

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

OFFICE OF PUBLIC & MEDIA AFFAIRS
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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 28, 1993

REPORT TO CONGRESS CONCERNING EXTENSION OF WAIVER
AUTHORITY FOR THE PEOPLE'S REPUBLIC OF CHINA

Pursuant to section 402(d)(1) of the Trade Act of 1974 (hereinafter "the Act"), having determined that further extension of the waiver authority granted by section 402(c) of the Act for the twelve-month period beginning July 3, 1993 will substantially promote the objectives of section 402, I have today determined that continuation of the waiver currently applicable to China will also substantially promote the objectives of section 402 of the Act.

Freedom of Emigration Determination

In FY 1992, 26,711 U.S. immigrant visas were issued in China. The U.S. numerical limitation for immigrants from China was fully met. The principal restraint on increased emigration continues to be the capacity and willingness of other nations to absorb Chinese immigrants, not Chinese policy. After considering all the relevant information, I have concluded that continuing the MFN waiver will preserve the gains already achieved on freedom of emigration and encourage further progress. There, thus, continues to be progress in freedom of emigration from China; we will continue to urge more progress.

Chinese Foreign Travel Policies

In FY 1992, 75,758 U.S. visas were issued worldwide to tourists and business visitors from China, a 35 percent increase over FY 1991 and a 76 percent increase over FY 1988. Foreign travel by Chinese-government sponsored businessmen alone increased by 48 percent in FY 1992, reflecting Deng Xiaoping's policies of accelerating China's opening to the outside world.

In FY 1992, 18,908 student visas (including exchange students) were issued, a decline from FY 1991 of 14 percent but still 8 percent greater than FY 1988. The decline was probably the result in part of a recent new directive requiring Chinese college graduates educated at state expense to work for five years before applying for privately-funded overseas study. A drop in funding from recession-strapped U.S. schools and relatives may also have played a role.

Chinese students continue to return from overseas for visits without any apparent problem. With the exception of student activist Shen Tong, we are not aware of any case in which Chinese living in the U.S. who returned to China for visits after June 1989 were prevented from leaving again. Shen was detained in September 1991 and then expelled from China two months later for trying to establish a Beijing chapter of his Fund for Chinese Democracy.

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Human Rights Issues

As detailed in the Department's annual human rights report, China's human rights practices remain repressive and fall far short of internationally-accepted norms. Freedoms of speech, assembly, association, and religion are sharply restricted.

China understands that the Clinton Administration has made human rights a cornerstone of our foreign policy. We have already repeatedly raised our concerns with the Chinese authorities and we intend to press at every opportunity for observance of internationally accepted standards of human rights practice.

We have made numerous requests for information on specific human rights cases. China has provided information on some of these cases but further and more complete responses are necessary. The Chinese recently released, prior to completion of their sentences, several prominent dissidents whom we had identified on lists provided to them. These included not only Tiananmen-era demonstrators but also Democracy Wall (circa 1979) activists. We hope this is the first step toward a broad and general amnesty for all prisoners of conscience.

The Chinese promised then Secretary Baker in 1991 that all Chinese citizens, regardless of their political views, have the right to travel abroad. The only exceptions are citizens who are imprisoned, have criminal proceedings pending against them, or have received court notices concerning civil cases. A number of prominent dissidents, despite long delays, have been able to leave China. Some others have not. Those who have been able to obtain exit permits in the past year include labor leader Han Dongfang, writers Wang Ruowang and Bai Hua, scientist Wen Yuankai, journalists Wang Ruoshui, Zhang Weiguo, and Zhu Xingqing, and scholar Liu Qing. Others, like Hou Xiaotian, Yu Haocheng, and Li Honglin, continue to face difficulties in obtaining exit permission. We continue to press the Chinese on these and other cases.

Our goal is the release of all those held solely for the peaceful expression of their political and religious views. In November 1991, the Chinese confirmed to Secretary Baker the release of 133 prisoners on a list presented them earlier in June of that year. Since then, the Chinese have released additional political prisoners, including Han Dongfang, Wang Youcai, Luo Haixing, Xiong Yan, Yang Wei, Wang Zhixin, Zhang Weiguo, Wang Dan, Wang Xizhe, Gao Shan, Bao Zunxin, and a number of Catholic clergy and lesser known activists. We continue to press for a general amnesty and for permission for international humanitarian organizations to have access to Chinese prisons. We have also pressed for improvement in the conditions of those in Chinese prisons.

China has recently and for the first time admitted publicly that domestic human rights policies are a legitimate topic of international discussion. China has hosted human rights delegations from France, Australia, the U.K., and Germany. China sent several delegations to the U.S. and Europe, as well as Southeast Asia, to study foreign human rights practices and issued a "white paper" maintaining that basic human rights are observed in China and arguing that a country's human rights record should be viewed in light of its own history and culture. We reject this limited definition of human rights but believe it is a significant step forward that China is willing to debate human rights issues with its international critics.

The U.S. continually raises with the Chinese government the need for protection of Tibet's distinctive religion and culture. We are concerned about China's heavy-handed suppression of political demonstrations in the Tibetan Autonomous Region. Demonstrations, on a smaller scale than in past years, continue to result in instances of brutal beatings and long detentions. China has admitted some foreign observers to Tibet and to the main Lhasa prison. Diplomatic reports state that the Chinese Government is providing funds for rebuilding monasteries and that monks are now provided more leeway in their religious practices. In recent years, an increasing number of non-Tibetan Chinese have moved to the Tibetan Autonomous Region in search of economic opportunity. We will continue to monitor closely reports that the PRC is encouraging involuntary emigration by non-Tibetan Chinese to areas traditionally settled by Tibetans. So far, we have found no evidence of a Chinese government policy to this effect.

Nonproliferation Issues

China's support for global nonproliferation initiatives has increased substantially since the beginning of 1992. In March 1992, China acceded to the Nuclear Non-Proliferation Treaty (NPT) and adhered to the Missile Technology Control Regime (MTCR) guidelines and parameters. In January 1993, Beijing became an original signatory to the Chemical Weapons Convention (CWC). China now is a party to all of the leading nonproliferation agreements. These commitments have influenced Chinese behavior: Beijing has refrained from selling certain sensitive items because of proliferation concerns, and nonproliferation as an issue appears to receive more senior consideration in Chinese policy-making circles.

At the same time, certain sensitive Chinese exports raise questions about PRC compliance with these commitments. At present, the greatest concern involves reports that China in November 1992 transferred MTCR-class M-11 missiles or related equipment to Pakistan. Such a transfer would violate China's MTCR commitment and trigger powerful sanctions under U.S. missile proliferation law. There also are reports that China is exercising inadequate control over sensitive nuclear, chemical, and missile technology exports to countries of proliferation concern. Even if these sales do not violate PRC obligations, they raise questions about China's appreciation of the importance of preventing the proliferation of weapons of mass destruction and their ballistic missile delivery systems.

We are also concerned that China has withdrawn from the Middle East arms control (ACME) talks. The U.S. holds that, as a permanent member of the UN Security Council, China has a special responsibility to continue in these talks.

Seeking full Chinese compliance with multilateral obligations and support for international nonproliferation goals is a top Administration priority. The U.S. is prepared to employ the resources under U.S. law and executive determinations -- including the imposition of sanctions -- if the PRC engages in irresponsible transfers.

Trade Issues, Including Prison Labor

Reciprocal granting of MFN tariff status was a key element cementing the normalization of Sino-U.S. relations by providing a framework for major expansion of our economic and trade relations. In 1992, bilateral trade topped \$33 billion,

with Chinese exports of \$25.8 billion and U.S. exports of \$7.5 billion. China was our fastest growing export market in Asia in 1992 as U.S. exports to China rose by 19 percent. In turn, the United States remains China's largest export market, absorbing about 30 percent of China's total exports.

China maintains multiple, overlapping barriers to imports in an effort to protect non-competitive, state-owned industries. China also has recognized that its development goals cannot be achieved without gradually reducing protection and opening its domestic market to the stimulus for change brought by import competition.

Our market access agreement, signed October 10, 1992, if implemented by the PRC, will increase opportunities for U.S. exports by phasing-out 70 to 80 percent of China's non-tariff trade barriers over the next four years. The regular consultation process required by this agreement allows us to monitor implementation and take appropriate action should China violate its commitments. Progress has been made in opening the market to U.S. products but we still need to resolve several issues regarding implementation.

Recently, the Chinese have indicated an interest in doing more business with U.S. companies. As U.S. corporate executives are arriving in droves to explore new commercial opportunities in Beijing, at least eight Chinese delegations have been or will soon be dispatched to the U.S. with orders to "buy American". These missions have the potential to generate billions of dollars of exports of aircraft, autos, satellites, oil drilling equipment, aviation electronics, wheat, fertilizer, and other U.S. products.

Still, the large and growing U.S.-China trade deficit is unacceptable. The over \$40 billion trade surplus China has accumulated with the United States since June 1989 has been very destructive to American industries, particularly the textile and footwear sectors, resulting in the loss of American jobs. It is therefore essential that the PRC implement the market access agreement we have negotiated, which would produce a much greater equilibrium and fairness in Sino-American trade.

Prison Labor

China officially banned the export of products produced by prison labor in October 1991. In August 1992, we signed a Memorandum of Understanding under which the Chinese agreed to investigate cases we presented and to allow U.S. officials access to suspect facilities in China.

The U.S. has presented the Chinese government information on 16 cases of alleged use of prison labor. The Chinese have reported back on all 16 cases, admitting that in four cases they were forced to correct the fact that prisoners were being used to produce goods exports in violation of Chinese law. U.S. officials have visited three prisons and have standing requests to visit five others, including a revisit to one facility.

In the past two years, U.S. Customs has aggressively expanded its enforcement of U.S. laws banning the import of prison labor products. Customs has issued over twenty orders banning suspected Chinese goods from entering the U.S., achieved one court conviction of a U.S. company for importing prison made machine tools and seized suspected equipment in another case.

Since the Prison Labor Memorandum of Understanding was signed last August, there has been no indication that goods allegedly produced by prison labor have entered the U.S. Talks with China will continue on the full enforcement of the provisions of the prison labor MOU.

Conditions for Renewal in 1994

China has made progress in recent years in the areas of human rights, nonproliferation, and trade. Nevertheless, I believe more progress is necessary and possible in each of these three areas. In considering the optimal method of encouraging further progress on these issues, I have decided to issue the attached Executive Order which outlines the areas in the field of human rights with respect to which China, in order to receive positive consideration for a renewal of MFN in 1994, will have to make overall, significant progress in the next twelve months.

In considering extension of MFN, we will take into account whether there has been overall, significant progress by China with respect to the following:

- Respecting the fundamental human rights recognized in the Universal Declaration of Human Rights, for example, freedoms of expression, peaceful assembly and association.
- Complying with China's commitment to allow its citizens, regardless of their political views, freedom to emigrate and travel abroad (excepting those who are imprisoned, have criminal proceedings pending against them, or have received court notices concerning civil cases).
- Providing an acceptable accounting for and release of Chinese citizens imprisoned or detained for the peaceful expression of their political views, including Democracy Wall and Tiananmen activists.
- Taking effective steps to ensure that forced abortion and sterilization are not used to implement China's family planning policies.
- Ceasing religious persecution, particularly by releasing leaders and members of religious groups detained or imprisoned for expression of their religious beliefs.
- Taking effective actions to ensure that prisoners are not being mistreated and are receiving necessary medical treatment, such as by granting access to Chinese prisons by international humanitarian organizations.
- Seeking to resume dialogue with the Dalai Lama or his representatives, and taking measures to protect Tibet's distinctive religious and cultural heritage.
- Ceasing the jamming of Voice of America broadcasts.

The Administration will also use tools under existing legislation and executive determinations to encourage further progress in human rights.

In addition, I wish to make clear my continuing and strong determination to pursue objectives in the areas of nonproliferation and trade, utilizing other instruments available, including appropriate legislation and executive

determinations. For example, various provisions of U.S. law contain strong measures against irresponsible proliferation of weapons of mass destruction and nuclear weapons technology. These include missile proliferation sanctions under the National Defense Authorization Act. Using these tools as necessary, we will continue to press China to implement its commitments to abide by international standards and agreements in the nonproliferation area.

In the area of trade, the Clinton Administration will continue to press for full and faithful implementation of bilateral agreements with China on market access, intellectual property rights, and prison labor. Section 301 of the 1974 Trade Act is a powerful instrument to ensure our interests are protected and advanced in the areas of market access and intellectual property rights. The Administration will also continue to implement vigorously the provisions of the Tariff Act of 1930 to prevent importation of goods made by forced labor.

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TEXT OF FEDERAL REGISTER NOTICE TO BE PUBLISHED FRIDAY, MAY 28

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

NOTICE OF IMPLEMENTATION OF SANCTIONS WITH RESPECT TO THE EUROPEAN COMMUNITY PURSUANT TO TITLE VII OF THE OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988

AGENCY: Office of the United States Trade Representative

ACTION: Prohibition on awards of contracts by federal agencies for products and services from some of the Member States of the European Community (EC) as of the date of publication of this Federal Register notice.

SUMMARY: On February 1, 1993, the United States Trade Representative (USTR) announced that the Administration intended to prohibit awards of certain contracts by federal agencies for products and services from some or all of the EC's twelve member states. The sanctions result from the identification by the President on April 22, 1992 of the EC under Title VII of the Omnibus Trade and Competitiveness Act of 1989 (19 U.S.C. 2515, as amended), as a country that discriminated against U.S. businesses in government procurement. On May 25, 1993, the U.S. and the EC signed an agreement partially removing the discriminatory practices. As a result of that agreement, the USTR determined to modify the sanctions to be commensurate with the remaining discrimination. Details of the specific sanctions are contained in "Supplemental Information" and in a Federal Register notice of today's date published by the Department of Defense, the General Services Administration and the National Aeronautics and Space Administration.

FOR FURTHER INFORMATION CONTACT: Mark Linscott, Office of GATT Affairs (202-395-3063) or Laura B. Sherman, Office of the General Counsel (202-395-3150), Office of the United States Trade Representative, 600 Seventeenth Street, NW, Washington, DC 20506.

SUPPLEMENTAL INFORMATION

On April 22, 1992, pursuant to section 305(g)(1)(a) of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2515(g)(1)(a)), the President identified the EC as a country that maintains in government procurement, a significant and persistent pattern or practice of discrimination against U.S. products or services that results in identifiable harm to U.S. businesses. The President specifically cited EC discrimination in the heavy electrical and telecommunications sector. In accordance with the provisions of Title VII, the President modified imposition of sanctions so that they would take effect by January 1993, subject to EC implementation of the discriminatory practices. (57 Fed. Reg. 15217)

On February 1, the United States Trade Representative (USTR)

announced that the President had determined that the sanctions would take effect March 22, 1993 (58 Fed. Reg. 7163). Implementation of the sanctions was postponed until April 22, 1993 to allow for U.S. and EC negotiations (58 Fed. Reg. 16249; 58 Fed. Reg. 17299) and then further postponed after the U.S. and the EC reached an agreement on April 21, 1993 that waives EC discriminatory measures applied to procurement of heavy electrical equipment. (58 Fed. Reg. 25695).

Since the EC was not prepared to remove its existing discrimination on telecommunications equipment, the USTR announced that the Title VII sanctions announced in February would be imposed, but they would be reduced to be commensurate with the remaining discrimination. As modified, purchases by U.S. government agencies covered under the GATT Government Procurement Code and the Memorandum of Understanding on Government Procurement between the U.S. and the EC and purchases in support of U.S. national security interests, including all procurement by the Department of Defense, are excluded from this action, as are purchases of essential spare, repair and replacement parts not otherwise available from non-EC sources and contracts for goods or services procured and used outside the U.S. and its territories. Only prime contracts are affected.

The following contracts are prohibited: 1) all contracts for the purchase of services by the federally-owned electric power utilities listed in Annex 1; 2) all contracts for the purchase of the services listed in Annex 2 by Federal agencies; and 3) all contracts for the purchase of goods, services and construction below the thresholds set forth in Annex 3. The prohibition applies to the following member states of the EC: Belgium, Denmark, Federal Republic of Germany, France, Italy, Ireland, Luxembourg, Netherlands and the United Kingdom. It does not apply to goods, services or construction from Greece, Spain or Portugal.

The rule of origin applicable in determining whether a good is an EC good is that contained in 19 U.S.C. 2518(4)(B). An EC service is any service, including construction services, performed in the EC.

Pursuant to Title VII, waiver of the sanctions by the head of a Federal agency is authorized where the waiver is necessary (1) in the public interest, (2) to avoid the restriction of competition in a manner which would limit the procurement in question to, or would establish a preference for, the services, articles, materials, or supplies of a single manufacturer or supplier; or (3) because there would be or are an insufficient number of potential or actual bidders to assure procurement of services, articles, materials or supplies of requisite quality at competitive prices. (41 U.S.C. 10b-1(c)) The waiver authority may not be delegated.

Further details of the specific sanctions are contained in a Federal Register notice of today's date published by the

Department of Defense, the General Services Administration and the National Aeronautics and Space Administration. These prohibitions will remain in effect until terminated by the President.

Frederick L. Montgomery
Chairman, Trade Policy Staff Committee

ANNEX 1

The Tennessee Valley Authority

The Power Marketing Administrations of the Department
of Energy including:

- Bonneville Power Administration
- Western Area Power Administration
- Southeastern Power Administration
- Southwestern Power Administration
- Alaska Power Administration

ANNEX 2

1. all transportation services, including Launching Services (all V codes, J019, J998, J999, K019),
2. dredging (Y216, Z216),
3. management and operation contracts of certain government or privately-owned facilities used for government purposes, including federally-funded research and development centers (all M codes),
4. development, production or co-production of program material for broadcasting, such as motion pictures (T006, T016),
5. research and development (all A codes),
6. airport concessions (S203),
7. legal services (R418),
8. hotel and restaurant services (S203),
9. placement and supply of personnel services (V241, V251),
10. investigation and security services (S206, S211, R423),
11. education and training services (all U codes, R419),
12. health and social services (all O codes, all G codes),
13. recreational, cultural and sporting services (G003) and
14. telecommunications services (encompassing only voice telephony, telex, radio telephony, paging and satellite services) (S1, D304, D305, D316, D317, D399)

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ANNEX 3

Thresholds Applicable to Federal Agencies listed in Annex 1

Goods contracts -- \$450,000

Construction contracts -- \$6,500,000

Thresholds Applicable to all Other Federal Agencies

Goods contracts -- 130,000 SDRs (currently \$176,000)

Construction contracts -- \$6,500,000

For Immediate Release

May 28, 1993

EXECUTIVE ORDER

CONDITIONS FOR RENEWAL OF
MOST FAVORED NATION STATUS FOR THE
PEOPLE'S REPUBLIC OF CHINA IN 1994

WHEREAS, the Congress and the American people have expressed deep concern about the appropriateness of unconditional most-favored-nation (MFN) trading status for the People's Republic of China (China);

WHEREAS, I share the concerns of the Congress and the American people regarding this important issue, particularly with respect to China's record on human rights, nuclear nonproliferation, and trade;

WHEREAS, I have carefully weighed the advisability of conditioning China's MFN status as a means of achieving progress in these areas;

WHEREAS, I have concluded that the public interest would be served by a continuation of the waiver of the application of sections 402 (a) and (b) of the Trade Act of 1974 (19 U.S.C. 2432(a) and 2432(b)) (Act) on China's MFN status for an additional 12 months with renewal thereafter subject to the conditions below;

NOW, THEREFORE, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. The Secretary of State (Secretary) shall make a recommendation to the President to extend or not to extend MFN status to China for the 12-month period beginning July 3, 1994.

(a) In making this recommendation the Secretary shall not recommend extension unless he determines that:

- extension will substantially promote the freedom of emigration objectives of section 402 of the Act; and
- China is complying with the 1992 bilateral agreement between the United States and China concerning prison labor.

(b) In making this recommendation the Secretary shall also determine whether China has made overall, significant progress with respect to the following:

- taking steps to begin adhering to the Universal Declaration of Human Rights;

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- extension will substantially promote the freedom of emigration objectives of section 402 of the Act; and
- China is complying with the 1992 bilateral agreement between the United States and China concerning prison labor.

(b) In making this recommendation the Secretary shall also determine whether China has made overall, significant progress with respect to the following:

- taking steps to begin adhering to the Universal Declaration of Human Rights;
- releasing and providing an acceptable accounting for Chinese citizens imprisoned or detained for the non-violent expression of their political and religious beliefs, including such expression of beliefs in connection with the Democracy Wall and Tiananmen Square movements;
- ensuring humane treatment of prisoners, such as by allowing access to prisons by international humanitarian and human rights organizations;
- protecting Tibet's distinctive religious and cultural heritage; and
- permitting international radio and television broadcasts into China.

Sec. 2. The Secretary shall submit his recommendation to the President before June 3, 1994.

Sec. 1. The Secretary, and other appropriate officials of the United States, shall pursue resolutely all legislative and executive actions to ensure that China abides by its commitments to follow fair, nondiscriminatory trade practices in dealing with U.S. businesses, and adheres to the Nuclear Non-Proliferation Treaty, the Missile Technology Control Regime guidelines and parameters, and other nonproliferation commitments.

Sec. 4. This order does not create any right or benefit, substantive or procedural, enforceable by any person or entity against the United States, its officers, or employees.

William D. Kelley

THE WHITE HOUSE,

May 28, 1993.

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

FOR IMMEDIATE RELEASE
FRIDAY, MAY 28, 1993

93-36
Contact: Anne Luzzatto
Dianne Wildman
Pat Norman
202-395-3230

USTR ANNOUNCES FURTHER ACTIONS UNDER THE "SPECIAL 301"
PROVISIONS OF THE 1974 TRADE ACT

United States Trade Representative Mickey Kantor today announced his decision to initiate an investigation of Brazilian intellectual property rights practices and provision of fair and equitable market access under the "special 301" provisions of the 1974 Trade Act. "We are committed to securing the protection of intellectual property rights that U.S. companies need in Brazil," Kantor said. "While patent reform is a key objective, we will review other aspects of Brazil's intellectual property regime, given the breadth of the "special 301" provisions, including copyrights, trademarks, trade secrets and protection for semiconductor lay-out designs."

In addition, Kantor announced that an interagency team would continue to monitor the practices of India and Thailand. He assured the U.S. business community that the United States would consider taking appropriate action if intellectual property rights are not adequately and effectively protected, or if U.S. products are not provided fair and equitable market access. "The Clinton Administration is determined to establish a constructive,

working relationship with all its trading partners," Kantor noted, "but we cannot tolerate the pirating or counterfeiting of U.S. products. Protection of U.S. rights is key to this Administration's policy of opening markets, creating trade opportunities for our companies and jobs for our workers."

Kantor's statements result from his identification on April 30, of Brazil, India and Thailand as "priority foreign countries" under the "special 301" provisions of the 1974 Trade Act. Following the identification of "priority foreign countries", a "special 301" investigation must be initiated within 30 days unless the USTR determines that initiating an investigation would be detrimental to U.S. economic interests, or unless the concerns that gave rise to the identification of the "priority foreign country" were eliminated, or unless the country is subject to investigation or action under the section 301 chapter on these issues.

Investigations initiated based on the "special 301" provisions must be completed within six months from the date of initiation (i.e., by November 28). The investigation may be extended up to nine months (until February 28, 1994) if complex issues are involved, or if substantial progress in drafting or implementing legislation to provide adequate and effective intellectual property protection is being made.

Brazil

Brazil was identified as a "priority foreign country" on April 30, based on inadequacies in its (1) industrial property law (concerning patents and trade secrets), (2) copyright law, (3) lack of protection for semiconductor mask works and (4) inadequate enforcement of copyright and trademarks. Draft industrial property legislation is pending in the Brazilian legislature. Although expected at the end of April, legislative action has been repeatedly postponed. Serious deficiencies in the draft industrial property bill, particularly in the patent provisions, include broad compulsory licensing authority; an onerous "local working" requirement (i.e., required local production); virtually no "pipeline" protection for pharmaceuticals and agricultural chemicals; extremely limited patentability for biotechnology; and, explicit authority to engage in parallel importation.

India

India was identified as a "priority foreign country" on April 30. However, since India is already subject to action under the section 301 chapter, the statute does not require the initiation of a new investigation. Actions taken by the Indian government to address our concerns on copyright, trademark,

patent and motion picture market access issues are being monitored under section 306.

Thailand

Thailand was identified as a "priority foreign country" on April 30. However, since Thai copyright enforcement and patent measures are already subject to monitoring under section 306 of the Trade Act, the statute does not require a new investigation. To ensure for substantial progress, Kantor has informed the Thai Government that USTR will review the results of current Thai enforcement efforts and legislative activity on July 31, 1993. USTR will decide what further action is appropriate at that time.

THE WHITE HOUSE

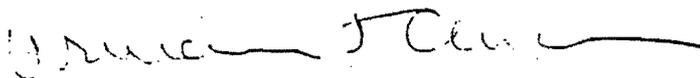
WASHINGTON

May 28, 1993

Dear Mr. Speaker:

Pursuant to subsection 402(d)(1) of the Trade Act of 1974, as amended, 19 U.S.C. 2432(d)(1) ("the Act"), I hereby submit the attached report concerning the continuation of a waiver of application of subsections (a) and (b) of section 402 of the Act to the People's Republic of China. The report explains my reasons for having determined that continuation of the waiver currently in effect for the People's Republic of China will substantially promote the objectives of section 402. In addition, I am also transmitting herewith for your further information a copy of an Executive Order which enumerates the specific conditions which I have established with respect to a further extension of the waiver next year for the period beginning July 3, 1994.

Sincerely,



The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 28, 1993

TEXT OF A LETTER FROM
THE PRESIDENT TO THE SPEAKER OF
THE HOUSE OF REPRESENTATIVES AND
THE PRESIDENT OF THE SENATE

May 28, 1993

Dear Mr. Speaker: (Dear Mr. President:)

Pursuant to subsection 402(d)(1) of the Trade Act of 1974, as amended, 19 U.S.C. 2432(d)(1) ("the Act"), I hereby submit the attached report concerning the continuation of a waiver of application of subsections (a) and (b) of section 402 of the Act to the People's Republic of China. The report explains my reasons for having determined that continuation of the waiver currently in effect for the People's Republic of China will substantially promote the objectives of section 402. In addition, I am also transmitting herewith for your further information a copy of an Executive Order which enumerates the specific conditions which I have established with respect to a further extension of the waiver next year for the period beginning July 3, 1994.

Sincerely,

WILLIAM J. CLINTON

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 28, 1993

May 28, 1993

Presidential Determination
No. 93-23

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Under Section 402(d)(1) of the
Trade Act of 1974, as Amended -- Continuation
of Waiver Authority

Pursuant to the authority vested in me under the Trade Act of 1974, as amended, Public Law 93-618, 88 Stat. 1978 (hereinafter "the Act"), I determine, pursuant to section 402(d)(1) of the Act, 19 U.S.C. 2432(d)(1), that the further extension of the waiver authority granted by section 402(c) of the Act will substantially promote the objectives of section 402 of the Act. I further determine that the continuation of the waiver applicable to the People's Republic of China will substantially promote the objectives of section 402 of the Act.

You are authorized and directed to publish this determination in the Federal Register.

WILLIAM J. CLINTON

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The White House

Office of the Press Secretary

For Immediate Release

May 28, 1993

Statement by the President
On Most Favored Nation Status for China

Yesterday the American people won a tremendous victory as a majority of the House of Representatives joined me in adopting our plan to revitalize America's economic future.

Today, members of Congress have joined me to announce a new chapter in United States policy toward China.

China occupies an important place in our nation's foreign policy. It is the world's most populous state, its fastest growing major economy, and a permanent member of the United Nations Security Council. Its future will do much to shape the future of Asia, our security and trade relations in the Pacific, and a host of global issues, from the environment to weapons proliferation. In short: our relationship with China is of very great importance.

Unfortunately, over the past four years our nation spoke with a divided voice when it came to China. Americans were outraged by the killing of pro-democracy demonstrators at Tiananmen square in June of 1989. Congress was determined to have our nation's stance toward China reflect our outrage.

Yet twice after Congress voted to place conditions on our favorable trade rules toward China -- so-called Most Favored Nation status -- those conditions were vetoed. The annual battles between Congress and the Executive divided our foreign policy and weakened our approach over China.

It is time that a unified American policy recognize both the value of China and the values of America.

Starting today, the United States will speak with one voice on China policy. We no longer have an Executive Branch policy and a congressional policy. We have an American policy.

I am happy to have with me today key congressional leaders on this issue. I am also honored to be joined by representatives of the business community and several distinguished Chinese student leaders. Their presence here is a tangible symbol of the unity of our purpose.

I particularly want to recognize Senate Majority Leader George Mitchell of Maine and Congresswoman Nancy Pelosi of California. Their tireless dedication to the cause of freedom in China has given voice to our collective concerns. I intend to continue working closely with Congress as we pursue our China policy.

We are here today because the American people continue to harbor profound concerns about a range of practices by China's communist leaders. We are concerned that many activists and pro-democracy leaders, including some from Tiananmen Square, continue to languish behind prison bars in China for no crime other than exercising their consciences. We are concerned about international access to their prisons. And we are concerned by the Dalai Lama's reports of Chinese abuses against the people and culture of Tibet.

We must also address China's role in the proliferation of dangerous weapons. The Gulf War proved the danger of irresponsible sales of technologies related to weapons of mass destruction. While the world is newly determined to address the danger of such missiles, we have reason to worry that China continues to sell them.

Finally, we have concerns about our terms of trade with China. China runs an \$18 billion trade surplus with the U.S. -- second only to Japan. In the face of this deficit, China continues practices that block American goods.

I have said before that we do not want to isolate China, given its growing importance in the global community. China today is a nation of nearly 1.2 billion people -- home to one of every five people in the world. By sheer size alone, China has an important impact on the world's economy, environment, and politics. The future of China and Hong Kong is of great importance to the region and to the people of America.

We take some encouragement from the economic reforms in China -- reforms that by some measures place China's economy as the third largest in the world, after the United States and Japan. China's coastal provinces are an engine for reform throughout the country. The residents of Shanghai and Guangzhou are far more motivated by markets than by Marx or Mao.

We are hopeful that China's process of development and economic reform will be accompanied by greater political freedom. In some ways, this process has begun. An emerging Chinese middle class points the antennae of new televisions towards Hong Kong to pick up broadcasts of CNN. Cellular phones and fax machines carry implicit notions of freer communications. Hong Kong itself is a catalyst of democratic values -- and we strongly support Governor Patten's efforts to broaden democratic rights.

The question we face today is how best to cultivate these hopeful seeds of change in China while expressing our clear disapproval of its repressive policies.

The core of this policy will be a resolute insistence upon significant progress on human rights in China. To implement this policy, I am signing today an Executive Order that will have the effect of extending Most Favored Nation status for China for 12 months. Whether I extend MFN next year, however, will depend upon whether China makes significant progress in improving its human rights record.

The Order lays out particular areas I will examine, including respect for the Universal Declaration of Human Rights, and the release of citizens imprisoned for the non-violent expression of their political beliefs -- including activists imprisoned in connection with Tiananmen Square. The Order includes China's protection of Tibet's religious and cultural heritage, and compliance with the bilateral U.S.-China agreement on prison labor.

In addition, we will use existing statutes to address our concerns in the areas of trade and arms control.

The Order I am issuing today directs the Secretary of State and other Administration officials to pursue resolutely all legislative and executive actions to ensure China abides by international standards. I intend to put the full weight of the Executive behind this order; I know I have Congress's support.

Let me give you an example. The Administration is now examining reports that China has shipped M-11 ballistic missiles to Pakistan. If true, such action would violate China's commitment to observe the guidelines and parameters of the Missile Technology Control Regime. Existing U.S. law provides for strict sanctions against nations that violate these guidelines.

We have made our concerns on the M-11 issue known to the Chinese on numerous occasions. They understand the serious consequences of missile transfers under U.S. sanctions law. If we determine that China has, in fact, transferred M-11 missiles or related equipment in violation of its commitments, my Administration will not hesitate to act.

My Administration is committed to supporting peaceful democratic and pro-market reform. I believe we will yet see these principles prevail in China. For in the past few years, we have witnessed a pivot point in history, as other communist regimes across the map have ceded to the power of democracy and markets.

We are prepared to build a more cooperative relationship with China, and wish to work with China as an active member of the international community. Through some of its actions, China has demonstrated that it wants to be a member of that community.

Membership has its privileges, but also its obligations. We expect China to meet basic international standards in its treatment of its people, its sales of dangerous arms, and its foreign trade.

With one voice, the United States Government today has outlined these expectations.

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
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FOR IMMEDIATE RELEASE
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Jennifer Hillman Named Chief Textile Negotiator

The White House today approved the selection of Jennifer Hillman as Chief Textile Negotiator. As with her predecessors, the White House intends to nominate Ms. Hillman for the rank of Ambassador, subject to Senate confirmation.

Ms. Hillman served as the Deputy Cluster Coordinator for Financial Institutions during the Presidential Transition. She also served as Legislative Director and Counsel to Senator Terry Sanford (D-NC) from 1986-1992. Prior to her Hill experience, she was an attorney with the Washington, D.C. law firm of Patton, Boggs and Blow. Her practice emphasized international trade matters including antidumping and countervailing duty and other trade actions.

Ms. Hillman received her law degree from Harvard Law School, and a master's degree in education and a bachelor's degree from Duke University.

For Immediate Release

May 14, 1993

PRESS CONFERENCE BY THE PRESIDENT

The Rose Garden

1:05 P.M. EDT

THE PRESIDENT: Good afternoon, ladies and gentlemen. I'm glad the weather permitted us to do this outside.

Three months ago, I presented a plan to our country and to the Congress designed to address what I believe were the significant challenges of this time. For more than 40 years, our country was organized to stand up against communism, to try to help develop the free world, and for most of that time we took our economic prosperity for granted. It is now clear that, at the end of the Cold War, we must organize ourselves around the obligation we have to be more competitive in the global economy and to enable our people to live up to their full potential.

That means we have to do a lot of things to turn this economy around, beginning with a serious effort to reduce our national debt, to invest in jobs and new technologies, to restore fairness to our tax code, and to make our political system work again.

This week I was able to go back again to the American people to take my case into the country, into Cleveland and Chicago and New York. And here in Washington there were new efforts to break the gridlock and to put the national interests above narrow interests. The results were particularly impressive in the work done by the House Ways and Means Committee, achieving over \$250 billion in deficit reduction through spending cuts with \$2 in spending cuts for each dollar in new investment, in jobs, in education. The program provides significantly everything that I presented to the Congress, even though there were some changes. In fact, some of the changes I think made the bill better.

Let me reiterate them. Number one, significant deficit reduction. Number two, taking on entitlement issues that have for too long been left on the table. Number three, real investments for small businesses and for big businesses -- incentives to get people to invest money in this economy to create jobs. And perhaps most importantly, a break for working-class families -- a huge increase in the earned income tax credit for people with incomes under \$30,000 to relieve them of the impact of the energy tax and to say for the first time, people who work 40 hours a week with children in the home would be lifted above poverty. And finally, of course, the plan was very progressive -- seventy-five percent of the revenues coming from the top six percent of the American taxpayers.

I also reiterated that I don't want a penny in taxes without the spending cuts. And I proposed in New York that we create a deficit reduction trust fund into which all the taxes and all the budget cuts could be put and kept for the five-year life of this budget. This is a very important thing. I realize some have said it is little more than a gimmick, but the truth is there is no legal protection now for the life of the budget for these funds. This will provide it in stone, in law.

In every element of this, there has been some willingness on the part of those who have supported our efforts to take on powerful vested interest in behalf of the national interest, whether it is in repealing the lobby deduction or in going for a direct loan program for college loans that will save \$4 billion but which will remove a government-guaranteed income from several interests who like the system as it is now.

The Congress also moved this week to reinvigorate our democratic process by ending the filibuster and passing the motor voter bill. These are the kinds of changes that the American people expect of us. They do not expect miracles, but they expect solid, steady progress, and I am determined to stay on this course.

It has been a good week, and if we're willing to take more tough decisions, there will be more good weeks for the American people ahead.

Q Mr. President, you've said that the United States will not go it alone with military action in Bosnia. And yet, the European allies have refused to sign-on to your proposals. If the allies refuse to follow suit, where does that leave the United States?

THE PRESIDENT: Let me reiterate what I have said because I think that the United States has taken the right position and I think that we've gotten some good results. I have said, and I will reiterate, I think that the United States must act with our allies, especially because Bosnia is in the heart of Europe and the Europeans are there. We must work together through the United Nations.

Secondly, I do not believe the United States has any business sending troops there to get involved in a conflict in behalf of one of the sides. I believe that we should continue to turn up the pressure. And as you know, I have taken the position that the best way to do that would be to lift the arms embargo with a stand-by authority of air power in the event that the present situation was interrupted by the unfair use of artillery by the Bosnian Serbs. That position is still on the table. It has not been rejected out of hand. Indeed, some of our European allies have agreed with it and others are not prepared to go that far yet.

But we have to keep the pressure up. And I would just remind you that since we said we would become involved in the Vance-Owen peace process, two of the three parties have signed on. We've gotten enforcement of the no-fly zone through the United Nations. We've been able to airlift more humanitarian supplies there, and we've been able to keep up a very, very tough embargo on Serbia which I think led directly, that and the pressure of further action, to the statement that Mr. Milosevic made to the effect that he would stop supporting the Bosnian Serbs.

Where we go from here is to keep pushing in the right direction. As we speak here, the United Nations is considering a resolution which would enable us to place United Nations forces along the border between Serbia and Bosnia to try to test and reinforce the resolve of the Milosevic government to cut off supplies to the Bosnian Serbs. If that resolution passes and in its particulars it makes good sense, that is a very good next step. We're just going to keep working and pushing in this direction. And I think we'll begin to get more and more results.

Q Are you contemplating sending U.S. forces to Macedonia and perhaps to protect safe havens in Bosnia?

THE PRESIDENT: On the question of Macedonia, etc.

at the United Nations -- what the allies could do to make sure that we confine this conflict, to keep it from spreading. I've not received a recommendation from them and, therefore, I've made no decision.

Q Mr. President, there is a wide spread perception that you're waffling, that you can't make up your mind. One day you're saying, in a few days we'll have a decision, we have a common approach -- the next day you're saying, we're still looking for a consensus. Will American troops be in this border patrol that the U.N. is voting on and, you know, where are we?

THE PRESIDENT: Well, first of all, I have made up my mind and I've told you what my position was. And I've made it as clear as I can. But I also believe it is imperative that we work with our allies on this. The United States is not in a position to move unilaterally, nor should we. So that is the answer to your question.

The resolution being considered by the United Nations I think contemplates that the UNPROFOR forces would be moved and expanded and moved to the border. At this time there has been no suggestion that we would be asked to be part of those forces.

Q A domestic question. Could you tell us how were affected by the testimony of Colonel Fred Peck, whose son is a homosexual, who said that, nonetheless, he could not in good conscience support lifting the ban?

THE PRESIDENT: I thought all the testimony given in that hearing -- I saw quite a lot of it from more than one panel -- was quite moving and straightforward. I still think the test ought to be conduct.

Q Do you think that -- does this allow for the possibility of the "don't ask, don't tell" -- the compromise that would allow --

THE PRESIDENT: You know what my position is. I have nothing else to say about it.

Q Mr. President, you said last week that if you went to air power in Bosnia you would have a clear strategy and it would have a beginning, middle, and end. What happens, though, sir, if a plane is shot down, if you lose a pilot or a couple of pilots, or if the Bosnian Serbs decide to escalate the conflict -- or the Serbians -- by going into, say, Kosovo?

THE PRESIDENT: Well, the Bush administration before I became President issued a clear warning to the Serbs that if they try to occupy Kosovo and repress the Albanians there, that the United States would be prepared to take some strong action. And I have reaffirmed that position. As a general proposition, you can never commit American forces to any endeavor on the assumption that there will be no losses. That is just simply not possible, and as the Pentagon will tell you, we lose forces even now in peace time simply in the rigorous training that our forces undergo.

Q Your nominee to head the Justice Department's Civil Rights Division has expressed what many regard as rather striking views about voting rights and a number of other areas, including expressing some misgivings about the principle of one man, one vote. And I wonder if you are familiar with all these views and if you support them, and if you do not, why you chose her.

THE PRESIDENT: I nominated her because there had never been a full-time practicing civil rights lawyer with a career in civil rights law heading the Civil Rights Division. I expect the policy to be made on civil rights laws by the United States Congress, and I expect the Justice Department to carry out that policy. Insofar as there is discretion in the policy, that discretionary authority should reside either in the President or the Attorney General in terms of what policies the country will follow. I still think she's a very well-qualified civil rights lawyer, and I hope she will be confirmed. And I think she has every intention of following the law of the land as Congress writes it.

Q Were you familiar with them when you --

Q Mr. President, as you know, there is a lot of concern in the Democratic Party and in the White House about the upcoming Senate election in Texas. And one of your top political advisors, Paul Begala, is becoming more involved down there. Do you see any expanded role for yourself? Is there anything you can do, or are you all pretty much resigned to losing this seat?

THE PRESIDENT: Well, I'm not -- first of all, I'm not resigned to losing it. I think Bob Krueger can still win the race. But it depends on, as with all cases, it depends on how he frames the issues, how his opponent frames the issues, and what happens there. I think he's a good man, and I think he's capable of doing a good job. And I think he could still win the race. But that's up for the people of Texas. You know, in the primary one of the big problems was 25 percent of the Republicans turned out and only 15 percent of the Democrats did. I don't know what's going to happen there. But I certainly support him, and I hope he will prevail. I think it would be good for the people of Texas and the Congress if he did.

Q Do you expect to do any more for him and possibly go down there?

THE PRESIDENT: No one's discussed that with me. You know, I don't know. I've always been skeptical about the question of whether any of us could have any impact on anyone else's race. I've never seen it happen up or down in my own state in Arkansas. There may be some ways we can help with fundraising and things of that kind, but all the time I ran at home I never let anybody come in to help me, whatever the national politics were.

Q Mr. President, what would you say or what do you say to federal reserve officials who are arguing for a slight rise in short-term interest rates because they're concerned about resurging inflation?

THE PRESIDENT: I would say that the month before last we have virtually no inflation, and you can't run the country on a month-to-month basis. You've got to look at some longer trends. There are some clear underlying reasons for this last inflationary bulge which don't necessarily portend long-term inflation. I think it's a cause of concern. We ought to look at it, but we ought to wait until we have some more evidence before we raise interest rates in an economy where industrial capacity is only at 80 percent.

If you look at all the underlying long-term things, long-term trends in energy prices, industrial capacity, the kinds of

things that really shape an economy, there is no reason at this time to believe that there could be any cause for a resurge in inflation.

Q Sir, the argument is made at the Federal Reserve that higher taxes, higher burdens on business through health care fees or other things like that will indeed raise inflation while the economy stays weak.

THE PRESIDENT: Just a few weeks ago some people were arguing that all this would be deflationary and would repress the recovery. So I guess you can find an expert to argue any opinion, but there is no evidence of that. The prevailing opinion at the Fed and the prevailing opinion in the economic community has been that the most important thing we can do is to bring down long-term interest rates by bringing down the deficit. You can't have it both ways. You're either going to bring down the deficit or we're not. And everything in life requires some rigorous effort if you're going to have fundamental change.

Q I wonder if you ever stop to think that this month we are celebrating two events, Small Business Week and World Trade Week. I wonder do you understand what the importance of the world trade in this week is in the minority and small business people can contribute to support their services and product to the world and mainly to those countries of the former Soviet Union? How do you respond?

THE PRESIDENT: How do I want small business to contribute? Well, first of all, an enormous amount of our economic growth in the last three years has come out of growth in trade. And one of the problems we're having with our own recovery is that economic growth is virtually nonexistent in Asia and in Europe -- at least in Japan and in Europe -- not in the rest of Asia. China is growing rapidly.

One of the things that we can do to increase exports is to organize ourselves better in the small business community. The Germans, for example, have enormously greater success than do we in getting small and medium-sized businesses into export markets. And one of the charges of my whole trade team is to organize the United States so that we can do that. That's one of the things the Commerce Secretary is working on.

Q Mr. President, you're going to be meeting with the President of Ireland in a little while. And as a --

THE PRESIDENT: I'm looking forward to it.

Q -- as a candidate, you made several promises in regard to Ireland. One of them was to send an envoy -- a special peace envoy, and another was that you would not restrict Jerry Adams' admittance into this country. He's the leader of Sinn Fein, and his visa was denied last week. And you promised that as President he would be admitted.

THE PRESIDENT: I think you ought to go back and read my full statement that I made in New York about the Adams case. I'll answer that in a minute.

But let me -- first on the peace envoy, I talked to the Prime Minister of Ireland and I will discuss with the President of Ireland what she thinks the United States can do. I am more than willing to do anything that I can that will be a constructive step in helping to resolve the crisis in Northern Ireland.

Q -- whether an envoy is necessary --

THE PRESIDENT: I don't believe the President of the United States should be unaffected by what the Prime Minister or the President of Ireland believe about what is best for Ireland. I don't believe that. I think I should ask them what they believe. I'm not sure I know better than she does about that. And I should listen and should take it into account. I am prepared to do whatever I can to contribute to a resolution of this issue.

On the Jerry Adams question, I said at that time because he was a member of Parliament, if I were President I would review that. I thought that if there no overwhelming evidence that he was connected to terrorists, if he was an elected -- a duly elected member of Parliament in a democratic country, we should have real pause before denying him a visa. I asked that his case be reviewed by the State Department and others. And everybody that reviewed it recommended that his visa not be granted and pointed out that he was no longer a member of Parliament.

Q Mr. President, in your opening statement, you said this has been a good week for you. But the latest CNN/USA Today Gallup poll, as you probably saw, shows a 10-percent decline in your job approval rating since the end of April, from 55 to 45 percent. Why do you think that is happening and is it your fault and what can be done?

THE PRESIDENT: Well, for one thing, I'm trying to do hard things. And I can't do hard things and conduct an ongoing campaign at the same time. You know, I'm doing things that are hard, that are controversial. And anybody who doesn't want to assume responsibility can stand on the sidelines and criticize them. I never expected that I could actually do anything about the deficit without having some hits. I never expected that I could take on some of these interests that I've taken on without being attacked. And whenever you try to change things, there are always people there ready to point out the pain of change without the promise of it. That's just all part of it.

If I worried about the poll ratings I'd never get anything done here. My only -- the only thing I'd remind you is for 12 years we've seen politicians and the Congress and the Executive Branch worry about their poll ratings every month and then at the end of every four years things are a lot worse. If things are better at the end of the period that I was given to serve, then the poll ratings now won't make any difference. And if they're not, they won't make any difference. So my job is to do my job and let the chips fall where they may.

Q There seems to be a Catch 22 emerging on Bosnia. One would be the -- you have consistently said that you want to have a consensus with the U.S. allies. But until that consensus is formed, you found it seems very difficult to explain to the American people precisely how that war should be defined -- is it a civil war, is it a war of aggression. And also not necessarily what the next step should be, but what are the principles, the overriding principles that should guide you as policy? What can you tell the American people right now about that?

THE PRESIDENT: First, that is both a civil war and a war of aggression, because Bosnia was created as a separate legal entity. It is both a civil war where elements of people who live within that territory are fighting against one another. And there has been aggression from without, somewhat from the Croats and from the Serbs -- principally from the Serbs -- that the inevitable but unintended impact of the arms embargo has been to put the United Nations in the position of ratifying an enormous superiority of arms for the Bosnian Serbs that they got from Serbia, and that our interest is in seeing -- in my view, at least -- that the United Nations does not foreordain the outcome of a civil war -- that's why

I've always been in favor of some kind of lifting of the arms embargo -- that we contain the conflict, and that we do everything we can to move to an end of it and to move to an end of ethnic cleansing.

Those are our interests there and those are the ones I'm trying to pursue. But we should not introduce American ground forces into the conflict in behalf of one of the belligerents, and we must move with our allies. It is a very difficult issue. I realize in a world where we all crave for certainty about everything, it's tough to deal with, but it's a difficult issue.

Q Mr. President, on the subject of the arms embargo, do you believe that the fighting between the Croats and the Muslims has validated the European objections to your proposal to lift the arms embargo, showing just how complicated it is and how easily those weapons can get into other hands? And, secondly, do you think that you should try to level the playing field by using air strikes alone if your hands are tied on the arms embargo?

THE PRESIDENT: I believe that the troubles between the Croatians and the Muslims complicate things, but at least the leaders have agreed on an end to the conflict. On the other issue, I think that the best use of air power is the one that I have outlined, and I don't favor another option at this time.

Q The Prime Minister of Norway today announced that Norway is going to resume commercial hunt of the minke whale. How do you react to that? And is the United States going to take any punitive actions against Norway?

THE PRESIDENT: It's the first I've heard of it. I'll have to give you a later answer.

Q One of the charges leveled by critics of you in Arkansas and now at the beginning of your term as President is that you've surrounded yourself with too many young people and put them in too many senior positions. How do you respond to that criticism?

THE PRESIDENT: Like Lloyd Bentsen and Warren Christopher? (Laughter.) I mean, who are you referring to? Mr. McLarty, Mr. Rubin, Ms. Rasco and Mr. Lake, to name four, and I are all, I think, older than our counterparts were when President Kennedy was President. There are a lot of young people who work here, but most of the people in decision-making positions are not particularly young. And I am amazed sometimes -- you think I ought to let some of them go?

I realize that there is this image that the administration is quite young. I think we have one of the most seasoned and diverse Cabinets that anybody's put together in a long time. And we have a lot of people who aren't so young working in the White House. I don't know how to answer your question about it.

Q Mr. President, what will you do to ensure that health care will be accessible geographically to people in inner cities and rural areas, so that cross-town and cross-county travel will not become a barrier to health care?

THE PRESIDENT: Well, I haven't received the report, as you know, of the Health Care Task Force yet but let me say that one of the markers I laid down for them when they began their work was that we didn't need just simply to provide coverage for Americans, but there had to be access in rural areas and in inner city areas, especially. And they are exploring any number of ways to do that.

I spent one afternoon here on a hearing on rural health care, talking about how we could bring health care to people in rural areas and make it economical and available. And I have spent an

enormous amount of time in the last 16 months in urban health care settings trying to discover which model -- I've done that myself -- trying to determine which models can be replicated in other inner city areas. From my experience at home I knew more about rural areas. But the bottom line is you've got to have more clinics in the rural areas and in the inner cities that are accessible and where there is an ethnic diversity, where they are accessible not only physically, but in terms of language and culture. And these things can be done. And if you do it right, if they're really comprehensive primary and preventive health care centers, they lower the cost of health care because they keep more people out of the emergency rooms.

Q Mr. President, the Serbian government has indicated it is going to stop sending arms to the Bosnian Serbs. If they hold true to that, does that then preclude the option of rearming the Bosnian Muslims?

THE PRESIDENT: Well, I have two responses. First, I hope the United Nations resolution will succeed so that we can put some U.N. people on the border to determine whether that, in fact, is occurring. Secondly, whether that precludes the rearming option depends really on how many arms have been stashed already in Bosnia, particularly the heavy weapons -- the heavy artillery. I think that is the issue. And that's a fact question which we'll have to try to determine.

Q Many people wonder, Mr. President, what your policy in Latin America is going to be. Your economic team just told us that you want to spend more money in police here in the United States. The past administration spent almost \$3 billion in Peru, Bolivia and Colombia. What is your vision and how are you going to change that policy?

THE PRESIDENT: I think we should continue to support those programs. I can't say that they would be immune from the budget cutting process that has affected almost all of our domestic programs here. We've had such a big deficit we've got to cut across-the-board. But I believe that those programs have served a useful purpose. I think especially where we have governments with leaders who are willing to put their lives on the line to stop or slow down the drug trade, we ought to be supporting them and I expect to do that.

Q You've been talking a lot recently about deficit reduction, the deficit reduction trust fund. You're talking now about having to stretch out your investment programs, postpone some of the things. What do you say to people in urban areas, some of the liberal congressmen on the Hill who say, wait a minute, we're the ones who elected this guy and now the programs that have been starved for 12 years that we need aren't going to be able to get money? What sort of political position does that put you in with your core supporters?

THE PRESIDENT: Well, I ask them, first of all, to look at the five-year budget. The enormous squeeze on domestic spending including investment spending began 12 years ago. I can't turn it around overnight. I asked them to look at the five-year budget and look at it in light of the fact that the deficit numbers were revised upward after the election by \$50 billion a year in three of the next four years. And I ask them also to consider this: Until we can prove that we have the discipline to control our budget, I don't think we'll have the elbow room necessary to have the kind of targeted investments we need.

I think the more we do budget control the more we'll be free to then be very sharply discriminating in investing in those things which actually do create jobs. I don't think we have any other option at this time.

Q Mr. President, in your New York speech this past week at Cooper Union, you spoke of a crisis of belief and hope. And earlier Mrs. Clinton in a speech talked about a crisis of meaning. How do you see these crises manifesting themselves? What are the causes of them? And how severe do you see this?

THE PRESIDENT: Well, I think they manifested themselves in people's honest feelings that things are not going very well in this country and that they haven't gone very well in a long time; and the alienation people feel from the political process, and in the alienation they often feel from one another in the same neighborhoods and communities. There are real objective reasons for a lot of these problems. After all, for most people the work week is lengthening and incomes are declining. The job growth of the country has been very weak. The crime rate is high, and there's a sense of real alienation there. And I don't think we can speak to them just with programs. I think that -- in our different ways, that's what both Hillary and I were trying to say.

And the thing I was trying to say to the American people at the Cooper Union that I want to reiterate today is that you can never change if you have no belief in the potential of your country, your community, or yourself. And that the easy path is cynicism. The easy path is to throw rocks. The better path is doing the hard work of change.

The thing I liked about what happened in the Ways and Means Committee this week is -- not that I agree with every last change they made in the bill, although some of them actually made the bill better -- all the fundamental principles were left intact. But we actually did something to move the ball forward -- to deal with the deficit, to deal with the investment needs, to deal with -- to go back to the other question that Mr. Lauter asked -- to deal with the need to get more real investment in the inner cities and the rural areas of the country. We are doing things.

And what I tried to do all throughout the campaign in talking about hope, in talking about belief, in trying to go back to the grass roots was to say to people, the process of change may be uneven and difficult and always controversial, but it has to be buttressed by an underlying belief that things can be made better.

When the election returns in November -- that I was not fully responsible for, there were two other candidates in that race -- which showed a big increase in voter turnout, especially among young people, that meant to me that we were beginning to see the seeds of a change in attitude. As I said at the Cooper Union, when President Kennedy occupied that office, nearly three-quarters of the American people believed that their leaders would tell them the truth and that their institutions worked and that their problems could be solved. So there was a lot more elbow room there. You know, a year or two years could go by -- people could be working on something with maybe only slightly measurable progress, but the country felt it was moving forward. That is what we have to restore today -- a sense that it can be done and it cannot be done by the President alone, but the President has to keep saying that: that faith is a big part of this.

Q And the causes of these crises as you perceive them?

THE PRESIDENT: I think the causes of these are the persistent enduring problems unanswered, unresponded to, and the absence of a feeling that there is a overall philosophy and a coherent way of dealing with them.

Q Though your tax package has made it through the House Ways and Means Committee, every Republican voted against it. If that happens again in the Senate you could be facing yet another roadblock. How have you changed your legislative strategy to see that you win over a few Republican votes this time?

THE PRESIDENT: Well, the budget cannot be filibustered. So in a literal sense it could -- we could pass it without any Republican votes. But the sad -- what I hope is that to show that by a combination of budget cuts and tax increases and the things that have been done to make this program even more attractive -- we've got a lot of business people for this program now, a lot of them -- that we ought to get some Republican support. But that's a political decision that a lot of those folks are going to make.

I can tell you that one member of the Ways and Means Committee told me yesterday that a Republican member said to him as they were dealing with this -- said, boy, there's a lot of wonderful stuff in his bill. I didn't know all this stuff was in this bill. This is wonderful. I said, well, why don't you vote for it? He said, no, we've got to be against taxes. So I think that's just -- they're going to have to decide what they're going to do about that.

Q You talk about competitive -- being competitive in the world and that, I hope you agree, that involves NAFTA. What would be the priorities of a new ambassador to Mexico and what is the latest in NAFTA? Do you support tougher sanctions in trade for those that violate the treaty?

THE PRESIDENT: I believe the treaty has to have some enforcement provisions. I have not read the last language, but it is my understanding that what the negotiators is working toward is some sort of sanctions for repeated and persistent violations of agreements that the countries involved in NAFTA make. I don't think any of us should make agreements and expect there to be no consequences to their repeated and persistent violation. But I want to say again, I believe that increased trade with Mexico and NAFTA are in the interest of the United States.

The Salinas government, through the unilateral reduction of their own tariffs, has helped to take the United States -- and through policies that promoted economic growth, beginning with getting control of their deficit -- has taken the United States from a \$6-billion trade deficit with Mexico to a \$5-billion trade surplus. Mexico just surpassed Japan as our second biggest trading customer for manufactured products. So I think that it's very much in our interest to pass NAFTA and I hope I'll be able to persuade the Congress to do it when we conclude the agreement.

Q Would that be a priority of a new ambassador to Mexico?

THE PRESIDENT: Absolutely, sure.

Go ahead.

Q Okay. I'd like to go back to your Justice Department for just a second, Mr. President. Since during the campaign you said it was a mistake and, in fact, apologized for playing golf at an all-white country club in Little Rock, shouldn't it disqualify your nominee for Associate Attorney General, Webb Hubbell? Is there an exception because he's a family friend? And are the locals --

THE PRESIDENT: Absolutely not.

Q Are the local civil rights leaders wrong when they say that his attempts to integrate the club appeared to have been a last-minute political conversion?

THE PRESIDENT: No. As a matter of fact, if you go back -- first of all, let me -- the first question is no, he should not be disqualified. The second question is, is it a last-minute conversion? The African American who joined the club testified that Webb Hubbell had been trying for years to get him to do it, and he had not agreed. That's what the record shows. Thirdly, my belief is that the overwhelming majority of African American leaders in my state would very much like to see him confirmed. He has always had a reputation as being a strong advocate of civil rights, whether as Mayor of Little Rock or Chief Justice of the Supreme Court of my state. He is a very eminent citizen with a very good background. And I think the vast majority of the civil rights leaders of my state will advocate his appointment based on his record. And I think on the facts of this, I just wouldn't -- this last-minute conversion thing just doesn't hold water.

Q What does it say then, sir, that he should be a member of an all-white country club, as other members of your Cabinet also are -- or were when it was still all white?

THE PRESIDENT: I think he should have either resigned or integrated it. And, of course, he was in the middle. He said, I tried for years to integrate it and I only -- it took me too long to succeed. What I think is really the case is that some of the other people may have been blocking it. He was trying for years to do it. I know that because I used to hit on him about it for years.

Go ahead, Mara.

Q Mr. President, I want to go back to a question that Helen asked earlier about your indecisiveness over Bosnia. I'm wondering how you think that's affected perceptions of you as a leader? There is a concern reflected in polls and in some comments from Democratic members in Congress that you are indecisive and perhaps not tough enough to tackle all the problems.

THE PRESIDENT: I would just like to ask you what their evidence is? When Russia came up the United States took the lead and we got a very satisfactory result. When I took office I said we were going to try to do more in Bosnia. We agreed to go to the Vance-Owen peace process and two of the three parties signed on. We got enforcement of the no-fly zone. We began to engage in multinational humanitarian aid. We got much, much tougher sanctions. We got the threat of military force on the table as a possible option. Milosovic changed his position. All because this administration did more than the previous one.

And every time I have consulted the Congress they say to me in private, this is a really tough problem. I don't know what you should do but you're the only President that ever took us into our counsel beforehand; instead of telling us what you were going to do, you actually ask us our opinion. I do not believe that is a sign of weakness. And I realize it may be frustrating for all of you to deal with the ambiguity of this problem, but it is a difficult one.

I have a clear policy. I have gotten more done on this than my predecessor did. And maybe one reason he didn't try to do it is because if you can't fall in line overnight for people who have been fighting for centuries you may be accused of vacillating. We are not vacillating. We have a clear, strong policy.

In terms of the other issues, who else around this town in the last dozen years has offered this much budget cutting, this

much tax increases, this much deficit reduction and a clear economic strategy that asks the wealthy to pay their fair share, gives the middle class a break and gives massive incentives to get new investment and new jobs in the small business community and from large business as well? I think -- I don't understand what -- on one day people say he's trying to do too much. He's pushing too hard. He wants too much change. And then on the other day he says, well, he's really not pushing very hard. I think we're getting good results. We've been here three months. We've passed a number of important bills and I feel good about it.

I think the American people know one thing: that I'm on their side, that I'm fighting to change things. And they're finding out it's not so easy. But we are going to get a lot of change out of this Congress if we can keep our eye on the ball and stop worrying about whether we characterize each other in some way or another and keep thinking about what's good for the American people.

Every day I try to get up and think about not what somebody characterizes my action as, but whether what I do will or will not help to improve the lives of most Americans. That is the only ultimate test by which any of us should be judged.

Thank you very much.

END

1:44 P.M. EDT

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

FOR IMMEDIATE RELEASE
FRIDAY, MAY 14, 1993

93-35
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Statement of USTR in Response to Rep. Peterson's Letter

In response to recent press inquiries about the creation of a coalition of elected state and local officials to promote public understanding of the NAFTA, we want to make it absolutely clear that this group is entirely independent of the United States Government. The group grew out of a desire by these elected officials to express their support for NAFTA and educate the public about its potential benefits to their states and localities. At no time did anyone at USTR directly or indirectly ask any individual to lobby the Congress. No U.S. officials will be involved in staffing or funding the activities of this group.

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WASHINGTON
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FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 12, 1993

93-34
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**Ambassador Mickey Kantor Announces Formation of Leadership Group
of Elected Officials for NAFTA**

Ambassador Michael Kantor today announced the formation of the leadership group of Elected Officials for NAFTA, a bipartisan group of highly respected state and local leaders. The group, which include four governors, one Lt. governor, five mayors, four county commissioners, and three state legislators, will work to generate support for the NAFTA. The Coalition's membership will continue to expand.

The Administration is currently negotiating supplementary agreements to the NAFTA on the environment, labor, and import surges. President Clinton views the NAFTA, with strong supplemental agreements, as a key element of his economic strategy.

Announcing the coalition of elected officials, Kantor stated, "No one can better articulate the economic benefits NAFTA with the supplementals will bring to states, counties, and cities than leaders who work to create jobs in their communities every day. Every day I receive calls from local leaders who want to speak out. Grass roots support for the NAFTA is rapidly developing."

Statements by the Leadership Group

- o **Governor Ann Richards:** "We in state and local government know, exports create jobs. NAFTA is good for business. The trade agreement will bring opportunity to the U.S.-Mexico border, where little opportunity has existed before."
- o **Governor Tommy Thompson:** "NAFTA is good for the U.S. and it's good for Wisconsin. Wisconsin's economic strength relies heavily on exports and open markets. Since the U.S.-Canada FTA was signed, Wisconsin's trade with our northern neighbor has increased significantly. Free trade in North America will benefit the industrial and agricultural segments of Wisconsin's economy, creating good, high paying jobs for our workers."

- o **Governor Roy Romer:** "I really believe that NAFTA will create jobs and benefit American business and the American worker. The fact is that NAFTA will create jobs and benefit American business and the American worker. I wouldn't support it otherwise."
- o **Governor William Weld:** "NAFTA holds great promise for Massachusetts. And that promise is jobs. When you consider that for every \$50,000 in additional sales to another country means one job at home, the prospects are very bright and very real."
- o **Mayor Wellington Webb (Denver):** "We can no longer afford to ignore the foreign trade and business opportunities that NAFTA will provide."
- o **Mayor Glenda Hood (Orlando, FL):** "Nafta will be good for American Cities. For every dollar a Mexican citizen spends on imports, 70 cents are spent on goods from the U.S. A stronger economy in Mexico means more U.S. exports and more jobs in our cities."
- o **Mayor Bill Althaus (York, PA):** "Further trade with Mexico can only increase jobs in the U.S. Its beneficial for all cities, large and small."
- o **Mayor Greg Lashutka (Columbus, OH):** "The City of Columbus believes in the phrase "think globally and act locally." The NAFTA agreement will allow our community to benefit from the United States, Canada and Mexico coming together under an important trade agreement. NAFTA will allow us to take advantage of job opportunities through lower tariffs and trade barriers which will allow us to develop long term growth in jobs for Columbus and America."
- o **Mayor Saul Ramirez (Laredo, TX):** It is indeed a tremendous honor to have the opportunity to work with such a distinguished group of bi-partisan leaders on this committee. As the mayor from the busiest inland port in the United States, it is important that Laredo and the rest of the border have a say on how NAFTA will affect us. More than ever, our slogan, "The Gateway to Mexico," will take on an even greater significance."
- o **Lt. Gov. Maxine Moul (NE):** "The NAFTA is a good agreement and President Clinton will make it better with stronger environmental and labor standards. I am also pleased with the extra long phase out period for the most sensitive goods. Rejecting NAFTA will do nothing to address environmental or labor problems. Supporting it with the strong side agreements President Clinton is now negotiating is our only hope for improving the environment and worker standards. "

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FOR IMMEDIATE RELEASE
MONDAY, MAY 10, 1993

93-33
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U.S.-EC Government Procurement Agreement Approved by EC Council
of Ministers

U.S. Trade Representative Mickey Kantor welcomed today's approval by the EC Council of Ministers of the agreement he and the EC's Sir Leon Brittan reached in April, 1993 concerning government procurement. That agreement waives discriminatory measures applied to central government purchases of power generating equipment on a reciprocal basis.

In confirming the agreement, Kantor noted its historic significance in opening what had been a virtually closed market for U.S. suppliers. "In agreeing to open this \$20 billion market to American companies, the EC has addressed a longstanding U.S. objective. This will help improve our export opportunities and preserve quality American jobs."

Kantor said he hoped the agreement would be "illustrative of the spirit of building market access opportunities that will give impetus to, and serve as a model for, concluding the Uruguay Round trade negotiations".

Under the terms of the U.S-EC agreement, both sides are to apply the procedures of the GATT Code on Government Procurement to new areas as an early installment on actions they had planned on taking at the conclusion of the ongoing GATT negotiations.

Kantor also reiterated that the negotiations in April had regrettably failed to produce an agreement on government procurement of telecommunications equipment that would have eliminated the EC discrimination, which exists in sharp contrast to the wide-open U.S. market. Kantor reconfirmed, therefore, that the United States would proceed with limited sanctions, as announced in April at the conclusion of the negotiations. The final list of sanctions will be published later this month and is expected to be directed at U.S. Government procurements not now covered by GATT or bilateral agreements.

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20506

FOR IMMEDIATE RELEASE
FRIDAY, MAY 7, 1993

93-32
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MEDIA ADVISORY

The Deputy Chief Negotiators of Mexico, Canada and the United States met today to take stock of negotiations on the NAFTA supplemental agreements and to review progress on preparation of negotiating texts. At their last meeting in Mexico City in mid-April, the three chief negotiators had agreed that the next step in the negotiations was to start the drafting exercise, and directed their deputies to meet to put the process in motion.

The three countries have agreed on a work program for the negotiations:

- There will be two extended Chief Negotiators meetings.
- The first meeting will take place May 19 through 22 in Ottawa.
- Following an opportunity for domestic consultations, the second extended meeting will be held in early June in Washington.

These meetings are intended to establish sufficient progress so that the texts can be reviewed by Ministers for final decisions.

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TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

FOR IMMEDIATE RELEASE
THURSDAY, MAY 6, 1993

93-31
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USTR CONCLUDES IPR TALKS WITH THAILAND

Bilateral talks between the Royal Thai Government and the U.S. Trade Representative on intellectual property rights concluded today with an understanding on the steps that Thailand should take in order to avoid trade action.

"I have been impressed by the recent progress that Thailand has made in eradicating piracy in Thailand," Ambassador Kantor said. "But experience has taught us that the elimination of piracy will require sustained efforts over a long period of time along with effective laws."

Thailand's Minister of Commerce, Uthai Pimchaichon, and Ambassador Kantor met during the talks and reached an understanding on the enforcement measures and legislative initiatives that would be required to protect copyrights, trademarks, and patents in Thailand and on the need to take administrative measures to ensure equivalent protection until legislation is implemented.

"Based on the discussions that I have had with Minister Uthai and the steps that the Chuan Government has taken, I am prepared to defer any decision on trade action," Ambassador Kantor said. "On or before July 31, 1993, I will review the results achieved and, on that basis, consider Thailand's identification as a priority foreign country and whether positive action should be taken on GSP benefits. However, if adequate and effective protection and enforcement of intellectual property rights is not being achieved, I will have no other alternative but to take appropriate action."

On April 30, 1993, the U.S. Trade Representative identified Thailand as a priority foreign country because of lack of copyright enforcement and the denial of adequate and effective patent protection. Thailand was first identified as a "priority foreign country" in 1991 and was again identified in 1992 due to insufficient progress in copyright enforcement. Although Thailand passed a patent law in 1992, it contained serious deficiencies.