the same.

To strengthen the open multilateral trading system we decide to accelerate the implementation of our Uruguay Round commitments and to undertake work aimed at deepening and broadening the outcome of the Uruguay Round. We also agree to commit ourselves to our continuing process of unilateral trade and investment liberalization. As evidence of our commitment to the open multilateral trading system we further agree to a standstill under which we will endeavour to refrain from using measures which would have the effect of increasing levels of protection.

We call for the successful launching of the World Trade Organization (WTO). Full and active participation in and support of the WTO by all APEC economies is key to our ability to lead the way in strengthening the multilateral trading system. We call on all non-APEC members of the WTO to work together with APEC economies toward further multilateral liberalization.

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6. With respect to our objective of enhancing trade and investment in Asia Pacific, we agree to adopt the long-term goal of free and open trade and investment in Asia Pacific. This goal will be pursued promptly by further reducing barriers to trade and investment and by promoting the free flow of goods, services and capital among our economies. We will achieve this goal in a GATT-consistent manner and believe our actions will be a powerful impetus for further liberalization at the multilateral level to which we remain fully committed.

We further agree to announce our commitment to complete the achievement of our goal of free and open trade and investment in Asia Pacific no later than the year 2020. The pace of implementation will take into account the differing levels of economic development among APEC economies, with the industrialized economies achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020.

We wish to emphasize our strong opposition to the creation of an inward-looking trading bloc that would divert from the pursuit of global free trade. We are determined to pursue free and open trade and investment in Asia Pacific in a manner that will encourage and strengthen trade and investment liberalization in the world as a whole. Thus, the outcome of trade and investment liberalization in Asia Pacific will not only be the actual reduction of barriers among APEC economies but also between APEC economies and non-APEC economies. In this respect we will give particular attention to our trade with non-APEC developing countries to ensure that they will also benefit from our trade and investment liberalization, in conformity with GATT/WTO provisions.

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7. To complement and support this substantial process of liberalisation, we decide to expand and accelerate APEC's trade and investment facilitation programs. This will promote further the flow of goods, services and capital among APEC economies by eliminating administrative and other impediments to trade and investment.

We emphasize the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion. Efforts at facilitating trade are important if the benefits of trade are to be truly enjoyed by both business and consumers. Trade facilitation has also a pertinent role in furthering our goal of achieving the fullest liberalization within the global context.

In particular we ask our ministers and officials to submit proposals on APEC arrangements on customs, standards, investment principles and administrative barriers to market access.

To facilitate regional investment flows and to strengthen APEC's dialogue on economic policy issues, we agree to continue the valuable consultations on economic growth strategies, regional capital flows and other macro-economic issues.

8. Our objective to intensify development cooperation among the community of Asia Pacific economies will enable us to develop more effectively the human and natural resources of the Asia Pacific region so as to attain sustainable growth and equitable development of APEC economies, while reducing economic disparities among them, and improving the economic and social well-being of our peoples. Such efforts will also facilitate the growth of trade and investment in the Asia Pacific region.

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Cooperative programs in this area cover expanded human resource development (such as education and training and especially improving management and technical skills), the development of APEC study centres, cooperation in science and technology (including technology transfer), measures aimed at promoting small and medium scale enterprises and steps to improve economic infrastructure, such as energy, transportation, information, telecommunications and tourism. Effective cooperation will also be developed on environmental issues, with the aim of contributing to sustainable development.

Economic growth and development of the Asia Pacific region has mainly been market-driven, based on the growing interlinkages between our business sectors in the region to support Asia Pacific economic cooperation. Recognizing the role of the business sector in economic development, we agree to integrate the business sector in our programs and to create an ongoing mechanism for that purpose.

9. In order to facilitate and accelerate our cooperation, we agree that APEC economies that are ready to initiate and implement a cooperative arrangement may proceed to do so while those that are not yet ready to participate may join at a later date.

Trade and other economic disputes among APEC economies have negative implications for the implementation of agreed cooperative arrangements as well as for the spirit of cooperation. To assist in resolving such disputes and in avoiding its recurrence, we agree to examine the

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possibility of a voluntary consultative dispute mediation service, to supplement the WTO dispute settlement mechanism, which should continue to be the primary channel for resolving disputes.

10. Our goal is an ambitious one. But we are determined to demonstrate APEC's leadership in fostering further global trade and investment liberalization. Our goal entails a multiple year effort. We will start our concerted liberalization process from the very date of this statement.

We direct our ministers and officials to immediately begin preparing detailed proposals for implementing our present decisions. The proposals are to be submitted soon to the APEC economic leaders for their consideration and subsequent decisions. Such proposals should also address all impediments to achieving our goal. We ask ministers and officials to give serious consideration in their deliberations to the important recommendations contained in the reports of the Eminent Persons Group and the Pacific Business Forum.

11. We express our appreciation for the important and thoughtful recommendations contained in the reports of the Eminent Persons Groups and the Pacific Business Forum. The reports will be used as valuable points of reference in formulating policies in the cooperative framework of the community of Asia Pacific economies. We agree to ask the two groups to continue with their activities in provide the APEC economic leaders with assessments of the progress of APEC and further recommendations for stepping up our cooperation.

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We also ask the Eminent Persons Group and the Pacific Business Forum to review the interrelationships between APEC and the existing sub-regional arrangements (AFTA, ANZERTA and NAFTA) and to examine possible options to prevent obstacles to each other and to promote consistency in their relations.

APEC Economic Leaders

Bogor, Indonesia

November 15, 1994

**ASIA-PACIFIC ECONOMIC COOPERATION  
MINISTERIAL MEETING  
NOVEMBER 11-12, 1994  
JAKARTA, INDONESIA**

**JOINT STATEMENT**

1. Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in the Sixth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting convened in Jakarta, Indonesia, November 11-12, 1994. Members of the APEC Secretariat were also present. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.
2. The President of the Republic of Indonesia, His Excellency, Mr. Soeharto, opened the Meeting by extending the warmest welcome to all delegates attending the Sixth APEC Ministerial Meeting. He stated that the world situation now provides opportunities to all nations to work together in developing a new world order that is more equitable, stable, secure, and peaceful, in order to enhance the prosperity and welfare of the peoples. In this regard, the Asia Pacific region has achieved remarkable progress due to appropriate economic policies.
3. In his remarks, he expressed the view that APEC cooperation should be further developed in the future. He stated that the Asia Pacific region should continue to promote and facilitate the flow of investment and trade, as well as strengthen consultation in the field of macro economic policies, enhance the quality of economic infrastructure, human resources development, quality and quantity of small and medium enterprises, and the acquisition and development of appropriate technology.
4. The meeting was chaired by H.E. Mr. Hartarto, Coordinating Minister for Industry and Trade of the Republic of Indonesia. In his speech, Mr. Hartarto underlined that the Sixth APEC Ministerial Meeting in Indonesia was geared towards the promotion of greater trade and investment. He further stated that the

Meeting was to support economic cooperation on development of human resources, improvement of small and medium enterprises, improvement of infrastructure, involvement of private/business sector, so that cooperation in APEC will eventually bring about prosperity to the people of the Asia Pacific Region. U.S. Secretary of State Warren Christopher, speaking as chairman of the Fifth APEC Ministerial Meeting, expressed his deep appreciation for Indonesia's chairmanship of APEC in 1994 and for hosting the Sixth Ministerial Meeting. He congratulated President Soeharto, Minister Alatas, Minister Hartarto, and their colleagues for their leadership in sustaining the momentum achieved in APEC and for giving APEC a vitality that reflects and reinforces the dynamic qualities of the Asia-Pacific region.

5. Ministers looked forward to the meeting of APEC Economic Leaders to be held in Bogor, Indonesia, on November 15, 1994. The Meeting offered a unique opportunity for leaders to give substance to the vision enunciated at the Blake Island meeting in order to achieve the objective of sustainable growth and common prosperity of the region.
6. Ministers held discussions on a range of topics, including:
  - Economic Trends and Issues
  - Trade and Investment Issues
  - The Second Report of the Eminent Persons Group
  - The Report of the Pacific Business Forum
  - Human Resources Development
  - Cooperation in Improving Public and Commercial Infrastructure
  - Small and Medium Enterprises
  - Implementation of Leaders' Vision and Initiatives
  - The APEC Work Program
  - Organizational Issues
  - Other Matters

## ECONOMIC TRENDS AND ISSUES

7. Ministers welcomed the Report of the Ad Hoc Group on Economic Trends and Issues (ETI) and appreciated its useful work during the past four years. They reaffirmed the Group's important role in promoting economic dialogue throughout the region and encouraging economic growth and increasing the economic well-being of all peoples. Ministers emphasized the necessity for the strengthening of APEC's capability in the analysis of long-term macro-economic trends and studies

of micro-economic issues. Ministers agreed to transform the group into an Economic Committee and endorsed the Terms of Reference of the new Committee.

8. Ministers thanked Chinese Taipei for its valuable work on the economic outlook prepared for the Ministers' review. They agreed that in-depth analyses of the current situation of the three areas - trade, investment and technology transfer - provide a good basis to contribute to further APEC discussions on each of the three areas.
9. Ministers discussed the 1995 work plan for the Economic Committee which, from the outset, will be based on the following ongoing activities:
  - preparation of the 1995 APEC Economic Outlook
  - circulation of key economic information
  - analysis of the 3Es project - Economic Growth, Energy and the Environment
  - examination of the linkages between privatization and trade liberalization
  - study of foreign direct investment trends in the region
  - analysis of industrial and technological linkages in the region
  - study of the effect of excessive exchange rate movement on trade and investment in the region
10. Ministers welcomed Japan's presentation on "Partners for Progress" on the promotion of further economic cooperation and development in the Asia Pacific region by reinforcing all the members' ability to effectively mobilize their human and other resources. Ministers recognized that cooperation to sustain the growth and development of the region for the common good of its peoples is one of the primary objectives in the APEC activities, and noted that the proposal will be further elaborated for consideration by Senior Officials.

## SECOND REPORT OF THE EMINENT PERSONS GROUP

11. Ministers expressed their deep appreciation to the Eminent Persons Group (EPG) for its second report and commended the successful fulfilment of its mandate to recommend proposals on how to realize a long term vision for APEC. Ministers welcomed that report of the EPG which sets out a number of fundamental and important principles for APEC in three important directions: trade and investment facilitation, trade liberalization, and technical cooperation. Ministers noted that the EPG Report would serve as a valuable reference document for future deliberations including at the APEC Economic Leaders Meeting in Bogor.

## REPORT OF THE PACIFIC BUSINESS FORUM

12. Ministers welcomed the report presented by the co-chairs of the Pacific Business Forum (PBF), and commended PBF members for their valuable input of business/private sector views. Ministers expressed their appreciation for the many concrete proposals put forward in the PBF report, and noted that these would serve as valuable reference points for future deliberations. Ministers further noted that the PBF Report would be considered by APEC Economic Leaders at their Bogor Meeting.
13. Ministers reaffirmed the critical role of the private sector in APEC. They endorsed the US proposal to create of an ongoing business/private sector advisory body as recommended unanimously by the PBF.

## TRADE AND INVESTMENT ISSUES

14. Ministers welcomed the substantial progress achieved by the CII in the works related to trade and investment throughout the year. They reconfirmed trade and investment liberalization as a cornerstone of APEC's identity and activity. Ministers agreed to adopt the CII Annual Report to Ministers, and approved its recommendations for the work program for 1995.
15. Ministers endorsed the establishment of the two sub-committees under CII, namely the Sub-Committee on Standards and Conformance and the Sub-Committee on Customs Procedures.
16. Ministers recognised the need to support trade and investment programs with appropriate technical assistance to maximise the effectiveness of APEC activities.

## THE MEETING OF MINISTERS IN CHARGE OF TRADE

17. Ministers welcomed the outcomes of the Meeting of APEC Ministers in Charge of Trade which was held in Jakarta on October 6, 1994. As mandated by the Fifth Ministerial Meeting in Seattle last year, the main purpose of this Meeting was to review the results of the Uruguay Round and its implications for the region and consider next steps for regional and global trade liberalization.

18. Ministers reaffirmed their determination to achieve full implementation of the results of the Uruguay Round and to demonstrate leadership by making maximum efforts in each of their economies to ensure the early ratification of the agreement establishing the World Trade Organization so that it is operational as of January 1, 1995. In this regard, Ministers expressed their strong support to non-GATT members of APEC to complete the negotiations as soon as possible to enable them to become original members of the WTO. Ministers affirmed that these negotiations should be based on substantive and commercially meaningful commitments.
19. Ministers further welcomed other initiatives reached by the Meeting, *inter alia* in developing a series of APEC seminars or workshop designed to exchange views on and explore scope for common regional approaches on the implementation of the results of the Uruguay Round; and in conducting programs that will be particularly valuable in helping to implement Uruguay Round results in the area of among others, anti dumping, services, intellectual property rights, customs and rules of origin. In this respect, Ministers took note the recognition of the Meeting to the importance of APEC's contribution to global trade, investment and economic growth and the emphasized the importance of maintaining momentum of trade liberalization. Ministers appreciated the support of the Meeting to the efforts in facilitating trade and investment liberalization in the Asia Pacific region.

#### SMALL AND MEDIUM ENTERPRISES

20. Ministers commended SME experts for their excellent work during 1994 and noted the importance of this area of cooperation. They also commended Chinese Taipei for its report of the APEC Survey on Small and Medium Enterprises. They welcomed the recommendations prepared by SME experts at their two meetings and encouraged Senior Officials to implement these recommendations.
21. Ministers also endorsed the SME Minister's recommendation to upgrade the SME Experts Meeting into an ad hoc SME Policy Level Group.

#### HUMAN RESOURCES DEVELOPMENT

22. Ministers adopted the "Declaration on the Human Resources Development Framework". The Declaration identifies the principles and elements of human resources development in APEC, while establishing a mechanism to plan and

manage the implementation of these principles over time.

23. Ministers reaffirmed that human resources are the greatest single asset in achieving economic growth and development whose goal is the well being of their peoples. It is important that APEC be able to identify changes in the demand for skills in critical sectors which may cause bottlenecks to growth and development if not efficiently resolved. It is also important to develop, through general public education in public and private training, a labor force that has the fundamental attitude to permit a flexible response as requirements change.
24. Certain groups must be especially targeted for investment and human resources development on the basis of their capacity to enhance the development of others. These groups include entrepreneurs, managers and technical workers in both business/private and public sector, educators of primary, secondary, tertiary and vocational education, trainers in technologies needed for the next higher levels of economic development in member economies, and the future economic leaders of the region.
25. Ministers affirmed the importance of both public and private sector training in small and medium enterprises, in industrial and infrastructural technology, and a sustainable development which can mitigate and prevent negative impacts on current growth on future prosperity.
26. Ministers welcomed the US proposal for establishing a private sector funded APEC Education Foundation. Such a Foundation could track all APEC human resources development/educational activities, and could provide back-up and serve as a resource to the Human Resources Development Working Group, the associated Partnership for Education and Education Forum, and the APEC Leaders Education Initiatives. The US offered to develop a detailed concept paper on this proposal for the consideration of Senior Officials and other relevant APEC bodies.

#### COOPERATION IN IMPROVING PUBLIC AND COMMERCIAL INFRASTRUCTURE

27. Ministers noted the importance of the infrastructure issue for APEC and its bearing on future economic development. They commended Indonesia for raising important issues in its useful paper on Cooperation in the Improvement of Commercial and Public Infrastructure. They took note with interest of the outcome of the World Infrastructure Forum held in Jakarta in October 1994, particularly in encouraging business sector involvement in infrastructure development.

- 28. Ministers endorsed the recommendations contained in the paper submitted by Indonesia which constitute a basis for further work in this area, especially in the area of bilateral projects with region-wide impact.
- 29. Recognizing the importance of an adequate, efficient and safe transportation system and the need for accelerated development of transportation infrastructure, as well as for better use of existing facilities, Ministers welcomed a proposal by the United States to host a meeting of APEC Ministers in-charge of Transportation in mid-1995. Ministers agreed to ask the Working Group on Transportation to assist Ministers in elaborating this proposal.
- 30. Information and communication will play a major role in economic growth and development in APEC economies. The development of international and domestic information infrastructure is a priority for all APEC economies. Ministers noted the interest of the Working Group on Telecommunications in the development of an APEC information infrastructure. Ministers further noted the Global Information Infrastructure concept introduced at the ITU World Telecommunications Development Conference. Ministers encouraged the Working Group on Telecommunications and other relevant APEC fora to study the GII concept in their future work.

**THE APEC WORK PROGRAM**

- 31. Recognizing the importance of the ten APEC Working Groups to the process of APEC, Ministers stressed that activities undertaken by the ten Working Groups were an integral part of APEC's efforts to contribute to the region's development and prosperity in specific fields. Ministers noted that in 1994 the Working Groups had made greater efforts to realizing the objectives contained in the vision and policy issues statements approved last year. Ministers approved the consolidated report of the APEC Working Groups.

Trade and Investment Data

- 32. Ministers welcomed a substantial progress made toward obtaining a near comparable merchandise trade database for APEC economies. Ministers also noted the steady efforts of the Working Group to make consistent the published data of service trade and foreign direct investment flows and directed the Group to speed up those efforts.

### Trade Promotion

33. Ministers noted with satisfaction that the Working Group has been active in engaging the business/private sector in their activities: the Working Group held successfully the 4th Seminar/3rd Training Course on trade promotion and the first APEC Trade Fair with the full-scale participation of business people; the Group assisted in the formation of the Asia-Pacific Business Network (APB-Net); and the Group has been engaged in collecting information and data to be used by the business sector.

### Industrial Science and Technology

34. Ministers noted the initiative of the Group to focus more on the issue of industrial science and technology, having the name changed to the "Working Group on Industrial Science and Technology". Ministers were also encouraged by a variety of work projects such as APEC Technomart, to facilitate technology transfer and to promote information flows of industrial science and technology among members.

### Human Resources Development

35. Ministers, noting the impressive number of projects completed by the Working Group in 1994, and 20 new activities - eight of them entirely self-funded - planned for 1995, expressed satisfaction that an increasing number of these projects directly addressed topics of their concern. They also expressed their confidence that the new planning mechanism for HRD expressed in their Ministerial Declaration would provide additional impetus in the design and implementation of such projects.

### Energy Cooperation

36. Ministers noted that the Energy Working Group has been active in implementing programs to encourage the more efficient delivery and consumption of energy, and to mitigate the environmental consequences of energy use. They welcomed the initiatives of the Group in underpinning technical programs by policy discussion conducive to a freer flow of information, investment and trade, noting that the Group has endorsed fourteen non-binding principles to guide its work.

### Marine Resources Conservation

37. Ministers noted that the Working Group had initiated consultations with other international organizations involved in implementation of the Oceans Chapter of UNCED Agenda 21, with the objective of enhancing coordination of these activities in the Asia Pacific region. They also welcomed the effort of the Working Group on red tide, and integrated coastal zone management to monitor and control land-based sources of pollution.

### Telecommunications

38. Ministers welcomed and endorsed the Guidelines for Regional Harmonization of Equipment Certification and for Trade in International Value-Added Network Services as developed and agreed by the Working Group following the Ministerial recommendation on the subject in Seattle in November 1993. Ministers also appreciated the Working Group's emphasis on an active human resources development program and its continuing work in the field of electronic data interchange.

### Fisheries

39. Ministers noted the importance of fisheries to the region, in particular to many developing member economies and recognized the benefit of work that is being undertaken by the Working Group in the areas of cooperation in fish harvesting and post-harvest technologies, seafood trade, health and quality control for fisheries products, and aquaculture training and development.

### Transportation

40. Ministers noted the importance of efficient transportation systems as an integral part of regional infrastructure in promoting growth and development. They welcomed the completion of the survey of regional transport systems and services as a stepping stone to further improvements in the transportation sector, and praised the Working Group's ongoing project addressing regional transportation congestion points. Ministers expressed their appreciation for the Working Group's report to Ministers on the effects of deregulation on small and medium enterprises in the transportation sector.

Tourism

- 41. Ministers noted the statement submitted to them by the Working Group on Tourism highlighting the significant role of the tourism sector in the development of the APEC region, and priority areas of future work. Ministers encouraged the Working Group to continue and develop further its activities in these areas.

**IMPLEMENTATION OF LEADERS VISION AND INITIATIVES**

**APEC Leaders Economic Vision Statement, 1993: Progress on Themes**

- 42. Ministers expressed appreciation for the presentation by Canada of the paper "APEC 1994 Work Program: Progress on Leaders Priorities and Issues". Ministers noted that the paper presented a useful survey of the breadth and scope of APEC's range of activities, relating them to the Seattle Leaders' initiatives. Ministers endorsed the release of this report as a contribution to public understanding of APEC activities.

**Remarks on the progress of the implementation of the Leaders Initiatives on Blake Island**

**1. The Establishment of the Pacific Business Forum**

- 43. Ministers welcomed the work that has been concluded by the PBF. (A complete Ministers' comment on the PBF is stated at the item of "The Report of Pacific Business Forum".)

**2. Finance Ministers' Meeting**

- 44. Ministers noted that APEC Finance Ministers had met in Honolulu, Hawaii on 18-19 March 1994 and had agreed to further a dialogue in areas of mutual interest, such as recent economic developments, capital flows and financial markets issues, with a focus on private financing of infrastructure. They welcomed the decision of the APEC Finance Ministers to hold a second Meeting in Indonesia on 15-16 April 1995.

### 3. APEC Education Program

45. Ministers welcomed progress towards the realization of the program through the participation of many APEC member economies, noting the importance of educational links in strengthening ties among member economies, especially the progress on APEC Study Centers in member economies.
46. Ministers welcomed the launching of the APEC Next Generations' Program which was held in Cheju Island, Korea on 11-16 September 1994, under the theme "Toward a Prosperous Pacific Age". The US has offered to host the second ANGP Workshops in Seattle in 1995.

### 4. APEC Business Volunteer Program

47. Ministers commended Thailand on organizing a seminar which had reached consensus on how to advance the goals of the program, notably through the establishment of focal points in member economies to identify needs for and expertise in each such economy, to network with other focal points, and to serve as a dissemination point for information on the program.

### 5. Non-Binding Investment Principles

48. Ministers endorsed the set of Non-Binding Investment Principles prepared in response to the initiative of APEC Economic Leaders at their informal meeting in Seattle. These principles represent an important aspect of work by APEC on investment. Ministers welcomed these principles and directed the CTI to continue work on investment issues, with the active involvement of the business community, to enhance investment among member economies.

### 6. Energy, Environment and Economic Growth

49. Ministers commended Japan for its report to the Ministers on the 3Es. They discussed the increasing demand for energy and the growing significance of environmental issues in the region, and noted the importance of 3Es and the simultaneous achievement of the 3Es. Ministers noted the the Japanese paper will prove helpful to the Energy Working Group in defining its future efforts.
50. Ministers also examined the future issue, as pointed out in the report, of improving the regional structure of energy demand-supply, and discussed APEC's vital role in information exchange, fostering common understanding and policy discussion.

## 7. APEC Center for Technology Exchange and Training for Small and Medium Sized Enterprises

51. Ministers welcomed the progress in elaboration and realization of the project to make small and medium enterprises more globally competitive through the two-pronged strategy of technology exchange and training for such enterprises.

## 8. Small and Medium Enterprises Ministers Meeting

52. Ministers thanked Japan for hosting the Osaka Small and Medium Enterprises Ministerial Meeting and concurred with the SMEs Ministers' Joint Statement that SMEs were increasingly important in terms of heightening economic complementarities and development in the region. They also agreed that market-oriented SMEs policy on Human Resources Development, information access, technology and technology sharing, the availability of finance and market access should be enhanced.
53. Ministers noted that a sound base had been established for APEC SME policy dialogue and noted the joint meeting between the business/private sector and the Ministers in that it had obviously enhanced the practical value of the discussions in the SME Ministerial Meeting.
54. Ministers endorsed the SME Ministers' recommendation to upgrade the SME Experts Meeting into an Ad-Hoc SME Policy-Level Group, and also the terms of reference for this group, as well as the further recommendation that APEC commission an industrial outlook study. They welcomed the decision to hold a second SME Ministerial Meeting in Australia in 1995.
55. Ministers welcomed Japan's voluntary contribution to the fostering of APEC SMEs, such as the establishment of training and support programmes.

## ORGANIZATIONAL ISSUES

### APEC Secretariat

56. Ministers noted with appreciation the work of Ambassador Rusli Noor and his staff at the Secretariat during the second year of the Secretariat's operation. Ministers stressed the importance of the Secretariat in facilitating and coordinating APEC's work programs and in promoting information exchanges among member economies as well as among various Committees and Working Groups.

57. Ministers took note that the initial arrangement of the APEC Secretariat is approaching its end. In this regard, Ministers asked the SOM to review the arrangement and the function of the Secretariat to ensure that the Secretariat is meeting APEC's evolving needs, and submit recommendations for new arrangements to the next Ministerial Meeting. Ministers also endorsed the establishment of a Task Force for this purpose, the Terms of Reference of which are contained in the SOM report.
58. Ministers noted that the Secretariat will have to meet its recurrent expenditure including salaries and allowances of locally-recruited staff, utility charges, and charges for the maintenance of buildings and office equipment, which are currently being borne by the Singapore Government, effective on 1 January 1996. Ministers agreed on the need for the current arrangements for staffing and funding the Secretariat to be reviewed. Ministers endorsed Senior Officials' recommendations to form a task force to examine this matter and report to the next Ministerial Meeting.

#### Participation Issues

59. Ministers welcomed the membership of Chile in APEC beginning with this Ministerial meeting.
60. Ministers discussed the issue of participation by non-member economies and organizations in APEC Working Groups. Ministers decided that the matter be referred back to the Senior Officials for them to work out criteria and principles to be submitted to the 1995 APEC Ministerial Meeting.
61. Ministers noted the progress made to formulate policies that can promote business activities in the region.
62. Ministers particularly noted the contributions of the Pacific Business Forum and the Eminent Persons Group and the increased participation of the business/private sector in APEC at all levels, notably in Working Group activities.
63. Ministers welcomed the establishment of the Asia Pacific Business Network (APB-Net). Ministers commended the work of APB-Net as a concrete implementation of business/private sector engagement in the APEC process and Ministers also expected that this new forum could be a vital and effective channel for promoting business-to-business networking.

### Budget Issues

64. Ministers welcomed the establishment of the Budget and Administrative Committee and noted with satisfaction its successful operation during 1994. Ministers approved a 1995 budget of US\$ 2,227,732 as drawn up by the Committee and recommended by Senior Officials. Ministers also endorsed the contribution levels recommended by Senior Officials for 1995, but noted that the overall approach for assessing members' contributions would be reviewed next year by the BAC.
65. Ministers asked that the Budget and Administrative Committee should continue its useful work in examining and making recommendations to Senior Officials on budgetary issues and on how to improve operational and administrative efficiency.

### OTHER MATTERS

#### ACDS

66. Ministers welcomed the report on the completion of the first stage of the APEC Communications and Database System (ACDS) project and noted that the ACDS promises to be the communications hub and information repository of APEC.
67. Ministers urged full use of ACDS to increase APEC's efficiency and greatly improve communications among the member economies, Working Groups and Committees and the Secretariat.

#### Environment Ministers Meeting

68. Ministers noted the Philippines presentation of the concept of Debt-for-Nature Swap in relation to sustainable development.
69. Ministers welcomed the result of the Meeting of the APEC Ministers concerned with the Environment which was held in Vancouver, Canada on 23-25 March 1994. Ministers also welcomed the suggestions for implementation developed by the Environmental Experts Meeting in Hua Lien, Chinese Taipei, on 25-27 August 1994. They directed the SOM and the Working Groups to study these suggestions and directed the SOM to report to the Seventh Ministerial Meeting on its progress in integrating environmental issues into ongoing APEC activities.

**PREPARATION FOR THE SEVENTH MINISTERIAL MEETING**

70. Ministers thanked Japan for the valuable briefing on the preparations of the Seventh APEC Ministerial Meeting in Osaka, Japan, in 1995.

**VENUES FOR FUTURE APEC MEETINGS**

71. As decided at the Fourth Ministerial Meeting in Bangkok, the Seventh Ministerial Meeting will be held in Japan in 1995. The Eighth and Ninth Ministerial Meetings will be held in 1996 and 1997, hosted respectively by the Republic of the Philippines and Canada. Malaysia will host the Tenth Ministerial Meeting in 1998.
72. Ministers and their delegations expressed their deep and wholehearted appreciation to the Republic of Indonesia for its warm and generous hospitality towards all the participants and the excellent facilities and arrangements made available for the Meeting.

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

FOR IMMEDIATE RELEASE  
Wednesday, November 9, 1994

Contact: 94-59  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

NAFTA COMMITTEE ON PRIVATE COMMERCIAL DISPUTES ESTABLISHED

On October 28, 1994, the governments of the United States, Canada and Mexico established the North American Free Trade Agreement (NAFTA) Advisory Committee on Private Commercial Disputes.

The Committee, established pursuant to Article 2022 of the NAFTA, will report and provide recommendations to the NAFTA governments on the availability, use and effectiveness of arbitration and other procedures used to resolve private international commercial disputes in the NAFTA free trade area.

Each NAFTA government may select up to eight members of the private sector and up to two government officials to serve on the Committee. Conrad K. Harper, Legal Advisor of the U.S. Department of State, and Ginger Lew, General Counsel of the U.S. Department of Commerce, are the U.S. government co-chairs of the Committee. The United States government is pleased to announce that the following members of the private sector have agreed to serve as U.S. representatives to the Committee: Jose I. Astigarraga, Steel, Hector & Davis (Miami, FL); James H. Carter, Sullivan & Cromwell (New York, NY); Jose A. Cardenas, Lewis & Roca (Phoenix, AZ); John M. Dickenson, III, Limoneira Associates (Santa Paula, CA); Deborah Enix-Ross, U.S. Council for International Business (New York, NY); Rona R. Mears, Haynes & Boone (Dallas, TX); David W. Rivkin, Debevoise & Plimpton (New York, NY); and Susan Kohn Ross, Ross & Associates (Los Angeles, CA).

The Committee will have its first meeting in Mexico City on November 14, 1994.

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

FOR IMMEDIATE RELEASE  
Friday, November 4, 1994

Contact: 94-58  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

**JOINT STATEMENT BY U.S. TRADE REPRESENTATIVE MICKEY KANTOR AND  
E.P.A. ADMINISTRATOR CAROL BROWNER**

U.S. Trade Representative Mickey Kantor and Environmental Protection Agency Administrator Carol Browner announced today their intent to appoint 35 members to the Trade and Environment Policy Advisory Committee (TEPAC), to be administered jointly by the U.S. Trade Representative and EPA.

Ambassador Kantor and Administrator Browner said, "The creation of the TEPAC reflects the increasing importance of environmental issues in the making of U.S. trade policy. It is vital to create a forum within which USTR and EPA can seek the advice of representatives from a broad spectrum of private sector groups with an interest in trade and environment issues."

The TEPAC is responsible for providing policy advice to the U.S. Trade Representative and the Environmental Protection Agency on issues involving trade and environment. It is composed of CEOs and senior-level executives from environmental, industrial, agricultural, and consumer interest groups.

The 35 appointees are:

John H. Adams, Executive Director of Natural Resources Defense Council

Deborah D. Anderson, Procter & Gamble Company

Patrick R. Atkins, Aluminum Company of America

Joseph G. Block, Partner of Venable, Baetjer, Howard & Civiletti

Lee Botts, Lake Michigan Federation

Roger Carrick, Partner of Cadwalader, Wickersham & Taft

James Cleary, President of Tosco Refining Company

Josephine Cooper, American Forest and Paper Association

Dan Esty, Professor of Environmental Law and Policy of Yale School of Forestry and Environmental Studies

Kathy Fletcher, Executive Director of People for Puget Sound

Patricia Forkan, The Humane Society of the United States

Sally V. Fox, President of Natural Cotton Colours, Inc.

Leonard Guarraia, Monsanto Company

Scott A. Hajost, The Environmental Defense Fund

George Henry, American Insurance Association

Stewart J. Hudson, National Wildlife Federation

Edwin L. Johnson, President and Chief Executive Officer of Technology Sciences Group Inc.

Ron Judd, King County Labor Council of Washington

James Lindsay, Chief Executive Officer of Ag Processing Inc.

Wayne McDevitt, Office of North Carolina Governor Jim Hunt

Alisa Learner Maher, Chrysler Corporation

Robert Morris, United States Council for International Business

Jane Perkins, President of Friends of the Earth

Gareth Porter, Environmental and Energy Study Institute

Mark Ritchie, Chief Executive Officer of Institute for Agriculture and Trade Policy

Michael Rue, Managing Partner of Cattlett Warehouse

John J. Sheehan, United Steelworkers of America

Mark Silbergeld, Consumers Union

Arden Sims, President of Globe Metallurgical Inc.

Douglas Young, Office of Colorado Governor Roy Romer

Perry Wallace, Professor of Washington College of Law at American University

Diane Wood, World Wildlife Fund

Lee Weddig, National Fisheries Institute

Edgar S. Woodlark, Jr., Chairman and Chief Executive Officer of DuPont

Lyuba Zarsky, Director of Nautilus Pacific Research



UNITED STATES DEPARTMENT OF  
**COMMERCE**  
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WASHINGTON, D.C. 20230

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OF THE  
SECRETARY

G94-99

FOR IMMEDIATE RELEASE  
Thursday -- November 3, 1994

Contact: Carol Hamilton  
(202) 482-6001  
Cecile Ablack  
(202) 482-3809

U.S. DEPARTMENT OF COMMERCE ASSISTS U.S. BUSINESSES  
SEEKING INFRASTRUCTURE OPPORTUNITIES IN CHINA

Washington, D.C. -- Sending a strong message that the U.S. is competing to win in Asia, the U.S. Department of Commerce is co-sponsoring a China infrastructure conference as part of its ongoing effort to help U.S. businesses tap this important market.

Chinese Vice-Premier Li Langing is visiting the United States to participate in the conference and help foster greater U.S. participation in China's ambitious infrastructure drive. Li will meet with President Clinton, Vice President Gore, Secretary of Commerce Brown, Secretary of Treasury Bentsen, NEC Chairman Rubin, and USTR Kantor to discuss trade and other issues and demonstrate China's commitment to enhancing commercial and overall bilateral relations. The trip represents one of several high level exchanges by both countries emphasizing the importance of constructive engagement.

"Under President Clinton's leadership, our new U.S. commercial policy underscores the importance of the new business relationship between the world's largest industrial nation and its largest emerging market," said Commerce Secretary Ronald H. Brown.

Secretary Brown's Presidential Business Development Mission to China in August was the first cabinet level visit to China following President Clinton's decision in May to delink MFN status for China, enabling the U.S. and China to make advancements on a range of commercial and social issues.

On that mission, Secretary Brown called the participation of U.S. business "absolutely vital to forging a long-term, economically expansive and socially aware U.S.-China commercial partnership, which addresses long-term U.S. and global and economic

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security interests." U.S. firms signed \$6 billion in new contracts during that mission.

The Asian infrastructure market is estimated at over \$1 trillion over the next ten years. Almost a third of these opportunities are in China and Hong Kong. The U.S. government emphasis on these markets will include developing means of financing and advocacy intervention at the senior government level.

Best U.S. prospects include electrical power systems, telecommunications equipment and technology, and transportation, particularly aircraft and the development of airports. In the energy area alone, China intends to add 15,000 to 17,000 MW (mega-watts) of generating capacity each year over the next ten years.

The Nov. 3-4 infrastructure conference has received the highest level of government and private support from both the United States and China, including: the U.S. Department of Commerce, China's State Council, its State Planning Commission, and China's Ministry of Foreign Trade and Economic Cooperation. Private sector sponsors include China's Council for the Promotion of International Trade (CCPIT), the U.S. Chamber of Commerce and the U.S.-China Business Council.

Vice Premier Li also will participate in a seminar in Chicago on auto developments in China cosponsored by the Motor Equipment and Manufacturers Association is a co-sponsor. Commerce Under Secretary for International Trade Jeffrey E. Garten will address the group as well. Commerce officials also will hold the first ever U.S.-China auto working group meeting simultaneously to discuss joint commercial policy issues.

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UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

WASHINGTON, D.C. 20230

OFFICE  
OF THE  
SECRETARY

FOR IMMEDIATE RELEASE  
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Contact: Maria Cardona  
(202) 482-3263  
Bill Buck  
(202) 482-3809

**Secretary of Commerce Brown Announces First  
U.S.-Brazil Infrastructure Conference**

Washington, D.C. - Secretary of Commerce Ronald H. Brown today launched a two day conference with Brazilian businesses to promote U.S. commercial involvement in major infrastructure projects. This first Joint Committee Meeting between the Department of Commerce and the Sao Paulo, Brazil, Tiete-Parana Development Agency (ADTP), a private sector group, will meet from November 3-4.

"The U.S.-ADTP Joint Committee Meeting reflects our strong and growing commercial partnership with Brazil," said Secretary Brown. "This meeting is an integral part of the Clinton Administration's National Export Strategy, which includes a particular advocacy focus on the ten Big Emerging Markets of the world, of which Brazil is one." (The other Big Emerging Markets are: Argentina, China, India, Indonesia, Mexico, Poland, South Africa, South Korea and Turkey)

The Joint Committee was established under the Memorandum of Understanding (MOU) for the exchange of commercial and technical information on infrastructure projects in Brazil's Tiete-Parana Valley signed by Secretary Brown and ADTP President Wilson Quintella on June 28, 1994, during the Secretary's Presidential Trade Mission to Latin America.

The use of U.S. Government programs to facilitate U.S. commercial participation in the Tiete-Parana Valley will be the focus of the Joint Committee Meetings. There are over \$20 billion in potential projects in the energy, transportation, telecommunications, and environmental technologies sectors.

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The Tiete-Parana Valley, running West from the city of Sao Paulo, is a market comprising 50 million people; is the wealthiest region of Brazil, with a per capita income of US\$ 4,500; and consumes 70 percent of Brazilian production.

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

FOR IMMEDIATE RELEASE  
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Contact:

94-57  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

**Kantor Welcomes ACTPN Report on APEC**

U.S. Trade Representative Mickey Kantor today welcomed the release of an Advisory Committee on Trade Policy and Negotiations report on the Asia Pacific Economic Cooperation forum. He noted that the report provides solid, timely advice just in advance of the November APEC Ministerial and Leaders meetings. Trade and investment issues will figure prominently in those meetings.

Kantor stated that the report is consistent with the Administration's approach to APEC. The report emphasizes the importance of concrete, short-term results in key areas of interest to the business community as a means of making progress toward the broad elimination of barriers to trade and investment in the region. This includes a range of practical efforts to cut red tape, promote transparency of rules and rule-making, and eliminate redundant testing requirements.

"APEC is a key part of our efforts to improve the business environment and promote open trade and investment in the most dynamic region of the world," said Kantor. "We will also continue our efforts toward these goals at the bilateral, sub-regional and global level, a point stressed in the ACTPN report."

A strong U.S. economic presence in Asia Pacific is important to our overall economic future. APEC members have a combined GNP of \$13 trillion, and conduct about 40% of the world's trade. In 1993, they took almost 60% of U.S. exports. Projections indicate that by the year 2010, U.S. exports to Asia, excluding Japan, will reach \$248 billion.

Copies of the ACTPN report on APEC will be available in the public reading room of the Office of the U.S. Trade Representative.

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

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Contact: 94-56  
Anne Luzzatto  
Dianne Wildman  
Kirsten Powers  
Jamal Simmons  
(202) 395-3230

STATEMENT BY U.S. TRADE REPRESENTATIVE MICKEY KANTOR

U.S. Trade Representative Mickey Kantor announced today that progress has been made towards resolving both technical and substantive issues in the negotiations to open Japan's flat glass market to foreign producers. Only a few technical and substantive issues remain outstanding. The U.S. glass industry has encouraged the U.S. Government to continue these discussions, and on that basis, we will continue the discussions for a limited period of time.