

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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TABLE OF CONTENTS PRESS RELEASES FOR DECEMBER 1993

December 29, 1993	93-79	USTR Announces Initiation of NAFTA Tariff Acceleration Round
December 27, 1993	93-78	Foreign Share of Japanese Semiconductor Market Falls for Third Consecutive Year
December 27, 1993	93-77	Kantor Notes Progress in GSP Worker Rights Review; Continues Four Reviews Until Action Completed
December 22, 1993	93-76	USTR Announces Early Section 1377 Review of Cellular Telephone Agreement with Japan
December 21, 1993		Letter from Ambassador Mickey Kantor Regarding Japanese Framework Agreement
December 20, 1993	93-74	Limited Progress Made Under US-Japan Computer Agreement
December 14, 1993	93-73	Kantor Announces Designation of Kyrgyzstan as GSP Beneficiary
December 14, 1993		Statement by USTR Mickey Kantor re: US-EC Uruguay Round Agreement
December 11, 1993		Statement on Financial Services by Amb. Mickey Kantor (Geneva)
December 7, 1993		Statement by USTR Mickey Kantor-Brussels
December 2, 1993	93-75	Canada Announces Intention to Proclaim NAFTA; US; Canada and Mexico Release Joint Statements on NAFTA
December 2, 1993	WH	Statement by the President (NAFTA)

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FOR IMMEDIATE RELEASE
WEDNESDAY, DECEMBER 29, 1993

93-79
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USTR ANNOUNCES INITIATION OF NAFTA TARIFF ACCELERATION ROUND

U.S. Trade Representative Ambassador Mickey Kantor announced the initiation of the first round of accelerated tariff elimination negotiations under the North American Free Trade Agreement (NAFTA). This exercise, provided for under Article 302(3) of the Agreement, is being conducted on an expedited schedule pursuant to letters exchanged by Ambassador Kantor and Mexico's Secretary of Commerce, Jaime Serra Puche. Canada will also participate. A notice published in the Federal Register on December 23 solicits petitions from parties interested in obtaining accelerated elimination of NAFTA tariffs.

"We have worked closely with the wine, brandy, flat glass, home appliance and bedding components industries to initiate this process to accelerate the market-opening provisions of the NAFTA," Ambassador Kantor said.

USTR will give priority to petitions received by January 21, 1994, notably for products listed in the Statement of Administrative Action, which was approved by the Congress with the NAFTA implementing legislation, and will announce an expedited package of accelerated tariffs based on those petitions as soon as feasible in 1994. Petitions received by February 25 will be considered later in the year. Once petitions are received and reviewed by the United States, consultations will begin with Mexico and Canada, which will develop their own lists of acceleration candidates.

The three rounds of tariff acceleration negotiations conducted under the U.S.-Canada Free Trade Agreement were a tremendous success, with duty elimination accelerated on \$9 billion in two-way trade accelerated with the full support of industry and labor on both sides of the border. We expect these NAFTA negotiations to be equally successful.

Background

The NAFTA provides for the elimination, within 15 years, of all tariffs on goods traded between Mexican and U.S. Tariffs on goods traded between the United States and Canada will be eliminated on January 1, 1998, as provided under the U.S.-Canada Free Trade Agreement and incorporated into the NAFTA. Under the NAFTA, Mexico and the United States will remove many tariffs at the time of implementation of the NAFTA, with the remaining tariffs to be phased-out in stages, generally over five, ten or fifteen years. Article 302(3) of the NAFTA and Section 201(b) of the implementing legislation provide for the acceleration of these schedules. The Statement of Administrative Action (SAA), which was approved by the Congress along with the NAFTA, states that the Administration will give special priority to negotiating the acceleration of tariff reductions for products where the Mexican or Canadian duty is substantially higher than the U.S. tariff. Several products are specifically cited, including dry beans, bedding components, cream cheese, flat glass, major household appliances, potatoes and wine.

USTR will generally not act on a petition unless most U.S. producers of that particular product consider the request for acceleration to be non-controversial. Petitions may request acceleration of duty reductions by one or all of the NAFTA Parties. Normally, the accelerate duty elimination will be pursued on a reciprocal basis with Mexico and/or Canada. It is USTR's intention not to consider any petition during this round requesting acceleration between the United States and Canada concerning 8-digit tariff headings that were previously considered for acceleration under any of the three acceleration rounds conducted under the U.S.-Canada Free Trade Agreement.

USTR will give priority consideration to products cited in the Statement of Administrative Action with respect to duty elimination between the United States and Mexico. The expedited nature of this initial NAFTA acceleration exercise may limit the number of additional products that can be considered. However, those petitions submitted which cannot be considered on an expedited schedule will be considered under an extended schedule together with those petitions received by February 25, 1994. Advice from the United States International Trade Commission (USITC) and the Trade Advisory Committees will also be requested for all products. USTR will also consult with the U.S. Congress throughout the process, and will seek its advice before implementing any duty reductions.

A copy of the petition format and the Federal Register notice can be obtained from the Government Printing Office or from Public Affairs, Office of the United States Trade Representative (USTR), 600 17th Street, NW, Washington, D.C. 20506.

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FOR IMMEDIATE RELEASE
MONDAY, DECEMBER 27, 1993

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Foreign Share of Japanese Semiconductor Market
Falls for Third Consecutive Quarter

Foreign share of the Japanese semiconductor market was calculated at 18.1 percent for the third quarter of 1993, down from the 19.2 percent second quarter figure. Foreign share has now declined in three consecutive quarters following the 20.2 percent share achieved in the fourth quarter of 1992.

"This latest share number raises serious concerns regarding Japan's commitment to fully implement the Semiconductor Arrangement," said U.S. Trade Representative Mickey Kantor. Underscoring the seriousness of the current market access situation, Kantor announced that the United States has requested emergency consultations with Japan to take place in January. "At that time, we will seek to put in place a joint plan of action to improve dramatically foreign share and access to the Japanese semiconductor market," said Kantor.

In line with the agreement's provision calling for steady and gradual improvement in market access, Ambassador Kantor has called for an average of 20 percent foreign share average over the four quarters of 1993, at a minimum. First quarter 1993 share was 19.6 percent and the second quarter 1993 share was 19.2 percent.

The fourth quarter 1993 market share figure will be calculated in March 1994.

Emergency consultations are provided for under the 1991 Arrangement to be held if the objectives of the Arrangement are not being achieved. The purpose of such consultations is to correct such situations. This represents the first time emergency consultations have been requested under the 1991 Arrangement. The Arrangement calls for three regular consultations per year which have been held routinely since October 1991.

Foreign Market Share
Under the 1991 U.S.-Japan Semiconductor Arrangement

Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992*	15.9%
Q4 1992*	20.2%
Q1 1993*	19.6%
Q2 1993*	19.2%
Q3 1993*	18.1%

*These market share figures were provisionally calculated based on the same assumptions on captive semiconductor suppliers that were made in previous quarters. The two governments will continue to seek to resolve differences concerning treatment of captive suppliers as soon as possible.

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MONDAY, DECEMBER 27, 1993

93-77
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KANTOR NOTES PROGRESS IN GSP WORKER RIGHTS REVIEWS;
CONTINUES FOUR REVIEWS UNTIL ACTIONS COMPLETED

U.S. Trade Representative Mickey Kantor announced today that worker rights reviews of two countries under the Generalized System of Preferences (GSP) were being successfully terminated ahead of schedule, in light of concrete steps to meet international labor norms. "We commend Costa Rica and Paraguay for recently enacting legislation that brings them into closer conformity with international labor standards," Kantor said. "We hope that both continue to take steps to extend and enforce international labor norms." Kantor noted that in light of recent positive actions in these two countries, the AFL-CIO had formally withdrawn its petitions requesting a GSP review.

In addition, Kantor announced decisions in five worker rights reviews that had been given a December deadline. He stated that the GSP worker rights review of Malawi was being successfully terminated on schedule, in light of steps being taken over the past six months. The remaining four reviews, he noted, would be extended for an additional period. The four countries are El Salvador, Guatemala, Oman, and Thailand. "These countries have made real efforts to meet international labor standards," Kantor said, "but more needs to be done." Finally, Kantor announced that the GSP review of Honduras intellectual property practices, which had also been given a December deadline, would be continued for a short period to allow for clarifications to a recently enacted IPR law.

"The GSP law requires us to determine if beneficiary countries are taking steps to meet international labor norms, to retain their eligibility for trade preferences", Kantor said. "We are committed to seeing that this provision is strictly enforced. In all of these countries, concrete actions have been initiated. However, in four cases, actions -- such as improved labor legislation, or efforts to enforce labor laws -- are not yet fully completed."

"To indicate the Administrations's resolve in achieving real worker rights improvements in developing countries, we have decided to continue the reviews of these four countries for an additional period, to allow for legislative and administrative processes to be completed," Kantor added. "In cases where labor legislation is

pending, our expectation is that enactment will occur in the legislative session in which it is introduced; a failure to enact labor legislation that is in compliance with international standards at the earliest practical opportunity would constitute a serious setback to these GSP reviews."

The U.S. Trade Representative then briefly summarized the status of the GSP reviews of each country:

Malawi: "We commend Malawi's release of Chakufwa Chihana from prison, its decision to allow SATUCC offices to reopen, and the fact that free union elections are scheduled for early 1994. We are terminating the review on the basis of these actions, with the expectation that union elections will be free and fair, and conducted on schedule." Kantor noted that any reversal of this trend would lead to a reopening of the review.

El Salvador: "The Government of El Salvador has recently introduced a number of significant new amendments to its labor code before the national assembly. Our expectation is that labor legislation consistent with ILO norms will be enacted before the current legislative session ends in March." Once such legislation is enacted, Kantor noted, the Administration would be in a position to consider successfully terminating the worker rights review.

Guatemala: "Guatemala has made progress in training and hiring new labor inspectors, and reducing the backlog of unions applying for formal recognition. We continue to look for concrete progress in enforcing current labor laws, both in the citing of violations, and in the punishment of violators through the judicial process." Kantor added that the Administration would allow six months for the Guatemalan government to show such progress before making a final determination in the case.

Oman: "We view positively Oman's decision to join the ILO, and expect that it will proceed at the earliest practical moment to formally join the organization. We also note that Oman is in the process of revising its labor laws, and expect that revisions would bring Oman into closer compliance with international labor norms. To assure that this is the case, we would urge Oman to seek the good offices of the ILO once it has joined, on how its labor code can be brought into conformity with international norms." Kantor added that the Administration would allow Oman six months to demonstrate real progress in this area before making a final determination.

Thailand: "We are pleased to note the concrete actions that Thailand has taken with the aim of abating child labor abuses, and expect that it will continue to make progress on this important issue. We also note that the government has recently approved draft legislation to amend the State Enterprise Labor Relations Act (SELRA) that brings worker rights in this sector much closer to international norms. We expect such SELRA reform legislation to be

enacted soon after its introduction, and in any event before the next session of parliament ends in late July. We also continue to look for a restoration of the worker rights lost as a result of NPKC Announcement 54 of 1991." Noting the progress that had been to date, Kantor added that the Administration would be in a position to consider successfully terminating the case once SELRA reform legislation is enacted, and progress was made on the Announcement 54 issue.

Honduras Intellectual Property Review: "We are pleased that Honduras enacted comprehensive intellectual property legislation earlier this year" Kantor stated. "We are keeping our GSP review open pending the clarification and resolution of some issues that have arisen from the passage of the legislation."

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FOR IMMEDIATE RELEASE
WEDNESDAY, DECEMBER 22, 1993

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**USTR Announces Early Section 1377 Review of
Cellular Telephone Agreement with Japan**

United States Trade Representative Mickey Kantor today announced that USTR will determine by February 15, 1994, whether the Government of Japan had violated the cellular telephone provisions of its 1989 trade agreement on radio and cellular telephone services with the United States.

"The issue is access for U.S. telecommunications manufacturers to the cellular telephone market in Tokyo and Nagoya, Japan," said Kantor. "Exceptionally competitive U.S. firms report serious problems selling to this market, despite a 1989 trade agreement guaranteeing them access."

The Administration will determine by February 15, 1994, whether the Government of Japan has violated the terms of the 1989 Third Party Radio and Cellular Telephone Agreement. The review is being conducted on an accelerated basis as part of USTR's annual review of the operation of its telecommunications trade agreements under section 1377 of the 1988 Trade Act, which normally concludes in late March. A finding of a violation requires action under section 301 of the trade laws.

"If the Tokyo-Nagoya cellular telephone market is still closed to U.S. suppliers, we will consider all available options, including action under our trade laws, to protect our rights," said Kantor. "This Administration places the highest priority on the enforcement of its trade agreements."

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December 21, 1993

**LETTER FROM AMBASSADOR MICKEY KANTOR
REGARDING JAPANESE FRAMEWORK AGREEMENT**

A number of critics have charged the United States with a shift in policy towards "managed trade." The conclusive evidence is said to be the "Framework for a New Economic Partnership" that President Clinton and then-Japanese Prime Minister Miyazawa announced last July. As part of that accord, the United States and Japan agreed to establish "objective criteria" for evaluating progress in opening key sectors of Japan's economy to foreign competition. The result, according to these critics, will be grave damage to the global trading system.

Nothing could be further from the truth. Our goal with the framework agreement is to expand trade, pure and simple. If we are successful, negotiated openings in Japan's market will be passed along to all trading countries. As a result, exports and access to Japan's market for foreign goods and services will increase. Ultimately trade expansion will translate into more production, more jobs, lower costs for consumers, and more rapid economic growth in Japan and the rest of the world.

Japan is the second largest economy in the world and an economic superpower. But the Japanese economy performs in a manner that sets it clearly apart from other major industrialized countries. This is very evident by looking at Japan's low level of manufactured goods imports and inward foreign direct investment. In 1991, for example, manufactured goods imported by Japan amounted to only 3.1 percent of GNP -- a level less than half the 6.9 percent share for the United States and the 7.4 percent average share for the G-7 countries (Canada, France, Germany, Italy, the United States and the United Kingdom) excluding Japan. In addition, Japan has by far the lowest percentage of the global stock of inward direct investment; just 0.7 percent, as compared to 37.9 percent in Europe and 22.0 percent in the United States.

The small role that imports and foreign firms play in Japan's economy relative to other industrialized economies is repeated in specific sectors such as telecommunications, insurance, and motor vehicles and parts. Japan is the world's second largest market for telecommunications products. Yet, Japan's global import share of telecommunications products is 5 percent, while the average for the other G-7 countries is 25 percent.

Although Japan has the second largest insurance market in the world, foreign access has perennially been limited to 2 percent

of the market. Foreign access in the other G-7 countries, by stark contrast, ranges from approximately 10 to 33 percent.

In autos and auto-parts, the asymmetries in market share are even more striking. The vehicle import share in Japan is 3 percent while the import share in motor vehicles in the other G-7 countries ranges from 35 percent to 56 percent. The import share for automotive parts for the same group of countries ranges from 16 to 60 percent while the comparable import market share in Japan is 2 percent.

Current trade negotiations under the Framework aim to bring Japan's imports in line over the medium term with the other G-7 countries by "improved access and higher sales." This is a goal, I believe, that is shared by many in Japan, including businessmen who want to lower their production costs and consumers who want to purchase quality products at the lowest possible price. Moreover, it is a goal that is consistent with Japan's global economic interests and responsibility.

As to those who charge that we are "managed traders," I am reminded of the chief of police in the movie "Casablanca" who was "shocked, SHOCKED" to discover gambling in Rick's Place, just as he pockets his own winnings.

Let me offer my definition of "managed trade" -- Government actions, either direct or indirect, that undermine the working of market forces and distort international trade flows. Regulations and non-transparent administrative guidance issued and enforced by government agencies that protect favored companies from new competitors, new products, and new marketing strategies constitute a very direct kind of managed trade. Failure of government agencies to enforce laws designed to prevent cartels and other collusive arrangements from rigging markets constitutes a more indirect form of managed trade. All of these actions lead to higher production costs and prices, and less consumer choice.

This situation perfectly describes a significant portion of economic activity in Japan and is well recognized by Prime Minister Hosokawa. Much to his credit he has given deregulation and liberalization of the Japanese economy top priority by establishing the Hiraiwa Commission.

In a similar vein, we note MITI Minister Kumagai's statements that Japan's market has "tightly closed aspects" and that collusive corporate practices and excessive government regulations hurt newcomers. Of course, it came as no surprise to us that Kumagai's statements met with a hostile reaction from Japan's elite bureaucrats, who continue to resist deregulation and liberalization measures because they fear a loss of power.

Japan ran a \$118 billion current account surplus with the world last year, and it will reach at least \$130 billion this year. Japan's trade surplus with the Americas was \$59 billion, with

Europe was \$32 billion, and with Asia was \$47 billion, and these surpluses are likely to be even higher this year.

The Clinton Administration is committed to results in reducing these surpluses through measures to promote strong Japanese domestic-led growth and to increase the market access of foreign goods and services. Changes in rules or procedures that have little relevance to the very real and specific problems posed by Japan's unique barriers don't provide solutions.

Of course, where changes in the rules contribute to elimination of real trade barriers and to free markets, as they have in the agricultural area, the United States will pursue purely rules-based outcomes. But such an approach is unlikely to have much impact in freeing up the vast majority of Japanese markets in which U.S. and other foreign producers are internationally competitive.

Under the "Framework for a New Economic Partnership", Japan and the United States agreed that tangible progress must be achieved in increasing the market access of competitive foreign goods and services. Both countries also agreed that objective criteria, either qualitative or quantitative, or both as appropriate, are to be used for the purpose of evaluating whether or not tangible progress is being achieved. Quantitative criteria, of course, involves numbers.

Some Japanese officials oppose the use of numbers to evaluate whether tangible progress is being made even though it is consistent with common sense approaches to problem-solving and accepted Japanese quality management processes. For example, "kaizen", or continuous improvement, is said to be the essence of most uniquely Japanese management practices. It involves constant improvement of processes; after one designs and implements a plan, one measures results and begins designing new plans to push for even better results.

Tangible progress, assessed on the basis of objective criteria, is the goal. The American and Japanese people will accept nothing less. Japan's barriers and its surpluses depress employment and output in the United States, in Japan, and in the world. The Framework provides a roadmap to dismantle these barriers and reverse Japan's growing global trade surpluses. Success will be good for the United States, good for Japan, and good for the rest of the world. Failure will only ensure that Japan's managed trade and managed markets persist.

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FOR IMMEDIATE RELEASE
MONDAY, DECEMBER 20, 1993

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Limited Progress Made Under U.S.-Japan Computer Agreement

At consultations held in Tokyo on Friday, December 17, between the United States and Japan, U.S. negotiators presented the Japanese Government with data showing that limited progress has been made under the 1992 U.S.-Japan Computer agreement.

According to data provided by U.S. industry, foreign computer companies' share of the Japanese public sector market, consisting of national, sub-national, and quasi-governmental entities, for computer products (including mainframe, office computers, minicomputers, and workstations, but not personal computers) increased from 6.6 percent in 1991 to 8.9 percent in 1992. This gain was due largely to increases in purchases of foreign computer products by Japanese quasi-governmental entities.

Conversely, U.S. industry data showed that foreign computer companies' share of the Japanese national government market had, in fact, decreased from 4.0 percent in 1991 to 3.7 percent in 1992. This development is of particular concern to the United States because this is the largest and only rapidly growing part of the Japanese computer products market.

U.S. Trade Representative Mickey Kantor stated, "I am disappointed with the limited progress made under the 1992 Computer agreement." He noted that, "In view of the fact that Japanese quasi-governmental entities were able to substantially increase their foreign purchases in one year, there is considerable room for improvement by Japanese National Government agencies. I urge them to take immediate actions so that tangible progress can be achieved." Kantor also reaffirmed the importance the Administration attaches to full compliance with all existing trade agreements.

The bilateral computer agreement, concluded in January 1992, calls for the expansion of Japan's public sector procurements of competitive foreign computer products and services.

Progress made under this agreement will be further reviewed early next year under the Implementation basket of the U.S.-Japan Framework talks.

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FOR IMMEDIATE RELEASE
TUESDAY DECEMBER 14, 1993

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KANTOR ANNOUNCES DESIGNATION OF KYRGYZSTAN AS GSP BENEFICIARY

U.S. Trade Representative Mickey Kantor announced today that the United States was extending the benefits of the Generalized System of Preferences (GSP) to Kyrgyzstan. Under GSP, the U.S. grants duty-free access to 4400 semifinished and agricultural goods from over 140 developing countries and territories.

"The proclamation signed by President Clinton provides Kyrgyzstan with incentive to continue its transformation to a free market economy", Kantor said. "GSP is part of the Administration's overall efforts to help that country pursue necessary market reforms."

Statement by

U.S. Trade Representative Mickey Kantor

December 14, 1993

I am delighted to announce that the U.S. and the EC have reached a comprehensive agreement on all outstanding Uruguay Round issues between us. With this breakthrough we cut the Gordian knot in the Uruguay Round. The United States and Europe will now work shoulder to shoulder to drive this negotiation to a successful conclusion.

I said on Tuesday that we can see the outlines of a truly historic trade agreement. Today we know that it can be done. The Uruguay Round will bring more barriers down further than any other trade agreement in history. It will expand U.S. exports -- which now support one in ten U.S. jobs -- apply international trade rules to services, agriculture, intellectual property and investment for the first time.

We have surpassed even the ambitious goals set seven years ago at Punta del Este, Uruguay. The U.S. and the EC will slash tariffs -- which are taxes we all pay -- between us by half compared to the original goal of one-third. We will open large new markets in the service industries, which employ over half the U.S. workforce. We will put a stop to the spiralling and self-defeating agricultural subsidies which bankrupt the federal budget and distort world markets for our farmers. Moreover, our breakthrough with Europe on agriculture ensures that we will crack open long-closed world agricultural markets.

The foundation of the U.S. economy is our creativity, innovation and inventiveness. The Uruguay Round will halt the unjustified piracy of patents, copyrights, trademarks and other intellectual property rights.

Conclusion of the Uruguay Round is essential to sustained economic growth and the creation of good jobs in America, in Europe, and throughout the world. Over the next decade, the global economy will be \$ 6trillion wealthier for having reduced barriers and opened markets in this Round.

Sir Leon and I have have worked countless hours on this agreement. We call on the other governments of the world to look beyond the narrow interests of the few to the much greater benefits this agreement will bring all the peoples of the world. There are 2 days left. Now is the time to show the same courage,

political will and vision the U.S. and the EC have demonstrated. The stakes are high. The benefits are real. The time is short. We must -- we will -- succeed.

POINTS RESOLVED ON DECEMBER 14

o Sir Leon Brittan and I met through the night in an effort to resolve the three major issues that have divided the United States and the European Union: aircraft, financial services, and audiovisual.

o We have resolved these issues and paved the way to completion of the Uruguay Round. The importance of the Round to the global economy cannot be overstated, and we ask other nations to join us in making the Round as successful as possible.

o Aircraft. We have agreed to resolve our differences on aircraft in a way that is equitable and serves the interests of both countries. We have agreed to bring aircraft under the the new Subsidies Agreement, which will result in greater discipline of subsidies and a stronger, more rapid, binding dispute resolution system. We have also agreed to continue negotiations for one year, aimed at broadening and improving the 1979 GATT Agreement on Trade in Civil Aircraft.

o Financial Services. The United States sought a financial services agreement in which countries provided substantial market access and national treatment, which would allow us to undertake an unconditional most-favored-nation (MFN) obligation and provide unlimited access to our market now and in the future. Unfortunately, with December 15 only a day away, it is clear that many countries are unable or unwilling to make good offers. We could not and would not open our markets fully to all comers under these circumstances. We had to have a way of dealing with free-riders. That has been secured.

o We and the Community have agreed that we and others will be able to take MFN exemptions, for banking and other financial services including insurance, and the United States will do so. We have agreed, however, that this exemption will be suspended during the first six months that the Agreement is in effect. At the end of that period, countries will be able to modify their offers and MFN exemptions.

o Between now and then, we will work to put in place a solid set of financial services commitments.

o This agreement will open financial markets. It has laid a base. It will encourage others to liberalize their regulations and it has the means to bring free-riders up to standard. U.S. firms are world class competitors in these areas. Our firms'

financial presence overseas creates income and supports U.S. exports and investment overseas.

o Audiovisual. We were unable to overcome our differences on issues relating to the entertainment issue. To advance the Round, we agreed to disagree. But our differences remain.

o Television programming, motion pictures and sound recordings---this sector is crucial to the health and vibrancy of the U.S. economy. Millions of Americans are employed in these industries. More important, our motion pictures, television programming and sound recordings have demonstrated almost universal appeal around the world, including Europe.

o The tension between the U.S. and Europe on what is known as the "entertainment issues" is well-known.

--- Over the past few years, the EC has enacted a Broadcast Directive, requiring member states to maintain a majority of European programming where practicable.

--- The member states have escalated their subsidies for their film makers, some of which are derived from taxes on foreign films.

--- Virtually all the countries of the EC have enacted blank tape levies, and distributed those revenues by formulas that have not been equitable to U.S. artists and producers. These measures have been accompanied by a growing drumbeat of rhetoric about "cultural" invasions by the U.S. movies and music.

o The U.S. objectives in the entertainment area were straightforward: we wanted predictable and fair access to the European market, and we wanted fair treatment for our creative people.

o But we also wanted to find a fair resolution for both the U.S. and the EC and its member states. Consequently, during the past two weeks, as we negotiated on this issue, the U.S. has offered idea after idea for resolving the issues in a fair way for both sides, in the context of an overall package.

o The EC rejected each and every proposal. Instead, they offered consultations and other steps that do not come close to measuring up to real national treatment or real market access.

o Because of the inadequacy of the EC's proposals, and their unwillingness to accept ours, we refused to reach an agreement.

o We have decided not to accept a meaningless fig leaf. Instead, we think we can best advance the interests of our

artists, performers and producers---and the free flow of information around the world---by reserving all our legal rights to respond to policies that discriminate in these areas.

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STATEMENT ON FINANCIAL SERVICES BY AMBASSADOR MICKEY KANTOR
GENEVA, DECEMBER 11, 1993

I have been in close consultation with Secretary Bentsen on the state of the Uruguay Round financial services negotiations. We agreed that the U.S. has not seen the progress we had hoped to see in market access and national treatment commitments in financial services. We do not now have the basis for an agreement that provides sufficient liberalization to justify the United States accepting an MFN obligation by December 15. We are continuing to work toward a positive result in this sector.

Office of Public Affairs
United States Mission

2512 Chancellery Court
Bern, Switzerland

2512 Chancellery Court
Bern, Switzerland



Statement by

U.S. Trade Representative Wilbur Ross

December 7, 1983

BRUSSELS

Sir Leon and I have just completed almost twenty-four hours of intensive negotiations. We have made real progress on a number of the most important issues that remain between us. I am confident that this progress can be translated into success in Geneva during the final days of the Gynegy Round. I will be going to Geneva in a few hours to discuss our progress with GATT Director General Peter Sutherland and ensure that this progress is translated into a multilateral context.

We can see the outlines of a truly historic agreement involving over 110 nations -- the most sweeping trade agreement in history, one which will give the world economy a needed boost in order to help Europe out of its recession, sustain economic recovery in the U.S., and afford new opportunities for growth in developing nations.

The major areas of progress over the last day were in market access for goods and the export area of agriculture, as well as subsidies and procurement. The market access package we are discussing would involve overall EC tariff cuts to the United States of fifty percent, with over \$3 billion in zero for zero sectors, several of which were newly agreed this weekend. In addition, in the agriculture negotiations we were able to maintain U.S. access to the EC market and smooth out the implementation of the cuts in export subsidies to the benefit of the U.S. farm sector.

We have tried to accommodate every legitimate European Community concern, including Blair House. We were not, however, able to conclude an agreement in the audio-visual sector because the EC was unwilling to provide foreign companies fair access to the revenues that are theirs due as owners of intellectual property rights. The United States was willing to be flexible in this sector. We have fully respected the cultural identity of Europe and agreed to their cultural specificity language. But our flexibility has yet to be met with equal flexibility on the EC side. Moreover, we were also unable to reach agreement on the very important issue of how the GATT subsidy disciplines relate to civil aircraft, our most export oriented sector. I regret that the EC is unable to address this sector adequately.

Having come so far, we must not let this opportunity slip from our grasp.



Release

Date: December 2, 1993

For release: Immediate

PRIME MINISTER ANNOUNCES NAFTA IMPROVEMENTS; CANADA TO PROCEED WITH AGREEMENT

Prime Minister Jean Chrétien today announced that the Government of Canada has secured the significant improvements it sought regarding the North American Free Trade Agreement. The Government is now prepared to proceed with implementing the NAFTA on January 1, 1994.

During the recent election campaign the Liberal Party set out the improvements it sought as conditions for proceeding with NAFTA. These included:

- strengthened environment and labour provisions;
- a subsidies code;
- an anti-dumping code;
- a more effective dispute resolution mechanism; and
- the same energy protection as Mexico.

The Prime Minister reported today that these conditions, along with Canada's concerns over the export of water, have been addressed in the following manner:

- On Labour and the Environment: Canada is satisfied with progress made on Labour and the Environment in the earlier tri-lateral side-agreements.

- **On Subsidies and Dumping:** The three nations have agreed to continue work begun under Article 1907 of the FTA to establish an effective subsidy and anti-dumping code. Two working groups will be mandated to resolve these problems by December 31, 1995. The successful conclusion of these processes will result in improved dispute settlement.
- **On Water:** The Prime Minister has announced a Canada-United States-Mexico declaration on water. Concerns had been raised that the NAFTA could force Canada to export water. The agreement makes it clear that this is not the case.
- **On Energy:** The Canadian government has issued a declaration on energy that clarifies Canada's interpretation of the energy provisions of NAFTA - just as the U.S. Administration has issued interpretations of its understanding of provisions of NAFTA. The Canadian government is committed to security of supply of energy in emergency situations.

All of these measures are to be effected without reopening the implementing legislation at this late date.

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**STATEMENT BY THE GOVERNMENTS OF
CANADA, MEXICO AND THE UNITED STATES**

**FUTURE WORK ON ANTIDUMPING DUTIES,
SUBSIDIES AND COUNTERVAIL**

- The Governments of Canada, Mexico and the United States, to further their strong and mutually beneficial trading relationship, have agreed to seek solutions that reduce the possibility of disputes concerning the issues of subsidies, dumping and the operation of trade remedy laws regarding such practices.
- The three Governments note that these issues are under negotiation in the Uruguay Round and that a satisfactory result in those negotiations would be an important step in addressing their concerns in this area.
- Each Government intends to make the successful completion of the Uruguay Round of Multilateral Trade Negotiations in the coming weeks a top priority.
- In addition, the three governments will establish a trilateral working group on subsidies and countervailing duties and another working group on dumping and antidumping duties. These groups will build as appropriate on the results of the Uruguay Round and on experience in regard to these issues.
- The working groups will continue efforts begun in 1989 by a working group convened under Article 1907 of the U.S.-Canada Free Trade Agreement and will be instructed to complete their work by December 31, 1995.

**STATEMENT BY THE GOVERNMENTS
OF CANADA, MEXICO AND THE UNITED STATES**

The governments of Canada, the United States and Mexico, in order to correct false interpretations, have agreed to state the following jointly and publicly as Parties to the North American Free Trade Agreement (NAFTA):

- The NAFTA creates no rights to the natural water resources of any Party to the Agreement.

- Unless water, in any form, has entered into commerce and become a good or product, it is not covered by the provisions of any trade agreement, including the NAFTA. And nothing in the NAFTA would oblige any NAFTA Party to either exploit its water for commercial use, or to begin exporting water in any form. Water in its natural state in lakes, rivers, reservoirs, aquifers, waterbasins and the like is not a good or product, is not traded, and therefore is not and never has been subject to the terms of any trade agreement.

- International rights and obligations respecting water in its natural state are contained in separate treaties and agreements negotiated for that purpose. Examples are the United States - Canada Boundary Waters Treaty of 1909 and the 1944 Boundary Waters Treaty between Mexico and the United States.

DECLARATION OF THE GOVERNMENT OF CANADA
ON ENERGY AND THE NAFTA

Energy security for Canadians will be an important element in this government's overall economic priorities.

It will be government policy to promote environmentally responsible and efficient uses of Canadian energy resources, and to encourage a robust energy sector.

Canada will continue to be a strong and reliable supplier of energy to its customers, reinforcing its expanding role in North American energy markets.

In the event of shortages or in order to conserve Canada's exhaustible energy resources, the government will interpret and apply the NAFTA in a way which maximizes energy security for Canadians. The government interprets the NAFTA as not requiring any Canadian to export a given level or proportion of any energy resource to another NAFTA country.

The government will keep Canada's long term energy security under review and will take any measures that it deems necessary to the future energy security of Canadians, including the establishment, if necessary, of strategic reserves, or incentives for oil and gas exploration, development and related activities in order to maintain the reserve base for these energy resources.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

December 2, 1993

STATEMENT BY THE PRESIDENT

I am delighted that, as a result of discussions following-up on our meeting in Seattle, Canadian Prime Minister Chretien has announced his intention to proclaim the NAFTA by January 1, 1994. We look forward to the smooth and effective implementation of this historic agreement on January 1, so that all three countries can begin to reap the benefits of expanded trade, economic growth, and job creation in North America with the largest free trade area in the world.

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FOR IMMEDIATE RELEASE
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**Canada Announces Intention to Proclaim NAFTA;
U.S., Canada and Mexico Release Joint Statements
on NAFTA**

Ambassador Michael Kantor said today that, "It is with great pleasure that I am able to announce that, simultaneous to this press release, Canadian Prime Minister Jean Chretien is announcing his intention to proceed with proclamation of the NAFTA on January 1, 1994. Canada's announcement is a very significant further step toward realization of the largest free trade area in the world. We look forward to the smooth implementation of this historic agreement."

Along with Prime Minister Chretien's announcement of his intention to proclaim the NAFTA, the Governments of the United States, Canada, and Mexico are today releasing a joint statement on future work on dumping and antidumping duties and subsidies and countervailing duties, and a joint statement on natural water resources and the NAFTA. Canada has also released a separate statement on energy which underscores the Canadian Government's commitment to energy security for Canadians. None of these statements change the NAFTA in any way.

The joint statement on future work on dumping and subsidies makes clear that all three NAFTA countries believe a successful Uruguay Round agreement is the most useful way to address common concerns on subsidies, dumping, and the use of trade remedy laws. The working groups that are being established are similar to those that the United States and Canada created under Article 1907 of the U.S. - Canada Free Trade Agreement (FTA). Today's announcement expands those groups to include Mexico.

U.S. agreement to establish these working groups reflects the continued willingness of the Government of the United States, as part of its ongoing dialogue with the Governments of Canada and Mexico, to discuss matters of common concern. While these working groups have been charged with completing their work by December 31, 1995, U.S. participation does not commit the United States to any particular outcome. The Administration intends to consult closely with the Congress and private sector regarding the work of these groups.

The joint statement on natural water resources is simply a confirmation that the NAFTA does not create any rights to the natural water resources of any Party to the agreement.

Canada has released a separate statement on energy. The energy provisions of the NAFTA are clear, and the United States fully expects that Canada, as well as Mexico and the United States, will act consistently with their NAFTA obligations. The United States has no doubt that Canada will continue to be a fully reliable energy supplier as it provides for Canadian energy security.