

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

**OFFICE OF PUBLIC & MEDIA AFFAIRS**

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**FOR IMMEDIATE RELEASE  
Wednesday, November 4, 1998**

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**USTR BARSHEFSKY ANNOUNCES RESULT OF  
BULGARIA'S SPECIAL 301 OUT-OF-CYCLE REVIEW**

United States Trade Representative Charlene Barshefsky today announced the out-of-cycle review decision for Bulgaria under the U.S. Government's Special 301 program. Ambassador Barshefsky stated:

"Bulgaria was moved from the "Priority Watch List" to the "Watch List" because of significant progress that the Government of Bulgaria has made in reducing the production and export of pirated optical media." Ambassador Barshefsky commended the government's strong enforcement efforts since the beginning of the year, but expressed concern that "pirates appear to be taking advantage of certain remaining loopholes." In particular, Ambassador Barshefsky urged the Bulgarian government to address problems related to the government's title verification system and to strengthen customs enforcement.

Ambassador Barshefsky further stated, "If Bulgaria sustains its strong enforcement efforts and addresses remaining concerns, USTR would consider removing Bulgaria from the Special 301 list altogether." The U.S. will examine Bulgaria's progress toward addressing these concerns in the 1999 Annual Special 301 review. Ambassador Barshefsky noted that "the progress achieved in this case underscores the fact that Special 301 is one of our most effective trade policy instruments."

**Background**

In April 1997, Bulgaria was elevated to the Watch List because of concerns that it had become the largest source of pirate CD production in Europe and one of the largest exporters of such products. After consultations in the fall of 1997 failed to spur effective enforcement action, Bulgaria was elevated to the Priority Watch List at the end of an out-of-cycle review in January 1998. At that time, the GOB was informed that should it fail to make substantial progress toward

combating piracy of optical media it would be identified as a Priority Foreign Country as early as April 1998.

By the time of the May 1998 Special 301 announcement, the Government of Bulgaria had made substantial progress toward implementing effective controls on optical media production. As a result of these developments and a substantial reduction in the level of CD piracy in Bulgaria, USTR announced on May 1 that we would monitor Bulgaria's ability to sustain these enforcement efforts over the following six months, and conduct an out-of-cycle review in September.

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FOR IMMEDIATE RELEASE  
NOVEMBER 9, 1998

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**United States and European Union Conclude Joint Action Plan  
for the Transatlantic Economic Partnership**

United States Trade Representative Charlene Barshefsky announced today that the United States and the European Union (EU) agreed to a joint action plan to implement the Transatlantic Economic Partnership (TEP) initiative. The Transatlantic Economic Partnership was first launched at the US-EU summit in London in May 1998 and has the potential to stimulate tens of billions of dollars in transatlantic trade.

"The Transatlantic Economic Partnership represents a concrete breakthrough to expand U.S. and EU trade across goods, services, and agriculture. The "action plan" that we have reached is an important milestone toward a more open, more constructive trade relationship between the United States and the European Union. In eight key areas including services, agriculture, government procurement, intellectual property, technical barriers to trade, environmental issues, labor concerns, and competition policy, we've created an agenda to address immediate trade issues and provide practical solutions. Our cooperation in the Transatlantic Economic Partnership will provide a foundation for progress for the multilateral trading system at a time of global economic uncertainty."

Barshefsky's announcement came as the EU's General Affairs Council, consisting of member state foreign and trade ministers, on November 9 formally approved the joint action plan text finalized by U.S. and EU negotiators during the week of November 2. The Council at the same time approved negotiating directives that will permit the European Commission to undertake negotiations with the United States in a number of Transatlantic Economic Partnership action areas.

The Transatlantic Economic Partnership action plan outlines activities to be pursued in all sections of the May 18 Transatlantic Economic Partnership Summit statement. The United States and the European Union can now begin to implement Transatlantic Economic Partnership's program of consultation and negotiation. Specific target dates are established for each activity under the

bilateral activities section of the plan, most of which will fall in 1999.

In the area of standards and regulatory cooperation, for example, the United States and the EU commit to identify by the end of 1998 a first group of sectors in which to begin negotiation of new Mutual Recognition Agreements. The two sides also will begin talks on mutual recognition for engineers and will select other services sectors on a rolling basis. In agriculture, the action plan will address issues involving biotechnology, food safety, and animal and plant health.

The attached fact sheet provides further details of the action plan.

The Transatlantic Economic Partnership joint action plan and the fact sheet are available in the USTR Reading Room (call 395-6186 to schedule an appointment). The joint action plan and fact sheet texts also can be accessed via the Internet on USTR's website at <http://www.ustr.gov>.

# TRANSATLANTIC ECONOMIC PARTNERSHIP

## U.S.-EU Joint Action Plan Fact Sheet

The U.S.-EU commercial relationship is the largest and most integrated in the world. U.S. and EU leaders decided to expand and deepen this huge trade and investment relationship when they adopted the Transatlantic Economic Partnership (Transatlantic Economic Partnership) initiative at the May 1998 U.S.-EU Summit. The joint Summit statement on the Transatlantic Economic Partnership released by the leaders established the broad multilateral and bilateral areas for U.S.-EU negotiation and cooperation under the initiative, and called for a plan to set specific actions and target dates for achieving results.

The Transatlantic Economic Partnership Joint Action Plan concluded in November 1998 calls for consultations and/or negotiations under each of the Transatlantic Economic Partnership's main areas, summarized below. Under the Bilateral Activities section of the action plan, most target dates are set for the end of 1999 or earlier.

### Multilateral

- ▶The U.S. and EU will provide the leadership to drive further multilateral trade liberalization under the World Trade Organization (WTO) through regular meetings in preparation for the 1999 WTO Ministerial in the United States and for the subsequent multilateral negotiations. Both sides will at the same time continue close involvement with their other trading partners.
- ▶In order to improve our citizens' understanding and perception of the WTO, the U.S. and EU will promote greater openness of WTO proceedings and the release of documents.
- ▶The U.S. and EU will try to adopt common approaches in the review of the WTO's Dispute Settlement Understanding, particularly to improve transparency of the process and the functioning of dispute panels.
- ▶The U.S. and EU will work to ensure full implementation of WTO commitments by all WTO Members.
- ▶The U.S. and EU have committed to specific cooperative activities under the WTO's built-in agenda of negotiations. The two sides will work together to lay the foundation for successful negotiations in services, intellectual property rights and agriculture. The action plan includes an annex describing in greater detail the multilateral agenda the two sides intend to pursue with respect to services.
- ▶The U.S. and EU will continue their efforts to conclude successfully before the end of 1998 the ongoing work in the WTO regarding pharmaceuticals and ITA II. They will also work together to lay the analytical groundwork for consideration in the WTO of further industrial tariff reduction and possible eventual elimination.
- ▶With respect to other WTO issues, the U.S. and EU will cooperate on the full implementation

and enforcement of TRIPs by developing countries, press for improving multilateral rules on procurement and expanding participation in the Government Procurement Agreement, and cooperate in the areas of investment, competition, electronic commerce, trade and the environment, core labor standards, and the accession of candidate countries to the WTO on commercially viable terms.

▶The two sides will review progress in their discussions on all multilateral issues, initially by the end of 1998 and subsequently at regular intervals.

## **Bilateral**

### ***Technical Regulatory Barriers***

▶Keeping in mind their shared commitment to maintaining high levels of health, safety and the environment, the U.S. and EU will take specific steps to improve regulatory cooperation, including enhancing transparency and public participation in, and developing guidelines for, their respective regulatory procedures. The two sides also will work - again in light of the above shared commitment - to remove or substantially lower barriers resulting from any additional or different regulatory requirements existing in one party vis a vis the other.

▶The U.S. and EU will extend the existing U.S.-EU Mutual Recognition Agreement to new sectors, and consider whether negotiating other types of arrangements might lower barriers. The U.S. and EU will also cooperate more closely in the field of international standardisation to determine whether greater use could be made of mutually agreed international standards when developing domestic regulatory requirements.

▶The U.S. and EU will explore whether we can improve the activities and role of private sector standards bodies in determining domestic standards.

### ***Services***

▶The U.S. and EU will work together to further liberalize their two services markets and to pave the way for WTO services negotiations. The two sides also will try to ensure that any new policies do not have an adverse impact on business conditions for service providers.

▶The two sides will negotiate a framework of general principles and objectives to serve as a model for the negotiation of mutual recognition agreements on specific services sectors to address the commercial interests of U.S. and EU services suppliers. The U.S. and EU will work together to consider complementary steps to eliminate market access restrictions and to establish disciplines in sectors where this is needed in order to generate new business opportunities.

### ***Government Procurement***

▶Keeping in mind national constraints, the U.S. and EU will explore possibilities for the balanced expansion of market access opportunities for their companies in each other's procurement markets. The two sides will in particular enhance the level of their cooperation to ensure compatibility between each other's electronic procurement notification and tendering systems.

### ***Intellectual Property***

▶ Building on the WTO TRIPs Agreement, the U.S. and EU will work together to improve further the protection of intellectual property.

▶ Short-term priorities the two sides will pursue include reducing the costs of patent protection, clarifying on a bilateral basis various aspects of the WIPO Copyright treaties and joining the Madrid Protocol concerning trademarks.

▶ Over the longer term, the United States and the EU will discuss the EU's single trademark requirement, ways of assuring patent protection for computer programs, and enhancing the enforcement of intellectual property rights.

### ***Agriculture: Food Safety, Plant and Animal Health and Biotechnology***

▶ U.S. and EU interagency food safety contact points (the latter to be established shortly) will communicate regularly to, inter alia, keep officials informed of food safety developments in the other's pipeline and facilitate where relevant objective dialogue between scientific experts on the two sides.

▶ The U.S. and EU will work towards an arrangement under which US and EC officials from the respective scientific and technical agencies would participate in exchange programmes to become more familiar with their counterparts' respective food safety systems regarding inspection and control procedures.

▶ In the interests of safety and transparency, the EU and the US will develop ways for enforcement agencies to cooperate on dangerous food products and will review the possibility that the US and EU rapid alert systems regarding dangerous food could be interconnected.

▶ The U.S. and EU will examine the possibility of establishing a link between the American Risk Assessment Consortium and the European side in order to exchange information, views and scientific comments about development of new risk assessment methodology.

▶ The U.S. and EU will strengthen their bilateral dialogue in the sector of biotechnology. In particular, the two sides will establish an over-arching group which will monitor the dialogue on various technical issues carried out in existing groups concerned with biotechnology matters (taking into account the potential trade effects of those issues with a view toward reducing unnecessary barriers to trade) and will seek to increase and enhance scientific and regulatory cooperation and information exchange and promote transparency and information for consumers.

▶ The biotechnology group, while not replacing or duplicating any existing governmental organizations, will include participants from existing groups and will take into account the views of interested parties.

▶ As an early step towards accelerating the regulatory process surrounding biotechnology products, the U.S. and EU will consider the possibility of a pilot project to encourage simultaneous applications for scientific assessments in the United States and an EU member state.

### ***Environment***

▶The U.S. and EU will establish a Transatlantic Economic Partnership Environment Group, to discuss and negotiate a joint environment workplan focusing on the interface between trade and environment. The work of the Group will cover, inter alia, developing common objectives on trade and environment, promoting greater co-operation between US and European scientists and regulators on trade-related environment issues, informing Transatlantic Economic Partnership trade negotiators on health, safety and environmental aspects of their respective areas of responsibility, and developing common approaches to trade-related issues which arise with respect to multilateral environmental agreements.

▶The U.S. and EU support the formation of a Transatlantic Environment Dialogue (TAED) involving a broad spectrum of environmental NGOs to inform governments on both sides on environmental issues, including those related to the Transatlantic Economic Partnership process.

### ***Labor***

▶The EU and the US will exchange views regarding the implementation of the worker rights provisions of their respective GSP schemes.

▶The U.S. and EU will further support the process of transatlantic dialogue between employers, workers and NGOs on voluntary codes of conduct begun in Brussels in February 1998 and scheduled to continue at a meeting in Washington, DC in December 1998.

▶U.S. and EU governments will continue their dialogue with respectively the US business and labor advisory groups and the EU social partners to solicit their ideas for additional transatlantic labor related projects. The two sides will co-sponsor a joint meeting with the Transatlantic Labor Dialogue (TALD) to lay a foundation for further understanding of the labor issues related to the Transatlantic Economic Partnership.

▶The U.S. and EU will step up their commitments to fund the ILO's International Program for the Elimination of Child Labour (IPEC) to help eliminate abusive child labor.

### ***Consumers***

▶The Transatlantic Consumer Dialogue (TACD), launched in September 1998, will also feed into the Transatlantic Economic Partnership process.

### ***Competition Law Procedures***

▶The U.S. and EU will give priority to applying the Positive Comity Agreement, concluded in 1998, to concrete cases, demonstrating that this instrument has a valuable practical content. The two sides will continue to explore possibilities for further cooperation in the implementation of their respective competition laws.

### ***Electronic Commerce***

▶The U.S. and EU will further review and discuss various items under the joint US-EU Summit statement on electronic commerce of December 1997 including elimination of unnecessary legal and regulatory barriers, promotion of voluntary standards to enhance interoperability, innovation

and competition; and continued duty-free treatment of electronic transmissions.

►The two sides will initially focus on carrying out specific actions on trade facilitation (e.g., harmonisation of protocols and customs data elements for customs entry purposes).

### **Transatlantic Economic Partnership Organisational and Procedural Framework**

►With respect to procedures to be followed in carrying out the Transatlantic Economic Partnership initiative, the U.S. and EU will take as their point of departure existing structures put in place under the 1995 New Transatlantic Agenda (NTA) initiative.

►Cabinet-level meetings and an official-level Transatlantic Economic Partnership steering group (established within the institutional structure of the NTA) will be the principal bureaucratic mechanisms for giving the Transatlantic Economic Partnership process the overall political and technical momentum it will require to produce the greatest results. Cabinet principals and subsidiary bodies will report to the twice-yearly U.S.-EU Summits for ultimate political guidance.

►The U.S. and EU will give active and full support to the current efforts of the U.S. Congress and the European Parliament to increase their cooperation on Transatlantic Economic Partnership-related issues and to contribute to the Transatlantic Economic Partnership process.

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**FOR IMMEDIATE RELEASE  
NOVEMBER 17, 1998**

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**USTR BARSHEFSKY ANNOUNCES CONCLUSION OF  
INTELLECTUAL PROPERTY AGREEMENT WITH THE REPUBLIC OF PARAGUAY  
AND TERMINATION OF THE SECTION 301 INVESTIGATION**

United States Trade Representative Charlene Barshefsky today announced the conclusion of a comprehensive bilateral intellectual property agreement with the Government of the Republic of Paraguay and her final determination in the section 301 investigation of Paraguay's intellectual property practices.

In announcing this Agreement, Ambassador Barshefsky said, "This is a strong bilateral agreement that will significantly improve intellectual property protection for copyrights, patents and trademarks and ensure continued progress in the fight against piracy and counterfeiting in Paraguay."

The Memorandum of Understanding and Enforcement Action Plan signed today contain specific near-term and longer-term obligations that, when fully implemented, will greatly strengthen Paraguayan intellectual property law and enforcement procedures. For example, Paraguay has committed to implement institutional reforms to strengthen enforcement at its borders, and to pursue amendments that will facilitate effective prosecution of copyright piracy. Paraguay has also committed to take immediate action against known centers of piracy and counterfeiting, and to coordinate the anti-piracy efforts of its customs, police, prosecutorial and tax authorities. In addition, Paraguay has agreed to pursue reform of its patent law, and to ensure that its government ministries use only authorized software.

As a result of this Agreement, Ambassador Barshefsky has revoked Paraguay's identification as a Priority Foreign Country under the "Special 301" provisions of the Trade Act and terminated the section 301 investigation. Ambassador Barshefsky concluded, "We will closely monitor the implementation of this agreement, especially during the special enforcement period, and look forward to seeing significant additional progress before the next annual Special 301 review."

Ambassador Barshefsky continued, "The Cubas Grau Administration has made meaningful efforts in recent months to improve intellectual property protection; however, there is much left to be done. We look forward to continued progress by the Paraguayan Government in the pursuit of our shared objective of significantly reducing piracy and counterfeiting in Paraguay."

## BACKGROUND

The Cubas Grau Administration took office in August 1998, pledging to address Paraguay's consistent failure to prevent pirates and counterfeiters from violating intellectual property rights. Since August, Paraguay has implemented a TRIPS-consistent trademark law and copyright law, increased enforcement efforts against intellectual property crimes, cooperated with copyright industries on raids and training initiatives, seized and destroyed significant amounts of pirated goods, issued the first arrest warrants for intellectual property crimes in recent memory, and appointed special intellectual property prosecutors. While piracy and counterfeiting remain widespread problems in Paraguay, the United States believes that the Cubas Administration has made impressive strides during its three months in office to begin to address the intellectual property problem.

On January 16, 1998, Ambassador Barshefsky identified Paraguay as a "Priority Foreign Country," and on February 17, 1998, the United States initiated a section 301 investigation of Paraguay's acts, policies and practices regarding intellectual property. This investigation was extended for an additional 3 months on August 4, in light of the complex and complicated issues involved and to provide an opportunity to continue negotiations with the Cubas Administration. The extension of the investigation moved the deadline for the U.S. Trade Representative's determination in this case to November 17. Should negotiators have failed to reach agreement by November 17, the United States would have been required by law to announce what steps it would take in response, and would have considered the possibility of imposing trade sanctions against Paraguay.

On November 17, 1998, Ambassador Barshefsky also terminated the review of Paraguay's intellectual property practices initiated in 1996 under the Generalized System of Preferences program.

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**FOR IMMEDIATE RELEASE  
THURSDAY, NOVEMBER 19, 1998**

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**USTR Proposes Expedited Ruling on New EU Banana Regime**

United States Trade Representative Charlene Barshefsky announced today that the United States has renewed its challenge to the European Union (EU) to comply fully with its obligations in the World Trade Organization (WTO) and reform its banana regime.

In a letter to Sir Leon Brittan, Ambassador Barshefsky proposed that the EU and United States agree to reconvene the WTO dispute settlement panel to rule on the EU's new banana import regime on an expedited basis.

The United States proposed that the same panel that found the current EU banana regime in violation of WTO obligations should determine, no later than January 15, 1999, whether the proposed EU regime also violates WTO rules. The WTO Secretariat has already confirmed that the panelists are available to serve and are prepared to complete a review by January 15.

"The EU has contended that the new banana regime fully complies with WTO obligations. This proposal will fairly measure whether the EU will meet its market opening obligations," Ambassador Barshefsky said.

Over the six years of this dispute, the EU has lost three cases against its banana policies. Twice, the GATT ruled the EU's policies inconsistent with its international obligations and twice the EU ignored those rulings. More recently, under the WTO, both the Dispute Settlement Panel and the Appellate Body have ruled against every major feature of the EU banana regime. Once again, the EU has chosen to ignore its obligations.

This approach would provide the EU an opportunity to prove its contention that its new measures, scheduled to be implemented on January 1, 1999, are consistent with the WTO. At the same time, this approach will preserve the right of the United States to suspend concessions within the WTO prescribed time frames. In preparation for exercising these rights, the United States has already begun to receive public comments on the November 10, 1998 proposal to impose prohibitive duties on selected products that the United States imports from the EU.

20 November 1998

TRANSCRIPT: BARSHEFSKY/GLICKMAN CONDUCT ASIAN TRADE ROUNDTABLE

(U.S. expects gains in market access in Asia, abroad) (5090)

Tokyo -- U.S. Trade Representative Charlene Barshefsky says the United States is rapidly becoming the market of "only resort" for Asia.

Barshefsky said November 20 that Japan's current account surplus in the past year has more than tripled. Japan's imports from the rest of Asia are down 20 percent, and imports from the United States have declined by over 12 percent, she said. Meanwhile, U.S. imports from Asia are up 11 percent, she said.

"If our market is to remain open, and if we are able successfully to manage what will inevitably be substantially increased protectionist pressure because of the growing trade deficit, then we must see continued progress on market access abroad for our exports," Barshefsky said. "And, this issue is no less relevant to Japan than it is to other major trading partners."

Barshefsky said at a Media Roundtable at the U.S. Embassy in Tokyo that "we put a very high premium -- and certainly Japan should place a very high premium -- on problem-solving when it comes to issues of market opening, of deregulation, of structural reform."

She also said the United States is "obviously very disappointed by Japan's unwillingness" at the recent Asia-Pacific Economic Cooperation forum meeting to fully participate in tariff cutting and tariff elimination in the nine sectors. The other APEC members were willing to participate, but only Japan sought sectoral exclusions in fisheries and forestry, she said.

U.S. Agriculture Secretary Dan Glickman, by contrast, said Japan's opening of its markets for U.S. agricultural products over the past two decades has been "one of the great success stories." He said Japan's agriculture market "has largely gone from no entry to fairly significant market access."

"And while there's some softness now, it's as much due to price as it is due to volume," Glickman said.

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**FOR IMMEDIATE RELEASE  
WEDNESDAY, NOVEMBER 25, 1998**

**98 -102  
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**USTR UNDERSCORES NEED FOR PROGRESS IN MEXICO'S  
IMPLEMENTATION OF WTO TELECOM COMMITMENTS**

United States Trade Representative Charlene Barshefsky today called on the Government of Mexico to further open its telecommunications market, noting that failure to permit more telecommunications competition in Mexico was hurting businesses and consumers in both the United States and Mexico and raises disturbing questions about Mexico's adherence to its World Trade Organization commitments.

Ambassador Barshefsky said, "We share the concern, reflected in two orders issued by the Federal Communications Commission yesterday, that anti-competitive practices persist in the Mexican telecommunications market. We urge Mexican authorities to take immediate measures that will benefit consumers and service providers in both our countries. We also urge Mexico to comply fully with all WTO obligations in this vital sector."

"As a direct result of the WTO basic telecom agreement, we already see the benefits of more open competition in bringing more services, greater choices and lower prices to telecommunications consumers around the world. We want to see these same changes take root in Mexico and in service between our two countries--to bring down the cost of what is now almost 3 billion minutes of calls a year to Mexico, mostly between family members."

In expert-level consultations concluded November 24 in Mexico City, the United States urged Mexico to enhance competition in its market in two ways: 1) By permitting Mexican and foreign international long-distance carriers to contract freely for the

exchange of cross-border services at market-based prices, for example, through International Simple Resale (ISR); and 2) By addressing a range of competitive concerns in a pending regulatory proceeding, including setting cost-based prices for completing calls within Mexico. Achieving both objectives--in a manner that would meet the standard of Mexico's WTO commitments --would dramatically lower the cost of international calls to both Mexican and U.S. consumers.

Currently, cost-sharing arrangements for international service between the U.S. and Mexico is based on an accounting system developed in the monopoly era that bears little relationship to cost. Mexico's new competitive carriers recently indicated to Mexican regulatory officials their intention to begin exchanging traffic with U.S. carriers outside the outmoded accounting rate system. Ambassador Barshefsky stressed "the United States fully supports competitive carriers' efforts to achieve more cost-oriented rates for international service through arrangements such as ISR. This office will monitor closely whether Mexico allows such market-based commercial arrangements to flourish on the U.S.-Mexico international services route, in keeping with Mexico's WTO commitments."

Ambassador Barshefsky also noted "The United States is eager to see positive results from a pending decision by Mexico's regulatory agency to address a range of competitive issues, including setting rates for completing calls within Mexico (interconnection rates). We urge Mexico's regulatory authorities to ensure that these issues are addressed in conformity with Mexico's WTO commitments---namely, that rates are cost-oriented and that anti-competitive practices are addressed. Lower rates, and elimination of extra charges such as the 58% surcharge on inbound international calls are essential if Mexico is to provide an environment reflecting Mexico's WTO commitments, where competition can thrive."

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**FOR IMMEDIATE RELEASE  
Wednesday, November 25, 1998**

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**VICE PRESIDENT GORE SWEARS IN DON JOHNSON  
TO RANK OF AMBASSADOR**

C. Don Johnson was officially sworn in on Friday, November 20 by Vice President Al Gore as Ambassador of the United States in the of capacity as Chief Textile Negotiator at the Office of the United States Trade Representative. Ambassador Johnson was nominated by the President for the rank of Ambassador on September 24, 1998, and was confirmed by the United States Senate for the position on October 21, 1998.

Currently Ambassador Johnson serves as the chief U.S. negotiator on trade matters affecting textiles and apparel. As the principal advisor to the USTR and to the President, he negotiates international trade policies and conducts trade negotiations on behalf of The United States in the area of international textile and apparel issues. In 1998, trade in textiles and apparel between the U.S. and its international trading partners will amount to over \$80 billion.

In the swearing in of Ambassador Johnson, Vice President Al Gore said, "There is no one better qualified to argue for American interests abroad. This job has never been more important. At a time when the U.S. economy depends increasingly on trade, Don will be working to promote American exports, while protecting American workers from unfair foreign imports."

"This is a uniquely challenging responsibility, and I am very pleased and honored to represent the interests of the United States in trade negotiations affecting textiles and apparel. My experience in public office and in the private sector has taught me the importance of these issues to American workers and consumers," Ambassador Johnson said.

"Don Johnson has a deep and profound understanding of trade law and trade policy, of textile policy, and of the place trade holds in our larger economic and foreign policies. We are very grateful that he will be leading our efforts on textile policy in the next two years," said United States Trade

Representative, Charlene Barshefsky.

## **BACKGROUND**

Ambassador Johnson previously served in the United States Congress, representing the 10th District of Georgia. After leaving Washington in January 1995, Mr. Johnson served as President of an international trade and investment consulting company, and acted as corporate counsel to a group of companies engaged international trade. He taught part time at the University of Georgia, and was an advisor to the Dean Rusk Center for International and Comparative Law and the European Center in Atlanta. Additionally, he worked with USIS and the Former Members of Congress Association to assist new democratic legislative bodies in South Asia and Eastern Europe in the area of parliamentary reform. As a member of Congress, he served on the Armed Services and Science, Space and Technology Committees. He was also selected as a member of the Speaker's Working Group on Policy and as a delegate to the North Atlantic Assembly. Mr. Johnson was actively involved in international trade issues, including participation as a member of the Textile Caucus and in the whip organizations promoting GATT and NAFTA.

Don Johnson received his Bachelor of Arts degree from the University of Georgia. He earned his Juris Doctorate degree from the University of Georgia Law School with a concentration in international law under former Secretary of State Dean Rusk. He received a Master of Laws degree in international economic law and European law from The London School of Economics, and attended The Hague Academy of International Law.

Ambassador Johnson and his wife Suzanne currently maintain their residence in Royston, Georgia. They have three children.

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**FOR IMMEDIATE RELEASE  
Monday, November 30, 1998**

**Contact: 98 - 104  
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Helaine Klasky  
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**USTR BARSHEFSKY APPLAUDS PROGRESS ON TRADE ISSUES UNDER THE  
FIRST YEAR OF PRESIDENTIAL ELECTRONIC COMMERCE INITIATIVE**

The United States Trade Representative Charlene Barshefsky today applauded progress achieved in expanding the global frontiers of electronic commerce, highlighted in the publication of a report documenting the first year's work under the Presidential initiative, the Framework for Global Electronic Commerce.

Ambassador Barshefsky pointed to achievements in the World Trade Organization (WTO) and other fora where USTR is bolstering the United State's leadership in electronic commerce---by ensuring that we actively help shape the global trading system to better support and promote these new forms of economic activity, while ensuring that new barriers do not emerge.

"The creativity and entrepreneurialism in the United States which has created entire new industries based on electronic commerce are the envy of the world," she said. " Our job is to ensure that the open environment in the U.S. which nurtured this unprecedented creation of wealth, employment, and "connectivity" becomes a global model for growth and opportunity, unhindered by trade barriers."

"Last May, in the WTO 132 nations agreed to a standstill against imposing customs duties on electronic transmissions, the foundation of electronic commerce. We intend to build on this important step in two ways: First, by working over the coming months to build a consensus in the WTO to further reinforce commitment on duty-free cyberspace, and second, to continue to provide leadership on the WTO's electronic commerce work program." The WTO and other multilateral organizations are examining what additional trade commitments and disciplines would support the private sector-led global development of electronic commerce.

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**FOR IMMEDIATE RELEASE  
December 1, 1998**

**Contact: 98-105  
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**UNITED STATES AND MOZAMBIQUE SIGN BILATERAL INVESTMENT TREATY**

United States Trade Representative Charlene Barshefsky and Mozambican Foreign Minister Simao today signed a bilateral investment treaty (BIT). Ambassador Barshefsky praised the treaty as "a significant step forward in building a solid foundation for trade and investment relations between the United States and Mozambique."

The treaty will provide fair treatment for both countries' investors. It also guarantees the free transfer of capital, profits and royalties, freedom from performance requirements that distort trade and investment flows, access to international arbitration, and internationally recognized standards for expropriation and compensation. In addition, the treaty obligations ensure maximum transparency in investment.

This BIT is the fifth signed with a sub-Saharan African country, among seven that have been signed with an African country. The BIT is the 20th signed during the Clinton Administration and the 43rd overall since inception of the program in 1982. The treaty will be conveyed to the U.S. Senate for ratification.

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**FOR IMMEDIATE RELEASE  
DECEMBER 3, 1998**

**CONTACT: 98 - 106  
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**USTR BARSHEFSKY ANNOUNCES RESOLUTION OF  
WTO DISPUTE WITH SWEDEN ON INTELLECTUAL PROPERTY PROTECTION**

United States Trade Representative Charlene Barshefsky today announced that the United States and Sweden have resolved their WTO dispute over enforcement procedures in Sweden.

"Combating piracy and counterfeiting today requires strong enforcement tools," observed Ambassador Barshefsky. She continued, "We are pleased that we succeeded in ensuring that effective remedies are available to U.S. right holders in Sweden."

Sweden now provides judges with the authority to order unannounced searches of a defendant's property to preserve evidence of infringement of intellectual property rights. This enforcement remedy is particularly important to the computer software industry, and is required under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). The WTO dispute settlement system again has proven effective in ensuring compliance with the TRIPS Agreement, yielding concrete gains for the U.S. software industry in this case.

The U.S. software industry is one of the most dynamic and fastest growing industries in the United States. It also provides some of the most highly paid and highly skilled jobs in the U.S. economy. The industry faces a significant threat from software piracy, and estimates that its 1997 losses to piracy abroad exceeded 8.6 billion dollars.

On November 25, 1998, Sweden passed legislation amending the Swedish Copyright Act, Trademarks Act, Patents Act, Design Protection Act, Trade Names Act, Act on Protection of Semiconductor Products, and Plant Breeders Protection Act to provide provisional remedies in civil cases involving infringements of intellectual property rights. This legislation will take effect on January 1, 1999, and is intended to bring Sweden's legal regime into compliance with the obligations of the TRIPS Agreement.

## Background on the Dispute

Prior to the adoption of this legislation, Swedish law did not provide judges with authority to order provisional measures (such as searches) in civil cases without providing notice to the defendant in the proceedings.

The TRIPS Agreement requires WTO member governments not only to provide protection for intellectual property rights, but also to provide for the enforcement of these rights. The TRIPS Agreement requires WTO member governments to implement effective criminal, civil, provisional, and border enforcement measures that deter infringements of intellectual property rights. Article 50 of the TRIPS Agreement requires that WTO member governments provide judicial authorities with authority to order prompt and effective provisional remedies to prevent infringements of intellectual property rights and to preserve evidence of infringements. The TRIPS Agreement also requires that such remedies be available on an *ex parte* basis, without notice to the defendant, where there is a risk of evidence being destroyed. *Ex parte* search orders are particularly important to the enforcement efforts of the software industry because of the ease with which infringing software can be deleted.

On May 28, 1997, the United States initiated WTO dispute settlement proceedings against Sweden and several rounds of formal and informal consultations took place over the course of 1997 and 1998. Based on the legislation passed by Sweden on November 25, 1998, providing provisional remedies in civil proceedings, the United States and Sweden today notified the WTO that a mutually satisfactory solution had been reached, thus terminating the dispute settlement proceeding.

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**FOR IMMEDIATE RELEASE  
FRIDAY, DECEMBER 4, 1998**

**CONTACT: 98 - 107  
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(202) 395-3230**

**USTR, USDA ANNOUNCE SERIES OF NEW MEASURES  
TO OPEN CANADIAN FARM MARKETS**

United States Trade Representative Charlene Barshefsky and Secretary of Agriculture Dan Glickman today announced agreement with Canada on an initial set of measures to further open Canadian markets to American farm and ranch products.

"Today we have taken a step toward fair and open agricultural trade with Canada," said Ambassador Barshefsky. "While we clearly have more to do, the measures we have achieved today will help solve many of the problems faced by grain growers, the cattle industry, and pork producers. This initiative addresses broad regulatory concerns and includes important trade monitoring measures that will provide a window on Canadian agricultural practices. This is a first step, but for American farmers and ranchers, it is good news in a trying year."

"Today's agreement," said Secretary Glickman, "is an important first step toward resolving some longstanding trade issues between our two countries. We have made it easier for U.S. wheat to enter Canada and improved access for U.S. hogs and cattle. We will also work with Canada to avoid disruptions in trade based on use of veterinary drugs for food-producing animals, and have agreed to address harmonization of policies on pesticides, sampling and inspection."

Under today's agreement, in the grain sector Canada will:

- Allow farmers from Montana and North Dakota to ship grain directly to Canadian elevators with far fewer regulatory obstacles. Under this program, initially, four Canadian companies have proposed that 27 elevators -- most within 60 miles of the border -- would receive U.S. grain directly.
- Eliminate further burdensome testing requirements for Karnal bunt, thereby reducing costs to growers in fourteen northern states that ship to or through Canada.

- Begin accepting rail shipments of grain from Minnesota, Montana and North Dakota before January 1, and accept rail shipments of grain from other states after six months.
- Provide export sales forecasts and agree to quarterly consultations on export levels, improving the ability of the U.S. to monitor grain trade flows.

This action will provide a window for the U.S. government to view Canadian pricing practices into the United States. Additionally, the United States will take a separate action by scrutinizing Canadian grain sales into the U.S. marketplace.

In livestock, Canada will:

- Immediately eliminate its 30-day quarantine on U.S. live hogs from 33 states. This reform will significantly reduce costs for U.S. producers selling hogs into the Canadian market.
- Allow 26 states to ship feeder cattle to Canada under new regulations. The existing system was riddled with regulatory barriers that substantially curtailed export opportunities and placed a heavy additional cost burden on U.S. ranchers.
- Completely revise animal health regulations as it applies to U.S. livestock within 30 months. By agreeing to this action, Canada will undertake a major overhaul of its animal regulatory system leading to increased opportunities for U.S. livestock producers.

Other areas will include greater cooperation on cattle trade data, harmonization of pesticide and animal drugs registration, and continued consultation on potato trade.

USTR and USDA will continue working for broad opening in US-Canada agricultural trade through Minister-level consultations, technical negotiations, and the broad agricultural trade negotiations set to begin after the U.S. hosts the WTO Ministerial Conference in 1999.

## U.S.-Canada Agricultural Market Opening Measures

December 4, 1998

### FACT SHEET

On December 3, 1998, the United States and Canada entered into an agreement that outlines steps that the two countries have agreed to take to begin to resolve several longstanding agricultural trade issues. Following are the major items that benefit U.S. producers as agreed to in the package:

#### Grain Trade

**In-transit Movement of Grain by Rail:** Currently, U.S. grain growers/shippers in the Northern Plains states have limited access to rail lines to ship their grain to the coast for export. Effective January 1, Canada will implement a program that will give U.S. shippers and producers of U.S. wheat, barley, oats, rye and/or triticale a new option. They will now be able to ship their grain to the coast for export through Canada by rail. This action will mean that U.S. producers and shippers will have better transportation access to the coast, and more competitive rail rates may result. Under the program, grain from approved states will be able to transit through Canada with a certificate of origin rather than a phytosanitary certificate that otherwise would require mandatory sampling and testing. This will allow U.S. grain from areas of Minnesota, Montana, and North Dakota that are recognized free of karnal bunt, wheat flag smut, and dwarf bunt to be shipped on the Canadian rail system to final destinations in the United States. The program will be reviewed after six months for efficiency and to see if it could be expanded to other states meeting the criteria.

**Wheat Access Facilitation Program:** Until now, U.S. grain producers who wish to ship their product north had no access to Canadian elevators. This program is an important first step toward gaining unencumbered access to the Canadian grain marketing system and will make it easier for U.S. wheat to be trucked into Canada and sold to participating Canadian primary elevators for storage or sale. Currently, U.S. wheat can only be sold to Canadian end users, and each shipment must be tested and certified free of certain diseases. Under the new program, farmers in North Dakota and Montana will be able to truck shipments to Canadian elevators by obtaining a master phytosanitary certificate which was not available until now. After twelve months, Canada will review this effort toward expanding its scope to other states.

**Karnal Bunt:** U.S. growers who wish to ship their wheat to or through Canada are required to test that wheat for karnal bunt (a plant disease). The cost of this test is significant, especially considering the small margins that occur in this industry. Effective March 31, 1999, Canada will recognize 14 states as free from karnal bunt based on three years of data provided by the U.S. Department of Agriculture (USDA). Grain originating from these zones will no longer be required to be tested for karnal bunt. In one year with additional U.S. survey data, all U.S. states, except those infested by karnal bunt, will be recognized as free of the disease. Finally, in two

years with appropriate U.S. data, only those areas regulated for karnal bunt by USDA would not be recognized as free. Previously, Canada was one of a very small number of countries refusing to ease karnal bunt restrictions on U.S. wheat exports.

**Other Cereals:** As described above, disease testing can have a considerable impact on the costs associated with the grains business. Toward a goal of reducing these costs, Canada and the United States have agreed to begin discussions on the use of alternative phytosanitary certification for all cereals (wheat, barley, rye, oats) to recognize area freedom for karnal bunt, wheat flag smut, and dwarf bunt.

**Exchange of Grain Trade Information:** U.S. grain growers are very concerned with the lack of transparency in the Canadian wheat industry and the amount of grain that Canada ships to the United States. To provide U.S. producers with additional insight into Canadian marketing practices, Canada, on a quarterly basis, has agreed to provide estimates of wheat and barley sales (including a breakout for durum) to the United States. This effort is designed to improve the transparency of cross-border trade. U.S. and Canadian officials will meet quarterly, or more often if requested by one of the countries, to discuss grain trade issues.

#### **Stepped Up Monitoring of Wheat Imports**

The U.S. wheat industry is very concerned with the pricing and marketing practices of the Canadian Wheat Board, especially into the U.S. market. Simultaneous with this agreement, the United States will significantly enhance its monitoring of wheat imports to develop greater insight into Canadian Wheat Board sales practices in the U.S. market. Specifically, USDA will amend the end use certificate to collect additional information and improve enforcement. Also, the International Trade Commission will expand the number of tariff codes to capture wheat type, grade, and protein levels. The U.S. Government will scrutinize this information carefully.

#### **Animal Trade**

**Export of U.S. Live Hogs:** Up until today, U.S. hogs that were shipped north to Canada were required to undergo a 30-day quarantine for pseudorabies before they could be slaughtered in Canada. This quarantine caused U.S. hog producers to incur significant costs (e.g. feed costs). As of December 3, 1998, Canada will allow U.S. slaughter swine from 33 states to enter Canada without the testing and quarantine restrictions that are applied to breeding animals. Eliminating the 30-day quarantine for states free of pseudorabies will greatly facilitate U.S. swine moving into Canada.

**Expansion of the Northwest Cattle Project for Restricted Feeder Cattle:** Up until last August, U.S. cattlemen who wanted to ship feeder cattle north, were inhibited by significant and onerous Canadian animal health requirements and costs associated with compliance. Since August, feeder cattle from Montana and Washington have been entering Canada under this pilot program. As of the signing of this agreement, all states that meet these requirements and apply

can participate in this program on an expedited basis. Currently 26 states meet the animal health requirements.

**Animal Health Regionalization:** As part of its commitment to the United States to eliminate onerous and overly restrictive animal regulations, Canada has agreed to completely revise its regulations governing the import of U.S. animals and their products, with a focus on the principles of zoning and regionalization. To meet this commitment, Canada is expected to publish a final regulation during the first quarter of 2001. By agreeing to this action, Canada will undertake a major overhaul of its regulatory system leading to increased opportunities for U.S. livestock producers.

**Exchange of Cattle Data:** Currently, the United States is very transparent with respect to livestock data. As a result of this agreement, Canada and the United States will exchange cattle trade data including information on cattle on feed, cattle inventory, and cattle slaughter. This will enable U.S. producers to make better marketing decisions.

#### **Horticulture**

**Potatoes:** The United States and Canada agree to work aggressively and quickly to resolve outstanding potato industry issues. They will also work to explore the possible implementation of harmonizing testing procedures for bacterial ring rot of potatoes.

**Seed Trade:** Canada and the United States have different systems for certifying seed. The two countries agreed to begin exploring alternatives with interested state and industry representatives to streamline certification requirements and facilitate trade.

#### **Veterinary Drugs and Pest Control Products and Inspections**

**Veterinary Drugs:** U.S. farmers and ranchers are very concerned with respect to the possible imbalance in access that Canadian farmers and ranchers have to veterinary drugs that are not available in the United States. In an effort to address this concern, the United States and Canada will work together to harmonize animal drug residue limits. To start this process, which is expected to take about one year, side-by-side comparisons of allowed animal drugs and their maximum residue limits will be developed by April 1999.

**Pesticides:** U.S. farmers are concerned that Canadian farmers have access to certain pesticides that they do not have the privilege of using. Harmonization of U.S. and Canadian pesticide registration programs would help ensure more equal access to critical pest control products. As a result of this agreement, the United States and Canada have agreed to enhance their efforts to harmonize pesticide registrations. Working with growers and chemical company registrants, there will be great potential for faster and simultaneous access to a wider range of pest control products for both major and minor crops in both countries. USDA and Agriculture and Agri-Food Canada will jointly fund a study of pesticide price differentials within the United States and Canada to be completed within 6 months. The two countries also agreed to hold a high level meeting with chief

executive officers of North American pesticide companies to urge companies to take advantage of harmonization goals.

**Pesticide Inspections:** The United States and Canada have stringent, scientifically-based pesticide residue inspection programs that are essentially equivalent in protecting public health. The two countries agreed to work towards reducing sampling of fresh produce through the exchange of scientific data and sampling plans and results.

### **Joint Cooperation on Biotechnology**

The United States and Canada have agreed to continue their long history of cooperation in the area of agricultural biotechnology. They will continue to work together in negotiations toward the United Nation's Biosafety Protocol. They will also work closely in multilateral fora such as the World Trade Organization, the Organization for Economic Cooperation and Development, Codex Alimentarius, and Asian Pacific Economic Cooperation.

### **United States Actions**

USDA will provide a list of U.S. state brucellosis vaccination and tuberculosis requirements to Canada and will work with states to address inconsistencies between Federal and state requirements. USDA also agreed to work on amendments to sanitary and phytosanitary regulations dealing with equine semen import permits, inspection of live horses, and nursery stock. Finally, the United States agreed to establish a mechanism to assist Canada in managing Canadian exports of sugar containing products under the U.S. Tariff Rate Quota.

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**FOR IMMEDIATE RELEASE**  
**December 8, 1998**

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**CLINTON ADMINISTRATION REACTS POSITIVELY TO WTO REPORT  
ON DRAMS ANTIDUMPING ORDER**

In response to press reports regarding the dispute in the World Trade Organization involving the U.S. antidumping order on DRAMs from Korea, United States Trade Representative Charlene Barshefsky confirmed that the WTO panel upheld the United States on virtually all grounds, rejecting Korean arguments seeking to weaken the U.S. antidumping law.

The dispute settlement report dealt with a Korean challenge to a determination by the Department of Commerce not to revoke its antidumping order on DRAMs from Korea. Commerce made this determination in the context of its third administrative review of the DRAMs order. Under current Commerce regulations, in order to revoke an antidumping order, the Department must be satisfied that future dumping is "not likely" to occur. Based on a rigorous analysis of the evidence presented by the domestic industry and the Korean DRAMs producers regarding prospective pricing trends for DRAMs, Commerce could not make that determination. While the panel rejected most of Korea's arguments, it did find that the "not likely" standard in Commerce's regulations was insufficient to meet the requirements of the WTO Antidumping Agreement.

"Overall, we are pleased with the panel's ruling, which upheld Commerce's basic approach to the revocation of antidumping orders," said Ambassador Barshefsky. "Our antidumping law is our first line of defense against unfair competition. While we are troubled by the panel's findings on one aspect of Commerce's procedures, this point of the panel report appears to be a technical matter that can be easily addressed without undermining in any way the findings on DRAMs or the effectiveness of antidumping measures as a remedy against unfairly traded imports."

"We are committed to implement our antidumping law in a fair and even-handed manner based upon the facts," said Commerce Secretary William Daley. "Overall, this decision is a statement that our process sets a constructive standard for fair competition in the international marketplace. We will continue to apply the antidumping order against unfair pricing of DRAM semiconductors from Korea consistent with the WTO panel's decision."

The WTO panel upheld the case presented by the United States in the following areas: (1) a

prospective analysis is appropriate in determining whether to revoke or maintain an antidumping order; (2) one need not have mathematical certainty of a recurrence of dumping in order to maintain an antidumping order; (3) the mere absence of dumping for three years does not require authorities to self-initiate an injury review of an antidumping order; (4) Commerce's regulation establishing a 0.5 percent *de minimis* standard for the post-investigation phase of an antidumping proceeding is consistent with the Antidumping Agreement; and (5) Korea could not use a challenge to a post-WTO administrative review by Commerce as a vehicle for attacking pre-WTO determinations made by Commerce and the U.S. International Trade Commission regarding the product coverage of the antidumping order. More generally, the panel rejected various Korean claims that Commerce's analysis of the facts was flawed and biased. Finally, the Panel rejected Korea's request that the Panel suggest that the United States revoke the antidumping order on DRAMs. Instead, the Panel found that there were a "range of possible ways" in which the United States could implement the Panel's recommendations.

## Background

This dispute involves a U.S. antidumping order on dynamic random access semiconductors (DRAMs) from the Republic of Korea. DRAMs are used primarily for main memory in computers. Following an investigation which resulted in findings of dumping and injury by the Department of Commerce (Commerce) and the U.S. International Trade Commission, respectively, Commerce issued an antidumping order on May 10, 1993. In that order, Commerce assigned dumping margins of 4.97 percent to LG Semicon and 11.16 percent to Hyundai.

Thereafter, Commerce conducted two administrative reviews of the DRAMs order that together covered sales made between May 1, 1993 through April 30, 1995. Commerce found that sales of DRAMs by LG Semicon and Hyundai during this time period had not been dumped.

On June 25, 1996, Commerce initiated a third administrative review of the DRAMs order for the period from May 1, 1995 to April 30, 1996. In connection with that review, Commerce considered requests from LG Semicon and Hyundai that the order be revoked with respect to them. Under Commerce regulations, an antidumping order may be revoked if (1) there are three consecutive years of no dumping; (2) the firm requesting revocation agrees in writing to immediate reinstatement in the order if Commerce subsequently finds that the firm is dumping; and (3) Commerce is satisfied that it is not likely that the firm will in the future sell the merchandise at a dumped price.

Commerce issued its final determination in the third administrative review on July 24, 1997. Commerce found that LG Semicon and Hyundai had not engaged in dumping of DRAMs during the relevant time period, and also found that both firms had agreed to immediate reinstatement in the order if they should be found to be dumping in the future. However, based on its careful examination of an extensive factual record (including evidence relating to the period following the period of review), Commerce concluded that it was not satisfied that there was no likelihood of future dumping by LG Semicon and Hyundai if the antidumping order were revoked. In reaching this conclusion, Commerce took particular note of the dramatic decline in DRAMs prices throughout 1996 and the fact that, during prior market downturns, the two firms had engaged in dumping. Accordingly, although Commerce did not assess any antidumping duties on imports covered by the third administrative review, it declined to revoke the antidumping order with respect to LG Semicon and Hyundai.

On August 15, 1997, the United States received a request by Korea for WTO dispute settlement consultations concerning Commerce's third administrative review. In its request, Korea alleged that Commerce's decision not to revoke the antidumping order was inconsistent with Articles 6 and 11 of the Antidumping Agreement and Article VI of the GATT. Consultations were held on October 9, 1997. On November 6, Korea requested the establishment of a panel, adding allegations of inconsistencies with Articles 2, 3, and 17 of the Antidumping Agreement and Articles I:1, X:1, and X:3 of the GATT. The WTO Dispute Settlement Body established a panel in this dispute at its meeting on January 16, 1998. On March 10, Korea requested that the Director-General of the WTO complete the selection of panel members, and on March 19, 1998, the Director-General announced the following panelists: Crawford Falconer (Chair - New

Zealand), Prof. Meinhard Hilf (Germany), and Marta Lemme (Brazil). Korea made its first submission to the panel on April 30, 1998. The United States made its first submission to the panel on May 28. The first meeting of the panel then took place on June 18-19. The parties filed rebuttal submissions on July 10, and the second meeting of the panel took place on July 21-22, 1998.

In the meantime, Commerce initiated and conducted its fourth administrative review of the DRAMs order covering the time period May 1, 1996 to April 30, 1997. In this review, LG Semicon and Hyundai had renewed their requests for revocation of the antidumping order. Commerce issued the final results of its review on September 23, 1998, and found dumping margins of 9.28 percent for LG Semicon and 3.95 percent for Hyundai. As a result of these findings, Commerce also found that the two firms failed to satisfy the first requirement for revocation from the order; i.e., three consecutive years of no dumping. Therefore, Commerce denied their requests for revocation.

The final report is scheduled to be circulated to all WTO Members in mid-December. Either 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.

Among the important issues on which the panel upheld the United States were the following: (1) a prospective analysis is appropriate in determining whether to revoke or maintain an antidumping order; (2) one need not have mathematical certainty of a recurrence of dumping in order to maintain an antidumping order; (3) the mere absence of dumping for three years does not require authorities to self-initiate an injury review of an antidumping order; (4) Commerce's regulation establishing a 0.5 percent *de minimis* standard for the post-investigation phase of an antidumping proceeding is consistent with the Antidumping Agreement; and (5) Korea could not use a challenge to a post-WTO administrative review by Commerce as a vehicle for attacking pre-WTO determinations made by Commerce and the U.S. International Trade Commission regarding the product coverage of the antidumping order. More generally, the panel rejected various Korean claims that Commerce's analysis of the facts was flawed and biased. Finally, the Panel rejected Korea's request that the Panel suggest that the United States revoke the antidumping order on DRAMs. Instead, the Panel found that there were a "range of possible ways" in which the United States could implement the Panel's recommendations.

The U.S. submissions to the panel, which are available in the USTR Reading Room, described in detail how Commerce's determination was consistent with U.S. obligations under the relevant WTO agreements.

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FOR IMMEDIATE RELEASE  
FRIDAY, DECEMBER 11, 1998

CONTACT: 98 - 109  
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### USTR ANNOUNCES RECOMMENDATIONS FOR WTO COMPETITION STUDY

United States Trade Representative Charlene Barshefsky announced today that the United States supports a recommendation by the WTO Working Group on Trade and Competition Policy to further study trade-related competition issues. The recommendation calls for the Working Group to examine in the next year several key international competition concerns, including how to increase cooperation between national authorities and improve access to markets where governments tolerate or encourage anti-competitive conduct by local firms.

"The WTO is in the process of working with governments on the importance of combating private restraints of trade and maintaining pro-competitive market structures," Ambassador Barshefsky said. "I am pleased the WTO will focus on significant, well-defined international competition policy areas, and will not engage in a review of extraneous issues such as dumping, which would serve no useful purpose. This approach complements our market access agenda for the WTO."

With U.S. support, the Working Group, which was established in 1996, has sought to help governments understand the importance of promoting and maintaining a competitive marketplace. Competition issues have begun to factor prominently in U.S. efforts to break down foreign market barriers to U.S. goods and services exports. For example, the United States was instrumental in securing broad adherence to a set of pro-competitive regulatory principles featured in last year's landmark agreement in the WTO to liberalize trade in basic telecommunications services. However, the U.S. view, shared by many governments, is that to date work in this area is not sufficiently advanced to support the negotiation of an international code of antitrust rules. In considering renewal of the Group's WTO mandate, the United States sought to keep the Group focused on concrete competition issues of concern to WTO governments. The United States opposed efforts to direct the scope of the Group's work to include unfair trade remedies which are handled by other WTO Committees; accordingly, antidumping and other trade remedy issues do not figure among the topics specified in the Group's recommendation.

The agreement reached in Geneva last week calls for the Working Group to examine three trade-related competition issues: (i) how key trade principles, such as "national treatment," are or can be reflected in competition policy; (ii) ways to facilitate international communication and

cooperation on matters affecting competition policy; and (iii) how competition policy can help promote international trade and other WTO objectives. The Group's recommendations are expected to be approved at the WTO General Council's meeting this week.

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FOR IMMEDIATE RELEASE  
FRIDAY, DECEMBER 11, 1998

CONTACT: 98 - 110  
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(202) 395-3230

**BREAKTHROUGH ON ITA II NEGOTIATIONS AT WTO EXPANDS  
U.S. TECHNOLOGY TRADE AGENDA**

United States Trade Representative Charlene Barshefsky said that countries participating in the WTO Information Technology Agreement (ITA) achieved a substantial breakthrough today in negotiations to expand the range of information technology products that are currently part of the ITA. This exercise, known as ITA II, builds upon the landmark agreement to eliminate tariffs on over \$600 billion of traded technology products achieved at the WTO's first ministerial meeting in 1996 at Singapore. The United States will continue to pursue activities to open markets for information technology products and electronic commerce.

"Commitments today in Geneva from participants accounting for more than 85 percent of world trade in information technology signals that we are on the road to concluding ITA II early next year," announced United States Trade Representative Charlene Barshefsky. "I am impressed by the determination and vision shown by our partners in Geneva to pursue an agreement in this sector of vital importance to all our economies. We will work hard to finish the job and forge consensus. This signal of renewed commitment to continued liberalization under the WTO augers well for our continued collaboration in this critical area."

"This is one facet of the Administration's ongoing effort to open trade in the rapidly expanding world of technology and electronic commerce trade. We are continuing our work to build upon the existing global electronic commerce standstill agreement which prohibits the imposition of tariffs on electronic transactions on the net. Together, the ITA, the WTO Agreement on Basic Telecommunications Services, the May WTO agreement on electronic commerce, and now a substantial breakthrough on ITA II represent critical contributions to technology expansion and economic growth around the world."

In addition to product coverage, the WTO participants indicated their intention to devote new energy to pursuing the full range of issues confronting the information technology sector, particularly the issue of non-tariff measures, including standards, to ensure that non-tariff measures do not impede the free flow of IT products. Recognizing that one of the aims of the

ITA is to encourage the technological development of the IT industry on a world-wide basis, the participants also will explore the convening of a symposium in 1999 that would involve members of the information technology community to further facilitate cooperation in this area.

### **Background -- Proposed ITA II Product Coverage**

The Information Technology Agreement that was concluded at the 1996 WTO Ministerial held in Singapore provides for the staged elimination of tariffs on all products covered -- including semiconductors, computers, telecommunications equipment and computer software -- by the year 2000. Countries will stage the overwhelming majority of their tariff reductions to zero by 2000, and in very limited circumstances, extended staging of commitments up to 2005 was agreed for a few countries.

The product coverage package under consideration in ITA II includes the four major areas of printed circuit board manufacturing equipment, radar/navigation apparatus, certain components for IT equipment, and some consumer electronics. The ITA II package includes more than 30 different kinds of highly specialized equipment for the manufacture of printed circuit boards. Printed circuit boards, like semiconductors, are a basic element in many IT products. Similar equipment to manufacture semiconductors is included in the original ITA.

The ITA II package is very specific in its coverage of radar and navigational apparatus, covering only products with certain specific uses and applications, such as those related to civilian aircraft and large sea-going vessels. The package excludes consumer-type radar/navigation products, such as hand-held Global Positioning System (GPS) devices.

The ITA II package also includes what are best described as "components or inputs" for certain products already covered by the original ITA, such as rechargeable batteries for computers and cell phones, parts of automatic teller machines, and backplane boards used in computers. Also included are certain computer-driven instrumentation devices, such as process controllers, programmable controllers, and banking machines. The list includes certain products that are generally included to be consumer electronics, such as two specific types of cassette recorders. The package captures certain types of microphones, described in terms of frequency range and size to capture those microphones which are generally used in multimedia computer applications. Also included are cameras of a type that work in conjunction with personal computers.

Participants envision using the same model for ITA II as the initial ITA staging formula, e.g. four equal cuts over four years, with flexibility in limited circumstances.

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FOR IMMEDIATE RELEASE  
MONDAY, DECEMBER 14, 1998

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**USTR Welcomes WTO Response to President Clinton's  
Call for High Level Meeting on  
Trade and Environment**

U.S. Trade Representative Charlene Barshefsky welcomed Friday's, December 11, 1998 decision by the WTO to hold a High Level Meeting on trade and environment. President Clinton called on the WTO to organize such a meeting during his address to the May 1998 Ministerial Conference of the WTO. The meeting will be held March 15-16, 1999 in Geneva and will involve high level officials from both trade and environment ministries, as well as representatives of non-governmental organizations.

"I am very encouraged by this decision," stated Ambassador Barshefsky. "Over the last five years, this Administration has worked to achieve progress on environmental and labor issues as an integral part of our trade agenda. As the President has said, there must be a recognition around the world that more open trade relationships convey a responsibility to address labor and environmental concerns. We have sought specific progress in these areas because trade should contribute to improved living standards and environmental quality. This High Level Meeting at the WTO is another step in the process of increasing international recognition of these issues' rightful place on the global trade agenda."

Background

In his May 1998 address, President Clinton called on the WTO to organize such a meeting in order "to provide strong direction and new energy to the WTO's environmental efforts in the years to come." The High Level Meeting will consist of a dialogue among senior officials from trade and environment ministries, as well as representatives of non-governmental organizations, the business community, relevant international organizations (such as UNEP, UNCTAD, UNDP, and the World Bank), and invited academic speakers. Participants will engage in an open exchange of views on the trade and environment relationship, environmental protection, and sustainable development. The meeting will be chaired by WTO Director-General Ruggiero, and will be followed by a High Level Meeting on Trade and Development on March 17-18, 1998.

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FOR IMMEDIATE RELEASE  
FRIDAY, DECEMBER 18, 1998

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**STATEMENT BY UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY  
CONCERNING THE U.S.-EU SUMMIT TRADE DISCUSSIONS**

United States Trade Representative Charlene Barshefsky today issued the following statement concerning trade discussions occurring during the U.S.-EU Summit Meeting today:

"We have had as part of this latest U.S.-EU Summit a wide-ranging and thoughtful discussion of bilateral and multilateral trade issues, from our new Transatlantic Economic Partnership initiative to the next WTO Ministerial to various WTO disputes of immediate concern.

"This meeting reminds us once again of the huge size and importance of the transatlantic economic relationship and the stake both the United States and the European Union have in the continued health of the multilateral trading system. We have a \$300 billion-plus trade relationship, and the size and complexity of this relationship will bring us into pointed disputes from time to time. But particularly in light of the current global financial difficulties, the United States and the EU must act to spur global economic recovery and continue to press ahead on a broad trade agenda to keep markets open around the world. This is absolutely critical if a further worsening of economic conditions in the world is to be held off.

"The United States and the EU have been the anchors of the world trading system since it was founded over 50 years ago. Our enormous and highly interconnected trade and economic relationship would not be possible without the efforts we have expended over the years to forge an effective framework in which commercial activity can grow. We both must display leadership in protecting and strengthening the WTO system.

"The WTO was designed to help put, to the extent possible, potentially explosive trade problems into a rules-based context. The system can only function if all sides, particularly the United States and the EU as the two biggest actors, respect the rules. Using procedural loopholes to avoid fulfilling the requirements of panel decisions undermines the integrity and effectiveness of the system. We will continue to insist that panel rulings be implemented within the reasonable time period.

"We have noted with satisfaction the formal launch of activities under the Transatlantic Economic

Partnership which seeks to further build-out our trade relationship. The TEP Action Plan finalized last month sets a very ambitious agenda in both the bilateral and multilateral arenas for fulfillment by the end of 1999.

“In all of our work in both the WTO and bilateral contexts, the United States and the EU must also lead the way in involving all elements of society having an interest in trade questions. Success here will be crucial to ensuring that trade policies have the broadest possible support among the general population.”

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EMBARGOED UNTIL 10:00 AM  
MONDAY, DECEMBER 21, 1998  
KLASKY

98 - 113  
CONTACT: JAY ZIEGLER  
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(202) 395-3230

**USTR ANNOUNCES LIST OF EUROPEAN PRODUCTS  
SUBJECT TO INCREASED TARIFFS**

United States Trade Representative Charlene Barshefsky confirmed today that in January 1999 the United States will exercise its right under World Trade Organization (WTO) procedures to increase tariffs on selected European products as a result of a dispute with the European Union (EU) over its discriminatory banana policies. In preparation for exercising U.S. WTO rights, the Office of the U.S. Trade Representative (USTR) has developed a list of European products on which the United States would impose prohibitive 100% duties as early as February 1 pursuant to WTO procedures. Today's announcement identifies those products that the USTR intends to include on the list, to be submitted to the WTO in January, as well as two additional processed agricultural products that may be added to that list following a review of public comments on those two products.

In announcing this action, Ambassador Barshefsky explained, "Over the last six years, two GATT panels, one WTO panel, and the WTO Appellate Body have all ruled against the EU banana policies, and the EU has refused to comply with any of those rulings. We have made repeated attempts to resolve this matter with the EU through negotiations. The European Union, however, has rebuffed all of these attempts. Therefore, the next step is to invoke the WTO procedures that authorize us to take action offsetting the damage caused by the EU's discriminatory banana regime." She added, "At the same time, our door remains open to a negotiated solution consistent with the EU's WTO obligations."

In 1996 the United States joined Ecuador, Guatemala, Honduras and Mexico in resorting to WTO dispute settlement proceedings after the EU had blocked two prior adverse GATT panel rulings against the EU's banana policies. Following the WTO rulings against it in September 1997, the EU refused to consult with the United States or its Latin American co-complainants to reach a mutually acceptable solution. Instead, it modified its regime in a way that perpetuates the discriminatory aspects of the prior regime. Then the EU unilaterally declared itself to be in compliance.

WTO procedures permit the United States on January 21 to seek WTO authorization to increase tariffs in an amount equivalent to the harm caused by the EU regime. These same procedures also require that the WTO grant the U.S. request by January 31, unless the EU requests arbitration to determine whether the amount of the U.S. action is equivalent to the amount of harm caused to the United States by the EU regime. According to WTO rules, such arbitration must be completed by March 2 and then the U.S.

request to increase tariffs must be granted. Consistent with this schedule, Ambassador Barshefsky announced that "the increased tariffs will go into effect on February 1, or no later than March 3 if the European Union requests WTO arbitration to review the amount of the proposed increase in tariffs."

The proposed increase in tariffs will not affect imports from the Netherlands or Denmark. "The United States is excluding the Netherlands and Denmark in recognition of their voting records against the adoption of the new EU banana regime," explained Ambassador Barshefsky.

The Office of the U.S. Trade Representative also announced that it will be seeking additional comments on the possible inclusion of certain pork and olive products (HTS 0210.19.00 and HTS 2005.70.60.50) in the list of products to be submitted to the WTO in January. USTR will publish a *Federal Register* notice requesting public comment on these two products, and the deadline for such comments will be January 13.

### Background

On May 8, 1996, the WTO Dispute Settlement Body established a panel to examine the EU banana import regime in response to a request filed jointly by the United States, Ecuador, Guatemala, Honduras and Mexico. In May 1997 the panel found that the EU's banana regime violated WTO rules on sixteen counts. The EU appealed 19 points in the panel report; all parties to the dispute and third parties (including Caribbean banana exporting countries) took part in the appellate proceedings. On September 9, 1997, the Appellate Body issued its report, which rejected almost all of the EU arguments.

The EU measures found to be inconsistent with WTO rules include: (1) the EU's assignment of import licenses for Latin American bananas to French and British companies (whose previous business had been limited to the distribution of European, Caribbean and African bananas only), which took away a major part of the banana distribution business U.S. companies had developed over this century; (2) the EU's assignment of import licenses for Latin American bananas to European banana ripening firms (which historically did not import bananas), further taking away business from U.S. companies; (3) the EU's imposition of more burdensome licensing requirements on banana imports from the Latin American complainants than for other countries; and (4) the EU's discriminatory and trade-distorting allocation of access to its market for bananas, which departed from the fair-share standard of the WTO (focusing on past levels of trade).

The panel and the Appellate Body also affirmed that the EU's tariff preferences for Latin American bananas, which were provided to Caribbean countries, were consistent with the terms of a special WTO waiver the EU obtained regarding certain trade preferences for its former colonies. The United States did not challenge, and the WTO reports did not address, this zero-tariff preference for traditional Caribbean banana imports pre-dating the 1993 European regime. The panel and Appellate Body reports were adopted on September 25, 1997, and it was subsequently determined through arbitration that the EU would be given a period of roughly 15 months -- i.e., until January 1, 1999, to comply with the WTO rulings.

On July 28, 1998, the EU published changes to its banana regime that will take effect on January 1, 1999. These new regulations perpetuate the discriminatory aspects of the banana regime found by the WTO to violate EU WTO obligations.

## PRODUCT LIST

The imposition of increased duties would apply to articles that are both: (1) classified in the subheadings of the Harmonized Tariff Schedule of the United States (HTS) listed below; and (2) the product of Austria, Belgium, Finland, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, Portugal, Spain, Sweden, or the United Kingdom. The product descriptions that are provided below are not intended to delimit in any way the scope of the products that would be subject to increased duties.

HTS Number	Product Description
04069057	Pecorino cheese, from sheep's milk, in original loaves, not suitable for grating
19053000	Sweet biscuits; waffles and wafers
33073050	Bath preparations, other than bath salts
34060000	Candles, tapers and the like
39202000	Nonadhesive plates, sheets, film, foil and strip, noncellular, not reinforced or combined with other materials, of polymers of propylene
42022215	Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics
42023210	Articles of a kind normally carried in the pocket or handbag, with outer surface of reinforced or laminated plastics
48055000	Uncoated felt paper and paperboard in rolls or sheets
48192000	Folding cartons, boxes and cases of noncorrugated paper or paperboard
49090040	Printed cards (except postcards) bearing personal greetings, messages or announcements, with or without envelopes or trimmings
49119120	Lithographs on paper or paperboard, not over 0.51 mm in thickness, printed not over 20 years at time of importation
61101010	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, wholly of cashmere
63022190	Bed linen, not knit or crochet, printed, of cotton, not containing any embroidery, lace, braid, edging, trimming, piping or applique work, not napped
85072080	Lead-acid storage batteries other than of a kind used for starting piston engines or as the primary source of power for electric vehicles
85167100	Electrothermic coffee or tea makers, for domestic purposes
94051080	Chandeliers and other electric ceiling or wall lighting fittings (other than used for public spaces), not of base metal

## U.S. RESPONSE TO EU BANANA IMPORT REGIME

### The United States is exercising its rights under WTO procedures.

- Under WTO procedures, the EU must come into compliance with WTO rulings by *January 1*. If it fails to do so, on *January 21* the United States can submit to the WTO a request for authorization to suspend trade concessions that benefit the EU.
- The *January 21* U.S. request will specify the amount of concessions to be suspended and identify the products of the EU (except those of the Netherlands and Denmark) to be affected.
- Under WTO rules, the U.S. request to suspend trade concessions must be granted by *January 31*, unless the EU claims that the amount of concessions to be suspended exceeds the amount of harm caused by its illegal measures. If it makes such a claim, the amount claimed will be submitted to binding arbitration, probably by the original panel that ruled against the EU banana regime. That arbitration must conclude by *March 2*.
- On *March 3* the U.S. can resubmit its request (adjusting the amount, if necessary, to be consistent with the results of the arbitration), and WTO rules require the WTO to grant the U.S. request in an amount consistent with the arbitrator's report.

### This action comes after years of attempting to reach a negotiated solution.

- The United States has sought a resolution to the dispute involving EU barriers to banana imports through diplomatic channels since 1992, and in 1996 it joined Ecuador, Guatemala, Honduras and Mexico in resorting to WTO dispute settlement proceedings after the EU had blocked two prior adverse GATT panel rulings against the same bananas regime.
- Following the WTO rulings against it in late 1997, the EU refused to consult with the United States or its Latin American co-complainants to reach a mutually acceptable solution. Instead, it adopted a regime rigged to perpetuate the illegal aspects of the prior regime. Then the EU unilaterally declared itself to be in compliance.
- During the past year, the United States has proposed to the EU a variety of ways the EU could implement a WTO-consistent banana regime. Such ideas include both tariff-only methods and tariff-rate quota approaches, which would include specific preferences for Caribbean countries.
- The EU continues to reject any notion of a negotiated settlement, insisting instead that the only remedy available to the complaining parties is to go through the dispute settlement process all over again on the new EU bananas regime.
- The United States is excluding the Netherlands and Denmark in recognition of their voting records against the adoption of the new EU banana regime.

**The EU position undermines the viability of the WTO as a forum for resolving disputes.**

- Every other WTO Member that has lost a case in the WTO, including the United States, which in 3 cases has either eliminated its measures altogether or changed its measures after consultation with the complaining parties. The EU is the first WTO Member to fail to do so.
- The implications of the EU's actions go far beyond this dispute, threatening the effectiveness of the multilateral trading system as a whole.

## BRIEF HISTORY OF BANANA DISPUTE

### Efforts to Litigate Dispute

#### 1993

- May 19 GATT panel finds against EC Member State restrictions ("Banana I").  
EC blocks panel report from being adopted by GATT Council.
- July 1 EC implements single market banana Regulation 404; claims it meets GATT obligations.

#### 1994

- Jan 18 GATT panel finds against EC's new Regulation 404 ("Banana II").  
Feb 7 EC blocks "Banana II" panel report from being adopted by GATT Council.

#### 1995-96

New WTO dispute settlement provision prevents one member from blocking panel findings in 1995. In 1996, US, Guatemala, Honduras, Mexico and Ecuador (G-5) bring formal WTO case. EC repeatedly insists regime is fully WTO-consistent.

#### 1997

- May 22 WTO panel finds many WTO goods and services violations of EC regime ("Banana III").
- July 11 EC appeals 19 findings in the WTO panel report.
- Sept 9 WTO Appellate Body upholds panel findings of EC GATT and GATS violations.
- Sept 25 WTO Dispute Settlement Body (DSB) adopts panel and Appellate Body reports.  
EC condemns WTO reports and ignores G-5 request for negotiations.

#### 1998

- Jan 8 WTO arbitrator gives EC until January 1, 1999 to comply with WTO rulings.
- June 26 European Agriculture Council adopts modifications to banana measures and unilaterally declares them WTO-consistent.

### Efforts to Negotiate Resolution

#### 1992

US efforts to convince EC to adopt GATT-consistent regime rebuffed by EC.

#### 1993

US efforts to convince EC to adopt GATT-consistent regulations rebuffed by EC.

#### 1994

US suggestions on ways for EC to comply with GATT rulings rebuffed by EC.

- 1995** US efforts at compromises rebuffed by EC, which insists regime is WTO-consistent.
- 1996**
- Feb- Mar US, Ecuador, Guatemala, Honduras, Mexico (G-5) hold formal WTO consultations with EC. EC insists regime is WTO-consistent and no changes possible.
- Sept EC rebuff US efforts to discuss changes, stating no change possible during WTO case.
- 1997**
- May 28 President Clinton at Summit proposes work on solutions to EC, which says changes difficult.
- June 20 USTR Barshefsky asks EC VP Brittan for staff consultations to discuss possible solutions.
- July 23 US proposes possible solutions to EC, which says "too soon to discuss solutions."
- Sept -Dec Following adoption of WTO reports, Barshefsky writes Brittan seeking staff discussions; Brittan says "too soon." Barshefsky writes Brittan seeking EC flexibility on new regime; no EC response.
- 1998**
- Feb 5 EC rebuffs G-6 (G-5 plus Panama) concerns at WTO about draft EC banana plan.
- Feb 12 EC rebuffs US detailed legal concerns about a new banana plan in Brussels consultations.
- Mar 25 G-6 at DSB meeting summarize WTO violations of EC plan and call for negotiations. EC complains G-6 statement is premature and ignores call for negotiations.
- May Scher seeks changes to EC plan in letter to EC DG LeGras, who sees "no prospect."
- May 18 Barshefsky at Summit urges negotiations to Brittan, who insists regime is WTO-consistent.
- May 20 US requests changes to EC plan at talks in Geneva; EC says no substantive changes possible.
- June 19 Barshefsky and USDA Glickman write EC Member States to oppose proposed plan.
- June 26 European Agriculture Council adopts Commission proposed banana plan.

### Efforts to Reconvene WTO Panel

- July 7 Barshefsky asks Brittan to reconvene WTO panel on expedited basis.
- July 23 G-6 in DSB ask EC if it would accept WTO panel; EC replies "no instructions."
- July 30 Brittan replies to Barshefsky that the EC sees "no reason" to reconvene panel.
- Sept 25 G-6 in DSB ask EC to accept WTO panel. EC insists on separate goods and services cases, rejects US compromise to set up panel on November 6 and threatens to block DSB meeting.
- Oct 21 G-6 regret in DSB that EC unwilling to accept WTO panel. EC does not accept panel.
- Nov. US proposes to EC reconvening WTO panel but EC insists US waive WTO rights, accept reinterpretation of DSU and abandon G-5, for an uncertain process lasting at least 6 months.

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FOR IMMEDIATE RELEASE  
TUESDAY, DECEMBER 22, 1998

98 -114  
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**FOREIGN SHARE OF THE JAPANESE SEMICONDUCTOR MARKET  
INCREASES TO 33.9% IN THE SECOND QUARTER 1998**

Foreign share of the Japanese semiconductor market rebounded to its second-highest level ever in the second quarter of 1998, rising to 33.9% from 31.7% in the first quarter, even as sales from U.S. and foreign suppliers fell during the quarter. In 1997, foreign share averaged 33.3%, up from an average of 27.5% in 1996.

Foreign market share gained overall because the Japanese semiconductor market declined even more during the period. Over the past three quarters, the Japanese semiconductor market has shrunk 22.5%.

"Although we are pleased that the U.S. and other foreign suppliers continue to maintain a competitive position in the Japanese semiconductor market, we are concerned about the absolute downturn in sales," said Ambassador Charlene Barshefsky. "We will continue to monitor the situation carefully since the U.S. offers competitive semiconductor products for sale in all sectors of the market. The downturn in overall sales underscores the importance for more effective measures on the part of the Japanese government to stimulate domestic demand-led growth. The United States will continue to press Japan to further deregulate its economy, move toward domestic demand-led growth, implement financial reforms on an accelerated basis, and undertake market-opening reforms across-the-board. Only through such comprehensive measures can Japan create a climate of growth that can effectively stimulate the Asia-Pacific region."

One of the key elements of the 1996 semiconductor agreement is the provision for cooperative activities between foreign semiconductor suppliers and Japanese users, in areas such as automotive, telecommunications and emerging applications. "We are gratified by the high level of interest shown by U.S. suppliers and Japanese semiconductor users which is occurring under the framework of the 1996 U.S.-Japan semiconductor agreement. We expect that U.S. chipmakers and their Japanese customers will continue to work together to develop the new products that will drive consumer demand and help the Japanese economy recover 1999," Ambassador Barshefsky said.

Foreign Market Share

Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992	15.9%
Q4 1992	20.2%
Q1 1993	19.6%
Q2 1993	19.2%
Q3 1993	18.1%
Q4 1993	20.7%
Q1 1994	20.7%
Q2 1994	21.9%
Q3 1994	23.2%
Q4 1994	23.7%
Q1 1995	22.8%
Q2 1995	22.9%
Q3 1995	26.2%
Q4 1995	29.6%
Q1 1996	26.9%
Q2 1996	26.4%
Q3 1996	27.1%
Q4 1996	29.4%
Q1 1997	32.6%
Q2 1997	35.8%
Q3 1997	32.1%
Q4 1997	32.7%
Q1 1998	31.7%
Q2 1998	33.9%

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FOR IMMEDIATE RELEASE  
TUESDAY, DECEMBER 22, 1998

98 - 115  
CONTACT: JAY ZIEGLER  
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**UNITED STATES PRESSES EUROPE TO ADOPT FAIR STANDARDS  
FOR WIRELESS COMMUNICATIONS**

The United States Government today called on the European Commission to allow U.S. third generation (3G) wireless technology equipment and service providers a fair opportunity to compete in Europe. In a letter to EC Commissioner Martin Bangemann signed by Secretary of State Madeleine Albright, United States Trade Representative Charlene Barshefsky, Secretary of Commerce William Daley, and Federal Communications Commission Chairman William Kennard, the United States expressed concern over developments in Europe that appear to promote a particular European-developed 3G standard to the exclusion of other standards. These developments seem incompatible with the ongoing industry-led efforts, within the International Telecommunication Union (ITU), to achieve a global consensus that would harmonize 3G standards to the fullest extent possible.

"This is a question of basic fairness in telecommunications trade. The United States market is open to the 3G standard proposed by Europe. We expect access in Europe for standards used by our industry as well," said United States Trade Representative Charlene Barshefsky. "We are monitoring the implementation of 3G measures by the European Union and Member States for compliance with the EU's overall WTO telecommunications obligations. We are seeking specific assurances from European governments that U.S. industry will be able to deploy competing 3G technologies and services in Europe at the same time that European-sponsored 3G technologies and services are deployed."

"U.S. industry is concerned that industrial policy considerations are driving a European effort to gain a first-to-market advantage for a unique European technological specification, by rushing it through official standardization and service licensing processes," said Commerce Secretary William Daley. "We believe European governments instead should allow the effort to develop 3G systems, led by the ITU, to bring about market-driven rather than government-driven decisions, including the approval of converged or multiple standards, as deemed necessary by ITU participants."

Chairman Kennard added, "I am concerned that Europe may be effectively bypassing the ITU consensus process by prematurely adopting a particular standard without regard to the market-based needs of service providers in other countries, including the United States. The recently

adopted decision of the European Commission, which appears to prohibit the operation within Europe of any third generation standard except that adopted by the European Telecommunications Standards Institute, would preclude marketplace consideration of rival standards and restrict consumer choice.”

The ITU has set a March 31, 1999 deadline for deciding on key characteristics for 3G standardization, as it seeks to develop final recommendations on 3G issues by December 31, 1999. However, some European countries are poised to auction radio spectrum for 3G services in 1999, without allowing sufficient time for commercial operators to take advantage of the ITU's 3G decision. The early auctions could effectively preclude any technology but the European-sponsored 3G standard from arriving first on European markets.

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**U.S. - VIETNAM COPYRIGHT AGREEMENT ENTERS INTO FORCE**

The United States and Vietnam completed the formal steps necessary for their bilateral copyright agreement to become effective, United States Trade Representative Charlene Barshefsky announced today. The agreement, which was signed last year, grants U.S. copyrighted works such as motion pictures, sound recordings, software and books, legal protection in Vietnam for the first time. In the year since the agreement was concluded, the United States and Vietnam have worked closely together to ensure that Vietnam has in place the necessary legal and procedural machinery to implement the agreement effectively.

“The entry into force of this agreement fills the largest remaining gap in copyright protection for U.S. works in East Asia,” Ambassador Barshefsky said. “The development of implementation provisions by Vietnam over the past year has allowed us to take the steps necessary to put the agreement into effect. We look forward to working with Vietnam to ensure that protection for U.S. works is vigorously enforced.”

Under the terms of the agreement, both the United States and Vietnam committed to extend copyright protection to the other country's works. Vietnam recently issued regulations extending copyright protection in Vietnam to U.S. works. This morning, President Clinton issued a proclamation extending copyright protection in the United States to Vietnamese works. A formal exchange of diplomatic notes was concluded this afternoon entering the Agreement into force.