NATIONAL CONFERENCE

OF LIEUTENANT GOVERNORS

APRIL 1988

This document was prepared jointly by the Department of Commerce and Bureau of Planning. The information contained herein is intended to impart only general familiarity with national trade issues as the NCLG agenda did not identify specific issues that would be addressed at the April 1988 conference.

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Revised Agenda

TENTATIVE AGENDA
NATIONAL CONFERENCE OF LIEUTENANT GOVERNORS
SPRING MEETING, 1988
Washington, DC
Hyatt Capitol Hill
April 14-16, 1988

"INTERNATIONAL COMPETITIVENESS: THE CHALLENGE TO THE STATES"

Thursday, April 14

10:00 A.M. - Resolutions Committee Meeting, Grand Teton, Hyatt
10:30 a.m. - Executive Committee Meeting, Grand Teton, Hyatt
12:00 - 1:30 p.m. - Luncheon - Ticonderoga, Hyatt
Speaker: Congressman Robert H. Michel, Illinois
1:30 - 1:45 p.m. - Break
1:45 - 3:30 p.m. - International Trade Symposium - Columbia B, Hyatt
Educational Preparation -
Speaker: Chester E. Finn, Jr. Assistant Secretary for Educational Research and Improvements, U.S. Department of Education
State Sponsored Export Financing Programs -
Speaker: Gordon Studebaker, Director of State & Federal Relations, U.S. Department of Commerce
How the Lieutenant Governor's Office Can Interact with the U.S. Department of Commerce -
Speaker: Alexander H. Good, Director General for United States and Foreign Commercial Service, U.S. Department of Commerce
3:30 - 4:30 p.m. - Break
4:30 p.m. - Board buses for transport to The National Geographic Society's Explorers Hall - Hyatt Lobby
5:00 p.m. - Exhibition Program and Reception hosted by the National Geographic Society

Friday, April 15

7:30 - 9:00 a.m. - Democratic Lt. Governor's Caucus Breakfast - Capitol Room, Hyatt
- Republican Caucus of Lt. Governors Breakfast - Bryce, Hyatt
9:00 - 11:45 a.m. - Free to pursue own agendas
11:45 a.m. - Board buses for trip to White House - Hyatt Lobby
12:15 p.m. - White House Briefing - (Conference members only)
Frank Donatelli, Assistant to the President for Political and Intergovernmental Affairs
Donna Tuttle, Under Secretary for Travel and Tourism and has been nominated by President Reagan to be Deputy Secretary of the U.S. Department of Commerce
Ambassador Alan Holmer, Deputy U.S. Trade Representative
President Ronald Reagan

AGENDA
NATIONAL CONFERENCE OF LIEUTENANT GOVERNORS
Page two

Friday, April 15 (continued)

2:00 - p.m. - Bus to Rayburn House Office Building
3:00 - 4:30 p.m. - Congressional Briefing - Rayburn House Office Building - Room 2168
Speakers: Congressional leaders and staff specialists
4:30 p.m. - Bus returns to Hyatt
5:30 p.m. - Board Buses for transport to the Embassy of the Peoples Republic of China - Hyatt Lobby
6:00 - 8:00 p.m. - Embassy Reception, hosted by the Peoples Republic of China

Saturday, April 16

8:00 - 9:00 a.m. - Continental Breakfast - Yellowstone/Everglades, Hyatt
Speaker: Karolyn Keene, Manager Editor, Public Opinion
9:00 - 10:15 a.m. - Concurrent Committee/Task Force Sessions - Yosemite, Glacier, Grand Teton, Hyatt
10:15 - 10:30 a.m.- Break
10:30 - 11:45 a.m.- Concurrent Committee/Task Force Sessions - Yosemite, Glacier, Grand Teton, Hyatt
12:00 - 1:30 p.m. - Executive Committee luncheon - Bryce, Hyatt

Territory of Guam
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OFFICE OF THE GOVERNOR
UFISINAN I MAGA'LAHI
AGANA, GUAM 96910 U.S.A.

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MAR 30 1988

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Ms. Gail B. Manning
Research Associate
National Conference of Lieutenant Governors
Secretariat: The Council of State Governments
Box 11910, Iron Works Pike
Lexington, Kentucky 40578

Dear Ms. Manning:

It will be an honor and a pleasure to serve as a member of the National Conference of Lieutenant Governors Executive Committee for the Western Region, per your kind letter of March 16, 1988.

Accordingly, then, this is to give official notice that I hereby accept Lieutenant Governor Ryan's appointment, and stand ready to assume the duties and responsibilities pertinent to this position.

I look forward to meeting and working closely with you and the other members comprising the committee on matters of mutual interest and concern, and, therefore, hope you will not hesitate to call whenever you feel I can be of service or assistance.

Sincerely,

FRANK F. BLAS
Lieutenant Governor

NATIONAL CONFERENCE OF LIEUTENANT GOVERNORS

606/252-2291

March 16, 1988

The Honorable Frank F. Blas
Lieutenant Governor
Executive Chambers
Agana, Guam 96910

Dear Governor Blas:

Lieutenant Governor George Turman's resignation has created a vacancy on the NCLG's Executive Committee Members-At-Large for the Western Region. Lt. Governor George Ryan would like to appoint you to fill this vacancy.

The Executive Committee will meet at 10:30 a.m. on April 14, 1988 prior to the first session of the Spring Meeting. There will also be an Executive Committee meeting at noon on Saturday, April 16.

Please let me know at your earliest convenience if you will accept Lt. Governor Ryan's appointment.

I look forward to seeing you at the Spring Meeting in Washington.

Sincerely,

Gail

Gail B. Manning
Research Associate

GBM:wh

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MAR 22 1988
GOVERNOR'S
OFFICE

SECRETARIAT: THE COUNCIL OF STATE GOVERNMENTS BOX 11910, IRON WORKS PIKE LEXINGTON, KENTUCKY 40578

NATIONAL CONFERENCE OF LIEUTENANT GOVERNORS
OFFICERS AND EXECUTIVE COMMITTEE, 1987-88

CHAIRMAN	Lieutenant Governor George H. Ryan 214 State Capitol Building Springfield, Illinois 62706 (217) 782-7884
CHAIRMAN-ELECT	Lieutenant Governor Stephen A. McAlpine State Capitol, P.O. Box AA Juneau, Alaska 99811 (907) 465-3520
EASTERN REGION CHAIRMAN	Lieutenant Governor S. B. Woo Legislative Hall Dover, Delaware 19901 (302) 736-4151
MIDWESTERN REGION CHAIRMAN	Lieutenant Governor Marlene Johnson 122 State Capitol Building St. Paul, Minnesota 55155 (612) 296-2374
SOUTHERN REGION CHAIRMAN	Lieutenant Governor Bobby L. Brantley State Capitol, PL05 Tallahassee, Florida 32399-0001 (904) 488-4711
WESTERN REGION CHAIRMAN	Lieutenant Governor Leo T. McCarthy State Capitol Sacramento, California 95814 (916) 445-8994

EXECUTIVE COMMITTEE MEMBERS-AT-LARGE

Eastern Region

Lieutenant Governor Richard A. Licht, 317 State House, Providence, Rhode Island 02903 (401) 277-2371

Senate President Charles P. Pray, State House, Station 3, Augusta, Maine 04333 (207) 289-3604

Midwestern Region

Lieutenant Governor Scott McCallum, 22 East State Capitol, Madison, Wisconsin 53702 (608) 266-3516

Lieutenant Governor Harriett Woods, State Capitol Room 326, P.O. Box 563, Jefferson City, Missouri 65101 (314) 751-3000

Southern Region

Lieutenant Governor Robert S. Kerr III, State Capitol Room 211, Oklahoma City, Oklahoma 73105 (405) 521-2161

Lieutenant Governor Robert B. Jordan III, State Legislative Bldg., 3rd Floor Raleigh, North Carolina 27611 (919) 733-7350

Western Region

Lieutenant Governor W. Val Oveson, 203 State Capitol, Salt Lake City, Utah 84114 (801) 533-6174

Lieutenant Governor George Turman, Capitol Station, Helena, Montana 59620 (406) 444-3111

FORMER CONFERENCE CHAIRMEN (EX OFFICIO)

Lieutenant Governor John A. Cherberg, Washington
Lieutenant Governor William P. Hobby, Texas
Lieutenant Governor Zell Miller, Georgia
Lieutenant Governor John M. Mutz, Indiana
Lieutenant Governor Winston Bryant, Arkansas

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STATE OF ILLINOIS

OFFICE OF THE LIEUTENANT GOVERNOR

GEORGE H. RYAN

LIEUTENANT GOVERNOR

October 29, 1987

Honorable Francisco Blas
Lieutenant Governor of Guam
Executive Chambers, P.O. Box 2950
Agana, Guam 96910

Dear Governor Blas:

In an effort for the National Conference of Lieutenant Governors to work in closer concert with the National Governors Association on issues of mutual concern, I am restructuring the NCLG's current task forces into a committee system which more closely resembles that of the NGA. Additionally, I believe this will also allow for more recognition of the NCLG.

In the reorganization, all of the present task forces and the task force chairmen will remain intact. However, the task forces will be aligned under committees which will be focusing on similar subject areas. The only exception will be the Agriculture and Rural Development Task Force which will become a committee in itself with no additional task forces assigned to it. Following is a listing of the new committees: Agriculture and Rural Development; Criminal Justice and Public Protection; Economic Development; Energy and Environment; Human Resources; International Trade and Tourism; Transportation, Commerce and Communication; and Federalism. In addition, two new task forces have been created: the Task Force on Small Business and the Task Force on State and Local Relations.

Under this committee system each committee will be headed by a chairman and by a vice-chairman. The task forces will only have a designated chairman.

With your knowledge and past experience I request that you serve as [redacted] I am certain that with your direction and leadership the committee will prove to be a vital element of the NCLG. As committee chairman I would ask that you name the members of the conference that you would like to have erve on the committee with you. I would greatly appreciate it if you could forward the names of your committee members to me by November 20.

Thank you for your consideration of this request. In the event that you do not feel that you want to assume a committee chairmanship, please let me know as soon as possible.

Sincerely,

GEORGE H. RYAN
Lieutenant Governor

GHR:dsm

NATIONAL CONFERENCE OF LIEUTENANT GOVERNORS COMMITTEES AND TASK FORCES

1. Committee on Agriculture and Rural Development
   Chair: Jo Ann Zimmerman (Iowa)
   Vice Chair: Walter Miller (South Dakota)

2. Committee on Criminal Justice and Public Protection
   Chair: John Russo (New Jersey)
   Vice Chair: Eni Hunkin (American Samoa)

   * Task Force on Drug Trafficking
     Chair: L. Douglas Wilder (Virginia)

3. Committee on Economic Development
   Chair: C.L. "Butch" Otter (Idaho)
   Vice Chair: Melvin Steinberg (Maryland)

   * Task Force on High Technology and Competitiveness
     Chair: S.B. Woo (Delaware)

   * Task Force on Small Business
     Chair: Jack Stahl (New Mexico)

4. Committee on Energy and Environment
   Chair: Mark Singel (Pennsylvania)
   Vice Chair: Pedro Tenorio (No. Marianas)

5. Committee on Human Resources
   Chair: Jack Walker (Kansas)
   Vice Chair: Martha Griffiths (Michigan)

   * Task Force on Education
     Chair: Richard Licht (Rhode Island)

   * Task Force on Substance Abuse Prevention
     Chair: George H. Ryan (Illinois)

   * Task Force on Youth Suicide Prevention
     Chair: Winston Bryant (Arkansas)

   * Task Force on Child Care
     Chair: Marlene Johnson (Minnesota)

6. Committee on International Trade and Tourism
   Chair: Francisco Blas (Guam)
   Vice Chair: Robert Miller (Nevada)

7. Committee on Transportation, Commerce and Communication
   Chair: Michael Callihan (Colorado)
   Vice Chair: Benjamin Cayeteno (Hawaii)

8. Committee on Federalism
   Chair: William Bartlett (New Hampshire)
   Vice Chair: Stan Lundine (New York)

   * Task Force on State and Federal Relations
     Chair: Paul Leonard (Ohio)

   * Task Force on State and Local Relations
     Chair: William Nichol (Nebraska)

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Lt. Gov.		
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MAR 17 1988

Honorable George H. Ryan
Lieutenant Governor
State of Illinois
Springfield, Illinois [illegible]

Hafa Adai Lieutenant Governor Ryan:

By this letter, I am formally accepting the Chairmanship of the Committee on International Trade and Tourism. I am confident that the Committee will be able to effectively address appropriate issues for the Conference.

For your information, I have asked the Committee's Vice Chair, Lieutenant Governor Robert Miller of Nevada to assist me in identifying committee members. I would appreciate receiving your nominations as well. I hope to provide you with the names of the members in the next few weeks.

Lastly, please revise your mailing list and committee listing, to reflect my name as "Frank" rather than "Francisco". I appreciate the confidence you have shown in me.

Si Yu'os Ma'ase',

Frank F. Blas
Lieutenant Governor

FFB:[illegible]:PPLLCNGUERRERO:EPB

CC: Bureau of Planning

2145

MAR 17 1988

Honorable Robert Miller
Lieutenant Governor
State of Nevada
Carson City, Nevada 89710

Hafa Adai Lieutenant Governor Miller:

As you may be aware, Guam and Nevada have been appointed Chair and Vice Chair respectively, of the Committee on International Trade and Tourism, National Conference of Lieutenant Governors. I strongly believe that the Chair and Vice Chair must work closely to ensure that the Committee functions effectively in the identification and resolution of issues. With this philosophy in mind, I respectfully request that you assist me in identifying the members of the Committee. Please provide your nominees at the earliest convenience.

I look forward to working with you.

Si Yu'os Ma'ase',

FRANK F. BLAS
Lieutenant Governor

MJCRUZ:PPLEONGUERRERO:EPB

cc: Bureau of Planning

PROPOSED MEMBERSHIP

The Lieutenant Governor of Guam was requested to designate members to the Committee on International Trade and Tourism. As a result of this request, Guam requested the Vice Chairman (Lieutenant Governor Robert Miller - Nevada) to identify members of the Committee. To date, no response has been received.

Members of this Committee could be identical to the National Governors Association Committee on International Trade and Foreign Relations (and its Subcommittee on Tourism). Members are: Virginia, North Carolina, Alaska, Delaware, Florida, Guam, Hawaii, Indiana, Iowa, Kentucky, Maine, Minnesota, Nevada, North Dakota, CNMI, South Carolina, Tennessee, Washington and Wyonming with Nevada and Hawaii as Chair and Vice Chair respectively of the Subcommittee on Tourism.

Membership of Guam on the Committee on Transportation, Commerce and Communication (Chair-Colorado; Vice-Hawaii) is suggested because of the interrelatedness of Committee issues and opportunities.

TRADE BILL

The Department of Commerce knows of no pending legislation with this title and assumes that this refers to the balance of trade deficit that the U.S. has been faced with continuously for the last twelve years and for fifteen of the last seventeen years, and the net outflow of international exchange from the United States that this has caused.

There is an "Omnibus Trade Bill" pending in Congress, but a copy of it is not available; the best source of information on this issue indicates that this legislation, while protectionist in some ways, is reasonably tame and should have no direct adverse impact upon Guam.

The U.S. has traditionally been a net exporter in world markets, yet experienced small deficits in its current account (merchandise trade deficits) in 1971, '72, '74 and '76. Commencing in 1977, these deficits grew larger, to the point where nationally policy-makers have become concerned that the export of the jobs that the trade deficit represents will have a serious impact on the performance of the U.S. Economy in the future. The current account deficit exceeded $156 billion in 1976, the latest year for which complete statistics are available. In economic theory, this stuation cannot be sustained perpetually; as currency and other forms of international exchange flow out of a country, the price level in that country decreased (or increased more gradually), while those countries with a new inflow of exchange find that their prices are rising more rapidly. Eventually, the price of the first country's goods become more and more attractive in international markets (and at home), and the prices of goods produced in those countries that have had a net inflow of funds become less attractive, both domestically and internationally. Thus, the demand for the products of the country that had the outflow of funds previously begins to increase relative to the demand for the other countries' goods, reversing the direction of the flow of funds internationally. However, as a practical matter, nations are rarely willing to wait for the process to work itself through; they attempt, through their terms of trade (tariffs) quotas, export subsidies, etc.), to protect their own markets from international competition. These attempts, whether successful of not, fall under the heading of "protectionism," which may help the situation in the short-run (particularly politically, if not economically), but ultimately leads to reciprocation by the nation's trading partners and trade friction which has been the basis of many international conflicts.

Because of its large and persistent trade deficits over the past twelve years, the U.S. has taken a protectionist posture since about 1982, and although the result is probably unintentional, many of the actions that the nation has taken to protect its markets, both domestic and international, have adversely affected the economic interests of Guam. For instance, the devaluation of the dollar vis-a-vis the yen has caused the rapid rise here of goods, most notably automobiles, that are imported from Japan; changes in the substantial transformation requirements under Headnote 3(a) have limited the prospects for textile and garment manufacturing here; the most recent Brooks amendment will undoubtedly cause the cost of infrastructure creation here to rise in the near future, since Japanese firms will no longer be eligible for public works projects that are funded in whole or in part by Federal monies. It is quite possible that the Brooks amendment will cause far more harm to Guam than it will to Japan, which highlights the basic problem that we face in being outside of the Customs Territory of the United States; we are foreign for trade purposes, so that U.S. protectionist measures adversely affect us, yet domestic for other policy purposes, so that trade restraints often adversely affect us much more heavily in relative terms that they do our counterparts on the mainland. On the national level the Republican party tends to favor unbridled competition and free trade, while the Democratic party tends to favor regulation and interference with the market mechanism to resolve economic problems. Because the Congress is not dominated by the interests of the Democratic party, the general reaction to the nation's trade problems is protectionist in nature rather than to face the issues from a long-range perspective and attempt to resolve the structural problems underlying our trade situation. Thus, unless conditions change we can expect more protectionist measures to be taken by the U.S., with or without the President's consent, over the coming years. Nevertheless, the President's role in this should not be underestimated; he is the main actor in the international trade policies, since the Constitution places control over trade matters directly under his authority, and in the past, Presidents have often exercised their discretion in enforcing the trade laws more or less strictly. President Reagan has vacillated over the last seven years in that sometimes he has taken the traditional free-trade stance, while at other times he has placed the short-term interests of U.S. laborers at the forefront and acquiesced to protectionist pressures.

THIS WEEK

TODAY 20

GUAM GREYHOUND PARK celebrates its 11th anniversary.

MONDAY 21

Today is the last day to file an application for a SMALL BUSINESS ADMINISTRATION disaster loan for damages incurred from Typhoon Roy.

A seminar on landlord and tenant laws sponsored by the GUAM APARTMENT ASSOCIATION will be held at 6:30 p.m. at the Hilton International Guam. Tickets are $15 for nonmembers.

TUESDAY 22

A 450-room hotel planned by Goodwind Development Corp. in Dededo and an 85-unit apartment building by Hanil Development Corp. highlight the agenda for a TERRITORIAL PLANNING COMMISSION meeting at 1:30 p.m.

WEDNESDAY 23

The 38th semiannual meeting of the ASIA-PACIFIC COUNCIL OF THE AMERICAN CHAMBERS OF COMMERCE begins today at the Pacific Star Hotel. The four-day meeting, hosted by the Guam Chamber of Commerce, will focus on trade issues.

An audit by the Civil Service Commission, finances and proposals for management of the Harbor of Refuge are among the items on the agenda for the PORT AUTHORITY OF GUAM board of directors meeting at 5:30 p.m.

THURSDAY 24

A pre-business workshop cosponsored by the SMALL BUSINESS ADMINISTRATION and GUAM CHAMBER OF COMMERCE is scheduled from 8:30 a.m. to 4:30 p.m at the Guam Reef Hotel.

GUAM VISITORS BUREAU board of directors

Trade is main issue

Conference push is for free trade

By AMY GRETSCH
The Sunday News

Trade issues and the latest developments in trade policies affecting the Asia-Pacific region are the focus of a meeting of the Asia-Pacific Council of American Chambers of Commerce beginning Wednesday at the Pacific Star Hotel.

"APCAC is an organization for free trade — which is not necessarily fair trade," said Jim McDonald, APCAC committee co-chairman and Esso Eastern, Inc. Guam sales manager. "For example the organization has consistently been against quotas. It feels the way to push the Japanese toward free trade is not to impose quotas but to push them to open their doors."

APCAC is opposed to many of the fair trade provisions, including quotas and tariffs, in a federal trade bill aimed at reducing the U.S. trade deficit, said Daniel A. Cox, Guam chamber trade committee chairman and Marinas Marketing president. A congressional conference committee is working out a compromise trade bill right now from the two versions passed by the House of Representatives and the Senate, he said, which is one of the reasons the trade bill will probably be a major item on the APCAC meeting agenda.

One of the examples of fair trade provisions in the trade bill is one which requires countries that maintain large trade surpluses with the U.S. through unfair trading practices to reduce the imbalances by 10 percent a year or face retaliation through dollar-for-dollar quotas or tariffs. Cox said one of the reasons the federal government has been slow to pass trade legislation is the lack of a central agency devoted to trade.

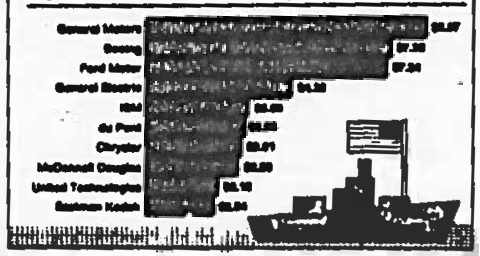
"One of the primary issues I plan to bring up at this week's meeting — one that is particularly keen for me — is to establish a Cabinet-level department of international trade, which is the only way the U.S. will be able to effectively deal with international trade," Cox said.

Cox also plans to ask APCAC to lobby for the repeal of an amendment to a law banning the use of Japanese construction companies and materials for government construction projects. The amendment is an example of how fair trade legislation adversely affects a U.S. area since the legislation will raise construction costs for federal projects on Guam and because of Guam's location, he said, the island should at least get an exemption to the law.

"I am very much against the amendment because we are saying we want other countries to open their markets and we turn around and close our markets, which gives them a reason to have closed markets," Cox said.

APCAC works generally toward free trade and is against protectionism but only occasionally will it get country-specific or industry-specific on an issue, McDonald said. Coming out against quotas on textiles from Saipan and Guam is one example of where the organization worked specifically on an issue affecting the area directly, he said, and at this year's meeting, the textile legislation will continue to be an issue.

Top U.S. Industrial Exporters



Source: Fortune Magazine

Evolution of the trade bill

Key characters

Rostenkowski   Gephardt

Rep. Dan Rostenkowski (D., Ill.), chairman of the House Ways and Means Committee and leader of the House negotiators on trade

Sen. Lloyd Bentsen (D., Tex.), chairman of the Senate Finance Committee and leader of the Senate negotiators on trade

Sen. Bob Packwood (R., Ore.), ranking Republican on the Finance Committee

Rep. Richard Gephardt (D., Mo.), Democratic presidential candidate and author of the "Gephardt amendment," a provision in the House bill requiring stiff retaliation against nations that practice unfair trade

Treasury Secretary James Baker President Reagan's top financial adviser and a key voice in whether the final trade bill is acceptable to the President

Clayton Yeutter U.S. trade representative; top administration official on trade

Key dates

- May 22, 1986: Democratic-controlled House passes trade bill; (Republican-controlled Senate does not, issue dies for year)
- January, 1987: Democrats gain majority control of Senate
- Feb. 5: Sen. Lloyd Bentsen (D., Tex.) introduces Senate bipartisan trade bill
- Feb. 21: President Reagan sends "competitiveness" package to Capitol Hill, including trade initiatives
- March 10: Rep. Dan Rostenkowski (D., Ill.), building on 1986 trade bill, introduces toned-down House version for 1987
- April 30: House passes trade bill
- July 21: Senate passes trade bill
- September: Trade bill conference scheduled between House and Senate to work out differences

Chicago Tribune Graphic; Source: Chicago Tribune news reports

Business leaders to meet in Guam

By AMY GRETSCH
The Sunday News

Beginning Wednesday, Guam Chamber of Commerce will be hosting a four-day Asia-Pacific Council of American Chambers of Commerce meeting for about 100 business executives from 15 East Asian and Pacific countries.

"Our job isn't just to bring Guam to the world but also to bring the world to Guam and hosting this meeting does both," said Jim McDonald, Guam chamber APCAC committee co-chairman. "The meeting will help internationalize many Guam businesses."

About 50 Guam businesses are expected to participate, and Chamber President Eloise Baza is encouraging all interested businesses to attend the four-day event. The cost for the meetings and workshops is $225.

The 38th APCAC meeting beginning Wednesday will be the second one hosted by Guam, McDonald said. In 1981, during the last meeting hosted by Guam, the delegation worked toward visa waiver legislation and endorsed Guam as a commercial center for the Asia-Pacific region, among other things, he said.

The primary purpose of the meeting is to prepare for a major annual lobbying effort in Washington by the organization called Operation Doorknock, Baza said.

Chamber representatives from Australia, Guam, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Okinawa, Pakistan, the Philippines, the Republic of China, Saipan, Singapore and Thailand are attending.

Representatives from the chamber and the federal government will be at the meeting educating the attendees on issues which affect the region — bringing with them from Washington the most up-to-date information on bills and other items of interest to the chamber members, Baza said. Workshops on subjects including intellectual property rights, market access in trade, tax and Washington relations will further serve to educate the attendees, she said.

"There are also workshops to review the resolutions passed at the Hong Kong meeting held in October and to cover any new items on these issues," Baza said. "We will be then discussing these issues and will decide on stands to take as a group during the plenary sessions."

During the plenary sessions on the last two days of the meeting, APCAC establishes resolutions which are written down and presented to congressmen during Operation Doorknock, McDonald said.

In addition to discussing trade issues concerning Guam and Micronesia, the Guam chamber will present its code of ethics to the Chambers of Commerce of the United States of America. Guam is the first chamber belonging to COCUSA to adopt a code of ethics, Baza said.

Trade policies impact Guam

volume of a specific type of goods entering ... Sigallo Pac. That company's sweaters

GENERAL AGREEMENT ON TARIFFS AND TRADE

The General Agreement on Tariffs and Trade (GATT) is a negotiated, multilateral trade agreement among trading partners in the western world. Periodically, the largest trading partners get together in an attempt to set the ground rules for "fair trade," which refers to a system in which the security and development objectives of each partner are accommodated as well as is possible through the application of trade restraints, but no unnecessary trade restrictions are allowed to stand. This is as opposed to "free trade," a system under which no trade barriers exist. Effectively, the GATT is designed to apportion shares of the world market in various goods among the nations involved. No detailed information regarding the prominent issues to be addressed in the upcoming GATT meetings is available.

GENERAL AGREEMENT ON TARIFFS AND TRADE

The General Agreement on Tariffs and Trade (GATT) is a negotiated, multilateral trade agreement among trading partners in the western world. Periodically, the largest trading partners get together in an attempt to set the ground rules for "fair trade," which refers to a system in which the security and development objectives of each partner are accommodated as well as is possible through the application of trade restraints, but no unnecessary trade restrictions are allowed to stand. This is as opposed to "free trade," a system under which no trade barriers exist. Effectively, the GATT is designed to apportion shares of the world market in various goods among the nations involved. No detailed information regarding the prominent issues to be addressed in the upcoming GATT meetings is available.

3. <u>GATT Negotiations</u> (New Policy Position, H-9.)

The proposed policy supports the negotiations now underway in the framework of the General Agreement on Tariffs and Trade (GATT). The talks, which officially began when the trade ministers of 74 countries met in Uruguay in September 1986, are the eighth round of negotiations in the forty years since GATT was founded.

The current multilateral trade negotiations are an attempt at major reform of the rules coordinating international trade. In previous rounds, substantial progress was made in reducing tariff barriers. There is now a recognition that the GATT rules and procedures must be modernized and expanded to cope better with the realities of world trade.

The proposed policy supports expanding the GATT to cover agriculture, services, intellectual property, and investments; strengthening GATT enforcement and dispute settlement methods; encouraging the participation of developing nations in the GATT; and reviewing broad national policies through the GATT. It calls for close state-federal consultation on the Uruguay Round.

The policy will not directly create increased federal or state costs, although staff expenses at both levels of government will be incurred if substantive consultations get underway.

Source: National Governors Association

H-9. GATT NEGOTIATIONS

THE GOVERNORS AFFIRM OUR SUPPORT FOR THE MULTILATERAL NEGOTIATIONS NOW UNDERWAY WITHIN THE FRAMEWORK OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT). THIS MULTILATERAL EFFORT TO DEVELOP A COMPREHENSIVE SET OF GUIDELINES FOR TRADE BETWEEN NATIONS IS ESSENTIAL, GIVEN THE GROWING TREND TOWARD INTERNATIONAL ECONOMIC INTERDEPENDENCE. WE APPLAUD EFFORTS BY GATT MEMBERS TO:

- EXPAND APPLICATION OF GATT RULES BEYOND MANUFACTURED GOODS TO ENCOMPASS AGRICULTURE, SERVICES, INTELLECTUAL PROPERTY, AND INVESTMENTS;

- STRENGTHEN GATT ENFORCEMENT PROVISIONS AND IMPROVE DISPUTE SETTLEMENT MECHANISMS;

- EXAMINE THE ROLE OF DEVELOPING COUNTRIES AND SEEK WAYS TO ENCOURAGE THEIR FULL AND ACTIVE PARTICIPATION IN THE GATT; AND

- FOCUS ON THE IMPACT THAT BROAD NATIONAL POLICIES AND PRACTICES (E.G., TARGETING, SUBSIDIES, STANDARDS, AND PROCUREMENT) MAY HAVE ON INTERNATIONAL TRADE.

STATES, AS ACTIVE PARTICIPANTS IN THE INTERNATIONAL ECONOMY, HAVE A STRONG INTEREST IN THE OUTCOME OF THIS EFFORT. STATES HAVE A SPECIAL ROLE IN CERTAIN AREAS COVERED BY THE NEGOTIATIONS, INCLUDING SERVICES AND AGRICULTURE. STATES COULD ALSO BE AFFECTED BY NEW AGREEMENTS ON GOVERNMENT PRACTICES.

WE SUPPORT THE CONSULTATION APPROACH USED BETWEEN THE U.S. TRADE REPRESENTATIVE AND THE GOVERNORS DURING THE U.S. - CANADA FREE TRADE TALKS. WE RECOMMEND THAT THIS PROCESS BE CONTINUED AND ENHANCED AS THE MEANS OF STATE-FEDERAL CONSULTATION DURING THE URUGUAY ROUND.

Source: National Governors Association

UNITED STATES PROPOSAL FOR THE GATT NEGOTIATING GROUP ON TROPICAL PRODUCTS

Introduction:

The United States submits the following proposal to achieve the objectives set forth in the Punta del Este Declaration with regard to tropical products. We submit this proposal with the aim of achieving the "fullest liberalization of trade in tropical products."

As the United States has stated, we are willing to eliminate all barriers to trade and trade-distorting subsidies on all agricultural products, tropical and non-tropical, as long as our trading partners are willing to do the same. As evidence of that, the United States has proposed in MTN.GNG/NG5/W14 that all participants in the Uruguay Round negotiations on agriculture completely phase-out over 10 years all support and protective measures that affect trade in all agricultural products. The United States submitted that proposal in the firm belief that a free market oriented system of agricultural trade would be beneficial to all agricultural exporters and importers.

Given that the majority of tropical products are agricultural, the United States proposes in the tropical products group that, contingent upon a global agreement in the agricultural negotiations to phase-out all support and protective measures affecting trade, all participants in the tropical products negotiations agree to eliminate all such measures on agreed upon tropical agricultural products on an expedited basis.

With regard to non-agricultural tropical products, the United States recommends that these products be subject to a request/offer procedure.

IMPLEMENTATION

To achieve the "fullest liberalization of trade in tropical products," the United States proposes that the negotiations proceed as follows:

1) The negotiating group on tropical products should identify all support and protective measures affecting trade in tropical products. A data base which includes all such measures which affect trade maintained by all participants in the tropical products negotiations is therefore necessary.

2) By March 1988, delegations would submit a proposed priority list of tropical agricultural products for which they would like to see all participants eliminate all support and pro-

list for expedited treatment. USG representatives explained that the products would be a matter for negotiation, and that we will need and seek the private sector's advice on any list that is devised. There was also some confusion and concern at the outset of the plenary that the United States would be fragmenting the agriculture negotiations by tabling our tropical products proposal, giving the LDCs a way to get around our agriculture proposal. Hopefully, we allayed our advisors' fears in that regard by explaining that (1) the policies for elimination will be decided by the Agriculture Negotiating Group and (2) implementation of expedited treatment on tropical agricultural products is contingent upon our obtaining a basic package in the agriculture negotiations. Finally, our advisors fear that the U.S. will not stand firm and that we will end up "giving" and others won't. USG representatives continued to point out that we do not intend to make unilateral concessions and emphasized that expedited treatment on agreed tropical agricultural products means that all participants must agree to eliminate support and protective measures. In conclusion, the private sector sent a clear signal that it wants to be kept advised, particularly on the issue of product coverage.

It should also be noted that representatives of the rubber footwear industry have stated their view that the United States should tell the LDCs up front that we will not negotiate any semi-processed or processed products in the tropical products negotiating group. Rather, they believe, such products should be negotiated in the Market Access Groups. We have responded that the Punta del Este Declaration on tropical products includes the negotiation of semi-processed and processed products. However, just because a country makes a request does not necessarily mean that we will deal with that request in the tropical products group. Since these negotiations are evolving, we need to be in a position to deal with each request on a pragmatic basis. To take products off the negotiating table now would undermine our ability to do so. Ultimately, these negotiations will have to be linked to our interests in other areas. We can better guage how we do that once we have the requests in hand.

U.S. - CANADA FREE TRADE AGREEMENT

The U.S.- Canada Free Trade Agreement currently being reviewed by Congress is a proposal negotiated by the two countries to eliminate trade barriers. As written, the agreement does not include the U.S. territories under its provisions.

While Guam does not count Canada as a trading partner, exclusion of the territories in this agreement raises the concern that the territories might be excluded from trade agreements negotiated by the U.S. and other foreign countries.

Since the U.S. - Canada Free Trade Agreement cannot be changed by the U.S. unilaterally, the U.S. Trade Representative Clayton Yeutter has offered to to assist in negotiations with Canada for the benefit of the territories. This pledge of assistance was affirmed by the National Governors Association.

The Committee on International Trade and Foreign Relations recommends the consideration of an amendment to one existing policy position, one substitute for another existing policy position, and one new policy position. Background information and fiscal impact data follow.

1. Specific Opportunities in Trade (Amendment to H-6.)

(Tourism)

In letters and testimony, Governors have strongly supported the work and funding of the U.S. Travel and Tourism Administration (USTTA), the agency in the Department of Commerce which coordinates promotion of travel to the United States. The amendment makes explicit the Governors' support for USTTA funding from federal general revenues rather than from user fees as the Administration had proposed. Congress did not accept the proposal, but the user fee may be considered for the agency's FY 1989 budget.

The policy assumes continuation of the agency's funding at the current level of $12 million for the near term and calls for no new federal expenditures. However, state tourism officials have noted that the currency exchange rate has put the agency's budget under severe pressure and have indicated that the federal government would be making a wise investment in tourism if it increased the agency's budget.

2. U.S. - Canadian Trade (Amendment, in the form of a substitute, to H-7.)

U.S. - Canadian trade has been an important area of Committee work, beginning with a session at the NGA annual meeting in 1985, when seven of the Canadian Premiers met with the Governors. To follow up on that session, the Executive Committee established a U.S. - Canadian Task Force.

In August 1986, NGA adopted policy supporting the U.S. - Canadian free trade negotiations, pledging to work with the U.S. negotiators to assess the impact of any agreement, and suggesting that meetings between the Canadian Premiers and the Governors continue. For the past year and a half, Governors and their staffs have consulted with the Office of the U.S. Trade Representative on the on-going talks, and in early 1988 the President and the Prime Minister signed an agreement. A Governors'/Premiers' forum was held at the 1987 NGA annual meeting.

The policy that the International Trade Committee will consider endorses implementation of the agreement. It notes that some issues were not fully addressed during the negotiations and urges that these be vigorously pursued in future talks. Recognizing that the agreement might create difficult adjustments in some industries or regions, the proposed policy commits the Governors to working in their states, and with the Administration and Congress, to minimize any adverse effects of the agreement. Finally, it supports further meetings between the Governors and the Premiers.

The policy says that the Governors' support is contingent on both governments refraining from taking actions that are inconsistent with the agreement in the period between its signing and implementation.

The agreement is expected to contribute to the real growth in the economies of both the United States and Canada. The effect on the Treasury is expected to be a net gain.

Source: National Governors Association

H-7. U.S. - CANADIAN TRADE

THE GOVERNORS SUPPORT IMPLEMENTATION OF THE FREE TRADE AGREEMENT NEGOTIATED BY THE FEDERAL GOVERNMENTS OF THE UNITED STATES AND CANADA. *Our support is contingent upon Canada and the U.S. doing nothing in the interim to violate the spirit of the explicit understanding affirmed in writing on January 2, 1988 to "exercise their discretion in the period prior to entry into force of the accord so as not to jeopardize the approval process or undermine the spirit and benefits of the Free Trade Agreement."*

THE AGREEMENT, WHILE NOT FULLY ADDRESSING ALL ISSUES RELATING TO OUR BILATERAL TRADE, IS EXPECTED TO CONTRIBUTE TO REAL GROWTH IN THE ECONOMIES OF BOTH SIGNATORIES. IT REPRESENTS A POSITIVE STEP TOWARD THE OPEN, COMPETITIVE WORLD TRADING SYSTEM THAT WE HAVE ENDORSED. IT PROVIDES FOR MORE TIMELY AND EFFECTIVE RESOLUTION OF DISPUTES BETWEEN THE TWO LARGEST TRADING PARTNERS IN THE WORLD.

THROUGHOUT THE NEGOTIATIONS, THE OFFICE OF THE U.S. TRADE REPRESENTATIVE HAS SOUGHT OUR ADVICE AND MADE IT A PRIORITY TO KEEP US INFORMED ON PROGRESS. AS THE RELATED LEGISLATION IS DEVELOPED AND DEBATED, WE WILL CONTINUE TO CONSULT WITH THE ADMINISTRATION AND CONGRESS REGARDING ITS IMPACT ON STATE ECONOMIES.

EMPHASIZING THE IMPORTANCE OF U.S. - CANADIAN RELATIONS, WE WILL CONTINUE OUR MEETINGS WITH THE CANADIAN PREMIERS ON ISSUES OF MUTUAL INTEREST, INCLUDING OPTIONS FOR GREATER TRADE COOPERATION BETWEEN OUR TWO COUNTRIES.

WE BELIEVE THAT EFFORTS SHOULD CONTINUE TO BE MADE TO RESOLVE THOSE ISSUES NOT FULLY ADDRESSED DURING THE NEGOTIATIONS AND THAT REMAINING INCONSISTENCIES WITH THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) RULES SHOULD BE VIGOROUSLY PURSUED. WE WILL WORK WITH CONGRESS AND THE ADMINISTRATION AND WITHIN OUR STATES TO MINIMIZE ANY ADVERSE EFFECTS OF THE AGREEMENT.

~~The Governors support negotiations currently underway to promote freer trade with Canada, the United States' largest trading partner. We believe that these talks should be coupled with efforts to identify areas for greater trade cooperation between our two countries.~~

~~We will work to identify the likely impact of a freer trade agreement on state economies and state regulatory practices. Further, we will seek to ensure that the U.S. negotiators are aware of our findings so that the final agreement can be based on a full understanding of the impact on American workers and industries. Moreover, we believe it is essential that no state bear a disproportionate share of the impact of implementing the agreement.~~

~~In view of the importance of trade and other relations between the United States and Canada, we will pursue the many opportunities we now have to meet with the Canadian Premiers, and we will seek additional forums for discussion of issues of mutual interest.~~

~~Adopted August 1986.~~

Source: National Governors Association

AMENDMENT TO THE U.S. - CANADA POLICY OFFERED BY GOVERNOR CARRUTHERS

THE GOVERNORS HAVE SIGNIFICANT CONCERNS ABOUT ISSUES CREATED OR NOT FULLY RESOLVED BY THE AGREEMENT AND ASK TO BE CONSULTED AS THE IMPLEMENTING LEGISLATION OR OTHER MEASURES ARE DEVELOPED TO AMELIORATE THESE PROBLEMS.

THE ADMINISTRATION SHOULD ENTER INTO ADDITIONAL NEGOTIATIONS TO ADDRESS INEQUITIES REGARDING SUBSIDIES. FAIR AND OPEN TRADE FOR ALL BUSINESSES REQUIRES RESOLUTION OF THE REALITY OR PERCEPTION OF UNEQUAL TREATMENT OF CERTAIN INDUSTRIES DUE TO DIFFERING NATIONAL POLICIES ON SUBSIDIES.

Source: National Governors Association

Pacific Basin Development Council
Suite 325 • 567 South King Street • Honolulu, Hawaii 96813-3036
Telephone (808) 523-9325 Facsimile (808) 533-6336

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UNITED STATES CANADIAN TRADE AGREEMENT

The Governors of the Territories of American Samoa, Guam, the Commonwealth of the Northern Marianas and the State of Hawaii, serving as the Board of Directors of the Pacific Basin Development Council (PBDC), while meeting at their 1988 Winter Meeting in Washington, D.C., wish to raise major concern over the fact that the Territories and Commonwealth have been excluded from the United States Canadian Free Trade Agreement.

The Board of Directors are saddened by an agreement negotiated by the United States, that could be precedential for the exclusion of the afore mentioned American Flag Pacific Territories and Commonwealth from any and all current and potential trade discussions.

The United States is currently involved in both multi-lateral and bi-lateral discussions of trade issues with many nations. As part of the United States family, our individual and collective interests should be included in these negotiations.

During the recent National Governors' Association Winter Meeting, Governors had the opportunity to discuss these concerns with Ambassador Clayton Yeutter, United State Trade Representative (USTR). Although the Canadian Free Trade Agreement cannot be changed, the USTR offered to assist in negotiations with Canada for the benefit of the Territories and the Commonwealth. In addition, Governor Thompson of Wisconsin, Chairman of the National Governors' Association U.S.-Canada Task Force affirmed this pledge in plenary session of the nations Governors stating that special benefits would be negotiated for the Territories and Commonwealth.

The Executive Director of PBDC is directed to provide copies of this position and subsequent documents bearing on this matter to the President of the United States, the Trade Representative, the Secretary of the Departments of State, Treasury, Commerce and Interior, the Trade Policy Staff Committee, the American Flag Pacific Islands Congressional delegations and key members of the Congressional leadership and the appropriate Congressional Committee leadership. Copies will also be furnished to the National Governors Association leadership.

The Executive Director is futher directed to provide a report to the PBDC Board of Directors, with recommendations on this and related issues within sixty (60) days.

Joseph F. Ada
JOSEPH F. ADA
President and Governor,
Guam

JOHN WAIHEE
Vice President and Governor,
Hawaii

WITNESSETH:

Jerry B. Norris
Executive Director

A P Lutali
A.P. LUTALI
Secretary and Governor,
American Samoa

Carolyn K. Imamura
Director of Planning
and Programs

PEDRO P. TENORIO
Treasurer and Governor,
Commonwealth of the Northern
Mariana Islands

ness

Hong Kong gold opened at [illegible] ounce and closed at $441.60-$442.10 an ounce.

Governors OK trade pact

Fear expressed over possible economic harm

By CHRISTOPHER CONNELL
The Associated Press

WASHINGTON — The National Governors' Association voted 30-5 Tuesday to support ratification of the U.S.-Canada free trade agreement despite some governors' fears that it will hurt home state industries.

The governors acted after amending their resolution to express "significant concerns about issues created or not fully resolved by the agreement," and demanding to be consulted on legislation to ratify and implement the treaty.

The governors adopted a policy two years ago supporting the U.S.-Canada free trade negotiations. The United States and Canada are the world's largest trading partners, with two-way merchandise trade in 1987 of $131 billion.

The fight against the trade agreement was led by Wyoming Gov. Michael Sullivan, who charged American energy producers, fisheries, precious metal miners and others "are left at a disadvantage."

"We can express our support for free trade without endorsing the agreement," Sullivan said. He urged his colleagues to wait until their next meeting in August to take a stand.

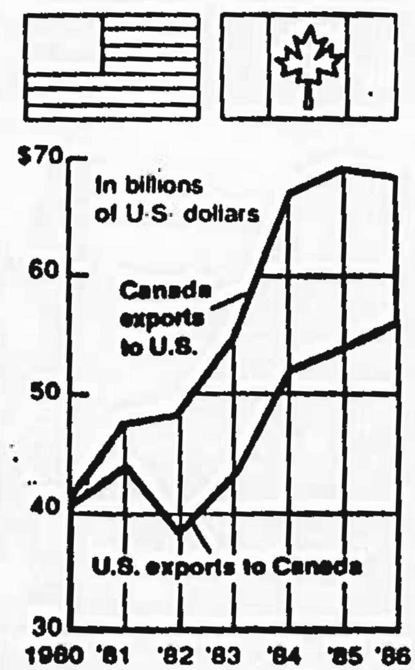
But Wisconsin Gov. Tommy Thompson said it would be "a terrible mistake" not to support the treaty now. "We can iron out some of the problems as we go along," he said.

New Mexico Gov. Garrey E. Carruthers offered the amendment that expressed the governors' "significant concerns" about unresolved trade issues with Canada.

The Carruthers amendment added, "The administration should enter into additional negotiations to address inequities regarding subsidies." It said "the reality or perception of unequal treatment of certain industries" must be resolved.

There was no tally kept of which 30 governors voted yes.

U.S.-Canada trade



Chicago Tribune Graphic;
Sources: U.S. Commerce Department, Chicago Tribune news reports

Ada voices his main concerns about the pact

PPN 2-26-88

By BRIAN PERRY
Daily News Staff

Gov. Joseph F. Ada objected yesterday to a National Governors' Association resolution in support of ratification of a reciprocal U.S.-Canada free trade agreement.

The agreement, which was signed Jan. 2 by President Ronald Reagan and Canadian Prime Minister Brian Mulroney, would eliminate all tariffs between the two countries by 1999 and set up a new tribunal to settle future trade disputes. It must be approved by Congress and the Canadian Parliament.

In a telephone interview from Washington, D.C., Ada said he told the governors that territories such as Guam, the Virgin Islands and American Samoa would be excluded from the benefits of the pact.

What is being called a model bilateral agreement for free and fair trade would be a unilateral agreement for the territories.

Under the terms of the agreement, for instance, Canada could export goods to Guam under a duty-free status, he said. But Guam could not send duty-free goods to Canada, he said.

Ada said Guam might want to export Guam products, such as sweaters, to Canada.

"It's not fair," Ada said. "What saddens me is that Guam is part of the United States. We're being treated like a foreign entity."

The governor said he was assured by the U.S. ambassador to Canada that "this won't happen in the future."

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GENERALIZED SYSTEM OF PREFERENCES (GSP)

The GSP is a system through which the more-developed countries grant preferential trade benefits to less-developed countries (LDCs) in an attempt to accelerate those LDCs' economic advancement. As countries, such as Japan in the 1960s and Korea in the 1980s, reach threshold levels in their development processes that are deemed sufficient to allow their sustained growth without further assistance, they graduate from their GSP-beneficiary status and no longer are granted favorable rates of duty (usually around ten percent below the "most-favored nations" rates) for their goods. Individual nations make the decisions independently about which countries are to be granted benefits; although Guam would be eligible under the U.S. GSP, the necessary Presidential Executive Order has not been signed, which presents no problem because the benefits under Headnote 3(a) are superior. However, Guam was dropped from New Zealand's list of eligibles in 1986; we are still beneficiaries under the GSPs of Japan, Canada, Australia and the European Economic Community.

Recently, the U.S. graduated Taiwan, HongKong, South Korea and Singapore from its GSP, much to the chagrin of these countries because they have high trade surpluses with the U.S.

Bitter exchange between US, Singapore opens ASEAN meet

By JIM ANDERSON

WASHINGTON (UPI) — A routine ceremonial opening of a meeting between the United States and the Association of South East Asian Nations turned into an angry public exchange Wednesday between Secretary of State George Shultz and Singapore's Foreign Minister Yeo Cheow Tong.

Yeo, the spokesman for the ASEAN countries at the 8th dialogue, with the United States at the State Department, responded to Shultz's routine welcoming remarks by accusing the United States of shaking ASEAN's confidence in U.S. good-will by changing the tariff ground-rules for emerging countries such as Singapore, Hong-Kong, Taiwan, and South Korea.

The four so-called "tiger" countries have been taken off the list of developing countries which are given special import breaks by the United States.

In addition, Singapore has been included in U.S. legislation which would punish it if it did not honor U.S. copyright laws.

Yeo said, "This unilateral action (on the copyright law) by the United States is contrary to the understanding reached between the United States and Singapore" and, he said the change in tariff status is "detrimental to the long-term relations between ASEAN and the United States."

Shultz, who had been scheduled to leave the conference room after Yeo's response, instead returned to the rostrum, his face grim and flushed.

He said, "Before I leave, I feel I must respond to your comment that you consider the United States to be untrustworthy and unreliable. I don't accept that at all."

On the issue of Singapore honoring the international copyright conventions, he said, "your country is well served to pay attention to intellectual property rights."

Shultz continued, looking at Yeo, "But I don't think that you did us a favor by doing that — you did yourself a favor and we did you a favor by pushing at it hard."

On the tariff preferences lost by the four "tiger" countries, Shultz said," they aren't your rights they're our privileges in our market — it's not your market, it's our market" and he went on, "The more they are extended to people who don't need it, the less they mean to those who do need it."

Shultz suggested to Yeo, "You should just try going before a congressional committee and saying, we should give a special break to Singapore, because that poor struggling country hasn't figure out how to export; and see how you're treated. You can't make that case."

The secretary of state said, "I don't welcome the accusation that the United States is unreliable and untrustworthy. If that's what you believe there's very little basis for genuine dialogue."

Shultz, host of the meeting, has frequently pointed to the group of non-communist South East Asian nations as one of the success stories of U.S. foreign policy and free-market economics in the world.

Worst of Shanghai epidemic to come

By DAVID HOLLEY
Los Angeles Times

BEIJING — Health officials in Shanghai fear that an epidemic of hepatitis-A that broke out last month may worsen in the next few weeks, the official China Daily reported Wednesday.

The epidemic, believed to have been caused by contaminated clams, "has passed its first peak," the newspaper said, "but a second peak resulting from cases of people infected by the first victims of the epidemic, is expected to come in a week."

Officials in Shanghai, a city of 12 million, have said that about 16,000 people are infected with the viral disease. Estimates circulating among Western diplomatic sources put the number at 40,000 to 60,000.

"Everyone in Shanghai now takes it very seriously," Liu Kejun, a spokesman for the Shanghai Health Bureau, said in a telephone interview.

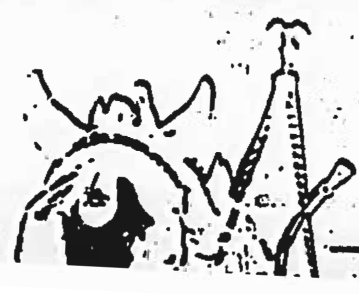
"We have put a lot of effort into a campaign to warn people against this disease. We [illegible] people to wash their hands [illegible] very careful [illegible] restaurants [illegible]

[illegible] hotels [illegible] public baths, the railway [illegible] and factory dining [illegible]

U.S. consular offices in China and the State Department in Washington [illegible] Shanghai [illegible] water or [illegible] especially [illegible] shellfish and [illegible] Injections [illegible] globulin, [illegible] were recommended.

Hepatitis-A, an infectious liver inflammation, spread by contaminated food and water, [illegible] symptoms such as fever, vomiting and fatigue. Although seldom fatal, it is a debilitating illness that is common in countries with poor sanitation.

Air Force



GEPHARDT AMENDMENT

This amendment, which is effectively directed at Japan, would require that the President set limits on the volume of the current account deficit that the U.S. can build up with any one country before imports from that country are severely restricted. It would require that Japan either increase its imports from the U.S. or reduce its exports to the U.S.; if neither of these occur, what is effectively an overall quota based upon the value of all goods would be imposed on goods imported into the U.S. from Japanese manufacturers.

BILATERAL AVIATION

Presently, the U.S. government negotiates with foreign governments to allow foreign air carriers to serve U.S. points and U.S. carriers to serve foreign points. During these negotiations, each government negotiates the cities to be served, price considerations, cargo services, charter services and other aviation issues. In these meetings, if foreign governments allow U.S. carriers to service relatively small, less profitable foreign cities, the U.S. government may offer Guam in return. Obviously, each government attempts to service the most lucrative destinations of the other. In most instances, governments are allowed to choose those destinations they will actually service.

The following should be noted:

1. Based upon available information, 10 foreign countries (i.e., Fiji, Indonesia, Japan, Nauru, New Zealand, Philippines, Singapore, Taiwan, Thailand and United Kingdom) are allowed by the U.S. to provide airline service to Guam. Few of these countries have actually chosen to service Guam due to the smallness of its market, the profitability of destinations such as Hawaii and the availability of longer range aircraft that can over-fly Guam.

2. Hawaii currently has a policy of attracting greater foreign investment to ensure that Hawaii will continue to be a destination point (if only to ensure the continued profitability of these foreign investments). This policy has been extremely effective in ensuring that Hawaii is not over-flown.

3. Five foreign countries with aviation operations in the Pacific are not allowed to serve Guam but are allowed to service Hawaii. These countries are Australia, China, Korea, Malaysia and France. No information is currently available to determine why these countries are not allowed to serve Guam.

4. Guam is authorized to establish the Visa Waiver program in which tourists from countries which have a US visa rejection rate of less than 16.9% including Australia, Brunei, Burma, Indonesia, Japan, Malaysia, Naura, New Zealand, Papua New Guinea, Singapore, Solomon Islands, the United Kingdom (including Hong Kong), Vanuatu, and Western Samoa can visit Guam without visas for no longer than 15 days. Hawaii participates in the national visa waiver program that applies to tourists from United Kingdom and Japan. Tourists from these countries will be able to enter the U.S. (including Guam) for a period of 90 days without visas.

5. At present, information is not available to assess cargo service from foreign countries. In the U.S. for example, the desire to increase the number of Japanese tourists to the U.S. has met with some criticism by the Japanese because of domestic pressures on the U.S. government to reduce cargo imports from Japan. There may be some potential in using cargo service as a bargaining chip to increase passenger service from foreign countries.

At the PBDC-DOI sponsored workship on Pacific Region Aviation Policy, the following policy was recommended.

BILATERAL AGREEMENTS

Aviation is the lifeline of the Pacific region. The importance of aviation clearly demonstrates the need for a new direction in bilateral aviation negotiations and agreements. We encourage change in the following areas:

*removal of constraints affecting capacity, frequency and market destinations are crucial to aviation, tourism, and economic and social development in the AFPI;

*the United States Government should allow each AFPI (both individually, and, when appropriate, collectively), the opportunity to be available as a resource in aviation bilateral talks/negotiations that directly affect the AFPI;

To enhance aviation opportunities in the region, Pacific issues in aviation bilateral negotiations should be considered and resolved apart from issues that do not affect the Pacific Region.

Attached is a copy of the full policy statement and GAA, GVB and BOP's recommendation to adopt the policy.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

PACIFIC REGION POLICY ON AVIATION

INTRODUCTION

The Territories of American Samoa and Guam, the Commonwealth of the Northern Marianas and the State of Hawaii (also known as the American Flag Pacific Islands -- AFPI) are unique island communities physically located in the Central-Western and South Pacific.

The AFPI Governors and citizens recognize and understand that our island communities, surrounded by millions of square miles of ocean, are physically detached from domestic and international markets.

Further, our island environments consist of small land areas and have limited natural resources generally consisting of sand, sea, sunshine and coral. Nonetheless, our islands are rich in scenic beauty, cultural heritage and human talent.

DEVELOPMENT OF OUR ECONOMIES

These characteristics call attention to the unique needs of our island settings and to the limited options presently available for social and economic development. Tourism is one of the major existing economic activities in our communities and offers the greatest potential for our immediate future.

Tourism offers one of the best opportunities to:

* reduce the national trade deficit and increase Federal revenues from the region;

* stimulate the AFPI economies through job creation, growth in local tax revenues, and increased investment opportunities.

Thus, tourism provides a vital opportunity for greater economic self-sufficiency for the Pacific region, resulting in a lessening of dependence of the AFPI economies on Federal subsidies. Other benefits of increased tourism include the reduction in local resident out-migration and the preservation of our unique cultural heritages.

In order to realize the economic potential of increased tourism for the Pacific Region, it is necessary to reduce or eliminate unnecessary barriers to travel and to provide a business environment conducive to the Region's ability to compete fairly in the international market place to generate a larger number of visitors into the Region.

One example of such potential would be the opportunity to increase tourism to the Region through the Japanese "10 Million Program" which aims to double the number of Japanese outbound visitors by 1992.

AVIATION

The people of the AFPI communities are heavily dependent upon aviation for a number of reasons which include:

* Personal Mobility - travel to and from other islands, the U.S. Mainland, and other destination for social, business and medical reasons;

* Visitor Traffic - travel to and from our islands by domestic and international visitors;

* Mail, Goods and Cargo - movement of items that must reach our island communities expeditiously.

Aviation is the most critical link in the economic and social lifeline in the Pacific. Unlike the U.S. Mainland, transportation alternatives are severely limited and there are no realistic options to air service. This fact is recognized by Congress in the continuation of the U. S. Department of Transportation's Essential Air Service (EAS) Program.

We encourage local government input in the development of policies that affect negotiation of bilateral air routes; travelers entering and exiting our islands; and changes in aviation standards and regulations. The future of aviation policy in the Pacific region rests on a cooperative effort that should include the AFPI Governors, the Federal government, Foreign governments and the air carriers.

We thus put forward the following key elements of our PACIFIC REGION POLICY ON AVIATION.

Bilateral Agreements

Aviation is the lifeline of the Pacific region. The importance of aviation clearly demonstrates the need for a new direction in bilateral aviation negotiations and agreements. We encourage change in the following areas:

* the removal of constraints affecting capacity, frequency and market destinations which is crucial to aviation tourism, and economic and social development in the AFPI;

* the United States Government should allow each AFPI (both individually, and, when appropriate, collectively), the opportunity to be available as a resource in aviation bilateral talks/negotiations that affect the AFPI.

To enhance aviation opportunities in the region, Pacific issues in aviation bilateral negotiations should be considered and resolved apart from issues that do not affect the Pacific Region.

Visitor Processing

The full benefit which may be derived from adequate levels of air service may not be realized if impediments to the flow of visitors remain in place. To ensure ease of travel we advocate:

* the removal of non-tariff barriers such as visas;

* increased permanent and part-time staffing to meet the demand of processing visitors during peak periods whether it be daily or seasonal;

* more flexible scheduling of aircraft from foreign countries to avoid peak periods;

* a special training program that sensitizes personnel to the special spirit of Aloha, Hafa Adai, and Talofa that has been part of our traditional greetings for hundreds of years.

Essential Air Service

Federal recognition of the critical and unique importance of air service on our economic and social development in the Pacific was formalized with the reauthorization of the EAS Program (PL 100-223 of December 23, 1987). To achieve maximum benefit from this program:

* the affected governments should be active participants in the promulgation of rules and regulations, program implementation, and the consideration of any changes to the EAS Program;

* a timely method for notification to the U.S. Department of Transportation of any reduction or termination of air service is crucial because of the time difference between the Pacific Region and Washington, D.C.;

* local input into the formula to establish the cargo allocation in the EAS Program is critical, as is some local discretion during times of emergency.

CONCLUSION

<u>THE PACIFIC REGION POLICY ON AVIATION</u> is the result of concerted efforts of Governors of the Territories of American Samoa and Guam, the Commonwealth of the Northern Marianas and the State of Hawaii. This policy recognizes that aviation is key to the advancement of AFPI economies; as well as, the lifeline of the Pacific Region. The Essential Air Service program confirms the need for special air service in the Pacific Region.

The benefits from air service can be enhanced by relaxing constraints to the movement of visitors, increasing frequencies and opening up new market designations, and the separation of Pacific Region issues in bilateral air route negotiations and agreements.

The Governors of the AFPI, who also serve as the Board of Directors of the Pacific Basin Development Council (PBDC), are dedicated to furthering aviation and tourism which will improve their local economies and reduce dependence on Federal subsidies.

JAPAN'S "TEN MILLION PROGRAM"

1. The Japanese Government is promoting overseas travel and has started a "Ten Million Program" aimed at doubling the number of Japanese overseas travelers from the current level of 5½ million to 10 million a year by 1992.

2. Only 4% of Japan's population traveled overseas in 1986. This is extremely low when compared with Great Britain (39%), West Germany (34%), France (16%), the United States (12%), and Australia (10%).

3. The "Ten Million Program" is designed to promote overseas travel as a way to correct the balance of payment with Japan's trading partners and to help boost the economies of foreign counterparts. Japan also expects the program to expand their citizens' awareness of international affairs.

4. The program will camapign for longer holidays and vacations for the Japanese employee. The average length of stay of the Japanese traveler in destinations is eight days.

5. The program is expected to simplify overseas travel procedures, develop ways to increase overseas travel from the remote regions of Japan, provide tax breaks for company excursions, increase the number of discount fares, increase air carrier capacity, and create a travel promotion forum.

6. The travel promotion forum will implement travel campaigns, seek the support of foreign goverments for the promotion of overseas travel, and conduct reserach on the Japanese travel market.

EXPORT NOW PROGRAM

EXPORT NOW is an intensive export awareness campaign undertaken by the U.S. Department of Commerce and coordinated with the private sector and U.S. Government agencies. The intent of the program is for potential U.S. exporters to recognize and to take advantage of:

* improved U.S. product quality and competitiveness;
* the favorable economic climate for exporting, most notably more favorable exchange rates;
* the broad range of U.S. and State Government exporter services.

The EXPORT NOW campaign has two key objectives: (1) to increase the export awareness of potential U.S. exporters, particularly small and medium-sized businesses; and (2) to focus the Department's capabilities to support these companies.

A major component of the EXPORT NOW campaign is our partnership with the private sector. The EXPORT NOW Advisory Committee will be made up of 50 or more "partners in exporting" coming from many of America's most prominent and experienced companies in exporting. They will:

* carry the message of exporting, share success stories, and encourage others to export, by speaking at trade conferences, trade association meetings, and other similar forums;
* enlist the support of and work closely with District Export Councils (DECs), trade associations, and other multiplier organizations;
* promote the export earnings potential of your state's travel industry through state and regional tourism conferences; and
* provide information about the extensive resources available from Federal and State Governments and encourage potential exporters to take advantage of them. Guam Department of Commerce is proposed to be the designated agency to coordinate EXPORT NOW.

ANTI - JAPANESE CONSTRUCTION
AMENDMENT TO THE FEDERAL BUDGET

The Congress and Administration have been most concerned with the lack of available access by U.S. construction firms to the Japanese construction market. After long discussion and high levels of frustration on both sides, the Congress approved the Amendment Number 49 (Brooks Amendment). The Amendment authorizes:

*The U.S. Trade Representative to establish a list of foreign countries (Japan is specifically mentioned) who do not allow our companies to compete in their markets (construction or otherwise);

*Prevents said foreign country from entering "into any contract for the construction, alteration, or repair of any public building or public work in the United States or any territory of possession of the United States..." (emphasis added).

*Allows the President of the United States or the head of any Federal agency administering the funds for the construction, alteration or repair, to waive the restriction of a foreign country to provide construction, alteration or repair to any public building or public work...;

*Provides guidance to the U.S. Trade Representative in making up his list.

PBDC is advised that the U.S. Department of the Interior (OTIA) is concerned about this matter and has requested a Solicitor's opinion to determine applicability to the territories and possessions. Further, they want to examine whether their funnel for funding--e.g., grants as opposed to "contracts" provides a loop hole in the law.

The Brooks amendment will undoubted cause the cost of infrastructure here to rise in the near future, since Japanese firms will no longer be eligible for public works projects that are funded in whole or in part by Federal monies. It is quite possible that the Brooks amendment will cause far more harm to Guam than it will to Japan, which highlights the basic problem that we face in being outside of the Customs Territory of the United States; we are foreign for trade purposes, so that U.S. protectionist measures adversely affect us, yet domestic for other policy purposes, so that trade restraints often adversely affect us much more heavily in relative terms that they do our counterparts on the mainland.

For Jerry Norris

AMENDMENT NUMBERED 49

That the House recede from its disagreement to the amendment of Senate numbered 49 *, and agree to the same with an amendment, as folk*

Restore the matter stricken by said amendment amended to read as follows:

SEC. 109. (a)(1) None of the funds appropriated for fiscal year 1988 b this ~~Joint~~ Resolution or any other law may be obligated or expended to enter into any contract for the construction, alteration, or repair of any public building or public work in the United States or any territory or possession of the United States with any contractor or subcontractor of a foreign country, or any supplier of products of a foreign country, during any period in which such foreign country is listed by the United States Trade Representative under subsection (c) of this section.

(2) The President or the head of a Federal agency administering the funds for the construction, alteration, or repair may waive the restrictions of paragraph (1) of this subsection with respect to an individual contract if the President or the head of such agency determines that such action is necessary in the public interest. The authority of the President or the head of a Federal agency under this paragraph may not be delegated. The President or the head of a Federal agency waiving such restrictions shall, within 10 days, publish a notice thereof in the Federal Register describing in detail the contract involved and the reason for granting the waiver.

(b)(1) Not later than 30 days after the date of enactment of this Act, the United States Trade Representative shall make a determination with respect to each foreign country of whether such foreign country--

(A) denies fair and equitable market opportunities for products and services of the United States in procurement, or

(B) denies fair and equitable market opportunities for products and services of the United States in bidding,

for construction projects that cost more than $500,000 and are funded (in whole or in part) by the government of such foreign country or by an entity controlled directly or indirectly by such foreign country.

(2) In making determinations under paragraph (1), the United States Trade Representative shall take into account information obtained in preparing the report submitted under section 181(b) of the Trade Act of 1974 and such other information or evidence concerning discrimination in construc projects against United States products and services that are available.

~~And the Senate agree to the same~~

~~[illegible]~~

(c)(1) The United States Trade Representative shall maintain a list of each foreign country which--

(A) denies fair and equitable market opportunities for products and services of the United States in procurement, or

(B) denies fair and equitable market opportunities for products and services of the United States in bidding,

for construction projects that cost more than $500,000 and are funded (in whole or in part) by the government of such foreign country or by entity controlled directly or indirectly by such foreign country.

(2) Such list shall include--

(A) each foreign country with respect to which an affirmative determination is made under subsection (b); and

(B) the country of Japan and any other country which has expressed a policy of denying fair and equitable market opportunity for products and services of the United States in procurement or bidding for projects described in paragraph (1) of this subsection

(3) Any foreign country that is initially listed or that is added the list maintained under paragraph (1) shall remain on the list until·

(A) such country removes the barriers in construction projects to United States products and services;

(B) such country submits to the President or the United States Trade Representative evidence demonstrating that such barriers have been removed; and

(C) the United States Trade Representative conducts an investigation to verify independently that such barriers have been removed and submits, at least 30 days before granting any such waiver, a report to each House of the Congress identifying the barriers and describing the actions taken to remove them.

(4) The United States Trade Representative shall publish in the Federal Register the entire list required under paragraph (1) and shall publish in the Federal Register any modifications to such list that are made after publication of the original list.

(d) For purposes of this section--

(1) each foreign instrumentality, and each territory or possessions of a foreign country that is administered separately for customs purposes shall be treated as a separate foreign country;

~~[illegible]~~

(2) any contractor or subcontractor that is a citizen or national of a foreign country, or is controlled directly or indirectly by citizens or nationals of a foreign country, shall be considered to be a contractor or subcontractor of such foreign country;

(3) subject to paragraph (4), any product that is produced or manufactured (in whole or in substantial part) in a foreign country shall be considered to be a product of such foreign country;

(4) the restrictions of subsection (a)(1) shall not prohibit the use, in the construction, alteration, or repair of a public building or public work, of vehicles or construction equipment of a foreign country; and

(5) the terms "contractor" and "subcontractor" include any person performing any architectural, engineering, or other services directly related to the preparation for or performance of the construction, alteration, or repair.

(e) Paragraph (a)(1) of this section shall not apply to contracts entered into prior to the date of enactment of this ~~Act~~.

(f) The provisions of this section are in addition to, and do not limit or supersede, any other restrictions contained in any other Federal law.

; and the Senate agree to the same.

Resolution