EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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00-15 - Changed to Press Release 00-11A (Sequence Error) (there will be no link associated with this file)

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00-1

For Immediate Release Contact: Thomas Tripp

January 10, 2000 Amy Stilwell

(202) 395-3230

U.S. and India Reach Landmark Agreement to Lift Longstanding Indian Import Restrictions

United States Trade Representative Charlene Barshefsky announced an agreement on December 28, 1999, between the United States and the Government of India to lift import bans and import licensing requirements currently maintained by India on a large number of agriculture, textiles and consumer products. The United States successfully challenged these measures in World Trade Organization (WTO) dispute settlement proceedings. The WTO Appellate Body agreed with the U.S. that these quantitative restrictions violate India's WTO obligations.

Ambassador Barshefsky applauded the agreement, saying: "I am pleased that we have reached an agreement that is mutually beneficial to both the United States and to India. Eliminating these restrictions will provide-for the first time in fifty years for some products-- market access opportunities for U.S. producers in key sectors such as textiles, agriculture, consumer goods and a wide variety of manufactured products, and at the same time will stimulate investment, competition, and economic activity in India. This landmark agreement, negotiated by Deputy U.S. Trade Representative Ambassador Susan Esserman, resolves a longstanding issue of importance to the United States."

Under the agreement, India has committed to lift over 1,400 specific restrictions. Half of the restrictions will be lifted within three months; the remaining half of the restrictions will be lifted by April 1, 2001.

This agreement follows an August 23, 1999, ruling by the WTO Appellate Body that rejected India's claim that its balance-of-payments situation justifies import restrictions. That WTO decision sets several important precedents. It rejected arguments that India had made for many years, such as the argument that BOP measures are immune from review by WTO dispute settlement panels. The decision also made clear that countries which have instituted restrictions for balance-of-payments purposes must eliminate the restrictions when their balance-of-payments position no longer justifies such measures. In summary, the decision confirms that countries must act responsibly in utilizing WTO procedures, such as the balance-of-payments provisions, that restrict access to their markets.

The agreement signed last week sets a definitive timetable for India to carry out this important decision and remove these restrictions. India had previously reached agreements with the European Communities, Japan and other countries to remove these restrictions by April of 2003. The agreement with the United States advances that timetable by two years.

Moreover, with respect to India's domestic economic situation, the elimination of this regime of import restrictions will permit the growth and competition that will raise economic welfare levels and stimulate entrepreneurial activity in the Indian private sector that began with the reforms earlier this decade.

Background

India prohibits or severely restricts imports of various industrial, textile and agricultural products. India maintains a "Negative List" of products whose imports are banned, unless an importer gets a case-by-case license from the Indian government. The Negative List includes almost all consumer goods, including food, clothing and household appliances. India also channels imports of some agricultural products through state trading monopolies or "canalizing agencies." In addition, a government requirement banning imports by anyone except "actual users" prevents any imports for resale.

India claimed that much of this extremely restrictive import regime is permitted by the balance-of-payments provisions of the GATT. The United States challenged India's claim before a WTO panel. In a report issued on April 6, 1999, the panel ruled that India's balance-of-payments situation did not justify these restrictions. Among other things, the panel report noted that during India's 1997 consultation with the WTO Balance-of-Payments Committee, the International Monetary Fund stated that India no longer had a balance-of-payments problem that justified these restrictions.

India appealed the panel's findings to the WTO Appellate Body. In its report released on August 23, 1999, the Appellate Body rejected each of the arguments that India had raised in its appeal. Provisions of the WTO Dispute Settlement Understanding then required the United States and India to attempt to negotiate a period of time for India to implement the report. Those negotiations culminated in last week's agreement.

These restrictions are the largest barrier to increasing U.S. exports to India. In addition, the Indian restrictions hurt trade from India's developing country trading partners, since they significantly restrict developing country products and tropical products which would be very competitive in the Indian market.

A copy of the agreement and the products concerned is available in the USTR reading room.

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00-02

For Immediate Release Contact: Thomas Tripp

January 11, 2000 Amy Stilwell

(202) 395-3230

USTR Charlene Barshefsky and Secretary of Commerce William M. Daley

To Establish New Procedures for Advice from Non-Governmental Organizations

United States Trade Representative Charlene Barshefsky and Secretary of Commerce William M. Daley jointly announced today an initiative to enhance opportunities for interested environmental, consumer, and other non-governmental organizations to provide their views to the Administration on key trade issues. The two agencies will promptly initiate a consultation procedure for soliciting views from interested parties on procedures for strengthening channels of communication with these groups in the development of U.S. trade policy.

"The initiative announced today reflects the Administration's continuing commitment to ensuring that the concerns and priorities of non-governmental groups are fully represented in the trade policy advisory process," Ambassador Barshefsky stated. "We welcome ideas from interested parties, including our existing advisory committees, on how we might improve our procedures for securing advice from across the broad spectrum of civil society,"said Secretary Daley.

The joint initiative responds to requests by environmental and other non-governmental groups for greater participation in the development of U.S. trade policy. A suit filed in federal district court in Seattle has sought the inclusion of environmental representatives on certain existing trade advisory committees. In November, the district court directed USTR and Commerce to include qualified environmental representatives on two Industry Sector Advisory Committees established under federal law. The two agencies are carrying out the court's order and at the same time the Justice Department has filed an appeal on the basis for the decision. The appeal was filed on Friday, January 7, 2000.

"Congress has carefully designed a structure for channeling important negotiating advice to the Administration from the manufacturing and services sectors of our economy," said Secretary Daley. "The court's ruling, if permitted to stand, could undermine the framework that Congress established. At the same time, we need to take additional steps to ensure that we receive timely and comprehensive advice from other non-governmental groups as well."

Congress and the Administration have previously established a variety of official advisory committees from which the Executive Branch solicits and obtains advice from environmental, labor, and other non-governmental organizations. For example, Congress has provided for the CEO-level Advisory Committee for Trade Policy and Negotiations to include environmental representatives. The President has established the CEO-level Trade and Environmental Advisory Committee (TEPAC) to provide a forum in which advice on both trade and trade-related environmental policy issues can be provided to the Administration. Members of both Committees, including representatives of five different environmental organizations, were included on the official U.S. delegation to the recent World Trade Organization ministerial conference held in Seattle. Similarly, a Labor Advisory Committee provides advice to the Administration on labor-related issues.

The advisory committee system is but one of a variety of mechanisms through which the Administration seeks advice from interested groups and organizations on the development of U.S. trade policy. For example, in formulating specific U.S. objectives in major trade negotiations, USTR routinely solicits written comments from the public, consults with and briefs interested constituencies, holds public hearings, and meets with a broad spectrum of groups at their request. In addition, the President's recent Executive Order on environmental reviews of trade agreements and its implementing guidelines will establish an inclusive process for bringing environmental perspectives into the development of U.S. trade negotiating objectives.

Daley and Barshefsky committed to working closely with a broad range of civil society interests on trade-related matters. "We encourage and support strengthening relationships between non-governmental organizations and government agencies, which will help ensure that the perspectives of these organizations are fully considered in the trade policy and negotiating process," they said.

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00-03

For Immediate Release Contact: Thomas Tripp

January 12, 2000 Amy Stilwell

(202) 395-3230

USTR Announces Personnel Changes

United States Trade Representative, Charlene Barshefsky, today announced the retirement of Mr. Robert B. Cassidy, the Assistant United States Trade Representative (AUSTR) for China, Hong Kong, Taiwan and Mongolia, and the appointment of Mr. Donald M. Phillips to the position. Mr. Phillips, currently AUSTR for Asia-Pacific and Asia Pacific Economic Cooperation (APEC) Affairs and a twenty year veteran negotiator at USTR, will assume his new job upon Mr. Cassidy's January 31, 2000 retirement.

"It gives me tremendous pleasure to designate Don Phillips as the new AUSTR for China," said Ambassador Barshefsky. "He brings an extraordinary negotiating track record, an enormous reservoir of experience, global recognition, and a distinctive personal style to this crucial position. He is regarded by me and his colleagues around the world as one of the best in the business, and I have great confidence in his ability to help guide our China policy through the critical time ahead. His relationships in China and across Asia, as well as in Europe and Latin America make him the perfect choice for the job. "

Ambassador Barshefsky further commented, "Robert Cassidy has been a tremendous asset to USTR. Without Bob, the historic US-China Bilateral WTO Agreement reached last November would not have been possible. His tenacity, creativity, and ties throughout Asia are well known. Our country should take pride in his accomplishments."

Donald M. Phillips became Assistant USTR for Asia-Pacific and APEC Affairs in 1997. In this capacity, he was the lead US negotiator for the APEC sectoral liberalization initiative and oversaw bilateral trade relations with the Asia region. Prior to his current position, Mr. Phillips served as AUSTR for Industry where he was responsible for a range of pivotal trade areas and was instrumental in concluding a range of agreements, including two of the three US-Japan Semiconductor Agreements (1991 and 1996), the US-EU Aircraft Agreement (1992), the China Space Launch Agreement (1995), the multilateral Shipbuilding Agreement (1994), the Japan Wood Products Agreement (1990), and the renewal of the bilateral voluntary restraints on steel (1989) and the initiation of multilateral negotiations on steel. Mr. Phillips also has extensive experience in agricultural issues. Prior to joining USTR in 1980, he worked for thirteen years at the United States Department of Agriculture, including eight years in the Department's Foreign Agricultural Service (FAS) and four years as Assistant Agricultural Attache at the US Mission to the European Community in Brussels, Belgium.

Robert B. Cassidy was appointed to the position of AUSTR for China, Hong Kong, Taiwan and Mongolia in May 1997. Before his current assignment, Mr. Cassidy served as AUSTR for Asia and the Pacific. Mr. Cassidy, an experienced senior trade negotiator, worked on a range of bilateral and multilateral trade negotiations, most recently as the lead career negotiator for the US-China and US-Taiwan Bilateral WTO Agreements which were concluded in 1999 and 1998 respectively.

He also played key roles in a variety of areas, including developing support among APEC countries for the 1996 Information Technology Agreement (ITA); agreements to protect US intellectual property in Taiwan, the Philippines and Thailand; developing worker rights procedures in Indonesia; and he was crucial to the renewal of the bilateral voluntary restraints on steel in 1989 and; thereafter, negotiations on a multilateral agreement on steel. Mr. Cassidy joined USTR in 1986.

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00-04

For Immediate Release Contact: Thomas Tripp

January 27, 2000 Amy Stilwell

(202) 395-3230

United States Wins WTO Case Challenging

Australia's Failure To Withdraw A Prohibited Export Subsidy

United States Trade Representative Charlene Barshefsky announced today that a World Trade Organization dispute settlement panel has issued a report finding that Australia has failed to comply with the WTO Dispute Settlement Body's ruling that Australia withdraw a prohibited export subsidy bestowed on an Australian producer of automotive leather.

"This ruling reinforces important WTO rules against export subsidies," stated Ambassador Barshefsky. "The WTO panel's finding establishes that, pursuant to the WTO subsidies agreement, the withdrawal of a prohibited subsidy must be a meaningful withdrawal; a country cannot merely go through the motions. We urge the Australian Government to come into compliance immediately."

The panel affirmed the U.S. position that the recipient's repayment of a small prospective portion of the grant was insufficient to satisfy the WTO requirement that the subsidy be withdrawn. At issue was a grant of 30 million Australian dollars that violates WTO subsidy rules because it was contingent on export performance. The panel found that "repayment in full of the prohibited subsidy is necessary in order to 'withdraw the subsidy' in this case." The panel further agreed with the United States that, by providing a new loan subsidy to the recipient's parent company, Australia had nullified the recipient's partial repayment of the grant. The panel therefore found that Australia had not withdrawn any portion of the prohibited export subsidy.

Background

This proceeding followed a WTO case brought by the United States in 1998, when Australia - after consultations with the United States - excluded its leather industry from two export subsidy programs, but then compensated its leather exporter by means of the A$30 million grant. The United States alleged, and the dispute settlement panel agreed, that this grant was a "de facto" export subsidy, and had to be withdrawn. Australia announced in September 1999 that it had complied with the WTO ruling by having the recipient repay less than 27% of the grant, which it called the prospective portion. However, Australia simultaneously announced the new loan subsidy to the exporter's parent. The United States requested that the WTO panel be reconvened to review Australia's compliance, asserting both (1) that the repayment was insufficient and (2) that the loan subsidy had nullified even that insufficient repayment.

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00-05

For Immediate Release Contact: Thomas Tripp

January 27, 2000 Amy Stilwell

(202) 395-3230

Panel Finds Mexican Antidumping Order Violates WTO Rules

United States Trade Representative Charlene Barshefsky announced today that a World Trade Organization dispute settlement panel has agreed with the United States that Mexico's antidumping measure on U.S. exports of high fructose corn syrup is inconsistent with the WTO Antidumping Agreement.

"I applaud the panel's finding that Mexico violated several key provisions of the WTO Antidumping Agreement," said Ambassador Barshefsky. "This is an important victory for all U.S. exporters; it means that antidumping authorities in Mexico and among all other WTO Members must follow their obligations to the letter."

In reaching its conclusions, the panel affirmed important principles in the WTO Antidumping Agreement. The panel upheld the U.S. arguments that Mexico's threat of injury determination was inconsistent with the Antidumping Agreement in several respects. The panel found that Mexico applied its provisional antidumping measure beyond the applicable time limit. The panel also found that Mexico improperly imposed final antidumping duties for the period during which its provisional measure was in place.

Background

The United States challenged several aspects of Mexico's action to limit Mexican imports of high fructose corn syrup (HFCS) -- a sweetener widely used in soft drinks and other products. When Mexico adopted a provisional antidumping measure in June 1997, the United States requested consultations with Mexico and held them in September 1997. After Mexico's imposition of a final antidumping measure in January 1998, the United States again held consultations with Mexico in June 1998. The United States referred its complaint to a WTO dispute settlement panel in October 1998.

The WTO allows dumping duties to be imposed only if dumping and injury (including threat of injury) to the domestic industry are established. Mexico did not properly establish injury, and this was the focus of the U.S. challenge. The panel agreed with the United States that Mexico's threat of injury analysis was flawed in several respects.

Specifically, the panel found that Mexico's determination did not properly reflect its consideration of the factors in the Antidumping Agreement on the economic condition of the Mexican sugar industry. The panel also agreed with the United States that the Antidumping Agreement requires authorities to examine injury to the whole industry, not just a part of it. The panel also agreed that Mexico had not properly determined that there was a likelihood that imports of HFCS from the United States would increase -- a finding that is necessary to establish a threat of injury when there is no current injury.

Mexico has the right to appeal this ruling to the WTO Appellate Body.

Note: The full texts of this and other WTO panel reports are on the WTO's World Wide Web site at *www.wto.org*.

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00-06

For Immediate Release Contact: Thomas Tripp

January 27, 2000 Amy Stilwell

(202) 395-3230

WTO Adopts Panel Findings Upholding Section 301

United States Trade Representative Charlene Barshefsky today announced that the World Trade Organization Dispute Settlement Body has adopted the report of a dispute settlement panel upholding the WTO-consistency of Section 301 of the Trade Act of 1974. The panel had rejected a complaint by the European Union that Section 301 was inconsistent with WTO rules, and the EU decided not to appeal the ruling.

"We are pleased that the WTO has now formally confirmed the panel's conclusion that Section 301 is consistent with U.S. WTO obligations," stated Ambassador Barshefsky. "Today's action by the WTO closes the door on the EU's unfounded claims regarding the legitimacy of Section 301. Section 301 has been and will remain essential to our efforts to enforce our international trade rights."

Section 301 is the statutory means by which the United States asserts its international trade rights, including its rights under WTO Agreements. The EU claimed that Section 301 violates provisions of the WTO Dispute Settlement Understanding (DSU), the WTO Agreement and the General Agreement on Tariffs and Trade 1994 (GATT 1994). These rules deal with determinations by a WTO Member that another country has violated its WTO rights, as well as any actions taken in response.

The panel found nothing to contradict evidence that the United States has in fact acted in accordance with its WTO obligations in every Section 301 determination involving an alleged violation of U.S. WTO rights. The panel concluded that neither the EU nor the third parties to the dispute had demonstrated otherwise. (Panel report, paragraph 7.130)

Background

The EU brought its claim late in 1998. The EU complaint was not about the application of Section 301 in any particular case. Rather, the EU argued that the time frames in Sections 301-310 do not allow the U.S. government to wait until the DSB has adopted panel and Appellate Body findings before making its determinations and suspending concessions.

Specifically, the EU claimed that the 18-month deadline in Section 304 for determining whether U.S. agreement rights have been denied does not allow enough time for WTO panel proceedings to finish in all cases, and that U.S. determinations under Section 301 are therefore inconsistent with Article 23 of the WTO Dispute Settlement Understanding.

The EU also challenged the time frames in Sections 305 and 306 for taking action when another Member has failed to implement adverse DSB rulings and recommendations. The EU claimed that the statute requires the United States to make determinations and to take action before WTO panels can confirm non-compliance under Article 21.5 procedures and determine the amount of any suspension of concessions under Article 22 procedures. This, according to the EU, violated DSU Article 23 and GATT 1994 Articles I, II, III, VIII, and XI.

The Panel rejected these claims. It found that the language of the Section 301 statute provides USTR with adequate discretion to comply with WTO rules in all cases. It also found that while the statutory language does not provide assurances as to how that discretion will be exercised, such assurances are provided when the statute is read in light of the Uruguay Round Agreements Act Statement of Administrative Action. That 1994 document expresses the long-held U.S. intention to follow DSU procedures when making WTO-related determinations under Section 301. The panel noted that the U.S. statement in this regard "did not represent a new U.S. policy or undertaking."

The WTO established the three-member panel on March 2, 1999. Brazil, Canada, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Hong Kong, India, Israel, Jamaica, Japan, Korea, St. Lucia and Thailand appeared as third parties in the dispute.

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00-07

For Immediate Release Contact: Thomas Tripp

January 27, 2000 Amy Stilwell

(202) 395-3230

President Clinton Releases Report to Congress on

Trade and Development Policy Toward Africa

President Clinton has forwarded to Congress the last in a series of five annual reports outlining the Administration's trade and development strategy toward sub-Saharan Africa. The report details the U.S. government's initiatives to support enhanced trade and investment with the countries of sub-Saharan Africa and to advance initiatives that will produce sustainable development and economic growth, as required by section 134 of the Uruguay Round Agreements Act. The report further conveys the Administration's commitment to the African Growth and Opportunity Act as a key bipartisan legislative cornerstone of the U.S. efforts to pursue common objectives under the President's Partnership for Economic Growth and Opportunity in Africa initiative.

"Strengthening U.S.-African economic ties and promoting increased African participation in the multilateral trading system are priorities for the Clinton Administration. The United States is committed to working in partnership with African countries to advance their economic development through increased trade and investment opportunities," said United States Trade Representative Charlene Barshefsky. She continued, "This report reflects the significant commitment that the Clinton Administration has made to advance economic relations with Africa through a variety of approaches including Trade and Investment Framework Agreements, expanded technical assistance, consultative mechanisms, and enhanced market access through the Generalized System of Preferences program."

The report describes many of the efforts of the Administration to pursue the objectives of the President's Partnership for Economic Growth and Opportunity in Africa, an initiative adopted in June 1997 to support key policy objectives of stimulating economic growth in sub-Saharan Africa and facilitating Africa's integration into the global economy. Central to these efforts is the African Growth and Opportunity Act which passed, with bipartisan support, both chambers of the U.S. Congress in 1999. "Enactment of the African Growth and Opportunity Act would reaffirm our commitment to working with Africa to promote sustainable development and to encourage economic reform. It represents a meaningful bipartisan effort to put our relations with Africa on a path that will create greater prosperity for all. Facilitating increased trade with Africa helps both the United States and Africa by creating new opportunities and new markets," said USTR Barshefsky.

The report recognizes that significant progress has been made in a number of African countries, including Nigeria, which are in transition to more democratic governments and market-oriented economies. The report also acknowledges the many challenges African countries must aggressively address, including civil strife, disease, crushing levels of poverty and entrenched bureaucracies, if they are to grow and prosper. The next few years will be critical for Africa as it strives to become a more integral player in the global economy and to reap the benefits such participation can bring. The U.S. commitment to work in partnership with African countries to see that these objectives are achieved is reflected in this report.

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00 - 08

For Immediate Release Contact: Mara Gavin

February 1, 2000 Amy Stilwell

(202) 395-3230

U.S. TRADE REPRESENTATIVE WELCOMES SUCCESSFUL COMPLETION OF THE BIOSAFETY PROTOCOL NEGOTIATIONS

United States Trade Representative Charlene Barshefsky today complimented the successful conclusion of the Cartagena Protocol on Biosafety to the Convention on Biological Diversity, an international agreement on trade in living genetically modified organisms which was completed in Montreal.

Ambassador Barshefsky stated, "I welcome the successful completion of the Biosafety Protocol. Its conclusion will promote safe trade and confidence in this important technology benefitting American farmers, consumers and industry."

Conclusion of the protocol, which began in 1995, represents a major advance in international cooperation in biotechnology and trade. Ambassador Barshefsky emphasized that, "International cooperation among the participants, including the European Union, which made this agreement possible, helps to establish common ground for future negotiations and other joint endeavors regarding biotechnology and the facilitation of world agricultural trade."

This agreement is designed to ensure that trade in products of biotechnology does not cause harm to the environment. Under the new Protocol governments will receive advance notice and the opportunity to approve or disapprove imports of living genetically modified organisms (LMO) intended for release into the environment. This requirement will not apply to agricultural commodities for food, feed or processing. Over the longer term, the Protocol makes provision for the development of export documentation requirements that will help governments identify shipments of LMOs.

The Protocol also establishes a clearing house which governments will use to share information on laws, regulations and regulatory decisions relating to biotechnology. Further, it will promote capacity building for developing countries to help them assess the benefits and risks of LMOs. (The Protocol emphasizes that trade and environment policies should be mutually supportive and preserves rights under other international agreements, such as the World Trade Organization, to ensure that it's implementation will not be misused for trade protectionist ends.)

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00- 09

For Immediate Release Contact: Amy Stilwell

February 7, 2000 Todd Glass

(202) 395-3230

FY 2001 Budget

United States Trade Representative Charlene Barshefsky today announced that the President's FY 2001 Budget, as transmitted to the Congress, includes additional resources that will help USTR to manage the trade agenda next year.

"The President's budget for FY 2001 recognizes the critical importance of this agency to the Administration's trade policy agenda," stated Ambassador Barshefsky. "The requested additional resources would enable USTR, a 178-person agency - lean by any standards, to keep pace with ever-increasing workloads and challenges. I am grateful for the President's support of trade programs as well as his support for our budget."

For FY 2001, USTR is requesting $28.3 million and 190 Full time Equivalent (FTE) staff - - increases of $2.8 million (+10.8%) and 12 FTEs (+6.7%) above this year's level. The $2.8 million will allow USTR to: increase the number of Trade Specialists, bringing USTR's total staffing to 190 FTEs; make needed improvements in computer and security systems, and meet other rising costs of doing business in FY 2001.

The 12 new Trade Specialists would be strategically placed in geographic and sectoral offices in which USTR faces growing responsibilities and workloads, including two new positions each in the Agriculture, China and WTO & Multilateral Affairs offices, and one each in the Africa, Japan, Environment, Geneva, Western Hemisphere and Trade & Development offices. One of the new positions will be dedicated to labor and human rights issues that arise from trade negotiations and agreements.

In addition, the President announced a separate initiative on trade enforcement, including an additional $1.3 million for USTR.

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00-10

For Immediate Release Contact: Amy Stilwell

February 11, 2000 Todd Glass

(202) 395-3230

United States Trade Representative Announces Staffing Changes

The office of the United States Trade Representative is pleased to announce that Brendan Daly will join USTR as Assistant USTR for Public and Media Affairs. Tom Tripp, previously in charge of Public & Media Affairs, is leaving USTR to return to the private sector.

Mr. Daly served as the Director of Press/Public Affairs for the Peace Corps from February 1996, until accepting the position at USTR. Prior to joining the Peace Corps, Daly worked for three years as the press secretary for Congressman Gerry Studds of Massachusetts. For nine years Daly was a newspaper reporter, spending three years in Waterbury, Connecticut with the *Waterbury Republican-American*, and six years in Quincy, Massachusetts, with the *Patriot Ledger*.

Amy Stilwell, a press officer with USTR since January 1999, has been promoted to Director of Media & Public Affairs. Todd Glass, formerly Director of Communications for Senator Herb Kohl (D-WI) has joined the department as Director of Strategic Communications.

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00-11

For Immediate Release Contact: Amy Stilwell(USTR)

February 14, 2000 Todd Glass (USTR)

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U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY AND SECRETARY OF COMMERCE WILLIAM M. DALEY PRESS INDIA TO OPEN SODA ASH MARKET

U.S. Trade Representative Charlene Barshefsky and Secretary of Commerce William M. Daley released a joint letter today to Indian Minister of Commerce and Industry Murasoli Maran outlining their concerns over Indian practices preventing the U.S. soda ash industry from exporting to India.

"U.S. soda ash is being shut out of the Indian market . The letter we sent to Minister Maran reflects the Administration's continued commitment to fair and equitable treatment of U.S. products abroad," said Ambassador Barshefsky.

"Improved market access for all U.S. products overseas is a high priority for the United States," said Commerce Secretary William M. Daley. "Free and fair trade is the cornerstone of this Administration's trade policy, and resolving the soda ash issue would be an important step in expanding our growing commercial relationship with India."

U.S. natural soda ash is mined in a pure form, at low cost. It is of the highest quality and is sought by glass manufacturers worldwide, including India's glass industry. However, a *de facto* embargo on soda ash has been maintained by the Indian government as a result of a temporary injunction imposed by the Monopolies and Restrictive Trade Practices Commission (MRTPC) in 1996.

In addition to the *de facto* embargo, India's 1999-2000 budget raised import tariffs on soda ash to 38.5 percent, making it the highest in the world. The tariff, along with other import fees, yields an unacceptable 69.9 percent burden on U.S. soda ash exports. The American Natural Soda Ash Corporation (ANSAC) has estimated that India would have to lower its import tariffs on soda ash to 12 percent before U.S. soda ash producers could compete effectively in the Indian market. This action would result in a reduction in the net effective import fee to 38.92 percent (12% tariff, plus 10% surcharge plus 18% countervailing duty plus 4% special import fee).

An industry petition filed under the Generalized System of Preference program is also under active review.

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00-11A

For Immediate Release Contact: Amy Stilwell or

February 14, 2000 Todd Glass (USTR) (202) 395-3230

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UNITED STATES URGES EU TO CONTINUE PROGRESS IN OPENING COMMUNICATIONS MARKET TO COMPETITION

The United States today called upon the European Union (EU) to complete the transformation of the EU's telecommunications sector into a fully competitive market, in comments filed before the European Commission in its quadrennial review of EU telecommunications legislation.

"The Internet is changing the way the world works and if we expect to realize the full potential of the Internet, we must all change the way we think about telecommunications," said United States Trade Representative Charlene Barshefsky. "Whether it's E-commerce or increased access to information, the key to continued growth and development of the Internet is access and competition. Good progress has been made, but this review raises some concerns regarding the compliance to WTO commitments of some EU Member States. In order to harness the full power of the Internet, we urge EU Member State regulators to open access of local networks to competitive suppliers of Digital Subscriber Lines and other innovative technologies."

The United States and the EU both face the challenge of selecting carefully between forbearance and regulation of broadband networks, which are used for the supply of new, data-rich Internet and electronic commerce applications. In the United States, the goal is to allow markets to determine which technologies will be the best mechanisms for the supply of these services.

"The regulatory formula for successful deployment of broadband services should be to promote market entry and technology-based competition through multiple platforms," said William Kennard, chairman of the Federal Communications Commission (FCC). "The FCC applauds the EC's 1999 Telecommunications Review, which demonstrates the progress the EU has made to date towards liberalization of its markets. The review is a forward looking document calling for further liberalization where needed. We at the FCC agree that continued liberalization, especially in the local loop, is necessary to further the development of the information society. We hope that all EU Member States will embrace competition through multiple platforms as a means of encouraging swift deployment of broadband services to as many consumers as possible."

The European Commission's review proposal called into question some EU Member States' implementation of existing obligations under EU law. In many instances, these questionable practices also have implications for EU Member States' implementation of commitments stemming from the 1997 Basic Telecommunications Agreement under the World Trade Organization (WTO). The U.S. comments detailed these areas and called on EU Member States urgently to remedy these problems.

Background

In November 1999 the European Commission issued and invited comments on its proposal, "Towards a new framework for Electronic Communications infrastructure and associated services -- The 1999 Communications Review -- Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions". The text of the Review is available at

http://www.ispo.cec.be/infosoc/telecompolicy/review99

Comments filed by the United States and other parties in response to the Review will be available at

http://www.ispo.cec.be/infosoc/telecompolicy/review99/comments/comments.html

The United States comments submitted today also addressed, inter alia, the following proposals from the European Commission:

General license authorizations: The United States supports the European Commission's proposal to harmonize and simplify licensing. Aspects of current arrangements in, for example, Belgium, France and Spain, are seen as burdensome and unnecessary.

Third generation wireless services: The United States is concerned that EU Member State licensing and radio spectrum assignment procedures should be completely open to all third generation (3G) mobile telecommunications standards adopted by the International Telecommunication Union.

Auctioning of radio spectrum: The United States strongly supports the use of auctions, as compared to comparative hearings (or "beauty contests"). Greater reliance on auction policies can strengthen the independence of the EU's newly-established telecommunications regulators, by reducing the risk, appearance and occurrence of favoritism towards incumbents and state-owned firms. The U.S. Federal Communications Commission has awarded over 8000 licenses through spectrum auctions, raising more than $21 billion.

Withdrawal of EU leased lines directive: Dominant operators in EU Member States continue to charge excessive prices for leased lines, hindering the deployment of broadband services and the reduction of retail long-distance prices to levels comparable with prices in the United States. It would be premature to withdraw this directive. Instead, it might be extended to cover higher capacity lines used for broadband services.

Institutional issues: In some EU Member States which retain a state ownership role in the telecommunications sector, the regulatory and the operating functions are not clearly separated, with a single government minister retaining significant responsibility for both. The United States urges that the Commission and Member States take urgent steps to separate fully the regulatory and operating functions where this is not yet the case, and also to complete pending privatization plans.

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For Immediate Release Contact: Brendan Daly

February 16, 2000 Amy Stilwell

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United States Trade Representative Barshefsky Signs Trade and Investment Framework Agreement with Nigerian Vice President Abubakar

United States Trade Representative Charlene Barshefsky and Nigerian Vice President Atiku Abubakar today signed a U.S.-Nigeria Trade and Investment Framework Agreement (TIFA) in Washington, D.C. The Agreement, which is effective immediately, creates a Council on Trade and Investment composed of representatives of both governments, and establishes a structured dialogue for developing specific steps and strategies to increase bilateral trade and investment flows between the two countries.

"Nigeria is our second largest trading partner in Africa and an influential force for democracy and reform throughout the region and among other developing countries," stated Ambassador Barshefsky. "This Agreement will allow us to work together to create an open and prosperous region that is more fully integrated into the global economy."

"The TIFA with Nigeria will create new opportunities for U.S. businesses by establishing a legal and institutional framework for diversifying and deepening our economic and trade relationship," continued Ambassador Barshefsky. "Helping Nigeria, and its new democratically-elected government, to succeed is a priority for this Administration. We applaud President Obasanjo and Vice President Abubakar's efforts to implement economic and political reforms that will create a healthier, more vibrant economy and a stronger democracy."

On related issues, Ambassador Barshefsky welcomed Vice President Abubakar's strong statements in support of the African Growth and Opportunity Act, currently pending in Congress, which would provide incentives for reforming countries in Africa and create a trade-and investment-based approach to generating economic growth in Africa.

Ambassador Barshefsky also noted that the U.S. and Nigeria have worked closely together on a number of economic issues, including development of a proposal in the World Trade Organization to improve technical and capacity building assistance to developing countries. As part of this effort, USTR and the United States Agency for International Development (USAID) will co-sponsor a workshop for Nigerian officials on key WTO issues, and the two agencies anticipate providing additional assistance on WTO-related matters.

Background:

Trade and Investment Framework Agreements provide a mechanism in which trade, investment, intellectual property, and other issues can be addressed and resolved. The Council on Trade and Investment created by the TIFA will meet regularly to discuss means to facilitate trade and investment matters, and to negotiate agreements where appropriate.

Through November 1999, the United States exported goods worth $573 million to Nigeria and imported $3.974 billion from Nigeria. U.S. direct investment in Nigeria in 1998 (the latest year available) was $1.925 billion.

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For Immediate Release Contact: Brendan Daly

Thursday, February 24, 2000 Amy Stilwell

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US Disappointed with WTO FSC Ruling,

Vows to Work With EU to Reach Solution

United States Trade Representative Charlene Barshefsky and Secretary of the Treasury Lawrence Summers announced today that the WTO Appellate Body ruled against the United States in the dispute involving the Foreign Sales Corporation ("FSC") provisions of U.S. tax law.

"We strongly disagree with the Appellate Body's ruling," stated Ambassador Barshefsky.

"Our view remains that the FSC is completely consistent with U.S. WTO obligations. We respect our WTO obligations, and will seek a solution that ensures that U.S. firms and workers are not at a competitive disadvantage with their European counterparts. It is in neither the interest of the U.S. nor the EU to allow this case to damage our bilateral relationship or to impede progress on a range of U.S.-EU activities."

"I am disappointed that the WTO Appellate Body has upheld the panel's ruling," Secretary Summers stated. "The FSC rules are widely viewed as creating a level playing field with European tax systems and are important to our business community. We will work closely with the Europeans, the business community and the Congress to achieve a constructive solution."

Background

The Appellate Body decision arose out of an EU complaint against the FSC provisions, which allow a portion of a U.S. taxpaying firm's foreign-source income to be exempt from U.S. income tax. Congress enacted the FSC specifically to conform to principles adopted by the GATT in 1981 and those principles were incorporated into the WTO agreements. In 1997, the EU alleged that the FSC provisions violate U.S. obligations under the WTO Subsidies and Agriculture agreements. A WTO dispute settlement panel sided with the EU last fall, and the Appellate Body has upheld the dispute settlement panel's findings.

(More)

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The FSC was introduced in the early 1980s after its predecessor provisions, the Domestic International Sales Corporation (DISC) rules, were found to be a prohibited export subsidy under General Agreement on Tariffs and Trade (GATT) subsidy rules. In adopting the ruling against the DISC and certain European tax provisions, the GATT Council issued an "understanding" (now also reflected in the WTO Subsidies Agreement) encompassing the following principles:

- economic processes (including transactions involving exported goods) located outside the territorial limits of the exporting country need not be subject to taxation;

- such processes should not be regarded as export activities;

- arm's length pricing should be observed for tax purposes in transactions between exporting enterprises and related foreign buyers; and

- GATT (and now WTO) subsidy disciplines do not prohibit the adoption of measures to avoid double taxation of foreign source income.

The FSC provisions permit a portion of income generated outside the territorial limits of the United States to be exempt from U.S. income tax. To qualify for these exemptions, the FSC must have a foreign presence, meet certain management requirements and meet certain economic process requirements addressing both the extent and nature of the sales activities undertaken abroad as well as requiring that a minimum level of direct costs be incurred abroad with respect to certain sales activities (*e.g.*, advertising, order processing, etc.). If export property is sold to a FSC by a related person (or a commission is paid by a related person to a FSC with respect to export property), the taxable income of the FSC and related person is based on transfer pricing rules designed to conform to the arm's length pricing standard in the Subsidies Agreement. (Another qualification limits the tax exemption to a portion of export income resulting from the sale of products of which at least 50 percent of the "fair market value" is attributable to domestic content.)

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For Immediate Release Contact: Brendan Daly

Monday, February 28, 2000 Amy Stilwell

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WTO Adopts Panel Findings Against Mexican Measure on High-Fructose Corn Syrup

United States Trade Representative Charlene Barshefsky on Friday, February 25, announced that the World Trade Organization (WTO) Dispute Settlement Body adopted the report of a dispute settlement panel upholding the U.S. claim that Mexico is violating its WTO obligations by imposing antidumping duties on imports of high-fructose corn syrup from the United States. The panel found Mexico in violation of the WTO Antidumping Agreement, and Mexico decided not to appeal the adverse ruling.

"We expect Mexico to promptly implement the panel's ruling," Ambassador Barshefsky said. "The panel's findings reaffirm the importance of countries faithfully adhering to their commitments under the Antidumping Agreement," she added.

The Panel found that Mexico violated numerous provisions of the Antidumping Agreement. Importantly, the Panel found across the board that Mexico's threat of injury determination was flawed, agreeing with all of the U.S. arguments on that issue.

Under the WTO dispute settlement rules, Mexico must indicate its intentions with respect to implementation of the panel ruling within 30 days.