

For Six Month Period Ending \_\_\_\_\_  
(Insert date)

Name of Registrant Rogers & Wells

Registration No. 3428

Business Address of Registrant

200 Park Avenue  
New York, N.Y.  
(principal)

I-REGISTRANT

1737 H Street, N.W.  
Washington, D.C. 20006  
(and other offices)

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

- |                       |                              |                             |
|-----------------------|------------------------------|-----------------------------|
| (1) Residence address | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Citizenship       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Occupation        | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

(b) If an organization:

- |                          |   |  |
|--------------------------|---|--|
| (1) Name                 | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (2) Ownership or control | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (3) Branch offices       | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |

2. Explain fully all changes, if any, indicated in item 1.

The San Diego, California office and the Greenwich, Connecticut office of the Registrant were closed on July 31, 1986 and September 30, 1986, respectively.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes  No

If yes, furnish the following information:

Name	Position	Date Connection Ended
Carl T. Anderson	Partner	10/1/86
Terrence L. Bingman	Partner	7/31/86
Mitchell L. Lathrop	Partner	7/31/86

4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?  
Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Citizenship</i>	<i>Position</i>	<i>Date Assumed</i>
See attached sheet				

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?  
Yes  No

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Position or connection</i>	<i>Date terminated</i>
N/A		

7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Position or connection</i>	<i>Date connection began</i>
N/A			

II—FOREIGN PRINCIPAL

8. Has your connection with any foreign principal ended during this 6 month reporting period? Yes  No

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date of Termination</i>
•Interbras Cayman Company (Continuing to perform non-registerable work)	December 10, 1986
•Puma USA, Inc. (Continuing to perform non-registerable work)	December 10, 1986

9. Have you acquired any new foreign principal<sup>1</sup> during this 6 month reporting period? Yes  No

If yes, furnish following information:

*Name and address of foreign principal* *Date acquired*

N/A

10. In addition to those named in Items 8 and 9, if any, list the foreign principals<sup>1</sup> whom you continued to represent during the 6 month reporting period.

- Cementos Anahuac del Golfo, S.A.
- LAICA

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes  No

If yes, identify each such foreign principal and describe in full detail your activities and services:

See attached sheet

<sup>1</sup>The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity<sup>2</sup> as defined below?  
Yes  No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

See attached sheet

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13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes  No

If yes, describe fully.

N/A

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<sup>2</sup>The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV—FINANCIAL INFORMATION

14. (a) RECEIPTS—MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes  No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.<sup>3</sup>

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
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See attached sheet

Total

(b) RECEIPTS—THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value<sup>4</sup> other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes  No

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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N/A

<sup>3</sup>A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e).  
<sup>4</sup>Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS—MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement?      Yes       No

(2) transmitted monies to any such foreign principal?      Yes       No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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See attached sheet

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Total

15. (b) DISBURSEMENTS—THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value<sup>5</sup> other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes  No

If yes, furnish the following information:

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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N/A

(c) DISBURSEMENTS—POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value<sup>5</sup> in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes  No

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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See attached sheet

**V—POLITICAL PROPAGANDA**

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes  No

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

N/A

<sup>5</sup>Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes  No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

N/A

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion picture films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches

Other (specify) N/A

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

- Public Officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify) N/A

21. What language was used in this political propaganda:

- English
- Other (specify) N/A

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes  No  N/A

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes  No  N/A

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes  No  N/A

### VI—EXHIBITS AND ATTACHMENTS

#### 25. EXHIBITS A AND B

(a) Have you filed for each of the newly acquired foreign principals in Item 9 the following:

- Exhibit A<sup>6</sup> Yes  No  N/A
- Exhibit B<sup>7</sup> Yes  No  N/A

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes  No

N/A

If yes, have you filed an amendment to these exhibits? Yes  No

If no, please attach the required amendment.

<sup>6</sup>The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

<sup>7</sup>The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

26. EXHIBIT C

If you have previously filed an Exhibit C<sup>8</sup>, state whether any changes therein have occurred during this 6 month reporting period. Yes  No

N/A

If yes, have you filed an amendment to the Exhibit C? Yes  No

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement? Yes  No

N/A

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

*Anthony F. Essaye*

Anthony F. Essaye

*Eugene T. Rossides*

Eugene T. Rossides

Subscribed and sworn to before me at Washington, D.C.

this 6th day of February, 19 87

*Judith M. Pyle*  
(Signature of notary or other officer)

My Commission Expires April 14, 1987

<sup>8</sup>The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)



Attachment to Supplemental Statement for 12/10/86  
to Registration Statement of  
Rogers and Wells, No. 3428

Item 11

- (a) For Cementos Anahuac del Golfo, S.A.: We have performed regulatory and other legal work.
- (b) For Interbras Cayman Company: We have performed general corporate and regulatory and other legal work.
- (c) For LAICA: Submission of written statement to the House Ways and Means Committee and the Senate Finance Committee and a limited number of meetings with Congressman and staff; and preparation of a letter sent to Cabinet members, tax bill conferees, and House Ways and Means and Senate Finance Committees.

Statement to Supplemental Statement for 12/10/86  
to Registration Statement of  
Rogers and Wells, No. 3428

Item 12

- (a) For Cementos Anahuac del Golfo, S.A.: Registrant filed a Statement on September 12, 1986 with the Subcommittee on International Trade of the Senate Finance Committee to present the foreign principal's view in opposition to the natural resources provision of proposed trade legislation (attached).
  
- (b) For LAICA: Registrant assisted in the preparation of the attached letter to Secretary of State Shultz on June 20, 1986 concerning provision in tax bill on ethanol imports. Copies were sent to Secretaries of Treasury and Commerce, USTR, and similar letters (attached) were sent to House and Senate tax conferees, and House Ways and Means and Senate Finance Committee members. Registrant also arranged meetings with Costa Rican officials and attached list of Congressman and staff.

U.S. SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEE ON INTERNATIONAL TRADE

STATEMENT OF EUGENE T. ROSSIDES  
ROGERS AND WELLS  
COUNSEL FOR  
GRUPO ANAHUAC, S.A.  
IN OPPOSITION TO PROPOSED NATURAL RESOURCE LEGISLATION

SEPTEMBER 12, 1986

As counsel for the cement producing companies of the Anahuac Group, Cementos Anahuac and Cementos Anahuac del Golfo, we take this opportunity to comment on S. 1292 and §502 of S. 1356, which would apply countervailing duties to alleged subsidies on natural resource inputs. In the following discussion, we will be commenting on this proposed legislation from our clients' perspective as producers and exporters of Mexican cement.

These measures are protectionist since they seek to limit U.S. imports of certain merchandise, such as Mexican cement, which is not injuring U.S. industry. This amendment to the countervailing duty law would clearly violate the GATT and invite retaliation from the United States' trading partners. It also would do little to assist the U.S. cement industry whose difficulties are unrelated to imports. The proposed amendment to the U.S. trade laws, which would come at a crucial time in U.S. - Mexico trade relations, threatens to impede the significant progress which the two countries have made together.

I. The U.S. Cement Industry Has Not Been Injured By Imports Of Mexican Cement

Contrary to the allegations by the U.S. cement producers,<sup>\*/</sup> cement imports are hardly increasing at a significant rate. The data available to Anahuac indicate only that from 1980 through 1984, the U.S. industry's market share

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<sup>\*/</sup> Written Statement of Mr. Thomas E. Bronson, American Cement Trade Alliance (ACTA) 2 (June 26, 1986) ["ACTA Statement"].

and volume was generally very healthy and their share of the U.S. market was on the average over 90%.

MARKET SHARE OF CEMENT AND CEMENT CLINKER  
( '000 short tons)

<u>Year</u>	<u>U.S. Consumption</u>	<u>Domestic Shipments</u>	<u>Domestic Market Share</u>	<u>Total Imports</u>	<u>Imports' Market Share</u>
1980	77.3	72.0	93.1%	5.3	6.9%
1981	72.7	68.7	94.5%	4.0	5.5%
1982	65.5	62.6	95.6%	2.9	4.4%
1983	71.9	67.6	94.0%	4.3	6.0%
1984	83.6	75.0	89.4%	8.6	10.3%

Source: U.S. Department of Commerce

While the American cement interests have told this Subcommittee that imports of Mexican cement have skyrocketed in recent years, the fact is that Mexico, like Spain, has merely been supplanting the market share lost by other imports. Therefore, the overall share held by the U.S. industry has not really been affected by this trend during this period. Our clients' data indicate that the increase in Mexico's cement exports is only a shift from other exporting countries (e.g., Japan, Australia, U.K., Sweden) within the overall level of imports which has not threatened the U.S. industry.

As the U.S. producers themselves admit in their statement to the Committee, their capacity utilization has increased

steadily. [65% (1983); 75% (1984); and 78.1% (1985)].<sup>\*/</sup> Regardless, any U.S. capacity utilization problems cannot be blamed on cement imports - particularly from Mexico. Mexico exports cement to Florida, for example, because the domestic industry in that region cannot meet the demand. Cement plants which were shut down in Texas and Florida were closed by obsolescent and inefficient technology - not imports. The expense of EPA compliance, high production costs, poor planning, etc. have taken their toll on the U.S. industry - not Mexican exports.

For example, Ideal Cement closed its Houston, Texas plant and opened a new 1.5 mill. tons/yr. facility near Mobile, Alabama. Although this plant is one of the largest and newest in the county, it is unprofitable and has now been closed. To cover the demand, though, Ideal is now importing 1.5 million tons/yr. of cement clinker to replace the production lost at Mobile. Mexican cement imports are a resource for U.S. producers who otherwise could not meet demand.

Cement exports to the U.S. do not per se constitute unfair trade. There is a cement surplus throughout the world and Mexico, like other countries, seeks to sell to the U.S. By concentrating only on Mexican cement, the U.S. industry fails

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<sup>\*/</sup> Id. at 2-3.

to acknowledge the other major sources of cement imports. Mexico, however, is the only country whose cement exports to the U.S. have been assessed countervailing duties (since 1983). And more to the point, the level of subsidization found by the Commerce Department is very low. After a Commerce Department investigation, and an annual administrative review of the CVD Order, Cementos Anahuac has a 0% CVD margin, and Anahuac del Golfo has a margin of some 3%. The overall weighted average CVD rate for all Mexican cement exports stands at a mere 3.50%. Even these low CVD rates are unrealistically high and unreasonable and Anahuac is presently challenging them in the Court of International Trade in its appeal of the final results of the section 751 review.

It is ironic that the U.S. cement producers have singled out Mexican cement as a source of alleged injury, when so many of them import Mexican cement themselves. It is well known in the cement trade that all of the U.S. producers comprising the Board of the American Cement Trade Association (ACTA) import cement. We are concerned that some of the U.S. producers complain about our clients' exports, while they import cement from other countries.

Moreover, the U.S. cement interests continue to ignore cement imports from Asia, Europe, and Australia in complaining that only subsidized fuel permits Mexican cement to be sold in the U.S. The U.S. industry asserts that, if not for allegedly

subsidized fuel, Mexican cement exporters could not meet the prohibitively high freight costs of shipping to the U.S. The example cited by ACTA is the export of cement from Tampico, Mexico to Florida - a distance of some 900 miles. In comparison to the U.S. producers' freight costs, this cost of shipping to Florida is not remarkable since ocean freight is considerably less expensive than overland freight by truck or rail. And if, according to ACTA, only fuel subsidies could account for this shipment, why do they ignore Asian cement exporters located thousands of miles away from the U.S. market? Given ACTA's reasoning, the Asian subsidies would have to be astronomical. Our point is that the effect of Mexican cement on the U.S. market is truly de minimis.

The domestic industry claims that the U.S. countervailing trade laws are deficient since the alleged Mexican fuel subsidies have not been included in these rates. For the following reasons, the so-called natural resource subsidy cannot legally come within the purview of the U.S. trade laws.

II. The Mexican Fuel Program Is A Result Of Comparative Advantage and Is Not A Countervailable Subsidy

The most compelling reason why this amendment to the CVD law should not be enacted is that it would countervail against alleged subsidies which are not "sector-specific." The foreign natural resource programs targetted by proponents of this legislation are not limited to particular industries or

regions. For example, regardless of the negligible impact of imports of Mexican cement on the U.S. industry, the alleged PEMEX fuel subsidies are not countervailable because they are not "sector-specific". A fundamental feature of the U.S. CVD law has been to treat as domestic subsidies only those bounties or grants which benefit a particular section of the foreign country's economy.<sup>\*/</sup> This position is founded on long-standing U.S. administrative practice as well as the consensus in the GATT that only benefits granted to "certain enterprises" can be considered countervailable domestic subsidies. Article 11.3 of the Subsidies Code.

The U.S. cement interests have told this Subcommittee<sup>\*\*/</sup> that, under the Court of International Trade's decision in Cabot Corp. v. U.S. \_\_\_ CIT \_\_\_, Slip Op. 85-102, 7 ITRD 1337 (Oct. 4, 1985), the Mexican fuel "subsidy" is countervailable since it is not "generally available". According to ACTA, "[s]ignificant benefits to the Mexican fuel pricing policy are received by specific industries." They are wrong. The Cabot decision was concerned about specific

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<sup>\*/</sup> The Tariff Act of 1930, §771(5)(B), 19 U.S.C. §1677(5)(B); Carlisle Tire & Rubber Co. v. U.S., 5 CIT 229, \_\_\_, 564 F.Supp. 834 (1983).

<sup>\*\*/</sup> ACTA Statement, supra, at 11.

industries receiving specific benefits which are only nominally "available" to all industries. PEMEX fuel is actually received by all manufacturing industries in Mexico, including the Mexican cement industry. Thus, in fact, any so-called subsidy received by the cement industry is received nationwide in Mexico in all sectors.

Moreover, ACTA failed to mention the second part of the Cabot test: whether the price of the natural resource is received on preferential terms. 7 ITRD at 1344. The Mexican cement industry, in fact, pays PEMEX the same price for its fuel as do all other customers in Mexico. There is no preferential fuel price for the Mexican cement industry. The Court also specifically rejected the motion that a Mexican natural resource "price below the world market price is a per se countervailable benefit. The matter is more complex." Id. at n. 9.

If the U.S. were to begin assessing CVD's on "generally available" natural resource subsidies, it would be contradicting past U.S. administrative practice as well as the Subsidies Code. The U.S. Administration stands firmly opposed to this measure, and rightly so because this amendment would not survive a challenge within the GATT. Mexico, which has just joined GATT, would be entitled to compensation, or to retaliate against U.S. exports.

The PEMEX price structure does not confer an "artificial" advantage on Mexican producers and exporters; state-owned PEMEX sells fuel at a profit in Mexico and its sales are based on a natural "comparative advantage" over U.S. producers' costs. Mexico is entitled to provide natural resources to its producers at prices which may not correspond to the international market price. If Mexico was, in effect, required by this proposed legislation to sell energy resources at higher prices which may exist in the fluctuating international market, it might be forced to participate in a virtual cartel.

A foreign government, especially in a less developed country, has the right to exploit, develop, and allocate its natural resources freely to further its own national interest. We believe, as did the Cabot court, that selling fuel at a price lower than the world market price does not necessarily constitute a subsidy. Governments, like private enterprises, may have justifiable reasons for selling at different prices.\*/

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\*/ The Cabot court explained a few theoretical reasons why selling below the world price might not be countervailable. Cabot Corp. v. U.S., 7 ITRD at 1337 n. 9. See also Barshefsky, Diamond & Ellis, Foreign Government Regulation of Natural Resources: Problems and Remedies Under United States International Trade Laws, 21 Stan. J. Int'l. 29, 59-63 (Spring 1985) for a fuller analysis on this point.

Regardless, signatories to the Subsidies Code recognized that domestic subsidies may be used "to promote the economic and social development of developing countries. Subsidies Code, Article 11.1(e). Providing needed energy resources to its domestic industries does not constitute subsidization by Mexico. In any event the PEMEX price has increased over recent years from some 10% to presently 60% of the international price. Further increases are expected. Whatever role the U.S. interests believe the pricing system might have played in past exports, any such participation is plainly being phased out.

#### Conclusion

This proposed amendment comes at a time when Mexico - United States trade relations are at a crossroads. The U.S. and Mexico concluded a bilateral trade agreement under which Mexico undertook to eliminate certain subsidies. By joining the GATT, Mexico is assumed additional responsibilities as a trading partner of the United States. These historic steps furthering the development of Mexico would be hindered by passage of this protectionist legislation. The United States is bound by the terms of the bilateral agreement not to take any action which "impairs the benefits accruing to the other party under this Understanding." Article 9.

Mexico, as is well known by this Subcommittee, faces enormous struggles in attempting to resolve its economic crises. Increasing its revenue from exports is one of the

avenues Mexico is taking to try to deal with its foreign debt. By expanding the scope of countervailable Mexican benefits, the U.S. is threatening to siphon off some of Mexico's sources of much-needed foreign currency. As a policy matter, if the United States is truly concerned about achieving stability in the Mexican economy, it would reject these proposed amendments out of hand as protectionist measures which will harm not only Mexico, but U.S. interests as well.

**COPY**

June 20, 1986

The Honorable  
George P. Shultz  
Secretary of State  
2201 C Street, NW.  
Washington, D.C. 20520

Dear Mr. Secretary:

The Government of Costa Rica takes this opportunity to express its deepest concern with regard to certain trade provisions in the version of the Tax Reform Act of 1986, H.R. 3838, presently before the Senate Finance Committee. Specifically, the provisions concerning the additional duties on ethyl alcohol as a fuel (section 714(c) and (h)) unfairly exclude Costa Rican exports of anhydrous ethanol which have been substantially transformed and upgraded at the final distillation facility at Punta Morales, Costa Rica, from imported non-CBI hydrous alcohol. Section 714(c) effectively denies these exports the duty-free treatment they presently receive under the Caribbean Basin Economic Recovery Act (CBERA).

We respectfully urge the Committee to provide an exception to section 714(c) similar to the two narrow exceptions presently in the bill, which would permit non CBI-origin ethyl alcohol distilled at the Punta Morales facility to continue to enter the U.S. duty-free pursuant to CBERA. The Punta Morales final distillation facility has a stated capacity of 23 million gallons annually and is privately owned by the entire Costa Rican sugar industry, its nine thousand independent growers and twenty two sugar mills.

The two narrow exceptions in section 714(h) retaining CBERA duty-free treatment are for two U.S.-owned companies. One is a wholly-owned U.S. company in Jamaica with a 20 million gallon/year stated capacity. The other exception, for a facility not yet even built, would require at least 50% of the plant's equipment to be produced in the U.S. and owned by a company of at least 50% U.S. ownership. The second exception is for a stated capacity of 42 million gallons/year.

Clearly, Costa Rica should not be discriminated against. The Punta Morales ethanol plant for which we now seek an

Clearly, Costa Rica should not be discriminated against. The Punta Morales ethanol plant for which we now seek an exception from 714(c) was built in reliance on a November 19, 1985 U.S. Customs Service ruling that our exports of "substantially transformed" non-CBI origin ethanol would qualify for CBERA duty-free treatment. The contracts for the Punta Morales tanks, pipes, civil work, and platforms were finalized on that same day. The contract for purchasing the distillery column and related equipment was formally confirmed on December 27, 1985.

The facility became fully operational by the end of May, 1986, and had more than 50% of the total value of its equipment and components produced in the United States.

A reversal of CBERA benefits at this point would cast serious doubts on U.S. intentions and would jeopardize the integrity of the CBI program in Costa Rica and the CBI in general.

Such a reversal would also seriously deprive Costa Rica of the benefits it has been granted under CBERA. The Costa Rican sugar industry has entered a crucial period where it has diversified a substantial portion of its sugar cane juice production into anhydrous ethanol for export, in order to ensure much-needed export revenue. The first priority of the industry was to build two grass roots fermentation/distillation facilities annexed to raw sugar mills. CATSA was completed in 1981 and Taboga in March, 1986. Since it is planned to distill only wholly indigenous Costa Rican alcohol within the meaning of 714(c) at these facilities, we do not request an exception for these two plants.

However, an integral part of the Costa Rican sugar diversification program is the distillation for export of non-CBI origin hydrous alcohol feedstock at the newly completed final distillation facility at Punta Morales. The export revenue from this plant, projected to be operated year round, will be shared by all sections of the sugar and ethanol industry. The reversal of CBI benefits for these exports, therefore, would represent a serious setback not only to our vital sugar/ethanol industry, but for private investments in Costa Rica and for our country's economy as a whole.

We would hope that you would share our concern. Costa Rica has long been a friend of the United States and is a stable democracy in our region. The potential ramifications of this unreasonable exclusion of certain Costa Rican ethanol from CBERA treatment should be a matter of real concern to both our Governments.

EMBAJADA DE COSTA RICA  
WASHINGTON, D. C. 20008

July 11, 1986

The Honorable  
Dan Rostenkowski  
Chairman,  
House Committee on Ways and Means  
2111 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Rostenkowski:

The Government of Costa Rica takes this opportunity to express its deepest concern with regard to certain trade provisions in the Senate version of the Tax Reform Act of 1986, H.R. 3838, which will be before the House-Senate Conference Committee. Specifically, the provisions concerning the additional duties of ethyl alcohol as a fuel (section 714(c) and (h)) unfairly exclude Costa Rican exports of anhydrous ethanol which have been substantially transformed and upgraded at the final distillation facility at Punta Morales, Costa Rica, from imported non-CBI hydrous alcohol. Section 714(c) effectively denies these exports the duty-free treatment they presently receive under the Caribbean Basin Economic Recovery Act (CBERA).

We respectfully urge the Conference Committee to provide an exception to section 714(c) similar to the two narrow exceptions presently in the bill, which would permit non CBI-origin ethyl alcohol distilled at the Punta Morales facility to continue to enter the U.S. duty-free pursuant to CBERA. The Punta Morales final distillation facility has a stated capacity of 23 million gallons annually and is privately owned by the entire Costa Rican sugar industry, its nine thousand independent growers and twenty two sugar mills.

The two narrow exceptions in Section 714(h) retaining CBERA duty-free treatment are for two U.S.-owned companies. One is a wholly-owned U.S. company in Jamaica with a 20 million gallons/year stated capacity. The other exception, for a facility not yet even built, would require at least 50% of the plant's equipment to be produced in the U.S. and owned by a company of at least 50% U.S. ownership. The second exception is for a stated capacity of 42 million gallons/year.

Clearly, Costa Rica should not be discriminated against. The Punta Morales ethanol plant for which we now seek an exception from 714(c) was built in reliance on a November 19, 1985 U.S. Customs Service ruling that our exports of "substantially transformed" non-CBI origin ethanol would qualify for CBERA duty-free treatment. The contracts for the Punta Morales tanks, pipes, civil work, and platforms were finalized on that same day. The contract for purchasing the distillery column and related equipment was formally confirmed on December 27, 1985.

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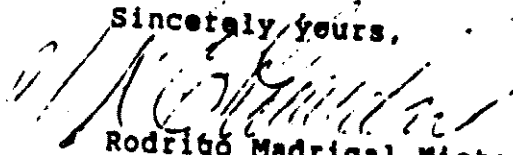
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Page 3

For these reasons, the Government of Costa Rica respectfully requests that every consideration be given to include an exception from section 714(c) which would permit the continued duty-free importation of "substantially transformed" non-indigenous ethyl alcohol from the Punta Morales facility in Costa Rica.

For your information, I am writing identical letters to the members of the House Ways and Means Committee and to the members of the Senate Finance Committee

Sincerely yours,



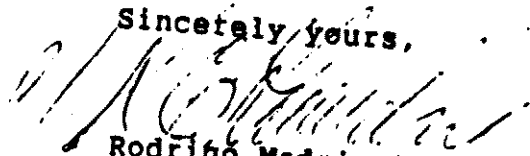
Rodrigo Madrigal Nieto  
Foreign Minister



For these reasons, the Government of Costa Rica respectfully requests that every consideration be given to include an exception from section 714(c) which would permit the continued duty-free importation of "substantially transformed" non-indigenous ethyl alcohol from the Punta Morales facility in Costa Rica.

For your information, I am writing identical letters to the members of the House Ways and Means Committee and to the members of the Senate Finance Committee

Sincerely yours,

  
Rodrigo Madrigal Nieto  
Foreign Minister



EMBAJADA DE COSTA RICA  
WASHINGTON, D. C. 20008

September 16, 1986

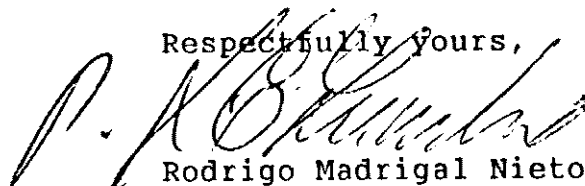
The Honorable Robert Dole  
United States Senate  
141 Hart Senate Office Bldg.  
Washington, D.C. 20510

Dear Senator Dole:

Regarding the Conference Committee's transition modification for ethanol, I respectfully request the inclusion for grandfathering purposes of the dehydration facility at Punta Morales, Costa Rica. This request is made for the reasons set forth in my earlier letter to you including reliance on Customs rulings, equal treatment to that accorded American investments, and the importance of this matter to the Costa Rican economy.

I have the honor of thanking you for consideration of this matter.

Respectfully Yours,

  
Rodrigo Madrigal Nieto  
Foreign Minister



List of Congressman and staff  
as referenced in item 12

Date

7/30/86	Jeff Crane (Congressman Phil Crane's staff)
7/31/86	Patti Andrews (Congressman Duncan's staff) George Dalley (Congressman Rangel's staff) Congressman J.J. Pickle John Olinger (Congressman Downey's staff)

Attachment to Supplemental Statement for 12/10/86  
to Registration Statement of  
Rogers and Wells, No. 3428

Item 14 (a)

<u>Date</u>		<u>Amount</u>
• (a)	From Cementos Anahuac del Golfo, S.A.:	
11/12/86	Fees and disbursements	\$19,954.68
	(Payment of legal fees and disbursements)	
• (b)	From Interbras Cayman Company:	
7/21/86	Fees and disbursements	\$69,795.70
	(Payment of legal fees and disbursements)	
• (c)	From LAICA:	
7/18/86	Payment of Legal Fees	\$5,000.00
8/11/86	Payment of Legal Fees	\$5,000.00
• (d)	From Puma USA, Inc.:	
	None	
	TOTAL	<u>\$99,750.38</u>

Attachment to Supplemental Statement for 12/10/86  
to Registration Statement of  
Rogers and Wells, No. 3428

Item 15 (a)

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
(a) For Cementos Anahuac del Golfo, S.A.:			
6/10/86 - 12/10/86		Misc. out-of-pocket expenses for copying telephone, employee overtime expenses, postage and couriers, a portion of which was in connection with matters described in response to Item 11 of our prior Supplemental Statement, but posted on our books during the current reporting period.	\$4,649.33
(b) For Interbras Cayman Company:			
6/10/86 - 12/10/86		Misc. out-of-pocket expenses for copying, telephone, employee overtime expenses, postage and couriers, a portion of which was in connection with matters described in response to Item 11 of our prior Supplemental Statement, but posted on our books during the current reporting period.	\$2,615.20
(c) For Puma USA, Inc.:			
6/10/86 - 12/10/86		Misc. out-of-pocket expenses for copying, telephone, couriers and air freight.	\$26.08
(d) For LAICA:			
6/10/86 - 12/10/86		Misc. out-of-pocket expenses for copying, telephone, telex, couriers, postage, air freight, employee overtime expenses, a portion of which was in connection with matters described in response to Item 11 of our prior Supplemental Statement, but posted on our books during the current reporting period.	\$2,547.83
TOTAL			<u>\$9,838.44</u>

Attachment to Supplemental Statement for 12/10/86  
to Registration Statement of  
Rogers and Wells, No. 3428

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Item 15 (c)

<u>Date</u>	<u>Amount</u>	<u>Political Organization</u>	<u>Candidate</u>
6/11/86	\$2,500	New York State Republican State Committee	
6/11/86	\$400	Friends of Bob Whelan	Bob Whelan
6/13/86	\$150	People for Siegel	Mark Alan Siegel
6/20/86	\$250	Friends of Dick Gottfried	Dick Gottfried
6/20/86	\$100	Friends of Robert A. Straniere	Robert A. Straniere
6/23/86	\$250	Chuck Schmer Committee	Chuck Schumer
7/08/86	\$2,000	Lundine for Lieutenant Governor Committee	Stan N. Lundine
7/09/86	\$1,000	Lundine for Lieutenant Governor Committee	Stan N. Lundine
7/09/86	\$2,000	D.N. Dinkins Committee	David N. Dinkins
7/24/86	\$1,000	Friends of Bob Graham	Bob Graham
7/28/86	\$3,000	Citizens Budget Commission	
8/27/86	\$500	New Yorkers for Kremer	Arthur J. Kremer
8/29/86	\$300	New York County Democratic Committee - H. Spear, Treasurer	
9/02/86	\$500	Committee for a Republican Assembly	
9/05/86	\$500	New York State Senate Republican Campaign Committee	
9/12/86	\$1,000	Friends of Jim Abdnor	Jim Abdnor
9/12/86	\$15,000	Regan Support Committee	Ned V. Regan
9/12/86	\$500	Friends for Gray Davis	Gray Davis
9/15/86	\$500	Stark Reelection Committee	Pete Stark

<u>Date</u>	<u>Amount</u>	<u>Political Organization</u>	<u>Candidate</u>
9/16/86	\$250	New York Democratic Majority Fund	
10/14/86	\$500	Eannace for Assembly	Ralph J. Eannace, Jr
10/14/86	\$300	Association for a Better New York	
10/22/86	\$250	Friends of Ruth Messinger	Ruth Messinger
11/14/86	\$50	Smith Retirement Party	William T. Smith, II
11/19/86	\$300	Friends of Bob Whelan	Bob Whelan
12/03/86	\$10,000	Moynihan Committee, Inc.	Daniel P. Moynihan
12/09/86	\$3,000	New York Republican County Committee	

