

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

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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
Tuesday, January 19, 1993

93-2
CONTACT: Kathy Lydon
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UNITED STATES AND KYRGYZSTAN SIGN BILATERAL INVESTMENT TREATY

United States Trade Representative (USTR) Carla A. Hills and Roza Otunbayeva, Ambassador to the United States from the Republic of Kyrgyzstan today signed a Bilateral Investment Treaty (BIT) which will provide a strong basis for future business and economic relations between the two countries.

"This treaty is a tribute to the people of the Republic of Kyrgyzstan who have worked to create an environment of open markets and investment opportunities in their country. It also signifies the beginning of a new era of economic relations for both countries," Ambassador Hills said.

The BIT guarantees Kyrgyzstan the rights to invest on terms no less favorable than those accorded domestic or third-country investors. It also guarantees the following: transfer of capital free from performance requirements of any kind; access to international arbitration; and internationally recognized standards of expropriation and compensation.

On May 8, 1992 the United States signed a Bilateral Trade Agreement with Kyrgyzstan, which coupled with today's BIT signing will encourage U.S. business investment in Kyrgyzstan and facilitate our private sector's involvement in Kyrgyzstan's market reform.

Today's signing with the Republic of Kyrgyzstan marks the third BIT the United States has entered into with states newly-independent from the former Soviet Union. A BIT with Russia was approved by the Senate on August 11, 1992 and is awaiting ratification by the Russian Parliament. A BIT with Armenia will be submitted to the U.S. Senate following final language conformity.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 15, 1993

TEXT OF A LETTER FROM THE PRESIDENT TO THE
UNITED STATES TRADE REPRESENTATIVE

January 15, 1993

Dear Ambassador Hills:

Pursuant to section 201 of the Trade Act of 1974 (Public Law 93-618, 19 U.S.C. 2252), I have reviewed the Report of the United States International Trade Commission (USITC) dated December 21, 1992, concerning the results of its investigation of a petition for import relief filed by domestic producers of extruded rubber thread.

I have accepted the findings of Vice Chairman Watson and Commissioners Brunsdale and Crawford that extruded rubber thread was not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the industry in the United States producing an article like or directly competitive with the imported articles.

This decision is to be published in the Federal Register.

Sincerely,

GEORGE BUSH

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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
FRIDAY, JANUARY 15, 1993

93-1
CONTACT: KATHY LYDON
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HILLS WELCOMES INITIALLING OF AIT-CCNA
TRADE AND INVESTMENT FRAMEWORK AGREEMENT

United States Trade Representative Carla Hills today welcomed the initialling of a Trade and Investment Framework Agreement (TIFA) between the American Institute in Taiwan (AIT) and the Coordination Council for North American Affairs (CCNA). AIT and CCNA negotiators today completed the agreement following three days of consultations in Washington, D.C.

The agreement will create an AIT-CCNA Trade and Investment Council which will hold consultations and negotiate agreements, monitor trade and investment relations, and identify opportunities for expanding trade and investment through liberalization and other appropriate means. One of the items on the Council's "Immediate Action Agenda" is the protection of intellectual property rights.

"This agreement will build upon the already strong trade relationships we have forged," said Hills. "Our goal is to benefit both economies by expanding and improving upon the trade ties that bind us."

The TIFA is expected to be signed in the near future, pending final approval by both sides. Consultations leading to the agreement began during the visit of Hills to Taiwan in December, 1992. Her trip marked the first U.S. Cabinet-level visit to Taiwan since 1979.

Office of the President-Elect
and Vice President-Elect

15 January 1993

Via Telecopier

Ms. Laura Sherman
General Counsel's Office
Office of the U.S. Trade Representative
600 Seventeenth Street, N.W.
Washington, D. C. 20506

Dear Ms. Sherman:

In connection with my nomination as the U.S. Trade Representative, I have pledged during the Transition of the President-elect to abide by the Transition Code of Ethical Conduct and Transition Code of Conduct. As U.S. Trade Representative, I shall take the following action to avoid conflicts of interest or the appearance of conflict:

a. Within five years after the termination of my tenure as the U.S.T.R., I will not lobby any officer or employee of that agency.

b. In the event that I serve as a senior appointee within the Executive Office of the President, within five years after I cease to be a senior appointee, I will not lobby any officer or employee of any other federal department or agency with respect to any matter or transaction for which I had substantial personal responsibility.

c. At any time after the termination of my employment with the United States government, I will not engage in any activity on behalf of any foreign government or foreign political party which, if undertaken today, would require me to register under the Foreign Agents Registration Act of 1938, as amended.

d. Within five years after termination of my substantial and personal participation in a trade negotiation, I will not represent, aid or advise any foreign government, foreign political party or foreign business entity with the intent to influence the official action of any federal department or agency.

Furthermore, in order to eliminate even a remote appearance of a possible conflict of interest, I have undertaken the following:

1. I have withdrawn as a partner from the law firm of Manatt, Phelps, Phillips & Kantor as of December 31, 1992. My name has been removed from the name of the firm. I have also resigned from all non-profit Boards on which I am a member.

2. As of December 31, 1992, all of my interest in my former law firm's 401(k) plan has been frozen and will be transferred into my existing retirement account and will be invested only in government securities.

3. During my tenure as U.S.T.R., I shall have no professional contacts with members or employees of my former law firm.

4. For a period of one year, I shall recuse myself from any transaction or matter which would have a unique and special effect on an entity that has been a client of Manatt, Phelps, Phillips & Kantor during the past two years. I shall not recuse myself on trade and policy matters which affect the industry or industries of which that entity is a part.

5. I shall permanently recuse myself from any particular transaction or matter involving an entity which Manatt, Phelps, Phillips & Kantor has represented concerning that matter or transaction during my association with the firm. However, unless there is some unique and special effect on the client involved, I shall not recuse myself on trade and policy matters which affect the industry or industries of which said entity is a part.

6. I have voluntarily rescinded all of my past, present, and future rights under a contract with the Kieffer Corporation.

7. I shall permanently recuse myself in any particular matter which I served as counsel while in private practice, although I do not anticipate that any such matter would arise before the U.S.T.R.

Sincerely,


Michael Kantor

Two Years in Trade: Major Achievements of the Clinton Administration

"Open and competitive commerce will enrich us as a nation."

President Clinton
American University
February 26, 1993

Trade has been a centerpiece of President Clinton's plan to enhance the competitiveness of the United States and create a high-skill, high-wage economy. Throughout the first two years, the Clinton Administration concluded historic agreements to expand trade, negotiated dozens of bilateral treaties on topics ranging from textiles to intellectual property rights, and vigorously utilized U.S. trade law to defend U.S. workers against unfair foreign trade practices.

Below are highlights of the years 1993 and 1994.

1993

- February 4 Under Title VII of the Omnibus Trade and Competitiveness Act, USTR announced intention to impose sanctions responding to discriminatory EU procurement practices.
- February 26 President Clinton, speaking to students at American University, laid out vision for U.S. global economic leadership including reducing the deficit, expanding trade, enhancing global economic coordination, promoting developing country growth, and supporting the democratic process in Russia and other emerging democracies.
- March 19 USTR announced achievement of over 20 percent foreign share in Japan's semiconductor market.
- March 31 USTR announced agreement with Korea to fully enforce its commitment to open its telecommunications sector, a market worth \$384 million.
- April 21 USTR reached agreement with the EU, achieving the long-sought objective of gaining access to the roughly \$20 billion EU market for government procured heavy electrical equipment.

- December 1 Historic GATT vote completed in House and Senate.
- December 8 President signed GATT legislation.
- December 8 Summit of the Americas in Miami. Commitment made on trade that will link the United States with the economies of the entire Western Hemisphere by the year 2005. U.S. Exports to the region projected to reach \$88 billion for 1994.
- December 9 United States, Canada and Mexico announced that NAFTA will be expanded to include Chile.
- December 12 Agreement finalized with Japan on Flat Glass.
- December 15 Foreign share of Japanese semiconductor market rose to 23.2%.
- December 15 U.S. and Canada announced Consultative Process on Softwood Lumber.
- December 16 United States and Uzbekistan signed Bilateral Investment Treaty.
- December 21 Shipbuilding Agreement reached with key shipbuilding nations after five years of negotiations. The agreement, which will cover 80% of world shipbuilding, eliminates government subsidies and other trade distortive practices in the sector.
- December 22 USTR Kantor announced review of U.S. options following discriminatory effect of Canadian government decisions on broadcasting, magazine publishing and copyright reform.
- December 31 USTR Kantor announced retaliatory trade action against China if intellectual property concerns are not addressed; final determination February 4.
- January 1, 1995 Textile agreement concluded with India.
- January 3, 1995 Kantor commemorated full implementation of U.S.-Israel Free Trade Area Agreement.
- January 4, 1995 USTR reached Interim Agreement on EU Enlargement, addressing the trade effect of the addition to the EU of three new member states.
- January 9, 1995 USTR Kantor made preliminary decision that EU Banana Regime harms U.S. interests; initiated Section 301 Investigation of Colombian and Costa Rican banana export practices.

- April 21 EU agreed to put market access first in Uruguay Round priorities - in contrast to prior rounds where market access commitment traditionally came last.
- April 30 USTR announced actions under Special 301, including: identifying three countries as "priority" countries and placing ten others on "priority foreign watch" lists. The action led to agreements or understandings with Taiwan, Thailand, the Philippines, Ecuador, and Hungary.
- May 10 USTR announced action against EU discrimination in the procurement of telecommunications equipment, a \$5 billion market.
- May 28 President Clinton signed a one-year extension of normal tariff treatment to China (most favored nation or MFN status).
- June 22, 30 At the strong urging of the President, by a vote of 295-126, the House of Representatives passed a "clean" Uruguay Round fast track extension bill, granting President Clinton the authority to negotiate the GATT until December 15.
- July 10 At G-7 Summit in Tokyo, the U.S., EU, Japan, and Canada broke years of stalemate and made specific market access commitments under the GATT.
- July 12 U.S. and Japan reached historic framework agreement and agreed to negotiate specific reductions in trade barriers.
- July 15 USTR announced agreement with Korea to further open its beef market, where U.S. sales totalled \$220 million in 1992.
- July 15 USTR completed broad review of trade practices and barriers affecting U.S. interests.
- August 5 Supporting President Clinton's goal of encouraging market-based economic growth in developing countries and Central and Eastern Europe, Congress extended duty-free treatment for selected imports under the Generalized System of Preferences (GSP).
- August 5 US reached agreement opening Canadian beer market.
- August 13 The U.S., Mexico and Canada concluded Supplemental Agreements to the NAFTA, fulfilling President Clinton's pledge to address environmental and labor concerns. For the first time ever, a trade

- agreement is accompanied by agreements to improve cooperation and strengthen enforcement in the areas of labor and the environment.
- September 14 President Clinton, joined by former Presidents Ford, Bush, and Nixon, signed the NAFTA supplemental agreements.
- September 2 Vice President Gore signed U.S.-Russia Commercial Space Launch Agreement, providing for Russian transitional access to the commercial space launch market on terms consistent with fair competition among market economies.
- September 24 After years of effort, U.S. negotiators agreed on procedures to open the lucrative Japanese market for U.S. apples.
- September 29 President and Commerce Secretary Ron Brown announced a national export strategy designed to increase exports, including more than 60 specific actions. President announced relaxation of export controls on an estimated \$37 billion worth of American goods.
- October 27 Japan committed to undertaking an action plan to reform its long-standing discriminatory practices in the construction sector, a \$200 billion market. Japan's action followed June 30 identification under Title VII of the Omnibus Trade Act of 1988.
- November 17, 20 Congress passed NAFTA implementing legislation.
- November 18-21 President Clinton hosted historic first meeting of leaders of Asia Pacific Economic Cooperation (APEC) forum in Seattle, pledged to develop closer relations and expanded trade with the fastest growing region of the world. President called on GATT negotiators, and especially the Europeans, to bring the seven-year Uruguay Round negotiations to a speedy close.
- November 20 USTR and Secretary of Commerce announced establishment of the U.S.-ASEAN Alliance for Mutual Growth aimed at expanding U.S. ASEAN trade and commercial ties.
- December 8 President signed NAFTA implementing legislation in Washington, creating the largest free trade area in history -- 370 million consumers with more than \$6 trillion worth of production.
- December 14 U.S. and the EU reached agreement under the GATT, ending seven years of gridlock. This agreement cut U.S. EU tariffs by half, compared to the original goal of one-third, reduced agricultural subsidies, and enhanced protection of intellectual property.

December 15

In Geneva, 116 countries completed the Uruguay Round, the largest trade agreement in history covering manufactured goods, services, investment, and agriculture. President Clinton hailed the agreement as one that "sharpens our competitive edge in areas of United States strength. "

Also during 1993 USTR submitted eight bilateral investment treaties to the Senate for advice and consent, and completed 18 bilateral textile agreements.

1994

January 6

USTR announced Chinese textile import quotas would be lowered citing massive problems of transshipment and overshipment by the Chinese.

January 17

USTR reached Textile and Apparel Agreement with China following appropriate Chinese response to U.S. concerns.

January 19

Title VII Sanctions on Japan construction terminated after Japan addresses U.S. concerns in its public works sector.

January 21

Concluded six-country agreement on aluminum addressing problems created by the rapid increase of exports of primary aluminum from Russia.

January 26

Successful renegotiation of International Tropical Timber Agreement Promoting Sustainable Forest Management announced.

February 4

USTR Kantor visited Japan to meet with senior political leaders to evaluate status of Framework negotiations.

February 4

United States and Jamaica signed Bilateral Investment Treaty.

February 16

USTR suspended formal Indonesia Worker Rights Review to allow Indonesia to take further actions in the protection of worker rights; announced intention to assess progress in six months.

February 16

USTR designated Kazakhstan and Romania as GSP beneficiaries.

- February 24 USTR filed Extraordinary Challenge in softwood lumber dispute with Canada.
- February 25 USTR terminated its nine month Special 301 Investigation of Brazilian IPR Rights Regime, citing progress being made by Brazil in protection of intellectual property. An estimated \$400 million in exports from the United States are affected.
- March 3 President reinstated Super 301 by Executive Order.
- March 4 Ukraine designated as GSP beneficiary.
- March 8 USTR issued 1994 Trade Policy Agenda and 1993 Annual Report.
- March 12 After nine years, United States and Japan reached agreement on Cellular Telephone Systems that will provide U.S. cellular systems comparable market access in Japan. The results-oriented agreement contains a schedule of quarterly commitments to be monitored by the Government of Japan.
- March 18 Foreign share of Japanese semiconductor market reached 20.7%.
- March 28 USTR concluded agreement with EU providing distinctive product recognition in Europe to U.S. distilled.
- March 31 President Clinton created the Trade and Environment Policy Advisory Committee to better obtain advice from a broad spectrum of the environmental community.
- April 8 U.S. sought and received the right to raise labor standards issue in the Preparatory Committee establishing the WTO.
- April 13 U.S. and EU negotiators in Marrakech reached Procurement Agreement nearly doubling, to over \$100 billion, the bidding opportunities available to each side under the GATT Government Procurement Code.
- April 15 Marrakech: Uruguay Round formally signed creating the broadest, most comprehensive trade agreement in history.
- April 22 USTR and USDA announced the U.S. would take action on grain imports from Canada under Article XXVIII of the GATT.
- April 30 USTR signalled continued resolve to take strong measures to ensure

comparable market access and intellectual property protection for U.S. protects in Title VII, Japan Supercomputer review and Special 301 announcements.

- May 4 USTR reached agreement with Canada on beer market access issues in Quebec.
- May 19 India agreed to reduce tariffs on in-shell almonds. Almonds are the tenth largest food export of the United States and the largest food export from California. \$48 million in exports are estimated for 1994.
- June 15 U.S. and Japan said Flat Glass negotiations would resume.
- June 30 China was designated as a "priority foreign country" under Special 301 and investigation of its intellectual property practices began immediately. Argentina and India were placed on the "priority watch" list.
- July 1 USTR Kantor noted continued progress and significant advances in reviews of GSP Worker Rights and Intellectual Property Rights cases.
- July 8, 9 G-7 Summit - Naples.
- July 20 Citing progress made by Thailand to improve intellectual property protection, Kantor announced review of Thai GSP benefits lost in 1989.
- July 26 U.S. and Japan agreed to continue Semiconductor Arrangement for a full five year term.
- July 31 USTR Kantor identified Japan under Title VII for discrimination in government procurement of telecommunications and medical technology goods and services, commencing a 60-day consultation period.
- August 1 U.S. and Canada reached a Preliminary Understanding on wheat addressing the problem of a surge in imports of Canadian grain and establishing a process and time frame to address the longer-term problems in the grain sector.
- August 11 USTR announced allocation of sugar tariff-rate quotas.
- August 18 USTR Kantor designated Belarus and Uzbekistan as GSP Beneficiaries.
- August 18 NAFTA six-month anniversary. Elimination of barriers contributed to an increase in U.S. exports to Canada and Mexico of \$8.3 billion, 11.6% increase over the same period for 1993.

- September 11 USTR Kantor hosted Ministers from Canada, Japan and the EU at the 25th "Quadrilateral" meeting in Los Angeles. Uruguay Round ratification and WTO implementation issues were primary.
- September 14 Foreign share of Japanese semiconductor market climbed to record 21.9%.
- September 29 Senate Finance Committee voted unanimously in favor of the Uruguay Round implementing legislation.
- September 30 U.S. fuel conservation measures upheld by GATT panel, confirming that trade rules can be compatible with our laws that conserve natural resources and protect the environment.
- October 1 Agreements reached with Japan under the Framework covering Japanese government procurement of telecommunications products and services and Japanese government procurement of medical technology products and services. Section 301 investigation initiated for the Japanese aftermarket for auto replacement parts where regulatory barriers to foreign competition remained acute.
- October 1 Agreement concluded on NTT procurement procedures.
- October 6 United States and Mongolia signed Bilateral Investment Treaty.
- October 11 U.S.- Japan insurance agreement signed.
- October 17 USTR Kantor initiated Section 301 investigation of European Union Banana Import Regime.
- October 19 Pakistan agreed to open its market to U.S. textiles and apparel.
- November 4 New members named to Trade and Environment Policy Advisory Committee by USTR Kantor and EPA Administrator Browner.
- November 11 APEC meetings in Jakarta; Bogor Declaration to chart future course of economic cooperation within the region signed.
- November 16 ITC study released on economic impact of the Arab League Boycott on U.S. businesses.
- November 18 NAFTA first anniversary of passage; nine-month figures released showing U.S. exports to NAFTA partners continue to climb, supporting economic growth and jobs at home.

- January 10, 1995 U.S. and Japan reached financial services agreement under the Framework that will further open Japan's financial markets to foreign competition.
- January 12, 1995 U.S. apples arrived in Japan, ending 23-year Japanese ban on apple imports from the United States.
- January 13, 1995 United States signed Bilateral Investment Treaties with Albania and Latvia.

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TRADE REPRESENTATIVE
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FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 25, 1993

93-7
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U.S. TRADE REPRESENTATIVE REQUESTS CONSULTATIONS
WITH EC ON AIRBUS

Ambassador Mickey Kantor, the United States Trade Representative, announced today that consultations had been requested with the EC Commission under the provisions of the US-EC bilateral agreement on trade in large civil aircraft, the "Airbus" agreement.

Kantor said, "The Clinton Administration places the highest importance on the effective functioning and implementation of this agreement -- we need the consultations to ensure both."

The US - EC agreement, which was signed in July, 1992, imposes strict disciplines on government support to the manufacture of large civil aircraft. It also provides for the exchange of extensive information on such support, and for consultations to review this information and monitor the agreement.

Kantor said the consultations should include:

- o an exchange of information on direct and indirect supports for, and government equity infusions to, the large civil aircraft industry;
- o a review of information provided last July on government support commitments predating the agreement;
- o the prospects for future government support for the development of new aircraft programs.

In addition, the United States will seek EC cooperation in improving the multilateral disciplines on government support to the aircraft sector through renegotiation of the GATT Aircraft Code. Improvements being sought, for example, would include stricter limits on the provision of government support and tighter terms and conditions for its repayment. These rules would apply to all the major aircraft producing countries, as well as the US and the EC.

OFFICE OF THE UNITED STATES
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EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 18, 1993

93-6
CONTACT: Anne Luzzatto
Pat Norman
202-395-3230

Statement by Ambassador Mickey Kantor on the Trade Deficit

"This morning the Commerce Department revealed that the 1992 trade deficit climbed to \$84.3 billion -- a whopping 29% higher than the 1991 deficit. This is the first time that the trade deficit has increased since 1987. Imports in December were the highest ever.

"This sobering news underscores the urgency of the President's economic program. It is yet another snapshot of the problem he described. As long as we invest too little, as long as we neglect the budget deficit, as long as we fail to stimulate the natural creative energy of this country, we will continue to suffer trade deficits and leave Americans idle.

"The good news in this gloomy picture is that American exports, given a decent chance, are tremendously competitive. Where market-opening has been successful, exports have risen sharply. This shows that our export potential is a tool of recovery waiting to be used.

"Prospects are particularly bright for small and medium-sized companies. At present, just 15% of American companies account for 85% of our exports. Imagine the potential if more companies can participate in the global market.

"This is where the President's program comes in. A number of initiatives unveiled by the President will boost our competitiveness significantly. Cutting the deficit will bring down interest rates and free up capital for more productive use. Providing investment tax credits will help stimulate modernization and improved efficiency. Of particular importance for exports are expanded training for workers and improved education. Investing in people means more competitive products. More competitive products means more exports, higher wages and more income for Americans.

"But selling those competitive products abroad means market-opening measures, backed by the rigorous enforcement of U.S. trade laws.

"In this context Japan and China deserve particular comment. The erosion of our trade position vis a vis Japan is particularly troubling. In 1992, four years of improvement in the US-Japan

trade balance went out the window. Our exports to Japan actually dropped, while our imports surged 6%. I know that the economic slowdown in Japan played a part. Rather than relying on exports to offset the recession, I urge the government of Japan to do what it can to stimulate recovery at home -- just as we are facing up to our problems here in this country.

"With China the deterioration of our trade position is much more dramatic: the growth of imports from China outpaced exports to China by a margin of almost 2 to 1.

"This Administration intends to press both governments to live up to commitments they have made to us to open their markets to our products.

"Expanding trade is a win-win game. It has been proven over and over again that countries engaging in liberalized trade with each other grow faster than those maintaining closed borders. My message to all of our trading partners is that we must all work together to open markets and expand the international trading system."

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 9, 1993

93-4
Contact: Anne Luzzatto
Pat Norman
202-395-3230

CONSULTATIONS SET ON TELECOMMUNICATIONS AND GOVERNMENT PROCUREMENT

The Office of the U.S. Trade Representative (USTR) announced today that the United States has agreed to the European Community's (EC's) request to meet in Washington on February 16 and 17 regarding telecommunications procurement and the GATT Government Procurement Code.

The Clinton Administration is seeking effective and non-discriminatory access for U.S. suppliers to procurements by public utilities in the twelve Member States of the EC. These procurements are governed by the EC Utilities Directive, which came into force on January 1, 1993. The Utilities Directive imposes discrimination against bids that contain less than a majority of EC content.

In response to this discrimination against U.S. bids, U.S. Trade Representative Michael Kantor announced on February 1 that the United States will prohibit certain U.S. government procurements from the EC effective March 22nd. This action, under Title VII of the Omnibus Trade and Competitiveness Act of 1988, was taken as an initial U.S. response to the EC discrimination. In addition, the Administration requested public comment by March 5 on the costs and benefits of continued U.S. participation in the GATT Government Procurement Code. The public comment will be considered in the Administration's review of the desirability of U.S. withdrawal from the Code.

OFFICE OF THE UNITED STATES
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WASHINGTON
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FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 11, 1993

93-5
CONTACT: Anne Luzzatto
Pat Norman
202-395-3230

ADVISORY COMMITTEE PRESENTS RECOMMENDATIONS ON U.S.-JAPAN
TRADE RELATIONS

The Advisory Committee on Trade Policy and Negotiations (ACTPN) yesterday presented the conclusions and recommendations of its yearlong study on U.S.-Japan trade relations to Ambassador Michael Kantor for consideration by President Clinton and his administration.

"I am pleased to receive the ACTPN report on U.S.-Japan trade policy," Ambassador Kantor said. "The report provides very constructive suggestions about how to address our bilateral trade problems with Japan. It covers the wide range of issues that must be dealt with by both our governments and private sectors including macroeconomic, structural, and market access."

"The administration agrees with the ACTPN that improving our bilateral trade relationship is a high priority agenda item. We must work constructively," Ambassador Kantor continued. "We will give this report and its recommendations careful consideration. I extend my thanks to all ACTPN members for their fine contribution to the policy formulation process."

The report represents a consensus of ACTPN membership under the direction of ACTPN Chairman James D. Robinson III, Chairman of American Express Company, and ACTPN Japan Task Force Chairman James R. Houghton, Chairman and CEO of Corning Inc. Copies of the report are available from the Office of Public Affairs, Office of the U.S. Trade Representative, 600 Seventeenth St., N.W., Room 101, Washington, D.C. 20506.

The ACTPN is the pre-eminent committee of a private sector advisory system created by the Congress. Its 45 members are appointed by the President for two-year terms. The committee is required by the 1974 Trade Act, as amended.

OFFICE OF THE UNITED STATES
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FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 9, 1993

93-3
Contact: Anne Luzzatto
Pat Norman
202-395-3230

The United States and Canada Release
CFTA Panel Report on Durum Wheat

Ambassador Michael Kantor, the United States Trade Representative and the Honorable Michael Wilson, Canadian Minister of Industry, Science and Technology and Minister for International Trade, announced today the release of a final report on durum wheat imports from Canada by a dispute settlement panel under the United States - Canada Free Trade Agreement (CFTA). The panel was established under Chapter 18 of the CFTA in May 1992 at the request of the United States.

The Panel was asked to interpret Article 701.3 of the CFTA, which states: "Neither Party, including any public entity that it establishes or maintains, shall sell agricultural goods for export to the territory of the other Party at a price below the acquisition price of the goods plus any storage, handling or other costs incurred by it with respect to those goods."

The Panel gave the following interpretation to Article 701.3, as applied to sales of durum wheat by the Canadian Wheat Board for export to the United States:

- 1) the acquisition price of the goods referred to in Article 701.3 includes only the initial payment; or, in the event of an upward adjustment, the acquisition price for goods sold after the adjustment is the initial payment plus such adjustment;
- 2) only storage and handling charges paid by the Board, the seller, should be included in determining Article 701.3 costs;
- 3) Western Grain Transportation Act payments for rail shipments through Thunder Bay are excluded from the cost calculations required by Article 701.3;
- 4) where the Canadian Wheat Board is actually responsible for paying the cost of shipping durum wheat to the designated point in the United States or to a transfer elevator on the

St. Lawrence Seaway for export to the United States, such costs must be taken into account under Article 701.3;

- 5) administrative costs were not intended to be included in the expression "any other costs incurred by it."

The panel also recommended that a binational working group be established under Article 1802.4 of the CFTA to oversee periodic audits of durum wheat sales to the United States by the Canadian Wheat Board. In this regard, the panel recommended that a major international accounting company with offices in Canada be appointed to conduct annual audits.

The panel has determined that this approach respects commercial confidentiality while providing the best evidence to assess whether Canada has met its obligations under Article 701.3. The initial audit would be retrospective and cover the period from January 1, 1989 to July 31, 1992. In addition to annual audits, Canada has offered to provide semi-annual pricing data on an aggregate basis to the United States.

Chapter 18 of the CFTA provides for the settlement of disputes arising from the interpretation or application of any element of the agreement.

The Canada-U.S. Trade Commission has 30 days (or such other period of time, as it may agree) to consider the report and its recommendations, with a view to reaching a resolution that is satisfactory to both countries.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 5, 1993

PRESS CONFERENCE BY THE PRESIDENT
AND PRIME MINISTER BRIAN MULRONEY

The South Grounds

1:44 P.M. EST

THE PRESIDENT: Good afternoon. I'm delighted that my first meeting as President with a foreign leader is with the Prime Minister of Canada, Brian Mulroney. On the day after I was elected, I spoke of the essential continuity of our country's foreign policy. Our steadfast relationship with Canada is an indispensable element of that continuity. Prime Minister Mulroney and the people of Canada should know that the United States is still their friend and their partner.

It is worth noting that the United States and Canada share the world's longest undefended border and that we haven't had a battle between us since the War of 1812. Now having said that, Mr. Prime Minister, I will tell you that I look forward to winning back the World Series. (Laughter.)

Canada has long stood as our partner in promoting democracy and human rights around the world. Today Canada is demonstrating her international leadership for peace and freedom through her commitment in peacekeeping efforts around the world -- in Somalia, in Bosnia, and elsewhere. Canada is our largest trading partner. Both our nations benefit enormously from the immense river of goods and a services flowing across our border. With an increase of \$30 billion just since the free trade agreement went into effect.

It is remarkable how relatively few disputes have attended the vigorous trading between us. Yet it is inevitable that there will be some disagreements even among close partners. And we agreed today to maintain high-level attention to that trading relationship, to ensure that the problems are addressed before they become crisis.

The Prime Minister and I discussed the North American Free Trade Agreement. I assured him that my administration intends to move forward with NAFTA while establishing a process to provide adequate protection to workers, to farmers, and to the environment. Canada was our partner in working with Mexico to negotiate NAFTA, and Canada will be our partner as we move forward to put it and its related agreements into effect. We've made a good start here today in setting the stage for working together.

We also discussed the GATT agreement, and I reassured the Prime Minister that the United States will do what it can to secure an agreement at GATT that all the world can be proud of and can be a prosperous part of.

We reviewed a broad range of global issues, including the developments in Russia and elsewhere in the former Soviet Union, the crisis in the Balkans, the situation in Somalia and Haiti. We also discussed our participation in the Group of Seven and what the United States and Canada might hope to achieve this year, and especially this summer when the G-7 meeting in Tokyo, to help move the global economy out of recession and into a strong recovery.

This was a very good beginning. I want to thank Prime Minister Mulroney for coming down from Canada, and tell him that he'll always be welcome here. And I look forward to visiting you on your home turf soon.

PRIME MINISTER MULRONEY: Thank you, Mr. President. I'll simply say that, as the President indicated, we had a very full review of quite a large number of items in the few hours we spent together and a very productive working lunch. I thought it was a very good meeting and a very good beginning of the relationship of Canada with the new administration.

The President has indicated the complex issues that we've touched on, tried to deal with, principally, of course -- and I think you'll understand -- the relationship between Canada and the United States itself. The relationship is by far the most important one the United States has in the world. This is the biggest trading relationship ever between two nations. And at the end of the year it's -- the important thing is it tends to be in rough balance, which indicates that you can have free trade and prosper.

And so we're very concerned about the GATT and we're very concerned about the trading currents generally, and very reassured by the President's strong commitments and strong positions in respect of the manner in which you bring back and reenergize prosperity around the world.

So we covered our bilateral arrangements and we covered a lot of hot spots around the world. And I'm sure that the President and I would be happy to take a few questions.

(Repeats statement in French.)

Thank you very much, Mr. President.

Q Mr. Prime Minister, what do you think of the changes the President wants to make in the NAFTA agreement?

PRIME MINISTER MULRONEY: Well, Helen, the changes that the President doesn't -- he indicated -- he will, himself, I'm sure, but the President has indicated many times that he is going to sign the NAFTA agreement as it is, but that he proposes to bring in supplemental agreements with Mexico, particularly in regard to some of the points that he has mentioned, that do not impact on the NAFTA agreement as concluded. That may change. If it does, I'm sure we'll hear from the President. But our information is that, by and large, that the NAFTA agreement with those supplemental accords is something that he could promote and defend very vigorously.

I think, Mr. President, that's the position.

THE PRESIDENT: That's right. And I might add that the Prime Minister's administration in Canada has had a strong record on the environment, something that we want to beef up in a supplemental agreement; and that Canada would be, I think, more or less in line with the United States in terms of its impact on any supplemental labor accord we might reach.

So we certainly intend to work with them -- after all, this is a three-way agreement, not a two-way agreement. But I still believe, as I said many weeks ago, that we can negotiate these agreements without reopening the NAFTA itself.

Q -- the best way to proceed is to attempt to modify the U.N. plan? And how long do you think that negotiations can be relied on before stronger action is taken?

THE PRESIDENT: Perhaps the best way to answer your question would be to let the Prime Minister communicate his views which he communicated to me, and then let me tell you what my response is. Shall we do that?

PRIME MINISTER MULRONEY: In regard to the Bosnian situation, we think, Susan, that the elements of an agreement -- there's been a lot of constructive work done, but that there are inadequacies in it that can be corrected at the Security Council by the involvement, a greater degree of involvement by the United States in terms of the accord itself, and also the involvement of President Yeltsin.

We believe that the elements of an agreement, impacted by the concern of the United States and Canada in the area of human rights, in the area of war crimes, for example, can be -- these amendments can be of significant substance without altering a lot of the hard and constructive work that has taken place so far by Cy Vance and David Owen.

But it would be important that in this process of the Security Council there be greater involvement by Russia and by President Yeltsin. And I took the liberty of making some recommendations along those lines to the President, and he'll reflect upon them and probably have something to say.

THE PRESIDENT: Let me answer now, to just reaffirm what our present posture is. We have given the Bosnian situation urgent consideration. We have reviewed a wide range of options. We certainly will take into account what the Prime Minister has said. Our reluctance on the Vance-Owen proposals, while I applaud the effort both personally and as President, is that the United States at the present time is reluctant to impose an agreement on the parties to which they do not agree, especially when the Bosnian Muslims might be left at a severe disadvantage if the agreement is not undertaken in good faith by the other parties and cannot be enforced externally.

So we are looking at that. I think one of the things the Prime Minister said is absolutely right: If there is to be a diplomatic political solution to this over the long run, we very much need President Yeltsin involved and the support of Russia. He reaffirmed to me just a few days ago in our telephone conversation his general support for the policy that we have outlined. But I'm sure you can understand why with a problem this difficult, we would like a few days longer just to seriously review this to come up with what our policy is going to be. Then we'll announce it as clearly and forcefully and follow it as strongly as we possibly can.

Q (Question asked and answered in French.)

Q Mr. President, the same question, please.

THE PRESIDENT: As the Prime Minister has said, our Secretary of State met today with President Aristide and discussed a wide range of issues with him as well as what our efforts have been, the progress and the lack of progress of Mr. Caputo's efforts. We talked about where we're going with this relationship in the future.

Let me say that I am committed to restoring democracy to Haiti. I am doing my best to work through the U.N. and the OAS with Mr. Caputo. I am, frankly, disappointed that the Prime Minister in Haiti has apparently backed off a little bit of his original willingness to let us send in some third-party observers, not just to protect the petitions for refugee status but also to try to stabilize conditions leading toward a restoration of democracy there. And we're going to talk to Mr. Caputo, see where he thinks things are, and then reassess our position.

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But I share the Prime Minister's determination. The United States and Canada should be and are one in our commitment to restoring democracy to Haiti. And we will continue to push ahead either on the course we're now on, or if that fails, on a more vigorous course toward that end.

Q What did you tell the President on the deportees in Israel?

PRIME MINISTER MULRONEY: We touched peripherally on the Middle East because the Secretary of State is going to, I gather, to the Middle East at an early moment. The position of Canada -- my own view is that we tend not to try and give Israel lessons in regard to the determination it has to make about its own national security. Israel's entitled to make some important value judgments about itself.

That being said, I congratulated the President and the Secretary of State for their leadership in bringing about the first step of the return of the hundred deportees, which I think was an excellent example of diplomacy and international leadership by the President.

It's the first step, it's not the whole answer. And it's a complicated matter which I think will be resolved -- where the resolution of which will be clearer after Secretary of State Christopher has had an opportunity to visit the region. But I think that we're supportive of the U.N. resolutions, but I'm always very concerned when people start to lecture Israel on the manner in which it has to look after its own internal security, because for very important historical reasons, Israel, of course, is better qualified than most to make determinations about its own well-being.

Q Mr. President, on Bosnia, do you expect that there would be a American diplomatic initiative to replace what you see as the flaws in the Vance-Owen initiative?

THE PRESIDENT: I can't say that at this time. As I say, I applaud the efforts that have been made by Lord Owen and by Secretary Vance. I think that they have done the very best they could. And I don't criticize the details so much as -- it's not a criticism so much as a reluctance on the part of the United States to impose on parties an agreement which they do not freely accept themselves, particularly one that might work to the immediate and to the long-term further disadvantage of the Bosnian Muslims.

But I would not rule out any option at this time. We have a wide range of options under consideration. We are working very hard on this. We will settle on a course and then do our best to consult with our allies and win broad support for it. You heard the Prime Minister say that over the long run we need President Yeltsin's involvement in this; and I agree. You heard me say that we hardly ever do anything in foreign policy that we don't have Canada's support in, and we'll need that.

So we've got a lot of work to do on this. We've been working very hard and we'll try to bring it to a quick closure.

Q There's seems to be disagreement, though, in that the Prime Minister seems to think that that can be built upon --

Q -- come up with some agreement.

THE PRESIDENT: I hope we can revive them. Our biggest problem in this country is the expiration of fast track authority. But we are -- we have begun a lot of talks in earnest within the administration about that. I've done my best to send a signal to our trading partners and to the parties to GATT that we very much want a successful agreement. And I'll have more to say about that in the days ahead.

Thank you.

Q (Question asked and answered in French.)

THE PRESIDENT: Let me answer that also. I take it by what I believe was your French, of what then was a good translation I got, that you mean by complexity of the situation in Haiti the fact the Father Aristide was plainly elected by an overwhelming majority and is plainly still -- has the support of an overwhelming majority of the people; but while, in the brief period when he was in authority, made some statements which caused people in the military and others to have fear for their security -- their personal security in ways that are inconsistent with running a democracy, which has to recognize human rights -- does that represent the complexity, yes, that is the nub of the issue.

We have to be able to restore democracy in a way that convinces everybody that their human rights will be respected and, for an interim period, protected. And obviously, that's what the Caputo mission is designed to do.

But the complexity of the issue cannot deter us from the fundamental mission, which is to restore a democratically elected government that will not abuse the human rights of ordinary Haitians. And I agree with the Prime Minister, we certainly ought to be able to do that here in our backyard and we're going to work hard on it. Thank you very much.

PRIME MINISTER MULRONEY: Thank you very much.

END

2:03 P.M. EST