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REMARKS OF  
THE HONORABLE AMBASSADOR STUART E. EIZENSTAT  
UNDER SECRETARY OF COMMERCE FOR INTERNATIONAL TRADE  
U.S. DEPARTMENT OF COMMERCE

TO EU MEMBER STATE EMBASSY ECONOMIC MINISTERS  
AND THE EUROPEAN COMMISSION DELEGATION

JUNE 26, 1996  
WASHINGTON, DC

THANK YOU MINISTER TEDESCHI FOR YOUR WARM INTRODUCTION.

I AM PLEASED TO BE HERE TODAY BECAUSE OF THE IMPORTANCE OF THE U.S. -  
EUROPEAN RELATIONSHIP AND THE INTEREST IN THAT RELATIONSHIP I  
DEVELOPED DURING MY YEARS IN BRUSSELS. BUT I MUST SAY THAT I AM  
ALSO PLEASED TO BE HERE BECAUSE OF THE STRONG SUPPORT THE ITALIAN  
PRESIDENCY PROVIDED FOR THE EUROPEAN UNION OVER THE LAST SIX  
MONTHS -- DESPITE THE DIFFICULTIES IT FACED.

UNDER THE ITALIAN PRESIDENCY WE SAW THIS MONTH'S EXCELLENT U.S.-EU  
SUMMIT, WHERE WE WERE ABLE NOT ONLY TO TALK FRANKLY ON  
TROUBLESOME ISSUES BUT ALSO WERE ABLE TO AGREE ON MUCH OF  
IMPORTANCE AS WE REVIEWED THE FIRST SIX MONTHS OF THE NEW  
TRANSATLANTIC AGENDA AND SET OUR GOALS FOR THE COMING SIX MONTHS.

TODAY I WOULD LIKE TO GIVE MY PERSPECTIVE ON TRANSATLANTIC RELATIONS AND HIGHLIGHT SOME OF THE IMPORTANT BILATERAL ISSUES THAT ARE BEFORE US. BEFORE I DO SO, HOWEVER, I WOULD LIKE TO TOUCH BRIEFLY ON MY PRIORITIES FOR THE INTERNATIONAL TRADE ADMINISTRATION.

### **KEY PRIORITIES**

FIRST, I AM GOING TO STRENGTHEN OUR TRADE COORDINATION AND TRADE PROMOTION RESPONSIBILITIES, MAKING IT A PRIORITY TO BUTTRESS ADMINISTRATION-WIDE EFFORTS THROUGH OUR ADVOCACY CENTER AND THE TRADE PROMOTION COORDINATING COMMITTEE.

SECOND, I WILL STRENGTHEN TRADE ENFORCEMENT EFFORTS. I AM A STRONG BELIEVER IN FREE TRADE, BUT WE CANNOT TAKE FREE TRADE FOR GRANTED. FOR EXAMPLE, A POLL TAKEN NOT TOO LONG AGO SHOWED THAT BY MORE THAN 2-1 AMERICANS THINK TRADE COSTS JOBS RATHER THAN CREATES THEM. WE HAVE TO WORK HARDER TO BUILD SUPPORT FOR OPEN TRADE POLICIES.

AN IMPORTANT STEP IS THAT THE PUBLIC MUST SEE WE ARE EFFECTIVELY AND VISIBLY ENFORCING OUR TRADE AGREEMENTS. WITH THIS IN MIND, AS ONE OF MY MAJOR INITIATIVES I AM CREATING A TRADE COMPLIANCE CENTER WITHIN THE INTERNATIONAL TRADE ADMINISTRATION. THIS CENTER WILL WORK CLOSELY WITH USTR'S NEW ENFORCEMENT OFFICE TO ENSURE U.S. FIRMS GET THE FULL BENEFITS OF THE TRADE AGREEMENTS WE HAVE NEGOTIATED.

THIRD, I WILL INCREASE OUR EMPHASIS ON SMALL AND MEDIUM-SIZED FIRMS. THEIR SHARE OF U.S. EXPORTS IS HALF WHAT IT IS OF U.S. INDUSTRIAL PRODUCTION, AND WE NEED TO RAISE IT. WE CAN LEARN A LOT FROM EUROPE, WHICH HAS DONE A BETTER JOB HELPING SMALLER FIRMS TRADE WORLDWIDE.

FOURTH, I AM ALIGNING OUR COMMERCIAL OBJECTIVES MORE CLOSELY WITH U.S. FOREIGN POLICY GOALS. TRADE AND INVESTMENT PLAY AN INCREASINGLY IMPORTANT ROLE IN HELPING THE RESTRUCTURING OF CENTRAL EUROPE AND THE FORMER SOVIET UNION AND SUPPORTING THE PEACE PROCESS IN TROUBLED REGIONS THROUGHOUT THE WORLD, INCLUDING IN THE MIDDLE EAST, NORTHERN IRELAND, BOSNIA AND CROATIA, AND SOUTH AFRICA.

FINALLY, I WILL CONTINUE THE WORK WE HAVE BEGUN WITH THE BIG EMERGING MARKETS OF THE WORLD. THESE ECONOMIES WILL PRODUCE THE GREATEST OPPORTUNITIES FOR FUTURE TRADE GROWTH. HOWEVER, WE WILL NOT IGNORE OUR HUGE TRADITIONAL MARKETS SUCH AS EUROPE.

TO PUT EUROPE IN PERSPECTIVE, THE U.S.-EUROPEAN COMMERCIAL RELATIONSHIP, COUNTING BOTH EXPORTS AND AFFILIATE PRODUCTION IN EACH OTHER'S MARKETS, AMOUNTS TO OVER \$1.7 TRILLION ANNUALLY -- OUR LARGEST COMMERCIAL RELATIONSHIP IN THE WORLD BY FAR: 50% LARGER THAN OUR TRANSPACIFIC COMMERCE, FOR EXAMPLE.

#### **HIGHLIGHTS OF U.S. EU BILATERAL PROGRESS AND ISSUES**

OUR TRANSATLANTIC RELATIONSHIP HAS EVOLVED IMMENSELY SINCE THE URUGUAY ROUND'S CONCLUSION AND THE COLLAPSE OF "THE WALL" WHICH SYMBOLIZED THE DIVISION OF EUROPE AND THE GLOBAL POLITY THAT WAS A CONSEQUENCE.

DURING MY TENURE AS U.S. AMBASSADOR TO THE EU, I SAW A FULL AND STRONG U.S.-EU RELATIONSHIP; BUT NEVER STRONGER THAN NOW, FOR THE RELATIONSHIP HAS BEEN TAKEN TO A NEW LEVEL BY THE NEW TRANSATLANTIC AGENDA (NTA) AGREED TO IN THE U.S.-EU SUMMIT LAST DECEMBER.

IN MY OPINION, THE NEW TRANSATLANTIC AGENDA IS THE MOST SIGNIFICANT STEP IN U.S. - EU RELATIONS SINCE THE BEGINNING OF THE EUROPEAN INTEGRATION MOVEMENT IN THE 1950'S. IT RECOGNIZES THE PRIME IMPORTANCE OF THE TRANSATLANTIC RELATIONSHIP AND MOVES IT TO A BROADLY-BASED ACTION AGENDA.

IT DEMONSTRATES THE CONTINUED U.S. COMMITMENT IN THE POST-COLD WAR ERA TO BE A PARTNER IN THE DEVELOPMENT OF EUROPE'S FUTURE. WE WILL HARNESS OUR ENERGIES TOGETHER ACROSS A WIDE RANGE OF POLITICAL, BUSINESS, ECONOMIC, TRADE, SCIENCE, AND HEALTH INITIATIVES. I WAS PRIVILEGED TO PLAY A MAJOR ROLE IN DEVELOPING THE NEW TRANSATLANTIC AGENDA, AND I CONSIDER IT ONE OF THE MOST IMPORTANT CONTRIBUTIONS I HAVE BEEN ABLE TO MAKE IN PUBLIC SERVICE.

I WOULD PARTICULARLY LIKE TO EMPHASIZE ONE OF THE NTA'S MOST IMPORTANT GOALS -- "BUILDING BRIDGES ACROSS THE ATLANTIC." THIS GOAL IS THE KEY TO ALL THE REST, FOR ONLY IF THE BUSINESSES AND CITIZENS OF THE UNITED STATES AND THE EU UNDERSTAND, BELIEVE IN, AND PARTICIPATE IN THE TRANSATLANTIC RELATIONSHIP CAN THERE BE THE PUBLIC SUPPORT NECESSARY TO MAKE OUR OTHER GOALS ATTAINABLE.

THE TRANSATLANTIC BUSINESS DIALOGUE -- THE "TABD" -- IS ONE OF THE MOST INTERESTING AND IMPORTANT DEVELOPMENTS IN THIS APPROACH. I AM IMPRESSED WITH THE DEGREE TO WHICH THE TABD HAS BEEN EMBRACED BY TRADE POLICY MAKERS ON BOTH SIDES OF THE ATLANTIC. WHAT MAKES THIS FORUM UNIQUE IS THAT IT IS INDUSTRY DRIVEN, AND AT THE CEO LEVEL.

THE TABD'S PROGRESS REPORT PRESENTED IN BRUSSELS LAST MONTH IS AN EXTREMELY IMPRESSIVE DOCUMENT, RICH IN DETAIL. KEY RECOMMENDATIONS INCLUDE IPR IMPROVEMENTS, STANDARDS/MUTUAL RECOGNITION AGREEMENTS, AND COMPLETION OF AN AGREEMENT TO ELIMINATE DUTIES ON INFORMATION TECHNOLOGY PRODUCTS.

AT THE JUNE U.S. -EU SUMMIT, IT WAS CLEAR THAT TABD INPUT HAD BEEN STRONGLY CONSIDERED IN CRAFTING THE SENIOR LEVEL GROUP'S REPORT TO THE PRESIDENTS; AND TOP U.S. AND COMMISSION OFFICIALS AGREED TO MOVE FORWARD ON SOME OF INDUSTRY'S PRIORITIES. NOTABLY, THE SUMMIT REPORT TOOK NOTE OF THE TABD'S GOAL OF "APPROVED ONCE, ACCEPTED THROUGHOUT THE TRANSATLANTIC MARKETPLACE" -- THE FIRST TIME GOVERNMENTS HAVE CONSIDERED THIS GOAL.

THE SUMMIT REPORT ALSO HIGHLIGHTS THE TABD'S WORK IN THE AREA OF AUTOMOBILE STANDARDS HARMONIZATION, MUTUAL RECOGNITION AGREEMENTS, A SMALL BUSINESS INFORMATION INITIATIVE, AND OTHERS AS WELL. THE PARTICIPATION OF TWO CEO'S REPRESENTING THE TABD AT THE SUMMIT WAS ALSO IMPORTANT: DAIMLER-BENZ' CEO JUERGEN SCHREMPP, AND WESTVACO'S (West-VA-co's) JOHN LUKE, JR.

THE TABD IS A REMARKABLE GROUP. I FEEL VERY STRONGLY THAT THE CONTRIBUTION IT IS MAKING IS INVALUABLE TO OUR TRADE POLICY EFFORTS. WE ARE LOOKING FORWARD TO THE TABD'S PLANS FOR A MAJOR CEO-LEAD CONFERENCE TO BE HELD IN CHICAGO NOVEMBER 8-9, 1996, WHERE SECRETARY KANTOR WILL BE PARTICIPATING ACTIVELY.

TABD WORKS. THAT IS WHY, ALTHOUGH IT IS THE DECISION OF THE BUSINESS COMMUNITY, I AM ENCOURAGING THE TABD TO CONTINUE THIS PROCESS BEYOND NOVEMBER. THE RESULTS OF OUR WORK WITH INDUSTRY WILL BE EVIDENT IN THE ELIMINATION OF TRADE BARRIERS, ENHANCED TRADE, AND LOWER COSTS TO OUR CONSUMERS.

I HAVE TO SAY, THOUGH, THAT WHILE WE HAVE WORKED HARD SINCE THE MADRID SUMMIT TO IMPLEMENT TABD'S RECOMMENDATIONS, I AM NOT CONVINCED WE HAVE WORKED HARD ENOUGH. IN PARTICULAR, I AM DISAPPOINTED THAT WE HAVE NOT BEEN ABLE TO MOVE FURTHER ON THE TOP PRIORITIES THAT HAVE BEEN MUTUALLY AGREED TO BY BOTH OUR INDUSTRIES. BUSINESS HAS AGREED. WHY CAN'T WE?

SEVERAL OF THESE ISSUES ARE SO CURRENT AND SO IMPORTANT THAT IT IS WORTH SPENDING A LITTLE TIME TODAY DISCUSSING THEM IN SOME DETAIL

### MUTUAL RECOGNITION AGREEMENTS

I WOULD LIKE TO START BY DISCUSSING FOR A FEW MINUTES THE MUTUAL RECOGNITION AGREEMENTS (MRAS) THAT WE AND THE COMMISSION HAVE BEEN NEGOTIATING IN SEVERAL SECTORS. IN JUNE, WE REACHED AGREEMENT IN PRINCIPLE IN FIVE OUT OF THE SEVEN SECTORS WE HAVE BEEN NEGOTIATING. THOSE FIVE ARE: TELECOMMUNICATIONS AND INFO TECH PRODUCTS, ELECTRONIC PRODUCTS WITH EMC CHARACTERISTICS, ALL ELECTRICAL PRODUCTS, RECREATIONAL CRAFT, AND VETERINARY BIOLOGICS. WE HAVE NOW REACHED A POINT IN OUR NEGOTIATIONS WHERE WE CAN PROVIDE FULL AND COMPLETE MRA'S TO AN ENORMOUS RANGE OF TRADE. WE ARE STILL WORKING ON MEDICAL DEVICES AND PHARMACEUTICALS.



WE ESTIMATE THAT 50-80 PERCENT OF TESTING AND CERTIFICATION COSTS FOR EUROPEAN AND AMERICAN COMPANIES CAN BE ELIMINATED WITH IMPLEMENTATION OF MRAS IN THE SECTORS CURRENTLY UNDER NEGOTIATION.

NEGOTIATIONS IN THE THREE SECTORS COVERING TELECOMMUNICATIONS, ELECTRONICS, AND ELECTRICAL SECTOR ALONE COVER \$30 BILLION IN TWO-WAY TRADE. THIS IS A BALANCED AGREEMENT -- EUROPEAN COMPUTERS, TELECOMMUNICATIONS GEAR, AND TRANSMITTERS HAVE EXACTLY AS MUCH TO GAIN FROM THIS MRA AS DO U.S. PRODUCTS.

IN SEEKING TO REACH THESE AGREEMENTS, THE U.S. MADE IMPORTANT CHANGES TO MEET EUROPEAN POSITIONS -- FOR EXAMPLE AGREEING TO FULL MRA'S IN THE FIVE SECTORS. U.S. REGULATORY CONCERNS WILL BE TAKEN CARE OF IN THE TRANSITION PERIOD. WE ALSO AGREED TO A FIXED TRANSITION PERIOD. IT WILL BE TWO YEARS AND NO MORE. WE HAVE ADOPTED THE EU DEMAND FOR A SPECIAL FORMAT TO THE TEXT THAT ALLOWS EXPANSION TO INCLUDE MORE SECTORS IN THE FUTURE AND MORE COUNTRIES.

WE ARE READY RIGHT NOW TO SIGN THE FIVE MRA'S THAT WE HAVE IN HAND. WE SHOULD NOT WASTE TIME. FOR EXAMPLE, COMMISSION STAFF TELL US THAT IT WILL TAKE THE EU UP TO ONE YEAR TO IMPLEMENT AN AGREEMENT, GIVEN THE COMPLEXITIES OF COMPORTING THE AGREEMENTS WITH MEMBER STATE REQUIREMENTS.

WE CANNOT SIGN, HOWEVER, BECAUSE THE COMMISSION HAS TAKEN THE VIEW THAT THE FIVE AGREEMENTS IN HAND DO NOT PRESENT A BALANCED PACKAGE FOR EUROPEAN INTERESTS.

THE COMMISSION TELLS US THAT WITHOUT FULL MRA'S, INCLUDING FULL RECOGNITION OF PRODUCT APPROVALS, IN THE TWO REMAINING AREAS OF PHARMACEUTICALS AND MEDICAL DEVICES, THE PACKAGE IS NOT SUFFICIENTLY IN EUROPE'S INTEREST. THERE IS ALSO A CONCERN THAT IF WE SETTLE ON THE FIVE RIGHT NOW, THE UNITED STATES WILL HAVE NO FURTHER INTEREST IN PURSUING MRA'S IN PHARMACEUTICALS AND MEDICAL DEVICES.

WE DISAGREE STRONGLY. FIRST, THE FIVE AGREEMENTS DEFINITELY OFFER A BALANCE. THEY ARE OF GREAT VALUE TO EUROPEAN INDUSTRY -- PARTICULARLY IN TELECOMMUNICATIONS. IN FACT, EUROPEAN INDUSTRY, ESPECIALLY EUROPEAN PARTICIPANTS IN THE TABD -- STRONGLY URGES THAT WE BOTH MOVE AHEAD. PICK THE RIPE FRUIT NOW, THEY SAY, AND KEEP WORKING FOR THE REST.

ON THE SECOND COUNT, WE HAVE BEEN WORKING HARD IN THE TWO REMAINING SECTORS. U.S. PHARMACEUTICAL AND MEDICAL EQUIPMENT FIRMS WANT THESE AGREEMENTS AS MUCH AS EUROPEAN FIRMS. THE FDA IS PREVENTED BY LAW FROM GRANTING FULL RECOGNITION OF APPROVAL -- EVEN TO U.S. LABS; BUT WE HAVE PUT ENORMOUS EFFORT INTO DEVELOPING AN MRA ON PHARMACEUTICAL GOOD MANUFACTURING PRACTICES AS A START IN THIS AREA.

THE U.S. OFFER PUT ON THE TABLE IN JUNE INCLUDES REAL BENEFITS TO OUR RESPECTIVE INDUSTRIES. WE REMAIN FLEXIBLE AND OPEN TO NEGOTIATION ON THE REMAINING POINTS OF CONTENTION. WE SHOULD NOT LET PERFECTION BE THE ENEMY OF THE GOOD. LET US MOVE AHEAD IN THE FIVE AREAS WHERE WE HAVE REACHED AGREEMENT, CONTINUE PRESSING HARD IN THE REMAINING TWO AREAS. AND EVEN ADD MORE AREAS.

I HOPE THAT YOU WILL EXAMINE THIS QUESTION CLOSELY, AND THAT YOUR GOVERNMENTS WILL CONSULT WITH INDUSTRY IN YOUR COUNTRIES, AND WILL THEN URGE BRUSSELS TO MOVE NOW.

## INFORMATION TECHNOLOGY AGREEMENT

A SECOND AREA IN WHICH THE COMMISSION IS HOLDING BACK IS THE INFORMATION TECHNOLOGY AGREEMENT -- THE ITA. AS CONCEIVED BY INDUSTRY, STARTING IN 1997, THE AGREEMENT WOULD ELIMINATE TARIFFS ON INFORMATION TECHNOLOGY PRODUCTS BY THE YEAR 2000. BOTH INDUSTRIES ALSO STRESSED THE NEED FOR QUICK NEGOTIATION AND ADDING OTHER KEY COUNTRIES -- PARTICULARLY IN ASIA -- SO THAT THE ITA COULD BE AGREED TO BY THE SINGAPORE WTO MINISTERIAL IN DECEMBER 1996.

THE ITA IS AN EXCELLENT IDEA. IT WILL LEAD TO INCREASED COMPETITIVENESS AND PRODUCTIVITY IN EUROPE, THE U.S., AND AROUND THE WORLD. EUROPEAN COMPETITIVENESS WILL PARTICULARLY BENEFIT, AS PRICES FOR INFO TECH PRODUCTS DROP -- INCLUDING FOR PERSONAL COMPUTERS, SEMICONDUCTORS, TELECOMMUNICATIONS EQUIPMENT, AND COMPUTER SOFTWARE.

LAST YEAR THE COMMISSION REACTED TO EUROPEAN INDUSTRY'S INTEREST FAVORABLY, PARTICULARLY AFTER THE NOVEMBER TABD MEETING IN SEVILLE; AND THE ITA WAS INCORPORATED INTO THE MADRID SUMMIT AND ENDORSED AS A MUTUAL OBJECTIVE. SINCE THEN, UNFORTUNATELY, WE HAVE ENCOUNTERED A REVERSAL IN THE COMMISSION'S ENTHUSIASM.

THE COMMISSION APPEARS TO BE TAKING A NEGATIVE VIEW BECAUSE IT DOES NOT SEE THE AGREEMENT AS BALANCED. EUROPE'S INFO TECH TARIFFS ARE HIGHER THAN AMERICA'S OR JAPAN'S, AND THE COMMISSION FEARS IT WILL APPEAR THAT EUROPE UNILATERALLY GAVE AWAY TRADE PROTECTION, GETTING NOTHING IN RETURN. THIS REASONING IS ABSOLUTELY WRONG. AS OLIVETTI'S BRUNO LAMBORGHINI ELOQUENTLY EXPLAINED AT A TABD MEETING IN BRUSSELS LAST MONTH, ELIMINATING TARIFFS ON INFORMATION TECHNOLOGY PRODUCTS IS STRONGLY IN THE INTEREST OF EUROPEAN INDUSTRY AND COMPETITIVENESS.

AT THE EU SUMMIT MEETINGS EARLIER THIS MONTH, IT BECAME CLEAR THAT THE COMMISSION ALSO INTENDED TO LINK THE ITA TO THE U.S. - JAPAN SEMICONDUCTOR AGREEMENT. THIS IS THE LATEST IN A LONG LINE OF ISSUES THAT THE COMMISSION HAS USED TO DELAY PROGRESS IN MOVING FORWARD ON THE ITA. WE HAVE SAID THAT THE ITA AND THE U.S. - JAPAN SEMICONDUCTOR AGREEMENT ARE NOT LINKED. THE ITA IS BASICALLY A TARIFF DEAL.

WE HAVE ALREADY TOLD THE EU COMMISSION THAT WE WOULD BE FAVORABLY DISPOSED TO EU PARTICIPATION IN THE SEMICONDUCTOR AGREEMENT -- IF THEY ARE PREPARED TO ELIMINATE THEIR TARIFFS EXPEDITIOUSLY, AND SUPPORT US IN SEEKING AN AGREEMENT THAT PROVIDES ACCESS TO THE JAPANESE MARKET. OUR DISCUSSIONS WITH THE EU LEAD US TO BELIEVE THAT WE HAVE A COMMON INTEREST IN SUCH ACCESS. THAT'S SEMICONDUCTORS.

ON ITA, WE NEED TO MOVE FORWARD, BUT THE EU HAS DECIDED TO HALT EVEN THE BASIC TECHNICAL DISCUSSIONS WHICH MAKE IT INCREASINGLY DIFFICULT TO SEE HOW WE CAN HAVE AN AGREEMENT BY SINGAPORE. TECHNICAL DISCUSSIONS ON PRODUCT COVERAGE SHOULDN'T BE HELD HOSTAGE. THERE'S NO DEAL UNTIL THERE IS A FINAL AGREEMENT, BUT HALTING TECHNICAL WORK ASSURES THAT IT WILL BE INCREASINGLY DIFFICULT TO HAVE A DEAL WITH THE CRITICAL MASS THAT THE EU HAS IDENTIFIED, BY SINGAPORE. ONE CONCLUSION THAT WE DRAW FROM ALL OF THIS IS THAT THE EU MAY SIMPLY NOT BE INTERESTED IN ACTUALLY HAVING AN ITA, DESPITE THE EXHORTATIONS. THE BALL IS CLEARLY IN THE EU'S COURT.

#### **WTO BASIC TELECOMMUNICATIONS**

A THIRD AREA I WOULD LIKE TO DISCUSS IS THE BASIC TELECOMMUNICATIONS AGREEMENT THAT WAS TO HAVE BEEN CONCLUDED BY THE END OF APRIL. UNFORTUNATELY, OUR NEGOTIATORS WERE UNABLE TO RESOLVE ALL ISSUES BY THE END OF APRIL.

THERE IS MUCH COMMON GROUND BETWEEN THE UNITED STATES AND EUROPE. WE HAVE MUTUAL CONCERNS ON INTERNATIONAL SERVICES, AND NEED TO WORK TOGETHER TO MAKE SURE THAT FOREIGN MONOPOLIES DO NOT DISTORT COMPETITION IN OUR GLOBAL MARKETS.

IN FEBRUARY 1996, THE U.S. TABLED A REVISED OFFER THAT OPENED OUR ENTIRE \$215 BILLION TELECOM SERVICES MARKET. UNFORTUNATELY, BY APRIL 30, THERE WERE NOT SUFFICIENT OFFERS ON THE TABLE TO CONCLUDE AN MFN-BASED AGREEMENT.

CANADA, SOME EU MEMBER STATES AND JAPAN MAINTAINED UNACCEPTABLE FOREIGN INVESTMENT RESTRICTIONS. ONLY 17 OF THE 53 COUNTRIES NEGOTIATING TABLED OPEN AND UNQUALIFIED MARKET ACCESS FOR USE OF SATELLITE FACILITIES TO PROVIDE INTERNATIONAL SERVICES.

IN MY VIEW, THE OBSTACLES TO ACHIEVING SUCCESS AT THE WTO DO NOT LIE IN EUROPE OR THE UNITED STATES. THE KEY IS IN ASIA, WHERE SOME COUNTRIES DID NOT EVEN OFFER TO BIND THE LEVEL OF THEIR CURRENT PRACTICES. WE NEED TO REACH A CRITICAL MASS OF GOOD OFFERS BY NEXT FEBRUARY, THROUGH A THREE-STEP PROCESS.

FIRST, THE EUROPEAN UNION NEEDS TO IMPROVE ITS OFFER. IT HAS PROMISED TO DO SO, BUT HAS NOT YET DELIVERED. THIS IS CRITICAL. THE UNITED STATES HAS ALREADY INDICATED WE CAN IMPROVE OURS ONCE THE EU IMPROVES ITS OFFER. FINALLY, ONCE WE HAVE BOTH IMPROVED OUR OFFERS, WE NEED JOINTLY TO ENSURE THAT KEY COUNTRIES IN ASIA -- SUCH AS KOREA, SINGAPORE, AND THAILAND -- MAKE GOOD OFFERS.

THE MAJOR IMPROVEMENT WE SEEK IN THE EU OFFER IS FOR FRANCE, ITALY, BELGIUM, SPAIN, PORTUGAL AND IRELAND TO DELETE FOREIGN INVESTMENT RESTRICTIONS OR DEROGATIONS FROM THE 1998 EU DEADLINE FOR OPEN COMPETITION IN TELECOMM SERVICES.

IT IS IMPORTANT TO PRESERVE THE PROGRESS THE NEGOTIATIONS HAD MADE TOWARD PROGRESSIVE LIBERALIZATION OF TELECOMMUNICATIONS SERVICES. BOTH THE UNITED STATES AND THE EU SUPPORTED EXTENDING THE NEGOTIATIONS UNTIL FEBRUARY 1997 AND KEEP EXISTING OFFERS ON THE TABLE AND MAINTAIN THE JANUARY 1 1998 IMPLEMENTATION DATE. WE NEED TO WORK TOGETHER TO PERSUADE OTHER NATIONS TO IMPROVE THEIR OFFERS.



## ECOLABELING

ANOTHER AREA OF INDUSTRY INTEREST IS THE REALM OF POLICY ISSUES COMBINING TRADE AND ENVIRONMENTAL ELEMENTS. THE EU'S ECOLABEL SCHEME, FOR EXAMPLE, WHILE TECHNICALLY VOLUNTARY, WOULD UNFAIRLY DISADVANTAGE U.S. SUPPLIERS. IN PAPER AND PULP, MOST U.S.-BASED SUPPLIERS TO NOT MEET THE CRITERIA. WHEN THE SCHEME IS USED AS A BASIS FOR GOVERNMENT PROCUREMENT, IT CLEARLY WOULD BECOME THE KIND OF DISCRIMINATORY ACT WE HAVE PURSUED UNDER TRADITIONAL TRADE POLICY.

IN RECENT MONTHS THE EU HAS GONE AHEAD, OVER VIGOROUS U.S. GOVERNMENT OBJECTIONS, TO CONFIRM ECOLABEL REQUIREMENTS WHICH WOULD ADVERSELY AFFECT THE U.S. PULP AND PAPER INDUSTRY. IT IS NOTEWORTHY THAT BOTH THE EUROPEAN AND U.S. INDUSTRIES RECOMMENDED A CESSATION OF FURTHER STEPS AND A RESTRUCTURING OF THE SCHEME TO ELIMINATE DISCRIMINATORY FEATURES AND BRING IT INTO CONFORMITY WITH THE WTO.

THERE WAS ALSO SUBSTANTIAL MEMBER STATE OPPOSITION, BUT THE COMMISSION IS MOVING AHEAD NEVERTHELESS. WE ARE HOPEFUL THE COMMISSION WILL AGREE TO GOVERNMENT TO GOVERNMENT CONSULTATION BEFORE FINALIZING THE PAPER CRITERIA, IN THE SPIRIT OF COOPERATION AND AVOIDING UNNECESSARY TRADE PROBLEMS.

## DATA CONTROL POLICIES OF NATIONAL METEOROLOGICAL SERVICES

LET ME RAISE JUST ONE MORE AREA OF CONCERN BEFORE TURNING BACK TO OUR MUTUAL COOPERATION -- AND THAT IS THE AREA OF DATA CONTROL POLICIES OF NATIONAL METEOROLOGICAL SERVICES. THIS IS A NEW AREA, WHERE EVENTS ARE CHANGING RAPIDLY.

U.S. AND EUROPEAN GOVERNMENT POLICIES CALL FOR RAPID PRIVATIZATION OF NEW MARKETS SUCH AS THE PROVISION OF WEATHER FORECASTING AND ANALYTICAL SERVICES. BUDGETARY PRESSURES CALL FOR NEW PRICING SCHEDULES OF MONOPOLY SERVICES WITHOUT MARKET DISTORTIONS. THE NEW WTO GATS AGREEMENT GUARANTEES MARKET ACCESS IN SERVICES WHERE NO DISCIPLINES EXISTED BEFORE.

THIS APRIL THE U.S. COMMERCIAL WEATHER SERVICE INDUSTRY BEGAN TO EVALUATE THE MARKET ACCESS IMPLICATIONS OF THE DATA CONTROL POLICY OF EUROPEAN NATIONAL METEOROLOGICAL SERVICES AS BOTH PROVIDERS OF ESSENTIAL WEATHER INFORMATION AND AS SERVICE PROVIDERS. THE MARKET REPRESENTS AS MUCH AS \$500 MILLION IN TWO-WAY TRADE IN SERVICES. U.S. DATA IS OPEN TO THE WORLD AS A SCIENTIFIC NECESSITY, WHILE EUROPE SEEMS TO BE LIMITING ACCESS TO USERS.

A FEW MONTHS AGO THE U.S. BROUGHT ITS FIRST WEATHER SERVICE INDUSTRY COMPLAINT TO THE COMMISSION ABOUT THE ESTABLISHMENT OF AN EU INTEREST GROUPING CALLED "ECOMET" AND THE EFFECT IT AND EUMETSAT DATA CONTROL POLICY COULD HAVE ON DISCRIMINATORY PRICING, LIMITATIONS ON AVAILABILITY OF KEY DATA AND CROSS SUBSIDIZATION BETWEEN MONOPOLIES AND THEIR COMMERCIAL SUBSIDIARIES.

THE U.S. ALSO RECENTLY SIGNALLED ITS CONCERN IN NEGOTIATIONS FOR COOPERATION OVER WEATHER SATELLITE DATA COLLECTION, SEEKING TO ENSURE THAT U.S. DATA USERS CAN COMPETE IN EUROPE. THIS ISSUE IS AN EARLY EXAMPLE OF THE BILATERAL POLICIES WE MUST DEVELOP TO ASSURE A TRULY OPEN TRANSATLANTIC MARKET PLACE.

#### **IRELAND'S EU PRESIDENCY**

I HAVE RAISED THESE PROBLEMS NOT IN ANY SENSE OF FRUSTRATION, BUT BECAUSE I BELIEVE THEY ARE ALL SOLVABLE, AND THAT SOLVING THEM IS IN OUR MUTUAL INTEREST. NEXT MONDAY IRELAND WILL TAKE ON THE EU PRESIDENCY, AND WILL HAVE THE RESPONSIBILITY OF GRAPPLING WITH A NUMBER OF TRANSATLANTIC AND GLOBAL TRADE ISSUES THAT HAVE GREAT POTENTIAL FOR THE FUTURE OF TRADE BETWEEN THE UNITED STATES, IRELAND AND THE REST OF THE EU.

I AND MY ASSOCIATES IN THE U.S. GOVERNMENT LOOK FORWARD TO WORKING WITH THE IRISH PRESIDENCY TO FIND SOLUTIONS TO THESE AND OTHER PROBLEMS AND TO MOVE OUR MUTUAL AGENDA FORWARD.

I WOULD LIKE TO MENTION IN THIS CONTEXT THAT THE COMMERCE DEPARTMENT IS GOING TO CONTINUE THE COMMERCIAL DIPLOMACY WORK IN NORTHERN IRELAND AND THE SIX BORDER COUNTIES OF IRELAND THAT PRESIDENT CLINTON INITIATED MORE THAN A YEAR AND A HALF AGO WHEN THE CEASE-FIRE WAS ANNOUNCED.

WE WILL CONTINUE ENCOURAGING CLOSER TIES BETWEEN U.S. FIRMS AND COMPANIES IN THE REGION, HELPING DEVELOP COMMERCIAL RELATIONSHIPS THAT WILL HELP CREATE JOB OPPORTUNITIES IN THE REGION.

WE ARE MOVING AHEAD ON PLANS FOR A BUSINESS CONFERENCE ON IRELAND THIS FALL IN PHILADELPHIA. THIS WILL BE A FOLLOW-UP TO THE PRESIDENT'S SUCCESSFUL VISIT LAST DECEMBER TO NORTHERN IRELAND AND THE REPUBLIC OF IRELAND AND HIS WHITE HOUSE CONFERENCE OF MAY 1995.

## U.S. AND EU GLOBAL COOPERATION

ONE OF OUR PRIORITIES, FOR THE IRISH PRESIDENCY AND THEREAFTER, IS FOR THE UNITED STATES AND THE EU TO TAKE FURTHER STEPS TOWARD INCREASED MARKET OPENNESS GLOBALLY. AS I HAVE SAID OF THE ITA AND THE TELECOMMUNICATIONS SERVICES NEGOTIATIONS, THE U.S. AND EUROPE ARE THE PILLARS OF A SUCCESSFUL WTO AND A MORE OPEN WORLD MARKET.

WE NEED TO WORK TOGETHER TO AVOID "FREE RIDERS" IN OTHER PARTS OF THE WORLD AND TO HELP OTHER COUNTRIES RECOGNIZE THAT THEIR ECONOMIES ARE BEST SERVED BY INCREASINGLY OPENING THEIR OWN MARKETS. THE SINGAPORE MINISTERIAL THIS DECEMBER IS AN EXCELLENT OPPORTUNITY FOR US TO WORK TOGETHER MORE CLOSELY.

WE NEED TO TAKE THE ADVICE OF OUR INDUSTRIES AND LOOK FOR FURTHER TARIFF CUTS AND ACCELERATION OF URUGUAY ROUND COMMITMENTS.

WE NEED TO PRESS HARDER FOR A COMPREHENSIVE APPROACH TO GOVERNMENT PROCUREMENT IN THE WTO. WHILE WE PREFER THAT ALL WTO MEMBERS ACCEDE TO THE NEW WTO GOVERNMENT PROCUREMENT AGREEMENT (GPA). WE RECOGNIZE THAT SOME ARE NOT PREPARED FOR SUCH A COMMITMENT.

WE BELIEVE, THOUGH, THAT IT SHOULD BE POSSIBLE TO COMPLETE PREPARATORY WORK SO MINISTERS CAN AGREE TO LAUNCH NEGOTIATIONS ON AN INTERIM ARRANGEMENT FOCUSED ON TRANSPARENCY, OPENNESS AND DUE PROCESS.

TRANSPARENCY IS A FUNDAMENTAL WTO PRINCIPLE. ITS REACH SHOULD BE EXTENDED TO GOVERNMENT PROCUREMENT AS A FIRST STEP TOWARD GRADUAL ELIMINATION OF BARRIERS AMONG ALL WTO MEMBERS.

**TRADE AND LABOR STANDARDS** -- ADDITIONALLY, WE ARE FIRMLY CONVINCED THAT THE TIME HAS COME TO ACKNOWLEDGE IN THE WTO THAT THERE SHOULD BE AN EXAMINATION OF THE RELATIONSHIP BETWEEN TRADE AND LABOR STANDARDS. LEAVING THIS KEY EMERGING ISSUES OUT OF THE WTO WOULD SEND THE WRONG MESSAGE--ONE OF INDIFFERENCE REGARDING THE IMPORTANCE OF ADEQUATE CORE LABOR STANDARDS IN THE WORLD TRADING SYSTEM.

THE UNITED STATES HAS TABLED A "NON-PAPER" ON LABOR STANDARDS AND THE MULTILATERAL TRADING SYSTEM" IN GENEVA IN THE HEADS OF DELEGATION MEETING CONSIDERING ISSUES FOR THE SINGAPORE MINISTERIAL CONFERENCE. WE HOPE THAT WTO MEMBERS WILL REFLECT CAREFULLY ON THE U.S. PROPOSAL AND THAT WHEN THEY DO THEY WILL UNDERSTAND THAT OUR PROPOSAL IS A SENSIBLE APPROACH TO EXAMINING THIS ISSUE IN THE WTO AND SEEKS ONLY TO BUILD INCREASED SUPPORT FOR THE MULTILATERAL SYSTEM.

## CHINA AND JAPAN

BEFORE CONCLUDING MY REMARKS, LET ME MAKE ONE FURTHER POINT. EUROPE AND THE UNITED STATES NEED TO SPEND MORE TIME AND ATTENTION TO HOW THEY ADDRESS THE TWO KEY COUNTRIES IN ASIA -- CHINA AND JAPAN.

OUR RECENT EXPERIENCE IN CHINA WITH IPR IS JUST THE BEGINNING OF A LONG PROCESS OF WORKING WITH CHINESE AUTHORITIES TO GUARANTEE INTELLECTUAL PROPERTY RIGHTS BENEFITTING EUROPEAN COMPANIES SUCH AS POLYGRAM AS WELL AS U.S. FIRMS SUCH AS TIME-WARNER. WHETHER WE ARE SEEKING MARKET ACCESS FOR SEMICONDUCTORS, AUTOS, OR INSURANCE IN JAPAN OR SOFTWARE AND MOVIES IN CHINA, THESE AGREEMENTS ALWAYS RESULT IN MULTILATERAL MFN MARKET OPENING FOR WORLD TRADE.

WE MUST FIND A FORMULATION THAT PROVIDES IMPROVED COOPERATION BETWEEN THE U.S. AND THE EU FOR THESE EFFORTS TO OPEN MARKETS. THIS IS A CHALLENGE THAT DESERVES ALL OUR ATTENTION AS IT WILL BE THE MOST IMPORTANT TRADE ISSUE OF THE FUTURE. WE SHOULD DO LESS SNIPING AT EACH OTHER AND COOPERATE MORE CLOSELY IN SEEKING TO OPEN THESE MARKETS.

ONE EXCELLENT OPPORTUNITY HAS PRESENTED ITSELF: THE ABILITY FOR EUROPEAN COUNTRIES TO SUPPORT THE UNITED STATES IN THE WTO CASE WE HAVE JUST RAISED ON ACCESS TO THE JAPANESE FILM MARKET. ELIMINATING THE RESTRICTIVE BUSINESS PRACTICES WITH GOVERNMENT TOLERATION THAT ARE TOO PREVALENT IN JAPAN IS SOMETHING THAT WOULD BENEFIT EUROPEAN FILM PRODUCERS INITIALLY, BUT EVENTUALLY WOULD BENEFIT VIRTUALLY EVERY COMPANY IN EUROPE.

I HOPE THAT EUROPEAN GOVERNMENTS WILL GIVE CAREFUL CONSIDERATION TO WHAT WE ARE TRYING TO ACCOMPLISH THROUGH THE WTO AND WILL JOIN US IN THIS ENDEAVOR.

THANK YOU AGAIN FOR INVITING ME TO SHARE MY PERSPECTIVE TODAY. I LOOK FORWARD TO WORKING WITH YOU OVER THE COMING MONTHS AND YEARS, AND I LOOK FORWARD NOW TO YOUR QUESTIONS.