

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

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**FOR IMMEDIATE RELEASE
NOVEMBER 8, 2000**

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United States to Request WTO Panel on Mexico Telecommunications

United States Trade Representative Charlene Barshefsky today announced that the United States will request the establishment of a World Trade Organization dispute settlement panel to examine U.S. claims that Mexico has failed to comply with its WTO commitments in its \$12 billion telecommunications services sector.

“We have repeatedly urged the Government of Mexico to comply with its WTO commitments. While some progress has been made, Mexico’s failure to take additional actions has left us no choice but to request a WTO panel,” said Ambassador Barshefsky. “A vibrant telecommunications market is at the foundation of future growth in Mexico and is essential if consumers and businesses in both our countries are to fully participate in a globally networked economy.”

Barshefsky noted that Mexico recently took two positive steps by issuing rules to regulate the anti-competitive practices of Telmex (Mexico’s major telecommunications supplier) and announcing significant reductions in long-distance interconnection rates for 2001. However, she said that today’s panel request was necessary because Telmex has filed legal challenges against both measures, and the Government of Mexico appears reluctant to enforce its new rules against Telmex. In addition, the Government of Mexico has failed to ensure timely interconnection with Telmex at the local level and has not yet addressed outstanding U.S. concerns regarding above-cost rates for phone calls between the United States and Mexico.

The request for establishment of a WTO dispute settlement panel represents the next step in the WTO dispute settlement process. The United States began the process in August, when it requested WTO consultations with Mexico on a range of issues. Those include Mexico’s failure to maintain appropriate measures to prevent Telmex from engaging in anti-competitive practices; to ensure timely, cost-oriented interconnection at any technically feasible point in the network for local, long-distance, and international traffic; and to permit the cross border supply of basic telecom services over leased lines.

The United States and Mexico held WTO consultations in Guadalajara, Mexico, on October 10, which failed to resolve overall U.S. concerns. Subsequently, on October 20, the United States sent a letter to the Government of Mexico, acknowledging areas of progress and suggesting areas where immediate steps would be necessary to ensure Mexico's compliance with its WTO obligations. Unfortunately, the Government of Mexico has not responded to this letter and has declined to discuss the issues further, with senior officials stating publicly that the government was prepared to do no more.

The U.S. panel request outlines the specific measures which the United States believes are inconsistent with Mexico's WTO commitments. These relate to Mexico's failure to ensure:

- (1) timely, non-discriminatory interconnection for local competitors, which remain unable to interconnect with Telmex at the local level;
- (2) cost-oriented interconnection for all calls into and within Mexico, including for calls to remote regions where competitive suppliers lack facilities; and
- (3) competitive alternatives for terminating international calls into Mexico, currently set at a rate of 19 cents per minute, or up to 15 cents per minute higher than cost. Failure to address this issue places Mexico increasingly behind other Latin American countries – such as Argentina, Brazil, Chile, the Dominican Republic and Uruguay – which have permitted competitive alternatives to high-priced termination rates based on monopoly legacy.

The United States will also request consultations on measures adopted after the initial U.S. consultations request concerning Mexico's dominant carrier regulations and interconnection issues.

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**FOR IMMEDIATE RELEASE
NOVEMBER 9, 2000**

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USTR and U.S. AID Announce Funding for WTO Technical Assistance for Africa

The Office of the United States Trade Representative and the U. S. Agency for International Development (U.S. AID) today announced that the United States will provide a grant of \$650,000 to the World Trade Organization's (WTO) "Global Trust Fund for Technical Assistance."

The money will be used for the WTO to conduct educational workshops on trade policy and WTO rules for countries in Africa, and will also fund the development of computer-based training modules on WTO Agreements. In addition, once these training modules have been developed, they will be available on CD-ROM and accessible on the Internet, thus allowing a broader reach of WTO training programs throughout the world.

"The grant is a critical component of U.S. efforts to work in partnership with African countries in the WTO, and to support African efforts to strengthen their economies through market-oriented reforms and increased levels of trade and investment," said Deputy U.S. Trade Representative Susan G. Esserman. "Strengthening the capacity of African countries to participate in the WTO benefits both the people of Africa and the global economy."

The WTO trust fund for technical assistance relies solely upon voluntary or extra-budgetary contributions from WTO Members and comes as a response to specific requests for technical assistance from countries in sub-Saharan Africa. Funding for the \$650,000 grant to the WTO was provided through the U.S. AID's Africa Trade and Investment Policy Program (ATRIP), which funds activities to provide technical assistance for policy reform or to support U.S.-Africa business linkages.

Over the past two years, the United States has committed more than \$600 million toward strengthening the trade-related capacity of developing countries and transitional economies.

This new program is a part of the much larger bilateral assistance program on economic matters. In addition to this grant, this year the ATRIP program will provide almost \$4 million in technical assistance for African countries on standards, customs valuation, and training focused on implementation and compliance with WTO Agreements.

At President Clinton's direction, USTR and other agencies have been working extensively during the past year and a half to strengthen cooperation and coordination with African countries on WTO issues. These efforts have included a seminar for all sub-Saharan African countries on technical assistance resources available on WTO and trade-related issues, a ministerial meeting for African Trade Ministers in Washington, as well as increased dialogue with sub-Saharan African missions in Geneva.

Next week, Ambassador Esserman will travel to Gabon for a WTO meeting in which more than 50 African trade ministers will participate in workshops designed to enable African trade officials and private-sector partners to learn more about WTO rules and agreements. The workshops should also help the African countries in their technical preparations for future trade negotiations.

For further detailed information on U.S. technical assistance programs, a survey of assistance programs can be found on the USTR and U.S. AID Web sites, www.ustr.gov and www.usaid.gov.

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FOR IMMEDIATE RELEASE
NOVEMBER 14, 2000

00 - 80
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**USTR Barshefsky Applauds House Passage of
FSC Repeal and Replacement Legislation**

United States Trade Representative Charlene Barshefsky today praised House passage of the Foreign Sales Corporation (FSC) repeal and replacement legislation by a vote of 316 to 72, and thanked House and Senate leaders for efforts on this measure. In particular, Ambassador Barshefsky expressed appreciation to House Minority Leader Dick Gephardt, House Ways and Means Committee Chairman Bill Archer, Congressman Charlie Rangel, Senator Majority Leader Trent Lott, Senate Minority Leader Tom Daschle, Senate Finance Committee Chairman William Roth, and Senator Daniel Patrick Moynihan.

"The strong bipartisan support to pass the FSC repeal and replacement legislation demonstrates the United States' commitment to abide by its WTO obligations, said Ambassador Barshefsky. "The legislation fully addresses the WTO panel's findings and should put an end to this matter."

Background:

On September 30, 2000 the United States and the European Union reached agreement on certain procedural steps to be taken after passage of the FSC replacement legislation. The procedures are similar to those used in the Canada-Australia salmon dispute. The essential feature of the agreement provides for sequencing of WTO procedures as follows: 1) a panel will determine the WTO-consistency of FSC replacement legislation (the parties retain the right to appeal); 2) only after the appeal process is exhausted would an arbitration over the appropriate level of sanctions be conducted if the replacement legislation was found WTO-inconsistent. With few exceptions, the time frames set forth in the Dispute Settlement Understanding (DSU) for such adjudications are reflected in this agreement.

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FOR IMMEDIATE RELEASE
NOVEMBER 16, 2000

00 - 81
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U.S. and Singapore to Launch Negotiations for a Free Trade Agreement

President Clinton and Prime Minister Goh Chok Tong of Singapore, meeting in Brunei on the final day of the annual Asia-Pacific Economic Cooperation (APEC) summit, today announced the launch of negotiations for a U.S.-Singapore Free Trade Agreement (FTA).

"This agreement will both develop and strengthen one of the Pacific's largest trading relationships, and bring us a step closer to the realization of APEC's vision of 'free and open trade' throughout the Pacific," said United States Trade Representative Charlene Barshefsky. "It will remove the remaining barriers to trade between our countries, and help us take full advantage of the new opportunities unfolding through communications, the Internet and high technology. It will also demonstrate again the Clinton Administration's commitment to accompany open markets with labor and environmental provisions."

The FTA will be only the fifth Free Trade Agreement the U.S. has signed, and the first with an Asian country. Modeled after the recently signed U.S.-Jordan FTA, but reflecting the substantial volume of trade between the two nations, the agreement will eliminate tariffs on all goods over time; cover substantially all services sectors, help to develop electronic commerce, protect intellectual property rights, and include safeguards and dispute settlement mechanisms. Like the Jordan FTA, it will include provisions on labor and the environment.

"President Clinton and Prime Minister Goh have taken a step of major economic potential and strategic significance," said Ambassador Barshefsky. "As we realize the commercial benefits of an expanding trade relationship, we are also setting an example of progress toward the long-term vision of an open, prosperous and stable Pacific region."

The agreement is expected to have significant commercial benefits, as Singapore is already the United States' largest trading partner in Southeast Asia, with two-way trade totaling \$34.4 billion in 1999. The agreement will represent the new economy, focusing on removing Singapore restrictions on a wide range of services, including high technology sectors such as engineering, medical, information technology, environmental, legal, financial education and distribution. Furthermore, the agreement can serve as a significant step toward realization of APEC's "Bogor Vision," under which APEC's 21 members are working toward "free and open trade in the Pacific" by 2010 for developed countries, and 2020 for developing countries.

Background:

Singapore is the United States' 10th largest goods export market, totaling \$16.2 billion in exports in 1999. The five largest export categories were: electrical machinery, machinery, aircraft and parts, optical and medical instruments, and plastic. The United States had a services trade surplus with Singapore of \$2 billion in 1999.

Singapore is the 12th largest source for goods imported into the United States, totaling \$18.2 billion in 1999, led by machinery, electrical machinery, special other repaired products, optical and medical instruments and organic chemicals.

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**FOR IMMEDIATE RELEASE
NOVEMBER 17, 2000**

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**Statement by United States Trade Representative Charlene Barshefsky
And
Treasury Deputy Secretary Stuart E. Eizenstat**

Today the European Union requested a special meeting of the World Trade Organization's Dispute Settlement Body to consider its request for authority to impose sanctions in the Foreign Sales Corporation (FSC) dispute. That action is consistent with the procedural agreement we reached with the EU at the end of September regarding the sequencing of procedures in the WTO for this dispute. Thus, while the EU has requested authority to impose sanctions, no sanctions, if any, will be imposed until the WTO has had an opportunity to rule on the WTO-consistency of the FSC replacement legislation (H.R. 4986), which the President signed into law on November 15. At the same time, we will contest the level of damages alleged by the EU. We do not believe European companies have been disadvantaged.

Either side may appeal the panel's findings on WTO-consistency to the WTO Appellate Body. If the FSC replacement legislation is found to be WTO-consistent, that will be the end of the matter. If the legislation is found to be WTO-inconsistent, the appropriateness of the EU's proposed level of retaliation will be addressed by an arbitration panel. Under WTO dispute settlement procedures, these proceedings will take a minimum of 7 months.

We regret that the EU has not accepted our new legislation. We continue to strongly believe that it is WTO-compliant, as it neither constitutes a subsidy nor is it export-contingent.

The EU's view is particularly disappointing given that the legislation represents an extraordinary bipartisan effort whereby the Administration worked with both houses of Congress to draft legislation, under an extraordinarily tight schedule, that complies with the ruling of the WTO Appellate Body. We ask the EU to again consider our new legislation to avoid a confrontation.

We would stress the importance of continuing to work together with the EU to manage this dispute responsibly and avoid any escalation of tensions that could harm our strong bilateral relationship. We remain open to further discussions with the EU about resolving this dispute.

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**For Immediate Release
November 17, 2000**

00 - 83
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United States Presents Agricultural Market Access Proposal at the WTO

The United States today presented a proposal at the World Trade Organization (WTO) agriculture negotiations in Geneva that is designed to open foreign markets for U.S. agricultural exports. The proposal to reform tariff rate quotas (TRQs) focuses on one element of the comprehensive U.S. WTO proposal submitted in June. TRQs are import policies that allow a specified quantity of imports of a product at a relatively low tariff, and subject all other imports of that product to a higher tariff.

"Improving market access opportunities for American farmers and ranchers is a top U.S. priority in the WTO," said U.S. Trade Representative Charlene Barshefsky. "WTO members need to bring down high tariffs on agricultural products and reduce the disparities across countries. TRQs can provide access opportunities while we phase in tariff reductions, and today we are proposing that WTO negotiations result in expanded market access opportunities and protection against unjustifiably burdensome requirements on importers and exporters."

"When trade is free and fair, American farmers and ranchers compete and win," said Agriculture Secretary Dan Glickman. "This proposal will help ensure fair market access and thus could create new or expanded opportunities for U.S. farmers who export corn, rice, wheat, dairy products, poultry, pork and other farm products."

The U.S. TRQ proposal calls for the following four-part approach to reform:

- Develop additional disciplines for TRQs that ensure importers do not administer TRQs to bar trade.
- Reduce in-quota duties based on the historical performance of the quantity of product imported at the lower in-quota tariff; the lower the fill rate, the deeper the cut.
- Cut tariffs using an approach that reduces disparities across countries and progressively increases TRQ quantities.

- Establish trigger mechanisms to lower in-quota duties when TRQ fill is low.

Background:

The U.S. proposal -- the only comprehensive agriculture proposal before the WTO -- submitted in June addresses every major issue in further liberalizing agricultural trade, from market access to export competition and domestic support. It calls for substantial reductions, or elimination, of tariffs, expansion of tariff-rate quotas, elimination of export subsidies, disciplines on the use of export restrictions on agricultural products, disciplines on state trading enterprises, simplification of rules applying to domestic support, and establishment of a ceiling on trade-distorting support that applies equally to all countries.

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NOVEMBER 29, 2000**

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**U.S. and Japan Complete Annual Review of Automotive Framework Agreement
U.S. Emphasizes Need for Improved Market Access and Competition in Japan**

The Governments of the United States and Japan met on November 28 and 29 in Seattle to conduct the annual review of the 1995 U.S.-Japan Automotive Framework Agreement. These talks, called for under the Agreement, are held every year to assess progress and were co-led by the Department of Commerce and the Office of the United States Trade Representative.

During the annual review, the United States noted that over the life of the Agreement some noteworthy progress has been made, particularly in the areas of vehicle standards and certification issues and specific actions to deregulate the auto parts after-market. This progress notwithstanding, the U.S. expressed serious concern that the overall market opening objectives of the Agreement have not been achieved. Sales of U.S.-made vehicles to Japan have fallen dramatically since 1995 and sales of U.S.-made auto parts to Japanese firms and their transplants in the U.S. have also decreased in recent years, contributing to a record bilateral automotive trade deficit of \$40 billion in 1999. While the United States recognizes that the weakness of the Japanese economy over the past three years has contributed to these disappointing results, the U.S. delegation emphasized its belief that more can be done to improve access and competition in the Japanese market. Observers representing the Governments of Australia, Canada and the EU expressed similar views.

"We have not fully realized the objectives of the 1995 U.S.-Japan Automotive Framework Agreement. Despite the closer integration of the global auto industry over the past several years, barriers continue to exist in the Japanese market which restrict access by competitive U.S., and other foreign, vehicle and parts manufacturers. We hope to continue, and improve upon, the progress made under the current agreement. We must intensify our cooperative efforts to address remaining issues with the goal of increasing market access and U.S. exports in the future," said Commerce Under Secretary for International Trade, Robert LaRussa.

"The Administration remains concerned that many of the objectives of the 1995 bilateral automotive agreement have not been met. It is in the mutual interest of the United States and Japan to continue to work together to fulfill the market-opening objectives of the Agreement. Achieving an open, deregulated, and transparent automotive market in Japan will benefit both our countries and further Japan's efforts to restructure its economy. In this spirit, we hope to meet again at a senior level in the coming weeks to determine how to proceed at year's end," said USTR General Counsel Robert Novick.

The U.S. and Japan will discuss over the next two days how to shape our bilateral automotive trade relationship beyond the end of the year. Building on the Vice Ministerial meetings held last month in Hong Kong, U.S. officials will highlight areas where the existing agreement can be enhanced and updated to address continued market access concerns.