

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

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FOR IMMEDIATE RELEASE
January 14, 1998

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**EMBARGOED UNTIL 4:00 P.M.
JANUARY 14, 1998**

UNITED STATES AND LITHUANIA SIGN BILATERAL INVESTMENT TREATY

The United States and Lithuania today signed a Bilateral Investment Treaty (BIT). United States Trade Representative Charlene Barshefsky and Lithuanian Foreign Minister Algirdas Saudargas signed the treaty in Washington.

"This treaty provides a strong basis for trade and investment relations with Lithuania," said Ambassador Barshefsky. "The treaty is a key element of an expanded trade relationship and reciprocal market-opening commitments in the interest of both countries. It is another significant step forward in building a solid foundation for our trade and investment relations with each of the Baltics."

The Treaty guarantees the right to invest on terms no less favorable than those accorded domestic or third-country investors, in most sectors. It also guarantees the free transfer of capital, profits and royalties, freedom from performance requirements that distort trade and investment flows, access to international arbitration, and internationally recognized standards for expropriation and compensation. In addition, the Treaty obligations ensure maximum transparency in investment.

The BIT is the 18th signed during the Clinton Administration and the 41st overall. Bilateral investment treaties with Estonia and Latvia, the two other Baltic states, were signed in 1994 and 1995, respectively. The treaty will now be conveyed to the U.S. Senate for ratification.

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FOR IMMEDIATE RELEASE
Thursday, January 15, 1998

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**APPELLATE BODY FINDS EC HORMONE BAN INCONSISTENT WITH WTO
OBLIGATIONS UNDER SPS AGREEMENT**

In response to press reports out of Europe on Wednesday, the United States Trade Representative confirmed today that the Appellate Body of the World Trade Organization (WTO) affirmed the finding of a dispute settlement panel that the European Communities' (EC) import ban on meat produced using growth-promoting hormones violates the Agreement on Application of Sanitary and Phytosanitary Measures (SPS Agreement). This was the first dispute involving the SPS Agreement that has reached the Appellate Body.

"The Appellate Body report confirms the value of the WTO in rules distinguishing legitimate food safety requirements from unscientific and unjustified barriers to U.S. exports," U.S. Trade Representative Charlene Barshefsky said. "The EC ban on U.S. beef was not based on scientific principles. Every country, including the EC members, that has assessed whether such hormones pose a human health risk has found that they do not. We applaud the Appellate Body's findings, which emphasize both the rights of each country to establish appropriate levels of protection for human health and the requirement that any measures developed to protect human health be adopted consistent with the principles set forth in the SPS Agreement, including the requirement for a risk assessment. We look forward to working with the EC on full implementation of the Appellate Body's findings."

One of the most important principles incorporated in the SPS Agreement is that each WTO Member country may establish its own appropriate level of protection respecting sanitary risks, including those associated with food safety. However, while countries are free to implement levels of protection for human health that are different than those set forth in existing international standards, they cannot implement trade barriers disguised as health measures.

The WTO has agreed that the EC has no scientific basis for blocking the sale of American beef in Europe based on the use of growth hormones. This is a sign that the WTO dispute settlement system can handle complex and difficult disputes.

"We join U.S. beef producers in welcoming this landmark decision supporting the U.S. complaint and reaffirming the principles of fair trade and good science," Agriculture Secretary Dan Glickman said. "We hope and expect that the EU will now take the necessary steps to bring its policies into compliance with WTO obligations by moving to lift the ban on beef from the United States and other affected countries. We stand ready to work with EU officials toward resuming normal trade as soon as possible. It is time to put an end to this long-running trade dispute and allow EU consumers to decide for themselves what they want to buy. The WTO dispute-settlement process has run its course, and the EU must now honor its obligations."

Note: The full text of all WTO Appellate Reports will be available from January 16, 1998, on the WTO's World Wide Web site at <http://www.wto.org>. The Appellate Body report, entitled, EC Measures Concerning Meat and Meat Products (Hormones), will be available for copying in USTR's public reading room on January 16 as well.

Background

On January 1, 1989, the EC imposed a ban on imports of animals and meat from animals treated with hormones to promote more rapid growth -- cutting off U.S. beef exports to the Community valued then at approximately \$100 million annually. The United States sought to challenge the EC measures under the dispute settlement procedures of the General Agreement on Tariffs and Trade (GATT), but the EC refused to allow a technical experts group to review the case. In response to the EC's blockage of dispute settlement procedures, the United States increased duties on certain products of the EC, pursuant to section 301 of the Trade Act of 1974. The increased U.S. duties remained in effect until the United States succeeded in having a WTO panel established to examine the EC hormone ban.

After the World Trade Organization (WTO) was created, the United States invoked the new WTO dispute settlement procedures to challenge the EC measures. Specifically the United States challenged the EC ban on the use of 6 specific hormones, all approved for use in the United States and some other countries, and 5 of which have been reviewed by the experts of the Codex Alimentarius Commission ("Codex") and determined to be safe.

The United States requested consultations with the EC in late January 1996, and in May 1996 the WTO Dispute Settlement Body established a panel to hear the case in response to a U.S. request. Canada later brought a parallel action to challenge the EC ban, and the same panelists were assigned to hear the Canadian case. The panel then decided to extend its work to seek the advice of scientific experts. The panel issued its final reports in both cases in August 1997.

The U.S. challenge was based primarily on arguments that the EC import ban breaches provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures ("SPS Agreement"). The SPS Agreement clearly preserves the right of governments to apply food safety measures to protect human life and health, but at the same time it requires that such measures must in fact be for that purpose and not for protectionist purposes, and must be based on scientific evidence.

The SPS Agreement establishes rules for determining whether import bans and other trade-restrictive actions that governments may characterize as food safety measures protect public health or provide a competitive advantage for domestic producers. In particular, the SPS Agreement relies on science to distinguish legitimate food safety measures from disguised protectionism. The SPS Agreement

provides dispute settlement panels with clear guideposts for their review. It provides that measures must be based on scientific principles, must not be maintained without sufficient scientific evidence, must be based on an assessment of the risks to human life or health, must not be more trade-restrictive than required to achieve the appropriate level of protection, and must be based on international standards, guidelines or recommendations, where they exist, except where a more stringent standard is deemed appropriate in order to achieve a different level of protection or where there is a scientific justification.

At issue in this case is an EC import ban based on the claim that eating meat from animals that have been given any of six veterinary drugs poses a health risk. The EC's ban ignores a vast body of scientific evidence -- including evidence produced by the EC's own reviews -- that it is safe to consume meat from animals to which these drugs have been administered in accordance with good animal husbandry practice.

During the WTO legal proceedings the EC claimed that its ban is based on health concerns. The United States argued that U.S. meat treated with these 6 growth promoting hormones is safe and that the EC's attempt to protect domestic production from more competitive imports (and intra-EC competition) is trade protectionism, not protection of health and safety. The panel's final report found that the EC has acted inconsistently with the SPS Agreement by maintaining sanitary measures which are not based on a risk assessment; by adopting arbitrary or unjustifiable distinctions in the levels of sanitary protection it considers to be appropriate in different situations which result in discrimination or a disguised restriction on international trade; and by maintaining sanitary measures which are not based on existing international standards without the justification required by the SPS Agreement.

The Appellate Body's Report affirms the legal findings of the dispute settlement panel that the EC ban on hormones for growth promotion is not based on a risk assessment. Additionally, the Appellate Body rejected several of the procedural challenges raised in the EC appeal. The Appellate Body sustained the dispute settlement panel's use of independent experts and rejected the EC's argument that the dispute settlement understanding required the panel to rely instead on the advice of an expert review group.

Importantly, the Appellate Body Report refused the EC request to find that the Panel had not properly considered the facts of the dispute. The Appellate Body also sustained the panel's discretionary control over its own procedures, including its decision to provide for a joint meeting with the expert witnesses in the disputes separately initiated by the United States and Canada with respect to the same EC hormone ban.

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FOR IMMEDIATE RELEASE
Thursday, January 15, 1998

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**USTR BARSHEFSKY ANNOUNCES RESULTS OF
SPECIAL 301 "OUT-OF-CYCLE" REVIEWS**

United States Trade Representative Charlene Barshefsky today announced "out-of-cycle" review decisions with respect to Paraguay, Turkey, Bulgaria, Brazil, and Hong Kong under the U.S. Government's special 301 program, designed to advance the protection of intellectual property rights.

Ambassador Barshefsky today identified Paraguay as a "priority foreign country" under the "special 301" provisions of the Trade Act of 1974 (Trade Act), noting Paraguay's failure to take effective action against alarming levels of piracy and counterfeiting and failure to implement modern intellectual property laws. USTR will initiate an investigation of Paraguay's practices under special 301 within 30 days and will be requesting consultations with Paraguay at that time. Failure by the Government of Paraguay to address U.S. concerns prior to the close of the investigation could lead to the imposition of bilateral trade sanctions.

Ambassador Barshefsky also announced that she has requested establishment of a WTO dispute settlement panel to examine the U.S. complaint against Ireland regarding its failure to implement TRIPS-consistent copyright legislation. Under the WTO TRIPS agreement, Ireland was obligated to implement the TRIPS agreement by January 1, 1996.

In addition to identifying Paraguay, Ambassador Barshefsky announced these other out-of-cycle review decisions:

- Bulgaria will be elevated to the priority watch list. Should Bulgaria fail to make substantial progress toward combating the piracy of CDs and software compilations on CD-ROMs, it will be identified as a priority foreign country, as early as April.
- Turkey will remain on the priority watch list. The Administration will not consider

requests to augment Turkey's benefits under the U.S. Generalized System of Preferences (GSP) until long-sought improvements are made in Turkey's intellectual property laws and enforcement.

- Brazil and Hong Kong will be maintained on the watch list but must make additional progress on issues of concern by the April review.
- Ambassador Barshefsky also expressed concern with the current situation in Ecuador.

Today's decision again demonstrates the Administration's continued resolve to press other countries throughout the year to improve intellectual property protection and enforcement. "We will continue to monitor developments and take appropriate actions wherever warranted to boost enforcement against piracy. In country after country a basic test is whether the laws, enforcement tools, and compliance meet international standards," said Barshefsky. On October 27, 1997, Ambassador Barshefsky announced other out-of-cycle review decisions with respect to Italy, Thailand, Panama, Ecuador and Luxembourg.

The Clinton Administration has an unparalleled record of IPR enforcement. As the result of actions that Ambassador Barshefsky announced in the 1997 special 301 review, the Administration has initiated or reached positive settlements in WTO dispute settlement actions against Denmark, Sweden, and Ireland. This brings to nine the number of IPR-related WTO cases initiated by the United States since 1996. In December 1997, Ambassador Barshefsky announced the WTO had ruled in favor of the United States in its case against India on protection of pharmaceuticals and agricultural chemicals. This was the first intellectual property rights dispute decided by the WTO Appellate Body and represents a significant victory that will benefit U.S. pharmaceutical and agricultural chemical companies' interests in several developing countries.

In April 1997, at the time of the last special 301 annual review, Barshefsky placed Paraguay and Turkey on the "priority watch list", and placed Bulgaria, Brazil, and Hong Kong on the "watch list." In addition, she announced that she would conduct out-of-cycle reviews regarding the situation in these countries prior to the April 1998 annual review.

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

Paraguay will be identified a priority foreign country.

In the absence of effective enforcement actions by the Government, piracy and counterfeiting have reached alarming levels in Paraguay. The United States has persistently urged the Government of Paraguay to take effective action to crack down against piracy and counterfeiting internally and especially at its borders with Argentina and Brazil. The Government has also been urged to enact adequate and effective intellectual property legislation, covering patents, copyrights and trademarks. Despite the efforts of some concerned Government officials, the enforcement actions taken to date have been insufficient to halt rampant production and export of pirate and counterfeit goods. Paraguay also remains a major transshipment point for such product to the

rest of the region. We are encouraged that copyright and trademark legislation recently passed Paraguay's Chamber of Deputies, but are discouraged by the lack of progress toward passage of adequate and effective patent legislation. We look to the Government of Paraguay to take effective enforcement action, internally and at the border, toward substantially eliminating piracy and counterfeiting and to enact adequate and effective intellectual property legislation without further delay.

Bulgaria will be elevated to the priority watch list. Should the Government of Bulgaria fail to make substantial progress toward combating the piracy of CDs and software compilations on CD-ROMs, it will be identified as a priority foreign country, as early as April.

Despite having established a modern legal framework which should enable the Government of Bulgaria to crack down against copyright piracy, it has failed to take effective enforcement actions to address a rampant piracy problem. The United States is seriously concerned that Bulgaria has become the largest source of pirate CD production in Europe and one of the largest exporters of such products. We are particularly disturbed that this situation persists despite the fact that the Government of Bulgaria has made commitments to provide effective enforcement under two previous bilateral agreements with the United States. This includes a commitment to establish an effective title verification system aimed specifically at preventing and detecting unauthorized production of such CD's and CD-ROMs at the CD plants and other facilities. In addition, the Government of Bulgaria has committed to implement the WTO TRIPS Agreement, including its enforcement provisions, as of December 1, 1996.

Turkey will remain on the priority watch list. The United States will not consider requests to augment Turkey's benefits under the U.S. Generalized System of Preferences (GSP) until long-sought improvements are made in Turkey's intellectual property laws and enforcement.

Turkey continues to have inadequate intellectual property laws and its enforcement efforts have largely been ineffective. As part of Turkey's entry into a customs union with the EU, Turkey agreed to continue to improve its intellectual property regime. Nevertheless, Turkey's copyright and patent laws remain deficient and TRIPS inconsistent in a number of respects. Moreover, enforcement efforts remain lax and, as a result, piracy is widespread. We are encouraged that Turkey recently equalized the tax on the showing of foreign and domestic films pursuant to our agreement to resolve a WTO dispute settlement proceeding. However, insufficient progress has been made on the remaining issues of concern to the United States. We will review Turkey's progress toward resolving these issues in the April 1998 review.

Brazil will be maintained on the watch list.

The U.S. remains concerned that Brazil has not enacted adequate and effective intellectual property laws to protect computer software, copyright and integrated circuits. The United States is also concerned that Brazil has not yet fully implemented the modern patent legislation which came into effect in May 1997. We have noted, however, that some progress toward enactment of software and copyright legislation has been made since April. We are further encouraged by reports that this legislation has recently been granted "urgent" status and will be considered in an

upcoming legislative session. We expect that Brazil will make progress toward successfully resolving these issues before the April review.

Hong Kong will be maintained on the watch list.

We are encouraged by steps taken by Hong Kong authorities since the April 1997 review toward addressing U.S. concerns regarding piracy. These include more intense and frequent raids on retail centers; the first-ever raids on pirate CD production facilities in Hong Kong; as well as legislative improvements, notably the enactment of a new Copyright Ordinance, initiation of its licensing regime for imported CD production equipment, and the drafting of laws to license and regulate the operation of optical disc production facilities. Despite these initiatives, the piracy situation in Hong Kong has not improved. Many major pirate retail centers remain in full operation and overcapacity for CD production continues to rise. In the April review, we will closely examine Hong Kong's implementation of pending legislative proposals, including additional measures aimed at strengthening Hong Kong's enforcement regime, as well as the extent to which enforcement activity has reduced overall rates of piracy.

Ecuador

At the end of December 1997, Ecuador introduced draft intellectual property legislation. We are currently examining the legislation and monitoring its progress in the Congress. We are seriously concerned that, despite Ecuador's repeated assurances that it would fulfill all of its international IPR obligations before now, it has thus far failed to do so. We also remain concerned that discriminatory provisions of the Dealers' Act may continue to be applied against U.S. companies. We are currently examining the appropriate next steps to address this situation.

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FOR IMMEDIATE RELEASE
Tuesday, January 20, 1998

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**EC HORMONE BAN RELATING TO MEAT IMPORTS VIOLATES SPS
AGREEMENT ACCORDING TO APPELLATE BODY**

The Appellate Body of the World Trade Organization (WTO) last week affirmed the finding of a dispute settlement panel that the European Communities' (EC) import ban on meat produced using growth-promoting hormones is inconsistent with the obligations of the EC under the Agreement on Application of Sanitary and Phytosanitary Measures (SPS Agreement). The Appellate Body agreed with the United States that the EC has no scientific basis for blocking the sale of American beef in Europe based on the use of growth hormones. Once adopted by the WTO, the Appellate Body report requires the EC to conform its sanitary measures on such hormones to its obligations under the SPS Agreement.

The United States sought to achieve three objectives in the hormones case:

1. To preserve the right of our exporters to be free from trade restrictions disguised as sanitary measures that are not based on scientific principles;
2. To maintain the balance in the SPS Agreement between a country's right to adopt tougher levels of protection than are recognized internationally and the disciplines of the SPS Agreement that are intended to ensure that sanitary measures are based on scientific principles and are not more restrictive than necessary; and
3. To obtain a finding that sanitary measures predating the coming into force of the SPS Agreement are not exempt from the requirements of the SPS Agreement.

All three objectives were accomplished in this case. As detailed below, the Appellate Body made specific legal findings that require the EC to bring its sanitary measures into conformance with the EC's obligations under the SPS Agreement. Given the underlying science respecting the effects of such hormones, the EC will confront extraordinary difficulty in concluding a risk assessment that supports its hormone ban.

The Appellate Body made the following legal findings regarding the obligations of the EC under the SPS Agreement::

1. The Appellate Body found that the EC's measures (the import ban) were not supported by a risk assessment in the case of five of the six hormones and with respect to the sixth hormone (MGA) that no risk assessment had been performed at all.

2. The Appellate Body reaffirmed a point that the United States also supports: a country possesses the right to adopt more stringent levels of protection than are provided for in international standards and guidelines conditioned on the chosen level of protection being implemented consistent with the requirements of the SPS Agreement, including the requirement of a risk assessment. This legal conclusion is important to the United States as we place increased focus on issues of food safety.

3. The Appellate Body also rejected the EC's argument that sanitary measures predating the SPS Agreement were "grand-fathered" or exempt from the SPS Agreement's requirements.

4. With respect to the requirement of a risk assessment, the Appellate Body made these additional legal findings:

a. First, the Appellate Body rejected the EC's contention that a risk assessment was not required with respect to its hormone ban.

b. Second, the Appellate Body found that the EC measures are inconsistent with Article 5.1 in view of the failure of the EC to provide a risk assessment that reasonably supports such measures (para. 250).

c. The Appellate Body agreed with the Panel's conclusion that the scientific reports listed by the EC do not rationally support the SPS measure at stake. (para. 197).

d. Although the Appellate Body said that sanitary measures could be based on scientific views that did not represent the majority of scientists, the AB carefully stated that such action might be appropriate where the risk involved is life threatening in character and is perceived to constitute a clear and imminent threat to public health and safety. (para. 194).

e. Significantly, the Appellate Body states that the single divergent scientific opinion offered by the EC "is not reasonably sufficient to overturn the contrary conclusions reached in the scientific studies." (para. 198)

f. The Appellate Body found that the EC studies were also insufficient because they relied on general studies relating to the effect of hormones generally and not to the effect of ingesting meat from cattle injected with growth hormones. (para. 200)

g. Finally, while holding that a risk assessment could include consideration of the adverse effects resulting from the failure to administer growth hormones in accordance with good veterinary practice, the Appellate Body concluded that the EC had failed to perform the requisite study. (Para. 207)

In summary, the Appellate Body found that the EC failed to perform a risk assessment at all with respect to one of the hormones and failed to perform a risk assessment respecting the other five hormones that reasonably supports or warrants the import prohibition embodied in the EC ban. (Para. 208) Thus, it was not the absence of a risk assessment (except for the case of the hormone MGA) that made the EC ban inconsistent with its SPS obligations, it is the failure of the underlying science reflected in those assessments, and those performed by the international scientific community, to rationally support the EC import prohibition. In light of the fact that the EC already has conducted two risk assessments, both of which failed to support its ban, and has had more than ten years in which to conduct risk assessments, the EC misreads the Appellate Body report if the EC concludes that it can satisfy its SPS Agreement obligations by now conducting yet another risk assessment that fails to support its measure.

The Appellate Body also ruled against the EC on the following procedural issues:

1. The Appellate Body rejected the EC's articulation of the applicable standard of review and sustained the "objective assessment of the facts" standard applied by the Panel;
2. The Appellate Body rejected the EC's allegations that the Panel had ignored evidence or mischaracterized arguments;
3. The Appellate Body rejected the EC's assertion that the Panel could not extend broader rights to third parties in the context of parallel panel proceedings involving the same measure (the EC had wanted the separate challenges by the United States and Canada to remain separate procedurally despite the duplication of effort that would have resulted);
4. The Appellate Body also rejected the EC's contention that the Panel could only consult an expert review group as opposed to seeking out the views of individual experts.

Note: The full text of all WTO Appellate Reports is on the WTO's World Wide Web site at <http://www.wto.org>. The Appellate Body report, entitled EC Measures Concerning Meat and Meat Products (Hormones), is available for copying in USTR's public reading room.

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FOR IMMEDIATE RELEASE
Thursday, January 22, 1998

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U.S. SHARE OF JAPAN'S FOREIGN RICE PURCHASES EXCEEDS 50%

U.S. Trade Representative Charlene Barshefsky announced today that Japan is buying more than half its rice imports from the United States during the current Japanese fiscal year (April 1997-March 1998). This represents a new high for U.S. exports of rice to Japan in the post-Uruguay Round period. Under Uruguay Round commitments, Japan pledged to substantially open its rice market to foreign suppliers. The United States will supply 50.1% of Japan's rice imports for the year ending March 31, 1998.

"U.S. rice is highly competitive, in both price and quality, and this growth in exports demonstrates that U.S. producers can be highly successful in the Japanese market," Ambassador Barshefsky stated. "We are pleased with the increase in Japanese purchases of U.S. rice this year. Japan has been a market of exceptional importance for U.S. rice and this action demonstrates again the gains for U.S. rice growers from trade agreements."

Under Uruguay Round commitments, Japan agreed to expand its minimum market access for imported rice. The commitment for Japanese Fiscal Year (JFY) 1997 was to import 530,600 metric tons (on a milled basis). The most recent Japanese tender, on January 16, resulted in purchases of 73,000 tons of rice from the United States, out of a total of 91,900 tons (brown and milled rice). The January tender completes Japan's rice buying for the current fiscal year, JFY 97.

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FOR IMMEDIATE RELEASE
Monday, January 26, 1998

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**WTO SETS FEBRUARY 5, 1998 FOR ENTRY INTO FORCE DATE
OF GLOBAL TELECOMMUNICATIONS AGREEMENT**

WTO Members decided in Geneva today that commitments under their global telecommunications agreement, reached almost one year ago, would formally enter into force on February 5, 1998. This is the final step necessary to lock in commitments to open global markets in this \$675 billion industry.

Ambassador Barshefsky announced that the United States had joined other WTO members in agreeing to the date of entry-into-force in recognition of the benefits it has already created and will further secure for U.S. firms abroad and U.S. consumers at home.

The WTO basic telecommunications agreement, reached last February 15, has had a profound effect on telecom markets around the world even before we formally agreed on entry-into-force," Ambassador Barshefsky said. In the last six months, licensing and deregulatory activity has picked up in markets around the world, such as Japan, the European Union and Brazil. U.S.-affiliated telecom firms are competitively positioned globally to expand the reach of telecommunications systems and gain new business opportunities. The agreement's entry into force assures more open and competitive global markets and expanded opportunities for U.S. firms. U.S. consumers will also reap benefits as greater competition brings about lower prices and more advanced service availability in the months and years to come. @

The entry into force of the WTO Basic Telecom Agreement was scheduled to be January 1, 1998, provided that each of the seventy WTO members which are parties to the agreement had formally accepted the agreement by November 30, 1997 on the basis of necessary ratification procedures. The seventy parties to the agreement include sixty-nine distinct territorial entities, of which fifteen are E.U. Member States, and the E.U. Presidency at the time (Luxembourg), on behalf of the European Communities. Entry-into-force was delayed when twenty of the parties missed the original deadline for accepting the agreement. The number of late acceptances now has declined to thirteen.

The WTO members that have accepted the agreement represent over 90% of WTO member telecom revenue. Those parties to the agreement whose acceptances are overdue represent 4% of the market," Ambassador Barshefsky said. However, it is essential that all the parties to the agreement give their acceptances and formally obligate themselves, and we are following up with them to assure that result. Therefore, we have secured the cooperation of countries who have not accepted the Agreement that they intend fully to ratify and meet the terms of the agreement, after the completion of legislative and other formalities. WTO Members have decided to give them until July 31, 1998 to make necessary legal and procedural changes. In the meantime, the number of countries that wish to be associated with this landmark agreement is increasing, with the addition of two more sets of commitments (Cyprus and Barbados) over the last month. In addition, Romania last week adopted necessary legislation to ratify the agreement, and should be signing it shortly. @

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**U.S. READY TO LEAD IN "ITA II" NEGOTIATIONS
TO EXPAND SWEEPING INFORMATION TECHNOLOGY TRADE AGREEMENT**

United States Trade Representative Charlene Barshefsky announced today that "the United States will demonstrate the same determination and leadership in negotiations set to begin at the WTO next month on 'ITA II' as we did in bringing about the original ITA agreement at Singapore in December 1996." Bolstered by the enthusiastic reply from the private sector, Ambassador Barshefsky said, "after careful review and consultation, the United States has tabled an ambitious approach that calls for a substantial expansion of the landmark Information Technology Agreement (ITA) that is so vital to the information technology sector. We look forward to working with the private sector and our trading partners in further developing our proposals as we negotiate 'ITA II'."

The ITA -- under which tariffs on information technology products are to be reduced to zero, generally by the year 2000 -- covered the core landscape of information technology products, including computers, telecommunications equipment, and semiconductors. ITA II should extend coverage more fully into important product areas that are driven by information technology, such as computer based scientific and analytical equipment, and global positioning systems, and coverage for inputs and manufacturing equipment for information technology products, such as for the production of printed circuit boards. These products encompass billions of dollars in trade in information technology products and equipment specifically used in the development of information technology products. The United States also indicated that it would be prepared, along with others, to accelerate tariff reductions for selected products that are already part of the ITA.

In keeping with the agreed procedures, the United States and a majority of the 43 countries that participate in the ITA, have tabled proposals for "ITA II." USTR and the interagency team carefully considered all the requests received in its Federal Register solicitation which encompassed requests for the addition of nearly 500 products, many of which are inputs, and numerous non-tariff measure proposals. In order to be fully prepared at the negotiating table, the

Office of the Trade Representative has asked the U.S. International Trade Commission for advice on the broad range of requests that have been submitted in our consultative process as well as the requests received to date from our trading partners. "I am counting on the continued collaboration and cooperation that we have enjoyed thus far between the government and the private sector to achieve an ambitious package for ITA II," Ambassador Barshefsky stated.

The ITA entered into force on July 1, 1997. Some 43 countries representing nearly 95% of world trade in information technology products will eliminate tariffs in most cases by 2000, in a sector accounting for approximately \$1 trillion dollars in global production and over \$500 billion in international trade flows. In order to maintain the dynamic nature of the ITA, participants agreed to complete negotiations in the summer of 1998 that expand product coverage and improve the operation of the Agreement and to implement the results beginning in January 1999. All decisions regarding product coverage must be agreed by consensus of participants.

Further information on the ITA may be obtained at www.wto.org and www.ustr.gov.

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FOR IMMEDIATE RELEASE
Friday, January 30, 1998

Contact: 98 - 08
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**STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY
CONCERNING WTO FILM PANEL DECISION**

United States Trade Representative Charlene Barshefsky today issued the following comment in response to the issuance of the WTO panel report on the Japan film case:

“As I said at the time of the preliminary decision in December, we are obviously extremely disappointed in the WTO panel decision,” said Ambassador Barshefsky. “It is impossible to reconcile the realities of the marketplace with that decision. It is our intention to outline steps in the very near future to ensure that the Japanese market in this sector is indeed open and competitive.”

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FOR IMMEDIATE RELEASE
Monday, February 2, 1998

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**PRESIDENT CLINTON'S FY '99 BUDGET FOR USTR
FOCUSES ON TRADE EXPANSION & ENFORCEMENT**

President Clinton today proposed a \$24.8 million budget for the Office of the U.S. Trade Representative which incorporates additional resources for trade enforcement. The budget also envisions successful congressional action on such measures as the Africa Initiative, the Caribbean Basin Trade Security Program (CBI), renewal of the Generalized System of Preferences (GSP), and ratification of the OECD Shipbuilding Agreement.

"The President's FY '99 budget outlines an activist trade agenda in terms of market-opening actions and ensures that we will have the resources to enforce our trade agreements around the world," said Ambassador Barshefsky. "In the best tradition, the USTR budget is 'lean and mean.' We will continue to build upon the 240-plus trade agreements this Administration has negotiated and work to bring down unfair trade barriers to open foreign markets for U.S. goods and services."

The President's FY '99 budget incorporates ten new trade enforcement positions and four negotiators in such critical areas as market access and subsidies concerns, and adds one new trade specialist position each in the China and Japan offices.

Background -- FY 1999 USTR Budget Overview

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>1998-99</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Request</u>	<u>Change</u>
Funds	\$21,449,000	\$23,744,000*	\$24,836,000	+\$1,092,000
FTEs	164	178	180	+2

* includes \$23,450,000 appropriation and \$294,000 for payments to the State Department for administrative support under the ICAAS program. The \$294,000 was added to USTR's budget as part of an appropriation transfer.

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FOR IMMEDIATE RELEASE
Tuesday, February 3, 1998

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EMBARGOED UNTIL 1:30 p.m., February 3, 1998

**USTR AND DEPARTMENT OF COMMERCE ANNOUNCE NEXT STEPS
ON IMPROVING ACCESS TO THE JAPANESE MARKET FOR FILM**

United States Trade Representative Charlene Barshefsky and Commerce Secretary William Daley today announced a new market opening initiative for imported photographic materials in Japan. "Access to this market has been a longstanding problem, which we are determined to resolve," they stated.

The Administration will establish an interagency monitoring and enforcement committee to review implementation of formal representations made by the Government of Japan last year to a World Trade Organization (WTO) panel regarding its efforts to ensure the openness of its market to imports of film. In its representations to the panel, Japan claimed that it is implementing policies that promote improved foreign access through the elimination of trade barriers and restrictions on competition.

Contrary to the experience of U.S. and other foreign photographic film and paper manufacturers in the Japanese market, the Government of Japan formally stated that it neither restricts foreign imports of foreign photographic film and paper nor does it tolerate restrictive business practices by private firms that would have a similar result. Among other things, it represented that:

- the Japanese distribution system for photographic film and paper is open;
- the Japanese Government actually encourages imports of foreign photographic film and paper;
- the Japanese Government does not tolerate restraints on competition in this sector;

- the Japanese Government prohibits practices that discourage the opening of large stores;
- the Japanese Government does not discriminate against foreign firms in this sector; and
- the Japanese Government does not restrain price competition in the photographic film and paper sector.

By making these statements to a WTO panel, Japan has committed itself before an international tribunal to implement its wholesale and retail distribution measures and enforce its competition laws in a manner consistent with its own representations and findings. While the WTO panel did not comment on the openness of the photographic film and paper market in Japan, the Government of Japan itself made a number of formal representations to the WTO about the current openness of its market. Ambassador Barshefsky said, "Our approach is simple and straightforward: we want Kodak, Agfa, and other foreign producers to put the Government of Japan's formal representations to the test."

The Administration will establish a monitoring and enforcement committee, co-chaired by USTR and the Department of Commerce, to monitor developments in the Japanese photographic materials market. Under the monitoring program outlined by Ambassador Barshefsky and Secretary Daley, the United States will collect and assess data, including the availability of foreign brands in distribution channels in Japan, the number and type of retail stores in Japan carrying photographic products, and the availability, by volume, of foreign brands in these outlets. The committee will report the results on a semi-annual basis, with the first review to be completed by July 1998.

"We view monitoring and enforcement as a top priority and are committed to ensuring that Japan's photographic film and paper market is as open as Japan claims. The establishment of this committee is the most recent example of our agencies working closely together to ensure improved access to foreign markets for American companies," Secretary Daley said.

Kodak is continuing its efforts to gain access to the main distribution channels for film in Japan, and has agreed to work closely with the interagency committee to monitor Japanese implementation of the representations, which the United States regards as market access commitments.

Today the United States provided the Government of Japan with a copy of the attached document, outlining the representations that the United States regards as Japanese Government commitments. "We believe we have a real opportunity to deal with the problems that have most affected the efforts of Kodak, Agfa, and other producers to improve their market access in Japan," Ambassador Barshefsky concluded, and "we look forward to working constructively with the Government of Japan on this market-opening initiative."

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FOR IMMEDIATE RELEASE
Thursday, February 5, 1998

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**USTR BARSHEFSKY ANNOUNCES U.S. VICTORY
IN WTO DISPUTE ON U.S. HIGH-TECHNOLOGY EXPORTS**

United States Trade Representative Charlene Barshefsky today announced that the United States has won its WTO case against the European Union, Ireland and the United Kingdom for raising tariffs on U.S. computer networking equipment in violation of WTO obligations.

"We are pleased the WTO panel has ruled that these tariffs clearly violate WTO obligations," stated Ambassador Barshefsky. "The U.S. computer networking industry came to us after their exports were arbitrarily reclassified by customs authorities in the EU, almost doubling the tariffs. These products are made in the USA with leading edge American technology. The EU tariffs affect billions of dollars in U.S. exports. It is clear that these unfair tariffs must be corrected."

The dispute on computer networking equipment is the largest case the United States has ever brought to the WTO in terms of dollar volume of trade. U.S. computer networking equipment has a commanding share in the European market, where U.S. firms are the technology leaders. The European market totals over \$5 billion in sales annually, and U.S. companies account for more than half of the market.

"This case shows the value of hard won market access concessions from our trade agreements which opened foreign markets for U.S. exports," added Barshefsky. "In this instance, U.S. exporters are paying a tax to the governments of EU countries that is higher than it should be. We chose to challenge the EU's actions not only because of the high value of U.S. exports involved, but also to send a signal to our trading partners that they cannot use tariff reclassification to evade their WTO obligations. We also sought to ensure that the gains we made last year in the Information Technology Agreement will not be undercut."

Background

The dispute in this case concerned increases in tariffs on computer networking equipment and one type of multimedia personal computer. In 1994, the EU agreed to cut its tariff rates on the tariff category for automatic data processing machines (ADP machines), which include all types of computer equipment. But soon afterward, UK and Irish customs authorities began to reclassify imports of computer networking equipment to the category for telecommunications equipment, and reclassified one type of multimedia PC as a television receiver. The effect was to nearly double tariffs on these products. In 1995 the EU reclassified local area network (LAN) adapter cards as telecommunications products. Since then, even more member states have reclassified computer networking equipment and raised tariffs. EU officials claimed that Brussels could not control customs authorities in the EU member states. In the Information Technology Agreement concluded in 1997, the EU agreed to lower the tariffs on all electronics products to zero by July 1, 2000. The EU has continued to deny U.S. computer networking equipment the more favorable tariff rates for ADP equipment, and subjecting it to the higher interim rates for telecommunications equipment.

After technical talks in 1996 failed to achieve progress, in November 1996 the United States requested WTO consultations with the EU on this issue. In February 1997 the WTO Dispute Settlement Body established a dispute settlement panel to examine the U.S. complaint. The United States also pursued dispute settlement against Ireland and the UK; these complaints were also dealt with by the same panel. The panel's final report was released on February 5, 1998.

The panel report finds that the tariff concession on "automatic data processing machines" (category 84.71) in the EU's Uruguay Round tariff schedule applies to computer networking equipment. Since the EU has been applying higher tariffs to computer networking equipment than the tariffs provided for in category 84.71, the EU is in violation of its tariff obligations.

In this litigation the United States also addressed the EU's tariff treatment of certain types of multimedia personal computers (PCs). The panel found that (1) PCs that incorporate a TV tuner card can be regarded either as PCs capable of receiving TV or televisions that can also function as computers, and (2) the panel could not make a decision in the U.S.' favor on the basis of the evidence before it. However, this U.S. point had been raised due to concerns that the EU might treat any PC with multimedia capabilities as a television for tariff purposes. In July 1997, when the EU published its tariff rates and phasedown schedule for products covered by the Information Technology Agreement, these concerns were dispelled.

The United States has invoked formal procedures under the World Trade Organization dispute settlement mechanism in 35 cases to date -- more than any other country in the world. So far, we have prevailed before a WTO panel or the Appellate Body in nine disputes, and we have settled seven other disputes on terms favorable to the United States.

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FOR IMMEDIATE RELEASE
February 12, 1998

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**USTR UNDERSCORES NAFTA PANEL DECISION ON CORN BROOMS TO HAVE
VIRTUALLY NO EFFECT ON U.S. "SAFEGUARD" REGIME**

United States Trade Representative Charlene Barshefsky today issued the following comment in response to a NAFTA dispute settlement panel decision regarding U.S. emergency tariffs on imports of corn brooms from Mexico. The President imposed the tariffs in November 1996 for a three-year period under section 201 of the Trade Act of 1974, based on an injury determination by the U.S. International Trade Commission (ITC).

"While we are disappointed that the panel found a narrow, technical flaw in the ITC's injury decision in this case, we are pleased that the Panel declined to rule on the substance of the ITC's injury finding or of the safeguards measures taken by the President," said Ambassador Barshefsky. "The Panel report will have virtually no effect on the ability of the United States to take action under our safeguard laws to respond to surges in imports."

Background

The panel report found that the application of increased tariffs to corn broom imports from Mexico violated NAFTA because the injury determination of the ITC on which the tariffs were based did not contain sufficient explanation. The panel declined to address Mexico's far-reaching arguments concerning the legal standards applied by the ITC in section 201 proceedings. USTR officials are reviewing the panel's decision and are considering how the United States will respond to it.

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FOR IMMEDIATE RELEASE
February 12, 1998

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**AMBASSADOR BARSHEFSKY APPLAUDS SENATE CONFIRMATION OF
RICHARD FISHER AS DEPUTY U.S. TRADE REPRESENTATIVE**

United States Trade Representative Charlene Barshefsky today issued the following comment in response to the unanimous vote of the U.S. Senate to confirm Richard Fisher as Deputy United States Trade Representative:

"I want to thank the members of the United States Senate for their strong endorsement of Richard Fisher to serve as Deputy U.S. Trade Representative," said Ambassador Barshefsky. "Richard Fisher is a valued member of our team and brings a strong background in finance and international business affairs to this position. I look forward to working closely with him as we continue the Administration's efforts to open foreign markets and knock down unfair trade barriers."

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FOR IMMEDIATE RELEASE
February 13, 1998

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**USTR BARSHEFSKY ANNOUNCES CONCLUSION OF
AGRICULTURE AGREEMENT WITH PHILIPPINES**

United States Trade Representative Charlene Barshefsky today announced the conclusion of successful negotiations with the Philippines that will result in the reform of restrictive tariff rate quotas and licensing practices that had substantially impeded market access for U.S. pork and poultry meat exports.

"Ensuring that the Philippine Government maintains an open agriculture market has been the objective of the United States since the conclusion of the Uruguay Round," said Ambassador Barshefsky. "This agreement reforms restrictive Philippine agriculture import policies and ensures that U.S. pork and poultry meat exporters have a fair chance to compete for market opportunities in the Philippines."

Following completion of domestic procedures by the Philippine Government, the bilateral Memorandum of Understanding will be signed for the United States by Ambassador Peter L. Scher, Special Trade Negotiator in the Office of the U.S. Trade Representative, who led the U.S. negotiating team. Changes to the Philippine agriculture regulations will take effect by March 5, 1998 and will apply to imports entered since January 1, 1998.

Upon signature of the agreement, USTR will terminate the ongoing review of the Philippines' eligibility to receive preferential access to the U.S. market under the Generalized System of Preferences (GSP). USTR initiated a GSP review of the Philippines in April 1997 in response to a petition submitted by U.S. pork exporters.

"The Administration intends to continue to work with U.S. exporters to monitor continuously Philippine implementation of this agreement," said Ambassador Barshefsky. "We are committed to ensuring that U.S. producers have the market access that the Philippines has committed to

through the WTO and are prepared to accomplish that objective through all appropriate means, including use of WTO dispute settlement or U.S. trade law.”

Background:

During the Uruguay Round, the Philippines agreed to establish TRQs for pork and poultry meat which were scheduled to be implemented by July 1995. Legislative delays resulted in the Philippines' failure to implement these commitments until July 1996. Thereafter, Manila delayed promulgation of necessary regulations until late 1996. When import licenses were finally issued in late 1996, 82 percent of import licenses for pork and 94 percent for poultry was allocated to domestic producers.

As a result of ongoing U.S. efforts in conjunction with these negotiations, import license holders in the Philippines must now utilize their licenses or they will lose their allocations. The share of licenses preliminarily assigned to producers in 1998 had been reduced to an estimated 45 percent for pork and 49 percent for poultry. Provisions of the agreement announced today should further improve market access for imported meat and result in the accrual of import licenses by means of a "use or lose" mechanism. These provisions will reward utilization of import licenses by increasing available quantity to bona fide importers and penalizing non-use of licenses.

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FOR IMMEDIATE RELEASE
February 18, 1998

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**USTR BARSHEFSKY ANNOUNCES INITIATION OF
SECTION 301 INVESTIGATION OF PARAGUAY'S FAILURE TO PROTECT
INTELLECTUAL PROPERTY RIGHTS**

United States Trade Representative Charlene Barshefsky announced the initiation of a Section 301 investigation regarding Paraguay's failure to provide adequate and effective protection of intellectual property rights.

In initiating the investigation, Ambassador Barshefsky said, "We are seriously concerned by Paraguay's failure to take action against alarming levels of piracy and counterfeiting. Paraguay has also failed to enact adequate and effective intellectual property laws. We are encouraged that copyright and trademark legislation recently passed Paraguay's Chamber of Deputies, but are discouraged by the lack of progress toward passage of adequate and effective patent legislation. We look to the Government of Paraguay to take effective enforcement action, internally and at the border, toward substantially eliminating piracy and counterfeiting and to enact adequate and effective intellectual property legislation without further delay."

As required by the statute, USTR has also requested consultations with the Government of Paraguay to resolve these issues. Failure by Paraguay to address U.S. concerns prior to the close of the investigation could lead to the imposition of bilateral trade sanctions.

On January 16, Ambassador Barshefsky identified Paraguay as a "priority foreign country" under the special 301 provisions of the Trade Act of 1974 (Trade Act). In making this decision, Ambassador Barshefsky noted that the United States has persistently urged the Government of Paraguay to take effective action to crack down against piracy and counterfeiting internally and especially at its borders with Argentina and Brazil. The Government has also been urged to enact adequate and effective intellectual property legislation. Despite the efforts of some concerned Government officials, the enforcement actions taken to date have been insufficient to halt rampant production and export of pirate and counterfeit goods. Paraguay also remains a major

transshipment point for such product to the rest of the region.

On January 16, Ambassador Barshefsky also noted that a Section 301 investigation of Paraguay's practices under special 301 would be initiated within 30 days and that USTR would request consultations with the Government of Paraguay to resolve our concerns. USTR will publish a notice in the Federal Register this week inviting comments from the public on the matters under investigation.

Background on the Investigation and Consultations

Section 302(b)(2)(A) of the Trade Act requires the USTR to initiate an investigation of any act, policy or practice that was the basis of the identification of a country as a Priority Foreign Country under "special 301" (section 182(a)(2) of the Trade Act). The purpose of the investigation under section 302 is to determine whether such act, policy or practice is actionable under Section 301.

As required in section 303(a) of the Trade Act, the USTR has requested consultations with the Government of Paraguay regarding the issues under investigation. USTR will also seek public comment on these issues

Within 6 months after the date on which this investigation was initiated, (i.e., on or before August 16, 1998), the USTR must determine on the basis of the investigation and the consultations, whether any act, policy or practice described in section 301 exists. If that determination is affirmative, the USTR must decide what action, if any, to take. The deadline for making these determinations may, however, be extended to 9 months after the date of initiation of this investigation if the USTR determines that certain conditions are met.

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FOR IMMEDIATE RELEASE
February 19, 1998

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**STATEMENT BY U.S. TRADE REPRESENTATIVE
CHARLENE BARSHEFSKY ON THE 1997 TRADE FIGURES**

United States Trade Representative Charlene Barshefsky today issued the following statement on the U.S. international trade in goods and services for 1997:

"Today's release of the 1997 trade figures confirm that America's export-led growth remained robust in 1997. Exports grew a strong 10% in 1997, reaching a historic high of \$932 billion. The export growth in 1997, \$83 billion, surpassed the strong 1996 export growth of \$54 billion by more than 50%. Including this strong export year, growth in exports since President Clinton took office are up 51%, or \$315 billion. U.S. exports now support an estimated 12.1 million jobs; jobs supported by goods exports pay 13 to 16 percent higher than the national average.

U.S. exports of total manufactured products reached a record \$591 billion in 1997, up 13% from a year earlier. In the critical area of advanced technology products record exports of \$179 billion represented a nearly 16% increase from the year before, and the trade surplus advanced from \$24 billion in 1996 to \$32 billion in 1997. Service exports likewise reached another record level of \$254 billion. The exception was in agriculture where exports fell nearly 6%, due almost entirely to weak commodity prices. The trade surplus in agriculture nonetheless stood at \$22 billion in 1997.

Despite strong domestic consumption, the goods and services deficit remained essentially flat at \$114 billion in 1997, compared to \$111 billion in 1996. In fact, because the economy grew an exceptional 3.8% in 1997, the trade deficit as a percent of GDP declined from 1.5% to 1.4%, less than half the level of ten years ago (3.3% in 1987).

Export growth was particularly strong in the Western Hemisphere, where exports increased more than 17%. Compared to last year, exports to our NAFTA partners were quite strong. Exports to Canada rose 13% and to Mexico an impressive 26%. Mexico, in fact, displaced Japan last year as

our second largest export market, even though Mexico's economy is one-twelfth the size of Japan's. (The bilateral deficits with Canada and Mexico fell by \$5 billion and \$3 billion, respectively.) Exports to Latin America (excluding Mexico) also were up significantly by 20%, tripling the U.S. surplus from \$3 billion to over \$9 billion.

Exports to Europe also increased by 10% in line with the overall 1997 increase. This is more than triple the rate of increase from 1996 (3%).

Excluding Japan and China, the U.S. trade deficit with Asia showed little change (up \$1 billion). However, the trade deficit with Japan, where the economy is at near recessionary conditions, increased by \$8 billion and with China by \$10 billion. In a year of record export performance, the relative weakness in U.S. exports to Japan and China is of substantial concern. Japan must pursue a policy of domestic demand-led growth. It must initiate broad deregulation and open its markets. These issues will remain the focus of this Administration's trade policy toward Japan. As to China, we will continue to aggressively pursue market opening initiatives, including through bilateral and WTO-related talks, in order to significantly expand export opportunities for U.S. goods, services, and agriculture.

The situation in Asia is expected to change this year as a result of the Asian financial crisis. The countries of Asia have been a source of strong U.S. export growth in the past, but the sharp decline in economic activity in the region is likely to reduce -- at least temporarily -- U.S. exports to the region and increase the trade deficit in 1998. It is the objective of the Clinton Administration's policies dealing with the Asian financial crisis to help stabilize, reform, and restore confidence in these economies while limiting, to the maximum extent possible, the impact of the crisis on U.S. trade."

FOR IMMEDIATE RELEASE
February 20, 1998

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THE UNITED STATES AND TAIWAN CONCLUDE COMPREHENSIVE MARKET ACCESS AGREEMENT

United States Trade Representative Charlene Barshefsky announced today conclusion of a comprehensive market opening agreement with Taiwan. The agreement, which includes both immediate market access and phased-in commitments, will provide substantially increased access for U.S. goods, services and agriculture exports to Taiwan, our seventh leading export market. These measures are necessary for Taiwan's eventual accession to the World Trade Organization (WTO).

"This comprehensive agreement will dramatically open Taiwan's markets to U.S. agricultural products, services, and industrial goods," Ambassador Barshefsky said. "U.S. farmers will see new markets for pork, chicken and other meat products that have never been open to any foreign imports. U.S. exporters of industrial products will achieve levels of market access comparable to that available in other developed countries. And Taiwan will provide broad access for the full range of services, including financial and telecommunications services."

"Additional multilateral negotiations will be necessary before Taiwan can become a member of the WTO," Ambassador Barshefsky said. According to standard WTO practice, each acceding country/economy conducts bilateral consultations with any requesting WTO member. With the conclusion of this agreement, only two of the 26 participating members, the European Union and Switzerland, require further consultations. Following the completion of all bilateral market access agreements, WTO members will turn to negotiation and preparation of a formal protocol of accession and working party report, which spell out the full range of rules-related commitments, trade remedies and other matters.

"I am particularly pleased that this agreement addresses issues of key concern to America's export industries from autos to major infrastructure projects." U.S. Commerce Secretary William M. Daley said.

"This is a ground-breaking agreement for American agriculture that will open up new export opportunities for a wide range of farm and food products," U.S. Agriculture Secretary Dan Glickman said. "Taiwan, which is already one of our largest export markets, has agreed to provide new access for U.S. poultry and pork and beef variety meats."

Highlights of the Agreement are as follows:

Industrial Tariffs:

Taiwan will reduce its overall tariff rate to below 5 percent with about two-thirds of the tariff reductions made upon accession. The remainder will be reduced by the year 2002, with limited exceptions to 2004. These reductions will result in savings to U.S. exporters of some \$250 million, based on current export levels. These reductions will result in savings to U.S. exporters of some \$250 million, based on current export levels. Taiwan has agreed to support APEC sectoral initiatives on energy, equipment and services, environmental goods and services, forest products, toys, chemicals, medical equipment, fish and fish products, gems and jewelry, and telecommunications mutual recognition agreements.

Taiwan has agreed to join all Uruguay Round zero-for-zero initiatives, by eliminating all tariffs on paper, pharmaceuticals, medical equipment, construction equipment, steel, toys, furniture, agriculture equipment, civil aircraft, and distilled spirits. Taiwan has already participated in the ITA and is an active participant in the ongoing negotiations on ITA II. Thus, Taiwan will join the selective group of WTO members that have agreed to implement all sectoral zero-for-zero initiatives and chemical harmonization: United States, Canada, the EU and Japan.

Automotive Products:

Taiwan agreed to make major changes in its automotive market that will benefit U.S. automakers. These include a sharp reduction of tariffs on imported vehicles; 25-30% decrease in Taiwan's commodity tax as applied to most U.S. vehicle imports; complete elimination of an existing 9% subsidy on automobile components designed in Taiwan; elimination of 50% local content requirement for auto parts, including an immediate reduction to 40%; and regulatory changes that will allow foreign companies to both lease vehicles and operate used car businesses.

Other Industrial Products:

Taiwan will substantially open trade in chemicals, medical equipment, furniture, toys, steel, paper, construction and agricultural equipment, wood, civil aircraft and distilled spirits.

Government Procurement:

Taiwan has agreed to join the WTO Government Procurement Agreement, which will open its procurement markets to a wide range of U.S. products, including power-generating, transport and power transmission services.

Taiwan will implement a new contract and dispute resolution system regarding government contracts that will provide fairness and transparency in procurements. Taiwan also agreed to a sweeping reorganization of the way it handles contract disputes. In addition, the Public Construction Commission will have the power to conduct binding arbitration on disputes involving government procurement contracts.

Services

Taiwan has agreed that on accession it will open completely a number of service sectors, including professional services (architects, accountants, engineers, lawyers), audiovisual services, express delivery services, advertising, computer services, construction, wholesale and retail distribution, franchising, and environmental services.

Taiwan agreed to join the list of 69 international signatories to the WTO Global Basic Telecommunications Agreement. However, Taiwan has now agreed that U.S. and other foreign companies can hold a controlling interest in Taiwan communications companies. In addition, Taiwan has agreed to reduce substantially interconnection fees levied on new U.S. telecommunications companies by about 40% within nine months. These charges, which were up to five times higher than those prevailing in other developed country markets, were limiting the ability of the U.S. companies to compete with the state-owned telecommunications company, Chung Hwa Telecom. Taiwan also agreed to reach competitive international rates for interconnection charges by the time it privatizes Chung Hwa in 2001.

Taiwan has joined with other WTO members to provide guarantees of substantially full market access and national treatment, in the full range of financial services. U.S. banks, securities companies, and insurance companies will have wide scope for their activities and their preferred form of establishment. The commitments also address regulatory issues -- such as eliminating advance approval requirements for new types of insurance policies -- that have been obstacles to U.S. commercial activities in Taiwan.

Agriculture:

Taiwan will immediately liberalize its previously closed markets for pork, poultry, and variety meats for U.S. products only. These markets have never been open for any trade. Taiwan has also committed to begin the process of opening its rice market and to open fully markets for pork, variety meats and poultry to all WTO members upon accession by phasing out its tariff rate quota system.

The Agreement provides for immediate access this year for 5000 tons of currently banned pork as well as 12,500 tons of U.S. variety meats. This special access, estimated to be worth \$40 million, will continue each year until Taiwan accedes to the WTO. Following accession, the agreement provides for long-term access for U.S. pork products at commercially reasonable tariff levels, which will fall to 15% after a transition period.

The Agreement covers special access for 10,000 tons of U.S. chicken products worth almost \$10 million prior to Taiwan's WTO accession. Following accession, Taiwan agreed to remove all quantitative limits on chicken imports.

Upon accession, U.S. rice products will have access to Taiwan's market for the first time. Imports of foreign rice will enjoy an 8% share of Taiwan's market by 2000, and the U. S. expects to obtain a significant share of these imports.

The Agreement also call for significant immediate tariff reductions on a broad range of U.S. agricultural products, including potato products, pears, grapes, grapefruit, sunflower oil, and soup.

Fact Sheet

U.S. - Taiwan Market Access Agreement

Industrial Products

Industrial Tariffs

Taiwan has committed to reduce its average tariff rates for industrial products from 6.5% to 4.9% by year 2002 and to 4.7% by year 2004. These reductions will result in savings to U.S. exporters of some \$250 million based on current export levels.

Taiwan will participate in all Uruguay Round (UR) zero-for-zero sectoral initiatives. These initiatives include chemical harmonization and the elimination of tariffs on medical equipment, furniture, toys, steel, paper, construction equipment, agriculture equipment, civil aircraft, and distilled spirits. Apart from a few categories where Taiwan will eliminate duties in 2004, Taiwan has offered to completely eliminate duties in these sectors by 2002. Taiwan is also participating in the zero-for-zero Information Technology Agreement, and is an active participant in ITA II.

Taiwan has agreed to actively support all of the APEC sectoral initiatives and, when an agreement is reached in APEC on the sectoral initiatives, Taiwan will include it in its WTO schedule. The immediate APEC initiatives include energy, equipment and services, environmental goods and services, forest products, toys, chemicals, medical equipment, fish and fish products, gems and jewelry, and telecommunications mutual recognition agreements.

Chemicals and Pharmaceuticals

Taiwan has agreed to fully participate in the Uruguay Round Chemical Harmonization Tariff Agreement by 2002 with limited exceptions to year 2004. This Agreement provides for very low tariffs -- 0% for raw materials and pharmaceuticals, 5.5% for intermediates, and 6.5% for manufactured chemicals -- for U.S. exports to Taiwan. In 1996, the United States exported \$2.4 billion of chemicals and pharmaceuticals to Taiwan. The market for chemicals in Taiwan in 1997 was \$47 billion.

Medical Equipment and Supplies

Taiwan agreed to completely eliminate tariffs for all medical equipment and supplies by year 2002 with some tariffs reaching 0% immediately upon accession. Taiwan is the fourth-largest medical equipment market in Asia and advanced medical devices are in great demand in Taiwan. Taiwan's medical device market size was about \$630 million in 1997, of which the U.S. held 37%. The United States exported an estimated \$150 million of medical equipment and supplies to Taiwan in 1997.

Wood

Taiwan has agreed completely to eliminate tariffs on all wood products except a few plywood items by year 2002. Taiwan's commitment is a very positive step in support of the APEC forest products sectoral liberalization. In 1996, the United States exported \$126 million worth of wood products to Taiwan.

Paper

Taiwan has agreed to completely eliminate import duties on paper and paperboard products by 2002, and will completely eliminate tariffs on several key paper products, such as newsprint, by 2000. Taiwan is currently the 5th largest paper and paperboard consuming market in Asia. Taiwan ranks as the 4th largest importer of paper and paperboard in Asia, which is the world's fastest growing paper market.

In 1997, U.S. exports of paper were valued at \$254 million, which was nearly 20% above the 1996 value and represented an all-time high for the United States. Taiwan is now the 9th largest export market for U.S. paper and paperboard producers.

In the Uruguay Round, the United States was joined by a number of countries in supporting the zero-for-zero tariff initiative for paper and paperboard products whereby tariffs will be eliminated by year 2004. With Taiwan's tariff removal, nearly 55% of U.S. exports of paper products will enjoy duty-free access abroad by 2004.

Furniture

Taiwan tariffs on certain furniture products will be reduced to zero immediately upon accession and tariffs on all other furniture items will be reduced to zero by January 1, 2002. Current tariffs on furniture range from 1.25% to 10% for products from the United States.

By the year 2003, U.S. manufacturers will enjoy zero tariffs in the EU and NAFTA countries, Norway, Switzerland, Hong Kong, Israel, as well as Taiwan, based on currently negotiated agreements. These countries accounted for 70% of U.S. exports of furniture in 1996.

Motor Vehicles

The tariff on motor vehicle imports will be reduced from 30% to 20% over a reasonable period.

In addition, Taiwan will replace its current system of three commodity tax levels based on engine displacement, with a two-level system. At 2000cc and below, the tax remains at 25%. Vehicles at 2001cc and above, however, will be taxed at 35% upon accession, and further lowered to 30% five years after accession. Currently, Taiwan taxes passenger cars at 2000cc and below at 25%, cars between 2001cc and 3600cc at 35%, and the 3600cc and above category at 60%.

A tariff-rate quota will be in place for ten years after accession. For countries enjoying access to the Taiwan market before 1997 -- of which the U.S. has the largest share -- the quota will be double the amount of their highest level of imports between 1990 and 1993. Tariffs on motor vehicles outside the quota will be phased down from 60% to 20% over the ten-year TRQ period, after which the TRQ will be entirely eliminated.

Upon accession, Taiwan will eliminate the trade distorting effects of its engine displacement tax which significantly disadvantages vehicles that U.S. companies produce and export.

The Taiwan market for motor vehicles is expected to be approximately 500,000 units in 1998. The U.S. quota allocation will be approximately 160,000 vehicles on accession, or potentially 32% of the market, and will grow by 20% in each of the following ten years.

The reduction in tariffs applied to imported motor vehicles, coupled with the reduction in the commodity tax, will significantly improve the competitiveness of U.S.-built motor vehicles in the Taiwan market.

Taiwan has also agreed to significantly liberalized sales and business conditions including revision of local content requirements, elimination of a local design credit, facilitation of used-car transactions, long-term vehicle leasing, and deregulation of auto insurance premiums.

Steel

Taiwan agreed to completely eliminate its tariffs on steel mill products and certain fabricated steel mill products by January 1, 2004. The current tariffs on certain key U.S. steel exports range up to 10%. Taiwan had already been an important market for U.S. steel mill products.

As part of the Uruguay Round, several WTO members agreed to eliminate their tariffs on steel and certain fabricated-steel products over a ten-year period. Those tariffs are being reduced in equal increments with zero tariffs by January 1, 2004. Many of the largest steel-producing countries are participating, including the United States, the European Union, Japan, Canada, and South Korea, as well as Norway, Switzerland, Hong Kong, and Singapore. With Taiwan's new commitment on steel, 87% of U.S. steel exports¹ will be eligible for duty-free treatment by 2004.

¹ Based on 1997 trade

Privatization of Taiwan's Monopoly Board

Taiwan is now in the process of privatizing its state monopoly which controls sales of alcohol and tobacco products. Taiwan has agreed that the changes resulting from this privatization will eliminate discriminatory treatment of foreign beer, wine, distilled spirits, and tobacco.

In addition, Taiwan has agreed to completely eliminate tariffs on both brown and white spirits (e.g., bourbon, whiskey, gin, and vodka) by 2000. Tariffs on beer will be completely eliminated by 2005. Tariffs on wine will go down to 10% by 2002. Taiwan's spirits sector, previously controlled by a Taiwan monopoly, will be substantially opened to foreign investment and distribution.

Civil Aircraft

Taiwan will join the WTO Agreement on Trade in Civil Aircraft under which it will eliminate of tariffs on civil aircraft and parts, whether for use by manufacturers or for maintenance or repair. This commitment will also bind Taiwan to allow its airlines to select suppliers of aircraft on the basis of commercial and technological factors. In 1997, U.S. exports of civil aircraft to Taiwan reached \$2.2 million.

Dolls, Toys, and Games

Taiwan tariffs on certain toys will be reduced to zero immediately upon accession; tariffs on all other dolls, toys, and games will be reduced to zero by January 1, 2002. Current tariffs on dolls, toys, and games range from 5% to 10% for products from the United States.

By the year 2003, U.S. manufacturers will enjoy zero tariffs in the EU and NAFTA countries, Norway, Switzerland, Hong Kong, Israel, as well as Taiwan, based on currently negotiated agreements. These countries accounted for 68% of U.S. exports of dolls, toys, and games in 1996.

Government Procurement

Taiwan has agreed to participate in the WTO Agreement on Government Procurement, a plurilateral agreement that imposes international transparency norms on government bidding processes. Taiwan's commitment covers about \$15.4 billion in infrastructure projects, one of the world's largest markets for government procurement contracts. Among key areas of U.S. interest are telecommunications equipment, power plant engineering design services, integrated engineering services for power transmission and distribution turnkey projects, transport projects, and especially rail.

Taiwan will establish a new mechanism, under the Public Construction Commission (PCC), for mediation and binding arbitration applicable to contracts issued by Taiwan agencies. Such

procedures will provide for simple, standard terms and conditions which set out clear, time-limited steps to commence dispute settlement proceedings.

The PCC will also insure the transparency, uniformity, and integrity of Taiwan's procurement procedures by providing clear guidance to procuring entities.

Taiwan's participation in the WTO's Agreement on Government Procurement and the expanded role of the Public Construction Commission (PCC) will ensure that domestic and foreign companies can compete on equal footing for projects in Taiwan.

Services

Taiwan has agreed that on accession it will open completely a number of service sectors including professional services (architects, accountants, engineers, lawyers), audiovisual services, express delivery services, advertising, computer services, construction, wholesale and retail distribution, franchising, and environmental services.

Financial Services

In the area of financial services -- banking, insurance, and securities -- guarantee substantially full market access and national treatment for U.S. companies. With these commitments, U.S. banks, insurance companies, and mutual funds will have greater freedom of access to consumers in Taiwan, and greater freedom of choice in conducting their commercial operations.

Telecommunications

Interconnection Fees. The fees Taiwan's state-owned telecommunications company, Chung Hwa, charges cellular phone companies are among the highest in the world. Taiwan has agreed to move rapidly toward competitive international rates for interconnection charges by the time Chung Hwa is privatized in 2001. It will start by lowering these rates significantly by October 1, 1998 (from about 6 U.S. cents/minute to 3.5 U.S. cents/minute). By 2001, its rates will be no higher than rates charged in major developed countries (currently less than 2 US cents/minute).

Ownership. Taiwan has agreed for the first time that U.S. and other foreign companies can hold a controlling interest (60%) in Taiwan telecom companies.

Taiwan's telecommunications services and equipment industries have \$8.2 billion in revenues. The U.S. exported \$222 million of telecommunications equipment to Taiwan in

1996. The market for services and equipment in Taiwan is expected to grow at double-digit rates.

Illustrative of the benefits market opening in the services sector are:

U.S. movie makers will no longer be subject to tight restrictions on the number of theaters that can show U.S. films and will no longer be subject to lengthy censorship delays.

U.S. banks will now be able to provide new services to Taiwan depositors.

U.S. express delivery companies will be able to handle all ground services for most deliveries.

U.S. insurance companies will have more leeway to write policies, extend new coverage, and establish operations.

U.S. retailers will have virtually free access to sell goods in Taiwan's market.

U.S. companies operating in Taiwan will be free to bring in personnel they need to run their business.

Agriculture Issues

Beef and Beef Variety Meats

Taiwan will provide immediate market opening of 5,000 tons for U.S. beef variety meats annually at current tariff rates, with the unused amounts in any year to be carried over to the next year.

In addition, Taiwan has agreed to completely open its market to imports of beef variety meats upon accession at a tariff rate of 25%. Taiwan also has agreed to reduce the specific tariff for beef from current rates to the equivalent of 14 US cents/pound (NT\$ 10/kilogram) by 2005. Current rates are NT\$ 22.1/kilogram for Special Quality Beef and NT\$ 30.00/kilogram for all other beef. USDA "Prime" and "Choice" grade are equivalent to Special Quality Beef (SQB).

Immediate market access will provide market opportunities for US beef producers worth \$8.3 million. As Taiwan is currently the seventh largest foreign market for US beef exports, lower tariffs should make US beef even more price competitive in this market.

Pork

Taiwan will lift its remaining bans on selected pork cuts and variety meats immediately. Taiwan has agreed to an immediate market opening of 5,000 tons of these currently-banned pork cuts and 7,500 tons for pork variety meats for the United States.

Taiwan has agreed to fully open the market for these pork products and will establish a tariff rate quota system that will gradually increase access until the market is completely open by 2005.

Upon accession, Taiwan will fully open access to many banned pork cuts and establish a tariff rate quota for the remaining restricted pork cuts, bellies, and spare ribs and for pork variety meats. The quota for pork bellies will be 6,610 tons, at 15% tariff, increasing to 15,400 tons at 12.5% tariff in 2004, before the market is completely opened on January 1, 2005. The quota for pork variety meats will be 10,000 tons at 25% tariff, increasing to 27,500 tons at 15% tariff in 2004.

Taiwan's market opening for pork products provides immediate market opportunities for U.S. farmers of almost \$18 million. In the first year after accession, Taiwan's pork import opportunities will increase by an additional \$22.5 million.

Poultry

Taiwan has agreed to an immediate market opening of 10,000 tons for U.S. chicken meat at a tariff rate of 25%.

Upon accession, Taiwan will establish a tariff rate quota for chicken meat of 19,163 tons, growing to 45,990 tons by 2004 before the market is completely opened on January 1, 2005. The in-quota tariff rate for chicken meat will be 25% upon accession, falling to 20% by 2004.

The immediate market opening will provide sales opportunities for U.S. farmers of almost \$10 million annually. Trade in the first year of the TRQ will reach \$18 million, increasing to about \$43 million in 2004.

Rice

Taiwan will lift its ban on imports on rice upon accession, and establish an import quota proportionally equal to access in the current year of the Japan schedule. This quota will double to 144,720 metric tons in the year 2000.

A portion of this quota will be allocated for private sector trade in rice, increasing from 21% to 35% in 2000. The rest of the rice quota will be imported by central authorities with conditions that will facilitate its release for table use in Taiwan. The import mechanism has been formulated to facilitate market-oriented pricing of imported rice. In addition to the market access agreement, Taiwan has agreed to reduce its internal support measures by 20% of the average of the 1990-92 base period by the year 2000. Furthermore, Taiwan has agreed to change its practices that have forced surplus rice onto the international market.

This agreement provides US farmers with a new market opportunity worth almost \$60 million in the first year of implementation. Private traders will have direct access to an increasingly large share of the quota (through a license allocation system), which will allow US exporters to establish long-standing relationships to promote the sale of US labeled rice in Taiwan.

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Fact Sheet

U.S. - Taiwan Market Access Agreement

Industrial Products

Industrial Tariffs

Taiwan has committed to reduce its average tariff rates for industrial products from 6.5% to 4.9% by year 2002 and to 4.7% by year 2004. These reductions will result in savings to U.S. exporters of some \$250 million based on current export levels.

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In the Uruguay Round, the United States was joined by a number of countries in supporting the zero-for-zero tariff initiative for paper and paperboard products whereby tariffs will be eliminated by year 2004. With Taiwan's tariff removal, nearly 55% of U.S. exports of paper products will enjoy duty-free access abroad by 2004.

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The Taiwan market for motor vehicles is expected to be approximately 500,000 units in 1998. The U.S. quota allocation will be approximately 160,000 vehicles on accession, or potentially 32% of the market, and will grow by 20% in each of the following ten years.

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Rice

Taiwan will lift its ban on imports on rice upon accession, and establish an import quota proportionally equal to access in the current year of the Japan schedule. This quota will double to 144,720 metric tons in the year 2000.

A portion of this quota will be allocated for private sector trade in rice, increasing from 21% to 35% in 2000. The rest of the rice quota will be imported by central authorities with conditions that will facilitate its release for table use in Taiwan. The import mechanism has been formulated to facilitate market-oriented pricing of imported rice. In addition to the market access agreement, Taiwan has agreed to reduce its internal support measures by 20% of the average of the 1990-92 base period by the year 2000. Furthermore, Taiwan has agreed to change its practices that have forced surplus rice onto the international market.

This agreement provides US farmers with a new market opportunity worth almost \$60 million in the first year of implementation. Private traders will have direct access to an increasingly large share of the quota (through a license allocation system), which will allow US exporters to establish long-standing relationships to promote the sale of US labeled rice in Taiwan.

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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
Monday, February 23, 1998

Contact: 98 - 17
Jay Ziegler
Christine Wilkas
(202) 395-3230

DEPUTY UNITED STATES TRADE REPRESENTATIVE
JEFFREY M. LANG TO RETIRE

Ambassador Charlene Barshefsky announced today that the Deputy U.S. Trade Representative, Jeffrey M. Lang, will retire from government service on March 14, 1998.

"Jeff Lang has built an extraordinary record of accomplishment at USTR and everywhere he has worked in government service," said United States Trade Representative Charlene Barshefsky. "His numerous achievements reflect both his knowledge of the global trading system and his substantial diplomatic skills. I will miss Jeff as a friend, colleague, and trusted adviser."

Ambassador Lang was confirmed in his current position on May 17, 1995. During his more than 20 years of government service he served in such roles as Deputy General Counsel of the U.S. International Trade Commission, and Chief International Trade Counsel of the Senate Finance Committee, as well as Deputy U.S. Trade Representative. At the Office of the Trade Representative, he headed interagency delegations to World Trade Organization negotiations on telecommunications services and financial services, both of which concluded successfully in 1997. He also contributed substantially to the Clinton Administration's initiative on Africa trade and negotiated important agreements with the European Union and Russia, among others.

Ambassador Lang announced he will not make plans for his future until after he leaves government service.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
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FOR IMMEDIATE RELEASE
Tuesday, February 24, 1998

98 - 18
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**FOREIGN MARKET SHARE OF JAPANESE SEMICONDUCTOR
MARKET FALLS IN THIRD QUARTER 1997**

Washington -- The foreign market share of Japan's semiconductor market fell from 35.8 % in the second quarter to 32.1% in the third quarter of 1997, the Commerce Department today announced. This represented a 3.7 percentage point decline from the second quarter share, following a steady pattern of growth over the last four quarters (from second quarter 1996 to second quarter 1997).

United States Trade Representative Charlene Barshefsky underlined the importance of a return to the positive trend in foreign participation in the Japanese semiconductor market. "Sustained openness of the Japanese semiconductor market, reflected in strong foreign participation in that market, is an important part of the larger Japanese response to the Asian financial crisis," Ambassador Barshefsky stated. "A resumption of the positive trend in foreign share is all the more critical in light of Asian and world semiconductor capacity."

"Over the next few quarters, we will be monitoring the Japanese market to ensure that foreign participation in the semiconductor market returns to the positive path that it has followed recently," said Commerce Secretary William Daley. "Ensuring access to Japan's semiconductor market demonstrates the Clinton Administration's ongoing commitment to enforcement of international trade agreements."

This is the first reduction in foreign share since second quarter 1996. For the first three quarters of 1997, the foreign share still rose to an average of 33.5%, six percentage points higher than the average for 1996. The decrease in share in third quarter appears to be due to market conditions.

Falling demand for computers in Japan led to a decrease in sales of microprocessors, which are primarily produced in the United States. In addition, Japan increased production of dynamic random access memories (DRAMs) and supplied a larger proportion of its home market.

At the time the U.S. negotiated the first semiconductor agreement with Japan in 1986, the U.S. semiconductor industry, without free and fair access to the Japanese market (the second largest

in the world), was struggling to maintain its position in the world. Barriers to entry held the foreign share of the Japanese market to about 8%. Since the first U.S.- Japan semiconductor agreement took effect, foreign share of Japan's semiconductor market has quadrupled to reach a record high of 35.8% in the second quarter of 1997. U.S. chip makers' sales to Japan grew from under \$1 billion in 1986 to nearly \$7 billion in 1996. U.S. firms recaptured the lead in world market share from the Japanese in 1993, and continues to hold it today.

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FOR IMMEDIATE RELEASE
Wednesday, February 25, 1998

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**STATEMENT BY UNITED STATES TRADE REPRESENTATIVE
CHARLENE BARSHEFSKY IN RESPONSE TO HOUSE WAYS AND MEANS
COMMITTEE PASSAGE OF AFRICA TRADE LEGISLATION**

United States Trade Representative Charlene Barshefsky today expressed her appreciation to the House Ways and Means Committee for a strong bi-partisan voice vote in support of Africa trade legislation, H.R. 1432. Ambassador Barshefsky participated in the House Ways and Means mark-up session and issued the following comment upon the Committee's action today:

"This is an important day in setting a new direction for trade and economic cooperation with Africa," said Ambassador Barshefsky. "The strong bi-partisan vote in favor of Africa trade legislation sends a clear signal that the Congress shares the President's desire to help move the region toward greater economic and political stability. This legislation and the President's economic initiative on Africa provide a foundation to expand trade, accelerate economic reforms, and increase growth in the region. The Administration strongly supports H.R. 1432 and we are committed to work closely with the Congress to enact this legislation."