

FOIA MARKER

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Folder Title:

[September/October 1997 Travel] [Binder]: President of the United States Advance 9/97

Staff Office-Individual:

Special Envoy for the Americas-Farnsworth, Eric

Original OA/ID Number:

CF 1047

Row:	Section:	Shelf:	Position:	Stack:
26	6	7	1	v

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. note	Handwritten notes from meeting between Mack McLarty and Brazilian Foreign Minister Lampreia (3 pages)	09/11/1997	P1/b(1)
002. letter	President Fernando Henrique Cardoso of Brazil to President William J. Clinton (4 pages)	03/14/1997	P1/b(1)
003. letter	Paulo-Tarso Flecha de Lima, Ambassador of Brazil, to Thomas McLarty (3 pages)	04/11/1997	P1/b(1)
004. note	Handwritten notes from meeting between Mack McLarty and Chilean Foreign Minister Insulza (1 page)	09/1997	P1/b(1)
005a. memo	Patrick Desouza to Samuel Berger, re: Scheduling Proposal for the President (1 page)	08/27/1997	P1/b(1)
005b. form	Scheduling Proposal for Telephone call to President Frei of Chile (2 pages)	08/27/1997	P1/b(1)
006. email	White House Situation Room to Jeffrey DeLaurentis, re: [U.S.-Chilean relations] (4 pages)	08/29/1997	P1/b(1)
007. note	Handwritten note from Gabriel Guerra-Mondragon, U.S. Ambassador to Chile, to Sandy Berger (1 page)	08/24/1997	P1/b(1)
008. note	Handwritten notes from meeting with Canadian Trade Minister Marchi (3 pages)	09/11/1997	P1/b(1)
009. memo	Peter Allgeier to Mack McLarty, re: Background Information for Discussion with Canadian Trade Minister (4 pages)	09/10/1997	P1/b(1)

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Clinton Presidential Records
 Special Envoy for the Americas
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[September/October 1997 Travel] [Binder]: President of the United States Advance 9/97

2009-1155-F
ke2544

RESTRICTION CODES

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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Via Facsimile: (202) 456-2464

TO Mack McLarty

THRU Nelson Cunningham

CC: Eric Farnsworth (202) 456-2215

FROM: Luis Lauredo

RE: *Sergio Romero - Senate President-Chile*

① Eric

② Steve

As we discussed over the phone, I recently had dinner with Senator Sergio Romero and his wife here in Miami. It was not until about dessert time that I was able to change the conversation from the subject of Chile's concern over the US designation of special non-NATO ally to Argentina and return to the more positive aspects of US-Chile relations including President Clinton's commitment to fast track authority legislation early in September to begin the NAFTA assention negotiations with Chile.

Senator Romero is an influential figure in the political maneuvers in Chile and now holds a key position as President of the Senate. He is very intelligent, astute and realistic and I believe a very beneficial vehicle to better understandings between US-Chile. He expressed an interest in meeting with Mack McLarty either on his next trip to Chile or on a visit that Mr. Romero can make to the US. Due to his keen sense of realpolitick I recommend you make an effort to reach out to him.

His telephone numbers in Chile are:

562-207-7059
562-207-7040 (fax)
562-697-0740

His wife's name is Bernardita.

Best regards.

PS: In the discussions on the Argentina matter, I sensed that a great deal of the anger was due to the "surprise" element of the announcement, as if they were caught by surprise by US action, which they felt unbecoming of an ally. I sensed a particular indictment at the failure of their Embassy in Washington, and Ambassador Biehl in particular, on this matter.



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005a. memo	Patrick Desouza to Samuel Berger, re: Scheduling Proposal for the President (1 page)	'08/27/1997	P1/b(1)

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8/15

Mac -

Thanks for making the calls.

I too will be gone next week, but I wonder if a magical Mcarty visit to our friend Mr. Frei (perhaps with Clinton and some others who have bilateral issues with Chile) might smooth the waters. Let's discuss when we both return.

 Sandy

Nelson
Eric
Donna

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THE WHITE HOUSE
WASHINGTON

September 16, 1997

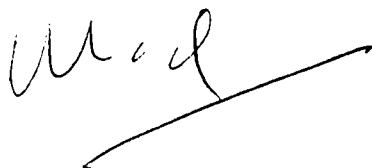
The Honorable Gabriel Guerra-Mondragón
Ambassador of the United States of America
Embassy of the United States of America
Santiago, Chile
Unit 4101
APO AA 34033

Dear Gabe:

Your suggestion that Puerto Rico Governor Pedro Roselló be an official member of the U.S. delegation to the Summit in Santiago is a meritorious one. Governor Roselló is a distinguished public official and I have been very impressed with him during the occasions we have had to be together.

I am forwarding a copy of your letter to Mickey Ibarra, Assistant to the President for Governmental Relations, for his input and evaluation, and we will certainly keep in mind your suggestion regarding Governor Roselló being a member of our delegation as our plans for the Summit progress.

Personally,



cc: Mickey Ibarra

bcc: Nelson
Erick
Andrew

EMBASSY OF THE
UNITED STATES OF AMERICA
SANTIAGO, CHILE

August 29, 1997

THE AMBASSADOR

Thomas "Mack" McLarty
Counselor to the President and Special Envoy to Latin America
The White House
Washington, D.C.

① Nelson
② Eric
③ Anderson

Dear Mack :

Looking beyond the current trough in U.S.-Chilean relations and ahead to next April's Summit, I would like to seek your support for an idea that recently occurred to me. I believe it would be useful for the advancement of our overall interests in expanding hemispheric free trade and integration if we were to include Puerto Rico Governor Pedro Roselló in the official U.S. delegation to the Summit.

Governor Roselló, as you know, will be wearing three hats in the near future: currently he is Chairman of the Southern Governors' Association, he will become the President of the Executive Committee of the Council of State Governments at the end of this year, and he has been elected to the National Governors' Association's Human Resources Committee. One of his major goals as head of the Southern Governors' Association (which comprises 17 states ranging from Delaware to Texas) is to encourage a stronger focus by the members on Latin America and the Caribbean. To culminate his efforts, he plans to host a conference in Puerto Rico that would bring together hemispheric leaders as his Chairmanship comes to an end in September, 1998.

Thus, as he assumes his new national responsibilities, Governor Roselló (who is the only Hispanic Governor) will be playing an important role in expanding hemispheric contacts over the next several months. It would be most fitting if he were to participate in the Summit in April as a logical adjunct to both our, and his, efforts. I would add that the work of the NGA's Human Resources Committee focuses on educational issues, a key Summit theme. I have no doubt that as part of his responsibilities with the Council of State Governments he similarly would serve as a forceful promoter of broader contacts between the United States and Latin America and the Caribbean.

I'd be grateful if you could consider this idea, which I am convinced would help advance our overall objectives in the region.

Gabriel Guerra-Mondragón

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PODESTA

associates, inc.

September 26, 1997

MEMORANDUM

TO: Mack McLarty
Nelson Cunningham
The White House

FROM: Tony Podesta

SUBJECT: Chile's Discrimination against Imports of Distilled Spirits

Attached is information concerning Chile's discriminatory treatment of distilled spirits imports. This matter is very important our client, Scagrams, as well as other U.S. distillers. While Chile doesn't have a huge market, if they are allowed to retain this WTO-illegal tax scheme, other Latin American nations will probably follow. The issue has begun to get the attention of Congress as the attached Hill letter and testimony indicate.

The Bronfmans and I would appreciate your raising this matter with the Chileans on your upcoming trip if the opportunity arises. Chile should fix this matter soon and take one potential problem off the table of "fast-track" debate.

Let me know if you have any questions or if you need additional information.

Attachments

cell 202-271-1012

home 202-387-7463

SEP-26-97 12:32 FROM:

ID:

PAGE 2

Congress of the United States
House of Representatives
 Washington, DC 20515

September 15, 1997

The Honorable Jeffrey Lang
 Deputy United States Trade Representative
 Winder Building
 600 17th Street, N.W.
 Washington, D.C. 20508

Dear Ambassador Lang:

This letter is to follow up on your testimony before the Ways and Means Trade Subcommittee on September 11, 1997.

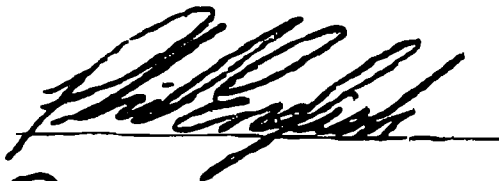
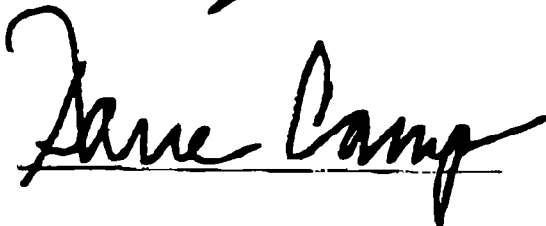
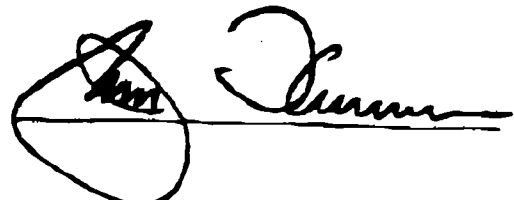
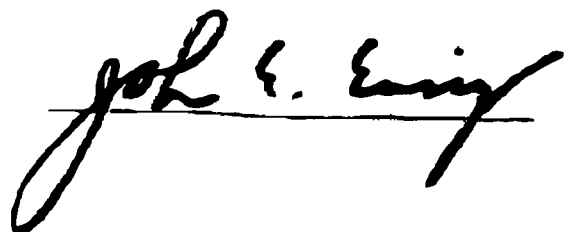
While Congress debates extending fast track negotiating authority to the President (with a view toward eventually adding new parties to the North American Free Trade Agreement), we would like to ensure that our potential partners in free trade will live up to their current and future treaty obligations. Our confidence in the promises of other nations is the underpinning of NAFTA and every other free trade pact. Accordingly, it should be a critical component in U.S. trade policy.

A troubling example is Chile's treatment of distilled spirit products imported from the United States and other countries. Spirits produced domestically in Chile are taxed at a 25% rate, while imported products, such as Tennessee Whiskey and Kentucky Bourbon are hit with a 70% excise tax.

This appears to be a clear violation of GATT, and it seems to be a problem that the United States Trade Representative and the Administration would want to address with the Chilean government before the debate over fast track and Chile's inclusion in NAFTA begins. In short, we would like to know what the Administration is going to do to resolve problems like this, and to ensure that in the future, our trading partners live up to their commitments.

The debate over fast track is in full swing. As such, your prompt response would be greatly appreciated.

Sincerely,

**FAST TRACK SHOULD NOT GO FORWARD UNTIL CHILE ADDRESSES ITS
LONG-STANDING DISCRIMINATORY TREATMENT OF IMPORTED SPIRITS**

For eighteen years, Chile has imposed discriminatory taxes on imported distilled spirits to the advantage of the national distilled spirit of Chile, *pisco*. This discriminatory tax treatment of imported distilled spirits is in clear violation of the national treatment obligations of the GATT/WTO -- obligations that Chile is already required to satisfy.

Current attempts to address the discrimination are unlikely to succeed or will take too long to accomplish:

- The United States and the European Union are seriously considering a WTO challenge to this discriminatory tax. The WTO panel process, including appeals, will take up to eighteen months to resolve -- followed by a fifteen month period for compliance. Of course, Chile might then seek to preserve the discrimination by other means.
- Chile's Congress is now considering legislation to modify the current law. The proposal recently passed by the lower house would maintain the existing discriminatory treatment of spirits imported from the United States and elsewhere.
- There is little reason to believe that Chile will address this discrimination in negotiating its accession to NAFTA. Chile refused to address adequately the discrimination in recent bilateral trade negotiations with the EU and Canada and has not been responsive to suggestions to take true remedial action by members of Congress and Administration officials.

As a result, in Chile the excise tax on a bottle of Kentucky Bourbon or Tennessee Whiskey is 70% while the tax on a bottle of locally produced *pisco* is 25%. *Pisco* now accounts for over 80% of all distilled spirits sales in Chile. This clear violation of the GATT hurts U.S. exporters and workers.

With Chile actively maintaining a discriminatory tax in blatant disregard of its GATT/WTO obligations, the Administration and Congress should make clear that a precondition to fast track is an end to this discriminatory tax treatment protecting *pisco* at the expense of imported distilled spirits.

LEVEL 1 - 1 OF 1 STORY

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Federal News Service

SEPTEMBER 24, 1997, WEDNESDAY

SECTION: IN THE NEWS

LENGTH: 9637 words

HEADLINE: HEARING OF THE INTERNATIONAL ECONOMIC POLICY
AND TRADE SUBCOMMITTEE OF THE HOUSE
INTERNATIONAL RELATIONS COMMITTEE
SUBJECT: GRANT BY CONGRESS OF FAST-TRACK AUTHORITY
TO PRESIDENT CLINTON
CHAIRER BY: REPRESENTATIVE ILEANA ROS-LEHTINEN (R-FL)
WITNESSES:
STUART E. EIZENSTAT, UNDERSECRETARY FOR
ECONOMICS, BUSINESS AND AGRICULTURAL AFFAIRS,
U.S. STATE DEPARTMENT
TIMOTHY J. HAUSER, UNDERSECRETARY OF COMMERCE

WASHINGTON, DC

* * * *

REP. CHABOT: Thank you for your testimony. In fact, thank both our witnesses for their testimony here today. And first of all, I'd like to say I obviously have in the opening statement mentioned that I'm a very strong believer in free trade. I do, however, certainly want to make sure that all of our current and I've been told that Chile, for instance, taxes locally-produced distilled spirits at a 25 percent rate, but taxes U.S. imports at 70 percent. It would appear to me that this tax treatment of U.S.- produced products would be a violation of GATT.

And it would seem that the U.S. trade representative would want to address this type of issue with the Chilean government as we begin to consider fast track.

Do either one of you gentlemen have any comment on that that you could give us?

MR. EIZENSTAT: First on the broader enforcement area, we agree. When I was undersecretary of commerce, one of my first initiatives with Secretary Kantor was to set up an enforcement unit. It's the first time we've had that. It's now functioning -- (audio drops).

DALLAS, TEXAS
BRUSSELS, BELGIUM
NEW YORK, NEW YORK
MOSCOW, RUSSIA

AUSTIN, TEXAS
SAN ANTONIO, TEXAS
HOUSTON, TEXAS

facsimile
TRANSMITTAL

to: Andrew Friendly
firm:
fax #: 456-2464
tel #:
re:
date: September 24, 1997
pages: 5, including this cover sheet.

client #: 76042.0001

*ERIC
Nelson*

MESSAGE:

Attached for your review and use is a White Paper on American Cyanamid Company's problem in Argentina and Brazil. Please note that in addition to expanding upon the materials provided to you previously, this document also describes what the U.S. government, if it so choses can do to help.

After you and your colleagues have an opportunity to review the document, I will call to follow-up.

Thanks!

From the desk of...

Steven M. Hilton

AKIN, GUMP, STRAUSS, HAUER & FELD,
L.L.P.
1333 NEW HAMPSHIRE AVE. SUITE 400
WASHINGTON, DC 20036

202/887/4279
Fax: 202/887-4288

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September 24, 1997

AMERICAN CYANAMID: VICTIM OF INADEQUATE PATENT PROTECTION IN ARGENTINA AND BRAZIL

PROBLEM: *A major American agribusiness company faces significant market losses on several of its most valuable products because the intellectual property regimes of Argentina and Brazil have failed to protect the company's rights as a patent holder in the valuable Mercosur soybean market.*

Who is Cyanamid?

- American Cyanamid Company is a subsidiary of American Home Products Corporation (AHP), a research-based multinational corporation with global sales in excess of \$14.5 billion. Cyanamid is a major global supplier of agricultural products, accounting for close to \$2 billion in worldwide sales of agricultural products.
- AHP/Cyanamid has invested over \$125 million in Argentina and \$162 million in Brazil. Cyanamid de Argentina S.A., the local affiliate of American Cyanamid alone generates \$110 million in annual sales. The local affiliate in Brazil, Cyanamid Quimica do Brasil LTDA, generates \$210 million in annual sales.

What are the Products at Issue?

- Cyanamid's most significant products in Argentina and Brazil are advanced agricultural herbicides used in the culturing of soybeans and other feed and food crops. The products in issue, known as imidazolinones, are patented as compounds in Argentina and many other countries around the world. In Brazil, they are covered by process and composition patents, as explained in the attached charts.
- Imidazolinones represent significant advances in the fields of chemistry, agronomy, and ecological safety, to the degree that in 1993 the Cyanamid researcher who invented them was personally awarded the U.S. Presidential Medal for Technology by President Clinton at the White House. These products generate approximately \$700 million in worldwide sales per year to Cyanamid.
- Currently, Cyanamid has filed more than 40 patent applications in Argentina and more than 50 applications in Brazil to protect the technology on its imidazolinone products, and many of these have already been issued as patents. Cyanamid continues to file patent applications

in these countries to protect its technology. The attached chart shows the patents currently owned by Cyanamid in these countries which Cyanamid feels are being infringed.

How are Cyanamid's Patents Being Infringed in Argentina and Brazil?

- Makhteshim, a subsidiary of the Israeli conglomerate Koor Industries, has filed - through its local affiliates, Magan (Argentina) and Herbitecnica (Brazil) - regulatory product applications for products that infringe Cyanamid's patents in these countries.
- In Argentina, Magan has filed applications for approval to sell its own imidazolinone products. These products have the same formulation and use as those products for which Cyanamid holds patents - valid through 2006 - in Argentina.
- In Brazil, Herbitecnica announced in early September, 1997 that it had commenced recently fabricating its imidazolinone products in the last few months, that it had invested U.S.\$ 1.5 million in the registration process, that it began selling one of its imidazolinone products in August 1997, that it anticipated launching a second product in the middle of September and that it planned to spend an additional investment of U.S.\$ 0.5 million in an advertising campaign for the products. By making and selling these products in Brazil, Herbitecnica will likely be infringing not only Cyanamid's most fundamental coverage for its imidazolinone products in that country, which is contained in Cyanamid's "base case" patent, but also a second formula patent owned by Cyanamid.

What can the United States do to help?

- While Cyanamid has been and continues to pursue vigorously its rights in Brazilian and Argentine courts, the company understands that it is not appropriate for the U.S. to attempt to intervene in patent infringement litigation that is now pending before the Argentine and Brazilian courts. However, the U.S. government should raise the procedural and regulatory issues, outlined below, with the appropriate officials in these two countries. Specifically, Cyanamid requests that the Clinton Administration ask President Menem of Argentina and President Cardoso of Brazil to designate high-level representatives to work directly with high-level representatives of American Cyanamid, along with representatives from the U.S. embassies in Buenos Aires and Brasilia, to address the following problems:

Argentina:

In Argentina, Cyanamid has initiated a patent infringement action against Makhteshim and Magan, alleging the violation of its patents on the imidazolinone compounds. Makhteshim/Magan has initiated a lawsuit against Cyanamid claiming patent invalidity. Makhteshim/Magan is likely to argue that Cyanamid failed to meet the "working" requirement under the pre-TRIPS Argentine law, and that the patent therefore became

invalid at some indeterminate time prior to the current proceedings in Argentina. However, Cyanamid has fallen victim to two unfair provisions in Argentine patent law:

1. INVALID "WORKING" REQUIREMENT:

The pre-TRIPS law's "working" requirement in Argentina violated international treaties regarding patent protection. Moreover, even if the working requirement did apply, Cyanamid should be held, by any measure, to have met the requirement because it has always performed a significant amount of its manufacturing activities within Argentina, and because it has imported its product into Argentina.

2. INEFFECTIVE ENFORCEMENT:

Cyanamid requested that the Argentine court impose injunctions on Makhteshim/Magan and the Argentine product registration authority while these patent infringement claims are being reviewed in order to prevent its product registration from being granted and infringing activity from occurring while the lawsuit is pending. While the courts have recently granted such preliminary injunctions, they have indicated that a defendant in a patent infringement case has the right to choose between the imposition of an injunction or the posting of a bond while the case is pending before the court. The amount of bonds traditionally imposed in Argentine patent cases are generally such a nominal amount as to be meaningless; this practice does not comply with TRIPS, which requires implementation of **prompt and effective measures to prevent infringement**. Argentina's current practice effectively allows a patent infringer to continue his harmful practices simply by paying a nominal fee.

Brazil:

FAILURE TO RECOGNIZE 20-YEAR PATENT TERM UNDER TRIPS:

Cyanamid has initiated an infringement action against Makhteshim/Herbitecnica in Brazil. Makhteshim contends that Cyanamid's principal Brazilian patent has expired, since the original expiration date under the old Brazilian law would have been 1996 (15 years after filing). However, under the provisions of TRIPS (which entered into force in Brazil in January 1995), this base case patent would be extended for five years, until 2001 (20 years after filing). Cyanamid initiated a legal action to impel the Brazilian Patent Office to recognize this patent extension, and the Brazilian court recently issued an order requiring that the patent office treat the patent as fully in effect while the infringement action is pending. This order, however, has been appealed by the Brazilian Patent Office, a disturbing action, given Brazil's commitment, made earlier to the U.S. government, to prompt and complete implementation of TRIPS. As required under TRIPS, Brazil should recognize the extension of Cyanamid's patents and all other similarly situated patents to a 20-year term. Furthermore, President Cardoso should remind his own patent office of Brazil's commitment to immediate and full implementation of TRIPS.

Why should the U.S. government get involved?

- The gaps in patent enforcement by both Argentina and Brazil have effectively allowed an Israeli company to appropriate agricultural formulations that are essential to the health of a major U.S. company that has invested a significant amount of time and money in its inventions. The Cyanamid case is symptomatic of a general lack of effective patent enforcement in Argentina and Brazil, a problem which, if not addressed, could result in massive losses to American companies that hold patents in these countries.
- The Clinton Administration has already determined that both Argentina and Brazil must be carefully scrutinized because of continuing weaknesses in their intellectual property regimes. Both countries are listed in the USTR's recently released annual review of "Special 301" provisions of the Trade Act of 1974.
 - * Argentina is one of ten countries listed on the Special 301 "Priority Watch List" because the country's patent regime "denies adequate and effective protection to U.S. right holders..."
 - * Brazil has been listed as one of 36 countries on the Special 301 "Watch List" because the U.S. has determined that this country requires further monitoring in order to ensure that its commitments to intellectual property are implemented.
- In light of the United States' desire to strengthen its trade relationships with both Argentina and Brazil, these issues should be brought to the attention of government officials at the highest levels in both countries, so that they may take action to cure the weaknesses in their intellectual property regime.

AMERICAN HOME PRODUCTS CORPORATION

FIVE GIRALDA FARMS
MADISON, N.J. 07940
(201) 660-5008

JOHN R. STAFFORD
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

September 25, 1997

Thomas F. McLarty, III
Counselor to the President and
Special Envoy to the Americas
Executive Office of the President
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. McLarty:

Several weeks ago, our counsel in Washington met with your staff on behalf of our subsidiary, American Cyanamid, regarding President Clinton's trip to Argentina and Brazil next month. We understand that trade issues are likely to be high on the President's agenda for this trip, due to the continued lack of adequate patent protection provided by Argentina and Brazil, which has been and continues to be a significant impediment to successful trade relations in this region. We believe that the situation that Cyanamid currently faces in both Argentina and Brazil can serve as an instructive example of the problems and obstacles that American companies face in these countries.

As the attached fact sheet explains in more detail, American Cyanamid is a major global supplier of agricultural products and has been involved in manufacturing and distributing in South American markets for over 50 years, employing approximately 3,400 employees in Argentina and Brazil. Currently, this highly successful and innovative company is facing complex patent protection problems in both Argentina and Brazil, due to the exploitation by an Israeli company of ineffective provisions in the patent laws of these two countries. The infringement of Cyanamid's valuable patents involves agricultural herbicides, known as imidazolinones, invented by Dr. Marinus Los, a Cyanamid employee who was personally awarded the U.S. Presidential Medal for Technology by President Clinton in 1993 for his work.

While Cyanamid is working hard to address these problems through judicial and administrative channels, the fact is that the inadequacy of the patent protection framework in both Argentina and Brazil makes it almost impossible to resolve this situation fairly before a market worth nearly \$200 million a year is lost to what we believe is very sophisticated piracy. A disturbing example of the weaknesses in the legal regime is found in Brazil, where, despite

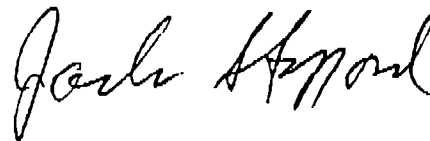
Thomas F. McLarty, III
September 25, 1997
Page 2

Brazil's commitment to the U.S. government to implement promptly the TRIPS agreement, the Brazilian Patent Office is now appealing a Brazilian court's decision mandating the extension of Cyanamid's patent to a 20-year term, as required under TRIPS, at least during the pendency of an infringement action.

The defense of this important class of product is one of American Cyanamid's highest priorities. We ask, therefore, for the assistance of the U.S. government in preventing the loss of Cyanamid's valuable South American markets. Specifically, we would like to request that the Clinton Administration ask President Menem of Argentina and President Cardoso of Brazil to designate high-level representatives to work directly with high-level representatives of American Cyanamid, who would travel to the region to address these problems. It is our hope that appropriate representatives from the U.S. embassies in Buenos Aires and Brasilia would also participate in these discussions. We believe that developing a mechanism such as the venue outlined above might well result in preventing these markets from being lost as a result of the theft of our intellectual property.

I have enclosed briefing materials on this matter for your review, and I hope you will feel free to contact our Senior Vice President, Bill Murray, if you have any questions or if there is any additional information that we can provide. I appreciate your consideration of this important matter, and hope that the Administration will be able to take prompt steps to help address this problem before it causes significant additional intellectual property losses for Cyanamid and other American companies.

Sincerely,



September 25, 1997

**AMERICAN CYANAMID: VICTIM OF INADEQUATE PATENT PROTECTION
IN ARGENTINA AND BRAZIL**

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- AHP/Cyanamid has manufactured and distributed product in Argentina for over 60 years, has invested over \$125 million in plant and equipment there and employs approximately 900 employees in that country. Cyanamid de Argentina S.A., the local affiliate of American Cyanamid alone generates \$110 million in annual sales. AHP/Cyanamid has manufactured and distributed product in Brazil for over fifty years, has invested over \$162 million in plant and equipment there and employs almost 2,500 employees in that country. The local agricultural products affiliate in Brazil, Cyanamid Quimica do Brasil LTDA, generates \$210 million in annual sales.

What are the Products at Issue?

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CYANAMID PATENTS/APPLICATIONS CURRENTLY HELD IN ARGENTINA AND BRAZIL

ARGENTINA

Patent Number	Process	Compound	Composition	Use	Potential Violation
240928 Application date 6/1/81 Grant date 3/27/91 Expiration date 3/27/06	X	X	X		Compound Composition
308451 (Application) Application date 8/14/87			X		Composition

BRAZIL

Patent Number	Process	Compound	Composition	Use	Potential Violation
PI 8103449 Application date 6/1/81 Grant date 2/27/96 Expiration date: ??	X		X		Composition Process (this is a question, as we do not know how their products are made)
PI 8704215 Application date 8/14/87 Grant date 11/28/95 Expiration date: ??			X		Composition

September 24, 1997

MEMORANDUM FOR MACK MCLARTY

FROM: ERIC FARNSWORTH *EF*

SUBJECT: ARGENTINA ISSUES

Meeting with Jim Cheek today elicited the following:

- The President's meeting with opposition leaders in Argentina provides the only real potential pitfall in an otherwise "safe" trip. Cheek suggests that, as in Mexico, the President meet with *political* leaders vice *opposition* leaders during the hour scheduling has set aside. The political climate, according to Cheek, is currently one of jockeying for the 1999 presidential election; the mid-term elections are not the real issue. Menem will not be running in 1999; his Judicialist party will most likely be represented by Gov. Duhalde (who has employed Verner Liipfert to lobby for a meeting on his behalf), and time spent with Menem doesn't necessarily transfer to Duhalde. Cheek therefore suggests the President meet, in 15 minute increments, with the heads of their respective parties: Duhalde, fmr. President Alfonsin, Mayor de la Rúa, and, possibly, Cavallo. He claims this lineup will send a strong signal of impartial support for the democratic process. If the President only meets with opposition leaders, according to Cheek, we run the risk, ironically, of prejudicing the Judicialists.
- The GOA is increasingly preoccupied with the vacant Ambassador position in BA. It's a common concern in the region when Ambassador positions remain vacant, with governments frequently wondering whether the US is sending some sort of "signal" by not filling Ambassador slots. We should therefore consider using the President's trip (if not your own pre-advance) to move the issue internally as a potential deliverable for Argentina.

- Hogan & Hartson Oct 31 (Ana)
- de Souza re: Argentina

To: Eric Farnsworth
Fax #: 202-456-7586
Re: Advocacy for DNI project in Argentina
Date: September 26, 1997
Pages: 3, including this cover sheet.

FACSI
MJLE

Dear Eric,

Here is a copy of the letter we discussed this morning. Again, this is only a draft. If I can get Daley's signature on it today, I will make sure you get it before you leave.

Thanks for your help. I just got back from Bs.As. this week — my first trip in a couple of years. Wow! The city has changed!

Best wishes,



Mark T. Baker
Advocacy Center

From the desk of...

Mark T. Baker
Project Manager
The Advocacy Center, US Dept of Commerce
14th & Constitution Avenue, NW, Rm 3814-A
Washington, DC 20230

(202) 482-5578
Fax: (202) 482-3508

DRAFT

MEMORANDUM FOR THE SECRETARY

FROM: Timothy J. Hauser, Acting

SUBJECT: Advocacy letter to on behalf of U.S. companies bidding on the personal identification and border control project in Argentina.

Forwarded for your approval and signature is an advocacy letter to President Carlos Menem of Argentina supporting U.S. companies competing for the personal identification and border control (DNI) project in Argentina.

Background: Several U.S. companies are involved in each of three international consortia¹ which are bidding on the DNI project in Argentina. The project, consisting of computing platforms, communication networks, and software, will develop a nation-wide information processing system to improve control of Argentine immigration and emigration, track short-term international transits, and provide accurate and secure identification of Argentine citizens through a People Identification Systems (PIDS) — where each citizen is issued a national identity document. The DNI project will substantially benefit the Argentine government in the area of public safety through improved control of the Argentine borders. The improved public safety will contribute positively to the U.S. fight against international terrorism and to the identification of criminals entering the United States from Argentina.

TRW, one of the U.S. competitors, estimates that the DNI project is worth nearly \$160 million with \$90 million in U.S. content. The project will be financed by the Ministry of the Interior. The U.S. Embassy and the U.S. companies are concerned that the project, scheduled to be awarded in early October, will be delayed.

The Senior Commercial Officer and the Ambassador in Buenos Aires sent generic advocacy letters supporting U.S. technology and encouraging that the award be made on the technical and financial merits. The U.S. companies, ITA officials, and the U.S. Embassy believe that it would be both useful and appropriate for you to send a generic advocacy letter on behalf of U.S. interests at this time. The U.S. Embassy and the U.S. bidders have suggested that you write President Menem as he is the ultimate decision maker for this project.

'Bid Team 1: Siemens (Germany), DeLaRue (UK), Printrak (U.S.); **Bid Team 2:** TTI (Argentina), IBM (U.S.), Polaroid (U.S.), Morpho (France); **Bid Team 3:** Itró (Argentina), Malam (Israel) System House (Canada), TRW, Hewlett-Packard, Oracle, 3M, MCI, E Systems (all U.S.).

DRAFT

His Excellency Carlos Menem
President
Argentine Republic
Buenos Aires, Argentina

Dear Mr. President:

I am looking forward to renewing our acquaintance during President Clinton's visit to Argentina in mid-October. Given our positive bilateral relationship, this visit should afford us the opportunity to solidify and advance mutually beneficial trade and investment activities.

One such activity is the personal identification and border control (DNI) system project which, I understand, is nearing implementation. The DNI project will provide a reliable identify document for Argentine citizens and allow the government to monitor effectively the flow of people across its borders. It will strengthen further the integrity of the U.S. visa waiver program for Argentine citizens.

The consortium which is awarded this sensitive project should have the technology, experience, and proven security capabilities required by such an ambitious undertaking. I hope that the consortium with the best U.S. technology will be selected, as the success of this project depends upon the proven security capabilities of these world class U.S. firms.

The opening of the second envelope, scheduled for October 2, and the subsequent awarding of the contract will also highlight the significant contributions your Ministry of the Interior has made toward the security of our countries. Furthermore, President Clinton's visit would be an ideal occasion for the acknowledgment and celebration of this award.

Thank you for your dedication to this program. I look forward to a productive visit in October.

Sincerely,

William M. Daley

cc: Dr. Carlos Corach
Minister of the Interior



BOLSA DE COMERCIO DE BUENOS AIRES

Buenos Aires, September 24th., 1997

MR THOMAS F. MC LARTY III
Counselor to the President
On Special Envoy for the Americas
The White House
Fax: 202 456-2215

Dear Mr. McLarty,

It is a pleasure for me to contact you again after such a fruitful breakfast meeting we hosted in your honor at the Stock Exchange last november. Knowing about your trip to Buenos Aires next week, I'd gladly like to extend you an invitation to visit us here at the Stock Exchange again.

If for some reason you consider that it will be appropriate for you to meet with the most prominent leaders of the Argentine business community please let me know, as I will be most pleased to help in organizing that meeting.

We at the Buenos Aires Stock Exchange are very excited about the upcoming visit of President of the United States Bill Clinton to Buenos Aires. And it is for that reason that we will do whatever we can to help in making this a highly successful visit.

I will be expecting to hearing from you soon

Best wishes

Julio Macchi
Chairman

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. note	Handwritten notes from meeting with Canadian Trade Minister Marchi (3 pages)	09/11/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Farnsworth, Eric
OA/Box Number: CF 1047

FOLDER TITLE:

[September/October 1997 Travel] [Binder]: President of the United States Advance 9/97

2009-1155-F
ke2544

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. memo	Peter Allgeier to Mack McLarty, re: Background Information for Discussion with Canadian Trade Minister (4 pages)	09/10/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
Special Envoy for the Americas
Farnsworth, Eric
OA/Box Number: CF 1047

FOLDER TITLE:

[September/October 1997 Travel] [Binder]: President of the United States Advance 9/97

2009-1155-F
ke2544

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Sergio Marchi

Minister for International Trade

Sergio Marchi was born in Buenos Aires, Argentina, in 1956 and moved to Toronto with his family at a young age. He was educated at St. Basil's College and earned an honours degree in urban planning and sociology from York University in 1979.

Following graduation, Mr. Marchi served as executive assistant to Ron Irwin, M.P., until 1981, when he became Special Assistant to the federal Minister of State (Multiculturalism).

Mr. Marchi's political career began in the city of North York, where he was elected alderman in 1982. He was first elected to the House of Commons in 1984 and has represented the Ontario riding of York West ever since.

During his years in opposition, Mr. Marchi served as critic for a number of portfolios, including immigration, multiculturalism, transport and labour.

Following the 1993 election of the Liberal Party to government, Mr. Marchi was sworn in as Minister of Citizenship and Immigration. He held this portfolio until January 1996, when he was appointed Minister of the Environment. Mr. Marchi was appointed Minister for International Trade in June 1997.

Mr. Marchi has sat on the Cabinet Committees for Treasury Board, Social Policy, Economic Development Policy and Program Review, and currently sits on the Cabinet Committee for Economic Union.

Mr. Marchi and his wife, Laureen, have two children.



Canadian Embassy
Economic and Trade Policy Section
501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

Ambassade du Canada
Affaires économiques et politique commerciale
501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001

Jamal A. Khokhar
Counsellor (Trade Policy)

Telephone: (202) 682-1740 ext. 7505

Facsimile: (202) 682-7795

Date: September 9, 1997

To: Office of Thomas F. McLarty III
Counselor to the President and Special Envoy for the Americas

Attn: Eric Farnsworth, Senior Policy Advisor

Fax: (202) 456-2464

Eric,

Welcome back, hope you had a good trip.

In order to set up a venue for the McLarty-Marchi bilateral, I would be grateful if you would provide me with the name and cell number of someone who will accompany Mr. McLarty in Sao Paulo.

Our working level contact will be David Weiner. He may be reached in Sao Paulo at the following cell number +55 (61) 976-7163. Alternatively, Paul Durand, Director General for Latin America, may be reached at cell +55 (11) 971-5126. Finally Sven Blake, one of Marchi's policy staff may be reached at cell +55 (11) 971-5263.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jamal A. Khokhar', written over a horizontal line.

Jamal A. Khokhar
Counsellor (Trade Policy)
