

TESTIMONY OF AMBASSADOR MICHAEL KANTOR
United States Trade Representative

before the Senate Commerce Committee
October 5, 1994

THE IMPORTANCE OF THE URUGUAY ROUND

I welcome the chance to appear before the Commerce Committee today, to discuss the Uruguay Round agreement and the implementing legislation which has been submitted to Congress. That legislation has generated impressive bi-partisan support, passing the House Ways and Means Committee by a vote of 35-3, and the Senate Finance Committee by a vote of 19-0. Both committees noted the bipartisan roots of the negotiations, begun in the Reagan Administration, continued in the Bush Administration, and completed by President Clinton. Both committees noted that the bipartisan support continued, uniting members of Congress with disparate views who have not agreed on many other things.

I believe that support reflects several conclusions reached by those who have studied the agreement:

First, our economic future depends on our ability to compete in the world economy. We are rebuilding our economic strength around the productivity of our companies, farmers and workers, and our ability to export successfully. This agreement reduces tariff or non-tariff barriers all over the world, at precisely the moment when our industries are at their most competitive. The Uruguay Round is not a favor that we are doing for the rest of the world; it plays to our strengths.

Second, this agreement gives us the level playing field that we have sought in trade. For the first time, all the nations of the world will be signing on to the same set of trading rules---rules that are modelled after, and shaped by, our commitment to open markets and expanded trade. There will be no more free riders.

Third, the concerns expressed that the agreement infringes on U.S. or state sovereignty are baseless. We fully protected U.S. and state sovereignty in the agreement, and to provide further reassurance on this crucial issue, we have added significant further safeguards in the implementing legislation. Let me expand on these three basic themes.

1. Our Competitive Economy: The Impact of the Uruguay Round.

This Administration has worked steadfastly to help build our nation's economic strength for the competition of the 21st century. Of course, this involves far more than trade policy. It requires, among other things, reducing the budget deficit,

training our workers, educating our children, and investing in infrastructure and technology.

It is clear beyond question that we will have to build our future success competing in the world economy. There is no way to return to the 1950's and 1960's when our prosperity was unchallenged, and we could prosper just by focusing on our domestic market. The United States is 4% of the world's population; our future prosperity depends on our ability to sell to the other 96%.

The Uruguay Round will foster growth in this country and help us to create jobs. This is not an abstract or theoretical debate. It affects the over 7 million U.S. workers who owe their jobs to merchandise exports or the 3.5 million who owe their jobs to service exports. It affects the thousands of businesses that are competing and winning in the global economy.

We are the most productive and competitive nation in the world. From tractors to software, U.S. products are prized around the globe. In the last decade, businesses around the country have regained their competitive edge, and we are poised for a period of success in the global economy.

Five years ago, Chrysler was in desperate financial straits; today Chrysler exports jeeps to Japan, and minivans to Mexico.

Not just big firms will benefit from the Round. K.D. Dids, a small minority-owned South Bronx manufacturer of specialized clothing for dancers, has seen its export sales grow to over 25 percent of its total sales. Its largest orders now come from Germany, Japan and the Netherlands and its export sales have helped its employment grow from 20 to almost 40 people in the last two years. Lower tariffs will help these sales grow even faster.

A recent article in *Business Week* described the great economic rebound in the Midwest. Allen-Bradley Co., a 91-year-old manufacturing company based in Milwaukee has built several new assembly lines for solid-state circuit boards. Sales are now growing at a 43 percent compounded rate and 30 percent of Allen-Bradley's sales are overseas, compared with 5 percent in the mid-1980s. Another company, Health-Mor Inc., in Cleveland makes high-priced vacuum cleaners and sells in 42 countries.

Increased trade is essential to our ability to raise standards of living here and create high wage jobs. In 1970, the value of trade equaled 14 percent of our GDP. By 1993, that number had doubled. A conservative estimate puts that figure at 36 percent in 2010. With trade and increasingly important part of the U.S. economy, the Uruguay Round is the right agreement at the right time for the United States.

Every billion dollars of merchandise trade exports results in 16-17 thousand new jobs here at home--with higher than average wages. A vast array of workers rely on exports for their livelihoods--and need the Uruguay Round.

Any number of examples could be cited to drive home my point--but let me try this one. This Whitney Houston CD, the soundtrack of "The Bodyguard", has sold 28 million copies in markets around the world. Recorded music is a \$31 billion dollar industry--not counting all the ancillary industries it 'multiplies' through. Last year, industry sales in the United States topped \$10 billion, and sales in the rest of the world reached over \$21 billion.

Over 60% of that \$21 billion industry's foreign sales was of products made by Americans. This Whitney Houston CD was made in a plant in Huntsville, Alabama where hundreds of workers guided it from a single, studio recording to the product bought by 28 million consumers the world over. The factory in Huntsville includes sales and marketing employees, customer service reps, sound engineers working with technical specs and laser equipment, technicians operating machines that mold and punch the discs, technicians operating machines that apply polycarbonate linings, disc colorists, paint mixers and silkscreeners, graphic artists who make the insert cards, packers who puts the discs into their plastic cases, boxers, loading dock operators, production coordinators, back office personnel. And I haven't even touched on the pre-production and post-production stages in which U.S. workers--our musicians, writers, mixers, studio producers, technical advisors, wholesale and retail sales clerks, to name a few, made their contribution. These are real people, and real jobs.

The Uruguay Round contains the largest tariff reduction in history. As the Department of Treasury reported, this amounts to a \$750 billion global tax cut.

Tariff cuts across the board average 40 percent. In several sectors in which the U.S. is highly competitive, they are higher. Pharmaceutical tariffs go to zero with the "Quad" countries--Canada, Japan, and the European Union. The global average reduction is 70 percent.

U.S. exports of construction machinery reached about \$4.3 billion in 1993. Tariff reductions will average 83 percent in this critical sector and go to zero in major export markets.

Exports of medical equipment, which totaled \$8.1 billion in 1993 will benefit from an average 70 percent cut, and zero tariffs in major export markets.

The United States already has among the lowest tariffs in the world. Now we are ensuring that U.S. workers and businesses compete on a level playing field.

The Uruguay Round agreement establishes rules of trade for key sectors of our economy that are growing and becoming more important for U.S. competitiveness. The intellectual property of U.S. entrepreneurs in industries such as pharmaceuticals, entertainment and software gain new protection from piracy in world markets. These rules are critical because knowledge-based industries are the industries where we can expect future high-wage/high-skill jobs. Those workers in Huntsville that help produce the Whitney Houston CD need strong rules to protect the production of those records.

As an example of what can happen if we don't have rules to protect intellectual property, I have here a number of bootlegged and pirated CDs. These are unauthorized recordings that have been turned into CDs. These CDs I hold here include recordings of Crosby, Stills, Nash and Young from Hungary; the Eagles from France, Bruce Springsteen from Italy, the Band from Italy, and the Beach Boys from Italy. The artists are not receiving any royalties and U.S. workers, in Huntsville or elsewhere, are denied economic opportunities. The Uruguay Round will help stop the recording, reproduction and distribution of these CDs. This is what is at stake with the Uruguay Round.

The Round reforms rules of trade in agriculture, benefiting U.S. farmers. The Department of Agriculture estimates agricultural income could be \$8.6 billion greater in 2005 with the Uruguay Round.

It ensures open foreign markets for U.S. exporters of services such as accounting, advertising, computer services, tourism, engineering and construction. Finally, at a time that U.S. exports to developing countries are becoming an increasingly important area of economic opportunity, the Round ensures that developing countries live by the same trade rules as developed countries and that there will be no free riders.

The benefits will be felt across the board from our largest exporters, like aerospace and computer companies, to our fastest growing exporters, like chemical products and electronics. And it helps small businesses by reducing paperwork, simplifying or eliminating import licensing requirements, and harmonizing customs procedures.

The benefits of the Round will be felt both through higher standards of living and the creation of millions of additional high-wage, high-skilled jobs for U.S. workers in the coming decade. Economists estimate that the increased trade will pump

between \$100 and \$200 billion into the U.S. economy every year after the Round is fully implemented.

2. Levelling the Playing Field.

It is well known that the United States came out of World War II economically dominant in the world. Our trade policy in the years that followed reflected that dominance. We were able to open our markets to other countries as they rebuilt, secure in our prosperity, without requiring comparable openness from them. We did not need their markets, because of our comparatively huge and prosperous domestic market.

I believe that the policy we pursued in the post-war years was the right policy for that time. We prospered, and as Western Europe and Japan rebuilt, they prospered, and joined us as bulwarks against Communism. But there is no doubt that we stayed with the habits and policies of the 1950's and 1960's far too long. By the early 1970's, we faced intense competition in many key manufacturing sectors, as other trading nations--- particularly Japan---rebuilt their industrial strength, recognized the importance of trade, targeted our open market and closed their own.

This Administration believes that trade is a two way street. We welcome the products, services and investment of other nations, but we expect---and will insist---that other nations be comparably open to our products, services and investment. We have said we will open foreign markets multilaterally where possible, regionally where appropriate and bilaterally where necessary.

The Uruguay Round reflects the recognition that the United States is more open than other countries, and requires them to move toward our level of openness. Other nations will cut tariffs more, because our our tariffs are already low. Other nations will give up non-tariff barriers that we gave up years ago. Other nations will begin to provide the patent and copyright protection that we provided long ago.

And they will no longer be able to pick and choose which rules to follow, and which they don't. Before the Uruguay Round, between 27 and 45 countries were signatories to the five codes relating to various barriers in the GATT. With the Uruguay Round, 123 countries are signatories for all five codes. In the Uruguay Round, which is a single undertaking, each nation signs on to all the obligations of the agreement. This is the great accomplishment of the agreement.

We have bound the developing countries, these very same countries where potential growth is so great, into the global trading system. That eliminates the "free rider" problem which existed

in the GATT. The Uruguay Round substantially reduces non-tariff barriers and binds them to international trade rules for the first time. The Round brings them into the global trading system and creates a foundation on which to increase trade with these countries.

The Asia Pacific region has the fastest growth in the world. East Asia is the number one export market for U.S. products. U.S. trans-Pacific trade was 50 percent more than our trans-Atlantic trade in 1992.

Latin America is the second fastest growing economic region. Since 1989, U.S. exports to Latin America and the Caribbean increased over 50 percent and are growing at over twice the rate of U.S. exports to the rest of the world, making this region our second fastest growing market.

These trends will continue. These two areas, along with other economies in transition, will experience the fastest growth in the world in the next decade. U.S. exports to Asia, excluding Japan, are expected to reach \$248 billion by 2010. In Latin America, the figure is \$232 billion. These so-called "big emerging markets" will experience a \$971 billion increase in imports by 2010.

3. Safeguarding our Sovereignty.

Throughout the debate, members of Congress and the public have expressed concern about the effect of joining the World Trade Organization (WTO) on our sovereignty and our national interests. The Administration believes that those concerns have no foundation. We have been gratified that organizations ranging from the Consumers Union to the American Bar Association to the Heritage Foundation have reached the same conclusion. Nevertheless, we believe that public confidence in the WTO requires full understanding of how the agreement actually works, and additional assurances, which we have included in the legislation, that our sovereignty will be fully protected.

a. U.S. Law Takes Precedence Over the WTO

First, the implementing bill reaffirms the primacy of U.S. law. Section 102(a) (1) of the bill provides that:

"No provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect."

Only Congress and State legislatures can change U.S. laws. The bill states clearly that the new agreements will not change that fact.

b. Decision Making and Congressional Oversight of the WTO

Concern has also been expressed regarding whether WTO voting procedures could be used against the United States. Some have questioned whether, over time, the new agreements will serve our national interests.

As I stated previously, the Uruguay Round agreements contain stronger safeguards for U.S. rights than GATT 1947. The Agreements codify the GATT practice of decision making by consensus. However, both GATT 1947 and the Uruguay Round Agreements provide for voting if there is a failure to reach a decision by consensus and both GATT 1947 and the Uruguay Round Agreements use the rule of one-country-one vote. The GATT has a long tradition of decision making by consensus--the last vote on a trade policy matter was taken in 1959--and we see no reason for this to change.

Even if there should be a vote in the WTO, the Uruguay Round Agreements include stronger safeguards to protect U.S. interests than GATT 1947. For example, changes in key provisions, such as most-favored nation treatment, decision making and the dispute settlement rules can be made only by consensus. For other provisions, super-majorities are required and changes that affect the rights and obligations of the United States apply only if we agree to them.

Recognizing the importance of this issue, however, the implementing bill requires the Administration to inform and consult with Congressional committees if the WTO schedules a vote that could substantially affect U.S. interests. Although the Uruguay Round agreements make "consensus," not voting, the operative decision-making procedure in the new WTO, the consultation requirement in the bill makes sure that if a vote does take place the Administration will coordinate its response with Congress.

The bill also requires the Administration to inform Congress annually on how the WTO is operating in key areas. The annual report will describe (1) the WTO's programs and activities; (2) its budget and personnel, and (3) the status of WTO disputes involving the United States.

In the event the new agreements do not serve our national interests, the bill sets up a special, expedited procedure that will allow Members to decide every five years whether to revoke approval of the Agreements. To inform Congressional deliberations, the Administration must include additional information in the annual report in these years describing how the Agreements have affected U.S. interests over the previous five-year period.

c. Dispute Settlement

The Uruguay Round Agreements also include a new Dispute Settlement Understanding (DSU) that significantly improves the process for resolving differences over rights and obligations under the Agreements. Section 301 already requires us to use dispute settlement when we seek to enforce our rights under a trade agreement, and we are a frequent plaintiff in the GATT. In the past, our efforts to enforce our rights were often frustrated when the losing party blocked adoption of panel recommendations. In 1988, Congress made obtaining improvements in dispute settlement a principal U.S. negotiating objective for the Round.

The Uruguay Round Agreements achieve that objective by setting strict time limits for the panel process and implementation of panel recommendations. The DSU creates an Appellate Body that will help ensure consistency in legal interpretation and result in better reports. Moreover, if a panel finds a country's laws inconsistent with a Uruguay Round agreement and the country does not change its laws within an agreed time, offer satisfactory trade compensation, or reach some other mutually acceptable solution, the DSU provides for automatic authorization of retaliation on request.

That said, dispute settlement panels formed under the new agreement will not have the power to change U.S. law or order us to change our laws. We will remain free, as we are under the GATT today, not to implement panel reports.

The implementing bill provides an active and informed role for Congress in the dispute settlement process. The bill ensures that in any dispute settlement proceeding brought against the United States, the Administration will: 1) inform and consult with all relevant Congressional committees throughout the course of the proceedings, 2) make all U.S. submissions available to the public, 3) and consider public comments in connection with the dispute.

In the event a WTO panel finds that we haven't been acting consistently with our obligations, the Administration will consult with the Committees on whether to implement the panel's recommendations and, if so, how that should be done.

d. Transparency Issues

Much concern has been expressed about the operation of so-called "secret tribunals" in the GATT and WTO. WTO dispute settlement panels, like GATT panels, are not tribunals. Their rulings do not have the force of law, nor do they create binding precedent. They are more akin to arbitration between parties and as in arbitration the best outcome is mutually agreed settlement of the issue under dispute. Moreover, the parties to a dispute actually

agree to the panelists who hear the dispute; the spectre of unqualified biased panelists being foisted off on the U.S. is simply baseless.

Furthermore, GATT panel reports, which are published and made available to the public upon adoption, have traditionally included thorough discussions of the arguments made by the parties to the dispute and the panel's findings and reasoning underlying its recommendations. The same will be true of WTO panel reports:

The Uruguay Round Agreements provide for increased transparency in the dispute settlement process. For example, the Agreements permit member governments to make available to the public their written submissions to the panel prior to issuance of the panel report and requires each member to provide a non-confidential summary of its submission, upon request, if that member does not release its submissions.

With respect to U.S. participation in dispute settlement proceedings, the implementing legislation will significantly improve public access to information about disputes involving the United States. USTR will publish information promptly on each dispute in which the United States is involved and will provide an opportunity for the public to submit written comments on the matter. USTR will take these comments, as well as advice from Congressional committees and other advisors, into account in preparing U.S. submissions. In addition, the bill requires USTR to maintain a file accessible to the public containing U.S. submissions to each dispute settlement panel, a list of submissions from the public, and the panel report and Appellate Body report issued in a particular dispute.

I recognize that these improvements are only a first step and much more needs to be done. We are committed to obtaining improved transparency and we intend to report to Congress annually on efforts to make WTO dispute settlement procedures more open and transparent.

e. State Laws Are Fully Protected

The Uruguay Round Agreements were drafted with our State laws clearly in mind. The rules established -- such as non-discriminatory treatment for foreign products -- are rules our States already live by.

There has only been one challenge brought against State laws under the GATT in the past 30 years. There is no reason to think many will be brought under the new agreements. Still, if a dispute arises, the bill provides that the States concerned will be full partners in any dispute settlement proceedings concerning

those laws. And WTO panels will have no power to change -- or order changes in -- State laws.

In addition, the bill makes clear that foreign governments and private parties cannot seek to enforce the Uruguay Round Agreements in U.S. courts.

A number of State Attorneys General raised questions early on about how the new agreements might affect State laws. After working out series of provisions in implementing package with our committees and the Administration, the leadership of the National Association of State Attorneys General expressed satisfaction over the way State concerns have been addressed.

f. Environmental and Safety Concerns

Our negotiators had strong environmental and food safety laws fully in mind in concluding the Uruguay Round agreements with our trading partners. As a result, the agreements recognize the right of each government to protect human, animal, and plant life and health, the environment, and consumers and to set the level of protection for health, the environment, and consumers -- as well as the level of safety -- that the government considers appropriate.

Under the WTO, most food safety laws will be covered by the "Agreement on the Application of Sanitary and Phytosanitary Measures" (S&P Agreement). The Agreement will permit us to continue to reject food imports that are not safe. The S&P Agreement will not require the Federal or State Governments to adopt lower food safety standards.

The S&P Agreement calls for food safety rules to be based on "scientific principles." That is important because many countries reject our agricultural exports on non-scientific grounds. As a general matter, the FDA and EPA (which participated directly in the negotiation of the S&P Agreement) base their food safety regulations on science. Thus, meeting the basic requirement of the S&P Agreement should pose no problem for U.S. food safety rules.

It is worth noting that the rule in the Agreement requiring a scientific basis applies to S&P measures. It does not apply to the level of food safety that those measures are designed to achieve. Each country and -- in the case of the United States each State -- is free to establish the level of protection it deems appropriate. That means, for example, that the "zero tolerance" level for carcinogens mandated by the Federal "Delaney clauses" are entirely consistent with the Uruguay Round agreements.

While the S&P Agreement contains a general obligation to use international standards, it protects the ability of governments to use more stringent standards if they have a "scientific justification." The S&P Agreement makes explicit that there is a scientific justification if the government determines that the relevant international standard does not provide the level of food safety that the government determines to be appropriate. This language serves to make clear that no "downward harmonization" of our laws is required.

Most environmental and health-based product standards for industrial and consumer goods will be covered by the Agreement on Technical Barriers to Trade (TBT Agreement). The new TBT Agreement carries forward, with some clarifying and strengthening modifications, the provisions of the existing GATT TBT Code, which entered into force for the United States in 1980.

The TBT Agreement recognizes that countries may set standards for products in order to protect human life, health, or safety or the environment. U.S. regulations prescribing safety standards for infant clothing, or banning the presence of PCBs in consumer products, are the types of product-oriented measures covered by the TBT agreement. The Agreement makes clear that the level of protection the government seeks to achieve through standards of this kind is not subject to challenge.

In general, our clean air and clean water laws and regulations are directed at controlling pollution generated in industrial operations. Not only do these laws generally not raise trade-related questions, they are generally not even covered by the new TBT Agreement since they do not set product standards. Where those laws do set product standards, as for automobile emission controls, they will be treated like the other product standards described above.

On the question of environmental standards, let me point out that the GATT panel report released last Friday lays to rest fears that WTO panels will interpret the GATT in a way that challenges our ability to safeguard our environment. The panel report on three U.S. automobile laws (the luxury tax, gas guzzler tax, and Corporate Average Fuel Economy (CAFE) requirements) explicitly upheld the sovereign power of governments to regulate their markets and their environments. The panel report confirms the broad discretion of governments to distinguish among products in order to achieve legitimate domestic policy objectives, such as progressive taxation, fuel conservation, clean air and water, and responsible energy use.

In sum, the Administration believes that implementation of the Uruguay Round this year is crucial for the economic future of the United States. This has been a long journey, but we have taken the lead throughout. The world looks to us to finish the job.

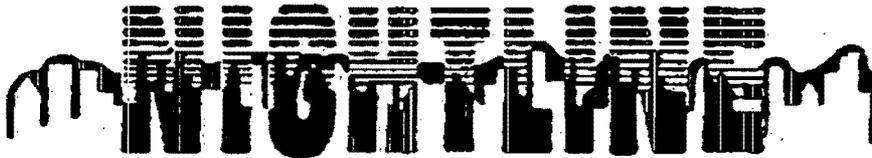
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GATT

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GATT

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TED KOPPEL: [voice-over] Its supporters say it's got a jackpot bigger than any in Vegas. Its critics say it's scarier than the scariest horror film. But both agree it'll be one of the biggest things ever to hit America.

Pres. BILL CLINTON: It'll add \$100 to \$200 billion to our economy every year.

PAT BUCHANAN: [TV commercial] It'll inflate our national debt by \$30 billion, and cost millions of American jobs.

TED KOPPEL: [voice-over] And it may be coming soon: GATT.

ANNOUNCER: This is ABC News Nightline. Reporting from Washington, Ted Koppel.

TED KOPPEL: Let's be blunt. Engaging the attention of a television audience is relatively easy, even when the subject has little or no widespread impact. Impact is not what draws a crowd, high interest does. Examples: O.J. Simpson, Tonya Harding, Lorena Bobbitt, the Menendez brothers. You'd be hard-pressed to come up with any reasons why one or the other of those stories has a direct bearing on your life, but, oh, my, how we hang on every development. Our problem is holding onto your attention with a subject that will have enormous impact on your lives, but is seen as being so complicated that we'd rather take the consequences than a close look.

Well, enough stalling. Put down that remote control and get ready to amaze your friends and co-workers with what you're going to learn about GATT. The mere mention of the General Agreement on Tariffs and Trade seems sufficient to turn most otherwise active minds to mush, but if its supporters are right, it will add untold billions to the U.S. economy while creating tens of thousands of new American jobs. Its critics, meanwhile — as unlikely a grouping of political bedfellows as Washington has ever seen — its critics see GATT as a threat to the very sovereignty of this country. Here's some background from Nightline correspondent Chris Bury.

Pres. RONALD REAGAN: [March 1988] What the world and the United States need now is more trade, and more open trade, and that's why we've pushed for a new GATT round that includes the most ambitious multilateral trade negotiation agenda in history.

Pres. GEORGE BUSH: [February 1991] I still believe that we have an opportunity to get a successful conclusion to the GATT round.

Pres. BILL CLINTON: [October 3, 1994] When the GATT is finally implemented, it'll add \$100 to \$200 billion to our economy every year.

CHRIS BURY, ABC News: [voice-over] For eight years now, every president has pursued the world trade deal known as GATT, and for eight years, hardly anyone took notice. GATT was one of those Beltway buzzwords that could make most eyes glaze right over.

Sen. FRITZ HOLLINGS, (D), South Carolina: [September 30, 1994] I am fully intent on killing this [unintelligible]—measure, GATT.

CHRIS BURY: [voice-over] But now, a prominent Democratic senator has embarrassed the administration by stalling a vote on the treaty until after the November elections, and the curious coalition that failed to stop NAFTA has galvanized again, this time for a late-hour GATT-fight.

ROSS PEROT: [September 24, 1994] And they're going to try to force GATT through before they go to the election, because all of the mighty 1,000 lobbyists loaded with satchels of packed money for the campaign are out there in force now.

PAT BUCHANAN: [TV commercial] Friends, in the final hours of Congress, Bill Clinton is trying to stampede through the worst trade deal ever.

RALPH NADER, Consumer Advocate: The World Trade Organization agreement is NAFTA on steroids.

CHRIS BURY: From Ralph Nader on the left, to Pat Buchanan on the right, and Ross Perot in between, opponents of the GATT have focused their rhetorical fire on the obscure World Trade Organization. The WTO, a new international body, would meet in Geneva to settle disputes growing out of the treaty, but to its critics, the WTO is fraught with sinister implications.

ACTOR: [TV commercial] Under WTO, any third-world or dictator-led country can overrule American laws, impose massive fines and economic sanctions against us.

CHRIS BURY: In their attack ads, the GATT opponents claim American sovereignty is at stake. They liken the WTO to a United Nations in which the U.S. will have but one vote out of 123 nations, and absolutely no veto power.

RALPH NADER: The World Trade Organization will then have tribunals which can provide a forum for foreign countries to attack our health and safety laws, bring them before the tribunal, and if the tribunal declares them invalid, our country either has to repeal them or pay perpetual trade fines. And these tribunals are secret, closed to the press, and no independent appeal. This is autocracy over our democracy.

RUFUS YERKSE [sp?]: Almost all of those charges are inaccurate.

CHRIS BURY: [voice-over] Rufus Yerkse, the deputy U.S. trade negotiator, insists no WTO ruling can prevail over U.S. law, though he does concede the new tribunals could levy fines and meet in private.

RUFUS YERKSE: We make our submissions to the tribunals public to our interested organizations. Once the tribunals have ruled, we provide the rulings and the decisions to the public. There is a full airing publicly

before the United States decides how to respond to these tribunal determinations.

CHRIS BURY: *[voice-over]* Its supporters say GATT, by lowering tariffs up to 40 percent, would dramatically open world markets to American products from computers to corn flakes, and that the World Trade Organization is far more likely to hear complaints from the U.S. than against it.

MANLEY MOLPUS, Grocery Manufacturers of America: I think, in fact, what the WTO gives for us, as the United States, being the largest exporter in the world, it gives us a mechanism to better resolve disputes in a more timely fashion, to get our exports into the rest of the world.

CHRIS BURY: *[voice-over]* But Ralph Nader, for one, fears other countries would use the WTO to challenge laws that protect American consumers.

RALPH NADER: Brazil or Mexico can attack our food safety laws, saying they're too stringent in keeping out Brazilian and Mexican food imports. Our fuel efficiency law is likely to be challenged. Our recycling laws are likely to be challenged.

RUFUS YERKSE: You know, some of these countries, such as the Scandinavian nations and Switzerland and others, have as high or higher consumer protection standards than we do, and they were not going to surrender them to some international bureaucracy.

ANTI-GATT ADVOCATE: Are you familiar with the GATT treaty and how it threatens our environmental laws?

CHRIS BURY: *[voice-over]* Environmental groups, too, are lining up against GATT, because of fears it could weaken hard-fought protections. The American ban on imported tuna caught with nets that kill dolphin, for instance, has already been challenged by Mexico, among other nations.

CARL POPE, Sierra Club: And two separate GATT panels have now ruled that the United States has no right to use trade measures to try to protect the world's oceans, and that's the kind of ruling that we expect to see a lot of from the new World Trade Organization.

CHRIS BURY: *[voice-over]* The unions that fought so hard against NAFTA have, so far, been less visible on GATT, though American textile workers, considered the big losers, claim the agreement fails to provide even the most basic protections for workers.

JACK SHEINKMAN, Amalgamated Clothing and Textile Union: Employers are going to come to their workers and say, "In order to compete, you've got to cut your conditions, your benefits, your health insurance, your pension, and your wages."

CHRIS BURY: *[voice-over]* For the Clinton administration, the race is on to get the GATT passed before a possibly more hostile Congress takes over next year.

Pres. BILL CLINTON: We're trying to do this with the least possible delay. We're trying to do this in the shortest possible time.

CHRIS BURY: *[voice-over]* But today, in the House,

you could hear the congressional equivalent of squealing brakes.

Rep. DANA ROHRBACHER, (R), California: Why are they so frantic to have the GATT implementation treaty passed so quickly that we won't even have a chance to read it?

Rep. MARCY KAPTUR, (D), Ohio: Mr. Speaker, this House should not be forced to vote on GATT in the closing hours of this session.

CHRIS BURY: The House is scheduled to vote on the trade deal tomorrow, but late today, nearly 90 members from both parties asked for a delay, possibly until the next Congress. That, of course, is just what the opponents of the treaty have in mind, and exactly what the administration fears. This is Chris Bury for Nightline, in Washington.

TED KOPPEL: When we come back, we'll be joined by the chief U.S. negotiator for GATT, U.S. trade representative Mickey Kantor, and by one of its most outspoken critics, Pat Buchanan.

[Commercial break]

TED KOPPEL: Joining us now from our Washington studios, U.S. trade representative Mickey Kantor. Negotiating GATT has been one of his top priorities. Former presidential candidate Pat Buchanan has been criticizing GATT in his nationally syndicated column, on his talk show, and through his organization, called The American Cause.

You were rolling your eyes, moaning, groaning, particularly when Ralph Nader was on there in Chris Bury's piece. Sort of summarize what you think is wrong with the criticism of GATT.

Amb. MICKEY KANTOR, U.S. Trade Representative: Well, number one, it was in [?] my lunch, Ted, so it wasn't that. The criticism, of course, is completely unfounded. What we have here is very simple. We have a trade treaty, the largest in history, which will do a very simple thing. America is the most competitive and productive country in the world today. That's just been found by an international organization. First time in nine years we've been in that position. Here we have a treaty that lowers barriers around the world, tariff and — those are taxes on goods — and non-tariff, other barriers to stop our goods from going in. When you're the most competitive and productive, and the largest trading nation in the world, as you lower barriers, you win. America is winning again because our workers are productive, our businesses are competitive, we have new investment, this treaty will fuel this economy which is moving so fast. It's just very simple. That's all it's about.

TED KOPPEL: Each of you — each of you gets a freebie to start with. That was yours. You've called this undermining the sovereignty of the United States. That's — that's an extraordinary charge to make about a trade negotiation, about a trade agreement.

PAT BUCHANAN, Syndicated Columnist: Well, the — Laurence Tribe of Harvard, the professor, says this is such a monstrous transfer of American sovereignty from the states to international bodies that it ought to be considered

a treaty, requiring ratification by two-thirds of the Senate. Newt Gingrich supports it, Ted. Newt Gingrich said this is a big transfer of power, and let's be honest about it.

Let me talk to Mickey's point, though. He says we're doing wonderfully. We're about to run the largest trade deficit in American history, \$160 billion, Ted. To me it is un-American, and I think, just plain wrong to put Americans into head-to-head competition with Chinese laborers making 25 cents an hour into the indefinite future.

TED KOPPEL: Well, China is not even a signatory to GATT, is it?

PAT BUCHANAN: China will be joining, there are Asian countries right now, Sri Lanka and other countries, India and others, where that kind of pay is done. Ted, go up to Fall River, Massachusetts and tell them this is a good deal. Go to Hancock, Maryland, where London Fog just closed down. Go to Portsmouth, Maryland. Go to Williamsport—excuse me, Portsmouth, Virginia, Williamsport, Maryland, Baltimore. There are towns and cities and communities in America that are dying because we've been running a \$1.4-trillion trade deficit since the last GATT round.

TED KOPPEL: Okay. Very quickly, though, Pat, so that I can get—

PAT BUCHANAN: Sure.

TED KOPPEL: —a chance to go back to Ambassador Kantor on this, what is it about the World Trade Organization that you feel undermines the sovereignty of the United States?

PAT BUCHANAN: The World Trade Organization will be the strongest trade organization in history. The United States, for the first time, in history, has no veto power. We have no weighted voting. We can be outvoted by two small countries. These—this trade organization—excuse me, Mickey—has the right to challenge American federal laws, state laws, and local law.

TED KOPPEL: Give me a quick example and then let Ambassador Kantor respond.

PAT BUCHANAN: All right. Take your "buy American" laws in the United States, or "buy California" laws. They say that's an impediment to trade. Three third-worlders sit on the panel. They say it's an impediment. We say, "Well, we're not sure." Then we have a vote on it. Two-thirds votes us down. We say we don't like it. We are told to change that law or accept permanent fines forever.

Amb. MICKEY KANTOR: Pat, this is fun. First of all, we just entered a procurement agreement under a multilateral basis which protected our "buy American" laws. I know it's something you wouldn't know, but we did, because we believe in protecting these laws and we just did it. It might surprise you. Number two, if we're doing so badly, we've created 4.4 million jobs in the last 18 months. But even if you're right, then you ought to be the first one to want to change it. You ought to want to break down these barriers, because we're so competitive, we can do better. Number three, let's talk about sovereignty, Ted. I think it's important. Section 102 of the implementing bill makes it very clear.

TED KOPPEL: Eyes are glazing now, you star to—

Amb. MICKEY KANTOR: No, it's not. Let me just tell you of the bill—this is important—U.S. law prevails in every case where there is conflict between U.S. law and anything in this agreement. Number two—

TED KOPPEL: But even—

Amb. MICKEY KANTOR: —let me just finish—no, I think it's important.

TED KOPPEL: —let me—let me just take—

PAT BUCHANAN: I don't want to get wonkish, but—

TED KOPPEL: —let me just take—

PAT BUCHANAN: —that's just article 16.

TED KOPPEL: —no, don't get wonkish, please, don't. Let's—let's take it one point at a time here.

PAT BUCHANAN: Sure.

TED KOPPEL: You are right, technically. U.S. law will prevail.

Amb. MICKEY KANTOR: Oh, I'm right substantively, as well.

TED KOPPEL: But the United States might then be required to pay an ongoing fine. Isn't that also correct?

Amb. MICKEY KANTOR: Well, let's just get to this. First of all—

TED KOPPEL: Isn't that right?

PAT BUCHANAN: The United States—

Amb. MICKEY KANTOR: —the Congress of the United States, Republicans and Democrats, President Reagan, President Bush, President Clinton, all supported one thing. Let's have a dispute settlement mechanism that works, because the United States adheres to its international obligations and others don't. If you'd let me just finish—we didn't want other countries blocking these rulings. Do you know, Pat, we won 84 percent of our rulings in front of the GATT over—

PAT BUCHANAN: I want you to answer the a question.

Amb. MICKEY KANTOR: —over the—let me just finish—

PAT BUCHANAN: I want you to answer a question—

Amb. MICKEY KANTOR: —oh, I'd be glad to answer your question, this is fun.

TED KOPPEL: Quick, quick, because we're almost—we're almost—

PAT BUCHANAN: Wait a minute, why is—

TED KOPPEL: —we're almost out of time here.

PAT BUCHANAN: —why does the United States allow foreigners even to discuss our cafe standards in Detroit? Why, Mickey Kantor, would you and I, as Americans, have any foreigner get any kind of say over the laws of the United States?

Amb. MICKEY KANTOR: We just won, in fact, our laws were upheld.

PAT BUCHANAN: I know we won. What are they doing even putting it up there?

Amb. MICKEY KANTOR: You know, it was interesting, all the doomsdayers and naysayers, Ralph Nader and Pat Buchanan, said we'd never win, this is going to be a tragedy. It turns out we win it, because we win all the time, because our laws, in fact—

TED KOPPEL: Just hold it, hold it in abeyance—

PAT BUCHANAN: All right.

TED KOPPEL: —for one minute, both of you, if you would.

Amb. MICKEY KANTOR: Sure.

TED KOPPEL: We've got to take a break. We'll be back with both these gentlemen in just a moment..

[World trade leaders 1993: U.S., Exports 12.6%, Imports, 15.7%; Germany, Exports, 9.8%, Imports 8.5; Japan, Exports 9.8%, Imports, 6.3% (Source: International Monetary Fund)]

[Commercial break]

TED KOPPEL: And we're back once again with U.S trade representative Mickey Kantor, and with Pat Buchanan.

Let me see if I can just get you to focus on the narrow issue. This group of three people in Geneva, the World Trade Organization—

Amb. MICKEY KANTOR: Sure.

TED KOPPEL: —they can rule, for example, if someone brings a suit against— or brings a case against the United States, against a U.S. state, and says, "Look, we cannot deliver our cereal to that state because they have a higher standard or lower standard for the amount of mouse feces that can be in the cereal—"

Amb. MICKEY KANTOR: Sure.

TED KOPPEL: —"and we want to be able to do that." They can bring this before this group, and technically, this group could rule that we are obliged to let that cereal into that state, could they not?

Amb. MICKEY KANTOR: No.

TED KOPPEL: Or we have to pay a fine.

Amb. MICKEY KANTOR: No. Let me just make sure we understand this. No ruling by any dispute settlement panel. First, let's take the first — I know you're raising the issue — we can veto any member of any panel. We have to agree with the members of the panel. That's number one. Number two, any ruling by a panel cannot change any federal, state, or local law in the United States of America. I want you to understand that and your audience to understand that.

TED KOPPEL: I do, but I want—

Amb. MICKEY KANTOR: Now, if in fact—

TED KOPPEL: —but I would appreciate—

Amb. MICKEY KANTOR: —may I finish? May I finish?

TED KOPPEL: —well, just hold on one second, because—

Amb. MICKEY KANTOR: Sure.

PAT BUCHANAN: Ted—

TED KOPPEL: —you keep saying the same thing over again, and you don't respond directly—

PAT BUCHANAN: Ted, under—

TED KOPPEL: —to the question that I'm asking about the fine. They can impose a fine, can they not?

Amb. MICKEY KANTOR: It's not a fine. There is no fine. No.

PAT BUCHANAN: Sanctions.

Amb. MICKEY KANTOR: They can take—

TED KOPPEL: Sanctions.

Amb. MICKEY KANTOR: —may I please— they can take a trade action—

TED KOPPEL: Right.

Amb. MICKEY KANTOR: —only to the extent of the

damage, and that has to be a ruling. The fact is, let me go back again, there's a reality here, Ted. We've won 80 percent of the time in Geneva over the last 47 years with a dispute settlement mechanism that really didn't work very well in our favor. This one is designed in our favor, with more due process standards and more openness than at any time in history. It needs to be—

PAT BUCHANAN: Ted—

Amb. MICKEY KANTOR: —may I finish?

PAT BUCHANAN: —come on—

Amb. MICKEY KANTOR: It needs to be— Pat, just—and you can have your—

PAT BUCHANAN: —go ahead, go ahead.

Amb. MICKEY KANTOR: —it needs to be more open, and we're fighting for that, as well. The fact is, this is a canard. This is the kind of thing that gets in the way of substance. What this really does, it says, we're going to have— we're going to play by the same rules, we're going to level the playing field, we're going to say to the rest of the world, "You open your markets like we've opened our markets." And you know what, Americans can compete and win.

PAT BUCHANAN: No, you're not going to—

Amb. MICKEY KANTOR: I've got one more thing I want to say. Pat Buchanan—

TED KOPPEL: Just— just—

Amb. MICKEY KANTOR: —Pat Buchanan obviously doesn't believe in American workers, because he thinks they can't compete. We believe they can compete.

PAT BUCHANAN: I think American workers can compete with anybody, but you take the people in South Carolina I saw making \$8 an hour, \$10 with benefits, in those textile plants, and are they as— as competitive as 40 Chinese whom you can hire for the same amount? Of course not. Ted, that is the real problem here. This is— the competitiveness of this country— and in this— in this WTO, I'll tell you, if he believes it's such a good deal, why will Mickey Kantor not let us have a national debate on it in the coming year? Why ram it through? One of the reasons is because Mr. Kantor's friends have snuck into the implementing legislation a \$200-million payoff to *The Washington Post*, and between \$500 million and \$1 billion to *The Atlanta Constitution*—

TED KOPPEL: Pat, now you're doing it.

PAT BUCHANAN: —excuse me.

TED KOPPEL: Let me— let me see if I can just—

PAT BUCHANAN: This thing—

TED KOPPEL: —simplify it—

PAT BUCHANAN: Sure.

TED KOPPEL: —because we've only got about two and a half minutes left—

PAT BUCHANAN: Sure.

TED KOPPEL: —for this discussion.

PAT BUCHANAN: Sure.

TED KOPPEL: If you do not go along with GATT, then what you are recommending, then, is trade barriers.

PAT BUCHANAN: I am not.

TED KOPPEL: Now, I thought you were a free trader.

PAT BUCHANAN: Here's— I am a free trader with

Canada, I am a free trader in the American states. What I recommend is, put this off to the new year. Take out the WTO. Let's take a look at Mickey's 22,000-page treaty. Let's take the good parts of it for America, let's drop the old parts, and let's drop this payoff in there, which is one of its problems tonight, as Bob Livingston pointed out, this payoff to *The Washington Post*, cutting their FCC bill by \$200 million, and Mickey—

TED KOPPEL: I'll tell you what. Let me—

PAT BUCHANAN: —why don't you explain to me how that got in there?

TED KOPPEL: —let me resist— let me resist the temptation to go off—

PAT BUCHANAN: Right.

TED KOPPEL: —on *The Washington Post* for a moment right now. What I would like to spend the last couple of minutes on—

Amb. MICKEY KANTOR: Sure.

TED KOPPEL: —is what is going to happen in Congress. There's a vote potentially coming up tomorrow. What do you think is going to happen?

Amb. MICKEY KANTOR: Potentially. Well, it's up to the leadership whether the vote comes up. Whether it comes up tomorrow or after the election, it's going to pass, and pass overwhelmingly in the House and the Senate, because it's in America's interest, it's in the interest of our workers. It'll raise our standard of living, it'll raise wages, it will increase exports. One thing that Pat said needs to be corrected. The fact is that this year we've had more textile and apparel exports than imports. It's grown faster. Second, our imports from China in textiles and apparel, Pat, are down this year, by 2 percent.

PAT BUCHANAN: How are you guys getting a \$160-billion deficit? Where's that coming from?

Amb. MICKEY KANTOR: Well, what is happening [*crossstalk*]— I'd like to— no, no, he asked a question, I think we should answer it.

TED KOPPEL: Let me just get— let me just get— let me just get, in the last few seconds here—

PAT BUCHANAN: All right.

TED KOPPEL: —let me just get Pat to focus on the same issue, because before we came down here, Pat, you and I were talking.

PAT BUCHANAN: Right.

TED KOPPEL: You— you are optimistic that this will not make it through the House and Senate.

PAT BUCHANAN: This *Washington Post* thing I mentioned has created chaos in the Republican caucus. Its support is collapsing even as we speak. I think if it's put off until next year and we get the national debate I feel we've been denied — the national debate we did get on NAFTA when we lost — I think if we get that national debate we will stop the WTO, we will go back to the GATT rules, we will get the best of this treaty and the United States will use its power and authority and access to our market to get what we want in the world as we haven't been getting it for 25 years.

TED KOPPEL: We are literally down to our last few seconds. What is the damage in putting this off until the

104th session of Congress?

Amb. MICKEY KANTOR: There's great damage. It'll cost us \$70 billion to our economy, American leadership in trade and economics will be lost, the global economy will suffer, and this expansion we're going through which has created 4.4 million jobs will be hurt. We've got to do it now. President Clinton was right. President Bush was right. President Reagan was right. Let's do it, and do it now.

TED KOPPEL: Mr. Kantor, Mr. Buchanan, thank you both very much.

PAT BUCHANAN: Thank you, Ted.

TED KOPPEL: I'll be back in just a moment.

[*Commercial break*]

TED KOPPEL: Tomorrow, on Turning Point, a program that may change the way you think about self-defense. How far would you go to protect yourself? That's on Turning Point, tomorrow on this ABC station.

And that's our report for tonight. I'm Ted Koppel in Washington. For all of us here at ABC News, good night.

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JOINT MINISTERIAL STATEMENT
MEETING OF APEC MINISTERS IN CHARGE OF TRADE

OCTOBER 6, 1994

JAKARTA, INDONESIA

1. APEC Ministers in charge of trade or their representatives ("Ministers") from member economies of Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in a Meeting in Jakarta, Indonesia on October 6, 1994. The Executive Director of the APEC Secretariat was present at the Meeting. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.
2. The Meeting was chaired by His Excellency Mr. S.B Joedono, Minister for Trade of the Republic of Indonesia.
3. The Meeting was convened as a follow up of the decision of the Fifth APEC Ministerial Meeting which was held in Seattle, United States in November 1993. As stated in paragraph 22 of the Joint Ministerial Statement, the main purpose of this Meeting was to review the results of the Uruguay Round and its implications for the region and consider next steps for regional and global trade liberalization, bearing in mind the vision of APEC Leaders at their informal Meeting in Seattle.
4. Ministers recognized that the conclusion of the Uruguay Round offered an historic opportunity for the world trading system to advance under a strengthened transparent set of rules and procedures and significantly liberalized access to markets. They reaffirmed their collective commitment to the multilateral trading system and the new World Trade Organization.

5. Throughout their discussions, Ministers took note of the four priority themes of the forthcoming APEC Sixth Ministerial Meeting in Jakarta on November 11-12, 1994 : development of infrastructure between and within APEC economies; human resources development; enhancing the competitiveness of small and medium enterprises; and promotion of business/private sector participation in APEC activities.

6. The Meeting was formally opened by His Excellency President Soeharto. In his opening remarks, His Excellency President Soeharto underlined that Asia Pacific region has a very large potential in terms of the GNP, high per capita income as well as a large population and is moving very dynamically . With its commitment to open markets, APEC plays a very important role in global trade. H.E. President Soeharto reminded the Delegations that the region is also very heterogeneous and that the level of the member economies' dependence on trade is also not the same. He stated that regardless of the vast disparities, all member economies share the view that trade amongst nations is one of the essential supporting elements their respective economies. He also hoped that the Trade Ministers will reach agreement on concrete steps to implement the results of the Uruguay Round Negotiations as well as on cooperative programmes in the fields of investment and trade to be carried out jointly by APEC members.

7. Ministers held discussion on topics as follows :
 - * Review of the Uruguay Round Results and their Implications for the Region
 - * Effective and Full Implementation of the Uruguay Round Results, consists of :
 - Common approach in the implementation of the Uruguay Round results, including on commitment to early ratification/accession to GATT/WTO;

- Cooperation Programmes in the implementation of the Uruguay Round, with particular emphasis on technical assistance and training.
- * Exchange of views for Further Regional and Global Trade Liberalization, concerning, inter-alia:
 - trade impediments with a view to expanding trade and investment in the region;
 - development of consultative procedures for regional trade problems and for further global discussions.
- * Rapid actualization of trade and investment facilitation programmes.

8. Ministers reviewed the Uruguay Round results from different perspectives and agreed that the region will benefit substantially from both the strengthened rules and disciplines and improved market access. In order for APEC members to benefit fully from the results, Ministers were mindful that all World Trade Organization members must faithfully act in accordance with both the letter and the spirit of the Uruguay Round results.
9. Ministers observed with satisfaction that their efforts in Seattle had positively contributed towards the successful conclusion of the Uruguay Round. Consistent with the commitment to the multilateral trading system, Ministers affirmed their determination to achieve full and on going implementation of the Uruguay Round and to demonstrate leadership by making maximum efforts in each of their economies to ensure the early ratification of the World Trade Organization so that it is operational by 1 January 1995. Ministers expressed their strong support to non-GATT members of APEC to complete the negotiations as soon as possible to enable them to become original members of the WTO. Ministers affirmed that these negotiations should be based on substantive and commercially meaningful commitments.

10. Ministers also agreed that it was important to work together to evolve common understandings of Uruguay Round obligations, provide transparency of Uruguay Round legal provision on implementation, and collectively monitor implementation of the Uruguay Round results.
11. To this end they agreed to take initiatives within the context of APEC's work program beginning in early 1995 aimed at facilitating full and effective implementation of the Uruguay Round outcome.
12. They agreed to identify specific areas where Uruguay Round implementation might present particular challenges or difficulties. Ministers endorsed the initiatives developed for a series of APEC seminars or workshops designed to exchange views on and explore scope for common regional approaches on implementation issues. The seminars should also help identify priority areas for more specific work. Ministers called for proposals aimed at addressing concerns raised by members, focussing on programs of technical assistance and training of personnel, particularly in the areas of interest to the developing member economies. Ministers agreed that such programs would be particularly valuable in helping to implement Uruguay Round results in the areas of among others, anti dumping, services, intellectual property rights, customs and rules of origin.
13. Recommendations arising from initiatives and programmes related to the Uruguay Round implementation should be reported to the Seventh Ministerial meeting in 1995.
14. Ministers noted the importance of APEC's contribution to global trade, investment and economic growth, and emphasized the importance of maintaining the momentum of trade liberalization. They agreed that, in the post-Uruguay Round environment, there was ample opportunity to start working towards greater liberalization consistent with the basic principles of GATT/WTO while taking into full account the diversity and different levels of economic development of APEC members.

15. Ministers also noted the efforts underway in APEC to obtain the views of the EPG and the APEC business community, including the Pacific Business Forum, on their post-Uruguay Round priorities.
16. Ministers agreed to advance work aimed at identifying key trade impediments in the region, with such measures identified by type of trade barrier, and by sector. This work should seek to build upon the important progress made to date in the CTI on regional non-tariff barriers (Administrative Aspects of Market Access). They believed that improved information would promote the development of a more systematic and sequential approach to future facilitation/liberalization work in APEC. Such an exercise would not prejudice at this stage how barriers would be addressed, this being an issue that would require further deliberation.
17. They called for a report to be prepared for APEC Ministerial Meeting in 1995, including recommendations on where work aimed at addressing impediments should be initiated.
18. Ministers underlined the importance of APEC ameliorating trade tensions and endorse the efforts to promote the APEC Trade Policy Dialogue. In this regard, they agreed that APEC could play a role in discussing and resolving problems in a constructive and amicable manner. To this end, they endorsed the future exploration of effective method which are flexible and voluntary in nature within the APEC process. Such efforts should not duplicate or detract from the GATT/WTO Dispute Settlement process. Ministers agreed to the examination of all appropriate options and the development of specific recommendations for the Seventh Ministerial Meeting in 1995.
19. Ministers supported further efforts to facilitate trade and investment liberalization in the region. The work underway in the CTI on investment, standards and customs facilitation currently provide an initial basis for concrete progress toward this goal. Ministers recognized the need for APEC to consolidate and expand its

trade and investment facilitation work programme in a balanced manner to ensure maximum benefit to business through early concrete trade facilitation results. In doing so, members will bear in mind the mandate given by the Declaration on an APEC Trade and Investment Framework and take into account facilitation activities already underway.

20. In developing the CTI programme for presentation to the Annual Ministerial Meeting in November 1994, attention will need to be given to rigorous setting of priorities and establishment of timetables for implementation of the proposals included in the work programme. A mid-year report should be presented to Ministers by the CTI on progress in implementation of the programme as agreed, in November.
21. Ministers welcomed the progress made in developing non-binding investment principles, in accordance with the initiatives taken by the informal meeting of APEC Leaders in Seattle in 1993, for submission to the APEC Ministerial Meeting in November this year.
22. Ministers recognized the crucial importance of the standards and conformance issues for facilitating trade in the region, and noted the encouraging progress made to date. They called for the early endorsement of a standards and conformance framework and the priorities and approaches it would set out for APEC's medium-term agenda. Ministers agreed to a work program for closer co-operation on standards and conformance infrastructure development for consideration at the 1994 annual ministerial meeting. Ministers also agreed to commence discussions in 1995 on broadening mutual recognition arrangements in the region and that work should begin on sectoral case studies aimed at promoting closer alignment of members' standards with international standards.
23. Ministers welcomed the progress made on customs issues and encouraged members to press ahead with projects of relevance to regional business. They also encouraged customs administrations to move forward with proposals for immediate

and long-term APEC projects, particularly those that would enhance regional trade flows.

24. Ministers welcomed the efforts to bring practical trade information to business and supported the proposals to implement a pilot project for an APEC Tariff Database in 1995. They agreed that in the event of the successful completion of the pilot, APEC should proceed to full and cost-effective implementation of the project and to explore the scope to extend the range of tariff-related and trade information carried in the database.
25. Ministers also addressed other issues related to APEC's trade and investment work. In this context they reaffirmed the importance of APEC's work in areas such as SMEs, HRD and Infrastructure and pointed to the emerging interlinkages between these areas and APEC's trade and investment agenda. In particular, Ministers recognized the critical importance of SMEs in the rapidly changing pattern of economic growth in the APEC region and agreed that the strengthening and fostering of the development of this sector is a key objective that must be accorded high priority. Under this scenario the issues of financing and investment, technology, research and development, information and market access were important elements which Ministers recommended for further work.
26. Ministers instructed their APEC officials and the APEC Secretariat supporting them to implement these decisions.
27. Ministers expressed sincere appreciation to all their officials for their excellent preparation for this meeting.

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WORLDNET
UNITED STATES INFORMATION AGENCY
Television and Film Service
Washington, D.C.

GUEST: Ambassador Mickey Kantor, United States Trade Representative

TOPIC: Post-summit NAFTA and other trade issues

HOST: Doris McMillon

INTERACTIVE POSTS: Ottawa, Mexico City, Santiago, Port of Spain

DATE: Wednesday, December 14, 1994

TIME: 2:30 - 3:15 p.m.

MS. MCMILLON: Hello and welcome to this special edition of Worldnet's "Dialogue." I'm Doris McMillon.

Today we focus our attention on the Summit of the Americas which was recently held in Miami, Florida, December 9th through the 11th.

Let's first take a look at some of the major achievements of the summit. During the summit, President Clinton and 33 leaders of the western hemisphere pledged to turn the entire region into the world's largest free trade zone, setting the year 2005 as the deadline for an agreement to remove barriers to trade and investment.

In less than a decade, if everything goes according to plan, the western hemisphere will be the world's largest market.

The trade accord reflects the powerful surge of free market economic policies throughout the hemisphere. At the conclusion of the summit, President Clinton and the leaders of Canada and Mexico also announced the inclusion of Chile into NAFTA as its first South American partner.

For this edition of "Dialogue," with journalists in Ottawa, Mexico City, Santiago, and Port of Spain, we are honored to have in our studio Ambassador Mickey Kantor to discuss NAFTA and other trade issues.

Ambassador Mickey Kantor is the United States Trade Representative and chief adviser to the president on international trade policy. Ambassador Kantor represents the United States as chief negotiator and in the major international trade organizations. He has worked closely with President Clinton to advance the trade agenda of the United States.

Ambassador Kantor, welcome to Worldnet's "Dialogue."

AMB. KANTOR: Thanks, Doris. Thanks for having me.

MS. MCMILLON: And now, without further delay, we turn to our panelists in Latin America and Canada. We invite Mexico to begin with the first question or comment. Mexico, your first panelist, please.

Q Thank you very much. We're -- on behalf of Televisa, thank you very much for this opportunity to speak to you, Mr. Kantor.

How would you rate the results of the past summit in Miami? Would you say they were up to your expectations, to the U.S. expectations?

AMB. KANTOR: Well, I think they met the expectations of all of our partners in all 34 democrats in the western hemisphere. We went to Miami to try to create the world's largest free trade zone. We're well on our way to doing that. We hope to -- we, in fact, made an agreement to complete these negotiations by the year 2005. We'll begin the process, as you know, in January. We'll have a ministerial conference in June, 1995, another in March, 1996. We're going to cover 18 very specific areas, everything from lowering tariff barriers to nontariff barriers to dealing with subsidies to dispute settlement mechanism and a number of other issues as well, including environment and labor.

As we do that, of course, we'll try to build on the NAFTA, as we announced down there, as well.

There are a number of other agreements, including -- there were a hundred specific agreements in a number of areas, including controlling drugs and what we're going to do about women's rights and other issues that really affect all of us in this hemisphere.

I think truly we're on our way to economic integration in the second-fastest growing region of the world, and we're well on our way to increasing cooperation and making concrete the promises of the Alliance for Progress and the Good Neighbor policy, and it's time we did that.

Q We listened carefully to what Jacques Chretien, prime minister of Canada, said in the announcement of Chile being part of NAFTA: "We're three amigos, and then we'd like to become four amigos." Why Chile?

AMB. KANTOR: There are a number of reasons. Let me just start with the fact that the Chilean government under President Elwyn (ph), now under President Frey (ph), has had an outstanding economic record. Obviously, it's one of the strongest democracies in our hemisphere. Just last year, Chile had nearly 10 percent growth, four percent unemployment, a budget surplus, and a trade surplus, truly numbers that we here in the United States are jealous of.

The Chileans were tabbed by President Clinton as being the first country who should receive consideration for accession to NAFTA way back when he was president-elect in December of 1992. We've reiterated, along with Mexico and Canada, that stance a number of times. Chile is ready. They have the proper preparation. They'll make a very fine fourth amigo.

Q Who will benefit the most from the three countries that are already in NAFTA?

AMB. KANTOR: Yes -- (rough audio) -- all benefit. Let me give you an example of the NAFTA right now. First of all, trade is not a zero-sum game. It is not a win-lose situation. Just because Mexico or the United States or Canada might do well because we have the North American Free Trade Agreement doesn't mean the other two countries won't do well as -- in -- by the same token.

Let me give you an example. Whereas our exports to Mexico have increased 22 percent, Canada's exports to Mexico have increased 25 percent over the last 10 months. Mexico's exports to the United States have increased 21 percent. We're creating jobs and raising the standard of living all over North America. That's what trade is all about.

What we are doing, literally, is increasing our markets, growing our economies, providing new capital and investment, and therefore growing the jobs and that creates exports.

I am delighted and the president is delighted with the results of the NAFTA, and it will even be stronger with Chile added.

Q Where would you draw the line, Mr. Kantor, between reality and what the countries of this hemisphere intend to do in the next 10 years -- to achieve in the next 10 years?

AMB. KANTOR: Well, if your question is do we need to be realistic and pragmatic and practical as we move forward and draw the line between that and what might be our highest hopes, of course. You always have to be practical and pragmatic.

I think the NAFTA is an example, though, of a trade agreement -- or any agreement, for that matter -- that has exceeded our wildest expectations. Now, we may not have the kind of incredibly fast growth from the NAFTA that we've had in the first 10 months, but I predict it will continue to be a very positive situation for all three countries and soon to be four countries.

Now, what we expect with the addition of Chile, of course, is more growth. The Chilean economy is somewhat smaller, of course, than the economies of Mexico, Canada, and the United States. However, Chile exports a great number of products, and they, of course, import, as well. They're growing their industrial base and middle class is growing very fast. Just in the last three or four years, a million people in Chile have gone from poverty into the lower middle class or middle class in that country, and that's an enviable record.

And so I think there is a realistic view we all have to take. This will not solve all of our economic problems. It will not create all of the growth in any of our countries, but it is such an important step forward -- let's remember, we have a globalized economy. We're going to be interdependent whether we like it or not. The question for all of us is can we meet the challenge of an interdependent economy and take advantage of it?

I think the Summit of the Americas in Miami, the spirit of Miami, if you want to call it that, will lead us to a new and a brighter day for this hemisphere, and I think the accession of Chile into the NAFTA -- after negotiations, of course, which begin in January -- is the first step forward.

Q We share this optimistic point of view, Mr. Kantor, regarding the AFTA, the American Free Trade Agreement, the agreement for the whole hemisphere --

AMB. KANTOR: We're calling it the Free Trade Area of the Americas. I think AFTA, in Brazil, in Portuguese, had another connotation. I think it had something to do with sores in the mouth, and so we dropped that and went to a more delicate title, the Free Trade Area of the Americas. I think that was important to do. We didn't recognize that, any of us, as we went forward with the name, but I think it does have great promise.

Let's understand what's happened in this hemisphere. Although we have countries at various levels of development, as we all know, 34 of the 35 countries are democracies. These 34 have gotten together and said, "We're going to build towards, in a building-block approach, build towards a free and fair trade zone in this hemisphere. We need to grow jobs and to increase incomes," as I said before. This hemisphere is the second fastest growing hemisphere in the world.

Let me give you just one example. By the year 2010, and that's only 15 years from now, we'll have more trade between the United States and Latin America than between the United States, Europe, and Japan combined. Now, that's a fascinating statistic. It shows the kind of huge growth and, really, success that has been fostered in Latin America given the strong leadership of presidents like President Salinas, President Gomperio (ph), who is now the head of the OAS, President Frey (ph), before him, President Elwyn (ph), President Franco, President Cardoza coming in in Brazil, and, of course, President Menem in Argentina and many others.

Q Now that you've mentioned President Salinas, do you think he has a chance to head the new World Trade Organization?

AMB. KANTOR: Absolutely. We are, of course, supporting him strongly. President Salinas, of course, did not go out and meet with people and discuss his views of what the World Trade Organization should be with leaders around the world until, of course, President Zedillo (ph) was inaugurated. Now he can do so. President Salinas is one of the most successful world leaders of the last decade. He's enormously impressive. He understands free and fair trade. He understands economics. He understands how to run an organization. He picks -- he's picked in his cabinet some of the best people in the world to help him restore the Mexican economy and to bring about reform in the Mexican democracy, and he's been tremendously successful in that.

We think he would make the best initial director-general of the WTO, and we hope other countries of the world will agree with us.

Q Two questions relating to our relationship -- U.S.-Mexican relationship. What can Mexico expect from the U.S. right now?

AMB. KANTOR: Well, I think being a good partner, being supportive, mutually supportive, frankly, politically and strategically as well as economically. We, of course, will continue to have challenges, challenges at the border, challenges with regard to customs, challenges with regard to the implementation of NAFTA, challenges with regard to working together on the Free Trade Area of the Americas, trying to make sure the World Trade Organization is off to a good and strong start.

We have a number of things we must face together as partners and as friends sharing thousands of miles of border, but I think with the good will that's been engendered between, frankly, President Salinas and President Clinton, now between President Zedillo (ph) and President Clinton, I think we can meet that challenge.

Q That was my next question: What do you expect from Dr. Zedillo's (ph) administration?

AMB. KANTOR: Well, I expect the continuation of the very impressive and successful policies of President Salinas. I think President Zedillo (ph), of course, will have his own style and his own policies, but I think there is a commonality of approach between the two.

I have been enormously impressed with President Zedillo (ph), both when he was in President Salinas's cabinet and now, of course, his role as leader of 92 million people in Mexico. We all look forward to working with him and

with his administration. He has picked some very fine people in his cabinet and I have worked closely, of course, with two of them: Jaime Serapuche (ph), who is now the new finance minister, and Herminio Blanco (ph), the new head of Sukovy (ph). Both, of course, are two of the most experienced and able trade not only negotiators but finance experts in the world.

MS. MCMILLON: Thank you, Mexico, and now we'll join our participants in Canada. Ottawa, your first question, please.

Q Mr. Kantor, Peter Martin (ph) of "The Financial Post." I wanted to ask you about possible trans-Atlantic connections with the new Americas agreement, but first, if I could, ask you about a couple of comparatively small bilateral issues with Canada.

I understand you talked to the Canadian trade minister, Mr. McLaren (ph), today and you spoke about sugar and soft wood. Can you give us a sense, first of all, if you're going ahead with the sugar tariff, as planned, and when do you hope to make an announcement on soft wood.

AMB. KANTOR: One on one, there are no small issues between Canada and the United States. They're important issues, but they're not small. We have the largest trade relationship in the world between any two countries. We enjoy, of course, enormously friendly and supportive relationship with our Canadian friends.

Yes, I did talk to Roy McLaren (ph) this morning. I asked him how the skiing was in Whistler (ph), and he was very helpful with that. We're going to go there for a vacation, in fact. My wife is from Seattle, and of course we spend a lot of time in British Columbia.

That being the case, we did talk a little soft wood lumber and sugar-containing products. We're in the middle of those discussions. We're trying to work together to make sure we can address both of those problems. The soft wood lumber problem, of course, has been plaguing both countries for quite a while. I think we're close to at least a step in the right direction, and we hope to finish that up in the next few days.

Q Does that include the refund of \$600 million or \$800 million?

AMB. KANTOR: That's part of the discussion.

Q I'm sorry. I missed that response, but --

AMB. KANTOR: You want me to respond again? If I can. That's part of the discussion, is what I said.

Q Now, as you may be aware, Jacques Chretien when he was in France suggested that perhaps the EU might want to join NAFTA, and, as well, the EU has indicated it might like to tie in with Mercosur (ph). Can you give me a sense of the dynamics of how this trans-Atlantic connection would work prior to a full American field being put together?

AMB. KANTOR: Well, first of all, we need to make sure that the North American Free Trade Agreement is working not only well, as it is, but smoothly, and we've ironed out any problems that we had with it in dispute

settlement or other issues, and I think we're addressing them quite effectively.

Second, of course, I think the next step is to look for accession here in our own hemisphere.

Third, of course, is to make sure we have a very firm and solid and productive approach to the Free Trade Agreement of the Americas, which we all pledged ourselves to pursue and to reach agreement no later than the year 2005 among all 34 democracies here in this hemisphere.

In the meantime, we all enjoy, of course, important and productive relations with Europe, and we'll continue to pursue those both bilaterally and, of course, working together through the WTO and through what we call the Quad. As we know, the European Union, Canada, the United States, and Japan work together in that relationship, as well.

We have a number of issues to address in that connection, but I don't think accession to the NAFTA or accession to Mercosur (ph) is something that we're looking at, at least in the immediate future.

Q Along that line, how do you see Mercosur (ph) fitting into NAFTA? Brazil has indicated it would like to see a South America Free Trade Agreement similar to the North American one, rather than going on a one-by-one basis. Do you see even Mercosur (ph) joining in as a group?

AMB. KANTOR: We'll begin to address that question in January. Our officials will begin meeting to implement what the leaders have agreed to, as you know, covering 18 specific areas over the next six months, and then the ministers will meet in June, 1995, to discuss the work of the officials. The officials go back to work after that ministerial meeting and then the ministers will meet again -- trade ministers -- again in March, 1998.

During that period of time, I expect we will address that question. We have six regional arrangements, as you know, here in this hemisphere. We have the Mercosur (ph), as you've already referred to, we have the Andean Pact, the Group of Three, Caracomb, Central American Common Market, and NAFTA, the NAFTA. So all of these have their own standards, their own methods of operating, and we need to look at those as well as the individual countries to try to come to some conclusion how we're going to put together this free and fair trade arrangement.

I will leave that to the negotiators and the negotiations. Since I will be one of them, I think it would be not quite delicate of me to begin to talk about what I think the arrangements should be. I want to listen to all my colleagues from the various countries, and I'm sure we can come to a common conclusion.

Q William Kiragato (ph) with "Maclean's" magazine. What do you see as the timetable for Chile accession, and when do you think that will be complete? And, secondly, do you see other countries after Chile as joining, or do you prefer to look at other routes, as my colleague just talked about?

AMB. KANTOR: First of all, I can't predict a timetable for Chile. That depends on, one, the Canada, Mexico, and the United States getting together

this month and talking about readiness criteria and timetables; second, we've agreed to meet with, at the ministerial level, no later than May 31, 1995, to discuss what our officials have done between January of '95 and May of '95.

Depending on how fast we can move and how much underbrush our officials can clear away, the ministers then will determine exactly what that timetable might be. I think we can move fairly rapidly with Chile. As I said before, they're ready. They have an enormously impressive economy, they have a democracy that's very strong, and, of course, firm and impressive leadership from President Frey (ph) and from Finance Minister Anenan (ph) and Foreign Minister Ensulza (ph), and so I think we're not going to have to wait long, but I think we're going to have to be careful as we go into the first accession. After all, this is going to set a precedent.

Now, in terms of what's going to happen after that, it would be hard to predict. Obviously, we would not want to discourage countries who might want to gain accession to the NAFTA as long as they can meet the standards. On the other hand, we'll be having parallel discussions in how to put together a free trade area of the Americas. That will be part of our overall discussion -- how we relate NAFTA accession to building this free trade and fair trade area, how they fit together, whether or not you'd work on a country-by-country basis, or with all these six regional alliances. Of course, there are a number of bilateral treaties in our hemisphere as well. That's why it's going to take a little bit of time to put this together, because it becomes quite complicated.

Q Ian Austin (ph) from "Southern News." In terms of the timing with Chile, is the new Congress going to be a problem? Will you need fast track from them, and, if so, how likely is it you'll receive it?

AMB. KANTOR: At some point, we're going to need negotiating authority or fast track from the Congress of the United States. One of the advantages that we have is that trade policy here in the United States has been bipartisan for a long time. We would not have had the NAFTA pass the House and the Senate in a very impressive fashion and, of course, the approval of the implementing legislation of the Uruguay round without bipartisan support. As you know, we had overwhelming votes for the Uruguay round -- 288 votes in the House to 146, and, of course, 76 to 24 in the United States Senate.

Therefore, I believe we can get a broad fast-track authority or get broad fast-track authority from the Congress. We're going to have to consult widely before we introduce a bill, a contingent bill that's bipartisan or nonpartisan in order to be successful in pursuing that situation.

Let me mention one other thing. On the day that the North American -- I mean, the Uruguay round was approved by the United States Senate by a 76 to 24 vote, for the first time certainly in years and maybe ever in American history -- we're not sure of that, but certainly in years -- a Gallup poll indicated by a percentage of 53 to 38 that the American people saw trade as more advantageous than disadvantageous. That has been rare among United States citizens, and I think it gives us even more momentum towards getting fast track in the next Congress.

Q One question. One. Okay. Mr. Kantor, one quick one. With all the emergence of all these bilateral or multilateral trading blocs -- APEC,

et cetera -- are we, in fact, seeing the development of the next agenda for the Uruguay -- or the post-Uruguay round of the WTO, notwithstanding China and Russia?

AMB. KANTOR: In fact, I think you are seeing the development of the so-called next agenda. I think what's happening, anyway -- what -- the successful implementation of the Uruguay round -- and, by the way, we now have a critical mass of countries that have approved the round. It will begin -- or the WTO will begin its implementation phase on January 1, 1995, which is good news for all of us -- I see today the European parliament just approved the round, and now the European Commission or Council will approve it, I predict, on either the 19th or the 20th of December. That's good news for all of us.

But I see, building on that, building on this foundation of new and important rules across multilateral trade, regional trading interests. They're not blocs. They're not preferential. They don't lock other interests or countries out. What they do, of course, is within these blocks break down barriers and make the rules fair. We implement things like investment protection and intellectual property protection on a much more rapid basis than you could when you have 123 nations or entities negotiating, as we did under the Uruguay round, hopefully in less time than the seven or eight years it took the Uruguay round to be completed.

That's why these regional arrangements like the Asian Pacific Economic Cooperation Forum, which in Bogor (ph) just a few weeks ago, determined that we should reach free trade in that region among developed countries by the year 2010 and among everyone by the year 2020, and now the very concrete approach taken by 34 democratic leaders in the western hemisphere at the Miami summit, the spirit of Miami is alive and well. We are building on the success of the Uruguay round, building on the success of the North American Free Trade Agreement, and what we're really doing is breaking down barriers to trade, and that's good news for all of us.

MS. MCMILLON: We now turn to our panelists standing by in Chile. Santiago, please continue.

Q Ambassador Kantor, this is -- (name inaudible) -- economic reporter for a television network in Chile. I don't know if you know that the union leaders were the strongest advocates of Chile's entrance into NAFTA. What kind of impact do you think Chile's accession will have on labor?

AMB. KANTOR: Hopefully what we're going to do is address a very important issue, and that is how do we address the issue of labor rights or internationally recognized labor standards -- and I'm talking about child labor, slave labor, freedom of association, right to collectively bargain, and working conditions -- in the context of a trade agreement.

Where trade and those rights intersect or are connected, we should make sure that we do -- that countries enforce their laws in order to make sure that we protect -- not only protect worker rights but also protect the rights of our trading partners, that one country doesn't use any one of those standards or abuse any one of these standards and take unfair advantage of the other country in an economic sense. We have done that in the NAFTA.

It's the first trade agreement I think worldwide that has labor standards protected by each of the three countries in the NAFTA, of course, agreeing to enforce their labor laws.

I think that Chile, with a very strong tradition of labor laws and high labor standards, will be a willing partner in adopting this agreement which is part of the NAFTA. The same with environmental standards. We're looking forward not only to negotiating those with our Chilean counterparts, but also, of course, the other 14 or 15 areas of the NAFTA, as well.

Q Ambassador Kantor -- (name inaudible) -- economic reporter for -- (affiliation inaudible) -- could you explain a little bit more about the fast track process and also give us your opinion whether it's feasible for this administration to make a request specifically for Chile for fast track?

AMB. KANTOR: The fast track process is nothing more than a way to ensure that once you've negotiated a trade agreement, in this case, with another country, that when you take it to the Congress, that it can't be amended. No country wants to first negotiate with an administration -- in this case, the Clinton administration -- and then have to renegotiate the agreement with the Congress of the United States. It is a way to shorten the process and make sure that what is agreed to in the trade measure or trade contract or trade treaty that we've reached between two countries won't be amended in the Congress of the United States.

Now, we can begin negotiations without fast track. It's not necessary to have it. But when we end negotiations, we have to have fast track in order to avoid the problem of having two different negotiations or back-to-back negotiations, first with me or the president of the United States and second, then, of course, with the Congress. I think that's in the interests of, in this case, Chile and their accession and your accession, your country's accession to the North American Free Trade Agreement, but it's also in the interests of the United States to have this kind of coherent policy to make sure we're consistent in the way we negotiate with other countries on such important matters.

Q There's an important sector of the Chilean economy that is interested to know whether the United States will require an end to subsidies to farmers, and, if that is so, what would the timetables be for that kind of elimination?

AMB. KANTOR: I've learned a couple of things on this job, and one thing is not to negotiate in public. Obviously, that will be one of the serious questions we'll take up when we begin our negotiations in January. We have certain subsidies, as do most countries, to American farmers. Some are internal supports, some are export subsidies.

We led the fight, along with the Klerans (ph) group in the world -- in the Uruguay round to get rid of as many of those subsidies as possible. As you know, we've cut export subsidies by 21 percent over six years in the round. We're cutting internal supports by 20 percent over six years. That's a start in the right direction. We also have current and minimum access. In the Uruguay round, we've also gone to tariffication to get rid of non-tariff barriers to trade. We've also begun to reform the sanitary and (vital ?) sanitary standards that have been used as trade barriers, not as legitimate

scientific standards or legitimate health standards.

So we have done a lot in the Uruguay round. We've done a lot in the North American Free Trade Agreement. We need to look at whether we need to do more, but I'll save my views and representing the United States for my counterparts, Minister Anenan (ph) and Herminio Blanco (ph), Minister Blanco (ph) in Mexico and for Minister MacLaren (ph) in Canada, and I hope you'll excuse my avoiding that question.

Q Ambassador Kantor, you've recently had words of praise for the economy and the democracy of Chile. Nevertheless, I don't think everything is a bowl of cherries, if you will.

What do you think would be the chief obstacles or what details might there be that would hinder or hamper the beginning of negotiations from a formal standpoint? Are there any sticking points?

AMB. KANTOR: Oh, I'm sure we'll face some challenges. That doesn't mean a negative in terms of what Chile has accomplished or how fast the Chilean economy is growing. I think there are always differences of opinion with regard to particular sectors, and some will want to phase in the reduction or elimination of tariffs in certain sectors faster, some will want to go slower. We'll have some interesting discussions in various areas. I wouldn't want to detail them now, although we've identified some internally here in the United States as we begin these discussions, simply because it then would begin the negotiation. I'm sure that Minister Anenan (ph) wouldn't be entirely happy with me if I began that over television talking to you journalists in Chile. I'll save that discussion for him in private.

Let me say this: There's enormous good will between the four leaders -- between Prime Minister Chrétien and President Frey (ph), President Zedillo (ph) and President Clinton. They trust each other. They know that they have an enormous amount to accomplish. They know it's in the best interests of their workers and of their people that we are successful in this accession discussion and negotiation.

I am one of the negotiators representing, in this case, the United States. I know my counterparts feel the same way. We have an enormous opportunity but a great responsibility, and we intend to not only accept that responsibility but carry it out in the best interests of our workers and our people.

Q Do you think it's possible, as some Chilean authorities have indicated, that after entering into NAFTA, salaries in Chile will reach levels similar to those in the United States and Canada?

AMB. KANTOR: Oh, I think it's more than possible. I think the invocation of a free and fair trade area in NAFTA with Chile as part of it will eventually lead to that. I think the harmonization up of standards -- the labor standards, environmental standards, income -- will happen because of the great growth this will usher in.

It will take some time, but I think Chile is well under way -- on the way to that, and I think this will just hasten the day when we will all have very high incomes and a very fine standard of living, and I'm looking forward

to that day.

MS. MCMILLON: We thank you, Santiago, and now we'll turn to Trinidad for questions and comments. Port of Spain, please go with your first question.

Q Hello. I am -- (name inaudible) -- president of the American Chamber of Commerce in Trinidad and Tobago, and I'd like to make a couple of points which would lead up to my actual question.

In the last few years, the Trinidad and Tobago government have virtually eliminated all trade and investment barriers and has actually signed a bilateral investment treaty and an intellectual property rights agreement in September. The CaraCom, as a trading bloc, will not be realistically ready to discuss free trade agreements as a bloc for a number of years, and yet Trinidad and Tobago have taken the painful and sometimes politically risky management in preparation for this and does not wish to wait until the group as a whole is ready.

The government sees the attainment of NAFTA accession as a very important Good Housekeeping seal of approval, as it were, and would very much like to be the Fifth amigo. How do you feel about Trinidad and Tobago's request to be the next NAFTA country after Chile?

AMB. KANTOR: Well, I'm going to be a bit of a diplomat. Now, I've never been accused of that, but I'm going to try at this point. Obviously, it's very impressive, what's happened in Trinidad and Tobago. We're working with all your partners in CaraCom.

As I stated before in answer to a previous question, we need to look at how we proceed with our NAFTA partners in identifying and then working with other countries who might want to gain accession. At the same time, we have parallel discussions going on with the other 33 democracies in the western hemisphere about what we're going to do about the -- creating a Free Trade Area of the Americas. These will be parallel discussions.

Whether or not we have a very quick accession discussion beginning after Chile, who it is, how we carry that out, how it relates to the Free Trade Area of the Americas is something we're going to have to look at as colleagues, as friends, as partners, as people who are working together in many different areas.

We'll do that, we'll do it seriously, and in a way that we hope really expands the economy of all of our countries.

MS. MCMILLON: We have time now for one last brief question and brief answer from Port of Spain. Please go ahead.

Q Leonard Robinson, freelance journalist. I know the small island states in the Caribbean are beneficiaries under preferential agreements such as Low May (ph) for their sugar and bananas and other single-crop economies. How do you see the future of those islands when we move towards the Free Trade Area of the Americas in the early 21st century?

AMB. KANTOR: Well, the Low May (ph) convention, as you know, is

something important, especially in terms of bananas, but sugar as well, and, as you know, the Low May (ph) waiver was just taken up in Geneva, and the United States did not oppose that, and I think it runs to 2002, if I'm not mistaken. That is, of course, three years short of the 2005 we set as a last date for reaching a hemispheric free and fair trade arrangement here in the western hemisphere.

I believe we can take into account the different levels of development of the various countries. I think you have to. We hope to use a building-block approach, of course, for everyone to reach the kinds of standards we'd all like to have in order to have a free and fair trade area. I think we can. It's going to take a lot of hard work and great commitment on the part of everyone.

MS. MCMILLON: Well, unfortunately, that will have to be the last word for today's discussion. We are out of time. I'd like to thank all of our participants in Mexico City, Ottawa, Santiago, Port of Spain for their contributions to our discussion today, and we thank our distinguished guest, Ambassador Mickey Kantor, U. S. trade representative, for taking the time out of his very busy schedule to join us today.

In Washington, I'm Doris McMillon for Worldnet's "Dialogue." Good day.

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MR. CHIARELLO: Ladies and gentlemen, good afternoon and welcome to the Foreign Press Center. My name is Vincent Chiarello. This is an on-the-record briefing.

Our guest really needs no introduction. Mickey Kantor joins us today for the first time since he was sworn in on January 22nd, 1993, as the U.S. trade representative, President Clinton's chief advisor on international trade policy. In that role, he has been instrumental successful concluding negotiations on NAFTA as well as the recently passed GATT agreement -- two major steps in reducing the barriers to free international trade.

Ambassador Kantor is here today to discuss increasing trade opportunities in the hemisphere on the eve of the summit of Latin American leaders in Miami which opens this week.

A native of Nashville, Ambassador Kantor has an undergraduate degree from Vanderbilt University and is also a graduate of the Georgetown University Law Center.

Ambassador Kantor will make an opening statement, and then we'll throw the floor open to questions. I ask that during the question-and-answer period you identify yourself and your organization, and please speak directly into the microphone.

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Ambassador Kantor.

AMB. KANTOR: Thanks, Vince, very much.

I have a very short opening statement. As you know, the third leg of this trilogy of the last 31 days is about to begin in Miami, and that is the Summit of the Americas.

This began with the APEC meeting. The Asia Pacific Economic Cooperation forum, in Jakarta, with the president along with the other leaders of APEC adopted the declaration of Bulgar calling for free trade in the Asia Pacific region by the years 2010 or 2020, depending on the status of the country, was underlined, as this whole 31 days has been, by the successful passage on a bipartisan passage of the Uruguay Round in an overwhelming fashion by both the House of Representatives with 288 votes to 146 votes and by the Senate of the United States by 76 to 24 votes and will be culminated by the Summit of the Americas, which is the major step -- which is a major step toward the economic integration of the Western hemisphere.

MORE

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It follows on the successful ratification of NAFTA last year by the Congress of the United States and hours and days of negotiation between 34 nations which will be involved in Miami, led by Ambassador Barshefsky, Mack McLarty and Bo Cutter of this administration.

I'd be happy to take your questions.

MR. CHIARELLO: Please, again, wait for the microphone, speak into it and identify yourself.

Q (Off mike) -- I'm from Channel 7 from Chile. Yesterday you said that there was going to be an interesting announcement regarding Chile at the summit. Is this the inclusion of Chile into NAFTA, and if you can elaborate a little bit more about dates for the beginning of negotiations and what is the meaning for the rest of the continent of this announcement?

AMB. KANTOR: Well, you're assuming facts that I haven't put in evidence yet. We will have a very interesting announcement on Sunday. The president of the United States, the president of Chile, the prime minister of Canada, the president of Mexico, will join together and make an important announcement in Miami.

Q And do you know what it would be more about, what is this announcement going to be; I mean, is Chile getting into NAFTA or it is bilateral or --

AMB. KANTOR: Let me answer the question this way. In December 1992, then the president-elect of the United States Bill Clinton made it clear that, in his view, that Chile should be the first country to gain accession to the NAFTA after the NAFTA side agreements were negotiated and then the NAFTA agreement ratified by the Congress of the United States. He sent me to the inauguration of President Frei to reiterate that commitment on his part. I think our joint venture partners in the NAFTA have made similar statements. We look forward to the announcement on Sunday.

Q If this happens, what do you think is going to be the meaning for the rest of the countries of Latin America which are going to be in Miami?

AMB. KANTOR: Well, let me say, the Summit of the Americas itself, and any announcements made this weekend, are a major step forward to making concrete the promise of partnership in the Western hemisphere. Economic integration is in all of our interests. It raises standards of living, it will increase wages, it will grow jobs in all our countries. Latin America today is the second fastest growing region of the world. Of course, the United States represents the largest economy in the world. NAFTA is the largest free trade

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region in the world. And this hemisphere, with Mercosur, the Andean
Pact, Central American Common Market, Caricom and the NAFTA, has five
regional arrangements which are all working very well.

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We believe the Summit of the Americas is the next step towards
integration economically.

Thank you.

Q Ambassador Kantor, Laura Eggertson from Canadian Press.
One of the issues that some people had some reluctance about during
the GATT negotiations were in the dispute settlement area, and just on
that subject between Canada and the United States, Canadian
businesses, lumber businesses are still waiting for the repayment of
millions of dollars in duties that are owed them under the dispute
settlement of the panel. Do you know when that will happen, now that
GATT has been successfully passed? Are Canadians going to get repaid?

AMB. KANTOR: I've had productive discussions with Roy McLaren,
Minister McLaren on that subject. We've been meeting with our
industry. I've also, of course, been in close contact with Secretary
Brown, who has the immediate jurisdiction, as you know, over these
funds, and I think we'll be able to resolve this problem in the
relatively near future.

Q But we've been doing that for months. Do you have any kind
of a date for when this might be settled?

AMB. KANTOR: I think it's clear that we're in a position today
and working with the industry to resolve this quite quickly.

Q Quite quickly -- (inaudible)?

AMB. KANTOR: Quite quickly is about as precise as I'm going to
be today. (Laughter.)

Q Ambassador, this is Linda Lin from Taiwan TV. Since it's
close to the end of the year, with the ITR issue and other issues, I
was wondering, can you give us a status of the negotiations between
the United States and China and Taiwan on joining GATT? What is the
status now?

AMB. KANTOR: We have been intimately involved in negotiations
with both Chinese Taipei and China over the last 14 months. We have
made great progress with Chinese Taipei. We're attempting to make
progress with China. Let me just indicate the Chinese are attempting
to portray the U.S. as the only obstacle to completing their accession
to the WTO. This simply is not the case. Other countries are
counting on the United States, given our central role in negotiating
with the Chinese, to make sure that China's accession is done on a
commercially reasonable basis. We believe that China should be a
member of the WTO, but membership has responsibilities, and China has
yet to show that it is prepared to take the most basic WTO obligations

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that all countries from Bangladesh to Belgium have undertaken. And so
we'll continue to work with China. We have a team in Geneva today
working with the Chinese delegation, but the going is very slow right
now.

Q May I have a follow-up? On Taiwan joining, will that be
affected by the delay of the Chinese joining GATT?

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AMB. KANTOR: Let me answer the question this way. We've made
great progress with Chinese Taipei.

Q Paul Godfrey, Eastern Express Newspaper, Hong Kong. This
is a question about China and GATT as well. Is it now a definite that
China won't be able to be a founding member of WTO in January?

AMB. KANTOR: No that's not definite. Now, you've got two
questions there. One, can they be a founding member, and two, will it
happen in January? Let me say that the date is not as important to
China, as I understand it, as the status. The status can be dealt
with as long as China adheres to the basic principles and obligations
and responsibilities of a WTO member; provides market access, number
two; and deals with other responsibilities which are allied with that.
However, whether or not we can meet a specific date is a matter of
conjecture. We hope to make progress this week in Geneva.

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We meet again with the Chinese in the middle of December, and we'll have more specifics at that point.

Q Do you really think you can make it with just three weeks to go?

AMB. KANTOR: It's not up to us, it's up to the Chinese.

Q Sankaran, Economic Times, India. Mr. Ambassador, you talked of a (trilogy ?) and I think the U.S. is moving on four tracks: multilateral, regional trade, I think on bilateral and also unilateral. How -- would you still resort to special 301 -- Super 301 and GSP as an instrument to open foreign markets, A? And B, what happens to countries like India that are left out of any of the regional arrangements? U.S. attitude towards that?

AMB. KANTOR: First of all, we have been encouraged by the policies of Prime Minister Rao over the last number of months. We are hoping along with the prime minister that India ratifies the Uruguay Round. But we have been pleased to work with Indian officials and ministers in making great progress, both in our bilateral relations as well as working with our counterparts in terms of ratification of the Uruguay Round.

Second, in terms of U.S. activities, we have preserved our trade was under the Uruguay Round, as you know -- as have other nations. The president made it quite clear on February 26th, 1992, that the U.S. would work multilaterally where possible, regionally where appropriate and bilaterally where necessary. We'll continue that policy. We think it's been effective. We believe the president has provided tremendous leadership for the world in opening up markets and expanding trade, and we'll continue to operate in that spirit.

Q Marco Liu with the United Daily News Taiwan and Hong Kong. Two more questions regarding China. Mr. Ambassador, your remarks regarding China's status and the timing to becoming the member of the WTO seems confirming the (wider ?) report that the U.S. is supporting the notion that China would be granted founding member status, even it will not be able to finish its GATT accession process before the establishment of the World Trade Organization. And if that's true, then what's that mean? I mean, well, what is the U.S. position now?

MORE.

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AMB. KANTOR: Yeah, labels are not important. What is important is China's adhering to the basic responsibilities that every other nation has adhered to, number one, under the Uruguay Round and the World Trade Organization, that China also provide the kind of effective market access that you would expect out of an economy the size of China, and then in every way China adhere to its responsibilities. How we deal with the various political concerns is of less moment. We want to see a commercially reasonable accession on the part of China. Nothing less is acceptable. The Chinese understand this. They have made some concessions, but not enough. We have not been able to go far enough yet.

We support China's accession to the WTO. It's China who wants to be a founding member. We believe that that is not as important as China adhering to the responsibilities and all the dictates of the WTO and Uruguay Round.

Q Excuse me, sir. Are you saying that the U.S. does not support to grant China the founding member status or not? I mean, can you clarify that?

AMB. KANTOR: We'll leave that to the negotiations. That's up to China. China has it in its power in areas such as transparency, foreign exchange, national treatment, other areas -- services, market access -- to adhere to the basic responsibilities of a great economic power. If, in fact, there are able to satisfy not just U.S. concerns, but concerns of many, many nations who are going to be part of the WTO, then we'll be able to discuss just how accession occurs.

Q Ambassador Kantor, I'm Yuta Hennig (ph) from Inside U.S. Trade. I have two quick follow-ups on China, but not on the GATT accession, on these meetings that you made reference to in the middle of December. You're saying we haven't reached our goal with the -- in the multilateral context, it doesn't look like we're doing terribly well in the bilateral IPR context. If we don't see a solution in the middle of December, what else can the U.S. do to convey the seriousness of the situation? Are you contemplating a publication of a retaliation list at that time or only after the deadline?

And then a quick follow-up on the Canadian lumber question. In addition to the duties, people keep talking -- and you -- people in USTR have spoken about the need to address the underlying issues in this lumber dispute. What do you consider are the underlying issues that need to be addressed in a lumber dialogue with Canada?

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AMB. KANTOR: Well, to take your second question first, the underlying issues involve, generally speaking, subsidization and other kinds of practices which would put the Canadian industry in a preferred position versus its U.S. counterparts or competitors. And we hope we could address those as part of an overall solution to the question that was raised over here on my right.

With regard to China in our bilateral discussions, they're obviously intertwined with our multilateral discussion, which you correctly point out, and we have made that very clear, of course, over the last number of months. We have a number of options available to us. We have not made a final decision. But let me say, we will not stand idly by and have -- and not react to China's failure to adhere to its responsibilities.

Q (Name inaudible) -- Financial Review. I was just wondering, Mr. Kantor, if you could comment on reports that the Americas summit will agree on a target date, the year 2005. And whichever way you answer that, I wonder if you could give us an idea of how you see the Americas trade grouping and the APEC trade grouping relating to each other in the years to come, aiding APEC countries supposedly reaching free trade 2020, 34 Latin American countries by some date. Four belong to both. How are these two going to relate to relate to each other?

AMB. KANTOR: Both good questions. First of all, in terms of dates, we want to make the declaration in Miami as specific and concrete as possible. It is in all of our interests that we do so, and I think that -- well, I know there's general agreement on that. We have discussed dates. We have reached -- we're reaching a consensus, and I expect we will reach a consensus, because we've made great progress in that regard, by the Sunday when we announce or when the leaders issue their declaration. We believe it's important that in terms of officials meetings, ministers meetings, follow-up, a so-called Miami process, goals or dates, that we be as specific and concrete as possible because of the tremendous potential that this region has to grow jobs for all of the citizens of all of the countries of the region, as well as the region's standard of living.

Now, as we proceed forward with the economic integration of the Western hemisphere, which is in all of our interests, we are proceeding forward to try to open up markets in Asia. What is common in both of these movements is that we are trying to reach reciprocal trade agreements, comparable trade agreements, market openings that will be both available to all countries and effective in terms of moving goods and services across borders, which enhance all of our economies.

Neither of these regions is perceived to be or designed to be

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preferential. We are going to adhere to our obligations under the
Uruguay Round and WTO to make sure that they're not. And so as you
build both regions or you open trade and expand trade in both regions,
obviously if they're not preferential trade zones, there will be more
and more trade between the regions. We believe that's in the
interests of all the countries involved. Obviously, there are common
members in both. Chile, Mexico, the United States, Canada, would be
common members or common participants in both.

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MR. CHIARELLO: Lita?

Q Pilita Clark from the Sydney Morning Herald. Although you're saying that these agreements are not going to be preferential in any way, it would be highly unusual if there were not some trade diversion should an Americas free trade agreement be completed and implemented. Do you have any idea of the extent of that trade diversion as it would affect countries in East Asia and the European Union?

And secondly, given the changes that have been occurring in the upper echelons of the administration, are you expecting to stay in your current position until the next election?

AMB. KANTOR: Which election? For mayor of Chicago or the president of the United States? (Laughter.) Which election are we talking about?

First of all, I plan to be here, and I've been a friend of this president for 17 years, and I will be with him as long as he wants me. And so I have no plans to be anywhere but right where I am. That's number one.

Number two, in terms of diversion, I see this as building trade, not inhibiting it. Frankly, the more we open our markets to each other, the more we're opening our markets to others, including the European Union and the East Asian nations and others. I see this as trade enhancing. We have never -- the NAFTA's not -- as you know, is not a preferential trade arrangement, nor is -- nor are the other trade arrangements in the Americas. So, therefore, I would expect -- and that's what we plan -- that this would not be either.

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Q I'm -- (name inaudible) -- with Chinese Television Network
in Hong Kong. I would like to come back to China. About two weeks
ago, Chinese Foreign Trade Minister Wu Yi said in Hong Kong that China
had already made enough concessions and China is not going to make any
more concessions in its negotiations with the United States. In view
of this statement, what are the two sides talking about in Geneva? I
mean, if China is not going to make any more concessions, what can the
U.S. do to resolve this problem?

AMB. KANTOR: Well, Minister Wu Yi is a very impressive and able
minister. She's very well aware of the areas which we are discussing.
Some of those are very familiar to all of you -- transparency,
national treatment, market access, services -- all of these areas need
to be enhanced in terms of China's offer. Let me say again that we're
not the only nation concerned about this. There are a large number of
countries who are concerned. China may be the third-largest economy
in the world today. It should not escape our attention nearly 40
percent of China's exports come to the United States, so we're their
largest foreign market. We need to work together to make sure that we
enhance trade rather than the opposite.

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China's accession to the WTO or Uruguay Round or GATT-slash-WTO, however we want to frame that at this point, must be done on a commercially reasonable basis. It is not in anyone's interest, including China's, that it be done on any other basis, because if we make exceptions for China, then why aren't we making exceptions for others in the world? This is a single undertaking. Everyone has agreed to play by the same rules, and that is what's so critical about the Uruguay Round. We expect China would do the same.

Q A follow-up on that? Mr. Ambassador, you have said that the deadline's probably not as important as the Chinese may say, but Minister Wu Yi said some time ago that for China, GATT is either now or never. Could you comment on that?

AMB. KANTOR: Minister Wu Yi is a very fine negotiator. (Laughter.) I would not expect her to say anything else. (Laughter.)

Q Chris Anstee (sp), TV Asahi. Mr. Ambassador, will it be possible for the Clinton administration to sign trade agreements -- for example, with Chile -- and get them through Congress without fast track negotiating authority? And is the administration willing to compromise on the inclusion of environmental and labor issues in order to obtain fast track negotiating authority from the Congress?

AMB. KANTOR: Now, I need Minister Wu Yi on question number two, right, as a negotiator. I should say it's now or never. No, I'm just kidding. That's a joke. (Laughter.) Just a joke. First of all, on negotiating authority, we'll early next year submit a bill to Congress on so-called fast track authority. It will have other provisions as well, one of which we expect would be the so-called Dole Commission, which we agreed with Senator Dole to create to review adverse decisions of the WTO in which a panel may have exceeded its authority or acted in an arbitrary or capricious manner or in some other way had acted in a way that would constitute misconduct. We've been over that before and we will -- that would be part of it. And we probably will consider having in that bill, of course, also GSP renewal -- our General System of Preference -- it was asked earlier by this gentleman over here -- as well as we will consider whether or not an interim -- or a trade policy for the Caribbean might also be involved. That's all being discussed right now.

In terms of compromise, in terms of -- we'll work on a bipartisan basis as we always have.

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data

We'll work first with the Ways and Means Committee and Finance Committee in the Senate, Ways and Means of the House and I am confident we can reach a bipartisan solution to any and all problems, some of which you raised. I'm confident of that. What was your first question, I'm sorry?

Q Whether the administration be able to sign trade agreements -- (off mike.)

AMB. KANTOR: Well, legally of course you can. Practically speaking the fast track authority is very helpful in order to avoid a second negotiation with the Congress of the United States. I think there is general agreement among Republicans and Democrats the administration should have fast track authority. The question will come as to how we work out the details of that authority.

Q Ken Kargo (sp) from Jiji Press Japan. I would like to ask about Japan. And in Djakarta, when the APEC meeting, you and Minister Hashimoto basically agreed to continue to talk on other issues, but so far there is no specific date for negotiations. And when do you expect the talks will be resumed? And second question is, there is a report from Tokyo that Japanese government are considering there to establish a dispute settlement mechanism with the United States. What is your assessment of this new idea of Japan?

AMB. KANTOR: First of all we have already had discussions about wood, paper, and computers under the framework, as you know. What you're specifically referring to is our discussion over autos, auto parts and the secondary market in auto parts. Undersecretary Garten will be contacting his counterparts at MITI and will try to set a date as soon as possible.

As far as dispute settlement, we're always willing to listen to any ideas that our Japanese colleagues have with regard to trade. I would note, though, that we already have a very good dispute settlement mechanism in the Uruguay round or under the WTO. I'm not sure it's necessary to create a new one, although we're willing to listen, as we always are. I have both enjoyed and I think -- we've had a good and profitable relationship between Minister Kono, Minister Hashimoto and myself and Secretary Brown and others in the administration, and I expect that will continue.

Art Chimes (sp) from Voice of America. Ambassador, what are the prospects -- how do you assess the prospects of including labor rights provisions in any further extension of free trade in the hemisphere?

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AMB. KANTOR: I think you can expect that there will be language in the document that will be issued on Sunday regarding both environmental and labor concerns. We're committed to protecting the environment and improving labor standards, and we'll continue to work other leaders in the hemisphere to achieve that.

Q Is that going to be limited to the announcement on Sunday, or is that going to be a feature of further expansion of free trade in the hemisphere?

AMB. KANTOR: Since the document on Sunday is the jumping-off point for economic integration, you can expect that to be a discussion in the future.

Q A discussion but not a commitment?

AMB. KANTOR: Well, we're committed. I don't -- I think it would be untoward for me to, one, get out ahead of the president of the United States and 33 other leaders in the hemisphere. And number two, I don't think I can speak for the other nations, I think they should speak for themselves in that regard.

Thank you.

Q Ambassador, sorry, but to go back to lumber, your second answer to the question raised some more issues for me. Are you saying that the --

AMB. KANTOR: I was afraid of that. I was trying to avoid it.

Q Yeah. (Laughter.) Are you saying that --

AMB. KANTOR: Can I take back the second answer?

Q No. (Laughs.) Are you saying that the duties will not be refunded until this underlying subsidy question is resolved? And secondly, I thought that's what the panel process was about, that the panels had ruled on both the subsidy and injury questions.

AMB. KANTOR: Let me just say, this is a discussion currently under -- a question currently under discussion. It would probably not be helpful if I went any further.

Q But what exactly is under discussion?

AMB. KANTOR: Well, what we're negotiating, both with our industry and with our Canadian counterparts, that's what's under discussion.

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Q I'm sorry, I'm just not clear on this. Does that mean --

AMB. KANTOR: I know you're not and I'm not trying to be clear. (Laughter.) I'm not trying to clarify it for you. If you think I was trying to answer your question, then I misled you. I'm not -- (laughter) -- I'm trying to avoid your question.

Q I got that part, but I'm trying to make you answer my question. So --

AMB. KANTOR: But I'm not going to, so -- we're all -- we're even now.

Q Well, it doesn't seem exactly fair, though, for businessmen who have been -- you know, those companies have been waiting a long time -- to get no answer to this question. It has been decided by an international panel of what the ruling is, so how could the subsidy issue still be in question?

AMB. KANTOR: If you look at our Uruguay Round legislation, you'll see some interesting provisions concerning that question. I think it might alter or change the situation to some degree. However, we are cooperating with our Canadian counterparts. We want to resolve this issue as soon possible. Minister MacLaren has done a very good job in working with us on this issue, and I've worked with Secretary Brown, and we expect to resolve this very quickly.

Q Nancy Keats (sp) from -- (inaudible).

AMB. KANTOR: Now I've completely confused you, I'm sure.

Q Undersecretary of Commerce Jeffrey Garten said last week that U.S.-Japan trade talks are suffering from fatigue. Do you agree with this, and is the delay of the auto talks an indication that --

AMB. KANTOR: I am full of pep and vinegar.

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data

I run four miles every morning. I'm prepared to go all night every night to resolve those questions. We're not suffering from any fatigue.

Q Why, then, the delay in the auto talks?

AMB. KANTOR: Well, sometimes in order to make sure that you establish a correct agenda and you have a basis upon which you can move forward in an effective manner, it's better to take your time than to jump right back into discussions, and I think that's what may be the situation at this point. Undersecretary Garten I'm sure is working with his MITI counterparts, and they're all committed to moving forward on this issue.

MR. CHIARELLO: This will be the last question.

Q Jim Berger with Washington Trade Daily, Mr. Ambassador. Do you have any comments regarding the Canadian prime minister's suggestion that possibly NAFTA could be extended to the European Union? And also, it looks like the agenda for the next 15, 20 years are going to focus on trade and economic integration in Asia and Latin America. Does that rule out any time for an (intention ?) to another multilateral trade negotiation?

AMB. KANTOR: I think the first thing we have to do with regard to multilateral trade negotiations is to make sure the WTO is implemented correctly. We have a number of issues to address, including when countries withdraw from GATT, (47 ?), for instance; how we're going to form the rules on dispute settlement with regard to how open or closed the process might be; what are we going to do about a working party on worker rights; how is the committee on trade and environment going to operate; what other issues should we be bringing into the discussion of the World Trade Organization as it's organized; who is going to be the first director general? We have a number of things to resolve before we start talking about is there going to be a new round. Let's absorb what we've done. Let's make it work as we believe it will. Let's make sure it is as effective as we believe it's going to be before we move forward. That would be my first comment.

As far as European Union is concerned, as far as the extension of NAFTA or any economic integration of this hemisphere or free and fair trade agreements, I think let's take a -- in other words, let's take a few steps forward before we begin to run. I think that Europe has just gone through enlargement, the European Union. We have just had a very important political declaration at Bulgaria which will lead to a blueprint at Osaka, and we're moving forward with APEC. We've had success with the framework agreement with Japan. We've had very good success over the last number of months, to which I give Leon great

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credit, with the European Union on a bilateral basis. NAFTA has been
ratified. The GATT has been ratified. We're now about to go to a
summit of Americas. I think we ought to absorb what we've done,
consolidate, move forward at a considered pace before we try to leap
into a whole new area of discussion. I don't think that would be
helpful at this point.

MR. CHIARELLO: Well, thank you very, very much, Ambassador
Kantor. This is the first time; I hope it's not the last that you come
to the Foreign Press Center.

AMB. KANTOR: Thank you, Vince. I appreciate that.

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