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Folder Title:
Fast Track Proposals from Others [1]

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Fast Track Proposals from Others

NAFTA

Chile

Environment

Economic Background

Other Related Issues

Multilateral Agreement on Investment

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Divider Title: 79

APEC SECTORAL LIBERALIZATION: NEED FOR FAST TRACK

Q: Why is the tariff proclamation authority in the fast track bill needed for the APEC Sectoral Liberalization initiative? Don't you already have residual tariff-cutting authority?

A: It is true that we have some residual tariff cutting authority for sectors that were the subject of zero/zero or harmonization initiatives in the Uruguay Round. Section 111 of the URAA enables us to make further reductions in duties in such sectors as part of a multilateral sectoral agreement under the auspices of the WTO-- subject to provisions for "consultation and layover" with Congress and advice from the appropriate private sector advisory committees and the United States International Trade Commission.

However, there are other sectors -- of major importance to us -- where we lack residual tariff-cutting authority, at least for many items in those sectors. This is the case, for example, with respect to environmental technologies and services and energy-related equipment and services. Without the new tariff proclaimation authority contained in the FT legislation, we would be unable to implement negotiations in these important sectors and that puts our ability to pursue negotiations in these sectors in jeopardy.

I also would point out that in evaluating the prospects for success of this sectoral liberalization exercise, we cannot just look at each sector -- and the requirements for negotiation in that sector -- individually. The prospects for moving this initiative forward are much greater if it is perceived that it will result in a balanced package of trade-opening agreements. And our ability to shape such a balanced package depends very much on whether we have fast-track authority. Our trading partners view Fast Track as a signal of U.S. leadership in the world economy.

The President should be in the strongest position possible to show leadership in November when APEC Leaders will endorse the pursuit of certain sectoral initiatives -- much as he did last year in persuading other Leaders to endorse the ITA as a "deliverable" for Singapore. Work on the details of the initiatives selected will carry into next year. Much as was done in the ITA, we'll also need to bring other trading partners outside APEC "on board" . Our credibility to push these initiatives multilaterally will suffer without new Fast Track legislation.

FAST TRACK AND TARIFF PROCLAMATION AUTHORITY

FOR WTO AND SECTORAL AGREEMENTS

The President will need fast track procedures and proclamation authority to implement agreements carrying out the results of negotiations scheduled under the agenda of the World Trade Organization, particularly those mandated by the Uruguay Round Agreements and the so-called "built-in agenda" and (2) further market access agreements including sectoral agreements, like the Information Technology Agreement (ITA) concluded last December..

I. **WTO Agenda**

Under the agenda established at the end of the Uruguay Round, a number of WTO agreements will be subject to review and possible amendment over the course of the next few years. Other initiatives have been added since Singapore -- for example the new working groups established on competition, investment and procurement. A chart identifying forthcoming WTO reviews and negotiations is set out as an appendix to this paper. Five negotiations have the greatest potential to result in agreements calling for changes in U.S. law; beyond agriculture and ITA II, market access negotiations that would reduce and/or eliminate tariffs are not specifically provided for in the WTO's built-in agenda.

A. **Agriculture**: The WTO Agriculture Agreement calls for negotiations toward further sectoral trade reform to begin before the end of 1999. The negotiations are aimed at further reductions in tariff barriers, reform in the administration of tariff-rate quotas, and reduction in domestic support programs and export subsidies, and further disciplines on state trading enterprises. Success in these negotiations, for example in reducing permissible levels of export subsidies, might require a change in U.S. law.

B. **Services**: A new set of negotiations, scheduled to begin in 2000, is intended to expand the initial commitments secured under the General Agreement on Trade in Services. The negotiations will afford the United States an opportunity to win increased market access and national treatment rights for U.S. services providers. The United States may need to roll back certain U.S. services barriers in order to prompt concessions from key trading partners. Audiovisual and multimedia services, satellite telecommunications, temporary entry of business personnel, and professional services are some of the sectors in which U.S. firms have a competitive advantage and/or for which they seek expanded opportunities overseas. Although the U.S. market in these sectors is already relatively open, proposed removal of U.S. restrictions in these sectors could provide the needed leverage to open key overseas markets in these areas for U.S. firms.

C. **TRIPS**: Several negotiations under the Agreement on Trade-Related Intellectual Property are envisioned before 2000. The area of greatest potential interest to the United States is the treatment of living matter under the terms of the TRIPS Agreement. A second negotiation may address the inclusion of recent WIPO copyright treaties into the TRIPS Agreement. At this stage it is not clear which provisions of U.S. law might require revision under either set of negotiations

Although U.S. IPR laws already provide generally high levels of protection and the U.S. IPR market is relatively open, an offer by the United States to change certain widely-criticized practices in this area could provide needed leverage to open key overseas markets or to obtain further strengthening of foreign IPR laws and practices for U.S. firms.

D. **Rules of Origin**: By the end of July 1998, negotiations are to be completed on harmonization of nonpreferential rules of origin. The Uruguay Round implementing act specifically mandates that the results of these negotiations may be implemented as U.S. obligations "only pursuant to authority granted to the President for that purpose by law enacted after the effective date of this title."

E. **Government Procurement**: Signatories to the plurilateral agreement revised in the Uruguay Round are to begin negotiations to expand and improve the Code, beginning in 1998. While it is too early to identify in detail the potential areas where legislation may need to be changed, it is clear that there likely will be more efforts to expand the coverage of the Agreement which may require new legislative authority.

F. **Other Negotiations**: Beyond the negotiations listed above, it is unclear whether the remainder of the WTO agenda will lead to agreements or modifications of agreements that will require changes in U.S. law. It should be noted that the United States lobbied hard, and successfully, in the Uruguay Round to ensure that the WTO would provide for continuous trade liberalization and negotiation. Accordingly, nearly all the WTO agreements have substantial review provisions or require basic decisions on whether the system should be changed (*e.g.*, subsidies and dispute settlement). [See Appendix 1.]

Reviews of various WTO agreements that address non-tariff measures affecting trade in goods are already underway, and other reviews are pending. The review process may result in the expansion or strengthening of some of these Agreements, which may in turn require U.S. legislative changes. For example, a WTO working party is currently reviewing the Preshipment Inspection Agreement. That review may call for changes in the agreement -- for example to require new oversight mechanisms related to the conduct of preshipment inspection firms which could require changes new implementing legislation.

II. Sectoral Liberalization

A. **Tariff Agreements:** The WTO's built-in agenda does not provide for further market access liberalization in industrial tariffs, a situation that many of our trading partners are already suggesting should be a part of the negotiations that begin at the turn of the century. The President will need tariff proclamation authority to carry out future multilateral tariff reduction agreements. It is widely expected that with the new interest in industrial market access liberalization will that is occuring in APECThe President currently has proclamation authority under the Uruguay Round implementing act with respect to sectors that were subject to unsuccessful "zero-for-zero" tariff elimination negotiations during the Uruguay Round, and to expand harmonization and zero/zero initiatives that were successful in the Round pursuant to Section 111 of the URAA. No changes have been made to Section 111 and these provisions are continued in the fast track bill, and importantly, would not be the subject of new pay go requirements as this provision was "deemed to have been scored and included in the baseline" by OMB. The proposed legislation provides for the possibility for new zero/zero initiatives as well as the conclusion of agreements that reduce tariffs up to 50% and in cases where the duties are 5% or below, the President proclaim tariff elimination.

B. Non-Tariff Agreements

If a sectoral agreement includes a commitment by the United States to change its Congressionally-mandated non-tariff measures, legislation will be required.

C. Possible Sectoral Initiatives

Particpants to the ITA agreed, as part of bringing the ITA into force, that further negotiations would be convened and completed by July 1, 1998 that would among other things, expand the product coverage of the ITA. While we believe that the initial negotiations have included the majority of ITA-type products in the coverage, the private sector has been reviewing lists and developing new proposals, some of which likely may require new proclamation authority. In addition, the United States is seeking, by November, to have agreement to negotiate in 1998 similar sectoral initiatives within APEC. Most of these greements would require new proclamation authority.

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Divider Title: **80**

APEC SECTORAL LIBERALIZATION: LIKELIHOOD OF SUCCESS

Q: What is the likelihood that these proposals (I understand there are over 60 of them) will actually result in something concrete?

A: At this stage, its too early to predict success in any particular sector. Although many obstacles must still be overcome, I think the odds are favorable that APEC Ministers/Leaders will agree to launch negotiations in a number of important sectors in November of very substantial commercial interest to the U.S. When I met with either APEC Trade Ministers in May, I was very much struck by the strong and broad-based interest in this initiative. In preliminary discussions thus far, there has been very broad interest in the environmental technologies and services sector which is of major importance to the U.S. as well as a very considerable degree of interest and support in sectors such as forest products, fish, oilseeds and oilseed products, medical equipment and services, and chemicals where there is strong U.S. industry interest. In other areas of interest to the U.S., we believe we have a good opportunity to build support over the coming two months. Of course, in each of these areas there is still a tremendous amount of work to be done before we can bring these initiatives to fruition.

I would note a few factors that augur well for a good outcome in November:

-- The dramatic success of the ITA demonstrates that the sectoral approach is a viable one.

-- Widespread support for the sectoral liberalization exercise and the degree of interest and involvement in the exercise have been very impressive.

-- I think the view is widely shared by APEC Ministers that an important result on sectoral liberalization in November is critical to APEC's credibility in establishing a leadership role in setting the global trade agenda.

We should also bear in mind that even where sectors are not selected this year, discussions will likely continue and they might be deemed "ripe" for action in the next or subsequent years.

I think it's fair to say that the prospects for FT legislation will also impact on the prospects for success in sectoral liberalization. In several of the sectors proposed we will need such authority in order to implement sectoral agreements. Understandably, we can expect the enthusiam of other APEC members for this exercise to dim if our participation is limited to the residual authority we now have or if they perceive that new fast track will not soon be forthcoming.

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Divider Title: ______________________________

APEC Sectoral Initiatives

Q: Please explain the sectoral liberalization exercise underway in APEC.

A: Building on APEC's success in contribuing to the completion of the ITA last year, APEC trade ministers decided in May to conduct an expedited process for identifying other sectors for early liberalization. The exercise will look at not only tariffs but other trade barriers as well. The idea is to develop a critical mass of APEC support for opening markets in certain sectors, and then take that support to give impetus to the conclusion of a binding global agreement in that sector.

Q: Which sectors has the United States proposed for sectoral liberaliaztion?

A: Working closely with the private sector, we have nominated eight sectors for early liberalization, which includes a mix of manufacturing, services and agricultural sectors, in both well-established and emerging areas. The eight sectors were: chemicals, autos, environmental technology and services, energy-related equipment and services, medical equipment and services, forest products (wood and paper), oilseeds, and a mutual recognition agreement for telecommunications.

For the most part, the nominations envisage both a tariff cutting exercise, as well as a process for identifying and eliminating significant non-tariff barriers. In the case of the automotive sector, the nomination envisages beginning with cooperative elements, such as standards harmonization, and proceeding to trade and investment barriers in the longer term.

In addition there are other sectors proposed by other APEC economies of great interest to the United States and supported by U.S. industry, including steel, non-ferrous metals, civil aircraft, and fish.

Q: How were these sectors identified?

A: We have worked in close consultation with the private sector to identify sectors in which we have a strong commercial interest, which are economically signficant, and where the participation of Asia Pacific economies would be important to achieving global market opening.

Q: Does the U.S. proposal on autos mean that we would be willing to cut our 25% duty on light trucks?

A: The U.S. proposal envisages work on "trade facilitation" issues, such as standards and customs, as the intitial focus of work. However, we would also like to first identify and then address tariff and non-tariff measures in the area as well. Tariffs on autos and auto parts in Asia tend to be extremely high. Before we would be willing to consider lowering any of our own tariffs, we would have to see significant tariff cutting by other countries in the region, whose tariffs are even higher.

Background on U.S. Sectoral Nominations

Below are some key facts on sectors proposed by the United States for sectoral liberalization in APEC:

- Environmental technology and services -- This broad-ranging proposal offers tariff elimination in one of the fastest growing industry sectors worldwide, with the global market estimated at $420 billion (65% of which is represented by APEC).

- Chemicals - Global trade in the chemicals sector was $275 billion in 1996, and U.S. exports in 1996 were $61.8 billion; the U.S. proposal promises early liberalization of the vast global market for chemicals (approaching $2 trillion in shipments), with earlier liberalization possible in some sectors -- e.g. pharmaceuticals, fertilizer, film.

- Forest products (wood and paper) -- Tariff elimination in this sector would facilitate trade in the $287 billion dollar forest products market. In 1995, APEC accounted for 43% of world trade in pulp and paper and 67% of world trade in wood and wood products.

- Energy-related equipment and services -- This proposal suggests tariff elimination for energy equipment and addresses market access for goods and services. The construction of new energy capacity in the APEC region in the next decade is reckoned to total several hundred billion dollars.

- Medical equipment and services -- The proposal focuses on tariffs and market access issues in a market which is expanding rapidly in APEC economies, with growth rates of 30% in China and 19% in the rest of Asia. This proposal would not only promote a key U.S. export sector, but help APEC economies meet public health goals at lower cost.

- Automotive -- The U.S.-proposed work program on autos would focus initially on trade facilitation issues in a vital sector for APEC economies, e.g. harmonization of standards. APEC supplied 60% of the over $400 billion in exports generated in 1995.

- Oilseeds and oilseed products -- APEC economies are both major producers (providing over 60% of global exports for oilseeds and vegetable oils) and major consumers (importing about 21 million metric tons of oilseeds last year and accounting for 30% of world imports for vegetable oil) of oilseeds and oilseed products. Elimination of tariffs and NTMs in this sector would therefore likely result in significant gains for all APEC economies.

- MRAs for telecommunications and information technology equipment -- MRAs for telecom and information technology equipment have the potential to facilitate trade in a significant portion of the $741 billion in telecom and information equipment goods imported and exported by members of APEC.

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Divider Title: ______________________________

APEC SECTORAL INITIATIVES - OTHER PROPOSALS

Question: What other sectors have been nominated by other countries for early voluntary liberalization? Do we support these proposals?

Answer: (General)

- Over 60 proposals for sectoral liberalization have been submitted, including the eight that we have proposed. However, many of those proposed pertain to the same general sectors - for example, four proposals were received in the environmental area. So the process is more manageable than that figure would suggest. Efforts are now underway to consolidate the proposals where possible.

- We have indicated support for liberalization in a number of these areas, reflecting the keen interest of our industry. With regard to other proposals, we are still studying and seeking to evaluate the extent of interest in them. In some cases, for instance, Hong Kong's proposal to eliminate nuisance tariffs, we have made clear that we have no interest.

(Sectors for which we have indicated support)

Fish and fishery products: several countries have proposed liberalizing trade in this sector. We support this proposal, and are working to get broader support for it in the region. There is agreement among the countries proposing this sector to eliminate tariffs on most fishery products by 2003.

Civil Aircraft: Canada has proposed elimination by the year 2000 of tariffs on civil aircraft products. This is basically a proposal that APEC economies sign on to the tariff elimination portion of the WTO Civil Aircraft code.

Toys: Hong Kong, China, and the PRC have both proposed liberalizing trade in toys. We are supportive of these proposals, interesting in perhaps broadening them to include sporting equipment, and are hopeful that they will gain broader support.

Non-ferrous metals: Australia has proposed liberalizing non-ferrous metals. We have expressed interest in it, but need to ascertain the scope of the proposal.

Steel: Korea has proposed to liberalize steel tariffs; since we are already committed to tariff elimination as a result of the Uruguay Round, we would support it.

Beer; We have indicated interest in Canada's proposal to liberalize tariffs in beer; however, to the extent that it also includes barley malt, we would have some problems with it.

Brown Distilled Spirits Canada has proposed thise sector for liberalization. We have indicated interest in this proposal, and hope that it could be broadened to include white distilled spirits.

Background (Other proposals)

Accounting Services: Liberalizing treatment of accounting services has been proposed by the PRC. We are still studying it, but have indicated some positive interest.

Energy; Australia has made a broad proposal for the energy sector, including tariffs, facilitation, NTM's and standards. We are studying this proposal in connection with our own.

Food: Several countries have proposed liberalization of specific products in the food sector. Among the products proposed for liberalization are rice (Thailand), fresh fruit and vegetables (New Zealand), canned and processed vegetables and fruit (Thailand). A more detailed proposal has been made by Australia. We have indicated interest in some of the proposals, such as Australia's comprehensive food proposal, but have some doubt that others (such as rice) will receive broad support in APEC economies.

Proposals have also been made for tariff reduction or elimination in a number of other sectors, including rubber and rubber products, gems and jewelry, sports footwear, consumer electronics and musical instruments. In most of these areas, there would be some U.S. industry objection to tariff reduction.

Proposals have also been made to address cross-sectoral issues such as competition policy and government procurement, investment and intellectual property rights. We expect ultimately that these will be handled by the appropriate APEC working groups rather than in the sectoral liberalization framework.

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APEC SECTORAL LIBERALIZATION INITIATIVES
BY SECTOR

as of September 15, 1997

Sector	**Estimated 1996 Trade Value in U.S. Dollars**
Chemicals	$375 billion global trade, $61.8 billion U.S. exports.
Energy-related equipment and services	$15.5 billion US exports
Medical equipment and services	$2 billion total US exports to APEC
Oilseeds and oilseed products	$3.5 billion total US exports to APEC
Automotives	$233 billion export market within APEC
MRAs for telecommunications and information technology equipment	$741 billion imported and exported by members of APEC
Forest products	$21 billion total US exports to world
Environmental goods and services	Global market now estimated at $420 billion and expected to reach $600 billion by the year 2010. APEC countries, including the U.S. and Japan, represent approximately 65% of the market.
Fish and fish products	$2.5 billion total US exports to APEC
Non-ferrous metals	$7 billion total US exports to APEC
Civil aircraft	$14.9 billion total US exports to APEC. (While this figure includes both aircraft and spacecraft, aircraft represents the bulk of export value.)

US EXPORTS OF GOODS TO MAJOR ASIAN AND PACIFIC APEC MEMBERS

1996

(Millions of US dollars)

	Total US Exports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Australia	11,992	297	2,501	5,788	1,108	1,448	257	592	301	20	2,956	11,347
China	11,978	1,313	4,101	5,732	180	480	13	159	2,080	63	3,164	9,131
Hong Kong	13,956	1,348	3,316	6,507	276	2,067	22	419	1,471	38	4,595	11,781
Indonesia	3,965	516	1,363	1,754	122	117	22	70	847	7	687	2,856
Japan	67,536	12,351	15,071	24,793	4,596	8,448	1,191	1,085	11,620	604	20,179	46,969
Korea, South	26,583	2,998	7,028	13,033	723	1,652	778	371	3,828	456	9,460	20,413
Malaysia	8,521	536	1,232	6,031	54	413	62	194	610	7	4,917	7,747
New Zealand	1,727	81	438	764	58	199	27	160	88	3	426	1,573
Philippines	6,125	816	867	3,867	118	290	55	112	877	92	2,972	5,001
Singapore	16,685	250	3,162	11,471	209	1,000	115	479	281	254	8,425	15,955
Taiwan	18,413	2,719	4,461	8,386	720	956	878	294	2,953	244	6,880	14,404
Thailand	7,211	407	1,883	3,842	158	470	276	177	569	16	2,717	6,379
Total	194,692	23,631	45,424	91,966	8,321	17,541	3,696	4,112	25,524	1,805	67,379	153,556
World	622,827	55,466	147,183	252,393	64,166	70,070	14,924	18,625	60,562	6,388	154,881	522,660
Share of World	31.3%	42.6%	30.9%	36.4%	13.0%	25.0%	24.8%	22.1%	42.1%	28.3%	43.5%	29.4%

US IMPORTS OF GOODS FROM MAJOR ASIAN AND PACIFIC APEC MEMBERS
1996
(Millions of US dollars)

	Total US Imports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Agriculture	Petroleum	High Technology	Manufact'd Goods
Australia	3,854	691	1,777	493	233	323	338	794	250	269	2,035
China	51,495	662	4,214	8,741	750	36,725	404	568	405	3,827	49,928
Hong Kong	9,867	102	367	2,533	68	6,307	491	92	0	1,664	9,742
Indonesia	8,213	737	2,381	694	173	4,177	52	1,529	543	583	5,831
Japan	115,218	343	11,875	54,372	34,689	11,795	2,144	255	20	30,522	114,503
Korea, South	22,667	177	2,627	12,279	2,458	4,649	476	84	73	9,522	22,275
Malaysia	17,825	160	1,148	10,249	234	5,785	250	370	81	9,627	17,265
New Zealand	1,464	709	402	124	41	66	123	676	28	41	604
Philippines	8,162	674	170	3,793	294	3,134	98	593	0	3,470	7,436
Singapore	20,340	92	772	17,383	179	1,246	668	47	118	15,560	20,093
Taiwan	29,911	296	3,024	16,272	862	8,993	464	155	1	9,937	29,517
Thailand	11,338	1,618	804	4,126	282	4,296	210	875	5	2,666	9,318
Total	300,353	6,262	29,559	131,059	40,264	87,494	5,716	6,037	1,523	87,687	288,547
World	791,315	35,701	199,303	229,005	130,052	171,112	26,141	32,568	71,013	130,306	659,867
Share of World	38.0%	17.5%	14.8%	57.2%	31.0%	51.1%	21.9%	18.5%	2.1%	67.3%	43.7%

US BALANCE OF TRADE IN GOODS WITH MAJOR ASIAN AND PACIFIC APEC MEMBERS
1996
(Millions of US dollars)

	Overall U.S. Goods Balance	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Australia	8,137	(394)	724	5,295	875	1,126	(81)	592	(492)	(230)	2,688	9,312
China	(39,517)	651	(112)	(3,009)	(570)	(36,245)	(391)	159	1,512	(342)	(662)	(40,797)
Hong Kong	4,088	1,246	2,950	3,975	208	(4,240)	(469)	419	1,379	38	2,931	2,039
Indonesia	(4,248)	(221)	(1,018)	1,060	(51)	(4,059)	(29)	70	(682)	(536)	104	(2,974)
Japan	(47,683)	12,008	3,196	(29,579)	(30,093)	(3,347)	(953)	1,085	11,365	584	(10,343)	(67,534)
Korea, South	3,916	2,821	4,401	754	(1,735)	(2,997)	302	371	3,744	383	(62)	(1,862)
Malaysia	(9,303)	376	84	(4,218)	(179)	(5,372)	(187)	194	240	(74)	(4,710)	(9,518)
New Zealand	263	(628)	36	640	17	134	(95)	160	(588)	(25)	386	969
Philippines	(2,038)	143	697	73	(176)	(2,844)	(42)	112	284	92	(498)	(2,436)
Singapore	(3,655)	158	2,390	(5,912)	29	(246)	(553)	479	234	136	(7,135)	(4,138)
Taiwan	(11,498)	2,423	1,436	(7,886)	(142)	(8,037)	414	294	2,798	243	(3,057)	(15,112)
Thailand	(4,125)	(1,211)	1,078	(284)	(125)	(3,826)	67	177	(306)	11	51	(2,939)
Total	(105,662)	17,370	15,864	(39,092)	(31,943)	(69,953)	(2,020)	4,112	19,487	281	(20,307)	(134,991)
World	(168,488)	19,765	(52,120)	23,388	(65,885)	(101,043)	(11,217)	18,625	27,994	(64,625)	24,575	(137,207)

US EXPORTS OF GOODS ... B-SAHARAN AFRICA
19..

(Millions of US dollars)

	Total US Exports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Angola	268	26	29	181	12	15	0	5	28	1	23	231
Benin	27	2	4	4	3	13	0	1	2	0	1	13
Botswana	29	1	0	7	2	1	6	11	1	0	3	27
Burkina Faso	10	3	3	3	0	1	0	0	3	0	1	5
Burundi	2	0	0	1	0	1	0	0	0	0	1	1
Cameroon	71	3	13	46	3	5	0	1	3	0	4	59
Cape Verde	68	5	0	60	1	0	0	1	5	0	60	62
Central African Rep	4	0	0	3	0	1	0	0	0	0	1	3
Chad	3	2	0	0	0	0	0	0	2	0	0	1
Comoros	0	0	0	0	0	0	0	0	0	0	0	0
Congo	62	7	6	46	0	1	1	2	7	0	5	55
Djibouti	8	2	1	1	0	5	0	0	2	0	0	2
Equatorial Guinea	17	0	3	13	0	0	0	0	0	0	0	17
Eritrea	14	7	0	5	0	0	0	1	8	0	1	6
Ethiopia	148	36	24	62	4	5	11	5	36	0	19	110
Gabon	56	0	3	42	6	3	0	1	0	0	2	54
Gambia	8	2	2	2	0	3	0	0	2	0	0	5
Ghana	295	63	61	126	12	22	1	11	64	0	9	206
Guinea	87	12	12	34	4	14	0	10	12	2	4	59
Guinea-Bissau	7	0	4	2	0	0	0	0	0	4	0	3
Ivory Coast	141	20	57	40	10	11	0	3	20	2	5	110
Kenya	104	10	31	35	9	12	4	4	10	0	20	89
Lesotho	3	2	0	0	0	0	0	0	2	0	0	1
Liberia	50	37	1	2	1	4	0	4	35	0	0	13
Madagascar	12	2	1	7	1	1	0	0	2	0	2	10
Malawi	13	0	1	5	1	4	0	2	0	0	2	10
Mali	18	0	2	10	3	3	0	1	0	0	2	16
Mauritania	15	1	2	7	0	5	0	0	1	0	1	10
Mauritius	25	1	2	14	0	8	0	1	0	0	5	25
Mozambique	23	10	1	6	1	4	0	1	10	0	1	10
Namibia	22	5	0	6	6	1	0	4	5	0	3	17
Niger	27	1	8	3	1	17	0	1	1	0	1	7
Nigeria	816	159	130	474	19	27	0	8	177	17	26	617
Rwanda	37	33	0	1	0	2	0	1	33	0	1	3
Sao Tome/Principe	0	0	0	0	0	0	0	0	0	0	0	0
Senegal	56	5	14	19	3	12	0	2	7	0	5	33
Seychelles	103	1	1	100	0	2	0	0	1	0	98	102
Sierra Leone	28	15	2	3	0	6	0	1	15	0	1	9
Somalia	4	3	0	0	0	1	0	0	3	0	0	1
South Africa	3,106	281	851	1,280	205	314	16	150	288	29	536	2,597
Sudan	50	16	3	28	2	1	0	0	16	0	9	34
Swaziland	2	1	0	1	0	0	0	0	0	0	0	2
Tanzania	50	5	6	22	2	14	0	2	5	0	8	34
Togo	20	4	2	8	1	5	0	0	5	0	3	13
Uganda	17	4	2	7	0	4	0	0	4	0	3	12
Zaire	73	24	7	26	1	12	0	3	24	0	5	39
Zambia	46	0	5	16	10	11	0	3	0	0	5	43
Zimbabwe	91	0	15	44	21	7	1	2	1	0	14	89
Total	6,140	810	1,305	2,814	346	578	41	246	840	58	891	4,865
World	622,827	55,466	147,183	252,393	64,166	70,070	14,924	18,625	60,562	6,388	154,881	522,660
Share of World	1.0%	1.5%	0.9%	1.1%	0.5%	0.8%	0.3%	1.3%	1.4%	0.9%	0.6%	0.9%

US IMPORTS OF GOODS FROM [illegible] AHARAN AFRICA
1996
(Millions of US dollars)

	Total US Imports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Agriculture	Petroleum	High Technology	Manufact'd Goods
Angola	2,687	0	2,678	0	0	1	8	0	2,678	0	9
Benin	18	0	17	0	0	0	1	1	12	0	5
Botswana	27	0	1	0	0	24	2	0	0	0	27
Burkina Faso	4	0	4	0	0	0	0	4	0	0	0
Burundi	2	1	1	0	0	0	0	1	0	0	0
Cameroon	64	10	49	1	0	4	0	21	35	1	7
Cape Verde	0	0	0	0	0	0	0	0	0	0	0
Central African Rep.	0	0	0	0	0	0	0	0	0	0	0
Chad	7	0	5	0	0	0	2	0	0	0	2
Comoros	6	6	0	0	0	0	0	2	0	0	0
Congo	315	2	293	0	0	19	0	3	289	0	24
Djibouti	0	0	0	0	0	0	0	0	0	0	0
Equatorial Guinea	76	0	76	0	0	0	0	0	75	0	1
Eritrea	2	0	1	0	0	0	0	0	0	0	1
Ethiopia	35	22	5	6	0	0	1	24	0	6	8
Gabon	1,949	1	1,944	0	0	0	3	1	1,916	0	4
Gambia	2	0	0	0	0	2	0	0	0	0	2
Ghana	171	40	21	0	0	109	1	32	3	0	114
Guinea	116	2	109	0	0	3	3	2	14	0	6
Guinea-Bissau	0	0	0	0	0	0	0	0	0	0	0
Ivory Coast	397	283	92	11	0	10	2	310	53	0	32
Kenya	107	33	30	4	0	37	2	55	5	3	46
Lesotho	65	0	0	0	0	65	0	0	0	0	65
Liberia	27	0	0	0	0	26	0	0	0	0	27
Madagascar	46	22	7	0	0	16	1	26	0	0	15
Malawi	72	14	57	0	0	1	0	71	0	0	2
Mali	5	0	2	1	0	2	1	1	0	1	4
Mauritania	5	0	5	0	0	0	0	0	0	0	0
Mauritius	217	22	1	11	0	179	4	14	0	9	193
Mozambique	27	24	2	0	0	0	0	25	0	0	1
Namibia	27	11	13	0	0	1	2	0	1	0	14
Niger	1	0	0	0	0	0	0	0	0	0	1
Nigeria	5,849	10	5,833	0	0	2	4	34	5,798	0	13
Rwanda	9	7	1	0	0	0	0	7	0	0	0
Sao Tome/Principe	0	0	0	0	0	0	0	0	0	0	0
Senegal	5	1	1	0	0	2	2	0	0	0	5
Seychelles	3	0	0	0	0	0	2	0	0	0	2
Sierra Leone	22	1	2	0	0	19	0	0	0	0	20
Somalia	0	0	0	0	0	0	0	0	0	0	0
South Africa	2,323	118	1,764	119	64	197	61	107	14	12	1,789
Sudan	19	6	12	0	0	0	0	7	0	0	2
Swaziland	30	8	4	0	0	17	0	8	0	0	19
Tanzania	19	5	3	0	0	10	1	4	0	0	12
Togo	4	1	3	0	0	0	1	1	1	0	2
Uganda	16	16	0	0	0	0	0	16	0	0	0
Zaire	250	2	158	0	0	90	1	3	124	0	116
Zambia	64	0	60	0	0	3	1	0	0	0	64
Zimbabwe	133	18	96	1	1	16	2	49	0	0	77
Total	15,226	685	13,353	157	65	856	110	832	11,017	34	2,730
World	791,315	35,701	199,303	229,005	130,052	171,112	26,141	32,568	71,013	130,306	659,867
Share of World	1 9%	1.9%	6.7%	0.1%	0.0%	0.5%	0.4%	2.6%	15.5%	0.0%	0.4%

US BALANCE OF TRADE IN GO[illegible] WITH SUB-SAHARAN AFRICA
19[illegible]
(Millions of US dollars)

	Overall U.S. Goods Balance	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Angola	(2,419)	26	(2,649)	181	12	14	(8)	5	28	(2,677)	23	222
Benin	9	2	(13)	4	3	13	(1)	1	1	(12)	1	8
Botswana	2	1	(0)	7	2	(23)	4	11	1	0	2	1
Burkina Faso	6	3	(1)	3	0	1	(0)	0	(0)	0	1	5
Burundi	0	(1)	(1)	1	0	1	(0)	0	(1)	0	1	1
Cameroon	6	(7)	(36)	45	3	1	(0)	1	(18)	(34)	3	53
Cape Verde	67	5	0	60	1	0	(0)	1	5	0	60	62
Central African Rep.	4	0	0	3	0	1	(0)	0	(0)	0	1	3
Chad	(4)	2	(5)	0	0	0	(2)	0	2	0	0	(1)
Comoros	(6)	(6)	(0)	0	0	(0)	(0)	0	(2)	0	0	(0)
Congo	(253)	4	(287)	46	0	(18)	0	2	4	(288)	5	31
Djibouti	8	2	1	1	0	5	0	0	2	0	0	2
Equatorial Guinea	(59)	0	(73)	13	0	0	(0)	0	0	(75)	0	16
Eritrea	12	7	(1)	5	0	0	(0)	1	8	0	1	5
Ethiopia	113	14	19	56	4	4	10	5	12	0	13	102
Gabon	(1,893)	(1)	(1,941)	42	6	3	(3)	1	(1)	(1,918)	2	51
Gambia	7	2	2	2	0	1	(0)	0	2	0	0	3
Ghana	124	23	39	126	12	(87)	(1)	11	32	(2)	9	91
Guinea	(29)	11	(98)	34	4	12	(3)	10	10	(12)	4	53
Guinea-Bissau	7	(0)	4	2	0	0	0	0	0	4	0	3
Ivory Coast	(256)	(263)	(36)	30	10	1	(2)	3	(290)	(50)	5	78
Kenya	(2)	(23)	0	31	9	(26)	1	4	(45)	(5)	16	43
Lesotho	(63)	2	0	0	0	(65)	(0)	0	2	0	0	(65)
Liberia	23	37	1	2	1	(22)	(0)	4	35	0	0	(14)
Madagascar	(34)	(20)	(6)	7	1	(15)	(1)	0	(25)	0	2	(5)
Malawi	(59)	(13)	(56)	5	1	3	(0)	2	(70)	0	2	8
Mali	13	0	0	9	3	1	(1)	1	(1)	0	1	11
Mauritania	10	1	(3)	7	0	4	0	0	1	0	1	10
Mauritius	(192)	(22)	1	3	0	(171)	(4)	1	(13)	0	(3)	(168)
Mozambique	(4)	(14)	(1)	6	1	4	(0)	1	(16)	0	1	9
Namibia	(5)	(7)	(13)	6	6	0	(2)	4	5	(1)	3	3
Niger	26	1	5	2	1	17	(0)	1	1	0	1	6
Nigeria	(5,033)	149	(5,704)	474	19	25	(3)	8	143	(5,781)	26	604
Rwanda	29	26	(1)	1	0	2	(0)	1	26	0	1	3
Sao Tome/Principe	(0)	0	(0)	0	0	0	(0)	0	0	0	0	(0)
Senegal	50	4	13	19	3	11	(2)	2	7	0	4	28
Seychelles	100	1	0	99	0	2	(2)	0	0	0	98	100
Sierra Leone	6	14	0	3	0	(13)	(0)	1	15	0	1	(11)
Somalia	4	3	0	0	0	1	(0)	0	3	0	0	1
South Africa	784	164	(913)	1,171	142	117	(48)	150	181	15	524	808
Sudan	32	9	(9)	28	2	1	(0)	0	9	0	9	32
Swaziland	(28)	(7)	(4)	0	(0)	(17)	(0)	0	(8)	0	0	(16)
Tanzania	31	(0)	3	22	2	3	(1)	2	0	0	8	22
Togo	16	4	(0)	8	1	4	(1)	0	3	(1)	3	11
Uganda	1	(12)	2	7	0	4	(0)	0	(12)	0	3	12
Zaire	(177)	23	(151)	26	1	(78)	(0)	3	21	(123)	5	(77)
Zambia	(19)	(0)	(56)	16	10	8	(1)	3	(0)	0	5	(21)
Zimbabwe	(42)	(17)	(81)	43	19	(8)	(1)	2	(48)	0	14	13
Total	(9,086)	125	(12,048)	2,657	281	(278)	(69)	246	8	(10,959)	857	2,135
World	(168,488)	19,765	(52,120)	23,388	(65,885)	(101,043)	(11,217)	18,625	27,994	(64,625)	24,575	(137,207)

US EXPORTS OF GO[illegible] FTAA COUNTRIES

19[illegible]

(Millions of US dollars)

	Total US Exports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Antigua	82	16	18	18	3	13	1	12	14	0	8	60
Argentina	4,516	79	1,363	2,218	236	448	18	152	157	37	850	4,213
Bahamas	725	139	210	122	64	112	0	79	135	82	32	481
Barbados	222	47	64	52	4	33	0	22	52	11	19	155
Belize	107	15	25	24	9	22	1	10	16	1	4	86
Bolivia	269	39	56	140	11	15	2	6	40	1	72	223
Brazil	12,699	461	3,789	6,063	576	1,458	108	243	561	245	3,283	11,279
Canada	132,584	6,811	29,373	42,925	34,357	13,876	483	4,759	6,863	1,014	18,850	119,952
Chile	4,132	105	1,016	1,943	505	386	20	155	128	113	729	3,766
Colombia	4,709	551	1,361	1,779	262	598	34	123	808	99	600	3,907
Costa Rica	1,814	212	541	322	89	566	3	81	217	30	125	1,540
Dominica	34	4	14	7	3	3	0	3	10	1	2	22
Dominican Rep.	3,183	321	788	659	156	1,180	6	73	412	73	74	2,637
Ecuador	1,257	129	472	441	53	120	7	35	156	28	71	1,046
El Salvador	1,072	145	316	165	48	351	4	46	192	47	43	821
Grenada	36	10	6	9	3	3	0	5	9	0	3	25
Guatemala	1,564	190	544	276	95	389	2	68	272	94	55	1,172
Guyana	137	27	32	49	4	16	1	8	29	2	6	105
Haiti	474	182	81	49	29	96	0	35	188	21	6	248
Honduras	1,641	101	441	204	55	748	3	90	132	85	38	1,398
Jamaica	1,491	196	456	228	62	466	1	81	204	143	55	1,105
Mexico	56,761	4,579	16,543	18,559	8,266	6,519	65	2,228	5,367	1,295	5,703	48,778
Nicaragua	262	53	58	68	22	48	1	12	65	4	17	186
Panama	1,378	147	411	295	69	386	7	62	148	135	92	1,026
Paraguay	897	30	38	582	27	210	1	8	33	3	425	821
Peru	1,767	296	392	766	88	167	4	54	307	26	202	1,409
St Chris.-Nevis	39	4	8	14	2	6	0	5	4	1	5	32
St Lucia	84	13	28	12	3	17	0	11	13	10	4	58
St Vincent & Gren.	45	18	9	6	2	4	0	6	18	0	1	24
Suriname	222	25	69	73	14	24	1	17	25	0	6	191
Trinidad & Tobago	665	126	211	207	15	51	3	52	132	31	36	486
Uruguay	484	13	131	186	27	102	1	24	16	9	97	440
Venezuela	4,741	424	1,208	2,100	444	396	60	110	467	28	401	3,991
Total	240,092	15,509	60,072	80,563	45,603	28,831	841	8,675	16,989	3,670	31,915	211,684
World	622,827	55,466	147,183	252,393	64,166	70,070	14,924	18,625	60,562	6,388	154,881	522,660
Share of World	38.5%	28.0%	40.8%	31.9%	71.1%	41.1%	5.6%	46.6%	28.1%	57.5%	20.6%	40.5%

US IMPORTS OF GOODS FR[illegible]AA COUNTRIES
1996
(Millions of US dollars)

	Total US Imports	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Agriculture	Petroleum	High Technology	Manufact'd Goods
Antigua	9	0	6	0	0	1	1	0	0	0	8
Argentina	2,278	636	1,359	58	33	132	60	730	783	12	652
Bahamas	165	54	54	1	0	46	11	2	9	28	87
Barbados	41	4	1	20	0	6	10	1	0	0	36
Belize	68	41	6	1	0	18	5	31	2	0	22
Bolivia	275	12	159	0	0	100	4	14	16	0	200
Brazil	8,762	1,070	3,637	1,058	941	1,921	135	1,349	151	247	6,522
Canada	156,506	7,765	59,870	24,163	47,063	9,965	7,680	6,730	15,519	11,590	120,444
Chile	2,256	991	1,120	14	7	82	41	753	16	1	885
Colombia	4,273	775	2,444	11	8	868	188	1,121	1,947	1	1,064
Costa Rica	1,974	696	135	161	4	916	62	682	0	80	1,229
Dominica	8	0	1	1	0	4	2	0	0	0	7
Dominican Rep.	3,575	314	259	553	5	2,360	83	369	0	293	3,087
Ecuador	1,916	938	836	3	2	109	27	539	756	1	112
El Salvador	1,074	135	42	133	0	758	8	101	0	99	931
Grenada	4	2	0	1	0	0	0	1	0	1	2
Guatemala	1,673	635	157	1	1	864	16	660	60	0	914
Guyana	109	35	59	1	0	10	4	10	0	0	39
Haiti	143	7	12	4	0	118	3	6	0	0	135
Honduras	1,796	369	37	1	13	1,351	24	277	0	0	1,366
Jamaica	839	67	209	9	1	527	26	48	0	3	589
Mexico	72,963	4,221	13,430	15,594	23,324	13,835	2,559	3,713	6,765	4,743	60,965
Nicaragua	350	138	41	0	0	167	3	80	0	1	192
Panama	346	202	43	9	2	57	33	115	18	3	110
Paraguay	42	2	30	3	0	5	2	9	0	3	32
Peru	1,261	191	757	6	3	279	24	154	268	1	702
St Chris.-Nevis	23	0	0	20	0	1	1	0	0	1	23
St Lucia	22	0	3	6	0	11	2	0	0	1	23
St Vincent & Gren.	7	0	0	1	0	5	1	0	0	0	6
Suriname	97	6	85	1	0	1	5	0	0	0	14
Trinidad & Tobago	1,017	50	930	3	0	13	21	22	417	0	518
Uruguay	260	69	93	1	0	83	14	62	0	0	177
Venezuela	12,903	168	12,440	37	139	46	74	102	11,131	1	1,244
Total	277,035	19,596	98,254	41,874	71,548	34,654	11,108	17,682	37,857	17,111	202,337
World	791,315	35,701	199,303	229,005	130,052	171,112	26,141	32,568	71,013	130,306	659,867
Share of World	35.0%	54.9%	49.3%	18.3%	55.0%	20.3%	42.5%	54.3%	53.3%	13.1%	30.7%

US BALANCE OF TRADE IN [illegible]S WITH FTAA COUNTRIES

19[illegible]

(Millions of US dollars)

	Overall U.S. Goods Balance	Foods, feeds and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles parts and engines	Consumer goods (non-food) except automotive	Military type goods	Exports not elsewhere classified	Agriculture	Petroleum	High Technology	Manufact'd Goods
Antigua	73	15	13	18	3	12	1	12	14	0	8	52
Argentina	2,237	(557)	4	2,160	203	316	(42)	152	(573)	(746)	838	3,560
Bahamas	560	85	156	121	64	66	(11)	79	133	73	4	393
Barbados	181	43	63	32	4	27	(9)	22	51	11	19	119
Belize	38	(26)	19	23	9	8	(3)	10	(15)	(1)	4	64
Bolivia	(6)	28	(103)	140	11	(85)	(2)	6	26	(15)	72	23
Brazil	3,938	(609)	153	5,005	(365)	(463)	(27)	243	(788)	95	3,036	4,757
Canada	(23,922)	(954)	(30,497)	18,761	(12,706)	3,911	(7,196)	4,759	133	(14,505)	7,261	(492)
Chile	1,876	(886)	(104)	1,930	498	304	(21)	155	(625)	97	728	2,881
Colombia	435	(224)	(1,083)	1,768	254	(269)	(134)	123	(512)	(1,848)	599	2,843
Costa Rica	(160)	(483)	405	161	85	(350)	(59)	81	(465)	30	44	311
Dominica	26	4	14	6	3	(1)	(2)	3	10	1	2	15
Dominican Rep.	(392)	7	528	106	151	(1,180)	(77)	73	43	73	(218)	(450)
Ecuador	(659)	(810)	(364)	438	52	11	(21)	35	(383)	(729)	70	934
El Salvador	(2)	10	274	32	46	(406)	(4)	46	90	47	(56)	(110)
Grenada	32	8	6	8	3	3	0	5	9	0	2	23
Guatemala	(109)	(445)	387	275	94	(474)	(14)	68	(388)	33	54	257
Guyana	27	(9)	(28)	48	4	6	(3)	8	19	2	5	66
Haiti	330	175	69	45	29	(21)	(2)	35	181	21	6	113
Honduras	(155)	(288)	404	202	41	(603)	(22)	90	(145)	85	38	32
Jamaica	652	129	248	220	62	(61)	(25)	81	156	143	52	516
Mexico	(16,202)	358	3,113	2,966	(15,058)	(7,316)	(2,494)	2,228	1,654	(5,470)	960	(12,187)
Nicaragua	(88)	(86)	17	68	22	(119)	(3)	12	(15)	4	16	(6)
Panama	1,032	(55)	368	286	68	330	(26)	62	33	117	89	917
Paraguay	855	28	8	579	27	206	(0)	8	23	3	421	789
Peru	505	105	(366)	760	84	(112)	(20)	54	153	(241)	200	708
St Chris.-Nevis	16	4	8	(7)	2	6	(1)	5	4	1	3	10
St Lucia	62	13	24	6	3	6	(1)	11	12	10	4	36
St Vincent & Gren.	38	17	9	5	2	(1)	(0)	6	18	0	1	18
Suriname	126	20	(17)	73	14	23	(4)	17	25	0	6	177
Trinidad & Tobago	(352)	76	(718)	204	15	39	(18)	52	109	(386)	36	(32)
Uruguay	224	(56)	38	185	27	19	(13)	24	(46)	9	97	263
Venezuela	(8,162)	256	(11,232)	2,063	306	350	(14)	110	365	(11,103)	400	2,747
Total	(36,943)	(4,087)	(38,182)	38,688	(25,945)	(5,823)	(10,267)	8,675	(694)	(34,187)	14,803	9,346
World	(168,488)	19,765	(52,120)	23,388	(65,885)	(101,043)	(11,217)	18,625	27,994	(64,625)	24,575	(137,207)

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Divider Title: 84

The Free Trade Area of the Americas (FTAA) Process

- We are seeking to reach consensus on the commitment to **simultaneously initiate** the FTAA negotiations **on all issues** identified by our Leaders in Miami, and any others agreed upon by the Ministers.

- We believe it important that there be agreement to a very significant package of interim agreements by the year 2000, to meet our Leaders' mandate in Miami to achieve **concrete progress by the turn of the century**. The "concrete progress" also should include full implementation of all FTAA countries' WTO and Uruguay Round commitments, and implementation of concrete business facilitation measures.

- We also will be seeking support for addressing in some appropriate way the linkage between economic integration and **labor and environment**. The Leaders in Miami specifically mentioned the need to address this linkage in the FTAA Plan of Action as well as in the portion of their Declaration covering economic integration and free trade.

- We expect to see the Tripartite Committee feasibility study on the **"temporary administrative secretariat"** which we will need to support the FTAA negotiations. (We believe that Miami would be the most convenient and likely the most cost-effective site for the negotiations and will be urging our FTAA counterparts to consider seriously the advantages of this site, especially since the majority of Latin American delegations have to transit Miami to get almost anywhere in the hemisphere.)

- The Leaders in Miami also mandated that we take into consideration the concerns of **smaller economies** with respect to their participation in the FTAA process. Many of the countries in the hemisphere consider themselves smaller economies and some are finding it difficult to meet their WTO commitments. Since the FTAA will be an agreement that uses the WTO as a "floor", we think it would be wise to work toward ensuring that all FTAA participants have met their WTO commitments as we move toward negotiating the FTAA. To serve smaller economies specifically and the FTAA process as a whole, we should work with the FTAA countries to identify their technical assistance needs especially in order to meet their WTO commitments.

- The Working Group on Smaller Economies has been considering an ECLAC report on the feasibility of a **Regional Integration Fund** (RIF). Other countries have gone on record in support of a RIF, while making it clear that they are not in a position to provide funding. The United States will not support the creation of a new institution, but we think that it would be worthwhile exploring how existing institutions, such as the IDB in conjunction with the Caribbean Development

Bank, could reallocate existing resources to create a facility to expedite access to technical assistance.

- The U.S. Government has not yet completed its process to reach an interagency-cleared position on the **organizational structure for the negotiations**. These issues will next be discussed at the October 28-30 meeting of the FTAA Preparatory Committee (PrepCom) in Costa Rica.

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Divider Title: **85**

Revised: Sept. 15 @3:00pm

Fast Track Qs and As: FTAA and Latin America

Q: Why do you need fast track now for the FTAA that has a deadline of 2005?

A: Currently all of the other countries in the Hemisphere are negotiating bilateral and sub-regional free trade arrangements. Most of them already have negotiated the tariff elements of those arrangements (e.g., MERCOSUR, Andean Community, Central American Common Market, CARICOM). Now they are turning to the other elements, including services, investment, government procurement, IPR, etc. Through these negotiations they are de facto establishing the rules of trade within the Hemisphere. In the absence of fast track, of course, we are not included in any of those negotiations. Unless we initiate Hemisphere-wide FTAA negotiations immediately, the rules will be established without our input, and U.S. commercial interests will be placed at a disdvantage to the degree that the rules elsewhere in the Hemisphere differ from ours.

Q: Wouldn't an FTAA with all of Latin America be even worse than the NAFTA with Mexico?

A: The NAFTA enabled us to eliminate Mexican import barriers that typically were several times more restrictive than the import duties and other barriers that we placed on Mexican exports to the U.S. For example, Mexican tariffs on U.S. products averaged 10% on U.S. products, whereas our tariffs on Mexican products averaged 2%. In the case of most other Latin American countries, the imbalance in access is even greater. For example, according to the World Bank, post-Uruguay Round bound tariffs averaged 29% in Brasil, 40% in Colombia, 31% in Argentina, and 32% in Venezuela. While the currently applied rates in these countries generally are substantially lower than these bound rates (average 12-15%), the countries would be within their WTO rights to raise their tariffs to the bound rates. Clearly, it is in the U.S. interest to eliminate the vast differences between the openness of the U.S. market and the barriers we face elsewhere in the hemisphere. Moreover, the process of sub-regional economic integration has proceeded very rapidly elsewhere in the Hemisphere, putting U.S. products at a growing competitive disadvantage vis-a-vis goods sourced from within the sub-regional agreements. For example, Canadian wheat and telecommunications equipment have a competitive advantage in Chile now that Canada and Chile have negotiated an FTA. Likewise, construction equipment and auto parts manufactured in Brasil have a growing preference over U.S.-manufactured products in Chile and Argentina, and soon in Venezuela. Chilean fruits and wines have a preference in their favor over U.S. products in all of the Andean countries. We badly need to stop this erosion of U.S. competitiveness in the Hemisphere. Finally, the FTAA is not an extension of NAFTA. It will be negotiated from scratch, and we look forward to advice from Congress on how to make it a "state of the art" agreement in promoting and defending U.S. interests.

Q: Shouldn't the FTAA include provisions for countervailing duties in cases of massive devaluations which generate sudden trade deficits for the United States (e.g., 1994 devaluation of the Mexican peso)?

A: I would be reluctant to institute such a mechanism in a free trade agreement. In the first place, it may be entirely appropriate for a country to devalue its currency (e.g., when the currency clearly has become significantly overvalued); we would not want to impede sound macroeconomic and monetary policy changes by the threat of trade-reducing import surcharges. Second, introducing a mechanism of fluctuating tariffs responding to fluctuating exchange rates could increase uncertainty substantially, thereby reducing trade for all parties. Finally, the best way to deal with injury or the threat of injury from an import surge (including one caused by an a devaluation of a trading partner's currency) is through general safeguard mechanisms, such as we already have in our domestic law (section 201) and in the WTO (Article XIX). These safeguards can be applied to the affected industry or industries, thereby avoiding a larger inflationary effect on our own economy that could be caused by an across-the-board surcharge on all of a trading partner's goods, including non-competing goods (e.g., petroleum, coffee).

Q: Why should we reward major narcotics trafficking countries with a free trade area? Can we exclude such countries from the FTAA?

A: Certainly in considering any bilateral free trade area, we should assess the degree of cooperation that we receive in fighting narcotics trafficking. We would not enter into bilateral FTA negotiations with a country that was being uncooperative in the fight against narco-trafficking. Moreover, I feel confident that our trading partners in the hemisphere understand so clearly the damage that narco-trafficking does to societies in the supplying and transit countries, as well as in the consuming countries, that we will see intensified efforts within the overall Miami Summit process to fight drug-trafficking in our region. If a country were truly an outlaw country in providing safe haven for drug trafficking, I am confident that all the countries in the hemisphere would put pressure on such a country to clean up its practices as the price for remaining in good standing among the Summit of the America (and FTAA) countries.

Q: Will you suspend FTAA negotiations with any country that returns to dictatorship?

A: The Summit of the Americas was open to all democratically elected leaders in the hemisphere. It would be, therefore, a broader foreign policy question of whether such a country would be welcome in any of the ongoing Summit activities, not just the FTAA. Obviously, that question would have to be the subject of consultation among all of the democratic Summit countries. In the meantime, of course, we are working closely with the other Summit countries and through our bilateral assistance programs to develop and strengthen institutions to support democracy throughout the hemisphere.

Q: Will you initiate FTA negotiations with Cuba if Castro is replaced by a democratic government?

A: When Cuba has a democratic government, there will be a decision by the President in consultations with the Congressregarding how we would adjust our relations, including our trade embargo, to the new situation.. I obviously will implement whatever policy the President, in consultation with the Congress, decides.

Q: Should an FTA or the FTAA have a section on money laundering?

A: Money laundering is an extremely sophisticated criminal activity. Frankly, I believe that law enforcement and financial regulatory officials, rather than trade negotiators, are the most qualified to fight money laundering. Moreover, there is a hemisphere-wide agreement under the Summit Process to combat money laundering. I, of course, will cooperate fully with our officials who deal with this issue in the Hemisphere.

Q: What about more general corruption in international commerce? Should that be addressed in the FTAA?

A: We already have advocated that the FTAA take cognizance of other trade-related Summit activities and draw on those activities to the extent appropriate. For example, we believe that those negotiating government procurement in the FTAA should draw from the recently negotiated Inter-American Convention Against Corruption. Speaking more broadly about the FTAA, one of the principal themes in everything we do is to increase transparency and due process, whether in procurement or customs valuation or standards certification. To the extent that we succeeed in infusing transparency and due process throughout the FTAA system, we will make a major contribution to reducing trade-related corruption.

Q: Will you use fast track authority to negotiate FTAs with countries that have a pattern of abuse of workers' rights, such as in Central America?

A: First, let me say as a general proposition that we do not intend to negotiate free trade agreements with countries that do not share our overall set of values---democracy, respect for human rights (including fair treatment of working people), sensitivity to our environmental stewardship responsibilities, economic freedom for citizens, peaceful resolution of international differences, etc. With respect to countries that share our values but which are the subject of allegations of violations of workers' rights (or the rights of any group of citizens, for that matter), their desire for closer economic ties to the U.S. creates a better environment in which to address such concerns jointly among the appropriate officials in each country. We already are experiencing this in the case of Central America. Their desire for closer economic relations with the U.S. has enabled us to have a more constructive engagement on labor issues. This was one of the outcomes of the President's summit in San Jose, Costa Rica last May. For example, I understand that the labor ministers from Central America are planning to meet in November with Labor Secretary Herman. Our hope is that such meetings will lead to improved cooperation on labor issues among our countries. As in other areas, engaging countries in the FTAA reinforces cooperation in other areas of the Summit of the Americas, whether that be sustainable development or anti-corruption or public administration (which could include improved enforcement of labor law).

Q: Will the Administration seek to have FTAA Negotiating Groups on Worker Rights and on the Environment? Will you seek labor and environment chapters in the FTAA?

A: We have not determined the Administration position yet on the organization of the negotiations, including the number and responsibilities of the initial Negotiating Groups. We have consistently worked in the FTAA, and will continue to do so, to ensure that the 34 countries carry out the Miami Summit mandate from the 34 Leaders: "... to make our trade liberalization and environmental policies mutually supportive" and "...to further secure the observance and promotion of worker rights, as defined by appropriate international conventions" as we construct the FTAA. These mandates were in the FTAA section of the Miami Plan of Action, and were agreed unanimously by the 34 Leaders. We will work with our trading partners, the Congress, and all interested parties in the U.S. to carry out these mandates in the most appropriate and effective way.

Q: The most recent edition of <u>The Economist</u> suggests that Chile's deepening relations with MERCOSUR is cooling its ardor for NAFTA or an FTA with the United States. If this is so, why is the Administration continuing to put Chile at the top of the list for FTA negotiations?

A: In the first place, the Government of Chile has not indicated to us any reduced interest in FTA negotiations. On the other hand, as that article points out, there are inevitable commercial repurcussions from Chile's FTA agreements with MERCOSUR, Canada, etc. Trading and investment patterns are changing in response to Chile's agreements, and these changes undoubtedly are putting an increasing number of U.S.-based firms at a competitive disadvantage vis-a-vis firms based or operating in Chile's FTA partner countries. I don't think that we should spend much time trying to psychoanalyze Chile's attitudes toward an FTA with the U.S. Instead, we should re-start our negotiations, armed with fast track authority, in order to erase any competitive disadvantage to our firms, farms, and workers.

Q: Is the absence of fast track permitting Brasil to create SAFTA (the South American Free Trade Area) as a counterweight to NAFTA?

A: Literally all of the other FTAA countries in the hemisphere---I can't think of an exception---are negotiating free trade agreements with other countries in the region. Obviously, there is enormous interest in the very large MERCOSUR market. If you can't negotiate with your largest market, then the logical thing is to negotiate with your second largest market in the meantime. I don't think that we should attribute any conspiratorial motives to Brasil or MERCOSUR or anyone else. They and their negotiating partners are simply doing what they feel is economically rational under the circumstances. If the United States has fast track, those circumstance will be very, very different. I believe that all of the countries of the hemisphere would respond very quickly to such a change in circumstances.

Q: Is MERCOSUR a trade-diverting or a trade-creating agreement? Do you oppose it?

A: In the first place, MERCOSUR is still developing. The first step has been to schedule the elimination of tariffs among the four members and to establish a common external tariff. They still are implementing those features. It remains to be seen how, or if, they deal with other aspects of international trade and investment (e.g., services, IPR, government procurement, etc). In terms of what they have implemented to date, I think that, broadly speaking, MERCOSUR has contributed to rather than impeded trade liberalization, especially in Brasil. It has forced domestic businesses in each country to compete against businesses in the other three countries, which will prepare them psychologically and substantively to compete in ever widening arenas, including the FTAA. To be sure, we continue to monitor developments in MERCOSUR (and in all other sub-regional arrangements) and to defend vigorously our interests whenever our rights are infringed. And we will pursue such issues bilaterally as well; for example, we requested a WTO panel to address our concerns about Argentina's specific duties on footwear, textiles and apparel.

Q: Would you propose an FTA with MERCOSUR if you received fast track?

A: I think that we should examine, in consultation with Congress, the various alternatives for negotiations under fast track. I certainly would think it appropriate to examine the feasibility and desirability of an FTA with MERCOSUR---not as an alternative to the FTAA, but as an element in the construction of the FTAA.

Q: Should the CBI be included as a fast track negotiating objective?

A: We have not made any decisions about bilateral FTAs with any countries beyond Chile. Nor have we made any decisions about FTAs with sub-regional arrangements such as the CARICOM and the Central American Common Market. We certainly would want to consult with Congress before making such decisions. It is true that the Central American countries expressed their interest to President Clinton during their Summit meeting with him last May in negotiating a reciprocal FTA with the United States. He made no commitments on negotiating any FTAs, but we are working with the Central Americans through the recently established Regional Trade and Investment Council to reinforce their efforts to liberalize their trade regimes and open their economies. And, of course, the Administration's proposal for Caribbean Trade Enhancement works in the same direction. We would implement that proposal through separate legislation from the fast track authority.

Q: Does the Administration support Miami as the site for the FTAA negotiations and administrative secretariat?

A: We believe that the FTAA should be located in a city with the following attributes: outstanding airline connections throughout the hemisphere, world-class telecommunications facilities, a multi-lingual population----and NBA, NFL and Major League franchises. That objective listing of criteria would seem to put Miami at the top of the list. Seriously, we do support Miami. But I must quickly add that the decision will be made by the 34 countries, not by a single country. I am confident, however, that the advantages of Miami will be evident to all countries.

Q: How are countries in the FTAA process dealing with environmental issues.

A: Countries in the Caribbean Basin, which includes Central America, have long been active supporters of the principle of sustainable development. The President met with leaders from the Caribbean and Central America in May. Both the San Jose, Costa Rica and the Bridgetown Barbados Summit produced documents with strong commitments to protecting the environment and ensuring sustainable development. The countries in the region see sound environmental policy as key to their future.

For example, the Bridgetown Plan of Action states that recognizing the importance of a healthy environment, threats to the environment can only be attenuated by global, hemispheric, bilateral cooperation and national action.

The San Jose Summit Declaration likewise makes strong reference to the need for sound environmental policy by renewing the commitment to the promotion of the environmental principles of the Alliance for Sustainable Development, which inspired the signing of the Joint Central American-United States Declaration (CONCAUSA).

The countries of the Caribbean Basin are keenly aware of the need to protect their environments with sound policy in order to ensure sustainable development. They wish to protect their environmental stems from the recognition that the major economic activities of the Caribbean - tourism, fishing and forestry, agriculture, and mining are extremely dependent on a sound environment. This leads them to understand the importance of having good environmental policy in order to attract environmentally sound investment.

Riden

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Divider Title: **86**

Year-to-Date U.S. Merchandi[illegible]RADE with Selected Partners
(Values in Tho[illegible]ds of Dollars)

PARTNER	EXPORTS June 1996	EXPORTS June 1997	EXPORTS Percent Change	IMPORTS June 1996	IMPORTS June 1997	IMPORTS Percent Change	BALANCE June 1996	BALANCE June 1997
World	**309,889,743**	**339,775,575**	**9.64**	**380,610,386**	**416,946,236**	**9.55**	**(70,720,643)**	**(77,170,661)**
Western Hemisphere	**118,007,509**	**137,448,115**	**16.47**	**136,408,979**	**151,303,179**	**10.92**	**(18,401,470)**	**(13,855,064)**
NAFTA	**93,427,208**	**107,910,135**	**15.50**	**113,207,272**	**124,917,454**	**10.34**	**(19,780,064)**	**(17,007,319)**
Canada	66,769,992	75,195,219	12.62	78,223,008	83,952,141	7.32	(11,453,016)	(8,756,922)
Mexico	26,657,216	32,714,916	22.72	34,984,264	40,965,313	17.10	(8,327,048)	(8,250,397)
Latin America/Caribbean	**24,580,301**	**29,537,980**	**20.17**	**23,201,707**	**26,385,725**	**13.72**	**1,378,594**	**3,152,255**
Andean Pact	**6,249,243**	**7,245,073**	**15.94**	**9,572,469**	**10,767,675**	**12.49**	**(3,323,226)**	**(3,522,602)**
Bolivia	97,519	115,359	18.29	117,797	106,041	-9.98	(20,278)	9,318
Colombia	2,354,110	2,542,650	8.01	2,021,492	2,239,377	10.78	332,618	303,273
Ecuador	627,808	726,803	15.77	999,552	1,035,478	3.59	(371,744)	(308,675)
Peru	864,828	903,087	4.42	560,037	810,165	44.66	304,791	92,922
Venezuela	2,304,978	2,957,174	28.30	5,873,591	6,576,614	11.97	(3,568,613)	(3,619,440)
Mercosur	**8,397,697**	**10,615,747**	**26.41**	**5,460,856**	**6,109,241**	**11.87**	**2,936,841**	**4,506,506**
Argentina	2,127,752	2,623,394	23.29	1,071,167	1,111,197	3.74	1,056,585	1,512,197
Brazil	5,593,966	7,263,965	29.85	4,234,841	4,858,990	14.74	1,359,125	2,404,975
Paraguay	449,522	470,586	4.69	18,186	17,190	-5.48	431,336	453,396
Uruguay	226,457	257,802	13.84	136,662	121,864	-10.83	89,795	135,938
Chile	1,859,274	2,105,191	13.23	1,249,933	1,271,603	1.73	609,341	833,588
Central American C.M.	**3,011,146**	**3,624,418**	**20.37**	**3,287,733**	**4,025,879**	**22.45**	**(276,587)**	**(401,461)**
Costa Rica	882,595	980,939	11.14	923,783	1,119,648	21.20	(41,188)	(138,709)
El Salvador	514,957	675,712	31.22	547,898	628,764	14.76	(32,941)	46,948
Guatemala	778,875	849,027	9.01	841,551	997,403	18.52	(62,676)	(148,376)
Honduras	718,658	970,492	35.04	807,264	1,066,308	32.09	(88,606)	(95,816)
Nicaragua	116,061	148,248	27.73	167,237	213,756	27.82	(51,176)	(65,508)
Panama	675,519	750,545	11.11	163,894	172,711	5.38	511,625	577,834
CARICOM	**1,790,999**	**2,042,498**	**14.04**	**1,111,911**	**1,178,557**	**5.99**	**679,088**	**863,941**
Antigua	41,662	38,184	-8.35	4,323	3,118	-27.87	37,339	35,066
Bahamas	368,458	392,260	6.46	89,954	80,570	-10.43	278,504	311,690
Barbados	102,677	134,401	30.90	18,867	20,491	8.61	83,810	113,910
Belize	50,559	58,274	15.26	36,776	41,200	12.03	13,783	17,074
Dominica	17,064	17,029	-0.21	2,985	4,398	47.34	14,079	12,631
Grenada	16,485	15,391	-6.64	1,939	1,578	-18.62	14,546	13,813
Guyana	63,609	68,906	8.33	48,133	52,546	9.17	15,476	16,360
Jamaica	748,387	694,369	-7.22	401,279	358,387	-10.69	347,108	335,982
Montserrat	2,801	10,942	290.65	2,083	3,787	81.81	718	7,155
St Christopher-Nevis	19,184	18,654	-2.76	11,232	15,372	36.86	7,952	3,282
St Lucia	39,149	41,200	5.24	11,583	23,391	101.94	27,566	17,809
St Vincent and Grenadines	23,760	21,507	-9.48	2,931	2,126	-27.47	20,829	19,381
Trinidad and Tobago	297,204	531,381	78.79	479,826	571,593	19.13	(182,622)	(40,212)
Dominican Republic	1,501,050	1,913,680	27.49	1,635,901	2,015,018	23.17	(134,851)	(101,338)
Haiti	244,043	224,158	-8.15	61,043	85,633	40.28	183,000	138,525
Netherlands Antilles	259,005	237,293	-8.38	312,299	355,609	13.87	(53,294)	(118,316)
Suriname	130,415	89,101	-31.68	49,829	38,625	-22.48	80,586	50,476
Other	461,910	690,276	49.44	295,839	365,174	23.44	166,071	325,102

Total Exports (f.a.s.); General Imports (customs value).
Source: Official Statistics of the U.S. Department of Commerce.

Year-to-Date U.S. Merchandi ADE with Selected Partners
(Values in Tho s of Dollars)

				[illegible]	[illegible]	15.61	7,761,529	3,675,481
[illegible]	12,796,099	12,742,814	-0.42	**16,693,734**	**20,628,673**	**23.57**	**(3,897,635)**	**(7,885,859)**
Bolivia	213,196	269,063	26.20	262,523	275,059	4.78	(49,327)	(5,996)
Colombia	4,628,239	4,708,719	1.74	3,755,221	4,273,265	13.80	873,018	435,454
Ecuador	1,538,370	1,257,360	-18.27	1,930,141	1,916,249	-0.72	(391,771)	(658,889)
Peru	1,775,085	1,766,846	-0.46	1,035,045	1,261,492	21.88	740,040	505,354
Venezuela	4,641,209	4,740,826	2.15	9,710,804	12,902,608	32.87	(5,069,595)	(8,161,782)
Mercosur	**17,021,594**	**18,596,548**	**9.25**	**10,797,633**	**11,342,661**	**5.05**	**6,223,961**	**7,253,887**
Argentina	4,189,535	4,515,789	7.79	1,759,979	2,278,367	29.45	2,429,556	2,237,422
Brazil	11,443,598	12,699,220	10.97	8,815,466	8,761,633	-0.61	2,628,132	3,937,587
Paraguay	992,630	897,408	-9.59	54,999	42,312	-23.07	937,631	855,096
Uruguay	395,831	484,131	22.31	167,189	260,349	55.72	228,642	223,782
Chile	3,613,109	4,131,529	14.35	1,931,312	2,255,539	16.79	1,681,797	1,875,990
Central American C.M.	**6,026,919**	**6,353,368**	**5.42**	**5,864,682**	**6,867,001**	**17.09**	**162,237**	**(513,633)**
Costa Rica	1,739,068	1,813,564	4.28	1,845,088	1,973,909	6.98	(106,020)	(160,345)
El Salvador	1,110,551	1,072,151	-3.46	812,819	1,073,957	32.13	297,732	(1,806)
Guatemala	1,646,429	1,564,322	-4.99	1,527,263	1,673,360	9.57	119,166	(109,038)
Honduras	1,280,724	1,641,015	28.13	1,441,629	1,795,920	24.58	(160,905)	(154,905)
Nicaragua	250,147	262,316	4.86	237,883	349,855	47.07	12,264	(87,539)
Panama	1,391,032	1,377,793	-0.95	307,114	345,881	12.62	1,083,918	1,031,912
CARICOM	**3,519,110**	**3,674,083**	**4.40**	**2,254,942**	**2,315,917**	**2.70**	**1,264,168**	**1,358,166**
Antigua	97,156	81,739	-15.87	3,057	8,682	184.00	94,099	73,057
Bahamas	660,532	725,022	9.76	156,037	165,403	6.00	504,495	559,619
Barbados	185,723	222,189	19.63	37,651	41,206	9.44	148,072	180,983
Belize	100,119	106,622	6.50	52,258	68,176	30.46	47,861	38,446
Dominica	26,457	34,146	29.06	6,600	7,738	17.24	19,857	26,408
Grenada	26,782	35,678	33.22	5,274	3,577	-32.18	21,508	32,101
Guyana	141,151	136,760	-3.11	107,542	109,485	1.81	33,609	27,275
Jamaica	1,420,887	1,490,730	4.92	846,859	838,577	-0.98	574,028	652,153
Montserrat	4,289	7,617	77.59	2,084	4,625	121.93	2,205	2,992
St Christopher-Nevis	43,640	39,238	-10.09	22,417	22,742	1.45	21,223	16,496
St Lucia	80,959	84,273	4.09	35,134	22,343	-36.41	45,825	61,930
St Vincent and Grenadines	42,210	45,009	6.63	7,797	6,782	-13.02	34,413	38,227
Trinidad and Tobago	689,205	665,060	-3.50	972,232	1,016,581	4.56	(283,027)	(351,521)
Dominican Republic	3,016,614	3,183,175	5.52	3,397,383	3,574,923	5.23	(380,769)	(391,748)
Haiti	550,784	473,594	-14.01	129,765	143,477	10.57	421,019	330,117
Netherlands Antilles	504,287	527,882	4.68	288,137	662,531	129.94	216,150	(134,649)
Suriname	189,683	222,483	17.29	100,161	96,642	-3.51	89,522	125,841
Other	1,381,945	1,238,804	-10.36	484,784	613,347	26.52	897,161	625,457

Surplus $8 billion Arg Br. Ch.

Total Exports (f a s); General Imports (customs value).
Source. Official Statistics of the U.S. Department of Commerce.

Annual History - U.S. Merc[illegible]se TRADE with Selected Partners
(Values in Thousands of Dollars)

PARTNER	IMPORTS 1990	1991	1992	1993	1994	1995	1996	Growth 1990-1996
World	496,037,579	488,873,261	532,017,422	580,468,670	663,830,137	743,505,251	791,314,697	59.53%
Western Hemisphere	155,305,979	153,742,057	167,215,028	185,329,269	216,943,850	249,073,351	278,315,602	79.20%
NAFTA	121,544,317	122,335,417	133,681,335	150,851,110	178,440,277	206,823,704	229,469,010	79.20%
Canada	91,372,024	91,141,125	98,497,186	110,921,454	128,947,476	145,118,706	156,505,821	88.79%
Mexico	30,172,293	31,194,292	35,184,149	39,929,656	49,492,801	61,704,998	72,963,189	71.28%
Latin America/Caribbean	33,761,662	31,406,640	33,533,693	34,478,159	38,503,573	42,249,647	48,846,592	141.82%
Andean Pact	15,005,203	13,275,949	13,247,986	13,517,541	14,377,372	16,693,734	20,628,673	44.68%
Bolivia	203,256	208,697	161,245	191,024	260,247	262,523	275,059	37.48%
Colombia	3,174,662	2,733,699	2,848,617	3,033,224	3,171,801	3,755,221	4,273,265	35.33%
Ecuador	1,377,497	1,327,501	1,331,636	1,398,976	1,727,446	1,930,141	1,916,249	34.61%
Peru	803,265	777,504	738,823	754,038	839,603	1,035,045	1,261,492	39.11%
Venezuela	9,446,523	8,228,548	8,167,665	8,140,279	8,378,275	9,710,804	12,902,608	57.05%
Mercosur	9,744,097	8,298,624	9,165,785	8,986,937	10,681,236	10,797,633	11,342,661	36.59%
Argentina	1,508,949	1,291,081	1,254,325	1,205,918	1,725,340	1,759,979	2,278,367	16.41%
Brazil	7,976,467	6,726,803	7,610,692	7,465,568	8,708,251	8,815,466	8,761,633	50.99%
Paraguay	50,799	43,119	35,167	49,620	80,168	54,999	42,312	9.84%
Uruguay	207,882	237,621	265,601	265,831	167,477	167,189	260,349	-16.71%
Chile	1,320,851	1,303,545	1,386,872	1,462,201	1,822,120	1,931,312	2,255,539	25.24%
Central American C.M.	2,547,809	2,973,181	3,721,725	4,264,307	4,802,171	5,864,682	6,867,001	70.76%
Costa Rica	1,008,306	1,154,077	1,411,151	1,541,518	1,646,416	1,845,088	1,973,909	169.53%
El Salvador	237,507	302,654	384,025	487,851	609,780	812,819	1,073,957	95.76%
Guatemala	794,728	899,976	1,075,395	1,194,485	1,282,848	1,527,263	1,673,360	352.18%
Honduras	491,967	556,943	782,540	914,521	1,097,314	1,441,629	1,795,920	110.56%
Nicaragua	15,301	59,531	68,614	125,932	166,813	237,883	349,855	265.05%
Panama	233,001	270,176	253,646	281,017	322,539	307,114	345,881	2186.48%
CARICOM	2,297,325	2,127,818	2,311,917	2,139,162	2,316,572	2,254,942	2,315,917	48.45%
Antigua	4,120	3,901	5,442	14,799	5,388	3,057	8,682	0.81%
Bahamas	508,990	470,432	585,283	348,203	203,041	156,037	165,403	110.73%
Barbados	31,561	31,475	30,594	34,057	34,487	37,651	41,206	-67.50%
Belize	46,557	45,568	58,832	53,615	50,871	52,258	68,176	30.56%
Dominica	8,349	5,715	4,517	5,841	6,925	6,600	7,738	46.44%
Grenada	7,780	8,086	7,481	8,128	7,247	5,274	3,577	-7.32%
Guyana	52,109	83,625	101,475	90,663	97,850	107,542	109,485	-54.02%
Jamaica	568,818	575,983	598,895	719,670	746,704	846,859	838,577	110.11%
Montserrat	1,121	2,193	2,457	1,486	993	2,084	4,625	47.42%
St Christopher-Nevis	16,094	15,460	22,800	23,768	21,732	22,417	22,742	312.58%
St Lucia	26,933	21,778	28,161	31,336	26,491	35,134	22,343	41.31%
St Vincent and Grenadines	8,932	7,507	4,530	4,855	5,441	7,797	6,782	-17.04%
Trinidad and Tobago	1,015,961	856,095	861,450	802,741	1,109,402	972,232	1,016,581	-24.07%
Dominican Republic	1,747,013	2,017,051	2,372,210	2,671,495	3,093,908	3,397,383	3,574,923	0.06%
Haiti	342,617	284,653	106,901	154,256	58,717	129,765	143,477	104.63%
Netherlands Antilles	420,667	656,272	645,916	396,543	424,483	288,137	662,531	-58.12%
Suriname	50,039	51,689	46,084	58,349	43,261	100,161	96,642	57.50%
Other	53,040	147,682	274,651	546,351	561,194	484,784	613,347	93.13%
								1056.39%

Total Exports (f a s), General Imports (customs value).
Source Official Statistics of the U S Department of Commerce.

Annual History - U.S. Merchandise TRADE with Selected Partners
(Values in Thousands of Dollars)

PARTNER	BALANCE 1990	1991	1992	1993	1994	1995	1996
World	(103,061,785)	(67,019,679)	(84,546,403)	(115,610,258)	(151,414,528)	(161,385,578)	(168,487,634)
Western Hemisphere	(18,261,509)	(5,122,737)	(1,316,331)	(6,658,892)	(10,090,067)	(27,637,438)	(36,448,802)
NAFTA	(10,202,308)	(3,913,340)	(2,927,843)	(9,025,176)	(13,345,270)	(35,398,967)	(40,124,283)
Canada	(8,405,483)	(5,994,828)	(8,341,145)	(10,731,014)	(14,692,734)	(19,094,573)	(23,921,917)
Mexico	(1,796,825)	2,081,488	5,413,302	1,705,838	1,347,464	(16,304,394)	(16,202,366)
Latin America/Caribbean	(8,059,201)	(1,209,397)	1,611,512	2,366,284	3,255,203	7,761,529	3,675,481
Andean Pact	(8,262,882)	(4,683,211)	(2,305,004)	(3,306,071)	(3,476,029)	(3,897,635)	(7,885,859)
Bolivia	(64,700)	(18,998)	60,529	24,874	(74,433)	(49,327)	(5,996)
Colombia	(1,136,269)	(786,837)	433,416	195,919	898,450	873,018	435,454
Ecuador	(697,401)	(379,998)	(332,658)	(300,794)	(531,388)	(391,771)	(658,889)
Peru	(25,187)	62,794	263,208	315,116	567,917	740,040	505,354
Venezuela	(6,339,325)	(3,560,172)	(2,729,499)	(3,541,186)	(4,336,575)	(5,069,595)	(8,161,782)
Mercosur	(3,050,653)	495,927	441,920	1,604,259	3,007,906	6,223,961	7,253,887
Argentina	(329,823)	757,813	1,967,327	2,565,783	2,740,999	2,429,556	2,237,422
Brazil	(2,914,590)	(572,706)	(1,870,544)	(1,420,120)	(589,857)	2,628,132	3,937,587
Paraguay	256,305	331,997	379,762	471,306	713,420	937,631	855,096
Uruguay	(62,545)	(21,177)	(34,625)	(12,710)	143,344	228,642	223,782
Chile	351,416	536,072	1,068,084	1,143,146	953,785	1,681,797	1,875,990
Central American C.M.	389,659	318,938	570,174	509,664	548,391	162,237	(513,633)
Costa Rica	(16,754)	(120,216)	(60,205)	5,773	220,210	(106,020)	(160,345)
El Salvador	318,307	231,335	356,939	381,056	323,308	297,732	(1,806)
Guatemala	(35,762)	50,653	128,389	115,787	71,755	119,166	(109,038)
Honduras	71,065	69,723	25,715	(16,856)	(85,520)	(160,905)	(154,905)
Nicaragua	52,803	87,443	119,336	23,904	18,638	12,264	(87,539)
Panama	633,709	711,074	846,635	909,671	953,799	1,083,918	1,031,912
CARICOM	535,066	715,711	436,243	918,347	646,420	1,264,168	1,358,166
Antigua	65,026	70,798	62,659	58,209	59,355	94,099	73,057
Bahamas	291,739	250,506	127,284	355,891	482,309	504,495	559,619
Barbados	130,292	135,072	97,161	111,400	126,643	148,072	180,983
Belize	59,171	68,680	57,971	81,889	64,264	47,861	38,446
Dominica	22,373	36,756	29,021	21,557	18,713	19,857	26,408
Grenada	26,807	23,466	16,286	15,810	16,235	21,508	32,101
Guyana	23,870	2,503	16,684	31,884	11,931	33,609	27,275
Jamaica	374,920	386,928	339,569	393,150	319,704	574,028	652,153
Montserrat	9,552	5,912	10,803	4,025	5,752	2,205	2,992
St Christopher-Nevis	35,924	19,500	8,795	17,898	23,335	21,223	16,496
St Lucia	55,599	66,809	53,962	67,299	54,081	45,825	61,930
St Vincent and Grenadines	26,133	35,983	30,358	32,802	32,718	34,413	38,227
Trinidad and Tobago	(586,340)	(387,202)	(414,310)	(273,467)	(568,620)	(283,027)	(351,521)
Dominican Republic	(88,768)	(274,319)	(274,050)	(321,958)	(294,449)	(380,769)	(391,748)
Haiti	134,946	107,443	109,765	67,009	151,738	421,019	330,117
Netherlands Antilles	120,900	(27,433)	(170,058)	126,256	95,483	216,150	(134,649)
Suriname	106,778	82,856	92,831	59,556	78,499	89,522	125,841
Other	1,070,628	807,545	794,972	656,405	589,660	897,161	625,457

Total Exports (f.a.s.), General Imports (customs value)
Source: Official Statistics of the U.S. Department of Commerce.

Clinton Presidential Records
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Divider Title: **87**

Q: How are countries in the FTAA process dealing with environmental issues.

A: Countries in the Caribbean Basin, which includes Central America, have long been active supporters of the principle of sustainable development. The President met with leaders from the Caribbean and Central America in May. Both the San Jose, Costa Rica and the Bridgetown Barbados Summit produced documents with strong commitments to protecting the environment and ensuring sustainable development. The countries in the region see sound environmental policy as key to their future.

For example, the Bridgetown Plan of Action states that recognizing the importance of a healthy environment, threats to the environment can only be attenuated by global, hemispheric, bilateral cooperation and national action.

The San Jose Summit Declaration likewise makes strong reference to the need for sound environmental policy by renewing the commitment to the promotion of the environmental principles of the Alliance for Sustainable Development, which inspired the signing of the Joint Central American-United States Declaration (CONCAUSA).

The countries of the Caribbean Basin are keenly aware of the need to protect their environments with sound policy in order to ensure sustainable development. They wish to protect their environmental stems from the recognition that the major economic activities of the Caribbean - tourism, fishing and forestry, agriculture, and mining are extremely dependent on a sound environment. This leads them to understand the importance of having good environmental policy in order to attract environmentally sound investment.

SELECTED CORE LABOR STANDARDS IN LATIN AMERICA[1]

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Antigua	Workers have the right to form unions and associate freely and the authorities respect these rights in practice . There are some limitations on the right to strike (HRR)	Labor unions are free to organize and bargain collectively. Workers are protected against antiunion discrimination. (HRR)	Law stipulates minimum age for work at 13 years. Law is enforced. (ILO standard is 14 for developing countries). (HRR)
Argentina	With the exception of military personnel, all workers have the right to form unions.(HRR) Certain collective agreements negotiated at the enterprise level must be approved by the Ministry of Labor in order to enter in to force (ICFTU).. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) is reviewing a few legal issues.	The law prohibits antiunion discrimination and the government enforces this prohibition. The ILO CEACR is reviewing a few legal issues.	The law prohibits employment of children under age 14. The ILO reports that about 140,000 children under the age of 14 are working.
Bahamas	Unions have the right of free assembly and association (HRR).	Workers freely exercise the right to organize and bargain. Antiunion discrimination is prohibited.(HRR)	The law prohibits the employment of children under the age of 14 in industrial activities, during school hours, or at night(HRR).
Barbados	Unions freely exercise their right to form and join unions and to strike (HRR).	The law provides for the right to organize and bargain collectively, and authorities respect this right (HRR).	The legal minimum age of employment for children of 16 is generally observed (HRR).

[1]Sources: (1) Country Reports on Human Rights Practices for 1996 (HRR), State Department; Annual Survey of Trade Union Violations in 1995, International Confederation of Free Trade Unions (ICFTU); (3) ILO Committee on Freedom of Association (CFA), March, June, and November 1996 Reports; (4) ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR), 1996 Report, and (5) GSP case files..

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Belize	By statute and practice, workers are free to establish and join unions (HRR).	The law provides for collective bargaining and unions freely practice it throughout the country (HRR)	The minimum age for employment is 14, and 17 in the case of hazardous occupations (HRR)
Bolivia	Workers may form and join unions of their own choice, but the labor code requires prior authorization to form a union. (HRR). Labor legislation does not allow more than one union per enterprise, gives the government wide powers of supervision over union affairs as well as the possibility of dissolving unions by administrative authority, and allows authorities to impose compulsory arbitration to end strikes, and agricultural workers are excluded from coverage under the Labor Code. (ICFTU). However, the Government has not enforced some of the above provisions in recent years (HRR).	Workers may organize and bargain collectively. In practice voluntary collective bargaining between unions and employers, without the participation of the government is limited (HRR) The CEACR is reviewing several inconsistencies between the General Labor Act and Convention 98 (e.g., the absence of measures to protect worker organizations against acts of interference by employers). The Government states that it has drafted a new labor code which will respond to the Committee's comments. (CEACR, 1996)	The law prohibits employment of children under 18 in dangerous, immoral, or unhealthy work. The Labor Code is ambiguous on employment of persons 14-17, and permits apprenticeships for those 12-14, a practice which the ILO has criticized (HRR). <u>Forced Labor</u>--The law prohibits forced labor, but the practices of child apprenticeship and agricultural servitude by indigenous workers constitute violations.(HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Brazil	The Labor code provides for union representation of workers. (HRR) Under a restriction known as "unicidade" (one per city) the labor code prohibits multiple unions of the same professional category in a given geographical area. The Law also requires workers to pay a "union tax" to the Ministry of Labor. (HRR, ICFTU). The ILO Committee on Freedom of Association (CFA) has stated that the Government needs to ensure that union representatives to Tripartite Commissions are truly representative of workers (CFA, Nov. 1996).	The Constitution provides for the right to organize. (HRR) The law limits the scope of issues open to collective bargaining, and the government has extensive powers to cancel collective agreements which are not consistent with its wage policy (ICFTU, HRR). The Cordoso Government issued a provisional measure which expanded the scope of collective bargaining and reduced the role of the courts in labor negotiations. (HRR) Several of the above issues are under review in the ILO CEACR.	The President acknowledged publicly that the problem of child labor in Brazil is serious, and signed several protocols with state governors, and NGOs in which all parties agree to eliminate the exploitation of children in the workplace. Forced Labor--The constitution prohibits forced labor, but there are credible reports of its existence. "Forced labor is common on farms producing charcoal for use in iron foundries and steel industries and in the sugar cane industry." (HRR)
Chile (Suspended from GSP for worker rights violations in 1988; reinstated in 1991)	Workers have the right to form unions without prior authorization and to join existing unions. (HRR) The ILO CFA has reviewed allegations relating to the building trades of threats against a union leader, anti-union dismissals, and acts of interference in workers' organizations. The Committee asked to be kept informed about pending legislation which would broaden protection against antiunion discrimination and grant temporary workers the right to bargain collectively (CFA, Nov. 1996)	"Although the climate for collective bargaining has improved since the return to democratic government in 1990, most workers continue to negotiate individual contracts." Employers are not obligated to negotiate with unions formed by temporary workers. (HRR)	Compliance with child labor laws is good in the formal economy, but many children are employed in the informal economy.(HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Columbia (1995 GSP worker rights petitions rejected)	The law recognizes the right of workers to organize unions and strike; the labor code provides for the automatic recognition of unions that obtain at least 25 signatures and comply with a simple registration process. (HRR) "Labor leaders and activists are targeted by security forces and their paramilitary allies, who act with complete impunity "(ICFTU). "The law provides for extensive interference in the internal affairs of trade unions." Strict requirements are laid down for eligibility for trade union office. Only one trade union can exist in an enterprise, establishment, or institution. Authorities have used the penal code to punish strikers. (ICFTU)	The Constitution protects the right of workers to organize and engage in collective bargaining. Traditional antiunion attitudes, and weak union organization and leadership, limit workers' bargaining power in all sectors. Inspection of labor law violations is weak. (HRR) The CEACR has requested the Government to enact legislation to allow public employees (except those engaged in the administration of the State) to bargain collectively. (CEACR, 1996)	The Constitution prohibits the employment of children under the age of 14 in most jobs. There is substantial employment of children in the informal sector. According to Ministry of Labor Studies, 800,000 children between the age of 12 and 17 work. (HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Costa Rica (GSP review initiated October 1993; terminated December 1993 with a finding of "talking steps")	"The law specifies the right of workers to join unions of their own choosing without prior authorization, although barriers exist in practice" (HRR). The ILO CFA and CEACR have requested the Government to take effective action against cases of antiunion dismissals in several specific firms. (CFA and CEACR reports, 1996). A government official has indicated that the issues in these cases are now before the courts (San Jose cable #000891).	The constitution protects the right to organize. Specific reforms in 1993 legislation protect union members and leaders from dismissal during periods of union formation. (HRR). GSP review terminated because of enactment of labor code reform consistent with ILO standards; the AFL-CIO withdrew its petition.	The Constitution sets a minimum age of employment of 12 (which does not meet the ILO standard of 14), with special regulations in force for children aged 12-15. Child labor remains an integral part of the large informal economy. (HRR).
Dominica	All workers have the legal right to organize, to choose their representatives, and to strike.(HRR)	Unions have legally defined rights to organize workers and to bargain with employers. Collective bargaining is widespread in non-agricultural sectors of the economy.(HRR)	The legal age for employment is 15. Employers usually observe this law without government enforcement. (HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Dominican Republic (GSP worker rights review initiated in 1993; found to be "taking steps" December 1994).	The Constitution provides for the freedom of workers to organize workers and to strike. " Widespread discreet intimidation of union activity was reported," including a number of cases in free trade zones.(HRR) <u>GSP review</u> terminated in 1994 because of progress in enforcing the labor code in export processing zones (EPZs). (GSP case files)	Collective bargaining may take place in any firm in which a union has gained the support of an absolute majority of workers. Only a minority of companies have collective bargaining pacts. (HRR). The ICFTU reports several cases of workers being dismissed because of union activity. The HRR indicates that some companies in the EPZs have a history of discharging workers who attempt to form unions, and that most of the 70 unions in the zones exist "only on paper."	The Labor Code prohibits employment of children under 14. (HRR) <u>Forced Labor</u>--There were numerous credible reports of forced or coerced overtime in factories (HRR). "Workers of Haitian origin employed as cane cutters in the Dominican Republic's sugar cane industry continued to work in conditions of near slavery"(ICFTU)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Ecuador	The Constitution and Labor Code provide most workers (except for members of the police and military, and public sector employees in non-revenue producing entities) the right to form and join unions. The 1991 labor code raised the number of workers required to form a union for an establishment to be unionized from 15 to 30; the ILO has stated that this standard is too strict at the plant workers' council level. (HRR) The labor code technically prevents the majority of workers in state-owned organizations from joining unions or bargaining collectively; however, many of these workers belong to some form of labor association. (HRR)	All private employers with 30 or more workers belonging to a union must negotiate . (HRR) The Maquila Law, passed in 1990, permits the hiring of temporary workers for the maquila industry only; since temporary workers are not recognized in the labor code they do not enjoy the same level of protection as other workers. (HRR, ICFTU) Several issues related to Convention 98 are under review by the ILO CEACR, including a lack of protection against antiunion discrimination (which the governing says it is addressing in draft labor legislation) (CEACR, 1996).	The Constitution established that children must attend school until the equivalent of 14 years of age. However, because of a lack of schools in many rural communities and the need for children to work, this provision is rarely enforced (HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
El Salvador (GSP worker rights investigation begun in 1990; terminated 1994 with a finding of "taking steps")	Workers without distinction have the right to form and join unions. "Numerous and conflicting laws governing labor relations impede full realization of freedom of association, although labor code amendments developed by the ILO and approved in 1994 brought about some improvements."(HRR) EL Salvador was found to be "taking steps" under GSP principally on the basis of the enactment of labor code reform consistent with ILO norms. (GSP case files) The ILO CFA is reviewing a complaint by the General Industrial Trade Unions of Health Workers concerning refusal to recognize a union and acts of antiunion discrimination. (CFA, November 1996)	The Constitution and the Labor Code provide for collective bargaining rights to employees in the private sector and to autonomous government agencies such as utilities. (HRR) In January 1996, the Legislative Assembly passed laws reforming the Labor Ministry and giving the government power to take away free trade zone privileges from companies which violate labor regulations. (HRR) "The Authorities colluded with employers to keep El Salvador's free trade zones union free. They took no action against companies breaking the labor law, and on several occasions arrested workers for trade union activities and intervened in strikes" (ICFTU).	The Constitution prohibits the employment of children under the age of 14, except where such employment is absolutely essential to the sustenance of a minor and his family. There is no child labor in the industrial sector, but children do work in the informal sector (often as street vendors or general laborers in small business) and agriculture. (HRR)
Grenada	All workers are free to organize independent labor unions. (HRR)	Workers are free to organize and to participate in collective bargaining. Legislation requires employers to recognize a union that represents the majority of workers in a particular business. (HRR)	Child labor is illegal and does not occur. The statutory age for employment of children is 18 years. (HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]
Guatemala (GSP worker rights review ongoing since 1992. The Administration has established a set of benchmarks for determining the outcome of the review, and hopes to make a decision in the near future)	The Constitution and the Labor Code provide workers complete freedom of association, and the right to form and join unions. Labor Code reform in 1992 was generally consistent with ILO standards. Legal strikes are difficult to call . Procedures for registering unions have been streamlined. (HRR) The ILO Committee on Freedom of Associated stated in its June Report that "no positive developments had been noted [regarding freedom of association]." Issues in the GSP review include the existence of judicial impunity in cases of violence against trade union members (there were no substantiated cases of violence against trade union members in 1996), the need for better enforcement of the labor code (some improvements have been made), and labor code reform (which is under consideration by a Tripartite Commission). Also of concern is the unresolved dispute over union recognition in the local assembly plants of the U.S. company Phillips Van-Heusan (PVH). Human Rights Watch issued a report on this situation in March--all sides received some blame, and PVH management has agreed to negotiate with the union. (GSP case files)	Workers have the right to organize and bargain collectively, but the exercise of this right is limited in practice. Most workers, even those represented by unions, do not have colletivve contracts. (HRR) Enforcement of prohibitions against antiunion discrimination (primarily dismissals of workers for trade union activity) is "spotty." (HRR)	The Constitution bars employment of children under the age of 14. "However, children below this age are regularly employed."(HRR)

COUNTRY	FREEDOM OF ASSOCIATION	RIGHT TO ORGANIZE	CHILD LABOR[1]

1. Violations of ILO norms on forced labor are also included under this heading, because they sometimes involve the use of child labor. Except where specifically indicated in this column, the HRR states that the country in question prohibits forced labor in law and in practice.

Environmental Regimes in FTAA Countries

Chile

Chile faces significant environmental problems, including air and water pollution, inadequate waste disposal facilities, and inadequate natural resource management. The economy's continued heavy reliance on natural resource extraction -- particularly mining, timber and fisheries -- makes Chile vulnerable to concerns that increased trade will exacerbate environmental problems absent improvements to its environmental laws and policies. Moreover, Chile's environmental laws and regulations are still at a fairly rudimentary stage of development. Many different government agencies are involved in promulgating environmental regulations, and enforcement appears weak.

On the other hand, the Chilean government has demonstrated a strong interest in environmental issues (to the extent they will not imperil Chile's economic growth) and has taken significant steps recently to upgrade Chile's laws and seek external financial assistance to install pollution controls. In 1994, Chile adopted a landmark Basic Framework Law on Environment, which provides for central policy planning by the National Environment Commission. The law also provides Chilean officials with the legal authority to promulgate various environmental regulations, such as pollution control standards and procedures for conducting environmental impact assessments. In addition, the Frei Administration continues to express an interest in working closely with the USG on environmental cooperation. EPA, for example, has been involved in a range of technical assistance and other projects with Chile.

Andean Bloc

The countries of the Andean Bloc--**Bolivia, Columbia, Ecuador, Peru and Venezuela**--have many of the environmental problems common to other developing countries. These include air and water pollution, deforestation, urban sprawl, and waste management. **Peru**'s enforcement of environmental laws is spotty, depending on the sector and the Ministry responsible for environmental enforcement in that sector. **Bolivia** has very little environmental legislation in place. The implementing regulations to the 1992 law on the environment were not passed until 1995, and there is a five year grace period before compliance with most of its provisions will be enforced. There has traditionally been a strong domestic concern for environmental issues in **Venezuela**, however problems abound. These include deforestation of the Amazon, mercury poisoning from gold mining and conservation of endangered species.

MERCOSUR

Environmental regimes among the MERCOSUR countries vary considerably. **Argentina** does not even have a framework environmental law. Enforcement of the environmental regulations that do exist is a major problem due to the country's federal system. The federal government has almost no power to enforce compliance on the States. A few States have good laws, others have none. Water quality and use, soil erosion, disposal of radioactive wastes from nuclear power stations, and mining activities are major environmental concerns in Argentina. **Brazil** has a complete package of environmental regulations, and can point to successes in some areas. Brazil's environmental regime is better on the pollution side than the natural resource side. However, the environmental stakes in Brazil are high, given the biodiversity concerns associated with the Brazilian rainforests. We have no information at this time on **Uruguay** and **Paraguay**.

El Salvador

El Salvador is the second most deforested country in the Western Hemisphere, following Haiti, and faces significant problems with degradation of air, water and soils that its current legal and administrative framework does almost nothing to address. The government has not focussed on developing a coherent national strategy to deal with the country's environmental problems. Environmental protection laws on the books are weak with little enforcement. Recently, however, working with USAID and EPA, the government has begun to develop legislation to establish a formal environmental authority and provide a foundation for more effective protection of the environment.

Honduras

In 1993, Honduras passed a progressive environmental law and created an independent Ministry of the Environment (SEDA). Additionally, in the past four years, the government has created more than 100 protected areas and the Ministry of Education is placing greater emphasis on environmental education. While Honduras has an effective environmental regime, SEDA is hampered by limited financial resources to adequately enforce its laws. Pressing environmental problems include deforestation and water contamination from untreated or poorly treated sewage.

Guatemala

Guatemala has been working with USAID and EPA to develop environmental laws. No further information is available at this time.

Panama

Panama has been working with USAID and EPA to develop environmental laws. No further information is available at this time.

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APPENDIX

WTO BUILT IN AGENDA

AGREEMENT	EVENT/ACTIVITY	RELEVANT DATE(S)
ITA II	Potential new product additions, leading to revised product coverage list by 1-1-99.	Process begins 9/97, negotiations conclude 7/1/98 and implementation as of 1/1/99.
Preshipment Inspection	Report on agreement's operation, providing vehicle for improving transparency of agreement	Recommendations due to General Council by December 1997, including possible changes to agreement.
GATS (Financial Services)	Conclusion of extended negotiations	December 1997
Textiles & Clothing	First Goods Council review of implementation of integration process	December 31, 1997
Standards (TBT)	Committee review of agreement	Completion by December 31, 1997
Rules of Origin	WCO technical work for harmonization negotiation; in	Technical work by WCO completed by December 31, 1997 (approx.); WTO negotiations to be completed by July 1, 1998.
Government Procurement	Begin further negotiations to improve Agreement and extend coverage	December 31, 1997
TRIPS	Completion of review of geographical indications	December 31, 1997
Sanitary and Phytosanitary Measures	Committee review of agreement	January 1, 1998
GATS	Entry into effect of results (if any) of safeguards negotiations	January 1, 1998
Government Procurement	Beginning of "major" review of S&D provisions	January 1, 1998
Antidumping	Beginning of review of special standard of review applicable to AD disputes	January 1, 1998
Rules of Origin	Completion of harmonization negotiations	July 1998
Competition and Investment	Report required as follow-up to Singapore Ministerial	December 1998
Dispute Settlement	Completion of review of operation of system	December 31, 1998
TRIPS	Review of provisions allowing exclusion from patentability of plants & animals other than micro-organisms, etc.	January 1, 1999

Agriculture	Next phase of comprehensive negotiations (market access; NTMs; export subsidies; domestic support)	No later than December 31, 1999.
Subsidies	Expiration of greenlight and dark amber subsidy provisions, unless Committee extends	December 31, 1999
TRIPS	End of period during which TRIPS Council will examine grounds for permitting non-violation nullification or impairment cases	December 31, 1999
GATT 1994	Review of Jones Act exemption; repeated every two years for duration of exemption	January 1, 2000
GATT Art. XXVIII	Goods Council review of criterion for determining principal supplier interest v/v negotiating rights re: schedule modifications	January 1, 2000
TRIMS	Goods Council review of agreement; consideration of adding rules on competition/ investment	January 1, 2000
Subsidies	Committee review of provisions requiring accelerated phase-out of LDC export subsidies on export-competitive goods	January 1, 2000
GATS	Next phase of comprehensive negotiations (market access; rules)	January 1, 2000
GATS	Services Council review of MFN exemptions granted for >5 year period	January 1, 2000
GATS	Services Council review of air transport sector and provisions for possible further application; repeat at least every 5 years	January 1, 2000
TRIPS	Beginning of TRIPS Council review of agreement; repeated at least every two years	January 1, 2000
Trade Policy Review Mechanism	Beginning of TPR Body review of mechanism	January 1, 2000
Textiles & Clothing	Goods Council review of implementation of second stage of integration process	December 31, 2001
Textiles & Clothing	Goods Council review of implementation of third stage of integration process	December 31, 2004

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Divider Title: ______________________________

WTO Ministerial and 50th Anniversary Celebration

Q. The next WTO Ministerial meeting has been scheduled for May of this year. What can you tell me about the agenda for that meeting and how does it relate to this fast track legislation and new negotiations in the WTO?

A. One of the results of the Uruguay Round was the call for regular ministerial-level meetings of the WTO in order to ensure that the WTO remained current and provided a forum for continuous negotiation, consultation and resolution of disputes. Although the agenda for the May 1998 meeting is not yet fixed, it is expected t hat the two main areas of attention will be implementation of the Agreements to date and how the WTO is operating as an institution.

-- Our strategy in Geneva has been to make sure that the focus in the WTO stays on the work at hand -- doing all the many tasks required to prepare for negotiations (e.g., as in agriculture or services) and to fully implement agreements and exploring how we can expand market access opportunities by creating more ITA-like agreements. We learned from the experience at Singapore that we need to avoid setting up a distraction in Geneva.

-- We expect to have more detailed discussions early next year on the exact agenda for the May Ministerial, and the meeting that will be held in late 1999. More generally, our ability to set a forward agenda for the WTO will be influenced by the debate on fast track and whether the President will have the opportunity to have America take the lead.

Q. What is the WTO's plan to "celebrate" the 50th Anniversary of the GATT/WTO system.

A. There have been no decisions on how to mark this occasion, but it does appear that many governments would like to use the opportunity to engage the public in a discussion about the benefits that have accrued to the global economy because of the system. I would welcome your views on how we might mark the occasion, including here in the United States.

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Divider Title: **90**

WTO WORKING GROUP ON TRANSPARENCY IN GOVERNMENT PROCUREMENT

POINTS TO MAKE

- The establishment of the new WTO Working Group on Transparency in Government Procurement this year was a significant achievement for the United States.

- The United States has long sought to extend international disciplines on government procurement on a multilateral basis and the establishment of the Transparency Working Group represents a big step forward. Significant U.S. effort was required to overcome the opposition of a number of other countries to addressing government procurement on a multilateral basis.

- The commercial opportunities stemming from government procurement are extremely important to U.S. exporters because governments around the world purchase tremendous amounts of goods and services. For example, the U.S. federal government spends about $200 billion a year on goods and services. The estimated value of the world market for procurement is in the trillions of dollars.

- We have been very encouraged by the progress made at two initial meetings of the new Working Group on Transparency in Government Procurement. The other WTO Members, including those who are not signatories to the WTO Agreement on Government Procurement, have been active participants at these meetings and have indicated their willingness to proceed with work on government procurement as mandated in the Singapore Ministerial Declaration.

- Over the next few months, the Working Group will be discussing elements of government procurement regimes that promote transparency, including provisions in existing international trade agreements on government procurement and other instruments. We expect these meetings to be particularly informative for countries that are not signatories to the WTO Agreement on Government Procurement.

BACKGROUND

The WTO Working Group on Transparency in Government Procurement was established this year as agreed by Trade Ministers at the WTO Singapore Ministerial in December 1996. The Working Group is charged with: (1) conducting a study on government procurement transparency; and (2) developing elements for inclusion in an appropriate agreement. Establishment of the Working Group resulted from a U.S. initiative and forms the basis for achieving long-term U.S. objectives to extend international disciplines on government procurement on a multilateral basis. Significant U.S. effort was necessary to overcome opposition by a number of developing countries to addressing government procurement on a multilateral basis. (Most developing countries are not signatories to the plurilateral WTO Agreement on Government Procurement.)

The Working Group held its first meeting on May 23 and its second meeting on July 21. One additional meeting is scheduled to take place this year and it is anticipated that between three and five meetings of the Working Group will be held next year. These meetings have so far signified a very successful start for the Working Group, exceeding U.S. expectations. In particular, U.S. representatives were encouraged by the degree to which delegations were substantively engaged in the subject matter and the extent to which they were willing to move forward with a work program. At these meetings, a general consensus was reached on a broad plan of action for 1997, including recognition of the mandate in the Singapore Ministerial Declaration to first conclude a study phase and subsequently commence a "development" phase for a multilateral WTO agreement on transparency.

Over the next few months, the Working Group will continue to focus on elements of procurement regimes that enhance transparency, including the benefits that result from transparency. Specifically, the Working Group will be discussing a paper prepared by the WTO Secretariat reviewing the various provisions on transparency contained in existing international instruments and agreements on government procurement, including the WTO Agreement on Government Procurement, the UNCITRAL Model Law on Procurement, and the World Bank's Guidelines on Procurement.

9/16/97
Drafted by: Rebecca Reese/WAMA

WTO WORKING GROUP ON TRADE & COMPETITION POLICY

Background

Genesis and Objectives

At the December 1996 WTO Ministerial Meeting in Singapore, it was agreed to "establish a working group to study issues raised by Members relating to the interaction between trade and competition policy, including anti-competitive practices, in order to identify any areas that may merit further consideration in the WTO framework." This initiative was primarily advocated by the European Union (EU), which envisages it as laying the groundwork for negotiating a multilateral legal framework embodying obligations on core competition standards and principles that are enforced through WTO dispute settlement procedures. We oppose this ultimate EU objective as representing an unnecessary risk to the integrity and strength of U.S. antitrust laws and policies. We also oppose the efforts in this group of certain other WTO Members to criticize either the role and application of WTO trade remedy rules (*e.g.*, antidumping) or the presence and practices of multinational enterprises in developing country markets. On the other hand, we do believe that the working group can be used profitably to highlight the benefits of enacting and enforcing sound competition laws and of undertaking other reforms, such as in the regulatory sphere, which could enhance the climate for improved market access.

Structure of Work Program

The working group has until the end of 1998 to complete its work, at which point it is to report to the WTO General Council, including with respect to recommendations for any further work. The first formal working group meeting was held in early July, a second one is occurring now (September 16-17) and a third is scheduled for late November. Anywhere from three to five additional meetings may occur next year. At the July meeting, delegations submitted papers suggesting issues for study and agreed in principle on a rough distribution of topics to address within the work program. Initially, the working group will examine the objectives, principles, concepts, scope and instruments of trade and competition policy, considering their relationship to one another and to development and economic growth. This exercise also entails a stocktaking and analysis of existing instruments, standards and activities in the relevant subject areas. The working group is taking up these topics at the present and next meeting; our position has been to stress the need to understand fully the concepts and principles of competition law and policy, and to highlight how the objectives and enforcement of competition law and policy can contribute to increased market access and trade liberalization.

Next year, the working group will examine (i) the impact of anti-competitive practices on trade; (ii) the impact of state monopolies, exclusive rights and regulatory policies on competition and trade; (iii) the relationship between the trade-related aspects of intellectual property rights and competition policy; (iv) the relationship between investment and competition policy; and (v) the impact of trade policy on competition.

Points to Make

- USTR is working closely with other federal agencies responsible for U.S. trade and antitrust laws to ensure that the WTO Working Group on Trade and Competition remains within its educative mandate.

- The United States is interested neither in the negotiation of WTO rules to govern antitrust laws nor in the renegotiation of WTO rules providing remedies to address unfair dumping and subsidy practices. This was not the mandate given this group, and we have made clear our view that it is not a forum to prepare for multilateral negotiations in these areas.

- We do think that the working group provides a good opportunity for us to describe and explain the benefits of enacting and enforcing sound antitrust laws and competition policies, particularly in light of the fact that much of the WTO membership has little knowledge of or experience in this area.

- It may also provide us the opportunity to encourage and explore greater cooperation between antitrust authorities in the application and enforcement of antitrust laws.

- Encouraging further deregulation, privatization and regulatory reform are other U.S. policy objectives which can be usefully advocated in this group.

- In short, the working group should permit us to promote a number of initiatives which can reinforce understanding and appreciation of U.S. trade and antitrust policies. However, beyond these important educational and advocacy activities, the United States remains unconvinced of the "need" for multilateral antitrust rules or for new WTO rules addressing such practices as dumping and subsidies.

Prepared by:	Ron Lorentzen/WAMA/9-16-97
Cleared by:	A Stoler & A Winter/USTR
	Charles Stark/Justice
	Debra Valentine/FTC
	D Mueller & S Powell/Commerce
	L Schlitt/ITC

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9/16/97
Drafted by: Rebecca Reese/WAMA

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Divider Title: **91**

WTO ACCESSIONS

Question: Does the Administration need authority to conduct negotiations for WTO accessions, or additional legislative provisions to ensure that Congress has reviewed WTO accessions before countries join the WTO?

Answer: In short, no. This is a one-way negotiation where the applicant must bring its trade regime into line with WTO rules and make specific commitments and concessions for market access. Current WTO members, including the United States, are not required to make any concessions in an accession negotiation.

Countries that want to join WTO must negotiate with current members for terms of membership, which are eventually compiled in a protocol package including the following results: (a) commitments in a protocol specifying how the trade regime will be brought into WTO conformity; (b) a schedule of commitments for market access confirming maximum tariffs for imported goods and levels of agricultural supports; and (c) a schedule of commitments guaranteeing market access for imported services. Approval of the final package is by consensus of the whole WTO membership, ensuring that trade issues important to the United States will be addressed prior to completion of the negotiations.

In addition, current legislative provisions provide Congress with an ongoing role in U.S. decision making for WTO accessions. As a consequence, additional authority isn't necessary, either to negotiate accession deals, or for Congress to exercise its authority in this area.

> Section 122 of the URAA requires the Administration to consult closely with the Congress on any accession, particularly before taking any action to approve or support an accession.
>
> Section 1106 of the 1988 Omnibus Trade and Competitiveness Act adds additional requirements for the President and Congress in considering accession of countries like China which maintain substantial state-run enterprises. It requires the President to determine: (1) whether that country's state trading enterprises account for a significant share of the exports of that country or if imported goods compete domestically with products of state trading enterprises; and (2) whether such state trading enterprises unduly burden and restrict or adversely affect U.S. trade or are likely to do so.
>
> -- If the findings are affirmative, we must conclude a specific trade agreement to address this problem or, accession can be achieved if Congress enacts a bill. In either case, Congressional action will be critical.
>
> In the URAA, Congress also outlined ongoing negotiating objectives for the Administration in areas such as market access (e.g., the zero-for-zero tariff harmonization proposals and in the continuing negotiating authority under section 111), intellectual property, etc. making numerous references to what was expected. We have been responsive to these objectives in WTO accessions.

STATUS OF WORK IN WTO ACCESSIONS (as of 9-15-97)

Country (WP Activation Date)	Status of Work
A. Negotiations actively engaged in both Working Party (WP) and Market Access (8)	
Armenia (1993)	Three WP meetings held through May 14, 1997. FRN 5/96. Protocol and market access negotiations well advanced due to intensive U.S. bilateral work, most recently in July 1997.
Estonia (1994)	Six formal WP meetings held through February 11, 1997. FRN 5/96. Protocol and market access negotiations well advanced based on intensive U.S. bilateral work, most recently in July 1997. Draft WP report and protocol under negotiation informally. Draft WP report and protocol under negotiation informally. Further bilateral work on remaining market access and protocol issues expected in fall 1997.
Kyrgyz Republic (1996)	Two WP meetings held through July 17, 1997. FRN 3/31/97. Agriculture, Goods, and Services market access offers tabled in April/May 1997. Disappointing goods and services market access offers submitted in June discussed bilaterally in July 1997. U.S. response due fall 1997.
Latvia (1993)	Five WP meetings held through February 27, 1997. FRN 5/96. Protocol and market access negotiations well advanced based on intensive U.S. bilateral work, most recently in July 1997. Draft WP report and protocol under negotiation informally. Further bilateral work on remaining market access and protocol issues expected in fall 1997.
Lithuania (1994)	Four formal and one informal WP meetings held through June 28, 1997. FRN 5/96. Serious market access negotiations with U.S. and other delegations initiated in June and July 1997. U.S. response due fall 1997. Further WP developments unlikely pending progress in market access.
Russian Federation (1993)	Five formal and one informal WP meeting held through July 22, 1997. FRN 7/94 and 5/96. Initial review of trade regime substantially completed, and intensified bilateral negotiations initiated during 1997. Russian initial offers on goods and services expected later in 1997. Next WP scheduled for December 9-11, 1997, with bilaterals expected prior to that time.
Saudi Arabia (1993)	Three WP meetings held through May 29-30, 1997. FRN 5/96. Initiation of protocol and market access negotiations expected with receipt of Saudi Arabia's offers in fall 1997. Next WP meeting scheduled for late November or early December 1997, with bilaterals on the margins.
Ukraine (1993)	Four WP meetings held through May 6-7, 1997. FRN 5/96. Initial review of trade regime substantially advanced, and initial market access offers circulated and discussed bilaterally in 1997. Next WP meeting likely in early 1998 to consider development of specific protocol issues. Further market access bilaterals planned for September and October in Geneva. Ukraine revised services offer and formal U.S. tariff request due fall 1997.

ountry (WP Activation Date)	Status of Work
B. Negotiations at an early stage (9)	
Albania (1992)	Two WP meetings held through October 1996. FRN 5/96. No additional WP meetings expected until domestic situation stabilizes Albanian services offer tabled in April 1996 has limited sectoral coverage, many with modes left unbound. U.S. comments sought broader coverage and better commitments in all 4 modes of delivery. Iinitial U.S. request on goods pending.
Belarus (1993)	First WP met June 5-6, 1997. No FRN to date. No market access engagement likely in near term.
Croatia (1993)	Two WP meetings held through January 23-24, 1997. FRN 5/96. Goods and services market access offers submitted in May 1997 discussed in July bilaterals. Formal U.S. goods request awaiting Croatian responses to technical questions. Next WP meeting likely in early 1998.
Jordan (1994)	Two WP meetings held through July 4, 1997. FRN 3/31/97. Initial bilateral meetings held in July and September. Next WP meeting likely in early 1998. No market access offers yet submitted.
Kazakstan (1996)	First WP meeting held March 19-20, 1997. FRN 3/31/97. Goods market access offer tabled in July 1997 considered extremely poor, and likely to delay negotiations. No offer on services to date. Second WP meeting likely in early 1998. No bilaterals currently planned.
oldova (1993)	First WP meeting held June 17. FRN 3/31/97. No market access offers yet submitted.
Oman (1996)	First WP meeting held April 30, 1997 with second meeting likely in early 1998. FRN 3/31/97. No market access offers yet submitted.
Seychelles (1995)	First Working Party meeting held February 20, 1997. Informal meeting likely in late 1997 to address structural problems in meeting WTO norms. FRN 3/31/97. Goods market access offer tabled July 1997. No services offer to date. Negotiations not yet initiated.
Vanuatu (1995)	First WP meeting held July 1996. Second meeting likely in early 1998. FRN 3/31/97. No market access offers yet submitted.

Country (WP Activation Date)	Status of Work
C. Negotiations Not Yet Activated or Dormant (11)	
Algeria (1987)	First Working Party meeting scheduled for November 14, 1997 if responses to initial written questions received in time. FRN 3/31/97. No market access offers yet submitted.
Azerbaijan (1997)	Application accepted at July 1997 General Council. Has not yet submitted a FTM to begin the accession process. No FRN to date.
Cambodia (1995)	Has not yet submitted FTM to begin the accession process. No FRN to date.
Georgia (1996)	First WP meeting expected in late 1997 or early 1998. Awaiting responses to initial written questions on FTM. No FRN to date. No market access offers yet submitted.
Former Yugoslav Republic of Macedonia (1995)	FTM submitted in July 1996. No FRN to date. Political problem on use of "Macedonia" in documentation has delayed activation of accession process. No market access offers yet submitted.
Nepal (1989)	Has not yet submitted a FTM to begin the accession process. No FRN to date.
Laos (1997)	Application circulated in July 1997, for consideration at October 1997 General Council.
Sudan (1995)	Has not yet submitted a FTM to begin the accession process. No FRN to date.
Tonga (1995)	Has not yet submitted a FTM to begin the accession process. No FRN to date.
Uzbekistan (1995)	FTM expected by end of 1997. No FRN to date.
Vietnam (1995)	FTM submitted September 1996. FRN 3/31/97. First WP meeting likely in early 1998, pending responses to extensive initial written questions. No market access offers yet submitted.

RUSSIAN WTO ACCESSION

Issue:

Two years after the first accession Working Party meeting, Russia is poised to commence actual negotiations on protocol and market access issues. At the March 1997 Helsinki Summit, the U.S. and Russian Presidents committed to intensify their efforts to accelerate Russia's integration into the international economic community and set as a target that both sides would undertake best efforts for Russia, on commercial conditions generally applicable to newly acceding members, to join the WTO in 1998.... We have met four times with Russia since late February to support that goal and to assist Russia's efforts in the negotiations. After China, this is the most closely watched and most sensitive of the 30 WTO accessions before the Members this fall.

Points to Make:

The Helsinki Summit Communique language, calling for mutual intensified best efforts to meet a 1998 completion date for Russia's WTO accession, reflects continued strong U.S. support for Russian membership in the WTO, based on sound, commercially viable terms that support Russia's economic and trade reforms, strengthen the credibility of the WTO and improve the bilateral trade relationship.

There has been no change in our commitment to achieving Russia's WTO Membership on the same basis as commonly applied to other applicants. How successful our efforts with Russia are in reaching the 1998 target will depend heavily on Russia's commitment to reform, and their willingness to work with their WTO negotiating partners to address the outstanding issues.

We have intensified our efforts with Russia during 1997, but the timing and completion of the negotiation still depends on Russia's cooperation on substantive issues, and on the consensus of all WTO members on terms for Russia's WTO accession.

We believe that other WTO Members share our commitment to intensifying and accelerating the pace negotiations with Russia on that basis.

Russia will soon table Goods and Services Market Access offers and intensive work continues on their approach to agricultural supports and subsidies. Both bilaterally and in the Working Party, we have emphasized the importance of legislative implementation of all WTO requirements.

This means that Russia, along with all other accession applicants, should be urged to move their trade regimes toward compliance with WTO rules <u>now,</u> during the negotiations, and to respect the standstill understanding implicit in their application by avoiding the implementation of any additional WTO-inconsistent measures.

SAUDI ARABIAN WTO ACCESSION

Issue:

Saudi Arabia has made good progress in the preliminary, information-gathering stages of its accession negotiations. They will soon table goods and services market access offers and offers on protocol issues, initiating substantive negotiations. Key issues that must be resolved include establishment of TRIPs-quality IPR protection; establishing WTO-consistent regimes for standards, SPS, licensing, and customs valuation; the boycott against trade with Israel; Saudi Arabia's WTO-inconsistent preshipment inspection and certification program, the ICCP; possible industrial subsidies in the petrochemical sector; and securing adequate market access guarantees in both goods and services.

Talking Points:

The United States strongly supports Saudi Arabia's WTO Membership on terms that bring its trade regime into conformity with WTO provisions and that provide for enhanced transparency and market access in the Saudi market on the basis of WTO obligations and concessions.

We have encouraged the Saudi Arabian Government to begin now to make the changes necessary to be able to fully implement the WTO Agreement at the time of accession and to avoid implementing WTO-inconsistent measures during the negotiations.

We place the highest premium on full compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Protection (TRIPS) at the time of Saudi Arabia's accession.

We and other WTO Members continue to have serious concerns about the WTO inconsistent procedures and trade impact of Saudi Arabia's pre-shipment inspection and certification program, the International Commodity Certification Program (ICCP). We have been working with other delegations and with the Saudi Arabian Government bilaterally and in the accession to address these concerns as quickly as possible.

(Concerning the Arab League boycott against Israel) As we have discussed with the Saudi Arabian Government, we have a legislative mandate, in section 133 of the URAA, to oppose WTO accession of applicants that participate in the Arab League trade boycott of Israel. As a consequence, this issue must be resolved prior to completion of the accession process.

(Concerning LDC status in the WTO) We have made it clear in the negotiations that it is not useful to debate the issue of whether Saudi Arabia is a developing country or not in the WTO accession. We are prepared to work on a case by case basis to see where transitional arrangements might be appropriate if full WTO compliance is not immediately possible.

UKRAINE WTO ACCESSION

Issue: After making good progress through early 1997, Ukraine's accession efforts have slowed, as a result of domestic pressures for increased protection and an apparent lack of political guidance from the top levels of the Ukraine government. Ukraine has some distance to go in making its trade regime WTO compatible and the Ukrainian Parliament (the Supreme Rada) continues to act as a brake on rapid progress as many of the changes require new legislation (e.g., IPR, procurement, customs-related issues, and market access). Ukraine tabled substantive goods and services offers in late 1996 early 1997, and is developing its agriculture country schedule with input from the U.S. and other delegations. We expect to hold another round of bilateral negotiations on market access this fall, and a Working Party meeting in November.

Talking Points

- The U.S. strongly supports Ukraine's WTO accession, viewing this as a fundamental element of Ukraine's campaign to enter Western political and economic structures. WTO accession also plays a key role in supporting Ukraine's efforts to reform its economy, attract foreign investment, and exploit markets overseas.

- The U.S. has led efforts to facilitate the negotiations, including chairing the multilateral WTO Working Party responsible, intensifying bilateral work and providing Ukraine considerable technical assistance.

- Ukraine made rapid progress on its accession through late 1996. Since then, however, progress has been inconsistent as pressures for protection of domestic output from imports has grown substantially. This has diverted efforts from accession negotiations and raised concerns about Ukraine's commitment to implement WTO provisions.

- Negotiations continue on market access commitments based on useful Ukrainian offers, and to identify specific areas where Ukraine's trade regime must be changed to meet WTO provisions.

- The United States has provided extensive technical assistance for Ukraine's accession, including a full-time advisor in Kiev, training for GOU officials, and short-term advisors on key technical issues. We view the completion of these negotiations on solid commercial terms as a key factor in good future trade and economic relations with Ukraine.

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Divider Title: **92**

MARKET ACCESS COMMITTEE

Q. Are industrial tariff negotiations part of the WTO built-in agenda? What is the Administration doing to pursue further market openings for industrial products in the WTO?

Answer

- The WTO built-in agenda does not explicitly call for additional negotiations on industrial tariffs. This in no way means that new market openings for industrial products is "off" the WTO agenda -- in fact, altready the WTO has been the vehicle for achieving new market openings in information technology and pharmaceutical products.

- At the WTO Ministerial in Singapore last December, the United States and 27 other participants agreed to the Information Technology Agreement. By April when the ITA was finalized, there were 43 participants covering over 93 percent of world trade in IT products. Participant agreed to implement the first step of ITA tariff cuts in July.

- We also agreed in Singapore to add over 700 new pharmaceutical items to the Uruguay Round zero-for-zero package. Participants eliminated the duties on pharmaceuticals on April 1.

- Following the ITA "model", the Administration is pursuing further market openings in sectors of interest to U.S. exporters. We are working with key trading partners, for example in APEC, to generate interest in the initiative with the idea of broading the participation to a "critical mass" in the WTO.

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Divider Title: **93**

REGIONAL TRADE AGREEMENTS

Q. Will the U.S. Government insist that other countries adhere to the General Agreement on Tariffs and Trade (GATT) rules on regional trade agreements and that all regional trade agreements phase out export subsidies and tariff on all agriculture by a date certain?

Answer

- WTO members created a Committee on Regional Trade Agreements (CRTA) to address the proliferation of regional trade agreements that WTO members have negotiated or are in the process of concluding.
  - -- Part of the CRTA's work is to review the agreements for their compatibility and consistency with WTO rules governing customs unions and free trade areas pursuant to Article XXIV of the GATT 1994, Article V of the General Agreement on Trade in Services (GATS) and other provisions dealing with agreements negotiated between developing countries.
- Among the requirements of Article XXIV, and the Uruguay Round Understanding on its provisions, countries are required to: (1) ensure that substantially all trade is covered; (2) ensure that the reasonable length of time allowed for full implementation should not exceed ten years (except in exceptional circumstances)1; and (3) ensure in respect of trade with members not parties to the agreements, that the result in terms of duties assessed or other regulations of commerce shall not on the whole be higher or more restrictive than the general incidence of duties and regulations imposed prior to the formation of the FTA or Customs Union.
- These are the guidelines that WTO members are required to follow and relevant to the questions raised about agricultural duties and other regulations such as export subsidies. Obviously, the United States, along with other agricultural exporting countries, has been aggressive in seeking to ensure that agriculture is fully covered in these agreements.
- In addition to the provisions in Article XXIV, governments are to comply with the provisions of the WTO Agreement on Agriculture, which required reduction of export subsidies on a volume and value basis.

SANITARY AND PHYTOSANITARY ISSUES

Q. Our trading partners are increasingly using unjustified sanitary and phytosanitary measures to block U.S. agricultural exports. What is the Adminstration doing to remove SPS trade barriers?

Answer

- The Administration's track record demonstrates our commitment to using all available means to aggressively remove unjustified SPS trade barriers.

- We have had a number of important accomplishments in this area, such as the resolution of differences over Russia's sanitary standards for poultry, Korea's shelf-life standards, and Japan's phytosanitary restrictions on tomatoes.

- The WTO dispute settlement panel's recent decision on the EU hormones ban demonstrates that the international agreements we have already negotiated are effective tools in removing unjustified trade barriers.

- We continue to push hard on outstanding bilateral issues, such as new EU restrictions on products derived from animal tallow and gelatin, China's TCK wheat measures, and Japan's testing requirements for apples and other fruits.

- We're insisting that our trading partners comply with their WTO obligations to maintain transparent regulatory systems and eliminate restrictions that are not scientifically justified.

- In addressing SPS trade problems, we increasingly need to draw on the technical expertise and resources of the regulatory agencies. Continued success depends on a strong interagency effort. We are cooperating closely with USDA, the Food and Drug Administration, and other interested agencies.

- In USTR, we are devoting increasing staff and budgetary resources to these issues. We already have some important accomplishments under our belt, and I'm confident that more are in store.

Q. What are you doing to ensure that the WTO doesn't force America to lower its food safety standards?

Answer

- During the Uruguay Round, we worked hard to safeguard America's right to maintain our high food safety standards.

- Both the WTO and the NAFTA agreements protect each member's rights to establish and maintain the public health and safety standards that it feels is appropriate.

- America continues to apply the same strict food safety standards to imported products as we do to domestic products. FDA figures show that, in general, agricultural imports are no more likely to present health risks than the same domestic products.

- In May, Vice President Gore announced the Administration's "Food Safety from Farm to Table" initiative. As part of this initiative, we are enhancing surveillance of potential food safety hazards both domestically and at the border.

STATE TRADING ENTERPRISES

Q: If NAFTA was to be expanded, would the Clinton Administration seek to establish "price transparency" in grain trading, unlike the current situation which exists with the Canadian Wheat Board where prices may be manipulated.

Answer

- The Administration is concerned that import and export practices of state trading enterprises can and, at times, do operate in ways that distort trade, particularly in agriculture.

- In the Uruguay Round we took some positive steps that help lay the foundation for further progress on this issue multilaterally: countries cannot maintain non-tariff measures on agricultural imports through state trading enterprises (STEs), export subsidies by STEs are subject to the limits set out under the Agreement on Agriculture, and a Working Party is in place to review notifications of state trading activities.

- A key problem with state trading -- and perhaps the largest obstacle we currently face in the WTO -- is that the activities of state trading enterprises are not sufficiently transparent to determine whether WTO rules and commitments are being violated. Pricing transparency is one dimension of this issue.

- With the new WTO Working Party and persistent U.S. pressures within the WTO and elsewhere, this issue is receiving high-level attention. Within the Working Party, we have taken the lead in the development of a new notification questionaire that will improve reporting requirements and are developing an illustrative list of what constitutes a state trading enterprise based on its activities, mechanisms and privileges. The illustrative list of state trading practices and notification requirement will become increasingly important as countries with economies in transition from substantial state control become Members of the WTO.

- We also will want to ensure that disciplines developed under the Free Trade of the Americans apply fully to activities of STEs, like the Canadian Wheat Board. As we move into negotiations, we plan to consult fully with our private sector to identify their concerns and possible remedies.

Q. What is the U.S. Trade Representative's (USTR) office or USDA doing, specifically, to address producer concerns about import and export state trading enterprises (STEs) in the next round of agriculture talks?

Answer

- The Administration shares the concern of many of our producers that import and export practices of state trading enterprises can and, at times, do operate in ways that distort trade, particularly in agriculture.

- Although the upcoming round of agriculture talks offers a good opportunity to address such practices, we're working hard right now to improve the transparency of STEs in the WTO Working Party on State Trading..

- We are in the process of consulting with the private sector, including (but not limited to) our official private sector advisory committees (e.g., the ATACs, APAC, ACTPN), and with Congress to receive specific advice concerning the issues involved in the agriculture negotiations -- including state trading.

- Clearly, we'd like to work with you on this issue. I'd be very interested in hearing any thoughts you have now on what STE practices should be addressed and any other ideas concerning the agriculture negotiations.

NB: if the issue of eliminating all STEs is raised, you might note that USDA's Commodity Credit Corporation is an STE as are the Strategic Petroleum Reserve and the Strategic Stockpile (of goods needed by the Defense Department). It would be more useful to identify specific practices of STEs that distort agricultural and rules to address those situations.

Q. What is USTR and USDA doing to prevent countries like New Zealand and Australia from using STEs to prevent cross-subsidization?

NB: it's not clear what is meant by "using STEs to prevent cross-subsidization". This question could be raising a concern about potential "price pooling" or "price undercutting" practices whereby a STE export monopoly charges a high price in one market and uses the revenue to offset (or "subsidize") low priced sales in other markets. The definition of an export subsidy in the Agreement on Agriculture does not appear to cover "price pooling" practices. You might want to clarify the intent of the question.

Answer

- As a first step, the Administration is working hard to improve the transparency of STE operations in the World Trade Organization.

- As you no doubt know, a key problem with state trading -- and perhaps the largest obstacle we currently face in the WTO -- is that the activities of state trading enterprises are not sufficiently transparent to determine whether WTO rules and commitments are being violated. Pricing transparency is one dimension of this issue

- Currently, there is heightened scrutiny of STEs in the WTO because of the interest taken by the United States, and we have been very aggressive in the new WTO Working Party. The United States has led the push to broaden the notification requirements with regard to STEs, and we have made progress in this regard.

- If we are able to identify where STEs are engaging in unfair practices we can pursue WTO remedies, where they exist, or begin to work on developing a consensus among our trading partners that new disciplines need to be developed to address unfair competition from STEs.

Q. Will USTR and USDA demand that the next round of agriculture negotiations require those who participate in the world dairy market provide information about the specifics (who/what/where/when) of their trades rather than shielding that information?

Answer

- We've been consulting extensively with U.S. dairy producers concerning the type of information needed to get a handle on the practices of entities like the New Zealand Dairy Board. And we've used that advice (and that received from other U.S. agricultural producers) to bolster our demand for improvements in the WTO notification requirements.

- In 1996, the WTO Working Party on State Trading (formed as a result of the Uruguay Round) made considerable progress on developing a new notification questionnaire for countries to report on activities of STEs. The WTO Secretariat's draft proposal for an updated questionnaire is to a large extent based on U.S. ideas.

- Our goal is to complete the work on the new notification questionnaire in the next few months so that the mandatory 1998 updates of STEs will provide more useful information on the practices of STEs. This additional information should help us better identify the practices needing further discipline in the next round of agriculture negotiations scheduled to begin in 1999.

Q. Will USTR and USDA demand that those countries who operate STEs be more forthcoming (specific) about how their STEs operate?

Answer:

- Yes, the Administration is already doing that. (See the previous question)

Q. The Europeans have indicated, specifically Commissioner Fischler's office, that STEs are a major concern to the EU in regards to fair trade. Is the USTR and USDA working with European counterparts on this issue on which there appears to be common ground between the U.S. and EU? If so, what are you doing?

Answer:

- The EU shares our concern about practices of STEs, particularly in world agricultural markets and has consistently supported our efforts to improve transparency of STEs in the WTO Working Party on State Trading. We intend to continue working with the EU (and other like-minded countries like Argentina) on this issue in the Working Party and in the upcoming agriculture negotiations.

Q. I have been informed that tax and fraud division of the European Union is conducting an investigation of the New Zealand Dairy Board's imports into the EU. I have also been informed that the EU is willing to share the data collected from its investigation with officials of the U.S. government. Is either USTR or USDA aware of this matter? If so, are you working with EU officials on this?

Answer

- We've heard through unofficial channels that such an investigation is underway. We've shared this query with USEU about this issue

Q. It is my understanding that not all dairy producers and processors in New Zealand are happy with the business practices of the New Zealand Dairy Board? Is that true? If so, please share their names.

Answer

- We have not been contacted by any such producers or processors.

SUBSIDIES

Q. How does the WTO Subsidies Agreement serve U.S. trade interests?

Answer

- The Subsidies Agreement established unprecedented disciplines on the use of subsidies, and the U.S. is working diligently in the Committee on Subsidies to ensure that the Agreement's rules and provisions are respected.

- The Agreement prohibits export subsidies as well as subsidies contingent on the use of domestic over imported goods (so-called "import substitution" subsidies). It also creates a rebuttable presumption of "serious prejudice" in circumstances where a product is subsidized by greater than 5% of its value, or when subsidies are provided for debt forgiveness or to cover operating losses.

- For the first time in the GATT, developing countries are brought under a system where they will be subject to normal rules and disciplines, and the Agreement defines and clarifies numerous GATT and WTO subsidy terms so that its disciplines can be better enforced.

- In the Subsidies Committee, the U.S. has actively participated in the establishment of strict yet workable procedural rules for notifying subsidies under various of the Agreement's provisions. This has helped to improve the transparency of many countries' subsidy schemes, and has underscored the rigor in which the Agreement's criteria for identifying non-actionable ("greenlight") subsidies will be applied.

- In the course of reviewing subsidy notifications, we have posed numerous questions with a view towards identifying WTO-inconsistent practices and promoting greater uniformity of views on the Agreement's provisions. Improving understanding of the Agreement's disciplines has helped to discourage certain countries from resorting to some of the more distortive kinds of subsidization.

N.B. The provisions governing non-actionable ("greenlight") subsidies and those governing subsidies giving rise to rebuttable presumptions of adverse trade effects ("dark amber" subsidies) are to be reviewed for possible extension, whether as currently formulated or as modified, by mid-1999. However, no fasttrack authority is needed for this as such authority was already included in the URAA of 1994.

1999 WTO AGRICULTURE NEGOTIATIONS

Question: What is the Administration's position on negotiating an "agriculture only" round in 1999?

Answer: One of the most important accomplishments of the Uruguay Round was that in most instances, provisions were made to enable further negotiations, including in areas such as agriculture, to ensure that the WTO remained a dynamic forum for continuous negotiation and trade liberalization. The Administration is moving forward aggressively on the WTO's built-in agenda which includes more than 250 separate tasks. In addition to agriculture, negotiations are also envisioned in services and IPR, among other issues and we are now taking steps, in line with all of the requirements of the built-in agenda to move forward to begin negotiations. The Agriculture Agreement requires that the reform process begin no later than December 31, 1999. Some of our trading partners have suggested that it may be easier to pursue negotiations in agriculture if other issues are on the table. While agriculture is important enough on its own to pursue negotiations, we are confident that the other areas of the built-in agenda, along with other initiatives to liberalize trade will be more than sufficient to pursue an agreement that is in the best interest of American agriculture.

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Q: Why do you need negotiating authority for services when the WTO General Agreement on Trade in Services already sets rules?

A: The GATS was an important achievement of the Uruguay Round; it is the first multilateral, legally enforceable agreement covering trade and investment in the services sector. The central obligations of market access and national treatment apply, however, only to sectors a country has listed in its schedule of commitments. The country schedules that resulted from the Uruguay Round and the extended negotiations on basic telecommunications contain valuable commitments. We have similar expectations for the current round of negotiations on financial services.

The next step in the WTO will be a round of negotiations covering all services sectors, to begin not later than January 1, 2000. We plan to table ambitious requests of all of our important trading partners.

In addition, we would intend to include services market access rules in our negotiations with Chile, and in the FTAA. Chile and Canada have done so in their recent bilateral FTA, and Mexico has already concluded NAFTA-type agreements with a number of trading partners in Latin America and is in the process of negotiating even more agreements.

Q: Why do you need fast-track for services? I understand that the U.S. market for services is already open, so what do you plan to give away? Maritime?

A: Our services market is largely open. Some restrictions do remain, however, and we must be able to demonstrate to our trading partners that, *if appropriate*, we can respond in good faith to their requests of us. We consult fully with federal and state regulatory bodies before developing any proposals regarding U.S. restrictions. We also will take into account the unique nature of certain sectors -- for example, maritime.

Q: Don't you include "natural persons" in your definition of service suppliers? I understand that the GATS and the NAFTA allow unrestricted movement of labor.

A: Both the NAFTA and the GATS recognize and leave undisturbed domestic immigration provisions. Each agreement provides for specific, limited access for top managers and other senior personnel, and professional service suppliers.

(B) the appropriate advisory committee established under this section.

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Divider Title: **95**

INTELLECTUAL PROPERTY RIGHTS

QUESTIONS AND ANSWERS

TRIPS

QUESTION: How will the "negotiating objective" help us achieve our TRIPS objectives?

ANSWER: Several negotiations under the Agreement on Trade-Related Intellectual Property are envisioned before 2000. The area of greatest potential interest to the United States is the treatment of living matter under the terms of the TRIPS Agreement. A second negotiation may address the inclusion of recent WIPO copyright treaties into the TRIPS Agreement. At this stage it is not clear which provisions of U.S. law might require revision under either set of negotiations Although U.S. IPR laws already provide generally high levels of protection and the U.S. IPR market is relatively open, an offer by the United States to change certain widely-criticized practices in this area could provide needed leverage to open key overseas markets or to obtain further strengthening of foreign IPR laws and practices for U.S. firms.

QUESTION: What successes have been realized by the United States as a result of the TRIPs Agreement?

ANSWER: The TRIPS Agreement has yielded enormous benefits for a range of U.S. industries, including those engaged in the production of pharmaceuticals, agricultural chemicals, motion pictures, sound recordings, software, books, magazines, and consumer goods. As of January 1, 1996, developed countries are obligated to meet all TRIPs requirements, and developing countries must at least provide national and most-favored-nation treatment, abide by a standstill and allow "mailbox" patent applications in the area of intellectual property protection. This has resulted in many countries amending their laws to implement these obligations.

In those cases where a trading partner has not met its obligations, the United States has requested consultations under the WTO Dispute Settlement Understanding to force them to do so. Examples of where trading partners have modified their systems to come into compliance with TRIPs, and where the United States has invoked its rights under the DSU to ensure total compliance, include:

Sound Recordings

Japan: In the past, Japan refused to provide copyright protection for sound recordings produced before 1972. The U.S. industry estimated that it loses $600 million annually as a result. Japan had previously rejected U.S. bilateral requests that protection be provided back to 1946, as is done in the United States. After we filed a WTO complaint, Japan immediately agreed to submit legislation to protect sound recordings back to 1946. The Japanese subsequently enacted legislation to address our complaint. The revised, TRIPs-consistent Japanese treatment of sound recordings came into effect in March, 1997.

Poland: in the past had refused to protect U.S. sound recordings under its copyright law. As a result of the TRIPs national treatment obligations, which became effective on January 1, 1996, Poland is now providing protection to U.S. sound recordings.

Australia, New Zealand, Luxembourg and Italy have each enacted legislation to comply with the TRIPs obligation to prohibit the making of "bootleg" sound recordings. This had been a particular problem in Italy and Luxembourg.

Patents

Portugal: TRIPs requires that patent terms must be 20 years from application. Many WTO countries have in the past provided shorter terms. TRIPs also requires that the term of existing patents in these countries must be lengthened to 20 years. Many WTO countries (Italy, Greece and Spain) made changes to their patent laws in 1995 in order to meet this requirement, providing increased benefits to U.S. companies with patents in those countries. Portugal refused to do so until the U.S. initiated formal dispute settlement procedures. Portugal immediately agreed that our interpretation is correct and has modified its law accordingly. U.S. firms estimate that they will gain an estimated $20 million in additional sales as a result of Portugal's change.

Italy and Spain: Eliminated local working requirements from their patent laws, which thus allows U.S. companies to export patented product from the U.S., rather then produce in the consuming country.

QUESTION: What is the status of the WTO dispute settlement cases on IPR that you've have brought? Are they producing results?

ANSWER: (see above for Japan and Portugal)

Turkey: imposes a discriminatory tax on box office revenues generated by the showing of foreign films that is not imposed on revenue generated by the showing of Turkish films. This tax forced the U.S. film industry to pay millions of dollars in taxes on income generated by the showing of their films while the Turkish film industry pays no such taxes. As a result, the Government of the United States initiated WTO dispute settlement procedures against Turkey with respect to this matter on June 12, 1996. As a result of initiation of these procedures, the Government of Turkey has now acknowledged that this discriminatory practice is inconsistent with Turkey's national treatment obligations under Article III of the General Agreement on Tariffs and Trade 1994. The Government of Turkey has agreed to take necessary steps to eliminate this discriminatory practice.

India: has been unable to obtain enactment of domestic legislation to implement the so-called patent mailbox mandated by the TRIPs Agreement. The mailbox preserves the novelty of a pharmaceutical or agricultural chemical invention until the time that patent protection is provided for these products in developing countries, which otherwise can take a 10 year transition under the terms of the TRIPs agreement (until 1/1/05). The mailbox also requires a developing country taking the transition to provide the possibility of up to five years of "marketing exclusivity." TRIPs requires such LDCs to have a mailbox in place by January 1, 1995. **The panel confirmed our arguments entirely. A big "win" for the U.S.**

Pakistan: had also failed to establish a mailbox mechanism. At the July 1996 meeting of the WTO's Dispute Settlement Body, we requested establishment of a panel. On February 4, 1997, the President of Pakistan issued an ordinance that establishes the mailbox mechanism, and fulfills Pakistan's obligations under this TRIPS.

Denmark, Sweden, Ireland

In May, 1997, we initiated WTO dispute settlement proceedings against these three countries. All three remain in the formal consultaton phase. The complaints against Denmark and Sweden refer to the absence of "exparte seach and seizure" rights for the plaintiff in civil complaints aganist end user software pirates. Ireland has not made numerous changes in its copyright right required by TRIPS.

QUESTION: What is mailbox?

ANSWER: Article 70(8) of TRIPS requires countries that do not provide patent protection for such products as of January 1, 1995, to establish a so-called "mailbox" mechanism in which persons may file patent applications for these products, where they will be preserved until patent protection is provided. Under this TRIPs provision, all applications submitted into a country's mailbox must be processed when full product patent protection is ultimately granted without regard to the time that has passed since they were filed in the mailbox. This ensures that applications filed after January 1, 1995, will be eligible for some term of protection if they otherwise satisfy the conditions of patentability, even if the developing country is taking advantage of the transition period permitted by the Agreement.

TRIPs Article 70(9) additionally requires that products subject to mailbox applications be granted exclusive marketing rights for up to five years during the transition period if a patent and marketing approval is granted on the product in another WTO country and marketing approval is granted in the country providing marketing exclusivity.

QUESTION: Many countries have TRIPs-levels of IPR standards in their laws. However, not so many are enforcing these standards. Will you bring WTO challenges against inadequate enforcement?

ANSWER: Absolutely yes. Proving inadequate enforcement will be a little more difficult than proving that a law is TRIPs-inconsistent. We are working closely with the U.S. IP industry to develop criteria for showing inadequate enforcement.

QUESTION: Do you foresee special 301 being phased out as TRIPs transition periods end and TRIPs obligations come fully into effect?

ANSWER: No. We plan to continue using the annual special 301 review to evaluate the adequacy of IP protection in other countries. We will publish our lists, identifying those countries denying adequate and effective protection. We are also likely use this review process as one way to decide which WTO dispute settlement cases to bring.

QUESTION: Could some country claim that use of special 301 is a violation of the new WTO rules?

ANSWER: There is nothing WTO-inconsistent about publishing lists of countries denying adequate and effective protection. There is nothing WTO-inconsistent about threatening to withdraw trade benefits under programs which we grant unilaterally -- like our GSP benefits that we grant to developing countries. We have withdrawn benefits from Thailand because of poor copyright and patent protection and from India for poor patent protection. Finally, there is nothing WTO-inconsistent about using this process to determine which WTO dispute settlement cases to bring.

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