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# Withdrawal/Redaction Sheet
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| Doc. No. / Type | Subject/Title | Date | Restriction | Classification |
|---|---|---|---|---|
| 01a. Memo | Brent Scowcroft to POTUS<br>Re: Andean Trade Initiative (2 pp.) | 10/31/89 | ~~(b)(1)~~ | ~~C~~ |
| 01b. Memo | Ambassador Carla A. Hills to POTUS<br>Re: Andean Trade Initiative (1 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01c. Outline | Re: U.S. - Andean Trade Package (5 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01d. Tab | Re: GSP Possibilities (5 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01e. Tab | Re: Export Promotion (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01f. Tab | Re: Agriculture -- Technical Assistance (1 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01g. Tab | Re: Textiles -- Special Access (3 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01h. Tab | Re: Antidumping Duty Order - Cut Flowers from Colombia (1 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01i. Tab | Re: American Trade and Investment Council for U.S. and Andean Cooperation (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01j. Tab | Re: International Coffee Agreement (ICA) (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |



**Collection:**

**Record Group:** Bush Presidential Records
**Office:** Scowcroft, Brent, Files
**Series:** Latin American Files
**Subseries:** Economic Chronological Files
**WHORM Cat.:**
**File Location:** Latin America - Economics (October 1989)

**Pinksheet Number:** cap1156
**OA/ID Number:** 91139-003
**Date Closed:** 5/14/2009
**FOIA/Sys Case #:** 2009-0275-S
**Re-review Case #:**
**P-2/P-5 Review Case #:**

# Withdrawal/Redaction Sheet
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| Doc. No. / Type | Subject/Title | Date | Restriction | Classification |
|---|---|---|---|---|
| 01k. Report | Re: Action Plan for Renegotiating the International Coffee Agreement (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01l. Tab | Re: Accelerated Uruguay Round Tariff Negotiations for Andean Countries (3 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01m. Tab | Re: Canada, The EC and Japan (1 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01n. Tab | Re: World Bank Efforts to Support Trade Reform (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |
| 01o. Report | Re: Overall Action Plan (2 pp.) | n.d. | ~~(b)(1)~~ | ~~C~~ |



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THE WHITE HOUSE

WASHINGTON

1989 OCT 31 AM 10: 37

October 31, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Andean Trade Initiative

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/28/24

Purpose

To inform you about an inter-agency agreed Andean Trade Initiative.

Background

After your meeting with President Barco of Colombia on September 28, you instructed Ambassador Hills to lead an inter-agency effort to examine ways the U.S. could expand economic cooperation with Colombia. It was decided to expand the effort to the Andean region as a whole, given the linkages between the countries, both in tackling the drug problem and economically. The effort has led to a series of initiatives which we will take to create new opportunities for expanded trade and investment between the Andean countries and the United States. Ambassador Hills has written you summarizing the new initiatives, which we propose to announce November 1. (Tab A).

We are prepared to do the following for the Andean countries:

- enhance the benefits they enjoy under the Generalized System of Preferences (GSP);
- provide technical assistance to help them improve their trade performance in industrial and agricultural goods;
- explore possibilities for expanding textile trade;
- push forward on negotiating a new coffee agreement which resolves the problems of the old agreement;
- accelerate tariff and non-tariff negotiations in the Uruguay Round;
- consult with Canada, EC and Japan on coordinated action.
- work with multilateral development banks to promote trade reform in Andean countries.

While these initiatives will be open to all Andean countries, Peru would have to improve its drug and economic policies in order to benefit fully. There is not much of direct benefit to Venezuela in the package but Venezuela is included as an Andean country.

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

USTR is informing Congress of these measures. An inter-agency Andean Task Force has been set up to implement the measures.

We will continue to examine other possibilities for expanding economic cooperation with the Andean region.

Attachment
Tab A Memo from Amb. Hills

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

8456

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Carla A. Hills

SUBJECT: Andean Trade Initiative

Attached for your information is an interagency-approved package of trade initiatives -- and an action plan for carrying them out -- for the Andean region designed to support your war against drugs. I see this package as opening opportunities for fostering expanded trade and investment between the Andean Pact countries and the United States. I hope that by our efforts to enlarge the economic pie in this manner, we will contribute to the economic health of the Andean nations so that drug trafficking will no longer be an attractive alternative.

Many of the products that the Andean countries are producing now are import-sensitive items like textiles, fresh cut flowers, and footwear. We believe, however, that these sensitivities are manageable, and have not allowed them to paralyze our creativity. We plan to consult with Congressional leaders on October 30 and 31 in advance of any public announcement. In addition, some aspects of the initiative will take time to implement (e.g., renegotiation of the International Coffee Agreement).

very important to Colombia

Although we have been aggressive in developing the Andean trade package, the short-term results will be modest. However, I view this trade initiative as a dynamic one. The Trade Policy Review Group has approved the establishment of an Andean Trade Task Force which will be chaired by USTR and meet regularly. The group's mandate is not only to implement the attached proposals, should you agree with them, but also to continue to think creatively about further actions to support your anti-narcotics efforts.

I recommend that you announce this package as a whole by November 1 so that we can begin immediately to make our contribution of support in the trade area. The NSC is considering the best way for you to communicate this package to the Andean countries.

Attachment

cc: Brent Scowcroft

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/28/24

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

October 31, 1989

MEMORANDUM FOR JAMES W. CICCONI

FROM: G. PHILIP HUGHES

SUBJECT: Andean Trade Package

At Tab A is a draft press release on the Andean Trade package, which the President requested USTR Hills to develop. We propose that the package be announced November 1.

The draft press release has been cleared by State and USTR.

Attachment
Tab A Draft Press Release

cc: Marlin Fitzwater

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

# STATEMENT BY THE PRESIDENT

When President Barco of Colombia visited me September 28, I promised to examine what the U.S. could do to expand economic cooperation between our two countries. I directed the United States Trade Representative Carla Hills to lead a U.S. Government interagency effort to develop a package of trade initiatives that will contribute to the Administration's war on drugs.

Today I am announcing the result of that effort. The package of trade initiatives described below is designed to create opportunities for expanded trade and investment between the countries of the Andean region and the United States. Given the regional nature of the drug problem, I have decided to offer these trade initiatives to the countries in the Andean region. In creating such opportunities, this package aims to encourage and support fundamental economic reform in the countries of the region on the basis of market-driven policies.

I believe that through increased trade we can make a contribution to the creation of economic alternatives to drug trafficking. Healthy economies are the only lasting solution for substituting drug trade with legitimate trade. They also offer the potential for increased U.S. exports and investment. Our goal must be to help create an environment where entrepreneurship can flourish and comparative advantages can be successfully pursued in competitive world markets.

With regard to bilateral and regional initiatives, we are prepared to:

- do all that we can to enhance the benefits the countries of the region enjoy under our Generalized System of Preferences, including a review, to begin immediately, to consider the addition of new products, both agricultural and industrial, to the program;

- undertake appropriate technical assistance to help the Andean countries improve their trade performance in industrial as well as agricultural products, and urge the multilateral institutions to do the same; and

- after consulting with the affected parties, explore possibilities for expanding textiles trade consistent with current U.S. Government policies and programs and the Multifiber Arrangement.

In the multilateral arena we are proposing to:

- build on the political consensus to negotiate a new International Coffee Agreement that corrects the fundamental problems with the previous agreement;

- undertake an accelerated negotiation on tariffs and non-tariff measures with participants in the Uruguay Round;

- consult with our major trading partners (Canada, the EC, and Japan) to determine areas in which we can help the Andean countries improve their trade performance; and

- support the multilateral development banks in their efforts to work with the Andean countries to promote meaningful trade policy reforms in the Andean countries.

In order to ensure that these initiatives are implemented quickly and efficiently, the Office of the United States Trade Representative is heading up an interagency Andean Trade Task Force to manage the process and to consider additional ideas for strengthening our cooperation with the Andean countries.

# U.S.-ANDEAN TRADE PACKAGE

## I. ISSUE

We need to approve a package of trade initiatives regarding Colombia, Bolivia, Peru and Ecuador for the President to be able to announce by November 1. We should also include Venezuela -- the remaining member of the Andean Pact -- where appropriate in our initiatives so that our efforts have a regional focus.

## II. APPROACH

As the world's largest cocaine producers, Colombia, Bolivia and Peru deserve our attention if we are to contribute to their long-term competitiveness and their reorientation away from the production and distribution of narcotics. Ecuador also deserves our consideration inasmuch as it (1) lies between Colombia and Peru, (2) maintains a level of economic development similar to those countries, and (3) has begun to suffer the economic disruptions resulting from drug trafficking.

Venezuela's condition differs markedly from its Andean Pact brethren. First, its level of economic development is more advanced. Second (perhaps because it is more industrialized), it has not yet suffered the disruptions of drug trafficking. Nonetheless, because Venezuela is a member of the Andean Pact and is undertaking major economic reform, we should not exclude that country entirely from our initiatives. To exclude Venezuela would almost certainly be viewed as a serious rebuff.

We need to consider ways we can encourage the region as a whole to pursue trade in legitimate items. Expanding our initiatives to more countries than Colombia could be seen as diluting the special treatment we would like to accord that country. However, such an expansion could be viewed as a contribution to an effort to stave off the economic conditions which make drug trafficking attractive. Moreover, the objective in this regard is to avoid problems down the road resulting from the wholesale movement of drug traffickers into Venezuela and Ecuador.

We see this initiative as an opportunity to foster expanded trade and investment between the United States and the countries of the Andean region, and to encourage fundamental economic reform in these countries on the basis of market-oriented policies. We note that the region is commercially important to the United States, particularly since Venezuela is our number one and Colombia is our third largest trading partner in South America. Therefore, our initiative is not only consistent with our overall trade policy but also furthers our trade policy objectives. We are not advocating a give-away program. We are looking for actions our respective governments can undertake to support and encourage the long-term competitiveness of the Andean economies. Healthy economies offer the potential for increased U.S. exports and investment, and are the only lasting solution for substituting drug trade with legitimate trade.

Accordingly, the trade package we propose goes beyond the extension of short term benefits. If the countries of the region are to foster entrepreneurship and channel private sector energies into trade in legitimate items, they need help in pursuing aggressively their comparative advantages. In order to contribute to both the short-term (from now until the end of 1989) and long-term (post 1990) competitiveness of the Andean countries, we envision bilateral, regional, and multilateral initiatives.

**Bilateral and Regional Initiatives**

With regard to actions the United States can take to expand trade and investment with the Andean region, we propose a series of actions that can be taken for the region as a whole as well as some targeted specifically for Colombia, Bolivia, Ecuador and Peru, the countries of the region with the most urgent drug problems. The series of actions discussed below could serve as building blocks towards a regional cooperative body. This body could become a springboard for a U.S. regional trade and investment initiative loosely based on the CBI or the U.S.-Mexico Framework Agreement.

Our package of proposals is outlined below and described in terms of short, medium, and long-term undertakings. Fuller descriptions and timetables for carrying out each proposal are attached.

1. GSP (Regional): (See also Tab A.)

   **Short to Medium Term (October 1989 to August 1990):** Conduct a separate and special GSP review for the Andean countries; provide enhanced GSP benefits to these countries to the extent possible under the law. Items A and D apply to all the Andean Pact countries; B and C apply only to Bolivia, Colombia, Ecuador, and Peru. Specifically:

   A. Suggest to Ecuador and Venezuela that they initiate the exchange of letters which would provide them with GSP for six categories of handicraft textiles.

   B. Accelerate implementation of any enhanced GSP benefits provided to these countries as a normal part of the 1989 GSP Annual Review. This includes product petitions now under review as well as product redesignations.

C. Offer these countries the opportunity to submit new GSP petitions as soon as is practical, and review these petitions on an expedited basis. Petitions would be due January 15, 1990, with results announced July 15 and implemented August 1. Announce this schedule by October 30.

D. Provide the countries with GSP technical seminars to assist them in expanding their use of GSP, and to advise them on the submission on new GSP petitions. We anticipate two "rounds" of seminars between now and the petition filing deadline.

**Medium Term to Long Term (May 1990 to July 1991):** Consider providing additional seminars and technical advice beyond 1990.

2. Technical Assistance for Exports and Market Development (Regional): (See also Tabs B and C)

**Short term (now until year-end 1989):** USDA, Commerce, and IDCA (AID, etc.) determine what technical assistance (e.g., a "How to Do Business in the United States" seminar) could be provided to the countries of the region which would help their trade performance in areas of actual and potential competitiveness. Also encourage the multilateral development banks to undertake the same assistance. Technical seminars could be undertaken immediately in conjunction with the GSP seminars. Other types of assistance may require longer term implementation.

3. Textiles -- Special Access and Quota Exemption Agreements for Handicraft Items (Regional): (See also Tab D)

**Medium Term (February 1990 through March 1990):** Explore the possibilities for a "special regime" for textiles and apparel with Colombia, Bolivia, Peru and Ecuador similar to the one with Mexico, and undertake negotiations as appropriate. Explore interest of Andean countries (including Venezuela) in negotiating bilateral quota exemption agreements for handicraft items pursuant to Article 12 of the Multifiber Arrangement.

4. Antidumping Duty Order on Cut Flowers from Colombia: (See also Tab E)

**Short Term to Medium Term (now until March 1990):** Commerce will take all legally appropriate actions to ensure that the administrative review of this antidumping duty order is carried out expeditiously.

5. Establish American Trade and Investment Council for U.S.-Andean Cooperation: (See also Tab F)

**Medium Term to Long Term (1990 to 1991):** The series of steps discussed above could culminate, at an appropriate time, in the establishment of a regional trade and investment mechanism for cooperation. For our part, we could consider a possible Andean initiative loosely based on the CBI or the U.S.-Mexico Framework Agreement.

**Multilateral Initiatives**

In the multilateral arena, we propose the following actions:

1. International Coffee Agreement: (See Tab G for action plan)

**Short to Medium Term (October 1989 to October 1990):** In the September 25-October 6 meeting of the International Coffee Organization Council, we have taken a major step toward resuming negotiations for a new ICA by: (1) building a more cooperative spirit and energizing other delegations, and (2) securing passage of a resolution pointing the way to a new agreement. We now need to build on this beginning at both the political and technical levels. We must pursue a growing political consensus and exert political pressure at the most senior levels to push the process forward.

2. Accelerated Uruguay Round Tariff Negotiations: (See also Tab H)

**Short to Medium Term (November 1989 to February 1990):** Undertake an accelerated negotiation on tariffs and non-tariff measures in the Uruguay Round.

3. Third Country Consultations: (See also Tab I)

**Short Term (November 1989):** Consult with our major trading partners (Canada, EC, and Japan) to determine areas in which we can cooperate to assist the Andean countries improve their trade performance. We would place this on the agenda for the upcoming meeting of the Trade Ministers of the "Quadrilateral" countries (i.e., U.S., EC, Canada, and Japan) in November.

4. Support the World Bank's Efforts to Encourage Meaningful Trade Policy Reform: (See also Tab J)

**Short Term (November 1989):** Consult with the MDBs to promote meaningful trade policy reforms in the Andean countries.

III. IMPLEMENTATION

An overall action plan is attached at Tab K. In order to manage the process by which our proposed trade package is implemented, we will create an Andean Trade Task Force under the auspices of the TPSC Subcommittee on Latin America. We envision weekly or biweekly meetings to manage the implementation process.

To initiate this process, we would consult immediately with each of the Andean country Ambassadors to the United States. We would use such meetings not only to explain the trade package we envision, but also to seek the Ambassadors' views and enlist their creative thinking on avenues for cooperation.

IV. RECOMMENDATION

That interagency approval be given the package of bilateral, regional, and multilateral initiatives outlined above.

Tab A

# GSP POSSIBILITIES

## PROPOSAL

There are several proposals for action with respect to GSP. As noted in the body of this paper, they are:

A. Suggest to Venezuela and Ecuador that they begin the exchange of letters which would provide them with GSP for six categories of handicraft textiles.

B. Accelerate implementation of any enhanced GSP benefits provided to these countries as a normal part of the 1989 GSP Annual Review.

C. Offer these countries the opportunity to submit new GSP petitions as soon as is practical, and review these petitions on an expedited basis.

D. Provide the countries with GSP technical seminars to assist them in expanding their use of GSP, and to advise them on the submission on new GSP petitions.

E. Consider providing additional seminars and technical advice beyond 1990.

Items A and D apply to all the Andean Pact countries; B and C apply only to Bolivia, Colombia, Ecuador, and Peru.

## DISCUSSION

### A: Handicraft Textile Certification Agreement

USTR has approved and passed to Customs for implementation a handicraft textile certification agreement with Bolivia. This agreement provides Bolivia with GSP duty-free treatment on six tariff categories of handmade textile products. Implementation is expected within the next few weeks. Peru and Colombia have had such agreements with the U.S. for several years; Ecuador and Venezuela do not.

Implementation of this agreement is simple and straightforward; a standard pair of letters is exchanged describing the products and procedures involved, and the beneficiary government provides the USG with the names and customs seal of its certifying officials. Ecuador shipped goods in one of the eligible categories in 1988, valued at $3,612; Venezuela had no eligible shipments.

**B: <u>Accelerate implementation of GSP benefits provided as part of the 1989 GSP Annual Review.</u>**

A number of changes in GSP coverage on products of interest to Colombia and Peru are pending in the 1989 GSP Annual Review now underway. Seven product petitions are being considered; all are specialty crops with small trade volumes and have not been opposed, as yet, by U.S. industry.

| | | 1988 Imports |
|---|---|---|
| Peru: | string beans | 0 |
| | frozen papaya | $1,123 |
| | frozen mango | 8,413 |
| | flour mixtures | 148 |
| | cereal grains (kiwicha and quinua) | 21,014 |
| | marigold flour | 8,352 |
| Colombia: | yellow potatoes | $15,872 |
| | **TOTAL** | **$54,922** |

Ecuador and Bolivia did not submit petitions this year.

In addition, a small number of decisions which do not require a petition are also being considered in the 1989 annual review. These are product redesignations and <u>de minimis</u> waivers, which are discretionary decisions made by the President to continue or restore GSP eligibility for eligible products from specific countries. Last year, all eligible products were redesignated, with the exception of several copper products from Peru. These products were removed from GSP after they exceeded the program's competitive need limits. Trade in these products is now below the competitive need limit and they will be eligible for redesignation in the 1989 Annual Review. Copper has been denied redesignation in the past due to its import sensitivity. 1988 imports from Peru were $36.6 million; the tariff is 1 percent.

1989 Annual Review decisions are scheduled to be announced April 1 by the President. Implementation is typically July 1, 1990. The President has the authority to modify this schedule, after public notification. We propose to implement any favorable decisions on the products listed above on May 1, 1990. Our decision to do so should be announced along with the announced schedule for the accelerated review discussed below.

**<u>C:</u> Offer these countries the opportunity to submit new GSP petitions as soon as is practical, and review these petitions on an expedited basis**

Invite the four countries to submit additional petitions by January 15, 1990 requesting GSP eligibility on products of interest; countries could also request competitive need waivers where needed. Colombia could petition for a competitive need waiver on cut flowers, its fifth largest export to the United

States ($102 million in 1988 trade; 8% tariff); Peru could petition on copper wire ($13 million; 1% tariff). Ecuador and Bolivia have no products which exceed the competitive need limits. Both products have been found to be import sensitive in past GSP reviews. All of these petitions would be reviewed on a special schedule, noted below. Petitions must be submitted by one of the four eligible governments (the governments can sponsor petitions prepared by businesses). Only petitions to expand GSP benefits will be considered; petitions to remove products or countries will be considered in the 1990 Annual Review, which begins June 1. This review will be announced by October 30, 1989.

Petitions will be considered and reviewed according to the requirements of the law. The GSP statute excludes certain products from consideration, such as textiles subject to textile agreements, or footwear and other leather items not already eligible for GSP in 1984. Any other product the President determines is "import sensitive" cannot be given GSP. The law specifically mentions glass and steel, but provides no statutory definition of import sensitivity. In the past, a number of products which go well beyond those mentioned in the statute have been denied GSP, based on USG determinations of import sensitivity. Within the requirements of the law, the TPSC shall be as forthcoming as possible in its review and recommendations.

Given the short time available for considering petitions this year, these countries' requests to add new products to GSP would likely consist largely of products they have petitioned for in the past but which were rejected due to import sensitivity.

**D. Provide the countries with GSP technical seminars to assist them in expanding their use of GSP, and to advise them on the submission on new GSP petitions.**

We anticipate two "rounds" of seminars between now and the petition filing deadline January 15. The first seminar, to be held in November, perhaps combined with trade development seminars, would discuss how to use the program's current benefits and provide preliminary information on the petition process, e.g., how to identify potential GSP products and how to collect the necessary information. A second round, held in December, would provide advice on preparing and filing petitions.

To maximize dissemination of GSP information to new producers and exporters, seminars should ideally take place in the region. If funding permits, bilateral seminars could be held in each capital.

**E. Consider providing additional seminars and technical advice beyond 1990.**

Technical seminars and other assistance should continue to be provided in subsequent years to build on the expanded visibility and availability of GSP benefits which result from this exercise.

Additional Considerations

Legal authority clearly exists for providing the enhanced GSP benefits described above. However, providing such benefits would be unprecedented and would cause some to complain that the program's open, predictable and non-discriminatory nature is being diminished, and that its safeguard provisions are being given short shrift. Such considerations include:

Equity: Past requests for accelerated decisions have always been denied, most recently for Poland and certain products of interest to Mexico.

Safeguards: When GSP was renewed in 1984, Congress and U.S. industry supported regulatory and administrative changes to reduce the Administration's discretion to accept petitions requesting enhanced GSP benefits. Any decision to review petitions concerning products felt to be import sensitive, especially when the petitions do not provide all the information requested, and with less time provided for U.S. industry to respond, would likely raise objections from Congress and industry. It is likely that some petition requests would generate a reaction similar to that we experienced concerning Mexico's requests for GSP treatment for glass.

IPR: In considering competitive need waiver requests, the President is required to "give great weight" to market access and intellectual property rights (IPR) practices. We do have problems in these areas with these countries, although Colombia has taken some steps to improve its IPR protection.

Actions prejudicial to petitions now under review: U.S. corporations have filed petitions requesting that Peru and Venezuela be suspended from GSP because they have expropriated U.S. assets. If the President determines that an expropriation without compensation has taken place, he must suspend the beneficiary from GSP, or invoke a national economic interest waiver. The GSP subcommittee has made no final determinations in either case; however, it found each petition sufficient to warrant review. Obviously, the accelerated review could be taken as a signal by Peru and Venezuela that the USG is not serious about resolving these cases. Following initiation of the accelerated review, we should inform the governments of Peru and Venezuela that the USG will continue to review these cases, and strongly encourages all parties to resolve their differences.

**ACTION PLAN**

| Date | Week | Activity |
|---|---|---|
| 10/30 | - 11 | Announce modified petition cycle for Bolivia, Colombia, Ecuador and Peru |
| November | -9 | Hold seminar(s) to increase use of current GSP benefits and to identify opportunities for expanded GSP benefits |
| December | -5 | Hold seminar(s) to provide advice on the GSP petition process |
| 1/15/90 | 1 | Petition deadline |
| 3/1 | 7 | Accepted petitions announced; ITC advice requested |
| 4/12 | 13 | Pre-hearing briefs due |
| 4/26 | 15 | Public hearings |
| 5/10 | 17 | Post-hearing briefs due<br>Announcement of Schedule for 1990 Annual Review, with additional notice of comment period for accelerated review, due 6/21 |
| 5/31 | 20 | Rebuttal briefs due |
| 6/1 | 20 | Advice received from ITC |
| 6/21 | 23 | Public comment on ITC advice and May 10 notice due |
| 7/1 | 25 | Recommendations from USTR to the President |
| 7/15 | 27 | President's decisions announced |
| 8/1 | 29 | Results Implemented |

**RECOMMENDATION**

That we provide GSP seminars for the Andean countries and be as forthcoming as possible in the annual review process, including accelerating the implementation of pending decisions and inviting new petitions be submitted in a special review cycle. That we suggest to Ecuador and Venezuela that they complete a GSP textile certification agreement.

Tab B

# EXPORT PROMOTION

## Proposal

Through USG agencies like Commerce and IDCA (AID, etc.), provide technical assistance, including trade seminars, for export promotion and market development, including increased awareness of U.S. trade policy, laws and regulations (see also proposals dealing with agriculture in TAB C). Urge the multilateral development banks and other multilateral organizations like the OAS to provide technical assistance to the Andean countries.

## Discussion

In many respects, U.S. trade barriers are not the problem for these countries. Colombia and Peru in particular have a rather diverse export mix. However, all of the Andean countries have difficulty promoting their exports. To some extent, they appear to be risk adverse, allowing their fears to stifle their initiative. This may be the result of a lack of complete understanding of how to do business in the U.S. market. What could be of economic help to them is technical assistance in finding a niche and then promoting the exports to fill that niche.

The United States could also encourage the multilateral development banks, in particular the World Bank and Inter-American Development Bank, and other multilateral organizations like the OAS to undertake greater assistance to help these countries identify and/or expand sources of non-traditional exports. The World Bank routinely provides technical assistance and sectoral studies to borrowing countries, although identifying prospective areas for investment would, to some extent, be a departure from past practice. The Bank is already planning trade policy and industrial restructuring loans for Colombia and an agricultural development loan for Bolivia. While these loans are at fairly early stages and it is difficult to anticipate how they might contribute to our present objectives, we should continue to talk with Bank staff as these loans are formulated. We note that Peru cannot borrow from the World Bank due to its large arrearages with the Bank.

## Recommendation

That the relevant agencies provide technical assistance and that the U.S. representative to the multilateral development banks urge those organizations to do the same. That Commerce and IDCA (AID, etc.) report back to the Andean Trade Task Force with their findings and a proposed action plan by November 10, 1989.

Tab C

## AGRICULTURE -- TECHNICAL ASSISTANCE

### Proposal

Explore with USDA and Commerce whether assistance could be provided in several areas (discussed below).

### Discussion

Encouraging diversification is difficult because coca production is at least 10 times more profitable than competing crops. The biggest problem blocking expansion of agricultural exports to the U.S. in the three countries appears to be phyto-sanitary -- primarily Mediterranean fruit fly (Med fly) and foot and mouth disease. Efforts to eradicate these problems are blocked by lack of resources and the danger facing officials traveling in the countries. Technical assistance in one or more of the following areas may be a way of helping these countries expand exports.

**Med. fly:** All three countries face this problem. We could explore the feasibility of establishing Med. fly free zones and/or sending assistance that might lead to eradication.

**Foot and Mouth:** Colombia could export more meat to the U.S. if the disease could be controlled. In fact, a foot and mouth disease free zone exists in northwest Colombia. If appropriate controls from non-disease free areas can be obtained and enforced by the Colombian Government, it could be possible for them to export fresh, chilled or frozen beef to us.

**Mangoes:** A new hot water method of cleaning mangoes would permit Colombia to export this fruit despite Med. fly problem.

**Quality Improvements:** The quality of some agricultural products, including flowers and some fruits, could be improved to make them more acceptable in the U.S. market.

**Increased Processing:** If the three countries processed their tropical fruits into a puree or pulp, Med. fly would not affect export ability.

### Recommendation

That we explore with USDA and Commerce the potential for and cost of providing technical assistance. That USDA and Commerce report their findings and provide an action plan for technical assistance by November 10 to the Andean Trade Task Force.

Tab D

# TEXTILES -- SPECIAL ACCESS

## PROPOSAL

If Colombia, Peru, Ecuador and Bolivia are interested, we will consider and explore the viability of establishing a "special regime" for textiles and apparel like we did for Mexico. We should also exlore whether these countries and Venezuela are interested in negotiating bilateral handicrafts agreements pursuant to the Multifiber Arrangement (MFA).

## DISCUSSION

### Special Regime

Bolivia's textile and apparel trade is unrestrained as is that from Ecuador. Only one restraint exists on a fabric category from Colombia. Peru is not filling its quotas. Nonetheless, a "special regime" like we did for Mexico could assist these countries to increase their textile and apparel trade because of the potential opportunities special access to U.S. markets could create. In the case of Mexico, we did not go as far as we did in establishing our CBI guaranteed access levels.

A "special regime" allows for the negotiation of generous quota levels on specific apparel and made-up product categories, which are predicated on the use of U.S. formed and cut fabric. While the entire quota level may be used to export apparel assembled of U.S. formed and cut fabric, the reverse is not true; i.e., non-special regime goods are restricted to a small percentage of the quota. The use of special regime quota levels is not restricted to U.S. investors. Indigenous or third country investors are able to export under the special regime as long as U.S. formed and cut fabric is used. The special regime therefore encourages the development of an apparel assembly industry.

We should limit special access to Colombia, Peru, Ecuador and Bolivia only, since they are the ones with the most direct and immediate drug trafficking problems. To extend a special regime to Venezuela at this time would create a greater domestic political problem putting at risk any efforts we might try to make with regard to the remaining four Andean Pact countries. The industry will undoubtedly think that a "special regime" is in the offing for all of Latin America, once we expand our initiative beyond those countries with an immediate drug problem. Textile imports have been rising this year. In addition, we are in the process of announcing liberalization of trade in textiles with Mexico which will add to our industry's anxiety. Also, expanding the scope of this initiative would give industry more ammunition to try to push through textile legislation. Finally, we are not certain to what extent a "special regime" would assist these countries. Before we are able to make this assessment, we will first need to discuss this proposal with Colombia, Bolivia, Ecuador and Peru to determine if it is of economic interest to send cut U.S. fabrics to these countries for assembly.

Handicrafts Agreements

We have the administrative authority to negotiate quota exemption agreements for products which meet the criteria for handicraft products outlined in Article 12, paragraph 3 of the Multifiber Arrangement. Such agreements could cover handloomed fabrics of the cottage industry, hand-made cottage industry products made of such handloomed fabrics, or traditional folklore handicraft textile products, provided that appropriate certification arrangements are established.

Our bilateral textile agreement with Peru contains such a quota exemption provision. However, it does not contain the requisite certification procedures. We would therefore need only to work out such procedures. In Colombia's case, we could pursue a handicrafts arrangement through an amendment to our existing bilateral textile agreement. For the remaining Andean countries, the handicrafts arrangements would be stand alone agreements.

Since these types of articles are not currently subject to any quantitative restraints, establishment of such handicrafts arrangements would not be a direct impetus to new trade, but rather a device to reassure potential investors against the possibility of future restraints and to help develop new markets. The commercial value of these types of products is relatively narrow. Thus, U.S. industry is unlikely to have major concerns.

Action Plan

Because we have a number of agreements expiring with a number of countries which we are by statute required to renegotiate over the next several months, resource constraints dictate that we would not be able to sit down with these countries until February 1. If we determine that "special regimes" and handicrafts agreements would be of interest, we could conclude such agreements by the end of March.

Recommendation

That we consider and explore the viability of establishing a "special regime" for textiles and apparel for Colombia, Bolivia, Peru, and Ecuador like we did for Mexico. That we explore the possibility for negotiating bilateral handicrafts agreements with these countries and with Venezuela as well.

TAB E

# ANTIDUMPING DUTY ORDER - CUT FLOWERS FROM COLOMBIA

The Department of Commerce (DOC) is taking those actions that are legally appropriate under the antidumping duty laws.

On September 28, 1989, U/S Farren met with a Colombian economic delegation. U/S Farren explained that in the antidumping duty area, DOC performs a quasi-judicial function in which it must adhere to the letter of the law. Issues must be dealt with through established administrative review procedures. Based on the facts developed during the review, outcomes satisfactory to the Colombians are possible, but we are in the process of reviewing substantial additional information. The Under Secretary also noted that all decisions must be well supported to withstand judicial scrutiny.

Based on an analysis of the facts and legal requirements, the department has already met the concerns of the Colombians in two of the four major issues that they have raised.

In addition, the department has committed to resolving the two remaining issues by the end of March 1990. In order to complete its administrative review by those dates, Commerce has assigned four additional analysts, and one accountant, to analyze and perform preliminary calculations on responses from 54 firms.

Following analysis of those responses, collection of any other necessary information, and analysis of that information, DOC will issue by the end of the year preliminary results detailing its decisions, and the reasons for those decisions. Interested parties must be permitted to comment on the preliminary results, and the department will make final decisions by the end of March 1990.

Given the statutory limitations on its actions in antidumping cases, and the necessity to defend its decisions in litigation, the department believes that care should be taken to avoid any misimpression that political considerations are influencing Commerce's quasi-judicial procedures in these cases.

Tab F

# AMERICAN TRADE AND INVESTMENT COUNCIL FOR U.S. AND ANDEAN COOPERATION

## Proposal

The United States could explore with the Andean countries their possible interest in the eventual establishment of a regional consultative mechanism for cooperation in trade and investment.

## Discussion

The package of bilateral and regional initiatives under immediate consideration could provide the building blocks for a regional trade and investment consultative mechanism aimed at expanding trade with the region. We will have to be careful that this mechanism focuses on substantive work, addressing actions that all the governments involved could undertake for the purpose of expanding trade. We do not want to be drawn into an Andean Pact bloc configuration where we would be dealing with the junta and not the countries themselves.

USG agencies could undertake a thorough review of the region's productive sectors with a view to identifying their potential comparative advantages. The outcome of this review could form the basis for dialogue under the auspices of the Council. In addition, depending on the results of this review, we could determine how to invite the private sectors from both sides to play a role.

The "American Trade and Investment Council for U.S. and Andean Cooperation" could serve as a springboard for a potential U.S. initiative loosely modeled on the CBI or the U.S.-Mexico Framework Agreement. We would have to craft such an initiative with care so that it does not undermine our CBI or U.S.-Mexico objectives.

## Action Plan

By November 30, 1989, we would begin to evaluate whether to undertake the process for creating an American Trade and Investment Council for U.S. and Andean Cooperation. We would also begin thinking about a possible Andean initiative modeled on the CBI or something like the U.S.-Mexico Framework Agreement.

The target date for ending the evaluation would be December 15, although this could spill over into the New Year if we decide to consult further with Andean officials.

Recommendation

That we explore with the Andean countries their interest in the eventual creation of an American Trade and Investment Council for U.S. and Andean Cooperation.

# INTERNATIONAL COFFEE AGREEMENT (ICA)

## Current Situation

During the September 25-October 6 meeting of the International Coffee Organization (ICO) Council, we made major progress in overcoming the acrimony within the ICO resulting from the failed negotiations in June. Meeting with virtually all other delegations, we reaffirmed the USG's strong desire to have a new ICA and our intention to work aggressively to achieve it. Other delegations expressed their deep gratitude for this positive U.S. stance.

To push the process forward, the U.S. delegation drafted a resolution which we first negotiated with the Colombian delegation and then presented it as a joint U.S.-Colombian resolution to the other delegations. In a late session on October 5, the ICO Council unanimously adopted the resolution. The Brazilian delegate, speaking for producing countries, praised the resolution.

The resolution

-- notes that the political will and a constructive spirit exist to negotiate a new ICA;

-- calls for a continuation of the intensive consultations started during the current session in order to identify the framework of a new ICA; and

-- charges the Council chairman with establishing a negotiating group when a sufficiently broad consensus exists.

The resolution captures the improved atmosphere which developed during the Council session and provides some momentum on which we must now build.

## Obstacles

While producers are clearly suffering from the lowest coffee prices in fourteen years, they continue to eye each other warily as they contemplate returning to the negotiating table. While they all want a new ICA, no one is ready to sacrifice their "rights" under the old ICA.

Brazilian elections in November/December constitute a major obstacle. The political level of the Brazilian government is focused on the elections and has little interest in coffee. The new government will not take office until March 1990. Moreover, the Brazilian negotiator wants to avoid becoming immersed in new negotiations lest they impair his ability to be appointed ambassador to a major country in the coming months.

Strategy

We need to pursue aggressively a two-part strategy to achieve a new ICA. At the political level, we need to build momentum supporting a new ICA. A growing consensus at the political level will help to pull the Brazilians along. We will also need to push Brazil at the presidential level. We will need the help of other governments to be effective. The October 27 Latin American summit in Costa Rica provides an excellent opportunity for both face-to-face discussions and language in the communique. Costa Rican Trade Minister Luis Escalante will meet with USTR on October 10 in Washington to organize this strategy. The Andean summit in December provides another opportunity which we will also pursue.

The second part of the strategy will proceed on the technical level. USTR will pursue an intensive series of bilateral and multilateral meetings in the coming weeks to seek consensus on specific ideas on which negotiations could be successfully resumed. We will begin with Colombia in the next couple of weeks and then pursue other ICO members in Central and South America, Asia, Europe and Africa. A consensus is achievable but will require considerable effort.

In discussions with other delegations, the most optimistic view is that it will take about a year to complete the negotiations, get congressional approval of the necessary legislation, and implement the new agreement. If we are to accelerate this pace, we will need to undertake a major initiative with Brazil at the presidential level.

Attached is an action plan for implementing our strategy.

Attachment

ACTION PLAN FOR
RENEGOTIATING THE INTERNATIONAL
COFFEE AGREEMENT

Bilaterals with Colombians - Mid-October

- Seek U.S.-Colombian agreement on major points that need resolution in new ICA and on rough timetables and division of labor.

Consultations with other key participants - Mid-October

- Inform EC and key Latin Americans of progress to date in consultations with Colombia and of our expectations for Latin American Summit.

Latin American Summit - October 27, 1989 - San Jose

- Use communique to enhance consensus and build momentum. President Bush may participate.

Bilaterals with EC and Nordics - November, 1989

- Bring EC more into process, depending on results of meetings with Colombia.

Bilaterals/Plurilaterals with Key Latin Americans (mainly Mexico and Central Americans)

- Sintercafe-Industry/Government meetings in San Jose, Costa Rica November 19-22.

Bilaterals/Plurilaterals with Key Producers - December 1989

- Return to bilaterals with Colombia on results of our consultations to date.

- Inform/discuss with key Latin Americans results of consultations and prospects of resuming negotiations early in 1990.

- Inform key African countries and Indonesia of results of consultations.

Attempt to Build Consensus for Negotiating Group - January-March 1990

- Informally submit proposals on framework agreement to key countries.

o If appropriate, convene a meeting of representatives of key participants to attempt to develop consensus on framework.

Bilaterals with Brazil - February 1990

o Following Brazilian election in December, new government and new negotiator may be available by February for consultation.

Convene Negotiating Group - April 1990

o If consensus has been developed, urge chairman to convene negotiating group during regularly scheduled Council.

Conclude Negotiations on a New ICA - June 1990

Obtain Necessary Legislation - June-September 1990

Implement New ICA - October 1, 1990

# ACCELERATED URUGUAY ROUND TARIFF NEGOTIATIONS FOR ANDEAN COUNTRIES

## Proposal

Undertake an accelerated negotiation on tariffs and non-tariff measures with Colombia, Bolivia and Peru in the context of the Uruguay Round trade negotiations.

## Discussion

The United States is negotiating with 97 GATT member countries to conclude the Uruguay Round multilateral negotiations by December 1990. In the context of these negotiations the United States will negotiate with Colombia, Bolivia and Peru to exchange concessions on tariffs and non-tariff measures. Generally, it is expected that these negotiations will be most intense starting in March or April 1990.

It is possible to accelerate the pace of individual bilateral negotiations on tariff and non-tariff measures if negotiating partners are willing to accelerate their preparatory work for these negotiations. In the case of Colombia, Peru and Bolivia, this would require that the United States accelerate the development of U.S. requests of these specific countries and that these countries, in turn, prepare requests of the United States on an accelerated basis so negotiations can begin. Negotiations could begin shortly after request lists are exchanged. If all U.S. statutory obligations are met, the resulting tariff reductions (which would have to be applied on an MFN basis) could be proclaimed by the President upon conclusion of the negotiations.

The Administration has determined that there are a number of products (many of which are sensitive) which could be of interest to Colombia, Peru and Bolivia based on their supplier interest in our market. However, if the negotiation is to achieve its objective of providing market access where these countries can most take advantage of that additional access, it would be important for these countries to develop their own set of requests of us. Should this proposal be adopted, the U.S. should urge these countries to accelerate the pace of their preparations. For our part, the U.S. could develop with relative ease a set of requests for Colombia and Peru, and, upon receipt of these requests, begin negotiations.

A possible timetable for the negotiations could be as follows:[1]

| | |
|---|---|
| November 15 | U.S. and Colombia and Peru exchange tariff requests. Bolivia presents U.S. with its request list. |
| December 1 | U.S. tables offer to Colombia, Peru and Bolivia in response to their requests. |
| December 15-January 30 | U.S. negotiations with all three countries to conclude a package of mutual concessions. |
| February 15 | President proclaims duty reductions. |

<u>U.S. Statutory Requirements</u>

Current U.S. negotiating authority requires that trade concessions undertaken in the Uruguay Round be reciprocal. The Administration would therefore have to be able to show that Colombia, Bolivia and Peru had offered concessions to the United States. In the case of Bolivia, which has just acceded to the GATT after providing significant tariff and structural concessions to the United States, these concessions could count as meeting this requirement. The U.S. could negotiate with Bolivia as soon as the Bolivian Government indicated its interests to us in the form of a request. However, in the case of Peru and Colombia, the U.S. would have to develop requests and receive some concessions in order to meet the statutory requirements associated with tariff liberalization.

U.S. negotiating authority also outlines other requirements that have to be met. First, advice must be obtained from the ITC on the probable economic effects of undertaking tariff reductions consistent with our statutory limits (a maximum 50% reduction on any tariff currently exceeding 5% and up to a 100% reduction on tariffs 5% or below.) This requirement has already been fulfilled. Second, public hearings and opportunity for public comment must be provided. This requirement will be fulfilled in a general sense as of November 2 when the second round of interagency public hearings have been concluded, focusing on possible changes in U.S. tariffs. Advice also must be obtained from the private sector advisors and the Congress. This process is ongoing and could be completed with respect to individual

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[1] Use of Uruguay Round authority for an accelerated package may require statutory notification to the Congress. This would have to be factored into the timetable.

countries with relative ease.[2] Finally, the U.S. is required to phase in tariff reductions by a statutorily-determined formula unless there is no U.S. production in the products involved. Therefore, the U.S. could not implement immediately the final negotiated tariff rates for these countries.

<u>Implications</u>

Depending upon the nature of the requests the U.S. receives from these countries, the negotiations could be politically difficult. Many of the products currently supplied by these countries fall into sensitive textile, apparel and agriculture categories. Further, it should be noted that other Uruguay Round participants will benefit from U.S. tariff reductions provided to benefit Peru, Colombia and Bolivia because the GATT requires that any tariff concession provided to one member must be provided to all (the most-favored-nation principle). As a result, the U.S. will lose leverage in our negotiations with other trading partners if we negotiate in advance and implement tariff concessions before the end of the Uruguay Round. The degree of leverage foregone will depend on the products of interest to Peru, Colombia and Bolivia.

We note, too, that the Mexicans have not been enthusiastic about a similar proposal with respect to agricultural products which we made to them recently because they also would have to make concessions, causing them domestic political problems and loss of negotiating leverage in the Uruguay Round.

<u>Recommendation</u>

That the United States approach Colombia, Bolivia and Peru to encourage them to engage in expedited tariff and non-tariff measures negotiations with us by preparing requests for exchange by November 15.

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[2] We may be statutorily required to have the advisors report to Congress on the acceptability of the agreements.

Tab I

# CANADA, THE EC AND JAPAN

## Proposal

Consult with our major trading partners (Canada, the EC, and Japan) to determine areas in which we can cooperate to assist the Andean countries improve their trade performance. Make this issue an agenda item for the November 10-12 meeting of the Trade Ministers of the "Quadrilateral" countries (i.e., the U.S., EC, Canada, and Japan).

## Discussion

Since the drug problem is ultimately a moving target, Canada, the EC and Japan may have some interest in helping the drug effort through trade liberalization and technical assistance. We could consult with them to determine their interest.

## Action Plan

| | |
|---|---|
| 11/6-<br>11/7/89: | Discuss proposal for joint cooperation with Canadian, EC, and Japanese Ambassadors |
| 11/10-<br>11/12/89: | Multilateral Initiatives to help Andean countries discussed at Quad |

## Recommendation

That we consult with Canada, the EC and Japan to determine areas for joint cooperation in the areas of trade liberalization and technical assistance.

Tab J

## WORLD BANK EFFORTS TO SUPPORT TRADE REFORM

Proposal

The World Bank has under consideration a number of loans, including trade policy loans, for several Andean countries. Recognizing that immediate opportunities are limited at the moment, we should support the Bank's efforts to encourage meaningful trade policy reform through adjustment lending operations, as well as continue to encourage the Andean countries to undertake further opening of their markets.

Discussion

The World Bank currently provides financial support to all of the Andean countries under review, other than Peru. Peru is ineligible to borrow from the World Bank because of its large overdue obligations.

While a major of portion of these loans takes the form of project lending, the bank does have under consideration a number of adjustment operations, including trade policy loans, in the cases of Colombia and Venezuela. Such loans require coordination with the IMF and IMF Board review of a country's macroeconomic program, which Colombia is unwilling to consider at this time.

Venezuela recently received a trade policy loan, as well as a structural adjustment loan, from the World Bank and it is expected that the Bank will provide Venezuela with a second trade policy loan to further support their trade reform program. Colombia has been discussing with the World Bank a number of possible adjustment loans, including a $250 million trade policy loan and an industrial restructuring loan. However, Colombia has decided to defer World Bank Board consideration of these two loans until after a new government takes office in August 1990. Instead, the Colombians want to move ahead now on a power sector loan. World Bank staff and GOC officials disagree whether such a loan would require an IMF macroeconomic review.

Quick-disbursing adjustment loans provide much needed balance of payments support to these countries and better enable them to maintain the political consensus in favor of an aggressive campaign against the cartels. Trade policy reform is an important area for the Bank to focus on in its adjustment operations with these countries, as it is only through trade policy reform and the elimination of costly subsidies that these countries will remove the anti-export biases hindering their ability to compete in world markets.

Action Plan

USTR to consult with U.S. Executive Directors (EDs) of MDBs and, in conjunction with EDs, MDB staff during month of November.

Recommendation

That we support the international financial institutions' efforts to promote meaningful trade policy reforms in eligible Andean countries, as well as encourage these governments to undertake further opening of their markets in conjunction with lending from the multilateral institutions.

# OVERALL ACTION PLAN

| | |
|---|---|
| 10/10-10/18/89: | Obtain interagency approval of trade initiatives package |
| 10/30-10/31/89: | Consultations with Congressional leaders |
| 10/30/89: | Announce modified GSP petition cycle |
| 11/1-11/3/89: | Consultations with Andean Ambassadors |
| 11/6-11/7/89: | Consultations with EC, Canada, and Japanese Ambassadors |
| 11/8/89: | Begin consultations with MDBs |
| 11/9/89: | First GSP seminar |
| 11/10/89: | Commerce, USDA, IDCA (AID, etc.) report findings and provide action plan for technical assistance to Andean Trade Task Force |
| 11/10-11/12/89: | Multilateral initiatives to help Andean countries discussed at Quad |
| 12/5-6/89: | Technical trade and second GSP seminar held for the Andean region |
| 2/1/90: | Begin process for exploring possible "special regime" and handicrafts agreements for textiles |
| 3/30/90: | Conclude negotiations for "special regime" and handicrafts agreements for textiles as appropriate |
| 4/1/90: | President announces 1989 GSP annual review results |
| 5/1/90: | Implementation of 1989 GSP annual review results for Andean countries |
| 7/15/90: | Results of modified GSP review cycle announced |
| 8/1/90: | Results of modified GSP review cycle implemented |

With regard to coffee, our action plan calls for an intensive series of immediate consultations, both bilateral and plurilateral, in an effort to build consensus toward convening an ICO negotiating conference by April 1990, with negotiations on a new ICA to be concluded by June 1990.

Looking toward the six months following the Andean drug summit, we envision that we will begin at the end of this year the process of (1) evaluating the possibilities for creating the American Trade and Investment Council for U.S. and Andean Cooperation, (2) considering possibilities for a CBI-like or U.S.-Mexico-like initiative, and (3) putting our goals into action.