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Subject: Joint press conference of Sir Leon Brittan and USTR
Mickey Kantor at USTR, February 11.

The main outcome of the meeting, which lasted two hours, was an announcement by Kantor that President Clinton would ask Congress for an extension of fast track authority. The timing of the request, the duration of the extension and the appropriate conditions for extension could only be determined after discussions within the Administration, as well as with Congress and business, according to Kantor.

Sir Leon welcomed the announcement which he described as "good news" and a "good start", which gave substance and body to his meetings in Washington. He said he was particularly pleased that Kantor had announced this decision on the occasion of his visit to Washington.

He said that "although the precise duration needs to be determined the fact that it has been announced gives new life to the Uruguay Round". He said that talks will begin immediately between U.S. and EC officials leading eventually to the renewal of the Geneva process.

While he emphasized that the duration of the fast track extension was a matter for the U.S. Administration he stressed the desirability of a reasonably short duration to the extension so that the Round would not lose its momentum. He was now confident the momentum existed. He emphasized the need for other GATT members, notably Japan, to play an active part.

On steel, Sir Leon reiterated his view that the U.S. measures were "unjustified and excessive". He said he saw no reason to withdraw his charge of "unilateral bullying" because the issue had not been resolved.

On procurement, he emphasized the market opening thrust of our legislation. He pointed out that whole tracts of U.S. procurement were closed, whereas what the Administration objected to in our directive affected only a tiny part of our procurement.

In both cases Kantor emphasized that his job was to enforce the law, the law was clear and he intended to enforce it. Kantor refused to be drawn on the Blair House agreement except to say that it had been discussed and he was not going to negotiate in public.

Kantor pointed out that the U.S. had problems with the Dunkel Text and on market access, but refused to go into details. Sir Leon said that the Dunkel Text was not holy writ, but that 85% of it was already agreed, and cautioned that the best can sometimes be the enemy of the good. That was why we should stay as close to it as possible.

In response to a question on President Clinton's statement on Airbus, Kantor said that this had been "touched on". He said they had concerns about subsidies in many areas. Sir Leon said he had not had a chance to study Clinton's statement, but that he was confident that the U.S. would respect any agreement it had freely entered into.

Asked if he thought the Clinton Administration was protectionist, Sir Leon said that, as a result of his discussions so far he felt the Administration was going in the opposite direction and that he hoped that the steel and procurement cases could be regarded as "aberration".

3.

3

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No. 9, 1993

BRITTAN PRESS STATEMENT FOLLOWING FIRST MEETING WITH KANTOR

Sir Leon Brittan, EC Commissioner for External Affairs, today welcomed the announcement that President Clinton would ask Congress for a renewal of the fast-track authority connected to passage of a Uruguay Round agreement. The announcement was made by United States Trade Representative Michael Kantor in a joint press conference with Sir Leon following their first meeting this morning.

Sir Leon said the announcement "breathed new life into the Uruguay Round talks" and that talks would begin again at the official level. The EC view remains that the Round should be concluded quickly to avoid a loss of momentum, and that an early agreement is vital for economic growth.

Sir Leon and USTR Kantor also discussed bilateral EC-US problems, notably steel and telecommunications.

4

NEWS CONFERENCE BY U.S. TRADE REPRESENTATIVE MICKEY KANTOR AND EUROPEAN COMMUNITY COMMISSION VICE PRESIDENT SIR LEON BRITTAN

MICKEY KANTOR (U.S. trade representative): Good morning. I want to welcome officially Sir Leon, Commissioner Brittan. We have had useful and productive discussions this morning for over two hours covering a broad range of issues of mutual concern, both to the United States and to the European Community.

With respect to the Uruguay Round we both spoke of a shared sense of the importance of the success of the round, because it deals with economic growth, not only here in this country and in the Community, but for the world. And we want to both contribute to sound economic growth in our discussions.

I stressed for Commissioner Brittan that our president, President Clinton places great emphasis on opening markets and expanding trade. He has done that from the first of his campaign and will continue to do so. I think we also share that in common as we move forward.

We are working diligently, as we started this morning discussing how we reach agreement on an acceptable basis on many different issues. I would be quick to add that we do have some differences. They cover a wide range of issues, and we discussed those in general today, not in specific, in general terms, today.

With respect to fast track, President Clinton has authorized me to announce today that he wants a renewal of fast track authority connected to this to complete the Uruguay Round. The exact timing of such a request, the duration of the extension and the appropriate conditions for extension can only be determined after consultation with of course the Congress, the private sector, and of course other discussions within the administration.

We're committed to expanded trade and to opening markets. We had productive discussions about some bilateral problems in our relationship and it was quite candid and open and helpful. I think Commissioner Brittan joins me in agreeing that this is not a bilateral discussion though in terms of the Uruguay Round. Our trading partners in Asia, like the government of Japan in the developing world are going to have to make their contributions to success just like we will have to do, and the European Community will have to do.

This means improving the Dunkel draft and completing negotiation to provide access for goods and services. We have high expectations for solving these problems in the Round, and I pointed out to Commissioner Brittan many of the areas of concern that we have.

Now, of course, Commissioner Brittan, it's up to you. I will turn over the podium and you can--of course any remarks that you would like to offer we would be pleased to have them. Thank you.

SIR LEON BRITTAN (Vice President of the EC Commission): Well, ladies and gentlemen, may I first of all say that I am delighted that the first meeting that I have had with the new USTR has got off to a good start and I very much welcome what has been said about the president's commitment to achieving a successful Uruguay Round.

The announcement of the president's intention to seek an extension of the fast track is good news. It gives substance and body to this meeting.

I am delighted that he has come to that decision and that the USTR has been able to announce it today. And I am particularly pleased that that announcement has been made in conjunction with my visit here to Washington.

Because, as we have agreed, although the precise situation of the extension will be for the president and Congress to determine, the fact that it has been announced gives immediate new life to the Uruguay Round talks.

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COMMUNITY COMMISSION VICE PRESIDENT SIR LEON BRITTAN
February 11, 1993

BRITTAN (continuing): And we have agreed that as between the United States and the European Community, that will mean the talks at official level can begin immediately, leading in due course I hope to the recommencement of the Geneva process. Because of course the existing fast track runs, I am glad to hear that the president will be seeking its extension. That gives us the time that is necessary.

I think that as to the duration of that extension, as I've said, that is a matter for the United States to determine. I have explained that in our view, of course a balance has to be struck. It's no use not having time to deal with the outstanding issues. But on the other hand, without there being a reasonably short duration to the extension, we obviously run the opposite risk of the lack of momentum.

I'm quite satisfied from my talks with the USTR that the momentum is there. We will give it immediacy right away as far as the U.S.-EC side of the talks are concerned.

I would like pick up the point that has been made by Mr. Kantor about the rest of the world.

I visited Geneva and am very conscious of the concerns of the rest of the world and their anxiety to bring these talks to a successful conclusion. But they have a part to play. And we are both agreed that the time has come for Japan, for example, to play a more active role in the talks, to put on the table some of the advances that we think are necessary.

As far as the United States and the European Community is concerned, as in the Uruguay Round there are matters that we will have to discuss that are important issues which have not been resolved. These are not going to be easy to resolve, but we are both determined to tackle them with determination and with a constructive spirit. They have not been resolved today. It was never our intention that they should be. We have touched on them, but we have now re-launched the process of negotiation.

But of course as again Mr. Kantor has touched very tactfully, I have some here also among other things, inevitably to raise the issues of controversy, of specific controversy. The decisions taken by the United States with regard to steel and to public procurement are important matters.

I have expressed the views of the European Community on those two decisions in no uncertain terms publicly before now at the time that those decisions were taken. There's no useful purpose served in my reiterating what I've said on those occasions, except in the briefest possible terms. I remain of the view that the decision taken with regard to steel were altogether unjustified and excessive, and the fact that not just the European Community, but a total of 19 countries have been targeted is

something that the world looks at with grave concern.

As far as the resolution of that issue is concerned, there are--of course the procedures take their normal course. We have indicated that we will embark on GATT consultations. Separately from that of course there are multilateral talks on the multilateral steel agreement, which are due to recommence next month, having been broken off last year.

They will not necessarily solve this dispute. But they are a very important contribution to a way forward, while matters will be decided not by unilateral action, but by conformity to a multilateral, commonly agreed agreement and process. That is the only way forward for the Rounds to proceed.

As far as public procurement is concerned, I again indicated that I did not think it was justified for the United States to take action in the face of the directive, which is essentially a market opening directive giving the United States industries opportunities that they never had.

Of course, there was a lever in that agreement for us to get opportunities in the United States in the face of such measures as the buy-American measure and others denying the European Community access to whole tracts of American procurement in the areas such as transport and water and so on and so forth.

The--if objection is taken to a tiny bit of our directive on the basis that it gives us a lever to pry open markets, let me say that that is but a tiny mouse of a measure compared with 301 and other American measures on the statute book. But I hope that that issue can be resolved, the issue of public procurement on a broad basis. Talks are afoot. We reaffirmed that next week there will be two days of talks to look at that issue, both in the narrow sense and more broadly relating to the GATT procurement code.

So I hope that we can resolve those issues. And therefore, what I say shows that neither of us is going to let go of the points that we have concern about where the other does things that we have concern about, but we do so in the right spirit. And the right spirit is of trading partners where 95 percent of our trade is unaffected by disputes, of recognizing the importance not only for the trade area but also for the more broad or political relationship for trade disputes to be resolved amicably, recognizing the huge importance of the Uruguay Round and its conclusion.

The world is waiting for that. The world economy is not in good shape. The announcement of the Uruguay conclusion would be something that would allow confidence to flow in a very positive way. We owe it to the world to increase the chances of that coming about.

It is very important for people in the United States to remember, recognize the perception that we all share as we're sort of dealing with these matters, that looking after the U.S. economy and having an open market free trade agreement are not two opposing things. If you want to get the American economy going right, the best way is to stimulate trade, not to starve trade. Trade has been the engine of growth in the world since the end of the Second World War. It has proceeded faster than internal growth and it has been the cause of internal growth. That is why the stakes are so high, the challenge is so great and why I warmly welcome the very positive announcement that the USTR has made about the extension of fast track. It is the beginning of a fast track but of a difficult track. We are both determined to be there at the tape, at the end, that is jointly with us.

Q: Ambassador Kantor, you have mentioned that an objective here would be to improve the Dunkel text and specifically, there are large sections of the domestic textile and apparel industries in this country that say that the Dunkel text provides for eliminating the so-called (inaudible) fiber arrangement in ten years and (inaudible) death blow of the domestic industry at a time when this new administration says that it is trying to spur manufacturing.

Understanding what you said right at the beginning here, but is this a concern and is this an issue that will be taken up in these discussions?

AMBASSADOR KANTOR: The answer is yes, it is a concern. It's one that we raised this morning. It's one that we will be discussing in the future and it's one that I have deep concerns about personally.

Let me just say also that in some short reaction to Sir Leon's very gracious statement but also in reaction to his concerns over the steel issue and the issue of the European utilities directive, my oath of office not only covers negotiation, developing policy, coordination and speaking for the administration when directed by the president; it also covers enforcing the law, which we talked about today. And I am going to enforce the law.

The law in the case of both the steel, which was a decision taken by Secretary Brown, and in the case of the utilities directive is clear, and when the law is as clear as it is, we're not going to hesitate in taking those decisions.

But going back to your question, we are going to look at not only that part of the Dunkel text but other parts, as well. I've expressed those concerns to Sir Leon this morning. We understand not only with the Dunkel text but also with market access, that we do have some issues and we will begin to address those.

Q: Sir Leon, you've accused Mr. Kantor and the Americans last week of, in your words, unilateral bullying over trade. Do you still believe that, or are you withdrawing that comment now in the light of the new spirit that you talk of.

BRITTAN: Well, I didn't accuse the U.S. administration or Mr. Kantor of unilateral bullying over trade generally. I made that observation in relation to specific issues. We have not resolved those issues. So there is therefore no reason for me to resolve anything I said in that context.

Q: You still feel bullied.
(Laughter)

BRITTAN: I think you find bullied--I'm reasonably resilient in the face of (inaudible). So I didn't feel personally bullied--it takes a lot more than that. But the remarks that I made in the context in which they were made clearly stand, and nothing has been resolved. I've given my views both as to the issue and its resolution.

Q: Mr. Kantor, do you feel like a bully?
(Laughter)

KANTOR: At least he didn't call me a bureaucratic thug. I think I'm really quite clear in diverting from the very good question before that I'm going to enforce the law. That's not bullying, that's not unilateral. It was a reaction to the directive, Section 29, or Title 29. We'll continue to act appropriately when necessary. But the spirit of today is to move forward in discussing our mutual concerns and separate concerns with regard to the round. We hope to reach agreement in due course.

I'd like to say, in a little bit of a follow-up to Sir Leon in his very articulate statement earlier--but getting it quick doesn't necessarily mean getting it right. And what the president has directed me to do is to get it right, to make sure that we don't just come away with any agreement. What we want is a successful round, a good agreement, in order to expand trade and open markets.

Q: Just now you said that (inaudible) farmers in Asia should make their contributions for a successful round. Are you going to press the Japanese (inaudible) with the foreign minister on this particular issue?

KANTOR: I've already spoken to the Japanese ambassador to the United States, and to Mr. Matsunaga. Tomorrow I have the honor of meeting with Secretary Christopher and Minister Watanabe, and I will also indicate our interest in the government of Japan being an active participant, and I think Sir Leon shares this, in our continuing discussions.

Q: (Inaudible) this round to go on for another six- odd years, what length of extension will you be looking for fast track? Two years, six months, eight months?

KANTOR: The length of extension that the president decides to suggest to the Congress.

16

COMMERCE SECRETARY RON BROWN WRITTEN STATEMENT CONCERNING HIS MEETING
WITH EUROPEAN COMMUNITY COMMISSION VICE PRESIDENT SIR LEON BRITTAN
February 11, 1993

Commissioner Brittan and I had friendly and extremely useful discussions on a wide range of trade and economic policies that support and enhance the trillion dollar commercial relationship between the United States and the European Community.

I stressed the Administration's belief that the Uruguay Round is a top trade priority and that we are considering additional negotiating authority that may be needed to conclude a satisfactory agreement. I emphasized, however, that the draft text of the agreement needs additional work and must include provisions that ensure free and fair trade for American industry. We share with Commissioner Brittan the resolve to conclude the negotiations quickly but believe that a good agreement is more important than a fast agreement.

Commissioner Brittan reiterated to me his concerns over recent U.S. trade actions, specifically regarding steel and government procurement. The points he made will be given very serious consideration by this Administration.

We recognized our mutual interests in supporting and enhancing the large trade and investment relationship between the United States and the European Community and we are committed to policies that will advance economic growth and jobs. I noted the importance of increasing American exports as a key element of the President's program for expanding economic opportunity for all Americans.

END STATEMENT
