

EXECUTIVE OFFICE OF THE PRESIDENT
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**TABLE OF CONTENTS
PRESS RELEASES FOR NOVEMBER 1996**

November 4, 1996	96-87	US and Israel Sign Agricultural Trade Agreement
November 8, 1996	96-88	WTO Dispute Settlement Panel Issues Report on US Safeguard restriction on Underwear from Costa Rica
November 12, 1996	96-89	Acting USTR Barshefsky Announces Results of Special 301 "Out-of Cycle" reviews
November 13, 1996	96-90	The United States Announces Improved Offer in WTO Negotiations on Basic telecommunications
November 25, 1996	96-91	US and Australia reach Settlement on Leather Products Trade Dispute

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

December 2, 1996	96-92	President Clinton Assists US Corn Broom Industry
December 2, 1996	96-93	Joint Statement of the Acting US Trade Representative and the Secretary of Agriculture Regarding the Release of the NAFTA Panel Report on Canadian Agriculture Tariffs
December 9, 1996	96-94	Acting USTR Barshefsky Outlines Declaration at Singapore WTO Ministerial
December 13, 1996	96-95	Statement on Competition Policy in the WTO by Charlene Barshefsky, Acting USTR, and Sir Leon Brittan, Vice-President of the European Commission Responsible for Trade Policy
December 13, 1996	96-96	United States Praises Sweeping Information technology Agreement, WTO Process
December 20, 1996	96-98	Foreign Market Share for Semiconductors falls in the First Half of 1996
December 20, 1996	96-99	Acting USTR Barshefsky Announces results of Special 301 "Out-of-Cycle" reviews
December 23, 1996	96-100	US-China Textiles Agreement Extended to January 31, 1997

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Executive Office of the President
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FOR IMMEDIATE RELEASE
Monday, November 4, 1996

96-87
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U.S. and Israel Sign Agricultural Trade Agreement

Acting U.S. Trade Representative Charlene Barshefsky and Israel's Minister of Industry and Trade, Natan Sharansky, today conferred via teleconference and jointly signed a new agricultural trade agreement to boost agricultural trade between the two countries. USDA estimates that the agricultural trade package could push agricultural exports to Israel in excess of \$800 million by the year 2000.

"I am personally gratified that we are signing this agreement today," said Ambassador Barshefsky. "I want to thank Natan Sharansky, the members of his negotiating team, and our negotiators for their determination to resolve a series of difficult issues. This agreement will provide gradual and steady improvement in market access for agricultural products, and a commitment on both of our sides to review the operations of this five-year accord in order to increase trade opportunities."

Israeli Minister of Industry and Trade Natan Sharansky referred to the agricultural agreement as "a new and very important page in our co-operation." He indicated that Israel will move rapidly to implement the agreement.

"The agreement signed today provides welcome access for many U.S. agricultural products which previously were restricted or banned from the Israeli market," said Agriculture Secretary Dan Glickman. "This Administration has worked hard to ensure access for U.S. farm products in world markets. I am excited by the new trade opportunities created by this agreement."

The U.S.-Israel Agreement on Trade in Agricultural Products establishes three categories of product coverage: products free from tariff restrictions, products imported free of tariffs within certain quotas, and products to be imported at a preferential rate. Among the more important products that will enter Israel on a tariff-free basis within TRQ's are chilled and frozen beef, fresh and processed poultry, apples, grapes, pears, citrus (all categories), sunflower seeds, cheese, and selected fresh and frozen vegetables. Israel has also committed to gradual and steady growth in these amounts. Israel will also immediately reduce the tariff for U.S. wine products and has agreed to review trade conditions in this area 18 months after the agreement takes effect.

With regard to Israeli products entering the United States, Israel will retain all of its special duty-free status for products according to the pre-existing U.S. WTO commitments. In addition, Israel will receive guaranteed duty-free quota allocations above the WTO commitments for some products specified in this agricultural agreement.

The agriculture agreement has a duration of five years, at the end of which the two governments commit to review the operation of the agreement and to seek further improvements.

USDA feels that U.S. exporters can realistically benefit from the remaining portion of the 1996 quota for products.

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Items Related to this Press Release:

[U.S.-Israel Agreement on Trade in Agricultural Products](#)

[Webmaster @ USTR - 8 November 1996](#)

TO: DIRECTOR, USTR
FROM: [illegible]
SUBJECT: [illegible]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Friday, November 8, 1996

96-88
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WTO Dispute Settlement Panel Issues Report on U.S. Safeguard Restriction on Underwear From Costa Rica

A WTO Dispute Settlement panel concerning a U.S. textile safeguard on underwear imports from Costa Rica was circulated to all WTO Members today and made public.

The panel has recommended that the United States bring its restraint into compliance with the WTO Agreement. While the panel has suggested that the best way to do so would be by promptly withdrawing the restraint, the Panel made several findings favorable or acceptable to the U.S. -- against arguments raised by Costa Rica. Those findings include the preservation of U.S. ability to take safeguard action on re-import trade and U.S. flexibility in providing favorable treatment to that trade in accordance with the rules of the WTO textiles agreement.

"It is still our view that the U.S. safeguard action on imports from Costa Rica was applied consistent with the requirements of the Uruguay Round Agreement on Textiles and Clothing (ATC)," said Acting U.S. Trade Representative Charlene Barshefsky. "Certainly we would have liked the Panel to accept our view. But one WTO panel report does not bind future dispute settlement panels. This panel agreed with us on many issues that matter to our textile program. Certain other panel findings raise concerns regarding operation of the ATC. During the next few weeks, we will evaluate the report carefully, in the light of our objectives for the U.S. textile program and in consultation with our industry and with Congress," said Barshefsky.

BACKGROUND

The ATC permits an importing WTO member country to take transitional safeguard action on trade in a textile or apparel product from an exporting country, if certain steps are followed.

- First, the importing country must demonstrate that increased quantities of *total imports* of the product in question cause serious damage or actual threat thereof to the domestic industry that makes that product. The ATC provides a list of factors that the importing country must weigh.
- Second, the importing country must find that this serious damage or actual threat can be *attributed* to trade from one or more exporting countries. The ATC provides a second list of factors to be considered in this decision.
- Third, the importing country must request consultations with each exporting WTO member country to which serious damage or actual threat can be attributed. The countries concerned must consult promptly and try to reach agreement on a mutually acceptable restraint level. If no agreement is reached, the importing country may apply the safeguard (a quantitative ceiling on trade in the product concerned).

The United States followed these steps, and imposed a safeguard on imports of cotton and man-made

fiber underwear from Costa Rica for products exported on or after March 27, 1995. In December 1995, Costa Rica then challenged this safeguard action under the WTO Dispute Settlement Understanding, after the WTO Textiles Monitoring Body had completed its review of the action.

The next step in the dispute settlement process in this case is consideration of the panel report for adoption by the WTO Dispute Settlement Body (DSB). The WTO Dispute Settlement Understanding may consider the report for adoption after a layover period of 20 days from the date of circulation of the report to the Members (November 8). The DSB must adopt the report within 60 days of the report's circulation, unless a party to the dispute appeals.

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Webmaster@ USTR - 8 November 1996

TO: [illegible]
FROM: [illegible]
SUBJECT: [illegible]

TO: [illegible]
FROM: [illegible]
SUBJECT: [illegible]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Tuesday, November 12, 1996

96-89
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Acting USTR Barshefsky Announces Results of Special 301 "Out-of-Cycle" Reviews

Acting United States Trade Representative Charlene Barshefsky today announced "out-of-cycle" review decisions with respect to Italy, Thailand and Taiwan under the U.S. Government's "special 301 program," designed to advance the protection of intellectual property rights.

Today's decision again demonstrates the Administration's continued resolve to press other countries throughout the year to improve intellectual property protection. "We will continue to monitor developments and take appropriate actions wherever warranted to boost enforcement against IPR piracy. In country after country one basic test is whether the laws, enforcement tools, and compliance meet international standards," said Barshefsky.

The Clinton Administration has an unparalleled record of IPR enforcement. In the last four years, USTR has launched more than 15 separate intellectual property protection initiatives, including several agreements to crack down on IPR piracy in such areas as production, distribution, sales and export in countries as diverse as China, Saudi Arabia, Mexico, Singapore, Argentina, and Bulgaria.

U.S. copyright industries -- computer software, film, television, book publishing, and music -- represent 5% of GDP, more than 3 million jobs, and a \$400 billion international marketplace.

In addition to these bilateral actions, this Administration is using the WTO's TRIPS Agreement to ensure that other countries provide higher levels of intellectual property protection. The United States has already initiated five WTO dispute settlement actions against other countries because of their failure to meet promptly their TRIPS obligations.

In April 1996, at the time of the last special 301 review, Barshefsky placed Italy and Thailand on the special 301 "watch list." In addition, she announced continuing concerns with Taiwan. She stated that she would conduct out-of-cycle reviews regarding the situation in these countries and territories.

These out-of-cycle reviews have led to the following determinations:

Italy will remain on the watch list.

Piracy and counterfeiting of American intellectual property in Italy continue as major problems, particularly with regard to piracy of video and sound recordings. While noting that Italy has stepped-up enforcement actions over the past year and has recently prepared anti-piracy legislation to be introduced to Parliament, Barshefsky expressed concern that the Italian Government's bill fails to increase adequately criminal penalties against piracy and counterfeiting.

Barshefsky said, "Italy appears to have some of the lowest criminal penalties in Europe and one of the

highest rates of piracy. Before the April 1997 Special 301 review, we look to the Government of Italy to enact effective legislation that includes penalties sufficient to provide a deterrent so that this long-festering problem can be brought under control."

Thailand will remain on the watch list.

In April, 1996, Ambassador Barshefsky formally identified lagging enforcement efforts and the need for Thailand to establish specialized IPR courts and create TRIPS-consistent patent protections. Legislation was enacted in August to establish IPR courts. Barshefsky commends this positive event and now looks forward to seeing these courts put into operation as a vehicle for obtaining swift, effective justice against IPR piracy and counterfeiting.

"We urge the new Thai Government to introduce and enact rapidly TRIPS-consistent patent legislation," Barshefsky said. "With continued progress on copyright enforcement, enactment of patent legislation would enable the United States to consider favorably Thailand's removal from the watch list."

Taiwan is being removed from "special mention."

Over the past six months, the Taiwan copyright authorities have actively discouraged investment in any PRC facilities that might be producing pirate disks, and all Taiwan CD producers have made public pledges to combat Cross-Straits piracy. Extensive raids have been conducted within Taiwan aimed at counterfeit business software programs. Also, a SID code system has been legally mandated for all CDs produced in Taiwan.

Barshefsky said, "Taiwan has made a serious effort to address IPR problems over the last six months, and has achieved considerable success. We commend Taiwan for its efforts to protect intellectual property rights, and we look forward to Taiwan continuing these efforts especially with regard to effective prosecution in its courts."

-30-

Webmaster@USTR - 12 November 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
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FOR IMMEDIATE RELEASE
Wednesday, November 13, 1996

96-90
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The United States Announces Improved Offer in WTO Negotiations on Basic Telecommunications

The United States has again improved its market access commitments in the WTO negotiations on basic telecommunications. Deputy U.S. Trade Representative Ambassador Jeff Lang announced in Geneva that the United States had removed the restriction limiting access to submarine cable landing licenses. "As a result," Ambassador Lang stated, "if the negotiations succeed, the U.S. will provide national treatment to WTO members with regard to access to licenses to land submarine cables in accordance with its laws and regulations."

This is the third time the U.S. has improved its offer -- previous improvements included market access and national treatment in the local telecommunication services market and adoption of a set of agreed regulatory principles to govern the telecom sector.

The United States also revised its offer so that it is technology neutral and includes all market segments of basic telecommunications services. These changes do not reflect any substantive change but are in line with a growing consensus among negotiators that schedules should be standardized and should be technology neutral, especially to clarify which members intend to open their satellite-based services markets.

"There is not much time left to conclude these negotiations and significant progress must be made by the Singapore Ministerial Conference if we are to succeed by February," Ambassador Lang noted. In this connection, the United States welcomed the improvements in the offer of the European Union. "The revised US and European offers provide a solid basis for the United States and the European Union to obtain more and better offers from other WTO members at Singapore," said Ambassador Lang.

-30-

Webmaster @ USTR - 13 November 1996

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FOR IMMEDIATE RELEASE
Monday, November 25, 1996

96-91
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U.S. and Australia Reach Settlement on Leather Products Trade Dispute

Acting U.S. Trade Representative Charlene Barshefsky and Australian Deputy Prime Minister Fischer are pleased to announce settlement of a trade dispute concerning leather products.

The ministers issued a joint comment: "We have reached a satisfactory settlement of the dispute over automotive leather. The Agreement is based on an exchange of letters by which Australia has agreed to excise automotive leather from eligibility under the Import Credit Scheme (ICS) and the Export Facilitation Scheme (EFS) by April 1, 1997."

"In light of the very strong bilateral relationship, as underscored by Prime Minister Howard and President Clinton earlier this week, we are fully satisfied that we have resolved this matter."

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Webmaster @ USTR - 25 November 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Monday, December 2, 1996

96-92
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President Clinton Assists U.S. Broom Corn Broom Industry

In response to a finding by the International Trade Commission that broom corn brooms are being imported into the United States in such increased quantities as to substantially impact the U.S. domestic broom industry, President Clinton today announced a series of actions to sustain the competitiveness of this industry. The actions announced include temporary imposition of increased tariffs, targeted support for the broom industry, and increased enforcement efforts to ensure that broom imports comply with U.S. law. These measures have been reached after careful consideration of all the interests involved, and represent a balanced response to the needs of the U.S. broom corn industry and the requirements of U.S. trade law and international obligations.

"After careful consideration of all available options, the course we have identified is the right response," said Acting U.S. Trade Representative Charlene Barshefsky. "The ITC made its finding on the basis of a review of all the facts and our action is consistent with their determination."

Specific actions to be put forward consistent with the President's decision include:

Temporary Tariff Relief: Duties on brooms under two tariff subheadings (9603.10.50 and 9603.10.60) will be increased, effective November 28, 1996, for a period of three years. Consistent with the WTO Agreement on Safeguards, tariffs will be raised just above the bound Most Favored Nation (MFN) rate. These tariffs will decline slightly in each year of the safeguard. In addition, all preferential suppliers will be provided with continued duty-free access for a specified portion of their exports under subheading 9603.10.60 through the use of a tariff-rate quota (TRQ). The TRQ level was set based on average U.S. imports for 1994 and 1995. The allocation for Mexico is 100,000 dozen brooms, 41,000 dozen for Panama, 37,000 dozen for Honduras and 12,000 dozen for Colombia. Other suppliers share an allocation of 2,000 dozen. Finally, all developing countries, other than those cited above, are exempt from this action, as provided for in Article 9 of the WTO Agreement on Safeguards. No tariff relief is being provided to the other four products subject to the ITC determination.

Domestic Industry Assistance: Consistent with the President's decision of August 30, 1996, the Department of Agriculture has identified six programs which are open to the broom corn industry to boost domestic industry prospects and which may provide assistance in implementing the adjustment plan proposed by the broom corn broom industry. The Department of Commerce identified its Trade Adjustment Assistance Program as a potential source of substantial assistance. In addition, the Department of Labor has a Trade Adjustment Assistance program to benefit dislocated workers. The broom corn industry is encouraged to make proposals or applications to these programs as they fit the industry's short and mid-term needs.

Enforcement Action: As a result of information provided by the broom corn broom industry and other information collected by the U.S. Customs Service, a review is underway to determine whether any

imports of broom corn brooms are entering the commerce of the United States in a manner inconsistent with U.S. law. The President has instructed the Secretary of the Treasury to pursue this matter with the intent of concluding this review within 90 days, and taking any other steps necessary to ensure broom corn broom imports do not circumvent U.S. law.

An additional fact sheet and background is attached.

-30-

Items Related to this Press Release:

[Background: Safeguard Cases on Broom Corn Brooms](#)

[Webmaster @ USTR - 3 December 1996](#)

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Executive Office of the President
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FOR IMMEDIATE RELEASE
Monday, December 2, 1996

96-93
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Joint Statement of the Acting U.S. Trade Representative and the Secretary of Agriculture Regarding Release of the NAFTA Panel Report on Canadian Agriculture Tariffs

Acting U.S. Trade Representative Charlene Barshefsky and Secretary of Agriculture Dan Glickman today released the following joint statement concerning the final report of the NAFTA dispute settlement panel regarding Canadian tariffs applied to certain U.S. agricultural products:

"We are deeply disappointed that the panel supported Canada's view that it could apply extremely high tariff rates to imports of dairy, poultry, egg, barley and margarine products from the United States."

"We think that open trade -- rather than prohibitive tariffs -- is consistent with the NAFTA, and open trade in these agricultural products would benefit U.S. farmers and Canadian consumers, who pay some of the world's highest prices for milk, butter, and other affected products. The United States will do everything possible, consistent with our trade laws, to seek the ultimate elimination of these duties and to improve U.S. access to the Canadian market for dairy, poultry, egg, barley and margarine products."

"We will continue our review of Canada's dairy industry support programs to determine whether they are consistent with Canada's NAFTA obligations and Canada's obligations in the WTO to limit subsidies. The United States and other countries have recently expressed concern with these programs at the WTO."

"We will carefully review the panel's report and consult closely with the U.S. industry and the Congress to evaluate the panel's findings and determination."

-30-

Items Related to this Press Release:

Background: NAFTA Panel Report on Canadian Agriculture Tariffs

Webmaster @ USTR - 3 December 1996

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
Monday, December 9, 1996

96-94
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Acting USTR Charlene Barshefsky Outlines Declaration at Singapore WTO Ministerial

In a formal statement before the WTO opening session of the first biennial WTO Ministerial in Singapore, Acting USTR Charlene Barshefsky identified completion of the Information Technology Agreement (ITA), progress in telecommunications negotiations, and a commitment to meet financial services deregulation goals as key objectives for the meeting.

Barshefsky noted, "We must prove to the world that the WTO is a vibrant institution laying the foundations for a new period of global prosperity. Like our predecessors, we must seize new opportunities... The global economy [in the GATT] will not wait for us, Technological change is advancing rapidly -- all over the globe -- in the West and in the East."

Ambassador Barshefsky challenged trade ministers to make progress this week saying, "If we can succeed in three important negotiations -- information technology, basic telecommunications services and financial services -- we can build the infrastructure for a more interconnected global economy for the 21st century."

Ambassador Barshefsky also noted the importance of several other issues before the WTO Ministerial Conference this week which include advancing transparency in government procurement, continuing reforms in agricultural trade, defining a balanced approach to dealing with trade and environmental concerns, and underscoring the important nexus between trade and labor standards.

-30-

Webmaster @ USTR - 9 December 1996

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Executive Office of the President
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FOR IMMEDIATE RELEASE
Friday, December 13, 1996

96-95
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Statement on Competition Policy in the World Trade Organization by Charlene Barshefsky, Acting United States Trade Representative, and Sir Leon Brittan, Vice-President of the European Commission Responsible for Trade Policy

Singapore - On Friday, the United States and the European Community jointly agreed on the following statement clarifying that the WTO Singapore Declaration regarding competition is specifically directed at a work plan addressing antitrust issues, and will not affect domestic antidumping standards and provisions.

"We warmly welcome the decision of the Ministerial Conference held in Singapore on 9-13 December to set up a working group to consider competition (antitrust) questions in the WTO.

This will enable WTO Members to discuss the international dimension of competition policy and the increasing need for international cooperation in this area.

As this is a new area of work for the WTO, complementing the Organization's existing activities, the group's work should not be extended into matters already dealt with by the WTO and its various committees. We expect the group to focus on the international dimension of competition (antitrust) rules.

It was agreed in Singapore that no negotiations will take place without an explicit consensus decision among WTO Members."

-30-

Webmaster @ USTR - 13 December 1996

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FOR IMMEDIATE RELEASE
Friday, December 13, 1996

96-96
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United States Praises Sweeping Information Technology Agreement, WTO Process

Singapore - Acting United States Trade Representative Charlene Barshefsky today announced a sweeping Information Technology Agreement (ITA) to eliminate tariffs on global information technology products -- semiconductors, telecommunications equipment, computers and computer equipment and software products.

The agreement was formally endorsed today by 28 countries representing about 85% of global trade. The information technology (IT) sector represents a trillion dollars in global production. Trade flows based upon the 1995 volume of \$500 billion represents the baseline for "critical mass" in IT product coverage. For the agreement to take effect, participating countries must constitute at least 90% of global IT trade. In addition to countries formally endorsing the agreement today, commitments were also received from a number of other nations. Malaysia, Philippines, and four other countries declared their intent to join the agreement. Together these six countries comprise about 6% of global IT trade.

In addition to the United States, the 28 countries signing the agreement are: Australia, Canada, Taiwan, European Union (15 Member States), Hong Kong, Iceland, Indonesia, Japan, Korea, Norway, Singapore, Switzerland and Turkey.

Countries participating in this agreement will eliminate tariffs on information technology products by the year 2000 on a wide range of technology products, recognizing that limited exceptions may be required. Technical details on staging -- the pace at which product tariffs are reduced from current levels to zero by the year 2000 -- will be worked out in Geneva. The Geneva discussions begin in January 1997 and culminate with an April 1, 1997 review of country-specific schedules of commitments and the percent of world trade covered.

The agreement will become effective on July 1, 1997 at which point countries will begin to see immediate benefits; it is anticipated that in some product areas such as semiconductors that staging would be accelerated dramatically, well in advance of the year 2000.

President Clinton called from the White House on Friday morning to congratulate Ambassador Barshefsky on the Information Technology Agreement. She outlined the benefits of the agreement for increased world trade including the new economic opportunities for American business expansion and job creation that are likely to occur as a result of the agreement. Currently, the IT industry in the U.S. employs 1.8 million Americans with 1995 exports running at over \$90 billion in IT goods. She praised the President personal efforts on behalf of the ITA, noting the decisive boost the ITA received when the APEC leaders endorsed the initiative at the recent APEC meeting in Manila.

Trade ministers have agreed that their technical experts will address detailed product staging issues immediately at the WTO in the weeks ahead -- the conventional procedure in tariff reduction

agreements.

With regard to other issues in the Singapore Ministerial Declaration, Ambassador Barshefsky noted that some important progress was made with regard to a number of U.S. objectives:

Procurement. The study on procurement is intended to be the first step toward an agreement on transparency practices in government procurement which should serve to reduce the influence of corruption. This initiative will -- as we continue to push it -- help create an environment where businesses can expect a fair shake in competing for contracts with foreign governments.

Labor Rights. Since the Eisenhower Administration, the United States has sought a framework from which to pursue its objectives on core labor standards in the context of global trade. By core labor standards the United States means the right of association, right to collective bargaining prohibition on child labor, non-discrimination in employment and prohibition on forced labor. This negotiation was extraordinarily difficult and the convergence of views achieved is no small accomplishment. It establishes a balanced framework for how this issue should be dealt with in the future. The effort made at Singapore will help ensure collaborative efforts between the WTO and the ILO.

Basic Telecom. Good progress was also made this week on advancing the negotiations on basic telecom. Following a meeting co-chaired on Monday by Ambassador Barshefsky and FCC Chairman Reed Hundt a number of countries announced that in January they will present new or improved offers. The United States is hopeful, as a result of this week, it will be able to conclude these talks successfully in February by getting high quality offers from a critical mass of countries.

Agriculture. One of the key issues in The Conference was to review implementation of Uruguay Round commitments and enforcement of obligations. This is of particular importance to U.S. Agriculture. Today's Ministerial Declaration guarantees that negotiations to continue the reform process in a number of areas, including agriculture, will remain consistent with the timetable agreed to in Marrakesh.

During her remarks, Ambassador Barshefsky highlighted that the groundwork for the 1999 negotiations will go forward in 1997 and outlined its importance to American agriculture.

She noted that U.S. agriculture still faces serious impediments around the world. Import barriers, state trading enterprises, export subsidies and unjustifiable sanitary and phytosanitary regulations still hamper U.S. agriculture exports. The outcome of this Ministerial offers us the opportunity to attack these problems head-on.

Ambassador Barshefsky also praised the private sector and Congressional delegations for their participation in the WTO process.

Investment. On this subject the United States is satisfied that the WTO work program on investment will not endanger the OECD investment negotiations in Paris, which are scheduled to conclude in May 1997. The purpose of the OECD negotiations is to obtain a high-standard multilateral investment agreement that will protect U.S. investors abroad.

Competition. The United States' position on this issue ensures that work on competition will not threaten our laws which protect the principles of fair pricing and fair competition. We should not undo work within the WTO on anti-dumping issues that has barely begun. The work plan must focus on the problems of cartels and other private anti-competitive behavior which can impede U.S. exporters' access to foreign markets.

Textiles. Nothing in the declaration will have an impact on our existing trade policies with regard to textiles.



96-97 NOT ISSUED



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
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FOR IMMEDIATE RELEASE
Friday, December 20, 1996

96-98
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Foreign Market Share for Semiconductors Falls in First Half of 1996

The foreign share of Japan's semiconductor market fell to 26.4% in the second quarter of 1996, though the U.S. market share remained relatively steady. The data show a significant decline in market share from the record high recorded in the fourth quarter of 1995, but slightly above the 25.4% average 1995 foreign market share. The second quarter was the last full quarter covered under the 1991 U.S.-Japan Semiconductor Arrangement, which expired on July 31, 1996, though the United States will continue to monitor foreign market share in Japan. The market share figure for the first quarter 1996 was revised downward to 26.9% as a result of erroneous data provided by the Japanese government on the overall size of the Japanese market for that period.

Most of the decline in the first half of 1996 results from the sharp decline in the market for DRAMs and consequent drop in their price. DRAMs account for approximately 35 percent of foreign company sales in Japan. Because the United States is a less significant supplier of DRAMs to the Japanese market, U.S. companies' share was less affected than other foreign suppliers by this situation and actually was slightly above the average 1995 U.S. share.

"This situation underscores the volatility of the semiconductor market and reaffirms that the U.S. Government was right in steadfastly pressing for continuation of a government-to-government agreement in semiconductors," said Ambassador Charlene Barshefsky. "Although foreign suppliers have made enormous progress in penetrating Japan's semiconductor market under the 1991 agreement, we and our industry accurately recognized the need for continued efforts and monitoring by both governments and industry.

"The bilateral agreement we reached with the Government of Japan on August 2 ensures that the progress gained under the 1991 agreement will continue and that we will maintain a mechanism for discussing market access issues in a cooperative and nonconfrontational manner. I also want to assert that this situation underscores the need for progress between the U.S. and Japanese semiconductor industries in the Semiconductor Council established by our agreement."

On August 2, the United States and Japan concluded a new bilateral agreement on semiconductors which will encourage continued progress on market access and industry cooperation and help to solidify the gains of recent years. The heart of the new agreement is an industry-to-industry agreement which provides for a continuation of existing industry cooperative activities and expansion of such cooperation to new areas such as standards, intellectual property rights, trade liberalization, environmental and safety issues and market development. In addition, the new agreement calls on industries to provide quarterly market reports and analysis. Governments will then review these activities and reports and monitor the situation in the Japanese and other major markets.

Under the 1991 Arrangement, the U.S. and Japanese governments jointly calculated the foreign share of

Japan's semiconductor market. During the five-year period of the 1991 Arrangement, foreign market share increased from 14.3% in the third quarter of 1991 to 29.6% in the fourth quarter of 1995. The revised calculation for the first quarter 1996 as well as the second quarter 1996 calculations were also done jointly by the US and Japan Governments. The Japanese government explained that the error in the data originally provided for the first quarter of 1996 resulted from the conversion of Japanese customs nomenclature to the new harmonized tariff system and the erroneous inclusion of certain tariff categories in total Japanese semiconductor exports. This had the effect of inaccurately understating Japanese market size and, thus, overstating foreign market share. Release of the second quarter 1996 share figure will complete the data requirements of the 1991 Arrangement.

The new agreement provides for industries to collect a broad range of market data, including foreign market share, and to prepare a quarterly report that will be presented to governments. Industries are still working out the technical details. Until it is clear that this new system will function effectively, the U.S. Government intends to continue calculating foreign share in the Japanese semiconductor market in a manner consistent with the calculations made under the 1991 Agreement. Data for the third quarter of 1996 is expected to be available in mid- January 1997.

Foreign Market Share	
Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992	15.9%
Q4 1992	20.2%
Q1 1993	19.6%
Q2 1993	19.2%
Q3 1993	18.1%
Q4 1993	20.7%
Q1 1994	20.7%
Q2 1994	21.9%
Q3 1994	23.2%
Q4 1994	23.7%
Q1 1995	22.8%
Q2 1995	22.9%
Q3 1995	26.2%
Q4 1995	29.6%
Q1 1996	26.9%
Q2 1996	26.4%

-30-

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C.
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FOR IMMEDIATE RELEASE
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96-99
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ACTING USTR BARSHEFSKY ANNOUNCES RESULTS OF SPECIAL 301 "OUT-OF-CYCLE" REVIEWS

United States Trade Representative-designate Charlene Barshefsky today announced "out-of-cycle" review decisions with respect to Greece, Russia, Saudi Arabia, Argentina, the Philippines and Hong Kong under the U.S. Government's "special 301" program, designed to advance the protection of intellectual property rights.

Today's decision again demonstrates the Administration's commitment to press other countries throughout the year to improve intellectual property protection. This is the third special 301 out-of-cycle review conducted this fall. Paraguay, Bulgaria, Bolivia and South Africa were reviewed in September; Italy, Thailand and Taiwan were assessed in October.

"We will continue to monitor developments and take appropriate actions wherever warranted to boost enforcement against IPR piracy. In country after country our basic test is to ensure that the laws, legal procedures and enforcement tools are in place to protect American intellectual property," said Barshefsky. "As conditions improve in countries, they may be removed from these lists; if conditions deteriorate, we will respond accordingly."

The Clinton Administration has an unparalleled record of IPR enforcement. In the last four years, USTR has launched more than 15 separate intellectual property protection initiatives, including several agreements to crack down on IPR piracy in such areas as production, distribution, sales and export in countries as diverse as China, Saudi Arabia, Mexico, Brazil, Japan, Singapore, Argentina, and Bulgaria and Italy.

In addition to these bilateral actions, this Administration is using the WTO's Trade Related Intellectual Property Agreement (TRIPs) to ensure that other countries provide high levels of intellectual property protection. The United States has already initiated five WTO dispute settlement actions against other countries because of their failure to meet promptly their TRIPs obligations.

In April 1996, at the time of the last special 301 review, Barshefsky placed Argentina and Greece on the "priority watch list" and Russia, Saudi Arabia and the Philippines on the special 301 "watch list." In addition, she announced continuing concerns about Hong Kong. She stated that she would conduct out-of-cycle reviews regarding the situation in these countries and territories.

In another matter related to the protection of intellectual property rights, there are indications of improved enforcement efforts under the U.S. - China IPR Agreements, particularly in Guangdong Province. A USTR team in Guangdong this week determined that four underground factories and nine CD production lines have been shut down in recent weeks. These closures result from a reward system established by local authorities that pays up to 300,000 RMB (more than \$30,000) for information

leading to the closure of CD factories. In addition, Chinese customs authorities have stepped-up their efforts at the border -- targeting the illegal import of CD production equipment. Meanwhile, imports of U.S. audiovisual products -- especially sound recordings and motion pictures -- have increased somewhat over last year's levels. While acknowledging progress, USTR officials noted that they will continue to monitor Chinese IPR protection efforts.

The out-of-cycle reviews have led to the following determinations:

Greece will remain on the priority watch list.

U.S. copyright holders are suffering significant losses in Greece due to piracy of their works. The problem is particularly severe for U.S. motion picture producers, whose films are routinely broadcast on Greek TV without payment of royalties. Past Greek measures to address these problems have been inadequate, prompting the scheduling of this out-of-cycle review and calls from some U.S. copyright interests to designate Greece as a priority foreign country. Following consultations between our Governments here and in Athens, the Government of Greece has developed and presented to the United States an "Action Plan" of specific steps it will take to control this problem.

Ambassador Barshefsky commented, "Greece now has committed to take necessary measures to protect the rights of American copyright holders. I applaud this action. Although the plan could have gone further, it is a step in the right direction. I look forward to full implementation of the Action Plan and satisfactory resolution of U.S. copyright concerns by April 30, 1997, when the annual special 301 announcement is made."

Russia will remain on the watch list.

Russia continues to take steps to address U.S. intellectual property concerns and to fulfill its obligations under the 1992 U.S.-Russia Trade Agreement. A new criminal code will come into effect in Russia in January, 1997. The new law will provide significantly increased criminal penalties for intellectual property infringements. However, there are problems with this law that need to be addressed. In addition, major enforcement actions have taken place recently, in advance of the effective date of the new code. Nevertheless, extensive piracy of U.S. video cassettes, films, music, books and software continues to be a serious problem. Russia also denies copyright protection to pre-1995 foreign sound recordings and other copyrighted foreign works produced prior to 1973. This is inconsistent with the obligations of the Berne Convention, the TRIPs Agreement and our bilateral trade agreement. Finally, Russia has not addressed discriminatory market access barriers to U.S. works.

Russia will impose tougher criminal penalties on January 1, 1997. The critical action, however, is the aggressive enforcement of these laws by Russia's authorities. Of equal importance is that Russia extend full copyright protection as rapidly as possible to all American copyrighted works, including sound recordings. Ambassador Barshefsky stated, "Russia has begun to make progress on combating copyright piracy. While we recognize the difficulty of this challenge, much more needs to be done. A significant increase in enforcement actions against copyright piracy must occur across Russia."

Saudi Arabia will remain on the watch list.

In April, Ambassador Barshefsky moved Saudi Arabia from the priority watch list to the watch list. In doing so, she commended Saudi Arabia for advances made in enforcing its copyright law. However, she scheduled this out-of-cycle review to ensure that such progress is continuing.

Barshefsky's findings are that progress has continued, but at a very slow pace. She stated, "I am maintaining Saudi Arabia on the watch list because we have seen some progress. However, much more must be done by the enforcement authorities in Saudi Arabia, particularly against pirated audio and video products, and the unauthorized use of computer software, including by agencies of the Saudi Government."

Argentina remains under review.

In April, Barshefsky moved Argentina to the priority watch list in large part because patent legislation enacted at that time fell far short of providing adequate and effective protection, particularly for pharmaceutical products. The legislation also failed to fulfill earlier Argentine assurances. In the interim, little has changed in Argentina to improve this assessment. Argentina recently enacted what appears to be an inadequate law regarding the protection of exclusive test data.

Ambassador Barshefsky said, "I am very concerned that Argentina has not taken adequate steps to improve patent protection, particularly for pharmaceutical products. Argentina has recently enacted a new law to protect exclusive test data. While we continue to review this law, our preliminary assessment indicates that it falls well short of international standards."

The Philippines remains under review.

In 1993 USTR Kantor moved the Philippines from the priority watch list to the watch list after the Philippines entered into a bilateral agreement to take steps to address U.S. intellectual property concerns. The Philippines has taken many of these steps. However, a major part of this commitment -- to obtain enactment of modern intellectual property laws -- has not been completed by the Philippine Congress. Moreover, computer software "decompilation," which permits the reverse engineering of proprietary software, has now been included in the Senate version of this legislation.

Ambassador Barshefsky said, "We have been more than patient in waiting for the Philippines to fulfill this important obligation. The next critical step is very prompt enactment of decompilation-free IPR legislation."

Hong Kong will not be placed on the watch list, but U.S. Government monitoring will continue.

In her April 1996 announcement, Barshefsky noted that Hong Kong has taken significant steps to combat the flood of pirated compact discs entering its territory from China. Nevertheless, she remained concerned about the extensive copyright piracy that remains in Hong Kong. The current "out-of-cycle" review demonstrated that Hong Kong continues to take steps to address this problem, including the enactment of improved copyright legislation. However, Ambassador Barshefsky indicated ongoing concerns about a computer software decompilation -- or reverse engineering -- provision in this legislation.

Ambassador Barshefsky noted, "I am pleased with Hong Kong's determination to solve the problem of extensive copyright piracy. However, the ongoing problems remain serious and require further efforts -- legislatively and through enforcement actions -- to crack down on those violating these laws."

-30-

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U.S. - CHINA TEXTILES AGREEMENT EXTENDED TO JANUARY 31, 1997

Amid progress in bilateral negotiations over the weekend to renew the 1994 U.S.-China bilateral agreement on textiles and apparel trade, U.S. Trade Representative Designate Charlene Barshefsky announced that the current agreement would be extended until January 31, 1997. The agreement was set to expire on December 31, but the third round of negotiations toward a new agreement conducted December 19-21 in San Francisco resulted in a general understanding of the scope of an agreement and technical issues to be covered in a new accord.

"I am pleased that our negotiating team led by Ambassador Rita Hayes is making progress," said U.S. Trade Representative Designate Charlene Barshefsky. "By extending the terms of our 1994 agreement for thirty days, we are providing the necessary time to resolve outstanding issues and define the terms of a new agreement. The United States' objectives in reaching an agreement remain the same: The agreement must deal effectively with compliance-related issues -- especially illegal transshipments -- and meet the basic principle that we must be able to sell products in China."

The next round of negotiations are proposed for late January in Beijing, China. Previous negotiations toward renewal of a U.S.-China bilateral agreement were conducted on October 17-18 in Washington, D.C., and December 2-5, 1996 in Beijing, China.

-30-

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