

EXECUTIVE OFFICE OF THE PRESIDENT  
**OFFICE OF THE UNITED STATES  
TRADE REPRESENTATIVE**  
OFFICE OF PUBLIC & MEDIA AFFAIRS

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**FOR IMMEDIATE RELEASE**  
Monday, March 2, 1998

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**USTR 1998 TRADE POLICY AGENDA AND 1997 ANNUAL REPORT  
OUTLINES AMBITIOUS GLOBAL TRADE AGENDA AHEAD**

President Clinton today transmitted to Congress the 1998 Trade Policy Agenda and the 1997 Annual Report of the President of the United States on the Trade Agreements Program. The report highlights the importance of increasing U.S. exports as a means of strengthening U.S. domestic prosperity and global leadership. United States Trade Representative Charlene Barshefsky announced today that the report "stands as another example of the importance of continuing U.S. participation in the IMF and for congressional renewal of 'fast track' trade negotiating authority."

Prepared pursuant to the Omnibus Trade and Competitiveness Act of 1988, the document describes the Clinton Administration's trade policy priorities for the year ahead and reviews the principal trade policy actions and accomplishments of 1997. It also contains the annual report on the activities of the World Trade Organization, and an Annex listing trade agreements entered into by the United States since 1984 that afford increased market access or reduce barriers and other trade distorting policies by other countries.

Recognizing that today the American economy is the strongest in the world, Ambassador Barshefsky stated, "While this stunning success is attributable to many factors, trade is among the most important, with exports fueling over one-third of U.S. economic growth over the past five years. The report underscores the importance of our market-opening agenda and why we will continue to move forward aggressively at every opportunity."

Ambassador Barshefsky noted that during the past five years the Administration has not only negotiated more than 245 trade agreements that expand opportunities for U.S. companies and workers, but has effectively enforced U.S. trade rights on more than 75 occasions.

Despite these accomplishments, Ambassador Barshefsky noted that there are many important challenges on the horizon. While noting that the Asia financial crisis will likely result in an increased U.S. trade imbalance with Asia in 1998, Ambassador Barshefsky said, "It is even more essential today to work with our Asian trading partners to achieve structural economic reforms,

market-oriented economic policies, and bring greater transparency to financial transactions. The U.S. must act, through the IMF, to help restore stability and prevent any further 'contagion' effect, in order to increase long term economic stability. Rapid Congressional action on the U.S. commitment to the IMF including the New Arrangements to Borrow is critical."

Highlights of the 1998 Trade Agenda include:

- o **The Global Agenda.** This year marks the 50th anniversary of the multilateral trading system. In connection with this event, trade ministers from around the world will conduct the WTO's second Ministerial Conference (May 18-20), which will focus on the implementation of a series of recently concluded negotiations in telecommunications, financial services and information technology that provide critical progress in key areas of the 21st century economy. The meeting will also look to the negotiation of future agreements as called for in the WTO's work program in such major areas as intellectual property rights (IPR), government procurement practices, agriculture and services, and address new emerging issues of concern including global electronic commerce and biotechnology. Negotiations will intensify in 1998 with regard to WTO accessions among such key countries as China, Russia, and Taiwan.
- o **Launch FTAA Negotiations.** Three years after the historic Miami Summit (December 1994), Western Hemisphere Leaders will meet at the Second Summit of the Americas this April in Chile to move the FTAA from its preparatory phase into formal negotiations. The United States is committed to a comprehensive FTAA and to the Miami Summit mandate to achieve "concrete progress by the end of the century," and to conclude the negotiations no later than 2005. At the same time, we are committed to a comprehensive free trade agreement with Chile as a logical step toward the FTAA.
- o **U.S.-EU Trade Initiative.** The United States and the European Union are examining areas for future market opening under the Transatlantic Agenda. While we do not intend to create a U.S.-EU free trade area, we will investigate prospects to reduce trade barriers across a range of areas including goods, services, and agriculture.
- o **Market-Opening Initiatives in the Asia Pacific Region.** The loss of investor confidence, dramatic currency depreciation, and economic collapse in a number of Asian countries is significantly related to the existence and growing burden of non-transparent, anti-competitive practices in their financial and other sectors. A number of these practices, which will be addressed as part of the IMF package, underlie a number of trade policy concerns. We intend to monitor closely implementation to the relevant IMF commitments, particularly those related to systemic economic reform. Additionally, the Administration places a high priority on fulfilling the November 1997 mandate of APEC Leaders to open world markets in 15 key sectors, with nine to be negotiated in 1998. APEC leaders also

endorsed the ITA II to include additional technology-related products and address non-tariff barriers to technology trade, as well as further work on biotechnology.

o **Bilateral Agenda.** The Administration will pursue an aggressive bilateral trade agenda to fulfill its trade objectives around the world. For example, the Administration has negotiated 34 market-opening agreements with Japan, and continues to press an ambitious deregulation agenda with Japan, which calls for new Japanese commitments in the first-half of 1998. With regard to China, the Administration has negotiated important market-opening and enforcement agreements in textiles and apparel and IPR. The Administration also secured a commitment from China to participate in the global Information Technology Agreement. As WTO negotiations proceed, the Administration has made it clear that China's WTO accession must be on commercial terms; resolving market access concerns across a wide range of goods, services, and agriculture.

o **Africa.** Execution of the President's Partnership for Economic Growth and Opportunity for Africa and efforts to ensure passage of the African Growth and Opportunity Act (H.R. 1432) will drive an ambitious U.S. trade agenda with Africa in 1998. The Partnership recognizes sub-Saharan Africa's economic progress and promise as a potentially important trading partner with the United States. Through a combination of bilateral, regional and multilateral initiatives, the United States will work to open African markets to foreign trade and investment.

o **Agriculture.** To build upon record agricultural exports, the United States will continue through bilateral and multilateral means to address such critical issues as greater price transparency among state trading enterprises, subsidies, scientifically-based sanitary and phytosanitary standards, and increased market access.

o **Labor and environment.** The Clinton Administration will continue its unprecedented efforts to achieve progress on environmental and labor issues as part of the United States' trade agenda. In the FTAA, the United States will continue to pursue complementary sustainable development initiatives so that economic progress does not come at the cost of environmental protection. Within the WTO, the Administration will continue to advance collaboration between the WTO and the International Labor Organization (ILO) on issues related to trade and labor standards. As part of the President's 1999 Budget, the Administration has also sought additional funding for worker training and education programs to strengthen the Nation's economic safety net.

o **Enforcement of existing trade agreements.** The Clinton Administration has brought enforcement actions on more than 75 occasions to protect U.S. rights in the global economy. Already, the United States has demonstrated a record as the most aggressive user of the WTO dispute resolution process, filing 35 formal complaints over the past three years, and amassing a record of 17-1 in cases brought by the U.S. that will increase market access for U.S. manufacturing, IPR,

agriculture, and services industries. Additionally, the Administration continues to apply Section 301 of the Trade Act of 1974, "Super 301," "Special 301" for IPR enforcement, Section 1377 for telecommunications issues, among other laws.

In describing the context for the Administration's trade policy agenda, Ambassador Barshefsky said, "we need to ensure that we are strategically positioned to expand exports of our goods and services around the globe. To this end, the Clinton Administration will continue to use a combination of bilateral, regional, multilateral and sectoral initiatives to open new markets to American exports.

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Note: Public copies of the 1998 Trade Policy Agenda and 1997 Annual Report are available in Room 103 of USTR's Office of Public Affairs. In addition, the report is located at USTR's Internet Home Page address: <http://www.ustr.gov>.

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FOR IMMEDIATE RELEASE  
Thursday, March 4, 1998

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**U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY ANNOUNCES  
ESTABLISHMENT OF THE OFFICE OF AFRICAN AFFAIRS**

**House To Vote on Africa Trade Bill Next Week**

U.S. Trade Representative Charlene Barshefsky today announced the creation of the Office of African Affairs and the appointment of a new Assistant U.S. Trade Representative (AUSTR) to lead this office. In another action which represents a constructive step forward on Africa trade policy, the House of Representatives has scheduled a vote on H.R. 1432 for next week.

"I am pleased to be the first U.S. Trade Representative to establish the Office of African Affairs at USTR - and begin an era of deeper economic cooperation with this region of the world," said Ambassador Barshefsky. "This is an exciting time of unparalleled cooperation between the Administration and Congress to help move the African region toward greater economic and political stability." The USTR Office of African Affairs (OAA) will address the full range of economic issues relevant to the President's Partnership for Growth and Opportunity in Africa, including all traditional USTR trade-related issues such as WTO accession, discriminatory trade practices and trade/investment disputes. OAA will promote the opening of new markets for export gains for U.S. firms in Africa through a combination of bilateral, regional and multilateral initiatives.

The AUSTR for Africa will direct and coordinate interagency activities on U.S.-Africa trade policy and investment matters, serving as a senior Administration contact for those engaged in U.S.-African trade and as chief negotiator on African trade issues. "I am gratified that Rosa Whitaker, a dedicated and experienced foreign service officer, will fill the position of Assistant U.S. Trade Representative for African Affairs," said Ambassador Barshefsky. "Rosa's extensive experience in working on African issues and other international trade issues throughout her career makes her the ideal candidate for this new position."

In addition to substantial congressional staff experience dealing with trade issues as well as an active consultant practice, Ms. Whitaker served as Deputy Division Chief in the State Department's Office of International Energy Policy and Deputy Chief of the Economic Section at the U.S. Embassy in Abidjan, Cote d'Ivoire, West Africa, where she led negotiations finalizing the rescheduling of Cote d'Ivoire's official debt to the United States. She is affiliated with a number of trade and professional associations. Ms. Whitaker holds a Bachelors and Masters Degree from the American University in Washington, D.C.

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Friday, March 6, 1998

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**U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY DESIGNATES  
DUTY-FREE ZONE IN JORDAN AND ISRAEL**

United States Trade Representative Charlene Barshefsky today designated an industrial park in the city of Irbid, Jordan as the first "qualifying industrial zone" (QIZ) from which goods can enter the United States duty-free.

"In the long run, the road to a secure and lasting peace in the Middle East will require greater economic cooperation," said Ambassador Barshefsky. "The momentum for peace will strengthen when the people and the leadership in the Middle East realize that working with their neighbors will lead to their own prosperity. The designation of Irbid will make a concrete contribution to this process."

As a result of this designation, six new ventures are expected to immediately join the eight that are already producing in the region. Ambassador Barshefsky noted that the Middle East has one of the lowest levels of intra-regional trade in the world. Designation of the zone should lead to the type of cross-border economic cooperation common in the rest of the world. The resulting boost in productivity and efficiency should increase the living standards of those in the region.

"Israeli and Jordanian businesses have already come together in Irbid and begun to produce the fruits of peace," stated Ambassador Barshefsky. "Designation of the area as a qualifying industrial zone will enable them to export duty-free to the U.S. market and allow them to expand the scope of their cooperation."

In a letter to Ambassador Barshefsky, Israeli Minister of Industry and Trade Natan Sharansky called the designation "a significant contribution to the peace process" that will "create a microcosm of economic cooperation in the Middle East." Sharansky noted that, as economic cooperation grows, "the fruits of peace will be evident to anyone with eyes to see and ears to

hear.”

The Irbid industrial park is the first qualifying industrial zone ever designated. Legislation passed by the Congress in October 1996 authorized the President to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip and qualifying industrial zones in Israel and Jordan and Israel and Egypt. In November 1996, President Clinton issued a proclamation which provided duty-free treatment to products of the West Bank and Gaza and delegated the authority to designate qualifying industrial zones to the USTR.

Israeli Minister of Industry and Trade Natan Sharansky and Jordanian Minister of Industry and Trade Hani Mulki signed an Agreement on the Irbid zone in November 1997 at the Doha Economic Conference. The Agreement created a Joint Committee to identify businesses located within the zone that involve substantial economic cooperation between Israel and Jordan. Goods processed in the zone by businesses identified by the Committee will be eligible for duty-free entry into the United States if they meet the requirements of the legislation and proclamation. The legislation requires articles to be produced in the zone and specifies that value added in the zone, Israel, the West Bank and Gaza Strip must be no less than 35 percent of the total value of the product. An Israeli Customs Station located at the Sheikh Hussein Bridge between Israel and Jordan will be part of the zone and will monitor the flow of inputs from Israel to the industrial park in Irbid.

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FOR IMMEDIATE RELEASE  
Monday, March 9, 1998

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**U.S. TRADE REPRESENTATIVE NAMES DON JOHNSON  
AS CHIEF TEXTILES NEGOTIATOR**

United States Trade Representative Charlene Barshefsky today announced the appointment of Don Johnson to serve as chief textiles negotiator in the Office of the Trade Representative. Mr. Johnson is a former member of Congress from Georgia who most recently served as president of an international trade and investment company.

"I am delighted to announce the appointment of Don Johnson as chief textiles negotiator," said Ambassador Barshefsky. "Don Johnson has the right combination of policy skills, practical experience, and an understanding of the United States textile and apparel industries to serve as an effective negotiator on behalf of U.S. interests."

In addition to his work in international trade and investment consulting, Don Johnson also taught at the University of Georgia and was an advisor to the Dean Rusk Center for International and Comparative Law as well as the European Center in Atlanta, an institution to foster economic relationships between the countries of Eastern Europe and the Southeastern United States. He received his Bachelor of Arts degree from the University of Georgia and a doctorate in jurisprudence from the Georgia Law School.

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FOR IMMEDIATE RELEASE  
Wednesday, March 11, 1998

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**UNITED STATES TRADE REPRESENTATIVE  
CHARLENE BARSHEFSKY APPLAUDS HOUSE PASSAGE  
OF AFRICA TRADE AND INVESTMENT LEGISLATION**

United States Trade Representative Charlene Barshefsky today welcomed the bi-partisan vote (233 to 186) by the U.S. House of Representatives in support of the Africa Growth and Opportunity Act (H.R. 1432).

Ambassador Barshefsky reiterated the importance of this legislation upon passage. "The Africa Growth and Opportunity Act was developed in close consultation with our friends in Africa and through the work of a bi-partisan coalition in Congress," said Ambassador Barshefsky. "Passage of this legislation reinforces the President's 'Partnership for Growth in Africa,' and represents a turning point in our relationship with Africa, deepening our economic ties in the region and moving the continent toward great economic and political stability. H.R. 1432 will support economic growth in Africa by providing enhanced market access to the United States for those countries committed to economic and political reform. The bill also provides increased debt relief, improves conditions for new investment in the region, and provides technical assistance for economic development."

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FOR IMMEDIATE RELEASE  
Thursday, March 12, 1998

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**USTR ANNOUNCES ALLOCATION OF THE 200,000 METRIC TON  
INCREASE IN THE AMOUNT AVAILABLE UNDER  
THE RAW CANE SUGAR TARIFF-RATE QUOTA**

United States Trade Representative Charlene Barshefsky today announced the country-by-country allocations for the 200,000 metric ton (220,462 short ton) increase in the amount available under the raw cane sugar tariff-rate quota for Fiscal Year 1998. This allocation is based on the countries' historical trade to the United States.

The 200,000 metric ton increase in the amount available for the raw cane sugar tariff-rate quota is being allocated to the following countries in metric tons, raw value:

<u>Country</u>	<u>Current FY 1998 Allocation</u>	<u>Additional Allocation</u>	<u>New FY 1998 Allocation</u>
Argentina	48,101	8,731	56,832
Australia	92,846	16,853	109,699
Barbados	7,830	0	7,830
Belize	12,305	2,234	14,538
Bolivia	8,949	1,624	10,573
Brazil	162,201	29,442	191,642
Colombia	26,847	4,873	31,720
Congo	7,258	0	7,258
Cote d'Ivoire	7,258	0	7,258
Costa Rica	16,779	3,046	19,825
Dominican Republic	196,878	35,736	232,614
Ecuador	12,305	2,234	14,538

El Salvador	29,084	5,279	34,363
Fiji	10,068	1,827	11,895
Gabon	7,258	0	7,258
Guatemala	53,694	9,746	63,440
Guyana	13,424	2,437	15,860
Haiti	7,258	0	7,258
Honduras	11,186	2,030	13,217
India	8,949	1,624	10,573
Jamaica	12,305	2,234	14,538
Madagascar	7,258	0	7,258
Malawi	11,186	2,030	13,217
Mauritius	13,424	2,437	15,860
Mexico	25,000	0	25,000
Mozambique	14,542	2,640	17,182
Nicaragua	23,491	4,264	27,755
Panama	32,440	5,888	38,328
Papua New Guinea	7,258	0	7,258
Paraguay	7,258	0	7,258
Peru	45,864	8,325	54,189
Philippines	151,015	27,411	178,426
South Africa	25,728	4,670	30,398
St. Kitts & Nevis	7,258	0	7,258
Swaziland	17,898	3,249	21,147
Taiwan	13,424	2,437	15,860
Thailand	15,661	2,843	18,503
Trinidad-Tobago	7,830	1,421	9,252
Uruguay	7,258	0	7,258
Zimbabwe	<u>13,424</u>	<u>2,437</u>	<u>15,860</u>
Total	1,200,000	200,000	1,400,000

Allocations to countries that are net importers of sugar are conditioned on receipt of the appropriate verifications.

Conversion factor: 1 metric ton = 1.10231125 short tons

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FOR IMMEDIATE RELEASE  
Friday, March 13, 1998

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**AMBASSADOR BARSHEFSKY CALLS FOR EU COMPLIANCE  
ON WTO HORMONES DECISION**

In a dispute involving a European ban on American beef produced with growth-promoting hormones, the EU stated at a WTO meeting today that it intends to fulfill its WTO obligations, but will need a reasonable period of time to accomplish that objective. The EU said that it will seek discussions with the United States and Canada to define the time available for this purpose. At the same time, press reports out of Europe cast doubt on the commitment of the EU to its stated goal. In response, Ambassador Barshefsky issued the following statement:

“The United States will not tolerate any action by the EU relating to the hormone dispute short of full compliance with its obligations under the SPS Agreement. Anything less is unacceptable and threatens the shared interests of the multilateral trading community in maintaining an effective rules-based trading system.

“The obligations of the EU are clear. The SPS Agreement requires that sanitary measures adopted to protect food safety: (1) must be based on scientific principles, (2) may not be maintained without sufficient scientific evidence, (3) may be applied only to the extent necessary to protect human, animal, or plant life and health, and (4) must be based on a risk assessment. The panel and Appellate Body conclusions, now adopted by the WTO, found that the EU’s hormone ban was unsupported by scientific evidence and that the risk assessments that were performed did not warrant the import prohibition.

“Reports from Europe that the EU intends to conduct yet another risk assessment raise serious questions whether the EU intends in good faith to comply with its SPS Agreement obligations. The EU approach is based on a highly distorted reading of the WTO Appellate Body report, mistakenly relying on a single paragraph of that report, taken completely out of context. The EU cannot selectively choose to comply with some of its SPS obligations, while disregarding others. Nor can the EU define compliance by electing to isolate certain passages of the WTO reports, and

ignore the essential WTO finding that the EU ban is not supported by either scientific evidence or by any of the risk assessments that have been conducted.”

“The EU has had numerous opportunities to present scientific evidence to support its ban. Yet the EU has not been able to develop evidence to support its ban during the more than ten years that the ban has been in effect. This is not surprising in light of the findings by WTO recognized international scientific groups, such as the Codex Alimentarius Commission, that American beef is safe for consumers. For the EU now to suggest that it can develop contrary scientific evidence raises serious questions of credibility.”

### Background

In this dispute, the United States challenged the EU ban on imports of animals and meat from animals which were administered any of six hormones for growth promotion purposes. At the request of the United States, on May 20, 1996, the WTO Dispute Settlement Body (“DSB”) established a panel. Canada also requested a panel, which was established on October 16 and was comprised of the same panelists as in the U.S. case. The final panel report, released on August 18, 1997, found that the EU ban violates the EU’s obligations under the WTO Agreement on Sanitary and Phytosanitary Measures (“the SPS Agreement”). The panel report found, *inter alia*, that the EU ban is not based on scientific evidence and was not based on a risk assessment or on the relevant international standards. On September 24, the EU filed a notice of appeal.

The appellate report was issued on January 16, 1998. The Appellate Body (“AB”) found that the EU’s ban on importation of beef from cattle treated with growth promotion hormones is not consistent with the EU’s obligations under the SPS Agreement. The AB report concluded that the EU measure failed to satisfy the requirements of Articles 3.3 and 5.1 of the SPS Agreement because the risk assessments that had been performed did not support the ban. The Appellate Body found that while a country has broad discretion in electing what level of protection it wishes to implement, in doing so it must fulfill the requirements of the SPS Agreement, including the requirement for a risk assessment that supports the sanitary measure as well as sufficient scientific evidence.

At its February 13, 1998 meeting, the WTO Dispute Settlement Body adopted the Appellate Body and Panel reports on hormones. Under Article 21 of the Dispute Settlement Understanding (DSU), the EU was required to “state its intentions in respect of implementation of the recommendations and rulings of the DSB” at the March 13 meeting. Article 21.3 provides that if it is “impracticable” for a losing WTO member to “comply immediately with the recommendations and rulings” of the DSB, it shall be given a “reasonable period of time to do so.” The duration of that period can be determined by mutual agreement of the parties or by binding arbitration.

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FOR IMMEDIATE RELEASE  
Monday, March 16, 1998

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**UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY  
SIGNS AGREEMENT WITH BRAZIL ON AUTOS**

United States Trade Representative Charlene Barshefsky announced today that the United States and Brazil have reached an agreement that settles a long-standing trade dispute concerning automobiles. Under the agreement, Brazil has agreed to accelerate plans to terminate a program that currently benefits auto manufacturers in Brazil through trade-distorting investment requirements. The Brazilian auto regime was the subject of a complaint filed by the United States with the World Trade Organization, and consultations during the past year culminated in the agreement signed today in Washington by Ambassador Barshefsky and Brazilian Foreign Minister Luiz Felipe Lampreia.

“This agreement sends a message to our trading partners that we will challenge unfair foreign measures that distort trade and investment decisions,” said Ambassador Barshefsky. “I am pleased that the Government of Brazil is prepared to accelerate the termination of its automotive regime, and to commit not to extend the regime’s requirements to its regional partners. I also am pleased that Brazil and the United States have been able to resolve our differences through negotiation.”

Brazil’s auto regime, announced in December 1995, offers auto manufacturers reduced duties on imports of assembled cars and other benefits if they satisfy certain requirements to use Brazilian parts and to export finished autos. The program was structured so as to increase Brazilian production, employment and exports of autos and auto parts at the expense of production and employment in the United States and other countries. The U.S. WTO complaint alleged that the Brazilian auto regime violates Brazil’s WTO commitments, particularly under the Agreement on Trade Related Investment Measures (TRIMS).

The Brazilian Government has now committed to eliminate the trade and investment distorting

measures in its auto regime and not to extend these measures to its MERCOSUR partners when their auto regimes are unified in 2000. In addition, the Government of Brazil will accelerate the deadline for new applications under the regime (moving up the deadline for auto assemblers by eighteen months to June 30, 1998 and for parts manufacturers by one year to December 31, 1998).

USTR will terminate an investigation it initiated on this matter in October 1996 under Section 301 of the Trade Act of 1974, and will closely monitor Brazil's implementation of the settlement agreement.

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WASHINGTON, D.C.  
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FOR IMMEDIATE RELEASE  
Tuesday, March 17, 1998

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### USTR TO CHALLENGE DRAFT SHRIMP-TURTLE REPORT AT WTO

In response to reports regarding a draft WTO panel report criticizing U.S. measures restricting shrimp imports, the Office of the United States Trade Representative issued the following statement:

"The draft report was narrowly cast, focusing on one aspect of the U.S. law that conditions shrimp imports on the adoption by the exporting nation of a specific sea turtle conservation policy. The panel seems to have taken the view that the application of the law was overly broad in this area and might subject exporting nations to contradictory conservation requirements. But at the same time the panel acknowledged the rights of WTO Members to pursue environmental objectives."

"The United States is committed to the protection of the environment including, in particular, protection of endangered species. The draft report is not about the Endangered Species Act, and nothing in this report alters or affects, in any way, the enforcement of the Endangered Species Act. The WTO Agreement contains important provisions that explicitly preserve the rights of WTO members to take trade measures to protect and conserve natural resources, so USTR is obviously disappointed in this draft. USTR has already asked the panel to reconsider key portions of its draft report, and USTR officials will appear before the panel again next week to continue to defend U.S. interests aggressively. Consistent with its normal practice, USTR will make the final panel report available to the public as soon as it has been issued."

#### Background

Sea turtles are ancient and far-ranging species, with migratory patterns extending throughout the

oceans of the world. Due to the harvesting of sea turtles and their eggs, and to accidental mortality associated with shrimp trawling and other fishing operations, all but one species of sea turtles have become threatened or endangered with extinction worldwide.

Researchers have developed special equipment, known as the Turtle Excluder Device or TED, that substantially eliminates accidental deaths of sea turtles in shrimp trawl nets. For almost a decade, the United States has required that U.S. shrimp fishermen employ TEDs. Experience has shown that the use of TEDs, combined with the protection of sea turtle nesting sites and a ban on direct sea turtle harvesting, can lead to the recovery of sea turtle populations.

The U.S. law at issue -- Section 609 of Public Law 101-162 -- restricts imports of shrimp harvested with fishing equipment, such as shrimp trawl nets not equipped with TEDs, that results in incidental sea turtle mortality. The law ensures that the U.S. market demand for imported shrimp does not lead to the further endangerment of sea turtles.

In October 1996, India, Malaysia, Thailand and Pakistan requested consultations with the United States under WTO dispute settlement procedures regarding the U.S. import restrictions under Section 609, claiming that it was inappropriate for the United States to prescribe their national conservation policies. The parties held consultations on November 19, 1996. In April 1997, the WTO established a three-person dispute settlement panel to consider the claims of the four complaining countries.

The United States made submissions to the panel on June 9, July 28, and October 1, 1997. The panel met with the parties on June 17-19 and September 15-16, 1997, and held an additional meeting with the parties and five technical experts on January 21-22, 1998. Australia, Ecuador, El Salvador, the European Communities, Guatemala, Hong Kong, Japan, Nigeria, the Philippines, Singapore, and Venezuela appeared as third parties in the dispute.

An interim, draft report was issued to the disputing parties on March 2, 1998. The United States submitted comments on the interim report on March 16, 1998. The panel will hold a meeting on or about March 23, 1998 to discuss the parties' comments on the interim report.

The final report is scheduled to be released to the disputing parties in early April, and to be circulated to all WTO Members in mid-June, 1998. Any party may appeal the legal findings of the panel by referring the matter to the WTO Appellate Body. The appeal process generally takes about six months.

The U.S. submissions to the panel described in detail the endangered status of sea turtles worldwide, the substantial harm caused to sea turtles by shrimp trawling in the complainants' waters, and the effectiveness of turtle excluder devices in reducing sea turtle mortality.

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FOR IMMEDIATE RELEASE  
Thursday, March 19, 1998

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#### EU MEMBER STATES ENDORSE BIOTECH CORN VARIETIES

U.S. Trade Representative Charlene Barshefsky today praised the decision of the European Union to approve three new varieties of corn produced by biotechnology. The majority vote by the EU Member State regulatory committee on genetically modified organisms now will allow these biotechnology products to move forward for final approval.

"We welcome the vote yesterday by the Regulatory Committee in favor of the genetically modified corn varieties," stated Ambassador Barshefsky. "It is a decision of great value to U.S. corn producers and exporters and ensures that our corn exports, estimated over \$1 billion, will continue. We hope the EU will quickly move to complete the next phases of the approval process. Biotechnology holds tremendous promise for helping to ensure sustainable agriculture around the globe will continue to expand well into the next century."

Applications for a variety of products produced through modern biotechnology remain pending with the European Commission. Ambassador Barshefsky stated that the United States will continue to work closely with our trading partners in Europe to ensure that these products are judged on their scientific merits in a timely fashion.

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(EMBARGOED FOR RELEASE UNTIL FRIDAY, MARCH 20, 1998 7:30 AM)

FOR IMMEDIATE RELEASE  
Friday, March 20, 1998

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**UNITED STATES AND CENTRAL AMERICAN COUNTRIES SIGN  
TRADE AND INVESTMENT FRAMEWORK AGREEMENT**

United States Trade Representative Charlene Barshefsky today signed the United States-Central American Regional Trade and Investment Framework Agreement (TIFA) in San Jose, Costa Rica with the Trade Ministers of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The announcement occurred on the margin of the fourth FTAA (Free Trade Areas of the Americas) Trade Ministerial.

“Creating this regional forum reflects the interest of these countries in continuing progress toward more open and reciprocal trade and investment conditions,” said Ambassador Barshefsky. “The TIFA partnership will advance economic cooperation between the United States and these eight Central American countries.”

The TIFA recognizes the importance of protecting and promoting the fundamental rights of workers as well as underscoring the need for continued environmental protection through sustainable development practices, in a climate of expanding trade and investment. Ambassador Barshefsky noted that electronic commerce will also play a prominent role in further trade discussions.

**Background**

When President Clinton met with Central American leaders in San Jose, Costa Rica last May, they directed their trade ministers to establish a regional trade and investment council. At the first

meeting of this new U.S.- Central American Regional Trade and Investment Council last July in Washington, members agreed that a framework agreement would serve as one of the most effective means to advance progress on trade and investment issues.

Under the agreement signed in Costa Rica, vice ministers for trade are expected to meet within ninety days to develop a plan of action that will strengthen commercial ties among these nations.

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FOR IMMEDIATE RELEASE  
Friday, March 20, 1998

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**STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY  
REGARDING FTAA TRADE NEGOTIATIONS**

United States Trade Representative Charlene Barshefsky today announced that the Fourth FTAA Trade Ministers provided a solid foundation for a comprehensive and successful launch of substantive negotiations at the Santiago Summit. Following the meeting of Trade Ministers representing thirty-four countries, Ambassador Barshefsky issued the following statement:

“The United States achieved all of its key objectives here, setting the stage for a comprehensive and successful launch of substantive negotiations at the Santiago Summit. We have set a strong foundation for negotiations and we have made important progress on labor and environmental issues with the FTAA. Keep in mind the central fact behind this effort: Our market is open to other countries’ products -- other countries’ markets should be open to ours. The average tariff in the rest of Latin America is four times as high as ours.

“Our efforts in Costa Rica move us an important step forward toward the President’s and other leaders’ vision of a hemispheric free trade agreement by 2005. An open and fair trading system in this hemisphere will benefit American workers, companies, and consumers.

“The United States, led by President Clinton, has been the driving force for open markets in our Hemisphere and around the world. In the FTAA, the Hemisphere looks to us for leadership. We will continue to play a central leadership role, and the San Jose outcomes reflect this fact. Specifically, today’s meeting cements a number of critical U.S. objectives:

- “Establishing Miami as the negotiating center for the first three years of FTAA negotiations. Miami was not only the site for the first leaders’ meeting, it is also the hub

for the United States' trade with Latin America.

- “Ensuring U.S. leadership throughout the entire negotiation period, with the United States co-chairing with Brazil the FTAA process during the crucial closing period of the negotiations.
- “Establishing, for the first time ever, a committee to expand the involvement of environmental, labor and academic groups and to examine these issues within the FTAA process itself. This is a major step forward and clearly establishes that all stakeholders will have direct access to the FTAA process, through ministerial consideration of all views.
- “Creating nine working groups for trade negotiations which play to America’s strengths, including agriculture, market access, services, and, importantly, intellectual property rights.
- “We now have a formula that provides in a single undertaking the framework for one final, comprehensive deal that gives the United States leverage to break down the most pernicious trade barriers in the region.
- “Recommitting FTAA countries to make concrete progress by the year 2000. Specifically, Ministers called for agreements on business facilitation in such areas as customs procedures, professional services, and IPR by the turn of the century.
- “Building an awareness of the importance of duty free cyberspace. We have established an expert government-private sector working group that will make recommendations at our next FTAA meeting. We continue to pursue this agenda simultaneously in the WTO, where the largest players have signed on to our approach.”

## IV MEETING OF MINISTERS RESPONSIBLE FOR TRADE

San José, Costa Rica

March 19, 1998

### Negotiation Sites

May 1998- February 2001	March 2001- February 2003	March 2003- December 2004
Miami, Florida	Panama	Mexico City, México

### Presidencies of the FTAA Negotiation Process

May 1998- October 1999	November 1999- April 2001	May 2001- October 2002	November 2003- December 2004 <sup>+</sup>
Canada	Argentina	Ecuador	Co-presidency between Brazil and United States*
(Argentina - Vice Presidency)	(Ecuador - Vice Presidency)	(Chile - Vice Presidency)	

\* - No Vice Presidency 2003-2004

<sup>+</sup> - Co-presidency continues thru close of negotiations

**Venue of the meetings of the Trade and Negotiating Committee (TNC) for the first period (May, 1998 - October 1999):**

1. Buenos Aires, Argentina
2. Surinam
3. Bolivia

**FTAA Negotiation Framework, Page Two**

**Negotiating Groups for the first 18 months**  
**(May 1988 - October 1999)**

<b>Negotiating Group</b>	<b>Presidency</b>	<b>Vice-Presidency</b>
Market Access	Colombia	Bolivia
Investment	Costa Rica	Dominican Republic
Services	Nicaragua	Barbados
Government Procurement	United States	Honduras
Dispute Settlement	Chile	Uruguay-Paraguay
Agriculture	Argentina	El Salvador
Intellectual Property	Venezuela	Ecuador
Subsidies, Antidumping, and Countervailing Duties	Brazil	Chile
Competition Policy	Peru	Trinidad and Tobago

**Participation of Civil Society in FTAA**

Environment, Labor, and Academic Issues Committee	Chair TBD	
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**Electronic Commerce**

Expert Committee on Electronic Commerce	CARICOM	
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**Presidency and Vice-presidency of the Consultative Group on  
Smaller Economies for the first period of 18 months**  
**(May 1998 - October 1999)**

<b>Smaller Economies</b>	<b>Jamaica</b>	<b>Guatemala</b>
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FOR IMMEDIATE RELEASE  
Friday, March 20, 1998

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**AGREEMENT BETWEEN THE U.S. APPLE INDUSTRY AND  
THE GOVERNMENT OF MEXICO**

Ambassador Barshefsky issued the following statement regarding the agreement that was reached this morning by the U.S. apple industry and the Government of Mexico:

"We are pleased that our industry has concluded an agreement with Mexico's Secretariat of Commerce and Industrial Development (SECOFI) that will immediately reopen the Mexican market - our largest export market for apples - to U.S. apple exports. We applaud the U.S. industry's effort and welcome the results it reached with SECOFI to resolve this matter."

The Administration has been engaged in a coordinated effort with the U.S. apple industry to reopen the Mexican apple market for red and golden delicious apples since SECOFI's unwarranted use of "best information available" to impose provisional antidumping measures of 101.1 percent on September 1, 1997. This matter has been of serious concern to Members of Congress and USTR had urged a comprehensive resolution of the issues in the case. We are pleased that the U.S. apple industry has succeeded in its efforts to negotiate a suspension agreement, and that the matter has now been resolved. This agreement should provide a predictable setting for U.S. apples to once again enter the Mexican market.

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**FOR IMMEDIATE RELEASE  
THURSDAY, MARCH 26, 1998**

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**UNITED STATES WINS WTO CASE ON INDONESIA AUTO POLICY**

In response to the draft World Trade Organization (WTO) report involving Indonesian measures affecting the automobile industry, United States Trade Representative Charlene Barshefsky issued the following comments:

"The draft dispute settlement panel report supports the United States challenge to various Indonesian measures that hinder market access for U.S. automotive products," Ambassador Barshefsky said. Under its 1993 Program and its National Car Program, Indonesia provides tariff and tax incentives to producers of motor vehicles and motor vehicle parts that purchase specified amounts of Indonesian-made parts. The panel found that Indonesian practices violate WTO rules.

Ambassador Barshefsky added, "The panel's ruling ensures that Indonesia will be required to cease its discrimination against imported autos and auto parts. Compliance with this decision requires that Indonesia open its market to meet its WTO obligations. The IMF reforms address some market access barriers illuminated in this case, we felt that it was important to address specific concerns through the WTO process."

In reaching its conclusions, the panel affirmed some central and well-established principles underlying the GATT and the WTO. The panel made clear that WTO members may not discriminate against imported inputs by conditioning the receipt of subsidies to producers of finished products on the use of domestically-made inputs. "This aspect of the panel's ruling, in particular, should serve as an important precedent in dealing with barriers to trade in automotive products around the world," said Ambassador Barshefsky.

Similarly, the panel reaffirmed that where a member grants an advantage to imports from one member, the importing member must, pursuant to the MFN principle, grant the same advantage to imports from all members.

In conclusion, Ambassador Barshefsky noted, "the panel's ruling complements the agreement reached between Indonesia and the IMF regarding the elimination of the measures in question. While the Indonesia-IMF agreement reflects the fact that reform of these measures will contribute to the stabilization and recovery of the Indonesian economy, the panel ruling recognizes that the measures also are inconsistent with WTO rules and should be brought into conformity with those rules."

### Background

In 1993, Indonesia established rules linking local content to preferential tariff and luxury tax rates for cars sold in Indonesia. Under the February 1996 National Car Program, this regime was expanded to permit companies designated as "pioneer firms" to import auto parts tariff-free, and to sell "national cars" luxury tax-free, for three years. To qualify as a pioneer firm, a company must be 100 percent Indonesian-owned, use a unique Indonesian trademark, be developed with national technology, and reach 60 percent local content within three years. One firm was designated as a pioneer company, *PT Timor Nasional*. However, the "national car" actually was to be produced by a joint venture, in which a Korean company, Kia Motors, has a 35 percent equity interest. On June 4, 1996, President Suharto amended the National Car Program by issuing a decree providing that "national cars" produced abroad could be imported duty-free into Indonesia, and could be sold luxury tax-free. PT Timor was authorized to import up to 45,000 cars from Korea, and in September 1996, Kia began exporting cars to Indonesia.

In October 1996, the United States and the European Union (EU) initiated WTO dispute settlement procedures on Indonesia's 1993 and National Car programs. At the same time, Japan initiated WTO dispute settlement procedures on the National Car Program only. The United States asserted that the 1993 and National Car programs are inconsistent with Indonesia's obligations under the GATT 1994 and the WTO Subsidies and Countervailing Measures (SCM) and TRIMs agreements. In addition, the United States alleged that the National Car Program violated the WTO TRIPS Agreement and caused serious prejudice to U.S. interests within the meaning of the SCM Agreement. All concerned parties held consultations with Indonesia in the last quarter of 1996. Between January and June 1997, the United States and Indonesia held informal discussions in an effort to craft a settlement aimed at WTO compliance and greater U.S. access to the Indonesian market. Although much progress was made in these talks, final agreement was not reached on all elements of a settlement package.

On April 17, 1997, Japan requested the establishment of a panel to examine its complaints against Indonesia. On May 12, 1997, the EU also requested establishment of a panel. On June 12, a panel was established in response to Japanese and EU requests. On the same day, the United States requested a panel in order to preserve its rights, while stating an interest in continuing consultations aimed at a mutually satisfactory settlement with Indonesia. On July 30, a panel was formed in response to the U.S. request and consolidated with the Japan/EU panel. The panelists are Maamoun Abdel-Fattah (Chair, Egypt), David Walker (New Zealand), and Ole Lundby (Norway). Negotiations toward a settlement continued intermittently on an informal basis.

The WTO panel held its first meeting on December 3-4, 1997 and its second meeting on January

13-15, 1998. In the meantime, in response to the Indonesian financial crisis during the Fall of 1997, the IMF negotiated on October 31, 1997 a Memorandum on Economic and Financial Policies (MEFP) involving a stand-by credit of \$10.14 billion to be disbursed over the next three years in support of Indonesia's macroeconomic stabilization and structural reform program. In response to worsening Indonesian conditions at the end of 1997, the IMF negotiated the January 15, 1998 Letter of Intent and MEFP that supplements and revises the October 31 conditions while reconfirming the above disbursement. The IMF October 1997 funding was also supported by technical assistance and substantial financing totaling \$8 billion from the IBRD and Asian Development Bank (ADB), particularly in financial sector rehabilitation and structural reform.

The January 15, 1998 MEFP provides for the immediate elimination of special tax, customs or credit privileges granted to the "National Car" project; implementation ahead of schedule of the WTO panel ruling on the project; and the elimination by 2000 of tariff preferences tied to local content levels.

An interim, draft report was issued to the disputing parties on March 24. The United States, as well as the other parties, has until April 7 to submit comments on the interim report. If requested, the panel will hold a meeting to discuss the parties' comments on the interim report, although the date of any such meeting has not yet been scheduled.

A final report is scheduled to be released to the disputing parties by the end of April, and to be circulated to all WTO Members in mid-May. Any party may appeal the legal findings of the panel by referring the matter to the WTO Appellate Body. The appeal process generally takes about six months from the date on which the panel report is circulated.

The U.S. submissions to the panel described in detail the nature of Indonesia's WTO violations and the harm caused to U.S. automobile manufacturers by the subsidies provided under the National Car Program.

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FOR IMMEDIATE RELEASE  
Friday, March 27, 1998

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**WTO APPELLATE BODY UPHOLDS WIN FOR UNITED STATES IN  
CHALLENGE TO ARGENTINA'S SPECIFIC DUTIES AND TAX ON IMPORTS**

United States Trade Representative Charlene Barshefsky announced today that the WTO Appellate Body ruled that Argentina's specific duties on textiles and apparel and 3 percent "statistical" tax applied to almost all imports violate WTO rules. In reaching this decision, the Appellate Body sustained an earlier decision by a dispute settlement panel which found that Argentina's specific duties are excessive and that the tax fails to approximate the government's cost of providing statistical services to importers.

"Argentina has breached its WTO obligations," said Ambassador Barshefsky. "This decision will provide greater market access for our textile and apparel exporters, who have been unfairly impeded in their efforts to compete in Argentina."

In joining the WTO, Argentina committed to assessing duties that are no more than 35 percent of the value of imported textile and apparel products. However, Argentina has applied minimum specific duties to hundreds of categories of textile and apparel imports that exceed this amount. The specific duties often are extremely high, in some cases more than double the maximum permissible rate.

Argentina's 3 percent statistical tax is inconsistent with the well-established GATT requirement that non-tariff charges on imports can be no more than the government's cost of providing a service to an individual importer. Because Argentina's *ad valorem* tax is calculated based upon the value of imported merchandise, and not the cost of any service rendered, it results in gross overcharges on a wide variety of products.

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FOR IMMEDIATE RELEASE  
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### TRADE PREFERENCES FOR HONDURAS SUSPENDED

United States Trade Representative Charlene Barshefsky announced today that the United States partially suspended trade benefits Honduras receives under the Generalized System of Preferences (GSP) and Caribbean Basin Initiative (CBI) programs. The action today was taken as a result of Honduras' continued failure to provide adequate and effective protection of intellectual property rights. While the newly elected Honduran administration has recently made efforts to end violations of U.S. intellectual property rights, these efforts have not yet proved effective in securing IPR compliance.

"After allowing an additional sixty days for the government of Honduras to address concerns about IPR protection, overt and unacceptable IPR piracy continues as a matter of practice," said U.S. Trade Representative Charlene Barshefsky. "Local television stations in Honduras continue to rebroadcast U.S. television programming without providing compensation to U.S. artists and owners - a clear violation of their trade obligations. As a result, certain trade benefits to Honduras under the GSP and CBI programs will be suspended. I am prepared to suspend additional substantial trade preferences unless the offending stations terminate their use of the public airwaves for illegal purposes."

The action announced today was taken pursuant to Section 301 of the Trade Act of 1974, and will result in the suspension of duty free treatment covering approximately \$5 million in imports, including certain fruits and vegetables. Such products of Honduras will be subject to ordinary, most favored nation rates of duty effective 15 days after the decision is published in the Federal Register.

#### Background

In 1992, the Motion Picture Association filed a petition asking that tariff preference benefits to Honduras under the GSP and CBI programs be withdrawn due to widespread, blatant copyright piracy in Honduras. Television stations in Honduras routinely broadcasted pirated U.S. videos, and rebroadcasted U.S. satellite-carried programming. Since the receipt of that petition, U.S. officials have held extensive consultations with Honduras. Although Honduras has provided

repeated assurances, that they would take actions against broadcast piracy, Honduras has not improved its IPR protection. In May of 1997 the Trade Policy Staff Committee recommended that GSP and CBI benefits be partially suspended unless the Government of Honduras improved its IPR enforcement. In order to implement the TPSC recommendation, on October 31, 1997, Ambassador Barshefsky initiated an investigation under Section 301 of the Trade Act of 1974 with respect to IPR protection in Honduras and requested public comment on a proposal to suspend GSP and CBI tariff preference benefits with respect to certain Honduran products.

The GSP program grants duty-free treatment to specified products that are imported from more than 140 designated developing countries and territories. The GSP program includes an eligibility requirement concerning the extent to which the foreign country provides adequate and effective protection of intellectual property rights.

The CBI program, which grants duty-free treatment to specified products from Caribbean Basin countries, also includes eligibility requirements concerning the extent to which the foreign country provides under its laws adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, and the extent to which the foreign country prohibits its nationals from engaging in the broadcast of copyrighted material belonging to United States copyrights owners without their express consent.

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FOR IMMEDIATE RELEASE  
Tuesday, March 31, 1998

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### USTR RELEASES 1998 INVENTORY OF WORLD-WIDE TRADE BARRIERS

The Office of the U.S. Trade Representative released today the thirteenth annual U.S. report on foreign trade barriers. *The 1998 National Trade Estimate Report on Foreign Trade Barriers* (NTE) lists a wide range of foreign trade barriers that restrict U.S. exports as well as those of other nations.

In this year's State of the Union address, President Clinton said, "As we enter the 21st century, the global economy requires us to seek opportunity not just at home, but in all the markets of the world." Using the NTE as a vital source of information, the Administration has identified barriers to U.S. exports, negotiated agreements to reduce them, and diligently monitored and enforced those agreements, as well as our own trade laws.

U.S. Trade Representative Charlene Barshefsy said, "Because international trade is an increasingly important component of our economic strength at home and leadership abroad, it is vital to the long-term prosperity and influence of the United States that this Administration continue to exercise leadership and continue to press our trading partners toward more open markets and broader compliance with a rules-based trading system."

1997 was an exceptional year for both U.S. exports and the U.S. economy. In its seventh year of expansion last year, the U.S. economy grew by a strong 3.8% in constant 1992 dollars. U.S. exports of goods and commercial services, however, grew three times faster than the overall economy, rising over 12% in constant dollar terms last year. In fact, of the \$260 billion increase in U.S. GDP last year, \$106 billion, or slightly over 40% was accounted for by the increase exports.

The NTE report lists all significant trade barriers including policies restricting the import of goods and services, export subsidies, deficiencies in intellectual property protection, and investment barriers. Where such barriers are inconsistent with trade agreement obligations, including those under the WTO agreements, the U.S. is pursuing appropriate redress.

The Clinton Administration has negotiated 250 trade agreements, all designed to advance our economic and trade interests. These agreements, coupled with 75 enforcement actions, have resulted in significant progress. This year's NTE sites several examples where our trade partners recently have reduced or eliminated trade barriers.

"1997 was the year of the trade trifecta where we succeeded in bringing down global trade barriers in telecommunications services, information technology, and financial services. These areas represent the infrastructure of the 21st century and high growth areas of trade where the United States leads the world," said Ambassador Barshefsky. "These successful negotiations demonstrate the importance of our multilateral trade agenda as we look ahead to IPR, government procurement, agriculture, and services in the next two years."

The NTE Report demonstrates that the United States vigorously enforces all of its international trade agreements and U.S. trade laws. In the past 5 years, USTR has brought 75 trade enforcement actions, and has utilized the WTO dispute settlement procedures more than any other WTO member, filing 35 cases to date.

Ambassador Barshefsky noted that "there is much work that must be accomplished to ensure that rules for fair and open trade are applied around the world." To this end, the Clinton Administration will continue to use a combination of sectoral, bilateral, regional, and multilateral initiatives to open new markets to American exports throughout the world.

### Highlights of the 1998 NTE Report

This year's report highlights trade issues of concern around the world. With respect to **Japan**, the Administration continues to pursue vigorously improvements in market access for U.S. goods and services. Still, the U.S. merchandise trade deficit with Japan increased 17 percent in 1997 to \$55.7 billion. A key development in 1997 was the establishment of the Enhanced Initiative on Deregulation and Competition Policy which calls for the urgent need for significant deregulation affecting: telecommunications, medical devices and pharmaceutical products, housing, financial services, competition policy, distribution, and transparency. The U.S. Government successfully concluded several bilateral agreements with Japan during the past year which reduce or eliminate market access barriers affecting: wood products, sound recordings, tomatoes, telecommunications procurement, port practices, Nippon Telegraph and Telephone procurement, distilled spirits, and civil aviation. In addition, the Administration continues to monitor closely Japan's implementation of agreements affecting sectors such as: autos and auto parts, flat glass, insurance, computers, as well as working to address other market access barriers, such as barriers faced in the electric utilities sector, increasingly important as Japan deregulates this sector, and the new market-opening initiative on film.

The NTE report reflects a series of market access concerns with **China** across agriculture, industrial production and services. The full range of U.S. market access concerns are embraced in the U.S. bilateral agenda with China, and the framework for China's WTO accession negotiations. Under the 1995 and 1996 IPR agreements with China, China has shut down 62 illicit CD

production lines. However, concerns remain about illegal distribution and retail sale of IPR products, and end user piracy of business software. The report notes that under the 1997 renewal of the U.S.-China bilateral textiles agreement, import quotas were reduced in 14 categories of textile and apparel products that were illegally trans-shipped to the United States. In China's WTO accession negotiations, we have made some progress in areas such as trading rights, judicial review, non-discrimination and transparency. China has announced its intention to join the ITA and to make significant tariff cuts.

During the past year, important progress was made with **Taiwan** on market access issues involving computers, telecommunications, and government procurement; however, significant trade issues remain in such areas as tariffs, government procurement, IPR (e.g., exports of pirated products to third countries), standards and licensing requirements.

The report notes that the **European Union** and the United States share the largest two-way trade and investment relationship in the world with goods trade approaching \$300 billion a year, services trade well over \$100 billion a year and annual direct investment flows across the Atlantic of about \$100 billion. However, the report also notes that restrictive distribution practices, tariffs, and unpredictable product approval, labeling and licensing requirements have restricted market access for U.S. goods and services providers. The report highlights the importance of gaining greater market access certainty for a range of products, including food, pharmaceuticals, beef from animals treated with growth promoting hormones, products developed through the application of biotechnology, and wine. A recent breakthrough in the implementation of the U.S.-EU veterinary equivalency agreement should facilitate increased market access for U.S. meat exporters. On-going concerns with the EU focus on the need for standards, uniform testing, fair labeling, and gaining certainty in licensing and certification practices. The report also describes a range of market access concerns with Russia, including an average weighted tariff of 13.3% and a lack of transparency in many aspects of government policy and the operation of the legal system. Unpredictable changes in customs regimes, and restrictions in services trade and investment also inhibit market access in Russia and many of the former Soviet Republics which are in the midst of WTO accession negotiations.

In the Western Hemisphere, global agreements in telecommunications, financial services and information technology will improve market access conditions in Latin America as changes are implemented. In 1997, **Mexico** became the second largest export market for the United States, surpassing Japan. In fact, 50 percent of global export growth last year was accounted for by growth to our NAFTA partners alone. Under the NAFTA, we have seen a progress across a range of disciplines newly subject to the NAFTA's rules and implementation schedule. For example, Canada and the United States eliminated tariffs on all covered products as of January 1, 1998. Due to the NAFTA, Mexico has eliminated tariffs on approximately two-thirds of all U.S. goods entering Mexico to date, whereas before the NAFTA, over 80 % of U.S. goods entering Mexico were subject to duties. NAFTA has leveled the playing field for U.S. exporters, the report notes that there were a number of market access difficulties with Mexico in such areas as anti-dumping actions, telecommunication practices, intellectual property rights enforcement, and other technical barriers to trade. The Administration has actively pursued solutions in these areas through either bilateral efforts, or trilateral efforts under the extensive NAFTA work program.

While noting that U.S.-Canada trade now amounts to a billion dollars a day and growing, the report describes a number of practices in the cultural sector which continue to restrict market access in addition to continuing concerns about market access conditions for dairy products, and the practices of the Canadian Wheat Board. In Brazil, a recent agreement to dismantle the Brazilian auto regime is a constructive step, but the report notes that the average tariff rate in Brazil is 13.8%, four times higher than the U.S. average, and there are a series of concerns related to market access, investment restrictions, and inadequate IPR restrictions.

This year's report notes that in Korea, U.S. industry and agricultural interests continue to encounter significant market access barriers, which we are addressing both bilaterally and in appropriate multilateral fora. However, the report also indicates that macroeconomic reforms spurred by the IMF stabilization program for Korea, if implemented fully and faithfully, should reduce barriers to free trade, investment, and competition in that market.

# 1998 National Trade Estimate

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The entire report is also available as a [single file](#) (1,374 KB).

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[Webmaster @ USTR](mailto:Webmaster@ustr.gov) - 31 March 1998

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FOR IMMEDIATE RELEASE  
Wednesday, April 1, 1998

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**ANNUAL REVIEW OF TELECOMMUNICATIONS TRADE AGREEMENTS  
HIGHLIGHTS MARKET ACCESS CONCERNS IN MEXICO AND CANADA**

United States Trade Representative Charlene Barshefsky announced today the completion of the annual review of the operation of U.S. telecommunications trade agreements under section 1377 of the Omnibus Trade and Competitiveness Act of 1988.

This year's review, which was completed on March 31, 1998, focussed on WTO members' compliance with the WTO basic telecom agreement, particularly Canada and Mexico; and implementation of a bilateral agreement with Taiwan. Ambassador Barshefsky also noted concerns about Japan's regulation of its telecommunications services market.

"Our Section 1377 review this year produced a new agreement with Taiwan, significantly benefitting U.S. carriers," stated United States Trade Representative Barshefsky.

Canada came under close scrutiny for a restriction that prohibits the routing of international services to or from Canada through the United States. "This restriction raises serious concerns about Canada's compliance with its WTO obligations and is not supported by Canadian carriers. I expect Canada to remove the restriction expeditiously. USTR will keep this problem under active review, and if it is not resolved before August 1, we will challenge the restriction in the WTO," said Ambassador Barshefsky.

There are a number of problems with Mexico's regulation of international and domestic services, including a discriminatory surcharge on inbound international calls and the failure to permit unrestricted resale of telecommunications services. Commenting on Mexico, Ambassador Barshefsky stated, "I am seriously concerned that Mexico may not be living up to its commitments under the new WTO basic telecom agreement. USTR is reviewing this situation expeditiously and will not hesitate to initiate WTO proceedings, if warranted. Mexico can resolve these problems promptly, consistent with Mexico's policy of promoting a competitive telecommunications market."

With respect to telecommunications equipment markets, this past year has demonstrated that one of the driving forces of U.S. exports has been the dramatic growth in new services--a trend greatly accelerated by the coming into force of the WTO basic telecom agreement on February 5, 1998.

"The past twelve months has demonstrated U.S. industry's ability to put our new trade agreements to good use to increase exports of both equipment and services," said Ambassador Barshefsky. "In countries where we have bilateral trade agreements covering telecom equipment, U.S. exports were up over 12 percent, reaching almost 7 billion dollars."

### Background

**Taiwan.** During the section 1377 review, U.S. carriers raised concerns concerning Taiwan's compliance with a 1996 agreement on wireless services. In the review, U.S. carriers noted that interconnection rates charged by the dominant carrier Chunghwa Telecommunications Co. (CHT) were significantly above cost and posed a major competitive impediment in the wireless services market. These rates appeared inconsistent with the terms of the 1996 agreement, which mandated cost-based interconnection rates. Based on this complaint, USTR negotiated an agreement, concluded on February 20, which will require CHT to reduce its interconnection rates by almost 30 percent in 1998, and to ensure that these rates are completely cost-based by 2001. This will have a major beneficial impact on the new wireless operators which have substantial U.S. investment and will greatly spur the competitive development of this sector.

**Canada.** A Canadian restriction prevents U.S.-based carriers from enjoying the same opportunities for transmitting international traffic to and from Canada that are being enjoyed by carriers in other countries. The United States believes this restriction raises serious concerns about Canada's compliance with its WTO obligations. The United States has filed comments in a Canadian regulatory proceeding that addresses this restriction and that is expected to result in the elimination of this restriction by July 1998. If this problem is not resolved before August 1, 1998, the United States will initiate WTO dispute settlement proceedings.

**Mexico.** While Mexico has made progress in liberalizing its telecommunications services market over the past several years, the United States has serious concerns about Mexico's implementation of its commitments under the WTO basic telecom agreement. The United States is particularly concerned about two aspects of Mexico's telecommunications market that impede competition: a discriminatory surcharge placed on inbound international calls, and a failure to permit carriers to engage in unrestricted resale of telecommunications services in Mexico. The United States takes these issues extremely seriously and is committed to removing these market barriers. USTR is actively examining whether Mexico is in compliance with its WTO obligations. USTR intends to complete this examination as expeditiously as possible, and, based on the results of this examination, to take appropriate action-- including, if warranted, the initiation of WTO dispute settlement proceedings.

**Japan.** Although this year's review did not reveal any specific violation of existing telecommunications agreements, the United States has serious concerns with the pace at which

Japan is introducing competition into its basic telecommunications service market, in accordance with its WTO commitments. In one of the most significant areas, ensuring timely, transparent, and cost-oriented interconnection, Japan could clearly do better. In the United States-Japan Enhanced Deregulation Initiative this issue has been discussed extensively and the United States expects that Japan will commit to improvements within the year. Failure to make such improvements could jeopardize the prospects for true competition to take root in Japan's telecommunications market.

While we welcome Japan's decision to permit unrestricted resale of international services, the United States will continue to monitor closely Japan's implementation of this and other WTO commitments. In addition, the United States will closely monitor implementation of the NTT Procurement Arrangement and the 1994 agreement covering the government procurement of telecommunications equipment and services. Implementation of these commitments regarding a wireless system to be procured by the National Police Agency, is of particular interest.

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**FOR IMMEDIATE RELEASE**  
Thursday, April 2, 1998

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**STATEMENT OF U. S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY  
CONCERNING JAPAN'S NEW THREE-YEAR DEREGULATION PROGRAM**

United States Trade Representative Charlene Barshefsky today issued the following statement concerning the March 31 announcement by the Government of Japan of a new deregulation program. Japan's new program covers a wide range of sectoral and structural issues, including telecommunications, housing, financial services, medical devices and pharmaceuticals, competition policy, distribution, legal services, and regulatory transparency. All of these issues have been the subject of extensive discussions between the United States and Japan under the Enhanced Initiative on Deregulation and Competition Policy (Enhanced Initiative) announced by President Clinton and Prime Minister Hashimoto last June in Denver.

"Japan's recent announcement of a new deregulation program represents some progress on our deregulation agenda, but falls short of expectations," said Ambassador Charlene Barshefsky. "More action is needed to produce results, and to meet the expectations of the United States. The new deregulation program is too vague on key issues and often delays implementation of important regulatory changes for several years. Comprehensive deregulation is urgently needed to open Japan's economy to market forces and to significantly improve market access for foreign goods and services."

"I welcome Japan's announcement to address a number of market access issues by opening certain aspects of its telecommunications, financial services, pharmaceuticals and housing sectors," she continued. "Clearly though, additional measures and continued progress are necessary. It is critical, for example, that Japan open its telecommunications sector to competition through the timely introduction of lower interconnection rates in line with other competitive markets, and consistent with its WTO commitments. Japan also does itself, especially its consumers, and its trading partners a disservice through regulations which needlessly hinder

the introduction of innovative new pharmaceuticals and medical devices into Japan. Furthermore, on housing, Japan has yet to take steps to increase market access for innovative building materials by bringing its testing requirements into line with international practices. In addition, more vigorous antimonopoly law enforcement and aggressive competition policy measures are needed.”

“Japan, as the second largest economy in the world, has a particular responsibility to stimulate economic growth and open its markets to foreign goods and services,” Ambassador Barshefsky concluded. “Further substantial and concrete deregulatory measures under the Enhanced Initiative are necessary if Prime Minister Hashimoto’s call for fundamental deregulation of the Japanese economy is to be met. We look forward to working with the Government of Japan as the G-7 Summit in Birmingham approaches.”

*Note: The deregulation requests of the United States to Japan can be found on the Internet at <http://www.ustr.gov/reports/deregsub98.pdf>*

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FOR IMMEDIATE RELEASE  
April 6, 1998

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### USTR BARSHEFSKY RESPONDS TO WTO SHRIMP-TURTLE REPORT

United States Trade Representative Charlene Barshefsky issued the following statement regarding a WTO panel report released today that criticizes U.S. measures restricting shrimp imports:

"We believe the WTO panel reached the wrong conclusion," said Ambassador Barshefsky. "This report does not affect our efforts to protect endangered sea turtles. The United States is committed to the protection of the environment and, in particular, protection of endangered species. The United States will continue to play a leadership role in promoting international conservation measures to protect endangered sea turtles. Moreover, the United States will ensure that our laws remain strong and effective in achieving this objective." Ambassador Barshefsky further noted that "the WTO Agreement plainly recognizes the rights of WTO members to adopt these types of laws for the purpose of conserving natural resources."

Ambassador Barshefsky added that although she disagrees with the panel findings, "the report is narrowly cast, focusing on one aspect of the U.S. law that conditions shrimp imports on the adoption by the exporting nation of a specific sea turtle conservation policy. The panel seems to have taken the view that the application of the law was overly broad in this area and might subject exporting nations to contradictory conservation requirements. The panel also acknowledged the rights of WTO Members to pursue environmental objectives."

Contrary to some reports, the case only concerns import restrictions under the 'Shrimp-Turtle Law.' It does not concern the Endangered Species Act. Moreover, WTO panel reports do not change U.S. law; only Congress can do that.

#### Background

Sea turtles are ancient and far-ranging species, with migratory patterns extending throughout the

oceans of the world. Due to the harvesting of sea turtles and their eggs, and to accidental mortality associated with shrimp trawling and other fishing operations, all but one species of sea turtles have become threatened or endangered with extinction worldwide.

Researchers have developed special equipment, known as the Turtle Excluder Device, or TED, that substantially eliminates accidental deaths of sea turtles in shrimp trawl nets. For almost a decade, the United States has required that U.S. shrimp fishermen employ TEDs. Experience has shown that the use of TEDs, combined with the protection of sea turtle nesting sites and a ban on direct sea turtle harvesting, can lead to the recovery of sea turtle populations.

The U.S. law at issue -- Section 609 of Public Law 101-162 -- restricts imports of shrimp harvested with fishing equipment, such as shrimp trawl nets not equipped with TEDs, that results in incidental sea turtle mortality. The law ensures that the U.S. market demand for imported shrimp does not lead to the further endangerment of sea turtles. This case does not relate to U.S. sea turtle conservation rules under the Endangered Species Act.

In October 1996, India, Malaysia, Thailand and Pakistan requested consultations with the United States under WTO dispute settlement procedures regarding the U.S. import restrictions under Section 609, claiming that it was inappropriate for the United States to prescribe their national conservation policies. The parties held consultations on November 19, 1996. In April 1997, the WTO established a three-person dispute settlement panel to consider the claims of the four complaining countries.

The United States made submissions to the panel on June 9, July 28, and October 1, 1997. The panel met with the parties on June 17-19 and September 15-16, 1997, and held an additional meeting with the parties and five technical experts on January 21-22, 1998. Australia, Ecuador, El Salvador, the European Communities, Guatemala, Hong Kong, Japan, Nigeria, the Philippines, Singapore, and Venezuela appeared as third parties in the dispute.

The U.S. submissions to the panel described in detail the endangered status of sea turtles worldwide, the substantial harm caused to sea turtles by shrimp trawling in the complainants' waters, and the effectiveness of turtle excluder devices in reducing sea turtle mortality.

An interim, draft report was issued to the disputing parties on March 2, 1998. The parties submitted comments on the interim report on March 16, 1998. At the request of the United States, the panel held a meeting on March 31, 1998 to discuss the parties' comments on the interim report.

The final report was issued to the parties on Monday, April 6, 1998. Following translation of the report from English into the other official languages of the WTO, the report will be distributed to all WTO Members. Any party to the dispute may appeal the legal findings of the panel by referring the matter to the WTO Appellate Body. The appeal process generally takes about four months from the time the report is distributed to WTO Members.

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FOR IMMEDIATE RELEASE  
Friday, April 17, 1998

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**UNITED STATES AND BOLIVIA SIGN BILATERAL INVESTMENT TREATY**

The United States and Bolivia today signed a Bilateral Investment Treaty (BIT) aimed at improving trade and economic ties between the two countries. United States Trade Representative Charlene Barshefsky and Bolivian Trade and Investment Minister Jorge Crespo Velasco signed the treaty in Santiago, Chile, on the eve of the Summit of the Americas at which their Presidents will meet with the 32 other Leaders of the Hemisphere.

"We welcome the strength and openness of Bolivia's economic reform which made conclusion of this Treaty possible. We welcome the shared commitment of Bolivia and the United States to fair, transparent, and predictable investment regimes that afford investors a high level of protection. And, we welcome the opportunity that we will have shortly in the FTAA to share these investment principles with our other partners of this great hemisphere," Ambassador Barshefsky said during the signing ceremony.

Ambassador Barshefsky also highlighted Bolivia's commitment to accelerate its efforts to achieve the standards of intellectual property protection that are contained in the WTO Agreement on Trade-Related Aspects on Intellectual Property Rights (TRIPS).

The Bilateral Investment 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 trade- and investment-distorting performance requirements, access to international arbitration, and standards for expropriation and compensation consistent with United States practices. In addition, the Treaty obligations ensure maximum transparency in investment.

The investment commitments in this Treaty reflect US policy in investment generally and are similar to those contained in the investment chapter of the NAFTA. The United States hopes to negotiate similar commitments in the upcoming FTAA negotiations.

The BIT is the 19th signed during the Clinton Administration and the 42nd overall.

The treaty will now be submitted to the U.S. Senate for ratification.

**News Conference by Ambassador Barshefsky  
Beijing, China  
April 23, 1998**

I happen to be here on the nicest day of the year. Let me talk briefly about the WTO process and then I want to touch on three bilateral issues. With respect to WTO, we have held broad, in-depth and very substantive meetings with Minister Shi as well as with State Counselor Wu Yi. These meetings were designed to take stock of progress on the WTO accession negotiations as directed by President Clinton and President Jiang Zemin when the two leaders meet in Vancouver last November. At that time, the leaders told then Trade Minister Wu Ye and me that we should -- at the end of March or early April -- sit down and take stock of where we were. Our meetings here have been very constructive and I believe we have put the negotiations back on track.

The discussions covered a very broad range of WTO issues including tariffs - both industrial and agricultural; non-tariff measures such as quotas and licensing requirements; services including professional services such as accounting, legal and architectural services; distribution such as wholesaling and retailing, and ancillary distribution services, for example courier services, transportation, maintenance repair and so on; telecommunication including basic and value added services, banking, securities and insurance. These were among some of the issues discussed. As I said the discussions were quite in-depth. The purpose of these meeting were to determine how best to proceed with negotiations, and from the point of view of the United States, the purpose also was to better gauge China's intentions with respect to WTO accession. As many of you may know, we felt that we had received rather mixed signals following the good November Vancouver meetings. Our experts will now be meeting -- as they have been -- to look one-by-one at the individual issues. WTO accession, for any applicant to the WTO, is a very complex, very lengthy process. But I am quite pleased with the overall tone and seriousness displayed by my Chinese colleagues and fully believed that we have reestablished momentum.

The three bilateral issues that I would like to address are first agriculture. Ambassador Scher, my agricultural negotiator, and the U.S. Department of Agriculture will be coming out here in about two weeks to discuss a range of agricultural issues which will bear not only on WTO accession but also on a series of bilateral disputes that have remained unresolved for too long. These include the removal by China of sanitary and phytosanitary restrictions on US

exports of citrus, of wheat, of meat, of stone fruit, and of other agricultural products. The meetings Ambassador Scher will have were established long before my meetings today but WTO also will be among the subjects covered.

The second bilateral issue was Intellectual Property Rights (IPR). Two years ago, China was the unquestioned global leader in the export of pirated products, particularly pirated CDS, CD-ROM and software. The situation has dramatically reversed over these last two years. In 1996, when the Intellectual Property Rights Enforcement Agreement was finalized, China had closed fifteen factories, they have since closed 64, including 54 of which were underground factories that are not licensed in any respect by the state, and 10 which were improperly registered, discovered and then shut down entirely. We are very pleased by this progress. This is very impressive. However, as I discussed with my counterparts we want to ensure that China continues to strengthen its enforcement of Intellectual Property Rights in this regard and user piracy of software is a particular concern as is the substantial increase in trademark counterfeiting. Our next round of bilateral IPR consultations will be held in early June and we will send out our chief negotiators on that.

The third bilateral issue which arose quite suddenly has to do with the recent ban on direct selling in China. This ban effects US companies such as Amway, Avon, Mary Kay and others. The ban has effectively shut down the legitimate operation of these and other US companies in China. These companies have invested over \$120 million dollars in China and provide income to over 2 million Chinese. They are companies that have kept the interest of consumers in the forefront, providing money back guarantees if consumers are dissatisfied along with a cooling off period under which consumers can change their mind with respect to any purchases they may have contemplated. In addition, these companies, because of very substantial distribution networks in China, are completely accountable to the Chinese authorities. These operations, therefore, are quite readily distinguishable from pyramid sales, piracy schemes, and other chain selling operations that have caused concern on the part of the Chinese government and have created something of a consumer fraud problem in China. We've raised these issues over the last several days and State Counsel Wu Ye will be meeting with the US companies involved next week and we will be watching the progress of these meetings. Obviously, the goal here is to reestablish these companies operations as soon as possible. With that, I am happy to take questions.

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Tuesday, April 28, 1998

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**STATEMENT BY UNITED STATES TRADE REPRESENTATIVE  
CHARLENE BARSHEFSKY AT THE CONCLUSION OF THE  
OECD MINISTERIAL  
PARIS, FRANCE**

At the conclusion of the two-day OECD Ministerial meeting in Paris, France, United States Trade Representative Charlene Barshefsky stated, "We made considerable progress in advancing the President's economic agenda with our partners here in the OECD and I am pleased with the results of this important meeting, and the future agenda set for the OECD." One theme common to all of our discussions was the need for openness and transparency in economic activity - in policies and practices ranging from regulatory and financial reform to the operation of institutions like the OECD and WTO to ensure public confidence as we sustain economic growth.

"An important conclusion of our discussions this week was broad agreement that as we shape our future trade agenda, we must find a better way to answer the growing concerns and anxieties of ordinary people about trade. Without question, the international trading system must continue to reflect the values of, and thus win the support of citizens as it evolves to fit the economic world of the 21st century. The OECD has produced an excellent report on the benefits of trade and investment liberalization to help in the public debate." Further discussion of these and other key areas are outlined below.

Asia Financial Crisis

Ambassador Barshefsky welcomed the discussions of the Asia financial crisis, noting "the need for full and rapid implementation by the affected countries of the macroeconomic and structural reforms agreed to with the international financial institutions." In particular, Ambassador Barshefsky stated that "good governance and effective structural policies concerning financial systems, regulatory reform, and greater transparency are critical to enhancing economic performance." In this regard, Ambassador Barshefsky stated, "I am pleased with the new OECD

initiative to develop core standards and guidelines on corporate governance." She continued, "This is an area where further action is essential." With respect to the Japanese fiscal stimulus package, Ambassador Barshefsky noted that OECD countries look forward to "its quick and effective implementation." However, further actions to strengthen Japan's financial system and open and deregulate its economy remain essential in order to establish a sound basis for long-lasting domestic demand-led growth. All members of the OECD agreed that they should contribute to the Asian recovery with policies that sustain growth and domestic demand, and further open markets.

#### Transparency, Openness and Further Trade Liberalization in the WTO

A major issue at the ministerial this week was the importance of strengthening public confidence in the multilateral trading system and engaging our citizens in a public debate on the benefits of trade and investment liberalization. President Clinton repeatedly has emphasized that trade must be seen as one important component of a broader, more integrated set of policies aimed at raising living standards.

In this context, Ambassador Barshefsky said, "I note that we spoke in detail about the upcoming WTO Ministerial meeting in Geneva next month, where we will celebrate 50 years of post-war global growth. We will begin to chart a course for the WTO's future agenda and direct the General Council to start the necessary preparations for negotiations that are to begin before the end of the century in agriculture and services, among other areas. There is great enthusiasm for continuing the WTO's important work and we have an opportunity over the next 18 months to define the agenda." Ambassador Barshefsky said, "Concrete steps taken here at the OECD and in the WTO to improve transparency, including in dispute settlement proceedings, and to broaden our consultations to include all stakeholders in the process are essential to our overall success."

#### Trade and Labor

Ambassador Barshefsky welcomed the reaffirmation by our trading partners of the importance of core labor standards. She looks forward to the ILO meetings in June where it is hoped agreement will be reached on a declaration on core labor standards and on a monitoring mechanism.

#### Climate Change

Ambassador Barshefsky stated, "I am pleased that the OECD will be undertaking important analysis of how countries can most economically meet Kyoto climate change targets and that the OECD will be engaging developing countries in this work."

#### Electronic Commerce

"I am very pleased that my colleagues in other governments decided to work toward an agreement on global electronic commerce issues in the WTO," Ambassador Barshefsky said

referring the OECD Ministers' decision taken during the meeting that ended today, "There are a number of proposals on global electronic commerce pending in the WTO, and OECD countries recognize that it will be important to reach agreement on customs duty-free cyberspace as well as a future work plan." She also noted that the Canadians will host a conference on global electronic commerce in October 1998.

#### Multilateral Agreement on Investment

Ambassador Barshefsky reaffirmed her commitment to obtaining a good Multilateral Agreement on Investment (MAI) stating, "While we have made considerable progress, we are looking for a very high quality agreement. More work still needs to be done, I urge negotiators to maintain serious, steady work." The next formal negotiating session will be in October and negotiations will conclude when feasible. We will continue to work with the NGOs and other interested groups.

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
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**FOR IMMEDIATE RELEASE**  
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**USTR WELCOMES NEW HONG KONG MOVES AGAINST IPR PIRACY**

United States Trade Representative Charlene Barshefsky today welcomed new actions taken by Hong Kong authorities against a major copyright piracy syndicate. In raids on April 26, Hong Kong authorities seized some seven million compact discs, and closed a facility capable of producing 1.2 million compact discs per day. At the time of the raid, the facility was producing pirated U.S. movies and U.S. sound recordings. 100,000 U.S. sound recording CDs and 600,000 VCDs containing U.S. movies were among the seven million discs seized.

Ambassador Barshefsky said, "I am pleased that Hong Kong has launched enforcement actions against those who are stealing U.S. movies, sound recordings and software. The size of the raid is staggering. While the raid is an encouraging event, it demonstrates the magnitude of the IPR piracy problem in Hong Kong, and in the region."

Under pressure from the U.S. Government, Hong Kong has recently enacted new legislation that will require special licensing of all CD production facilities in Hong Kong. The new law, scheduled to become effective in August, will give Hong Kong authorities new powers to control illegal CD production of all types.