

EXECUTIVE OFFICE OF THE PRESIDENT  
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TRADE REPRESENTATIVE**

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

FOR IMMEDIATE RELEASE  
THURSDAY, JANUARY 6, 1994

94-01  
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USTR MICKEY KANTOR ANNOUNCES  
CHINESE TEXTILE IMPORT QUOTAS TO BE LOWERED

The United States will announce formally, through a Federal Register Notice, that the United States Customs Service has been directed to place new quotas on imports of certain textile and apparel products from the People's Republic of China. The new quotas will be set at levels 25% to 35% (in a limited number of categories) lower than those that were in effect in 1993 under the bilateral textile agreement that expired on December 31, 1993. The Federal Register notice will become effective on January 17, 1994, and would apply to textile and apparel products that have entered the United States after January 1, 1994.

Today's action is consistent with the position the United States has taken throughout its negotiations with China. United States Trade Representative Mickey Kantor stated, "We have said all along that if we could not reach an agreement with China which addressed the problems we have had with textile trade, then we would have to impose quotas at the levels outlined in this Notice."

Over the last nine months, the United States has held four negotiating sessions with Chinese Government representatives in an effort to extend and amend the bilateral textile agreement. The United States has stated that the problems of massive transshipment as well as significant overshipments resulting from fraudulent visas must be addressed as part of any agreement. Unfortunately, these negotiations ended in an impasse.

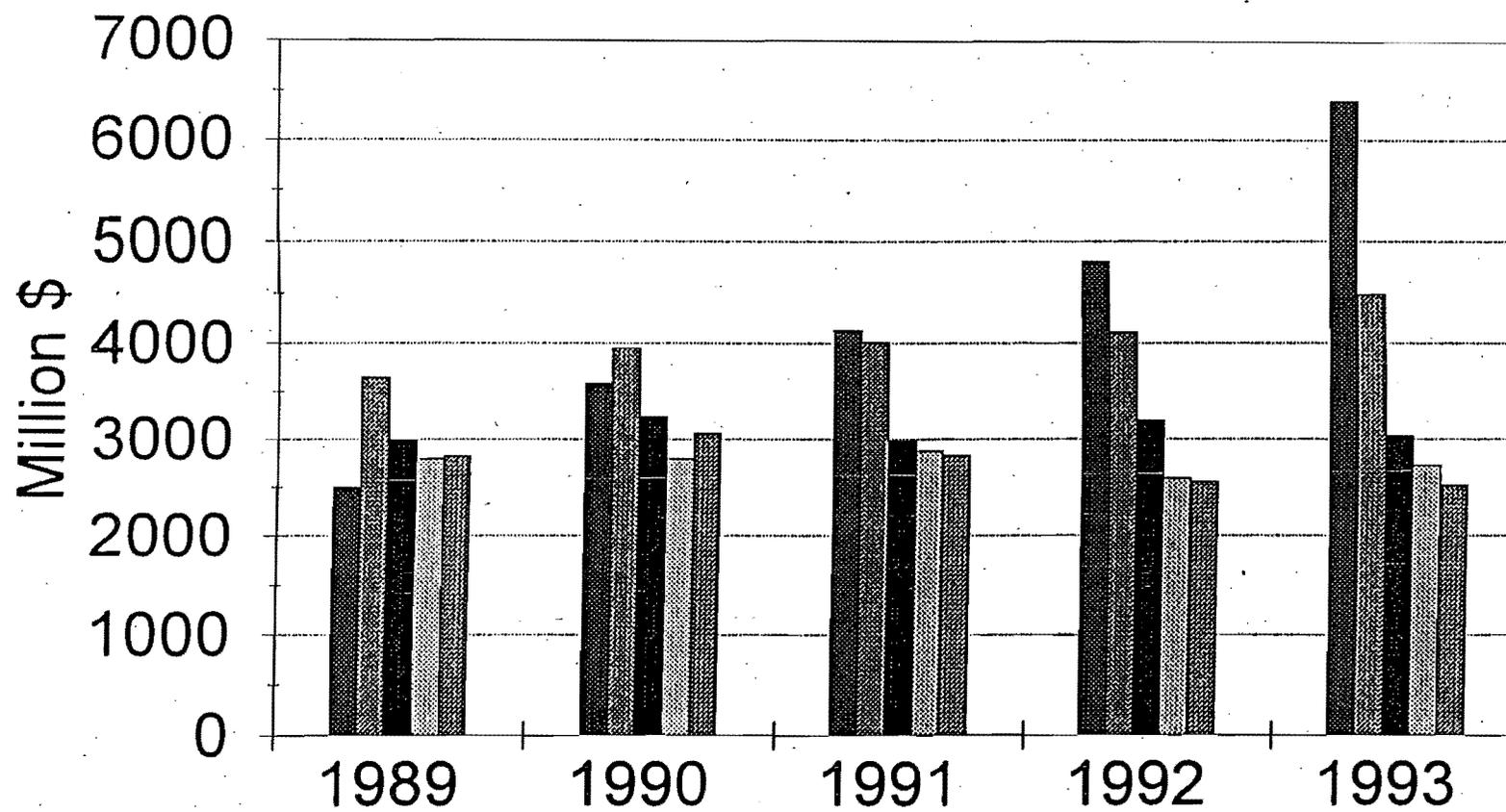
China has been unwilling to agree to provisions that have now been added to agreements with 16 other countries that would allow the United States to make certain quota reductions where clear evidence of specific instances of transshipment is provided and consultations fail to produce a satisfactory solution to the transshipment practice identified. Given the massive amount of transshipment experienced in recent years, it would not be prudent to enter into an agreement with the People's Republic of China without such procedures.

Kantor said, "Clearly, textile transshipment damages our workers and industry and violates China's international commitments. While the United States Government would like to have a mutually beneficial textile trade relationship with China, such a relationship must be based on fair trade practices."

The Government of the United States had invited Chinese officials to negotiate this week regarding these issues. That invitation was not accepted.

# US IMPORTS OF TEXTILES AND APPAREL

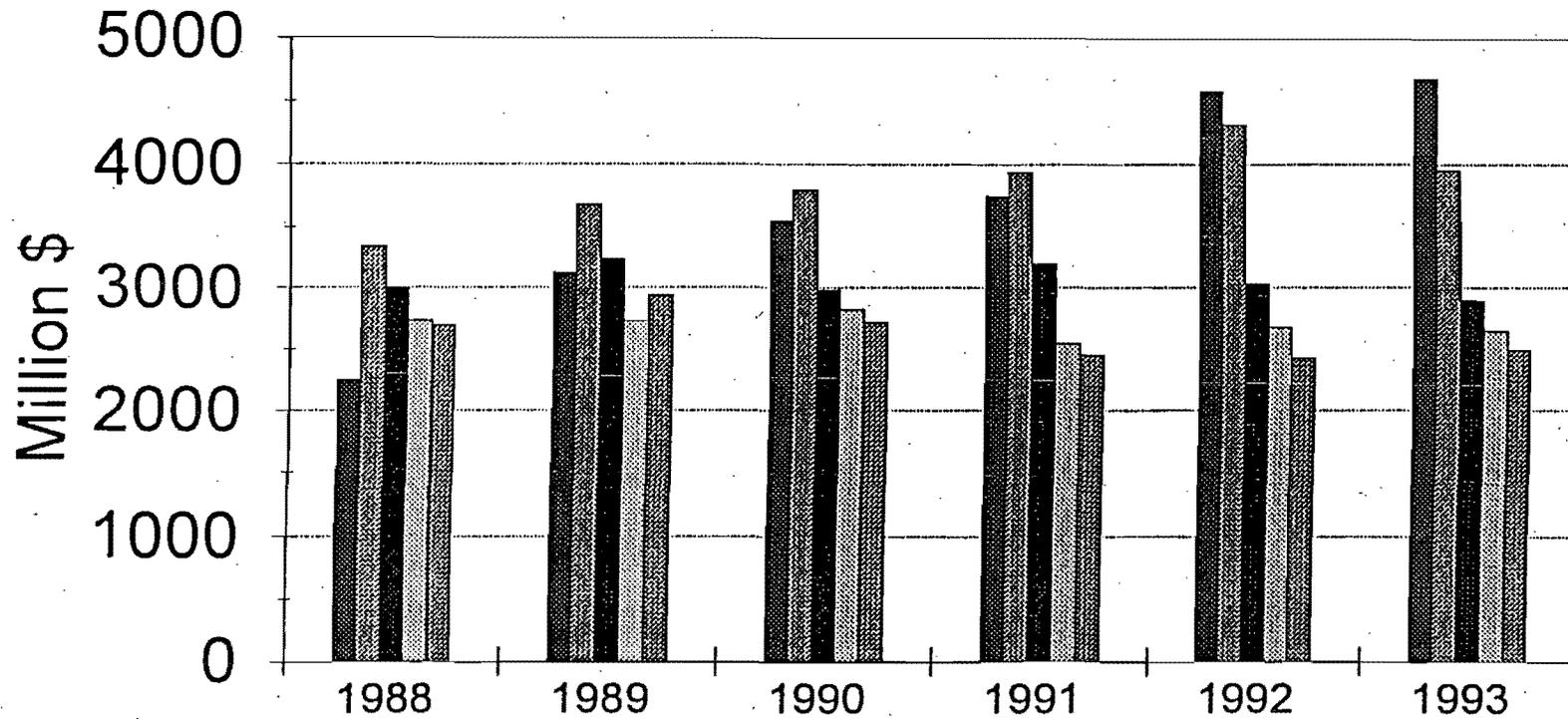
Including Silk Apparel



OTEXA

China P    Hong Kong    Taiwan  
EC    Korea

# US Imports of Textiles and Apparel 1988-1993



OTEXA

China P    Hong Kong    Taiwan  
EC    Korea

## THE WHITE HOUSE

Office of the Press Secretary  
(Brussels, Belgium)

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For Immediate Release

January 11, 1994

REMARKS BY THE PRESIDENT  
IN STATEMENT WITH EU LEADERS

News Conference Theatre  
EU Headquarters  
Brussels, Belgium

12:49 P.M. (L)

THE PRESIDENT: Thank you very much. We have just had a very productive meeting, President Delors and Prime Minister Papandreou and I. As I have said many times in the last few days, I came to Brussels in the hope of working with the leaders of Europe to build a broader and more integrated Europe.

At the heart of this new concept of security is the economic vitality of the relationship between the United States and the European Union. The EU remains America's most valued partner in trade and investment. A strong relationship between us is good for America. It can help to generate more jobs, more growth, more opportunities for workers and businesses at home as well as for those here in Europe.

That is one of the reasons that our administration strongly supported the Maastricht Treaty. We believe a strong and more unified Europe makes for a more effective economic and political partner. I think we proved that through our combined efforts to lead the world to a new GATT agreement in December.

One key to achieving that accord came last spring when President Delors agreed to join me in focusing on market access at last year's G-7 summit. I'm committed to deepening our relationship with the EU through regular meetings at all levels to continue to address other concerns as we address the market access concern and as we work together to get a new GATT agreement.

I have argued in my own country that to advance the global economy and to advance the interests of American workers as well, we must compete, not retreat. All advanced economies can only generate more jobs and higher incomes when they have more people beyond their borders to buy their goods and services. Therefore, we must continue our efforts to expand global growth and world markets. The GATT agreement will help in that regard.

economy between now and the end of the decade. But we also have responsibilities, the United States, the EU and others, to continue our own efforts toward open trade and more global growth.

In today's meeting, we discussed four ways in which we can build on the momentum generated by the GATT agreement. First, we stressed the need to finalize and ratify the agreement. The agreement itself was an impressive breakthrough, but there are several areas in which we did not reach full agreement. I emphasized today our strong desire to resolve our outstanding differences.

We also agreed that further market access offers from Japan and from other countries are also needed to meet the ambitious goals on which we agreed. The U.S. and the EU cannot alone create the open markets the world needs.

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We think it is clearly time for the other great economic power, Japan, to join us in this effort to open markets. Second, we agreed on the importance of putting jobs at the center of our trade and economic agenda. Today, the nations of the European Union are facing high and persistent rates of unemployment and sluggish growth.

In the United States, we have begun to generate more jobs, but our nation still has a long way to go before our unemployment is at an acceptable level and before our workers begin to generate more income when they work harder. The renewal of each of our economies will benefit all of them. We discussed some of the innovative ideas contained in the Delors White Paper. President Delors and Prime Minister Papandreu both made very thoughtful comments about the kinds of things we could do to generate more job growth both in Europe and the United States. And we look forward to pursuing those ideas at the jobs conference in Washington this spring, and again at the G-7 summit this July.

Third, we agreed to explore the next generation of trade issues. I suggested that the successor agenda to the Uruguay Round should include issues such as the impact of environmental policies on trade, antitrust and other competition policies and labor standards -- something that I think we must, frankly, address.

While we continue to tear down anticompetitive practices and other barriers to trade, we simply have to assure that our economic policies also protect the environment and the well-being of workers. And as we bring others into the orbit of global trade people who can benefit from the investment and trading opportunities we offer, we must ensure that their policies benefit the interest of their workers and our common interest in enhancing environmental protection throughout the globe. That is exactly what we tried to do with the North American Free Trade Agreement. And in the coming months I look forward to continuing discussions on these issues with our EU partners.

Finally, we discussed the imperative of helping to integrate the new market democracies of Europe's Eastern half into the transatlantic community. Yesterday, NATO took an historic step in this direction with the Partnership For Peace. We must match that effort by helping to ensure that our markets are open to the products of Eastern Europe. Ultimately, the further integration of Europe can be a future source of jobs and prosperity for both the United States and Western Europe as these nations become increasingly productive and, therefore, increasingly able to serve as consumers in the global economy.

We have already begun to open our markets to these new democracies.

our markets to the nations to our east. Our trade are a source of strength, the source of jobs, a source of prosperity.

I look forward to continuing these discussions in the future. We had a lot of very good specific discussions this morning on the jobs issue in particular. And we intend to continue to work together and to make progress together.

Thank you very much.

PRESIDENT PAPANDEOU: President Clinton, in this very brief presentation, has covered the issues that we discussed today. He has done so in a very complete way so I will make two or three comments and not more. To begin with, we have the revitalization of transatlantic relations, relations between Europe, the European Union and the United States of America.

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It is very important for President Clinton that European integration, the great objective of a united Europe, is very important. Now, the other important issue is an opening towards Eastern Europe. The wall separating the East from the West have been dismantled. We do not want any further divisions in Europe. But we should not ignore the dangers that may confront us on this road.

Russia is involved in a very difficult economic, political and social reform. And we would like to contribute in any way we can so that this road will lead to a modern economy, to a peace policy and to a just society. We hope that that will be the final outcome of this process.

Now, the third point which is directly linked to what we have mentioned so far is a Partnership For Peace. We have to work together for peace. This is a great concept. We should consider ways of working together in the area of defense in connection with problems arising due to crises, due to nationalist fanaticism, due to conflicts in Europe or at the periphery. Crisis management is a very important objective. Military cooperation without Eastern European countries being members of NATO, but cooperation between them and NATO is not a threat for Russia, but rather an invitation to Russia to contribute constructively.

I will not embark on the problem of the European economy. Mr. Delors will speak about this problem. But the truth is that there are three regions in which we have both unemployment and recession -- Europe, Japan and the United States. Now, the United States has started an upswing.

We are faced with a very serious problem in connection with employment, and we will have to live with this problem for many years unless we manage to find a radical solution. It is not the right time to go into the details of these solutions. Now, this is what I wanted to say at the present juncture.

So, President Delors.

PRESIDENT DELORS: Questions immediately, because this is more interesting than what I could add to what Prime Minister Papandreu has spoken on behalf of the Community.

Q Back to NATO, Mr. President. What makes you think that the Serbs will take the threat seriously now since NATO has been the boy crying wolf in the past? And what really has stiffened everybody's spine now after two years of shelling, bombing, slaughter?

resolution was directed toward a specific set of circumstances. They reaffirmed -- NATO reaffirmed the August position that if Sarajevo was subject to strangulation defined as large-scale shelling, that air power from NATO could be used as a response to that. And then, today there were added two conditions that we asked our military leadership to come up with plans to ensure that the troop replacement in Srebrenica could proceed and to see whether the airstrip at Tuzla could be opened.

I can only tell you what happened in the meetings. The Secretary General of NATO and I both said that these steps should not be called for unless everyone voting in the affirmative was prepared to see them through. And there was an explicit discussion of that. So I think that the continued deterioration of conditions, the frustration of all us that no peace agreement has been made and that explicit debate should give this vote the credibility that I believe it deserves.

Q Listening to what you said about growth and jobs and also defense of the environment and social rights, I'm

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very struck by how similar your language is to the proposals which President Delors recently put to the European heads of government. Would you acknowledge that your thinking on these issues is very largely convergent? And what would you say to some people who responded in this Union by saying now is no time to be unduly concerned about workers' rights or the environment, that this can no priority when we are tackling mass unemployment, priority when we are tackling mass unemployment? It's a debate we've had here in the Union. I wonder how you would advise people in that respect here.

**THE PRESIDENT:** First of all, I think it is fair to say that President Delors and I share a lot of common ideas. Prime Minister Papandreu and I have shared some ideas. I've read some of his thoughts and interviews. I think any person who seriously studies this issue, who studies income trends in the United States, who studies job trends in Europe, who studies now what is happening in Japan, will reach the conclusion that every wealthy country in the world is having great difficulty creating jobs and raising incomes, and that there are some common elements to this malady which have to be addressed.

Now, let me say in response to the two issues you've raised, first of all, with regard to the environment, I believe that dealing with the environment creates jobs, doesn't cost jobs if you do it in the right way. And I think we now have about 20 years of evidence that supports that -- that if you have the right sort of sensible environmental policy and if you finance it in the right way, you will create jobs, not cost jobs. Much of the environmental cleanup that is sensible requires the development of technologies and the generation of high-wage jobs which will be virtually exclusively the province of the same countries that are having trouble creating jobs.

With regard to workers' rights, I would respond in two ways. First of all, if in order to create jobs we have to give up all the supports that we have worked hard for over decades for working families, then we may wind up paying the same political price and social price. That is, we do not want to see the collapse of the middle class in Europe or in the United States. What we want to do is to rebuild and strengthen the middle class.

If you look at the vote in Russia, if you look at the recent vote in Poland, you see what happens in democracies when middle class people feel that the future will be worse than the present. So if you're going to ask for changes in the system of support, those changes have to be done in a way that increase the sense of security that middle class working class families in all these countries.

Secondly, the issue of worker rights and the issue of the environment should be seen from our prospective as a

negotiated with Mexico in the NAFTA treaty, the first trade agreement ever to explicitly deal with environmental and labor issues, we did it because we said, okay, if we're going to open our borders and trade more and invest more with developing nations, we want to know that their working people will receive some of the benefits and a fair share of the benefits of this trade and investment. Otherwise, they won't have increasing incomes and they won't be able to buy our products and services.

So I see this whole worker rights issue as more a function of the global economy and one that will help us to build up ordinary citizens everywhere, which I think should be our ultimate objective.

Q Mr. President, back on Bosnia. You mentioned that this threat of military action is not a new threat. How long can NATO keep on making these threats without carrying them

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out, without delivering? At what point does it become, as you warned about yesterday, an empty threat?

THE PRESIDENT: Well, first of all, we have two different issues here. The French and the British proposed the motion to ask our military planners to come up with a strategy to ensure the rotation of troops in Srebrenica and to see whether with the use of air power or some other device we might secure the opening of the airstrip at Tuzla to continue the U.N. mission, the humanitarian mission. So we'll await the plan and see what happens.

On the question of the use of air strikes in retaliation for the strangulation of Sarajevo, that is largely going to be a function of the behavior of the people who have been shelling Sarajevo, the Bosnian Serbs. So we'll just have to -- part of it depends upon -- when you say how long -- it depends on what is their behavior? Is the shelling going to abate now, as it did after August when we adopted the resolution? And then it basically escalated dramatically only relatively recently. Or will they continue to do it? And then we'll see if our resolve is there. My resolve is there. That's all I can tell you. And I believe the people in that room knew what they were doing when they voted for this resolution.

It depends in part -- when you say how long, it depends in part on what will be the conduct from this day forward of those who have been responsible for shelling Sarajevo.

Q I had a question on Partnership For Peace. And I'd be grateful if, Mr. President, you could answer, and perhaps President Delors, too.

With hindsight, I wonder whether you don't think you missed a trick by making entry into NATO for the former communist countries of Central and Eastern Europe work on the same track as entry into the European Union. Would this not have been a more credible approach for Partnership For Peace?

THE PRESIDENT: I'll be glad to answer that question, but I think perhaps I should defer to President Delors since he has a much better sense of how the membership track for the European Union works and let him answer the question that you specifically posed, and then I'll also respond. And perhaps Prime Minister Papandreou will respond.

PRESIDENT DELORS: Back in 1989 already, with the event that took place then, the Summit of Industrialized Nations dealt at length with this question: How, after the fall of the Berlin Wall and the collapse of communism, could we make it possible for the countries in question to get back onto the track of pluralist democracy and open economy? And then, it seemed to

European Union would be more damaging for them than would be a period of preparation and adaptation.

We were afraid then that there would be a clash between the strong and the weak, however much aid we could give them. So a period of transition was necessary. It was in the context of the mission that was entrusted to the European Community and to the Commission that we endeavored to help them in order to make it possible for them to progress in parallel along the two tracks that I have indicated today. After four years of experience and speaking in my personal name, I am ready to take stock of this aid to which the Community has contributed a lot.

May I recall that in 1989, the European Union only represented 25 percent of the external trade of the countries of Eastern Europe. Now we represent 80 percent. And so we have replaced COMICON; and that was absolutely necessary. We have doubled our imports over three years from these countries. We

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represent 50 percent of total aid, including the aid from the international financial organizations.

But we cannot replace them. These countries are responsible countries. They have to learn the workings of an open economy and democracy. Of course, there are claims in our countries. There are also people that are recommending other solutions, but I still think that immediate entry to the European Union would have been very damaging to them, irrespective of what our leaders would have had to explain to our citizens who are taxpayers.

For today, we have to take stock of what's happened, but not do this having in mind the idea that we could substitute for them. They are responsible for the fates. Some of them have chosen the "big bang" approach in order to reform their economies. I deplore this, and I feel that this was one of the reasons for the return of the former communists and others. Others have taken a more gradualist approach.

But each country was different. Czechoslovakia was traditionally an industrial country. Hungary, even out of communism, had begun experiments in decentralization way back in 1970. So we cannot act in their stead. Today, they have to face a growing problem of security. The Partnership For Peace is there to deal with this, but there is also a need for economic security.

But I'm a pragmatist. I'm open to any solution. But when I hear some leaders within Europe saying that we should have acted otherwise, I remain convinced that we did opt for the right solution. Now, have we always supplied it with the desirable efficacy? That's another question. It remains open. But again, with the commissioners responsible, we shall take stock of all of this.

But we have to be careful. All of the miracle solutions that have been proposed would not have resolved the problems, and anyway, we can see this with German unification. It is not this that in any way has diminished the frustration of the populations concerned, or filled the psychological gap, or even made it possible to get onto the ideal road towards modernization. There are all sorts of problems. Besides, I'm very respectful of what is happening in Germany. But it is an experience contrary to the other one. You can see what problems remain to be resolved.

PRIME MINISTER PAPANDREOU: Just a few words, because I think President Delors has stated very clearly our stand. There is a very delicate relationship between deepening of the European Union and enlargement of the Union. They must go together in a careful relationship. Otherwise, the Union itself may not be able to achieve its fundamental goals.

petitioning the entry and also from the Union itself. But I think I've said enough, in view of what President Delors has already said in such detail.

**THE PRESIDENT:** I'd like to go back to your original question. What you asked, I think, was since there will be -- since there is sort of a phased-in possibility for additional membership to the European Union and a phased-in possibility for membership in NATO, should the criteria and timetables have been reconciled. I think that's the question you're asking.

I can't give you a yes or no, except to say that I think it would have been difficult to do that for a couple of reasons. First of all, NATO and the European Union are fundamentally different organizations. Membership in NATO means that each member has a solemn obligation to defend the security of each other -- any other member from attack. And membership in NATO includes a guarantee, therefore, coming from the United

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States and from Canada, something that is not the same with the European Union.

On the other hand, membership in the European Union now involves a commitment to a level of economic and political integration that some who may want to be a part of NATO may or may not want to commit to. So I think as a practical matter, it would have been very difficult to reconcile these two timetables since the organizations are different. Some may be more interested in being in the European Union. I can conceive of some countries who want to be in the Union who may not want to be in NATO. Some may wish to be in NATO before they're able to meet the responsibilities of the European Union.

PRESIDENT DELORS: I would just like to add one sentence. In my humble opinion, the generation that I belong to and which holds responsibility at present has two obligations, and to reconcile these is not easy. On the one hand, we want to create a political union with the European countries that desire this, because we think that none of our countries is capable of coping with these problems and with world responsibilities.

And secondly, given the events that have occurred in the East, we have another obligation which is equally important; that is to extend our values of peace, cooperation and mutual understanding to the wider Europe. Believe me, to combine the two is no easy task.

And, again, I criticize those who put forth simplistic solutions in this area. Life is difficult. No one can prevent such events being conflictual. A little modesty on the part of those proposing miracle solutions will be necessary.

Q Mr. President, Germany recently requested that the famous Article 5 of the NATO Pact should apply for the security for the Czech Republic, not a NATO member, in order to face a threat not been defined yet. Since Greece is a NATO member, according to the report, many of them are facing a real threat in her northern border from an expected movement of Albanian refugees from Kosovo via Skopje. If the same article could apply on that case, keep also into account that European Union and Western European Union are not guaranteeing the Greek borders. And I'm taking this opportunity, Mr. President, to ask directly if America will be in the position to guarantee the security of Greece from such a threat on a bilateral basis?

PRESIDENT CLINTON: Frankly, that's a conversation I think I ought to have with Prime Minister Papandreaou before I have it in public in some ways. But let me respond in two ways. First of all, the United States has taken two strong steps to try to make sure that the dire situation you described does not occur. We have sent 300 troops to be located in Macedonia -- or Skopje, as the Prime Minister describes it, as a part of a NATO effort or a U.N. effort to contain the conflict in Bosnia.

In addition to that, shortly before I became President but after I was elected President, the previous administration with my strong support sent a very strong and firm warning about involving Kosovo in the conflagration in Bosnia. And we made it very clear that we would have very strong views about that and a strong reaction to it.

So I think the real issue is, are we trying to protect the interests of Greece and other nations from being embroiled in the conflict now in the Balkans. And the answer is yes, and I think we've taken two strong steps to do that. I believe we will be successful in doing that.

THE PRESS: Thank you very much.

END

1:19 P.M. (L)

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FOR IMMEDIATE RELEASE  
MONDAY, JANUARY 17, 1994

94-02  
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USTR ANNOUNCES TEXTILE AND APPAREL AGREEMENT WITH CHINA

"I am pleased to announce that after three days of intensive talks, the United States and the People's Republic of China have reached agreement regarding our trade in textiles and apparel," United States Trade Representative Mickey Kantor said today.

Ambassador Kantor had announced on January 6, 1994 that in the absence of an agreement with China, the United States would impose quotas on shipments of Chinese textiles and clothing at levels 25 percent and 35 percent below their 1993 levels. This action was announced in response to a failure to reach an agreement by the end of 1993 which addressed the problems of massive transshipment as well as significant overshipments that have resulted from fraudulent visas. Transshipment occurs when goods made in China are shipped to the United States marked as though they were goods of another country in order to get around the quota limits provided in the agreement.

Subsequent to this announcement, China requested another round of negotiations with the United States, which began in Beijing on Saturday, January 15.

The agreement accomplishes three things: first, it establishes significant reductions in access the Chinese will have to the U.S. market. This will result in an overall reduction in China's access for non-silk products to the U.S. market over the term of this agreement of approximately \$700 million or a 13% reduction in access. Kantor noted that "this reduction is entirely justified given the substantial transshipment and overshipments that have occurred in violation of the previous agreement."

Second, it incorporates language through agreement by the Chinese government which potentially subjects China to additional substantial cuts in access to the U.S. market. Simply put, after three additional violations of the agreement through transshipment, the U.S. Government can reduce China's quotas by up to three times the quantity involved in transshipment.

Third, China's exports of silk apparel to the United States,

for the first time, are now subject to agreed limits, or ceilings. Silk apparel is not subject to the Multifiber Arrangement and until now had not been subject to bilateral restraint agreements maintained by the United States. "Chinese silk exports to the United States exceeded \$2 billion in 1993, so this new agreement represents a very important new restraint," Kantor noted.

"I want to note that the Chinese responded appropriately to a serious situation so that they could achieve access to the U.S. market, albeit at reduced levels. We will continue to work with the Chinese to achieve balanced and enforceable trade agreements in which both sides assume their responsibility."

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FOR IMMEDIATE RELEASE  
THURSDAY, JANUARY 19, 1994

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TITLE VII SANCTIONS ON JAPAN CONSTRUCTION TERMINATED

U.S. Trade Representative Mickey Kantor announced today the termination of sanctions scheduled to be imposed on Japan under Title VII of the 1988 Omnibus Trade and Competitiveness Act. Citing the historic Action Plan announced by the Government of Japan on January 18 to reform its public sector construction market and an accompanying exchange of letters between the United States and Japan, Kantor stated: "The Government of Japan has addressed all the major U.S. concerns in the Japanese public works sector."

Kantor praised the Government of Prime Minister Hosokawa for adopting the Action Plan, stating that, "the plan demonstrates Prime Minister Hosokawa's commitment to reform Japanese procurement and regulatory practices to promote market access for the benefit of the Japanese people and the Japanese economy, as well as foreign suppliers. I hope that this positive step sets the stage for concluding meaningful Framework agreements prior the February 11 meeting between President Clinton and Prime Minister Hosokawa."

The Action Plan represents a significant change in the Japanese Government's procurement and regulatory practices in the public works sector. Implementation of the Action Plan will resolve long-standing U.S. concerns in this key sector. Under the plan, the Japanese Government, among other things, will: (1) significantly expand coverage of projects subject to transparent and non-discriminatory practices; (2) adopt an open and competitive bidding system to replace the closed designated bidder system; (3) apply the reforms to all government and quasi-government construction projects, as well as design and consulting services, above a specified threshold; (4) consider foreign firms' global business activities when evaluating their qualification to bid; (5) eliminate the need to establish joint ventures, in most cases, in order to bid on projects; (6) strictly apply its Anti-Monopoly Law; and (7) adopt a comprehensive and effective complaint mechanism.

Covering over \$20 billion of procurements on an annual basis, the Action Plan greatly expands on the coverage of the Major Projects Arrangement (MPA).

The exchange of letters between the two Governments includes a system to monitor foreign access to the Japanese construction market and an agreement to hold annual consultations to assess implementation of the Plan.

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FOR IMMEDIATE RELEASE  
THURSDAY, JANUARY 27, 1994

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**SUCCESSFUL RENEGOTIATION OF INTERNATIONAL TROPICAL  
TIMBER AGREEMENT PROMOTING SUSTAINABLE FOREST MANAGEMENT**

Today in Geneva the United States and other members of the United Nations Conference for the Negotiation of a successor agreement to the International Tropical Timber Agreement, 1983 (ITTA, 1983) successfully concluded their negotiations by adopting a text for the International Tropical Timber Agreement, 1994 (ITTA, 1994). The prior agreement was to expire on March 31, 1994.

Through this agreement, the world's tropical timber exporters and importers have entered into a partnership for achieving the export of tropical timber from sustainably managed sources by the year 2000. It represents a positive step in the follow up to the global commitment to sustainable development made at Rio in June, 1992.

Key elements of the new agreement are:

- a continued focus on tropical timber production;
- reaffirmation in the agreement itself of a commitment made in Bali, Indonesia in May 1990 to the objective that exports of tropical timber come from sustainably managed sources by the year 2000;
- establishment of a new fund to assist tropical timber producers in obtaining resources to reach the year 2000 objective;
- provisions on information sharing that promote transparency in the tropical timber market and allow the agreement's organ, the International Tropical Timber Organization (ITTO), to consider issues of non-tropical timber markets as they relate to tropical timber;
- recognition that the ITTA, 1994 should not form a basis for discrimination against tropical timber.

The environmental dimension of this commodity agreement benefits both the tropical timber producing and consuming countries.

In a related move, the tropical timber importing countries of the ITTO participating in the negotiations have released a separate statement committing themselves to the national objective of sustainable management of their respective forests by the year 2000. This commitment, in which the United States was joined by Canada, Japan, the European Community, the Russian Federation, China, and others, builds upon the commitment President Clinton made last November to the year 2000 objective for U.S. forests.

The ITTA (1983) was adopted for the purpose of promoting and facilitating trade in tropical timber while encouraging the sustainable utilization and conservation of the resource. The agreement's objectives are furthered through special projects funded by consumer countries and conducted in producer countries. The ITTA/1983 currently has 49 member countries, including all the major tropical timber exporting and importing countries. Adoption of the ITTA/1994 allows the existing agreement to continue in operation until the new agreement enters into force.

The U.S. negotiating team was led by the Office of the U.S. Trade Representative and included officials of the State Department and U.S. Forest Service, as well as non-governmental environmental and industry representatives.

FOR IMMEDIATE RELEASE

Multilateral Conference on Aluminium  
Brussels, 18 to 21 January 1994

Chairman's Press Statement - 30 January 1994

All six participants (Australia, Canada, the European Union, Norway, the Russian Federation and the United States of America) of the Multilateral Conference on aluminium held in Brussels on 18 to 21 January 1994 have notified their acceptance of the Memorandum of Understanding to the Chairman as he requested.

The Delegation of the Russian Federation has also suggested for the consideration of the participants some amendments to take account of the recent statement made by the Russian Federation regarding the steps to be done in Russia.

The Delegation of the United States of America is presently conducting a review as regards legal requirements related to the Memorandum of Understanding.

The next meeting will be held in Canada on 28 February 1994 and will review the development of the global market situation on the basis of the most recent information available.

МИНИСТЕРСТВО  
ВНЕШНИХ ЭКОНОМИЧЕСКИХ СВЯЗЕЙ  
РОССИЙСКОЙ ФЕДЕРАЦИИ

Mr. ALLGEIER  
ASSISTANT U.S. TRADE REPRESENTATIVE  
EUROPE AND THE MEDITERRANEAN  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C. 20506

Dear Mr. Allgeier

The Ministry for External Economic Relations of the Russian Federation wishes to clarify the position of the Russian side regarding some provisions, contained in its Statement of January the 28th.

1. The Russian Federation confirms that the multilateral Memorandum of Understanding (MOU) reflects the general expectation that market forces are likely to lead to a world-wide reduction in annual aluminum production within the limits stated in paragraph 1 of the MOU.

In this respect the Russian side confirms the possibility of reviewing its intention to take measures related to the reduction of aluminum production in two steps by 300,000 and then 200,000 metric tons, taking into account the extent to which the general reduction of world aluminum production is less than 2.0 million metric tons, and the rate at which such reductions occur.

2. The Government of the Russian Federation has at its disposal the necessary legal means to implement its intention (including those contained in the Customs Code of the Russian Federation), matching the requirements of the GATT, and intends to use them to meet the targets indicated in paragraph 1 above.

Sincerely,

1 March 1994

Georgy Gabounia  
Deputy Minister

(Translation)  
 STATEMENT OF THE GOVERNMENT OF THE RUSSIAN FEDERATION  
 OF JANUARY 29, 1994

The Government of the Russian Federation views with concern the crisis existing in the world market for primary aluminum.

A further intensification of this crisis [would be] fraught with serious negative economic and social consequences for all producers of aluminum, including Russia.

In this connection, Russia has come forward as the initiator of a multilateral process of consultations among the main aluminum producers, which began in Moscow in October 1993 and was continued in Washington in December 1993 and in Brussels in January 1994.

Sharing as it does the general understanding of the situation in the aluminum market reached during these consultations and the necessity of taking urgent measures to re-create an atmosphere of trust in the world trade in aluminum, the Russian side, as a good-will step and in expectation of an appropriate reaction on the part of other producers, confirms the intention of Russian industry to reduce its production of primary aluminum by 500,000 tonnes from the level as of November 1993, and is prepared to make use of the legal means at its disposal in order to induce the Russian aluminum producers to implement this reduction.

We have in mind that this reduction will be effected in two stages, lasting three months each, beginning on February 1, 1994, of 300,000 tonnes and 200,000 tonnes, respectively, of the annual rate in the course of each stage, and will remain [in effect] for no more than 24 months.

Thus, based on the agreed-upon estimates of the excess in world production over demand, Russia is prepared to make its contribution in the amount of one-fourth of the existing imbalance.

This intention will be implemented on the understanding that:

- the total reduction in world aluminum production, outside Russia, will amount to not less than 1.5 million tonnes, compared with the level as of November 1993;
- the time frames of this reduction will not lag behind the reduction of production in Russia;
- Russia's trading partners will refrain from maintaining existing protectionist measures or introducing new ones in the trade in aluminum.

The Government of the Russian Federation expresses its confidence that this step will be properly viewed by the other producers and will contribute to the success of the multilateral process.

MEMORANDUM OF UNDERSTANDING  
CONCERNING THE ALUMINIUM MARKET

Representatives of the authorities of Australia, Canada, the European Union, Norway, the Russian Federation and the United States of America, met at Brussels on 18 to 21 January 1994. Following governmental consultation these representatives on 28 January 1994 subscribed to the following Memorandum of Understanding:

1. They recognize that the world aluminum industry is facing a grave, exceptional and unforeseeable situation involving a considerable current excess global supply of primary aluminum, estimated by industry at the Washington Conference on 1/2 December 1993 at 1.5 to 2 million metric tonnes on an annual basis taking into account excess inventories.
2. In their assessment, these present structural problems are due to an unanticipated combination of political and economic developments which is unlikely to re-occur. They consider that the principal response to this situation should be by way of worldwide market oriented commercial decisions by companies on an individual basis.
3. The participants consider that on the basis of:
  - their objective analysis of conditions in the aluminum market relying on the best information available to government sources;
  - their assessment of possible adjustment by producers in other states;
  - the reduction of production of primary aluminium in the Russian Federation by 500,000 tonnes/year (to be composed of a first stage of 300,000 tonnes/year within three months of 1 February 1994, and 200,000 tonnes/year within the following three months) anticipated in accordance with its unilateral statement of 29 January 1994, regarding the steps to be taken concerning the aluminium market, as clarified\*;

the situation in the world aluminium market now shows a likely reduction of worldwide production of an amount compatible with the higher end of industry assessments of excess supply noted in paragraph 1.

\* Letter of the Russian Federation dated 1 March 1994.

4. They noted that commercial decisions by producers in other States could also be expected to facilitate the return to normal market conditions.
5. The participants consider that unilateral trade actions are not the preferred response to the current aluminum market problems. Any such actions would be inconsistent with this Memorandum of Understanding. Any existing measures will, however, be allowed to expire under their existing terms but in any event not later than 28 February 1994.
6. The participants consider that the IPAI offers the most effective mechanism to ensure transparency and the availability of full and comprehensive data concerning the evolution of the aluminum market. The Russian Federation confirmed that their producers have initiated the necessary steps to cooperate fully with the IPAI to incorporate Russian aluminum data into its reporting structure and with a view to becoming members of that body.
7. The participants consider that the aluminum industry should operate on the basis of fair competition and high environmental standards. With a view to furthering restructuring of the Russian aluminum industry, the outline of a programme for which was presented at the conference, participants consider that all means should be examined in order to provide technical and other assistance to the Russian Federation to facilitate modernization, the improvement of environmental standards and the development of internal aluminum consumption.
8. The participants noted the following statements made with a view to furthering cooperation and technical assistance in respect of the Russian Federation:
  - Australia indicated that it foresaw significant opportunities for investment by Australian industry in the restructuring of the Russian aluminum industry, particularly in relation to the development of linkages on raw material supplies.
  - Canada will assist Russia through its technical assistance programme providing specific expertise for policy and programme development in the metals sector and financial support to Canadian firms with respect to privatization, modernization and industrial development activity in the aluminum sector.

- The European Union pledged the full support of funds available under its TACIS programme (pursuant to its current procedures) and further assured the Russian Federation that it would use its best offices in respect of the financing of viable investment projects in the Russian Federation.
- Norway has established a general guarantee scheme in respect of exports to and investments in the CIS States and the Baltic States. In addition Norway indicated possible support of projects involving training and technical assistance.
- The United States of America, in furtherance of Russian restructuring of its aluminum industry, will sponsor the creation of a \$250 million equity investment fund for capital intensive industries in the newly independent States, guaranteed by the Overseas Private Investment Corporation.

Participants further agreed to use their best offices with the EBRD and World Bank in respect of viable investment projects in the Russian aluminum industry.

9. The participants consider that this MOU will apply for 24 months at the maximum.
10. The participants agreed that they would meet again in Canada at the end of February when they would review the development of the global market situation on the basis of the most recent information available.

## CHAIRMAN'S PRESS STATEMENT

Multilateral Conference on Aluminum  
Ottawa - March 1, 1994

1. As agreed in Brussels, representatives from the authorities of Australia, Canada, the European Union, Norway, the Russian Federation and the United States of America met again today in Ottawa to review developments in the global market situation since the Brussels meeting on the basis of the most recent information available.
2. The text of the Memorandum of Understanding agreed upon following the Brussels meeting was finalized and all participants have confirmed their acceptance of it. It is being made available.
3. In the review of the current market situation, the participants noted that following the Brussels meeting the reaction of the market has been positive. In this regard, the participants noted that there had been announcements of about one million tonnes of cuts in global aluminum production since November 1, 1993. The participants also noted that further adjustments would have to occur before normal market conditions are restored.
4. The participants decided to establish a working party to improve transparency and consider measures to exchange data on a more timely basis. The working party will begin work immediately and report back.
5. Participants agreed to reconvene in Brussels on April 21, 1994 to review further developments of the global market situation on the basis of the most recent information available.

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

FOR IMMEDIATE RELEASE  
FRIDAY, FEBRUARY 4, 1994

94-05  
CONTACT: ANNE LUZZATTO  
DIANNE WILDMAN  
DAVID KURAKANE  
(202) 395-3230

STATEMENT BY AMBASSADOR KANTOR

President Clinton asked that I visit Japan this week, together with Bo Cutter, to meet with Prime Minister Hosokawa and senior political leaders, to evaluate where we are in our Framework negotiations and to make every possible effort to move these negotiations toward a successful conclusion at the meeting between the President and the Prime Minister on February 11.

In my meeting with the Prime Minister yesterday, he informed me that the Japanese government will redouble its efforts to bring these negotiations to a conclusion. I met with Foreign Minister Hata this morning at his request, and he informed me that the Japanese government was directing its Deputies and officials to resume negotiations in Washington starting Monday, covering all priority areas under the Framework. These talks will include the following:

1. the objectives of each sectoral agreement
2. the measures to be taken to implement each sectoral agreement
3. the process of review of the implementation of the sectoral agreements
4. objective criteria, both quantitative and qualitative, for each sector

Foreign Minister Hata will lead the Japanese efforts and take overall responsibility for these negotiations. I will remain in constant contact with him throughout this period. Deputy Assistant to the President Bowman Cutter and Deputy Foreign Minister Matsuura will take the lead at the Deputies' level.

The Foreign Minister also reiterated his government's commitment to fulfilling the Framework commitments in the areas of macroeconomic measures and global cooperation.

We fully expect to see substantial progress consistent with the Framework leading to a successful conclusion on February 11.

On another matter, Japan must also assume its share of responsibility in the Uruguay Round by improving its market access offer. This means agreeing to eliminate all tariffs on copper, wood, and white spirits, and by making commercially meaningful reductions on leather and leather footwear. In addition, Japan must make a meaningful offer in financial services.

Further, we are deeply concerned about the continuing decline in the foreign market share of semiconductors in Japan. We expect the Japanese government and industry to make steady and gradual progress.

This Framework is results-oriented. To meet its goals, we must have, in each area, a prompt, substantial, and continuous increase in access and sales of foreign competitive goods and services, and we must be able to measure the results.

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

FOR IMMEDIATE RELEASE  
FRIDAY, FEBRUARY 4, 1994

94-06  
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UNITED STATES AND JAMAICA SIGN BILATERAL INVESTMENT TREATY

The United States and Jamaica today signed a Bilateral Investment Treaty (BIT), the first with a Caribbean country since President Clinton's Trade Policy Agenda was announced last spring. Acting United States Trade Representative (USTR) Ambassador Rufus Yerxa and Jamaican Foreign Minister, the Honorable Dr. Paul Robertson signed the treaty in Washington.

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

"This treaty represents another step we have taken together to create a better basis for trade and investment relations between our countries," said Yerxa. "Together with the comprehensive agreement we expect to reach on protecting intellectual property, it is a key element of an open investment climate. We expect it will further strengthen economic links between our countries."

The BIT is the twenty-seventh signed by the United States.

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

FOR IMMEDIATE RELEASE  
TUESDAY, FEBRUARY 15, 1994

94-07  
CONTACT: ANNE LUZZATTO  
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**Statement of Ambassador Michael Kantor**

I have determined today that Japan has violated the 1989 Third Party Radio and Cellular Agreement by failing to provide comparable market access to Japan's cellular telephone and network equipment market. We have been pursuing access to this market since 1985. Three agreements and almost ten years later, U.S. cellular telephone systems remain effectively excluded from over half the Japanese market.

The United States Government determined on December 2, 1993 to make a decision on or about February 15, 1994 as to whether Japan is in compliance with the 1989 agreement.

This is, in many ways, a classic case of the determination of Japan to keep its markets closed, particularly to leading edge U.S. products. There is no doubt that Motorola's cellular phones and network equipment are among the best in the world. In the part of Japan where Motorola has market access, it has achieved great success. Its system has more than 438,500 subscribers. But it has been effectively shut out of the critical Tokyo market, particularly at a time when Japanese manufacturers were trying to develop products competitive with Motorola's. In fact, the Motorola system in the Tokyo market has only 12,800 subscribers. Clearly, Motorola has lost millions of dollars in sales opportunities.

In an agreement embodied in a series of letters between 1985 and 1987, the Government of Japan agreed to the principle of comparable market access to the Japanese cellular phone market. Yet, it failed to take the actions necessary to provide that access. As a result, in April 1989, USTR found Japan in violation of its obligations under that agreement and published a preliminary retaliation list for public comment and hearing under Section 1377.

Just prior to the deadline for imposition of sanctions, Japan agreed, in a 1989 Third Party Radio and Cellular Agreement, to take specific measures to allow comparable market access. In the agreement, Japan designated, by name, a cellular telephone

operator to install the Motorola system. By doing so, Japan also assumed the responsibility of ensuring that the operator performed. That operator, as an agent of the Government of Japan, reiterated in a 1992 letter its commitment to build the system. Notwithstanding that agreement and the prior two agreements, the system, only after considerable U.S. Government involvement, covers just 40% of the Tokyo region. Comparable market access has not been achieved, a clear violation of the 1989 agreement.

We have said many times that we are committed to enforcing our trade agreements and achieving results. I am today taking steps to make sure that Japan lives up to the 1989 Agreement.

We plan, within 30 days, to announce for public comment a list of proposed trade action.

FACT SHEET ON ORIGIN AND IMPLEMENTATION OF THE  
1989 CELLULAR TELEPHONE AGREEMENT BY JAPAN

ACTIONS OF THE GOVERNMENT OF JAPAN

oThe Government of Japan has repeatedly claimed that their system is open, that U.S. firms do not try hard enough to sell into the Japanese market and that the quality of U.S. products are inadequate.

oThe history of the attempts by U.S. products and suppliers to enter the Japanese cellular telephone market shows that the Japanese system, in fact, is not open and that highly competitive U.S. products, manufactured by companies that exert extraordinary effort to enter the Japanese market, can be thwarted by barriers erected by the Japanese Government.

oU.S. manufacturers developed the cellular telephone industry and have always been in the forefront technologically. One of the results of the barriers erected by Japan in this market is that Japanese producers have been given time to develop products to compete with U.S. products and suppliers.

oThrough regulation of technical standards and allocation of radio spectrum, the Government of Japan has maintained barriers to full access by U.S. products and suppliers.

oMotorola has been trying to enter the Japanese market since the early 1980s. First it was stymied by technical standards that were written by an association of Japanese manufacturers of telecommunications equipment and reflected only Japanese equipment.

oThis barrier was removed in 1985 as part of the MOSS Agreements. Japan agreed to include foreign firms on a blue ribbon committee, the Telecommunications Deliberation Council (TDC), that would make a recommendation to MPT (Ministry of Posts and Telecommunications) on the standards to be adopted for cellular phone systems.

oIn March 1986, TDC recommended that TACS, Motorola's system, as well as two other systems, were acceptable.

oMotorola found a cellular telephone operator, DDI (Daini Denden), which believed that the TACS system was technologically and competitively superior to the other two systems.

oAt that point, however, the Government of Japan erected a new barrier. It gave NTT the right to provide cellular telephone service throughout the country. At the same time, it assigned a newly formed operator, IDO (Nippon Idou Tsushin), the eastern half of Japan, including Tokyo, with about 60-70% of the potential market and gave DDI the remaining 30-40%. Thus, in

exercising its regulatory powers, it deprived Motorola of its potential share in the Japanese market.

oAfter months of negotiations, MPT agreed to divide the territory between IDO and DDI more evenly -- but still left NTT the right to operate in the whole country and IDO the lucrative Tokyo-Nagoya region.

#### ADDITIONAL BARRIERS TO MARKET ACCESS

oThe Japanese decision to restrict DDI to only a portion of the country resulted in a significant competitive disadvantage for DDI and Motorola. TACS subscribers could not use their telephones when they entered the Tokyo-Nagoya region, while the NTT system was available nation-wide. This made the TACS system unattractive to many subscribers and Motorola asked MPT to allocate enough radio frequency to allow the TACS system users to roam in the Tokyo-Nagoya region. Thus another barrier existed -- the absence of frequencies for use by the TACS system in the Tokyo-Nagoya region.

#### MOSS AGREEMENTS

oIn a series of letters exchanged in 1986 and 1987 between the Governments of Japan and the United States (the MOSS Agreements), Japan recognized the principle of comparable market access and agreed to make the system for allocating radio frequencies more transparent and to provide opportunities for technical consideration of the access of the TACS system to the Tokyo-Nagoya region.

oNotwithstanding the commitments in the MOSS Agreements, MPT continued to insist that no frequency was available in the Tokyo-Nagoya region to allocate to the TACS system. Yet, in 1988, MPT proposed allocating 40 MHz in that region to a new telephone system that would offer modified cellular service. It thus became clear that unused spectrum was available in the Tokyo-Nagoya region. The Government of Japan simply was not willing to make it available to operators using U.S. products.

#### UNITED STATES RESPONSE TO JAPANESE BARRIERS

oOn April 28, 1989, the USTR determined that the Government of Japan was not in compliance with its commitments with regard to cellular telephones under the MOSS Agreements.

oJapan's regulatory decisions had limited the market for the TACS system, and its excuses for not providing full access by assigning additional frequency were simply untrue. USTR published a proposed set of retaliatory measures on April 28 and set a deadline for retaliation against Japanese exports of goods and services of July 10, 1989. On May 24, 1989, USTR held a public hearing on proposed retaliation.

## THE 1989 CELLULAR AGREEMENT

oOn June 28, 1989, the Government of Japan agreed to allocate the necessary spectrum, removing one more barrier it had created to Motorola's full access to the Japanese market.

oThe 1989 Agreement required MPT to assign 5 MHz of frequency in the Tokyo-Nagoya region for use by the TACS system. Exercising its regulatory authority in the face of opposition from Motorola, IDO and the U.S., MPT insisted on assigning the frequency to IDO, which was already operating the Hi-Caps (NTT) system in that region, creating an obvious conflict of interest.

oThis forced partnership between Motorola and IDO has not provided Motorola with comparable market access.

## IMPLEMENTATION OF THE 1989 AGREEMENT

oImmediately after the 1989 Agreement, Motorola attempted to provide its cellular network equipment to IDO for the installation of the TACS system. IDO requested a delay until June 1990 and then a further delay until November 1990.

oMotorola began shipping network equipment (base stations, transmitters, etc.) in November 1990 but the system did not begin operation until October 1991. More than two years after the agreement went into effect, IDO had installed only a fraction of the total number of cell sites needed to make the system fully operational.

oIn the interim, and this is critical, NTT was able to develop a portable handheld cellular telephone comparable to Motorola's Microtac. As a result, Motorola's two-year lead in this technology was lost. The Motorola product was allowed to enter the Tokyo-Nagoya market only after there was a comparable Japanese product.

## THE 1992 AGREEMENT

oIDO continued to stall through March 1992. Under pressure from a deadline for the annual Section 1377 review, IDO committed by letter to go forward with installing the TACS system, setting forth a plan for the development of the system. This was the third commitment.

oIn the 15 months following this commitment, IDO made only token progress in installing the system.

oCurrently, and only after extensive consultations on this issue in recent months, the system covers just 40 percent of the Tokyo region -- nearly five years after the 1989 agreement and over nine years since Motorola began intensive efforts to introduce this system in Tokyo.

## RECENT EFFORTS

oUSTR and the Government of Japan have discussed these issues at the ministerial and sub-ministerial levels in July, September, and October 1993 and in January and February 1994. The latest meeting was February 14. In addition, there have also been working level discussions of the issues.

oIDO and Motorola have also met at least seven times at senior levels, most recently February 13 in Tokyo. In addition, Motorola, the Department of Commerce, and USTR have discussed this issue with important IDO stockholders such as Toyota.

oThese meetings produced no satisfactory response as to how Motorola was to achieve the market access promised by three agreements.

oUSTR has informed the Government of Japan that a resolution of this issue requires concrete steps by the Government to remove the final barriers to comparable market access in the Tokyo-Nagoya region, as first envisioned almost ten years ago.

## Description of Section 1377

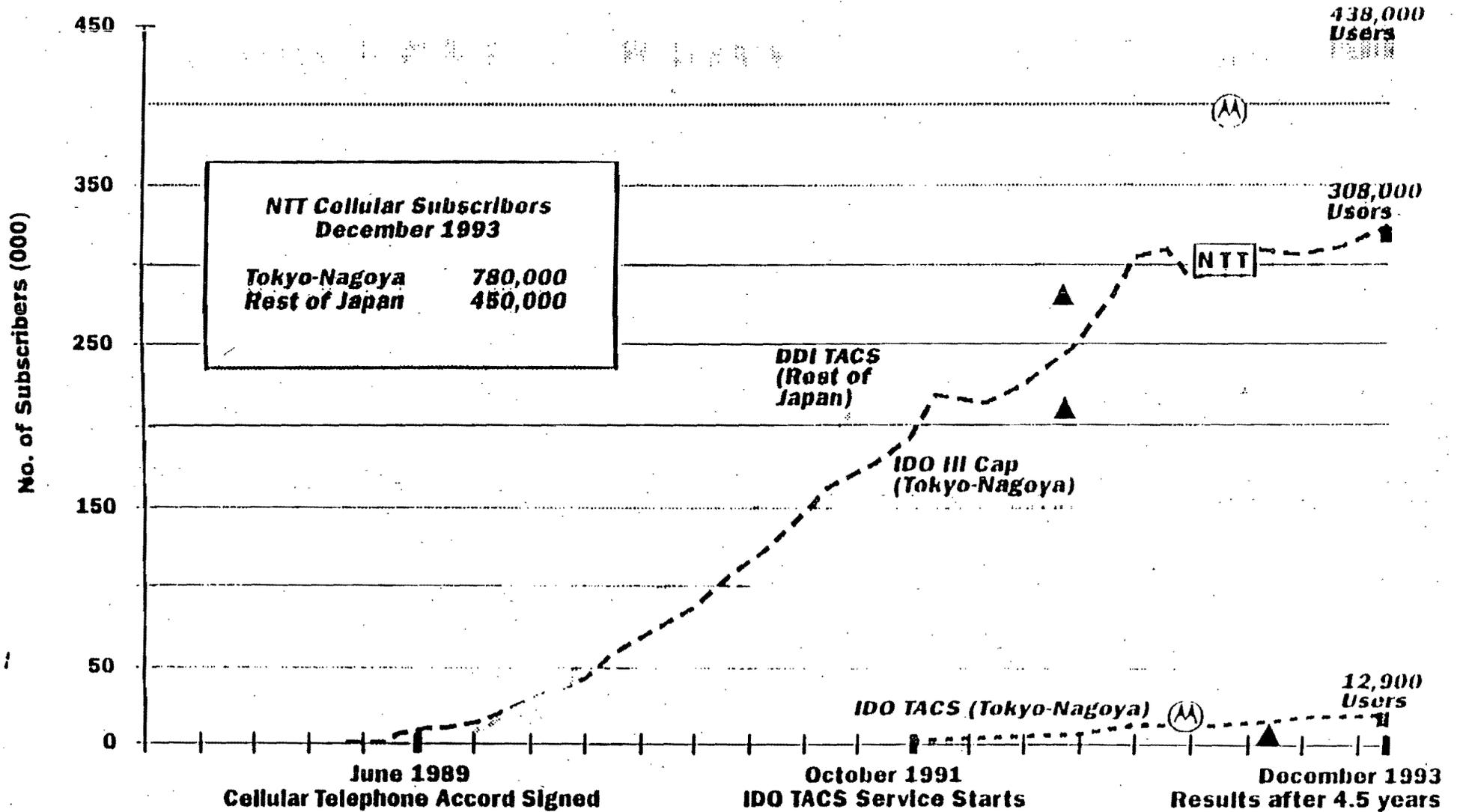
Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 requires the USTR to review annually the operation and effectiveness of each telecommunications trade agreement in force between the United States and another country or countries. Agreements subject to review include agreements entered into pursuant to previous section 1377 investigations. In the review, USTR is to determine whether any act, policy, or practice of the foreign country that entered into the agreement (1) is not in compliance with the terms of the agreement, or (2) otherwise denies, within the context of the agreement, mutually advantageous market opportunities to U.S. telecommunications products and services.

An affirmative determination under section 1377 is required to be treated as an affirmative determination under section 304(a)(1)(A) of the Trade Act of 1974, as amended. Pursuant to that section, the Trade Representative must take action authorized in section 301(c) of the Trade Act of 1974, subject to the specific direction, if any, of the President, and all other appropriate and feasible action that the President may direct, to enforce U.S. rights under the trade agreement in question or to eliminate the act, policy, or practice that otherwise violates, is inconsistent with, or denies benefits to the United States under the trade agreement. The Trade Representative is not required to take action under certain circumstances, such as when the foreign country has agreed to eliminate the act, policy, or practice.

Among other sanctions, section 301(c) of the Trade Act of 1974 authorizes the Trade Representative to impose duties or other import restrictions on the goods of, or fees or restrictions on the services of, the foreign country, for such time as the Trade Representative determines appropriate.

# U.S. Access to Japan's Cellular Telephone Market

## System Start-Up Comparison



**JAPAN CELLULAR TELEPHONE SERVICES**

**Comparison Among Three Operators**

	NTT (Hi Cap)			IDO Tokyo/Nagoya		DDI (Facs)	Remarks
	Total	Tokyo/ Nagoya	Other Regions	Hi-Cap	TACS	(All CT's Combined)	
Number of Subscriber	1,249,500	779,680	449,820	308,000	12,881	438,500	As of Dec 31, '93
Number of Cells	2,172	892	1,280	361	86 (107)*	512	As of Dec 31, '93 *Installation in progress
Number of Voice Channels	59,307	34,605	24,702	11,836	2,743 (2848)*	20,227	As of Dec 31, '93 *Installation in progress
Number of Switches	44	25	19	7	2 (1)*	19	As of Dec 31, '93 *Installation in progress
Market Share (Subscribers) Served Market	62.82%	70.84%	50.64%	27.99%	1.17%	49.36%	As of Dec 31, '93

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

FOR IMMEDIATE RELEASE  
WEDNESDAY, FEBRUARY 16, 1994

94-08  
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Kantor Announces Suspension of Formal  
Indonesia Worker Rights Review;  
Will Assess Progress in Six Months

U.S. Trade Representative Mickey Kantor announced today that the Administration was suspending the active formal worker rights review of Indonesia under the Generalized System of Preferences (GSP). The review was initiated in 1992 to determine if Indonesia is in compliance with the worker rights provisions of the GSP law. The suspension is meant to allow Indonesia more time to implement recently adopted labor regulations, and to take further actions in the worker rights area. Ambassador Kantor also announced that the Administration would assess the status of worker rights progress in Indonesia in six months.

"We recognize and commend the progress Indonesia has made to date in bringing its labor law and practice into closer conformity with international standards," Kantor said. "But as the Government of Indonesia itself acknowledges, more needs to be done, both in implementing recent regulations, and in taking further actions. We are prepared to suspend, but not finally terminate, the active formal review of Indonesia's GSP eligibility to allow for such action. In six months, we will conduct an assessment of Indonesia's continued progress in enacting and implementing worker rights reforms. In the mean time, we appreciate the Government of Indonesia's offer to continue to consult the ILO and the U.S. Government on these issues, and we intend to continue our constructive dialogue with Indonesia on worker rights."

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

FOR IMMEDIATE RELEASE  
WEDNESDAY, FEBRUARY 16, 1994

94-09  
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DIANNE WILDMAN  
DAVID KURAKANE

KANTOR ANNOUNCES DESIGNATION OF KAZAKHSTAN AND ROMANIA AS GSP  
BENEFICIARIES

U.S. Trade Representative Mickey Kantor today announced the extension by the United States of tariff benefits to Kazakhstan and Romania under the Generalized System of Preferences (GSP). Under the GSP, the U.S. grants duty-free access to its market of some 4400 products from over 140 developing countries and territories.

"The proclamation signed by President Clinton today provides Kazakhstan and Romania with an important incentive to continue market reforms," Kantor said. "The extension of GSP is part of the Administration's overall efforts to facilitate Kazakhstan and Romania's transformations to free market economies," Kantor continued.

In the first ten months of 1993, Kazakhstan exported \$14.7 million worth of goods to the U.S. which would have been eligible for duty-free treatment under GSP. During the same time period, Romania exported \$10 million of GSP-eligible goods to the U.S.

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

FOR IMMEDIATE RELEASE  
THURSDAY, FEBRUARY 24, 1994

94-10  
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STATEMENT OF IRA S. SHAPIRO, USTR GENERAL COUNSEL,  
CONCERNING THE U.S.-CANADA SOFTWOOD LUMBER CASE

For the past two weeks, we have been discussing with Canadian officials information that two of the panelists in the softwood lumber dispute belonged to law firms which represented numerous clients in the Canadian lumber industry and represented Canadian federal and provincial governments, which were parties to the case, in a number of matters. The panelists also failed to make the disclosures required of them, which would have allowed us to evaluate whether these client relationships presented disqualifying conflicts of interest.

We have taken no pleasure in raising this issue. But it is essential that both the public and litigants are able to have complete confidence in the integrity and credibility of the binational panel process. In this case, the panelists' client relationships, coupled with the failure to disclose them, has undermined the confidence which is fundamental to the process. Accordingly, we asked Canada to agree to requesting that the panelists be removed, and that the newly constituted panel vacate the initial panel's decisions.

Canada did not agree to our request. Consequently, the United States will file an Extraordinary Challenge in this matter, which will address the conflict of interest issues presented by the panelists' client relationships, and the failure to disclose them, as well as our disagreement with certain major substantive issues that were crucial to the panel's decisions.

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TRADE REPRESENTATIVE  
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WASHINGTON  
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THURSDAY, FEBRUARY 24, 1994

94-11  
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**STATEMENT BY U.S. TRADE REPRESENTATIVE MICKEY KANTOR**

Majority Leader Gephardt and Senator Rockefeller have spent years thinking about the U.S. - Japan relationship and working for a change in Japan. We welcome this expression of Congressional support for a policy that finally achieves real market opening in key sectors in Japan. That was our goal in the Framework talks, and it remains our goal now.

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FOR IMMEDIATE RELEASE  
FRIDAY, FEBRUARY 25, 1994

94-12  
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**USTR KANTOR ANNOUNCES TERMINATION OF SPECIAL 301 INVESTIGATION OF  
BRAZILIAN INTELLECTUAL PROPERTY RIGHTS REGIME**

U.S. Trade Representative Mickey Kantor announced today the termination of the investigation of Brazil's practices in the area of intellectual property rights and the revocation of Brazil's identification as a Priority Foreign Country under the "Special 301" provisions of the Trade Act of 1974.

"I applaud the Government of Brazil for its continued progress in improving protection of intellectual property rights in the context of its economic reform program," Kantor said. "Brazil is demonstrating its leadership role through the early implementation of the Uruguay Round intellectual property provisions," he commented. "The steps that the Government of Brazil is undertaking will substantially improve economic relations between our two countries. U.S. and Brazilian inventors and creators will also reap significant benefits from these improvements," he said.

The nine-month investigation concerned the Government of Brazil's practices in the areas of trademarks, patents, trade secrets, copyrights, protection for semi-conductor mask works, technology transfer regulations, and market access for goods that rely on the protection of intellectual property rights. Brazil, for example, has indicated that it has introduced amendments to the pending industrial property law to strengthen protection in this area. In addition, Brazil has issued new technology transfer regulations and stepped-up efforts to enforce its trademark and copyright laws.

The United States Government recognizes these achievements and looks forward to Brazil's implementation of strong intellectual property rights protection. These measures are significant not only in the context of bilateral cooperation, but also contribute toward the advancement of hemispheric economic integration.