total jobs would have a positive impact on the economic area surrounding the reactor site. Operation of a newly completed reactor would have the greatest positive socioeconomic impacts, while use of currently operating CLWRs to produce tritium would involve insignificant socioeconomic impacts.

Transportation

There will be impacts associated with transporting irradiated TPBARs from the reactor sites to the Tritium Extraction Facility (TEF) at the Savannah River Site (SRS). There would be up to approximately 13 shipments of TPBARs annually to SRS which would result in an annual human health risk, over the entire route of the shipments, of less than 1 latent cancer fatality every 100,000 years. The impact on any one individual would be less than that. All the transportation impacts are negligible.

No environmental commitments or mitigation were identified for the preferred alternative. A substantial radiological monitoring program for public exposure and all environmental media (air, water and land) is an established component of existing operations at the Watts Bar and Sequoyah Nuclear Plants. This existing program will identify any increases in radiological releases and impacts that may result from tritium production.

Other Considerations

TVA's Support of National Defense

TVA's decision to produce the Nation's tritium on an ''at cost'' basis under an Economy Act agreement reflects TVA's continuing willingness to support the national defense. TVA's historic and contemporary defense roles are described above under TVA's National Defense Role. Both alternatives would further TVA's commitment to national defense by producing the requisite quantities of tritium.

Regulatory and Licensing Issues

The Bellefonte alternatives would have to be licensed as a new nuclear power plant. The plant's initial NRC operating license would also permit tritium production. Since the process is likely to take 5 years, the Bellefonte alternative has the potential to impact the project schedule but would not affect the national security because initial tritium production could begin with the Watts Bar reactor.

For the alternatives using existing CLWRs, NRC would have to amend the operating licenses of the Watts Bar and Sequoyah reactors to permit tritium production. TVA expects that NRC would be in a position to act upon the amendment requests well in advance of the planned October 2003 start of irradiation.

Environmentally Preferable Alternative

The alternatives involving the completion and operation of one or both of the Bellefonte units would cause greater environmental impacts than the alternatives using existing operating reactors at Watts Bar and Sequoyah. This greater impact of alternatives using the Bellefonte reactors would result from their construction and operation as nuclear units which would be made possible by their concurrent use for tritium production. Based on these additional impacts that would be caused by completing and operating the Bellefonte units, TVA considers the use of the Watts Bar and Sequoyah reactors for tritium production as the environmentally preferable alternative.

Dated: April 24, 2000.

John A. Scalice,

Chief Nuclear Officer and Executive Vice President.

[FR Doc. 00–11222 Filed 5–4–00; 8:45 am]

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Report on Trade Expansion Priorities Pursuant to Executive Order 13116 (''SUPER 301'')

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: The United States Trade Representative (USTR) is providing notice that it submitted the report on U.S. trade expansion priorities published herein to the Committee on Finance of the United States Senate and Committee on Ways and Means of the United States House of Representatives pursuant to the provisions (commonly referred to as ''Super 301'') set forth in Executive Order No. 13116 of March 31, 1999.

DATES: The report was submitted on May 1, 2000.

FOR FURTHER INFORMATION CONTACT: Demetrios Marantis, Associate General Counsel, Office of the U.S. Trade Representative, 600 17th Street, NW, Washington, DC 20508, 202–395–9626.

SUPPLEMENTARY INFORMATION: The text of the USTR report is as follows.

Identification of Trade Expansion Priorities Pursuant to Executive Order 13116 April 30, 2000

The United States Trade Representative (USTR) submits to Congress this year's ''Super 301'' report pursuant to Executive Order 13116 of March 31, 1999. The Executive Order directs the USTR to review U.S. trade expansion priorities and identify priority foreign country practices, the elimination of which is likely to have the most significant potential to increase United States exports, either directly or through the establishment of a beneficial precedent. This report builds on the 2000 National Trade Estimate (NTE) Report on Foreign Trade Barriers (released on March 31, 2000) and complements the ''Special 301'' (intellectual property rights) and ''Title VII'' (government procurement) reports.

The USTR prepared this report in close consultation with other U.S. Government agencies. After reviewing the 2000 Trade Policy Agenda, the 2000 NTE Report, public comments submitted to USTR, and information received from U.S. Embassies abroad, these agencies have identified the Administration's top U.S. trade expansion priorities for 2000. USTR has also determined that a number of countries have failed to fully implement certain multilateral commitments and, accordingly, has decided to pursue enforcement action in the World Trade Organization (WTO). Finally, although USTR is not identifying any ''priority foreign country practice'' in this Report, the Administration has focused on a number of practices which may warrant future enforcement action.

I. Trade Expansion Priorities for 2000

Over the past eight years, this Administration has promoted a strong trade policy premised on open markets and the rule of law. The Administration's trade policy achievements have contributed to strong economic growth, rising living standards, increased investment, and industrial growth. Looking forward, further expansion of trade will remain crucial to continued growth and technological progress. In this regard, USTR identifies below its top trade expansion priorities for 2000.

A. Complete China's Accession to the WTO

This year's top trade expansion priority is to complete China's accession to the WTO and secure approval of permanent Normal Trade Relations (NTR) status for China. The economic liberalization and opening to the world

China will make as part of its WTO accession will support reform in China, create opportunities for China's trading partners, and ultimately help to stabilize peace in the Pacific. From the perspective of the trading system, a status quo in which the world's third-largest economy does not need to follow WTO rules is an enormous source of distortion and uncertainty.

This Administration made a monumental step in the direction of China's accession last November by reaching a bilateral agreement with China on WTO accession. This Agreement secures broad-ranging, comprehensive concessions on China's part, granting the United States substantially greater market access across the spectrum of industrial goods, services, and farm products. The Agreement covers tariff and non-tariff barriers to U.S. exports of industrial goods, agricultural products and services. Specific rules address import surges, anti-dumping and subsidies practices and requirements for export performance, local content, offsets, and technology transfer. These commitments are specific and enforceable through WTO dispute settlement, U.S. trade laws, and other special mechanisms, including periodic multilateral review of China's compliance with its commitments.

Beyond our bilateral agreement, securing China's accession this year will require action, first by those WTO members which have yet to complete their own negotiations with China, and second by the entirety of the WTO's membership on WTO rules issues. As part of this process, the United States must grant China unconditional (*e.g.*, permanent) NTR or risk losing the full benefits of the agreement that was negotiated, including special import protections, and the right to enforce China's commitments through WTO dispute settlement. All WTO members, including the United States, pledge to give one another unconditional NTR so that we may enjoy the WTO benefits available in one another's markets.

Permanent NTR, in terms of our policy toward China, is no real change. NTR is simply the tariff status we have given China since the Carter Administration; and which every Administration and every Congress over the intervening 20 years has reviewed and found, even at the periods of greatest strain in our relationship, to be in our fundamental national interest. If Congress were to refuse to grant permanent NTR, our Asian and European competitors will reap the benefits of the agreement we negotiated with China, but American farmers and businesses may well be left behind.

B. Secure Enactment of Legislation Promoting Trade in Certain Regions

Greater market access for the poorest countries remains essential to integrating less developed regions into the world economy on an equitable basis. As the President stressed in his State of the Union Address, the United States is prepared to do this unilaterally by securing passage this year of legislation further opening U.S. markets to goods from Africa and the Caribbean. This is of fundamental importance to growth and sustainable development for the people of these regions, and will also help these regions become better markets for U.S. products.

In this regard, one of our principal policy goals for the year 2000 is passage of the African Growth and Opportunity Act and Caribbean Trade Enhancement. This legislation has received bi-partisan Congressional support, and should see final action soon. Enactment of these measures would provide increased market access for products from reforming sub-Saharan African countries. This legislation would also institutionalize an annual U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum and encourage the establishment of funds and guarantees to support private sector and infrastructure development in Africa.

In the Caribbean and Central America, this legislation would strengthen the partnerships that exist between the U.S. and Caribbean Basin firms in the textile and apparel sector. It would also improve the competitiveness of apparel assemblers from the Caribbean and Central America vis-a-vis assembly operations in other parts of the world that do not use U.S. fabric and other inputs to the same extent.

Offering additional trade benefits to Southeast Europe is also an important component of the Administration's efforts, in conjunction with the European Union (EU) and other multilateral institutions, to bring stability and economic development to Southeast Europe. The Administration has transmitted to Congress legislation that would provide the authority to establish duty-free treatment of certain imports from the countries and territories of Southeast Europe on the basis of specific criteria for a period of five years. Full utilization of the additional duty-free treatment would provide several of the countries of Southeast Europe with duty-free entry to the U.S. market for over 80 percent of their products. Serbia would be eligible for this treatment only if the President determined significant progress had been made in meeting several reform criteria and international obligations. This legislation has been introduced in the Senate, and the Administration supports its enactment this year.

C. Advance Negotiations for the Free Trade Area of the Americas

The 34 democracies in the Western Hemisphere are currently engaged in the historic mission to create the Free Trade Area of the Americas (FTAA). This process will eliminate tariffs and non-tariff barriers to trade in goods and services throughout the Hemisphere and establish a single set of rules for liberalized trade in the region, and fulfill a two-century old dream of a hemisphere united by a shared commitment to democracy, prosperity and mutual benefit. This commitment has already led to agreement on the adoption of specific business facilitation measures in the area of customs procedures, with implementation beginning this year. In addition, in November 1999, the 34 trade ministers agreed in Toronto to an ambitious negotiating agenda for the following 15 months, namely for each of the nine negotiating groups to prepare draft texts.

With the Third Summit of the Americas scheduled for April 2001 in Quebec, Canada, this year will be an intense year of negotiations. The agenda concentrates in four areas: Negotiating draft texts of the chapters of the Agreement by April 2001; carrying out a continuing program of business facilitation; addressing the views and concerns of civil society; and deepening the region's understanding of the implications and benefits of electronic commerce for our societies.

Ensuring that trade liberalization and environmental protection policies are mutually supportive is a key priority of the Administration. One important means of ensuring this is through environmental reviews of trade agreements, as reflected in the Executive Order on Environmental Review of Trade Agreements. Thus, the Administration has initiated its environmental review of the FTAA. This will help inform both the public and negotiators of the environmental considerations that must be taken into account as the United States formulates its negotiating positions. As we implement the principles of the White House Declaration of Environmental Trade Policy, the United States will also work with other stakeholders to address concerns including issues of worker rights, transparency, and consumer protection.

D. Pursue Multilateral Negotiations To Open World Markets to U.S. Exports

Over the past eight years, the Administration has made great progress toward open and fair world markets. However, this work is not yet done, and WTO members must focus on the negotiating agenda of the next decade. Under existing commitments made in the Uruguay Round, WTO members have opened formal negotiations to undertake further reforms and liberalization in agriculture and services—sectors in which the most distortions and barriers remain. The Administration intends to pursue progress in these areas in close consultation with Members of Congress, the private sector and other interested Americans. In this regard, on March 28, USTR published in the **Federal Register** a notice seeking comments from all interested parties as the United States begins the process of developing proposals for these negotiations.

The Administration has ambitious goals in these areas. In agriculture, the WTO Agreement on Agriculture provides the basis on which to pursue further meaningful reform. The United States is now working with other countries to ensure that negotiations focus on substantive reform proposals such as eliminating export subsidies; reducing tariffs; expanding market access opportunities for products subject to tariff rate quotas (TRQs), including better disciplines on the administration of those TRQs; reducing trade-distorting domestic support levels; and ensuring that the operation of agricultural state trading entities is more market-oriented.

In services, the United States is developing negotiating proposals for a wide range of sectors, including energy services, environmental services, audiovisual services, express delivery, financial services, telecommunications, professional services, private education and training, private healthcare, travel and tourism, and other sectors of great importance to the U.S. economy in particular, its high-tech sectors. Broadly speaking, U.S. objectives include further removing restrictions on services trade and ensuring non-discriminatory treatment.

Beyond these mandated negotiations, there is a host of other issues on the WTO's agenda which warrant attention. As examples, we must address market access concerns in non-agricultural products, electronic commerce, issues related to trade and the environment, trade and labor, trade facilitation, transparency in government procurement, and other topics as well. Thus, while there are a number of different options for proceeding with trade liberalization beyond agriculture and services, the United States is working to build consensus for a new Round. Building such a consensus is not a simple task. However, the goal can be achieved if WTO members prove willing to focus more fully on the shared benefits of success, and find the balance that allows us to move ahead.

E. Enhance Monitoring and Enforcement Efforts

Ensuring full implementation of our trade agreements remains one of this Administration's strategic priorities. Vigorous enforcement enhances our ability to get the maximum benefit from our trade agreements, ensures that we can continue to open markets, and builds confidence in the trading system. The United States has respected its own commitments in this regard and expects the same of its trading partners. Consequently, this Administration has devoted more attention and resources than ever before to ensuring that these agreements yield the maximum advantage in terms of ensuring market access for Americans, advancing the rule of law internationally, and creating a fair, open and predictable trading environment.

To carry out this work as effectively as possible, in particular with the prospect of enforcing our bilateral agreement with China on WTO accession, the Administration has added new personnel to carry out a larger enforcement workload, without compromising our efforts to negotiate further market access in key markets. The President has also announced a Trade Compliance Initiative, which would further strengthen the monitoring and enforcement capabilities of the Executive Branch and would add additional resources for those efforts.

II. Enforcing Trade Commitments and Resolving Disputes

Since 1993, the Administration has vigorously enforced U.S. rights by deploying all available trade enforcement tools. Through application of U.S. trade laws, and active use of WTO dispute settlement procedures, the Administration has effectively opened foreign markets to U.S. goods and services. The President has also used the incentive of preferential access to the U.S. market to encourage improvements in workers' rights and reform of intellectual property laws and practices in other countries. These enforcement efforts have resulted in major benefits to U.S. firms, farmers and workers.

In parallel with enforcement of U.S. trade laws, U.S. participation in the WTO has been instrumental to the progress made in enforcing the international commitments of our trading partners. By ratifying the Uruguay Round Agreements, which created the WTO on January 1, 1995, Congress took a step of immense significance: helping to expand the rule of law and strengthening our ability to enforce the commitments of U.S. trading partners. Since that time, the United States has been the world's most frequent user of WTO dispute settlement procedures, winning favorable settlements and panel victories in virtually all sectors, including manufacturing, intellectual property, agriculture, and services. Continued participation in the WTO by the United States therefore remains central to the efforts of this and future Administrations to ensure that Americans enjoy the full promise and benefit of international trade agreements.

With the WTO now five years old, the obligations contained in most of the Uruguay Round agreements have already entered into force. In particular, January 1, 2000, marked the expiration of the five-year transition periods granted to certain WTO members (particularly in less-developed countries) to phase-in key rules agreed in the Uruguay Round, such as those in the area of intellectual property, trade-related investment measures, customs valuation and industrial subsidies. There has been good progress in the implementation of and compliance with WTO commitments, particularly as a result of enforcement of U.S. trade law, activity in the various WTO oversight bodies, and successful dispute settlement activity. However, the United States remains concerned that certain trading partners are not yet fulfilling all of their WTO obligations.

A. Enforcement Successes

Securing compliance with WTO and other trade obligations has been a major success of this Administration. Efforts to promote compliance with the WTO agreements have taken place using three tools: (1) Enforcement of U.S. trade law; (2) the various WTO oversight bodies and (3) the WTO dispute settlement mechanism.

First, the panoply of U.S. trade tools (*e.g.,* Section 301, Section 1377, Special 301, Super 301, and Title VII) works in conjunction with bilateral and WTO mechanisms to promote compliance and to address problems that are outside the scope of the WTO and NAFTA. These tools have led to some important

implementation successes in the past year:

• Pursuant to *Section 301,* USTR successfully investigated and resolved a petition filed by the Border Waters Coalition Against Discrimination in Service Trade of certain Canadian practices affecting tourism and sport fishing. This investigation was announced as part of last year's *Super 301* report.

• *Section 1377* has produced enhanced implementation of WTO basic and value-added telecommunications commitments. For instance, as part of this year's Section 1377 process, Israel announced that it would terminate its discriminatory access charge on traffic between Israel and North America (see USTR News Release 00–25, April 4, 2000).

• *Special 301* has been used successfully by USTR to encourage many developing countries to make substantial progress toward full implementation of their TRIPS obligations. For details, see this year's Special 301 report on intellectual property rights.

• The 1999 *Super 301* Report provided the basis for WTO enforcement action against India (regarding automotive trade and investment measures) and for stepped-up enforcement activity in the area of customs valuation. The United States will pursue WTO consultations regarding the customs valuations practices of Brazil and Romania, consult bilaterally with Mexico, and closely monitor India's customs valuation practices.

• *Title VII* has enabled USTR to challenge the discriminatory procurement barriers of foreign governments. For instance, after being identified under Title VII in 1996 for failing to provide an adequate remedies system to challenge procurement decisions in the heavy electrical sector, Germany has since passed and implemented new legislation to reform its bid challenge system.

Second, WTO oversight bodies offer another important means of securing implementation of WTO commitments. WTO members have worked collectively in the array of WTO oversight bodies charged with monitoring implementation and surveillance of agreements and disciplines to monitor the commitments our trading partners have made, identify potential problems, and offer technical assistance or other expertise when necessary to help ensure compliance and implementation of commitments. The United States actively asserts its rights and pursues its interests through these mechanisms. For example:

• The *Committee on Agriculture* has remained an effective forum for raising agricultural trade issues of concern. The United States played a leading role in the Committee's activities, working with other countries to ensure broad-based compliance with WTO commitments on agriculture.

• The *Committee on Customs Valuation,* where more than 50 developing country members face individual deadlines for implementation of the Agreement on Customs Valuation. Some members have requested additional time to assume the Agreement's obligations in full. The United States and others, working through the Committee, have consulted with these members to craft individualized extension decisions which provide for benchmarked work programs toward full implementation, along with reporting requirements and specific commitments on other implementation issues important to U.S. export interests.

• In the *Committee on Technical Barriers to Trade,* the United States has expressed concerns about a range of foreign measures which could adversely affect trade or pose unnecessary trade barriers, *e.g.,* EU restrictions on the use of hushkitted and certain re-engined aircraft.

• In the *Committee on Balance of Payments (BOP) Restrictions,* the effective use of consultation procedures resulted in Nigeria's elimination of all BOP-justified restrictions such that, now, only four members continue to retain such measures.

• Finally, the *Trade Policy Review* process has been instrumental in the identification of potentially WTO-inconsistent practices in members' regimes, and provides a forum in which pressure can be brought to urge reform or elimination of such practices.

Third, the United States has used the WTO dispute settlement mechanism to ensure implementation of WTO commitments. U.S. dispute settlement activity has aimed not only at challenging existing barriers but also at preventing the future adoption of similar barriers around the world. In this regard, the United States continues to be the most active user of the WTO dispute settlement process and, in 1999, filed eight new complaints. These cases involve a variety of WTO-inconsistent trade barriers maintained by several different governments.

U.S. experience thus far indicates that the WTO dispute settlement process has been an effective tool in combating barriers to U.S. exports. Some key dispute settlement successes in the past year include:

• Agreement on expeditious elimination of India's import bans and other quantitative restrictions on 2,700 tariff lines of goods. This ruling will open new markets for U.S. producers of consumer goods, textiles, agricultural products, petrochemicals, high technology products, and other industrial products;

• Reduction of Canada's subsidized exports of dairy products. The WTO panel and Appellate Body rulings in this case prevent Canada from applying illegal export subsidies on dairy products, including butter and skimmed milk powder; stop Canada's evasion of its Uruguay Round agricultural trade obligations; and deter copycat subsidies in other countries;

• WTO ruling requiring withdrawal of Australia's subsidies on exports of automotive leather. If the United States cannot satisfactorily resolve this matter with Australia, the WTO Dispute Settlement Body will authorize the United States to suspend concessions with respect to products of Australia;

• Affirmation of the WTO right to suspend concessions with respect to certain products from the EU as a result of the EU's failure to lift its ban on imports of U.S. meat, as well as its adoption of a WTO-inconsistent banana-import policy;

• Elimination of Japanese restrictions on the imports of certain varieties of fruit, including apples and cherries; and

• Affirmation that Mexico's imposition of anti-dumping duties on the import of high fructose corn syrup from the United States was inconsistent with the requirements of the WTO Antidumping Agreement.

As important as favorable WTO rulings are early settlements, achieved without having to pursue litigation to completion. Some notable settlements include full enforcement of intellectual property rights in Sweden, elimination of tax discrimination against imported movies in Turkey, and market access for U.S. agricultural products in the Philippines and the EU.

B. Resolving Disputes

Despite these many successes, certain WTO members are not implementing their WTO obligations, including those that came due on January 1, 2000. The United States remains committed to engaging in discussions with its trading partners in a constructive spirit to find solutions to implementation problems, including in the respective WTO bodies charged with overseeing the rigorous technical aspects of implementation, and will use all multilateral tools

available to resolve such problems. In this connection, initiating WTO dispute settlement procedures may be the most effective means of achieving a resolution on a multilateral basis of some of these difficult issues. Accordingly, USTR has decided to resort to these procedures in the following cases:

• Brazil-Customs Valuation: The United States will request WTO consultations with Brazil regarding its system for verification of the declared values of imported goods, such as textile products. Brazil uses minimum reference prices both as a requirement to obtain import licenses and/or as a base requirement for import. In practice, this system works to prohibit the import of products with declared values below established minimum prices, and, as such, appears to violate provisions of the WTO Agreement on Customs Valuation, GATT 1994, and the WTO Agreement on Import Licensing Procedures. The United States has also actively participated as an interested third party in consultations requested by the EU on this issue.

• India-Measures Affecting Trade and Investment in the Motor Vehicle Sector: The United States will take the next step in its dispute with India and will request the establishment of a WTO dispute settlement panel to challenge the WTO consistency of Indian measures that apply to investment in the automotive industry. In order to obtain import licenses for certain motor vehicle parts and components, India requires manufacturing firms in the motor vehicle sector to achieve specified levels of local content, neutralize foreign exchange by balancing the value of certain imports with the value of exports of cars and components over a stated period, and limit imports to a value based on the previous year's imports. Considering these requirements inconsistent with India's obligations under the GATT 1994 and the TRIMS Agreement, the United States requested WTO consultations on June 2, 1999. These consultations—held on July 20, 1999—failed to resolve the dispute, and accordingly the United States intends to take the next step and litigate this issue before a WTO panel.

• Philippines-Measures Affecting Trade and Investment in the Motor Vehicles Sector: The United States will request WTO consultations with the Philippines on its motor vehicle policies. The Philippines imposes local content requirements on producers of motorcycles, automobiles and commercial vehicles which range from 13 to 45 percent (certain automobiles face a 40 percent requirement). There are also foreign exchange balancing requirements which range from 5 to 75 percent. The Philippines was required to remove these measures by January 1, 2000, unless additional time was granted by the WTO. On October 4, 1999, the Philippines made a formal request for an additional five years to bring these measures into compliance with its obligations under the Agreement. For these reasons, the Philippines appears to be in violation of the TRIMs Agreement. Additionally, other facets of the Philippines' motor vehicle policy will be reviewed to ensure their consistency with other WTO standards. The approximate size of the vehicle market in the Philippines in 1998 was 80,000 units (250,000 units including motorcycles). A large portion of the vehicles sold in the Philippines are produced locally. Motor vehicle parts sales into the Philippines are also reduced by these measures. The United States has actively pursued a resolution of this request through bilateral and multilateral meetings, and will continue to do so through the use of dispute settlement procedures.

• Romania-Customs Valuation: The United States will request WTO consultations with Romania regarding measures which establish minimum and maximum prices for certain imported products (such as poultry, eggs, fruits and vegetables, clothing, footwear, and certain distilled spirits) and procedures for investigating import prices when the declared value falls below the minimum import price. In such situations, the importer is required to pay, in addition to the duty based on the declared value, a ''guarantee'' deposit that is the difference between the duties of the maximum established price and that of the declared value. These practices appear to violate Romania's obligations under the WTO Customs Valuation Agreement, GATT 1994, as well as the WTO Agreement on Agriculture.

• Intellectual Property Rights: In addition, in the ''Special 301'' report on intellectual property rights, the USTR announces that the United States will pursue WTO dispute settlement in three intellectual property rights cases. The United States will request WTO consultations with Argentina regarding significant deficiencies in its patent regime. The United States will also consult with Brazil in the WTO regarding a longstanding narrow difference of views on interpretation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that can only be resolved through WTO dispute settlement. The United States will also proceed to a WTO panel in an existing dispute with Denmark regarding enforcement of its intellectual property laws unless imminent progress is made.

III. Continued Monitoring of Certain Trade Practices

This report also identifies several trade practices of significant concern. While these practices do not yet warrant enforcement action, USTR will monitor closely developments with respect to these practices and could initiate bilateral or multilateral trade enforcement action as necessary.

EU-Airbus

The United States is extremely concerned about the ongoing subsidization of the Airbus consortium by EU Member State governments. Since the inception of Airbus in 1967, the Airbus member governments have provided massive subsidies to their respective member companies to aid in the development, production and marketing of the Airbus family of large civil aircraft, enabling Airbus to garner, according to the Airbus Chief Executive Officer, ''a 55 percent market share in 1999, after almost 50 percent in 1998.'' The Airbus partner governments have borne 75 to 100 percent of the development costs for all major lines of Airbus aircraft and provided other forms of support, including equity infusions, debt forgiveness, debt rollovers and marketing assistance. They have also provided funds to support the development of derivative versions of earlier Airbus aircraft models, such as the A330–200 and the A340–500/600. Some loans for Airbus programs, repayable from royalties on aircraft sold, have been effectively forgiven because projected sales did not materialize.

The Airbus governments continue to subsidize their member companies. The British government recently announced a commitment of $830 million to underwrite BAe System's participation in the development of a new Airbus project, the A3XX ''superjumbo'' aircraft. The French, German and Spanish governments are considering whether to extend A3XX funding to their producers as well. The recent announcement that the Italian company Finmeccanica may join both Airbus and the A3XX program raises new subsidy issues with regard to Italy, and the pending creation of a unified Airbus company creates serious concerns about possible debt forgiveness in all of the Airbus countries.

The United States believes that government support of Airbus raises serious concerns about Member State compliance with their bilateral and

multilateral obligations in this sector. The United States will closely monitor developments and will consider all options to ensure that these obligations are fully met.

India-Textiles

Under the December 31, 1994 U.S.-India Memorandum of Understanding (MOU) on Market Access for textile products, India committed to undertaking tariff bindings on a broad spectrum of such products. The United States also committed to provide India with ''relevant price information'' on products subject to the MOU. The United States has lived up to its commitments under the MOU. India, after a lengthy delay, has made some effort to bind textile tariffs. However, the items proposed to be bound generally are not items covered by the U.S.—India agreement, and the binding proposal is deficient in many respects. In addition, India has begun to apply alternative specific duties in the textile sector, which will have a significantly negative impact on potential U.S. exports. In so doing, India has apparently failed to take into account relevant data supplied by the United States. India's actions conflict with the objectives of the 1994 agreement, which called on both the United States and India to improve conditions for access into their markets for textile and apparel products. The United States will continue to work to ensure that India completes an acceptable, comprehensive tariff binding, in compliance with bilateral and WTO commitments, as soon as possible, and will take appropriate action as necessary.

Japan-Automotive Sector

The U.S.-Japan Automotive Agreement achieved initial progress in opening Japan's auto and auto parts market to U.S. and other foreign suppliers, but results over the last few years have been disappointing. Japan introduced new categories of service garages, removed shock absorbers, struts, trailer hitches, and power steering from the critical parts list, deregulated 23 standards and certification requirements and streamlined the type designation system, improved access to vehicle registration data, and took steps to ensure auto dealers that they are free to carry the products of competing manufacturers. Since 1997, however, the Japanese Government has remained reluctant to take additional meaningful steps to actively deregulate and fully open its automotive sector, or to create an environment that would help promote a more competitive market in this sector. The United States has called upon Japan to take additional, concrete market-opening and deregulatory actions to achieve the Automotive Agreement's objectives of ensuring continuing improvements in market access and sales opportunities in the Japanese automotive market. The United States is also consulting with U.S. industry, labor, Congress, NGOs, and other interested parties to develop a position on what type of follow-on agreement it should seek in light of the December 2000 expiration date of the current Automotive Agreement. The Administration hopes to work closely and cooperatively with Japan on this issue in the coming months.

Japan-Flat Glass

The U.S.-Japan Flat Glass Agreement, which expired on December 31, 1999, achieved some progress in opening Japan's flat glass market. For example, it resulted in Japan's adoption of energy conservation standards in the housing sector, boosting demand for high-value-added insulating glass produced by both Japanese and U.S. manufacturers. However, the Agreement's principal objective, opening Japan's flat glass distribution to non-Japanese manufacturers, remains unfulfilled. The Japanese Government's own data show that most Japanese distributors believe that foreign flat glass manufacturers offer equal or better prices, quality and service than Japanese manufacturers. Yet the world's four leading non-Japanese flat glass manufacturers, including two U.S. firms, still sell an insignificant amount of glass to Japan, with market share stuck at about five percent. The highly oligopolistic market structure and the tight control exerted by three Japanese manufacturers over the domestic glass distribution system though majority ownership, equity and financing ties, employee exchanges, and purchasing quotas remain the key barriers to market access in this sector. Japan's Fair Trade Commission has recently taken action to curb some of these practices in niche glass markets, but has not taken action in the broader glass market.

The United States continues to urge Japan to take concrete steps to open this market. Later this Spring, the United States and Japan are planning to hold a government/industry forum involving Japanese and U.S. industry representatives to share perspectives on the state of competition in Japan's flat glass market. Following this forum, the two governments will meet to discuss ways in which the two governments can work together to achieve an open and competitive flat glass market in Japan.

Korea-Motor Vehicle Policies

In October 1998, the U.S. and Korean Governments concluded a Memorandum of Understanding (MOU) and exchange of letters to settle a section 301 investigation initiated after USTR named Korea's motor vehicle policies as a ''priority foreign country practice'' in the 1997 Super 301 report. Under the 1998 MOU, Korea agreed to (1) bind in the WTO its 80 percent applied tariff rate at 8 percent; (2) lower some of its motor-vehicle-related taxes and eliminate others; (3) adopt a self-certification system by 2002; (4) streamline its standards and certification procedures; (5) establish a new financing mechanism to make it easier to purchase motor vehicles in Korea; and (6) actively and expeditiously address instances of anti-import activity and actively promote a better understanding of free trade and open competition.

While Korea has taken steps to implement provisions in the MOU, after two sets of detailed consultations and numerous other government-to-government exchanges, the U.S. Government and industry continue to have serious concerns about the lack of access to the Korean motor vehicle market, as demonstrated by unacceptably low foreign market share. The MOU provides for a significant increase in market access for foreign motor vehicles. In addition, there has not been meaningful restructuring of the Korean motor vehicle sector, *i.e.,* changes have yet to yield efficient, market-driven firms. Also, anti-import activity continues, and negative perception of foreign motor vehicles persists, including, for example, the perception that buying a foreign car is an unpatriotic act that could lead to tax audits. While the Korean Government has taken some steps to address these problems, some Korean Government officials, as well as Korean individuals outside of the government, have demonstrated a return to the past practice of discouraging the purchase and consumption of imported goods, including foreign motor vehicles. Finally, the U.S. Government has put the Korean Government on notice that some of its plans or policies on standards and taxes do not conform with the provisions in the MOU. The U.S. Government will continue to aggressively push for full and faithful implementation of the 1998 MOU and side letter.

Korea-Treatment of Foreign, Research-Based Pharmaceuticals

U.S. concerns about Korea's treatment of foreign, research-based pharmaceuticals have centered around (1) discrimination in the reimbursement pricing system; (2) lack of protection of intellectual property rights (IPR), particularly with respect to clinical data and patents; and (3) burdensome and non-science-based Korean regulatory requirements, particularly on the acceptance of foreign clinical test data, testing, and approval of new drugs. In response to multiple government-to-government exchanges, including at high levels, the Korean Government has made some changes to address U.S. concerns. Specifically, imported pharmaceuticals are now listed, as are domestic drugs, on Korea's national health insurance reimbursement schedule. Also, the Korean Government has introduced a new system to reimburse hospitals for drugs at actual transaction prices to eliminate the illegal hospital margins that were available only for domestic drugs. Finally, Korea has taken some minor steps to address U.S. concerns on data protection and regulatory issues.

However, serious questions remain regarding how the new reimbursement pricing system in Korea will treat foreign innovative drugs, and regarding whether Korea provides TRIPS-consistent data protection. Korean authorities have resisted committing to a system of ''linkage'' between health and IPR authorities that would prevent the launch into the Korean market of drugs that would infringe valid patents. Finally, new Korean regulations finalized in December 1999 do not conform to international guidelines on the acceptance of foreign clinical test data. Prior to December of last year, in communications with the U.S. Government, the Korean Government indicated that it would implement these guidelines. In fact, the final Korean regulations appear to perpetuate requirements for redundant clinical testing and fail to shorten and streamline Korea's drug approval process. The U.S. Government will continue discussions with the Korean Government until U.S. concerns are addressed.

Malaysia-Trade and Investment in Motor Vehicles

The United States will continue to monitor Malaysia's compliance with its WTO obligations in the motor vehicle sector. Malaysia imposes local content requirements on producers of motorcycles, automobiles and commercial vehicles (45 to 60 percent for passenger and commercial vehicles and 60 percent for motorcycles). Under the TRIMs Agreement, Malaysia was required to remove these measures by January 1, 2000 unless additional time was granted by the WTO. On December 29, 1999, Malaysia made a formal request for an additional two years to bring these measures into compliance with its obligations under the Agreement, but approval of this request has not been forthcoming. For these reasons, Malaysia appears to be in violation of the TRIMs Agreement. The approximate size of the automobile and commercial vehicle market in Malaysia in 1998 was 164,000 units. A large portion of the vehicles sold in Malaysia are produced locally. Motor vehicle parts sales into Malaysia are also reduced by these measures.

The United States hopes to receive increased interest from Malaysia in resolving this issue in a timely fashion. It will be important to increase the dialogue regarding the extension request made by the Malaysians. A meaningful first step will be for Malaysia to provide answers to a series of questions posed by several WTO members. The United States provided its questions on February 8, 2000 and on several occasions encouraged Malaysia to respond. Absent progress toward resolving Malaysia's request, we will need to consider alternate action to resolve this apparent violation. Additionally, other facets of Malaysia's motor vehicle policies will be reviewed to ensure their consistency with WTO obligations.

Mexico-Customs Valuation

The United States has requested bilateral consultations with the Government of Mexico regarding its use of reference prices for a wide range of imported products, including foods, distilled spirits, chemicals, paper, textiles, apparel, footwear, steel, hand tools, and appliances. Based on currently available information, effective May 1, 2000, companies importing affected products below the Government's minimum reference price must deposit cash in a designated Mexican financial institution (or arrange one of two alternative guarantees) to cover the difference in duties and taxes. This cash deposit requirement is to replace a bond requirement that has been in place for several years. These practices appear to violate a number of WTO agreements, including the WTO Agreement on Customs Valuation, GATT 1994, the WTO Agreement on Import Licensing Procedures, the Agreement on Preshipment Inspection, and the Agreement on Textiles and Clothing. If consultations underway do not result, in a timely manner, in Mexican policies which are in compliance with its international agreements, the United States will initiate WTO consultations.

Mexico-Nutritional Products

Mexican Health Ministry regulations require the inspection and approval of manufacturing facilities in order to sell nutritional products, such as low-dosage vitamins, in Mexico. However, Mexican authorities refuse to inspect U.S.-based manufacturing facilities. Denying U.S. exporters the ability to have their facilities inspected and approved on the same basis as their Mexican counterparts raises serious concerns about Mexico's adherence to its trade obligations under the NAFTA and the WTO. The United States has raised these concerns with Mexico and has requested further consultations with Mexico. If this problem is not resolved in a timely manner that will allow U.S. companies without Mexican-based production facilities to resume exporting nutritional products to Mexico, the United States will consider proceeding to dispute settlement.

A. Jane Bradley,

Assistant U.S. Trade Representative for Monitoring and Enforcement.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Aviation Rulemaking Advisory Committee Meeting on Noise Certification Issues

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of meeting.

SUMMARY: The FAA is issuing this notice to advise the public of a meeting of the Federal Aviation Administration Aviation Rulemaking Advisory Committee to discuss noise certification issues.

DATES: The meeting will be held on May 18, 2000, at 10 a.m.

ADDRESSES: The meeting will be held at the General Aviation Manufacturers Association, 1400 K Street NW, Washington, DC

FOR FURTHER INFORMATION CONTACT: Ms. Angela. O. Anderson, (202) 267–9681, Office of Rulemaking (ARM–204), 800 Independence Avenue, SW, Washington, DC 20591.