Case Number: 2011-1037-F

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
~~001. draft~~	~~U.S.-EU Bracketed Text, New Transatlantic Agenda Senior Level Group Report to the US-EU Summit (6 pages)~~	~~05/12/1998~~	~~P1/b(1)~~ VZ 9/21/2023
~~002. talking points~~	~~WTO Latvia Points for POTUS at U.S.-EU Summit (1 page)~~	~~05/11/1998~~	~~P1/b(1)~~ VZ
~~003. memo~~	~~To the President, re: EU Summit - Latvia's Accession to the World Trade Organization (3 pages)~~	~~05/12/1998~~	~~P1/b(1)~~ VZ
~~004. paper~~	~~Re: Latvia and WTO Accession (3 pages)~~	~~05/12/1998~~	~~P1/b(1)~~ VZ
~~005. paper~~	~~Re: Audiovisual Services Commitments (2 pages)~~	~~05/12/1998~~	~~P1/b(1)~~ VZ
~~006. paper~~	~~Re: Latvia and WTO Accession (2 pages)~~	~~05/12/1998~~	~~P1/b(1)~~ VZ

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2011-1037-F
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

rec'd 5/12/98

456-91

[illegible]
[illegible]

US-EU Summit
London, May 18

Tentative Schedule
for
Heads of Government and
Foreign and Trade/Economic Mi[illegible]

Time	President	Secretary Albright	USTR Barshefsky Secretary Daley
Monday, May 18			
0620			*USTR Barshefsky, Ms. Essermanarrive Heathrow*
0815	**POTUS Chief of Staff Brief** (Chequers)		
0835	Depart Chequers		
0905	Arrive London LZ		
0920	Arrive 10 Downing		
0925	**POTUS Pre-brief**		
0900			**Trade Ministers/TABD** FCO/Map Room
0915		*(Note: FCO reports FS Cook not available until 10:00 AM)*	**Trade/Econ Ministers Meeting** FCO/Map Room Agenda: Non-NTM trade issues: WTO Ministerial and other issues; e-commerce, disputes. ***(Sign MRAs?)*** USG USTR Barshefsky Sec. Daley Amb Lader Amb Weaver U/S Eizenstat PDAS Wayne EUR/ERA Primosch USTR/GC Esserman USTR/CNovelli USTR/USEU/NAdams USTR/JZieglar? USDOC U/S Aaron

			USDOC/Eric Biel USDOC/D Cruise USDOC/C Ludoph USDOC/M Cardona USDOC/EMB/CFord EMB/CRies EMB/PChase <u>UK</u> DTI/Beckett DTI/Hutton DTI/Hunt FCO/Budd FCO/Stagg FCO/Legg (others TBD) <u>Commission</u> Brittan Amb. Paemen DG Beseler Beck (Others TBD)
c0950		Secretary Albright and party arrive No. 10 from Churchill	*Those participating in Ministers' Meeting Depart FCO for 10 Downing; others remain in FCO/Map Room as holding room.*
1000	**US-EU Restricted Session** 10 Downing/Cabinet Room <u>Agenda</u>: Sanctions <u>USG</u> POTUS Berger Bandler <u>UK</u> Blair Holmes notetaker <u>Commission</u> Santer Cloos notetaker	**US-EU Foreign and Trade Ministers Meeting** 10 Downing/State Dining Room *(limited to 30: 14 USG/16 European)* <u>Agenda</u>: NTM, MEPP, Kosovo, Nuclear Safety, Turkey/Cyprus, Ukraine <u>USG</u> / <u>UK</u> / <u>Commission</u> Sec Albright / Cook / Brittan USTR Barshefsky / Mrs. Beckett Sec. Daley Amb. Lader / / Amb. paeman Amb Weaver / Kerr / Burghardt U/S Eizenstat / Budd / Beseler Sperling / Hutton SMatthews / Greenstock EAWayne / Stagg / Beck JSteinberg CRies	
1045	Restricted Session	Foreign/Trade Ministers Meeting ends	

11:00	**US-EU Plenary Meeting** No. 10 Downing/State Dining Room (limited to 30: 14 USG/16 EU) <u>Agenda</u>: Heads report re Sanctions discussion New Trade Initiative NTA Achievements and Goals – global issues also Other Issues (including foreign policy issues from Ministerial, if needed) – fm ministry <u>USG Participants</u> (from WH Schedule) The President ambassador Lader Ambassador Weaver Secretary Albright Secretary Daley USTR Barshefsky Sylvia Matthews Samuel Berger Gene Sperling Stuart Eizenstat James Steinberg Donald Bandler (notetaker) E. Anthony Wayne		
1145	Plenary Concludes		*(Barshefsky, Beckett, Brittan depart London for Geneva)*
1150	**POTUS Press pre-Brief** No. 10 White Room	*(MKA in pre-brief?) or*	
1255	POTUS, Blair, Santer depart No. 10 for FCO	*possible bilat with Cook in FCO to discuss foreign policy issues not adequately addressed in the Plenary?)*	
1300	**US-EU Summit Press Conference** FCO/Durbar Court PM/POTUS/Santer		
1400	Press Conference concludes		

1405	**Photos, Reception** FCO/Locarno (Leaders, Foreign Ministers, Ambassadors) Meeting with civil society award winners, NGO leaders, businessmen, etc.		
1440	POTUS departs FCO	MKA departs FCO?	

May 12, 1998 1:30 pm

U.S.-EU BRACKETED TEXT

NEW TRANSATLANTIC AGENDA
SENIOR LEVEL GROUP REPORT TO THE US-EU SUMMIT
LONDON, MAY 18, 1998

During the UK Presidency, we have made substantial progress in reaching goals set at the last Summit and overcoming differences which, if left unresolved, could limit our ability to work together. **[Additional language TBD]** ~~We have negotiated an understanding on disciplines governing investment in expropriated property that will go far to protect the interests of U.S. and EU investors overseas. We have agreed on principles for enhancing political cooperation and using sanctions. We have strengthened our cooperation on counter-terrorism and nonproliferation, as set out in statements to be issued at the Summit. Our negotiators are poised to begin discussions on a major new trade liberalization initiative to implement the goal we set for ourselves in the New Transatlantic Agenda of "contributing to the expansion of world trade and closer economic relations."]~~

We have cooperated on key foreign policy issues to enhance the effectiveness of EU and US diplomacy.

We have worked together to address the current crisis in Kosovo. We have provided support for the new reformist Government in the Republika Srpska. We drove forward together implementation of the Dayton agreement, in particular, refugee return including through the recent Refugee Return Conferences of Sarajevo and Banja Luka, and supported economic reforms in Bosnia required by the international financial institutions.

Following up on the Joint Statement on Ukraine agreed in December 1997, a joint demarche was made to the Ukrainian authorities after the elections, stressing the critical importance of continuing political and economic reforms. We have identified further areas for possible cooperation including, common approaches on trade and investment issues, energy sector reform, civil society and nuclear safety. We have endorsed a five-point agenda to develop a common approach with the Russian Federation and all interested parties to the problem of nuclear waste management in Northwest Russia. We are arranging a joint training program for election monitors in Slovakia to prepare for the 1998 general elections. We have cooperated closely on Turkey and on Cyprus. We are working together to address cross-border smuggling in Romania under the SECI initiative.

Elsewhere we have intensified our ~~discussion~~ **consultations** on policy towards Iran, focusing on issues of common concern. We have developed closer cooperation on issues such as weapons of mass destruction and counter-terrorism. We have established a new, high-level U.S.-EU coordination mechanism on the Middle East Peace Process. We have worked closely on human rights issues in Geneva. The U.S.

and EU have both taken steps to press Burma to respect human rights and democratic principles.

We enhanced the impact of our ~~development~~ **economic** assistance efforts through close coordination of USAID and European Commission programs. [U.S.: Among our many cooperative endeavors, we have supported electoral reform in El Salvador, delivered food aid to North Korea and emergency assistance to victims of El Nino in Central and South America, launched efforts to combat violence against women, and implemented joint projects to help destitute women in Bangladesh and immunize children in West Africa.][1] We co-chaired the May 5 Donor Support Group meeting for Afghanistan in London.

We have worked together to address global challenges, to promote international law enforcement and address environmental concerns.

We are jointly supporting information campaigns in Poland and Ukraine to discourage trafficking in women. U.S. law enforcement experts visited the EU's ~~Europol~~ Drugs Unit **(forerunner of Europol)** in January. A return visit by EU experts will take place in June. We have held expert level meetings on corruption and money-laundering under the auspices of the Multidisciplinary Group on Organized Crime [EU: , and U.S. representatives attended a meeting of academics to discuss organized crime in Europe.] We have explored opportunities for cooperation on stolen vehicles. We have supported the Caribbean Drugs Initiative to tackle drugs trafficking in the Caribbean. We have begun a dialogue on **follow-up** to the Kyoto Protocol on climate change. [U.S.: Specific programs are already addressing environmental issues affecting climate change in Brazil and Ukraine, and we have agreed to promote cleaner technologies in developing countries.][2] ~~The Task Force on Communicable Diseases has agreed to focus its work on [to be completed after co-chairs meeting in early May].~~[3]

We have developed our bilateral trade and economic relationship and our cooperation on multilateral trade issues.

[Transatlantic Trade Initiative TBD] We have worked together in the World Trade Organization in preparation for the May Ministerial **[EU: so as to insure that the necessary groundwork gets underway for future multilateral negotiations, and for the Summit celebrating] [U.S.: , which also celebrates]** the 50th Anniversary of the GATT. We managed to defuse a number of potentially serious trade disputes. We have worked in various fora to advance our common goals on electronic commerce as agreed at the December 1997 Summit, including establishing a dialogue to address the free flow and protection of personal data. We are ready to sign a Positive Comity Agreement to enhance cooperation between our competition agencies and a Veterinary Equivalency Agreement, which will facilitate transatlantic trade in animals and animal products. We have ~~initialed~~[4] **negotiated** a parallel agreement on auto standards within the UN/ECE framework. We have identified ways we can cooperate [U.S. to tackle intellectual property rights violations in third countries]. **[EU: to promote worldwide respect for Intellectual Property Rights]** [Reflect IPR Statement as appropriate.] We are signing the Mutual Recognition

Agreement and have advanced negotiations on two new sectors — veterinary biologics and fasteners.

We have strengthened links between our peoples.

We are presenting awards to 50 individuals and organizations [U.S.: in the new democracies][5] who have promoted democratic values and civil society in their countries. We have agreed to provide around $2.5 million each for joint civic education and civil society initiatives in Ukraine. We have encouraged the Transatlantic Business Dialogue to continue its important work strengthening transatlantic trade relations. We held a major conference involving governments, the business community, labor representatives and NGOs to discuss a codes of conduct ~~on trade~~ and international labor standards.[6] We have encouraged the launch of other similar dialogues. Following its ~~first~~ meeting, the Transatlantic Labor Dialogue (TALD) is being taken forward with action on several fronts, and we have agreed to organize a Consumer Dialogue. Our grant-giving foundations and NGOs have agreed to work together to better allocate scarce resources; ~~To this end,~~ a handbook of relevant U.S. and EU NGOs and initiatives has been published. We held the first meeting of the Joint Committee on Higher Education and Vocational Training, which welcomed the solid achievements made in this field under the NTA.

Apr. 1

We have involved our parliamentarians more closely in the EU/U.S. process: an increased number of parliamentary visits took place; legislators from respective parliaments will be involved in the EU/U.S. Summit; and an internship program has been set up in the European Parliament and in the US Congress. As part of our implementation of the Science and Technology Cooperation Agreement signed in December 1997, we are holding in June a U.S.-EU roundtable conference. We jointly organized a conference in Akron, Ohio, in February to look at ways to increase employability and tackle social exclusion. We have given support for the successful implementation of the Transatlantic Information Exchange Service (TIES), a mega-site on the Internet which will enable our NGOs to develop contacts and cooperate together. [EU: We are organizing a scientific conference in June on food and products derived from plant biotechnology.]

New Priorities

For the next six months we will focus on the following:

I. Promoting Peace, Stability, Democracy and Development

Work together in the Former Yugoslavia, particularly Kosovo, Bosnia, and throughout the Western Balkans. Implement our program of cooperation in Ukraine. Continue to work closely together on Cyprus and Turkey. Further discuss and implement with all parties concerned, in the first place the Russian Federation, our joint plan for nuclear waste management in Northwest Russia. Increase coordination on other nuclear safety issues. Put into practice the consultative mechanism set up to ensure better coordination of our efforts on the Middle East Peace Process. Continue to cooperate on Iran, particularly on issues of shared concern. Examine the possibility for cooperation on technical assistance to develop the rule of law in China. Continue to work together and with African partners to promote human rights, good governance and conflict prevention. Continue ~~our~~ **active** consultations on UN reform and finances. Use our High Level Assistance Consultations in October to reinforce our cooperation [EU: on assistance] [U.S.: on **economic**, development and humanitarian issues].[7] Assess ways of further enhancing our demining cooperation in specific areas such as mine action institutions and capacity building in afflicted countries, the development of appropriate technology and information exchange on mine exporting countries. Work for the successful completion of the Biological Weapons Convention Protocol by the end of 1998. ~~Continue to look for ways to~~ **Further** enhance our cooperation on non-proliferation and export controls. Consider scope for a joint EU/U.S. code of conduct on arms exports. [U.S.: Seek ways to secure KEDO's viability and continued success in promoting regional stability in Northeast Asia and strengthening the global nuclear non-proliferation ~~regime~~.][8] **[EU: Consolidate cooperation in KEDO together with Japan and the Republic of Korea for the viability of the organization and success in meeting its objectives, thus strengthening global non-proliferation efforts.]**[9] Work to advance our goals on human rights in countries where there are serious abuses [U.S.: ~~of concern~~, including Burma and Cuba].[10]

II. Responding to Global Challenges ~~we will:~~

[EU: Continue to work closely together on counterterrorism, exchanging information (e.g., on terrism fundraising), raising awareness of new threats, encouraging universal adherence to international conventions and improving liaison on counterterrorism assistance programs.] [U.S.: Continue our consultation on terrorism over a range of issues including export controls on items of use to terrorists and terrorism fundraising, ~~and aviation security. (adjust after U.S./Troika discussions)~~][11] Improve liaison in areas where EU and U.S. counter-terrorist programs are in progress. ~~Cooperate on drug issues, continuing to~~ **Explore** ~~the possibility of~~ **extending** cooperation on drug issues in other ~~areas~~ **regions** such as Central Asia and Latin America, including the Andes. Maintain close cooperation between U.S. law enforcement agencies and the EU Multidisciplinary Group on Organized Crime. In the light of our evaluation, consider whether to expand to other countries our initiative to discourage trafficking in women. Review the possibilities for cooperation on stolen vehicles.

Following signing of the charters inaugurating the Regional Environment Centers (RECs) **in Moldova, Georgia, Russia and Ukraine**, ensure they become quickly operational and consider setting up additional RECs in other countries, starting in Central Asia. **[U.S.: We are preparing cooperation on environmental protection in Central Asia and Lake Baikal.]**[12] Continue our dialogue on environmental issues, including on the Biosafety Protocol and the follow-up to the Kyoto Protocol. Work to resolve outstanding issues before the November climate change meeting in Buenos Aires. Plan for a Transatlantic Chemicals Conference. **in________** **[EU: The Task Force on Communicable Diseases has agreed to focus its work on surveillance and alert of certain priority diseases, in particular**

foodborne diseases and antimicrobial resistance, training exchanges and field investigations, and exchange of information on outbreaks and other events.]

III. Expanding World Trade and Closer Economic Relations

[Statement on Trade Relations TBD]. Implement our joint statement on electronic commerce, giving priority to the urgent issues of data privacy **[EU: and internet self-governance, including a global, market-based system of domain name allocation]**. [Regulatory co-operation tbd]. Implement the MRA and seek early signature of the new annexes on veterinary biologics and fasteners. Strengthen efforts to protect and enforce intellectual property rights **worldwide** ~~[U.S.: in third countries]~~. **[Reflect IPR Statement as appropriate]** Building on our ongoing bilateral consultations, explore ways to cooperate **[EU: in a mutually acceptable framework to develop]** [U.S.: in the development of] a global navigation satellite system. Support the various projects of the Transatlantic Small Business Initiative, in particular, the U.S.-EU Partnership Meeting in Chicago which will bring together 200 small and medium-sized enterprises. Continue our exchange on macro-economic issues as the EU approaches the third phase of the Economic and Monetary Union (EMU).

Within multilateral fora, [U.S.: continue to support OECD efforts] **[EU: reaffirm the importance we attach to our efforts in the OECD]** to achieve a comprehensive multilateral framework for investment with high standards of liberalization and investment protection that has effective dispute settlement procedures and is open to non-member countries. [U.S.: Support the current work program] **[EU: Pursue the work underway]** on investment in the WTO. [U.S.: Once that program has been completed,] Seek the support of all our partners for next steps towards the creation of investment rules in the WTO. Pursue our common efforts in the WTO to conclude the negotiations, already well advanced, on expansion in the coverage of the Information Technology Agreement (ITA II). Work to implement the outcome of the May WTO Ministerial.

IV. Building Bridges

Under our Science and Technology Cooperation Agreement, [U.S.: launch] **[EU: encourage joint partnerships to develop]** collaborative projects. Cooperate to ensure the success of the Vienna Conference on People-to-People Cooperation in October, [U.S.: including the participation of representatives from Central and Eastern Europe].[13] Implement our projects in Ukraine on civic education, municipal and public administration, transparency, and parliamentary exchange. Seek progress on the establishment of the Transatlantic NGO Dialogue on development, economic, and humanitarian assistance. Support the visit by representatives of the Supreme Court to the European institutions that will take place in July.

Contribute to a successful TABD Conference in November and take its recommendations into account in our future work. Actively support the Consumer Dialogue following its launch this summer. ~~Encourage the further strengthening~~

Support the work of the Transatlantic Labor Dialogue. Convene a Conference on Disability in the Workplace in Madrid in October, a conference on Health and Safety at Work in Luxembourg in October, and a seminar on work organization in Brussels in June. Fully support the partnerships established at the Akron meeting on employability. Support the follow-up to the successful conference held in February on Codes of Conduct and International Labor Standards.

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[1] Commission has still not gotten clearance for our bracketed language.

[2] Member States had heartburn with reference to Brasil reforestation as climate change related and with Ukraine because it raised intra-EU divisions over nuclear energy.

[3] Moved to the priorities section, since merely mentioning that they met to set priorities seem weak.

[4] EU experts say no initialling is foreseen.

[5] EU notes that some democracies are not ''new'' (e.g., Czech Republic) while other recipients come from countries whose democratic credentials are doubtful (e.g., Tadjikistan). We should drop or reformulate.

[6] Makes language consistent with text under Priorities.

[7] Since different DGs handle development, humanitarian assistance and economic assistance, our formulation leaves people out. EU might go with my reformulation, though it would be shorter to use EU text.

[8] EU rightly notes that there is no global regime.

[9] In my view, this sentence should not only be taken out, it should be taken out and shot!

[10] EU notes, and I agree, that countries of concern is a term of art used in non-proliferation, not in human rights.

[11] Drew Arena and EU both note that aviation security has not been discussed in U.S.-EU consultations.

[12] Language from Achievements section.

[13] There is vehement Member State objection to specific reference to Central and Eastern Europe; we need to find a formulation that will take that into account while still meeting our needs.

Kay

05/01/98 2:55 PM

EU DELEGATION TO U.S-EU SUMMIT
NOTIONAL LIST

United Kingdom

Tony BLAIR, Prime Minister
Robin COOK, Foreign Minister
Amb. Sir Christopher MEYER, Ambassador to U.S.
Sir Jack STRAW, Secretary of State for Home Affairs
Margaret BECKETT, Secretary of State for Trade and Industry
David BLUNKETT, Secretary of State for Education & Employment
Jonathan POWELL, Chief of Staff to PM Blair
John HOLMES, Security Adviser to PM Blair
Alastair CAMPBELL, Press Secretary to PM Blair
Jeremy GREENSTOCK, Political Director, FCO
Colin BUDD, Economic Director, FCO
Emry Jones PARRY, Director for Europe, FCO
Richard "Dickie" STAGG, FCO
Tony HUTTON, Director General for Trade, DTI
Steven WRIGHT, DCM, UK Embassy, Washington

European Commission:

Jacques SANTER, President
Sir Leon BRITTAN, Vice President
Amb. Hugo PAEMEN, Head, EC Delegation to U.S.
Johannes-Friedrich BESELER, Director General, DG-1
Guenter BURGHARDT, Director General, DG-1A
Gerard DEPAYRE, Deputy DG, DG-1
Ivan ROGERS, Chef de Cabinet to VP Brittan
Christine ROGER, Foreign Policy Advisor to President Santer
Simon FRASER, Deputy Chef de Cabinet to VP Brittan
Eric HAYES, Head of U.S. Affairs Unit, DG-1
John RICHARDSON, DCM, EC Delegation to U.S.

EU Council Secretariat:

Jurgen TRUMPF, Secretary General
Brian CROWE, Office of Secretary General

GENERAL MOTORS - U.S. INVESTMENT ABROAD

Q: Mr President: Don't you feel bad that General Motors has exported jobs to Germany? What are the benefits to the American economy of U.S. investments abroad?

A: Investment, trade, and job creation are increasingly linked. Over 25 percent of U.S. exports go to foreign affiliates of U.S. firms. These exports generate jobs with salaries generally 15 percent higher than the same jobs in non-exporting firms. One in every eleven Americans has a job directly related to exports and these jobs. Other benefits of overseas investment to the U.S. economy are technology transfer as well as new market opportunities.

The U.S.-European investment relationship is the largest in the world. The total stock of European investment in the United States is 410.4 billion dollars, which represents slightly more than 25 percent of the total stock of all European investment overseas. European firms employ one of every 12 U.S. factory workers, and major German auto manufacturers including Volkswagen and Daimler-Benz have U.S. production facilities. Chrysler and Daimler-Benz have agreed to a merger, showing the strength and synenergy of the U.S.-European investment relationship.

General Motors' state of the art plant in Eisenach, which I have just visited, provides badly needed jobs and innovative production and management techniques. Greater employment increases the living standards of residents here enabling them to buy more products, including U.S. products.

WTO Latvia Points For POTUS at U.S.-EU Summit

- I am disappointed that the EU continues to characterize the United States as preventing Latvia from joining the World Trade Organization (WTO). We have offered a significant and fair compromise on this issue to your negotiators.

- We both want to see Latvia accede to the World Trade Organization. Given recent events in Latvia, it is especially important that we should keep to our last Summit's goal of ensuring Baltic accession by year's end.

- The United States and EU both have serious market access concerns in this case. We will need to make a good faith effort to address each other's problems and resolve this issue in a satisfactory way.

USTR/ ERA

DRAFT

MEMORANDUM FOR THE PRESIDENT

FROM: Charlene Barshefsky

SUBJECT: EU Summit - Latvia's Accession to the World Trade Organization

ISSUE

I request that you raise with President Santer at the Summit the EU's continued blocking of Latvia's admission to the World Trade Organization.

Latvia is caught between competing EU and U.S. demands on audiovisual services. We have requested -- and Latvia is prepared to agree -- that Latvia maintain its audiovisual services market open as part of its accession to the WTO. The EU, however -- urged on by France -- is insisting that Latvia *not* make these commitments, using the leverage of Latvia's eventual membership in the EU.

SUGGESTED POINTS TO MAKE

- I am dismayed that the EU continues to prevent Latvia from acceding to the WTO by insisting that Latvia not undertake commitments in audiovisual services. In December, you raised Latvia's accession with me, asking that our officials seek a solution. Ambassador Barshefsky responded promptly. Her staff met with Sir Leon's staff on at least three occasions, and last month she wrote Sir Leon in yet another attempt to move forward.

- Latvia is prepared to join the WTO with audiovisual commitments. The time has come for the EU to work constructively to find an acceptable alternative.

- In reality, this issue has nothing to do with Latvia or audiovisual commitments. It has to do with the EU's desire to extend the scope of its trade policy to *potential* EU members long before it is entitled to do so under WTO rules.

- It is unacceptable to say that because Latvia plans to join the EU in five, or seven, or 10 years, Latvia today must follow Community policy on audiovisual services. WTO accession and EU membership are two separate procedures. Neither of us is helped if the EU tries to undermine WTO procedures in anticipation of expanded EU membership sometime in the future.

- The time has come for our officials to engage substantively and constructively on this issue.

If Santer claims that audiovisual issues are the only sticking point in Latvia's WTO accession:

- This is simply incorrect. Other WTO issues remain before Latvia can conclude its accession negotiations, including protection of intellectual property rights and commitments on agriculture market access.

If Santer claims the U.S. is trying to unravel the "ceasefire" on audiovisual issues from the end of the Uruguay Round, or that Latvia's audiovisual market has little commercial importance:

- Like you, we are seeking to negotiate commercially meaningful commitments from each of the thirty or so countries acceding to the WTO. American filmed entertainment is popular in virtually every country in the world -- our industry estimates annual exports at over $10 billion.

If Santer claims that the U.S. is asking more from Latvia than from original WTO Members during the Uruguay Round:

- In the Uruguay Round, countries provided commitments to maintain their current practices and not implement further restrictions ["standstill" commitments]. We are asking *less* than that from Latvia. In our request of Latvia and the other Baltics, we have specifically excluded commitments in the three areas where the Baltics have an open market but for which the EU itself has taken audiovisual exceptions to WTO obligations:

  -- the Broadcast Directive, which encourages, but does not require, governments to reserve up to 51 percent of airtime in certain entertainment programming for "European" works;

  -- support programs for the domestic film industry; and

  -- preferential treatment of films produced under government-to-government "coproduction" agreements.

- Our request of Latvia and the other Baltics asks for commitments only in other areas (e.g., establishment of cinema chains and freedom from airtime quotas in programming not subject to the Broadcast Directive) consistent with current EU and Latvian practice

BACKGROUND

Latvia, Lithuania, and Estonia are among 30 or so countries acceding to the World Trade Organization. Each country joining the WTO must provide commitments on treatment of service suppliers (for example, accountancy firms, banks, insurance companies, or telecommunications companies) of other WTO Members. The content and scope of these commitments is the subject of negotiation with each acceding country.

The three Baltic states are close to completing WTO accession negotiations, with Latvia the furthest ahead. While there are other outstanding goods, services, and agriculture issues in each of the Baltic accessions, the most politically contentious issue is audiovisual services. Latvia is the first country acceding to the WTO that may also join the EU, although probably not before 2005, at the earliest (Latvia is in the second tier of EU applicant countries).

Audiovisual Services Commitments

Since the conclusion of the Uruguay Round, an important U.S. objective in all WTO accessions is to obtain commitments to maintain markets open to U.S. exports of films, television shows, and home video. Our industry estimates these exports at $10.2 billion for 1995. We have been successful in obtaining these commitments from countries acceding to the WTO.

The EU has instructed the Baltics, as future EU members, not to take commitments in the audiovisual sector. No current EU member made market access commitments for audiovisual services, and most took a series of exemptions from WTO rules that permit them to discriminate in this sector among trading partners.

Our request to Latvia in audiovisual services is a compromise that would accommodate the EU's current practices and at the same time ensure that potential EU members applying to the WTO keep their markets open for audiovisual services at least until they become EU members. We have tabled or soon will table similar requests of Russia and some half-dozen other former Soviet Union countries acceding to the WTO.

We have told the Baltics that we cannot "sell" a package domestically that excludes this sector completely, given its commercial significance. Latvia and the other Baltics feel caught between the EU and the United States. Latvia's Finance Minister reconfirmed last month that his government is prepared to make audiovisual commitments in the WTO. Estonia had already included such commitments in one of its first draft submissions to the WTO.

Troubling WTO Implications

The EU's insistence that *potential* EU members, including those years from membership, conform *now* to the commitments taken by the EU in the Uruguay Round is troubling. When the EU encourages potential EU members to introduce or maintain restrictive measures in advance of their entry into the EU, it is effectively restricting MFN trade liberalization to suit its own interests. It is also undermining WTO rules aimed at ensuring that preferential trade agreements -- like the EU -- do not have a chilling effect on world trade. Similarly, the EU also has encouraged its prospective new members to raise tariffs and agricultural supports to very high EU levels when they join the WTO, to provide a more protected market for EU exports afterwards.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT

Cover + 3 pages

Name	**Agency/Company**	**Fax**
Steve Flanagan	NSC	

From: Peter Collins

Phone: 202/395-7271 **Fax:** 202/395-3891

Subject: Latvia - WTO Accession

Comments: Please call with comments or questions.

LATVIA AND WTO ACCESSION

ISSUE

Latvia is caught between competing EU and U.S. demands on audiovisual services. We have requested -- and Latvia is prepared to agree -- that Latvia maintain its audiovisual services market open as part of its accession to the WTO. The EU, urged on by France, is insisting that Latvia *not* make these commitments, using the leverage of Latvia's eventual membership in the EU.

BACKGROUND

Latvia, Lithuania, and Estonia are among 30 or so countries acceding to the World Trade Organization. Each country joining the WTO must provide commitments on treatment of service suppliers (for example, accountancy firms, banks, insurance companies, or telecommunications companies) of other WTO Members. The content and scope of these commitments is the subject of negotiation with each acceding country.

The three Baltic states are close to completing WTO accession negotiations, with Latvia the furthest ahead. While there are other outstanding goods, services, and agriculture issues in each of the Baltic accessions, the most politically contentious issue is audiovisual services. Latvia is the first country acceding to the WTO that may also join the EU, although probably not before 2005, at the earliest (Latvia is in the second tier of EU applicant countries).

Audiovisual Services Commitments

Since the conclusion of the Uruguay Round, an important U.S. objective in all WTO accessions is to obtain commitments to maintain markets open to U.S. exports of films, television shows, and home video. Our industry estimates these exports at $10.2 billion for 1995. We have been successful in obtaining these commitments from countries acceding to the WTO.

The EU has instructed the Baltics, as future EU members, not to take commitments in the audiovisual sector. No current EU member made market access commitments for audiovisual services, and most took a series of exemptions from WTO rules that permit them to discriminate in this sector among trading partners.

Our request to Latvia in audiovisual services is a compromise that would accommodate the EU's current practices and at the same time ensure that potential EU members applying to the WTO keep their markets open for audiovisual services at least until they become EU members. We have tabled or soon will table similar requests of Russia and some half-dozen other former Soviet Union countries acceding to the WTO.

When the EU encourages potential EU members to introduce or maintain restrictive measures in advance of their entry into the EU, it is effectively restricting MFN trade liberalization to suit its own interests. It is also undermining WTO rules aimed at ensuring that preferential trade agreements -- like the EU -- do not have a chilling effect on world trade.

SUGGESTED POINTS TO MAKE

- I am disappointed that the EU continues to characterize the United States as preventing Latvia from joining the World Trade Organization (WTO). We have proposed a significant and fair compromise on the audiovisual services issue to your negotiators. We are still awaiting a response.

- Latvia has assured us at senior levels that it is prepared to undertake these commitments. It is unfair to Latvia and unacceptable to us that the EU seeks to impose its own views on Latvia. This is one of a handful of issues remaining in Latvia's WTO accession.

- We both want to see Latvia in the WTO. Given recent events in Latvia, it is especially important that we should keep to our last Summit's goal of ensuring Baltic accession by year's end.

- The United States and the EU both have market access concerns in the audiovisual area [Note: U.S. industry estimates its exports at $10 billion annually]. We will need to make a good faith effort to address each other's problems and resolve this issue in a satisfactory way. Let's agree to have our officials engage substantively and constructively.

ADDITIONAL POINTS

If the EU claims that audiovisual issues are the only sticking point in Latvia's WTO accession:

- This is simply incorrect. Other WTO issues remain before Latvia can conclude its accession negotiations, including protection of intellectual property rights and commitments on agriculture market access.

If the EU claims the U.S. is trying to unravel the "ceasefire" on audiovisual issues from the end of the Uruguay Round, or that Latvia's audiovisual market has little commercial importance:

- Like you, we are seeking to negotiate commercially meaningful commitments from each of the thirty or so countries acceding to the WTO. American filmed entertainment is popular in virtually every country in the world -- our industry estimates annual exports at over $10 billion.

If the EU claims that the U.S. is asking more from Latvia than from original WTO Members during the Uruguay Round:

- In the Uruguay Round, countries provided commitments to maintain their current practices and not implement further restrictions ["standstill" commitments]. We are asking *less* than that from Latvia. In our request of Latvia and the other Baltics, we have specifically excluded commitments in the three areas where the Baltics have an open market but for which the EU itself has taken audiovisual exceptions to WTO obligations:

    -- the Broadcast Directive, which encourages, but does not require, governments to reserve up to 51 percent of airtime in certain entertainment programming for "European" works;

    -- support programs for the domestic film industry; and

    -- preferential treatment of films produced under government-to-government "coproduction" agreements.

- Our request of Latvia and the other Baltics asks for commitments only in other areas (e.g., establishment of cinema chains and freedom from airtime quotas in programming not subject to the Broadcast Directive) consistent with current EU and Latvian practice

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Name	**Agency/Company**	**Fax**
Steve Flanagan	NSC	

From: Peter Collins

Phone: 202/395-7271 **Fax:** 202/395-3891

Subject: Latvia - WTO

Comments: Revised

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We have told the Baltics that we cannot "sell" a package domestically that excludes this sector completely, given its commercial significance. Latvia and the other Baltics feel caught between the EU and the United States. Latvia's Finance Minister reconfirmed last month that his government is prepared to make audiovisual commitments in the WTO. Estonia had already included such commitments in one of its first draft submissions to the WTO.

Troubling WTO Implications

The EU's insistence that *potential* EU members, including those years from membership, conform *now* to the commitments taken by the EU in the Uruguay Round is troubling. When the EU encourages potential EU members to introduce or maintain restrictive measures in advance of their entry into the EU, it is effectively restricting MFN trade liberalization to suit its own interests. It is also undermining WTO rules aimed at ensuring that preferential trade agreements -- like the EU -- do not have a chilling effect on world trade. Similarly, the EU also has encouraged its prospective new members to raise tariffs and agricultural supports to very high EU levels when they join the WTO, to provide a more protected market for EU exports afterwards.

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LATVIA AND WTO ACCESSION

Issue

Latvia is caught between competing EU and U.S. demands on audiovisual services. We have requested -- and Latvia is prepared to agree -- that Latvia maintain its audiovisual services market open as part of its accession to the WTO. The EU, however, urged on by France, is insisting that Latvia *not* make these commitments, using the leverage of Latvia's eventual membership in the EU.

Points to Make

- I am dismayed that the EU continues to prevent Latvia from acceding to the WTO by insisting that Latvia not undertake commitments in audiovisual services. In December, President Santer raised Latvia's accession with President Clinton, asking that our officials seek a solution. Ambassador Barshefsky responded promptly. Her staff met with Sir Leon's staff on at least three occasions, and last month she wrote Sir Leon in yet another attempt to move forward.

- Latvia is prepared to join the WTO with audiovisual commitments. The time has come for the EU to work constructively to find an acceptable alternative.

- In reality, this issue goes well beyond Latvia or audiovisual commitments. It has to do with the EU's desire to extend the scope of its trade policy to *potential* EU members long before it is entitled to do so under WTO rules.

- It is unacceptable to say that because Latvia plans to join the EU in five, or seven, or 10 years, Latvia today must follow Community policy on audiovisual services. WTO accession and EU membership are two separate procedures. Neither of us is helped if the EU tries to undermine WTO procedures in anticipation of expanded EU membership sometime in the future.

- The time has come for our officials to engage substantively and constructively on this issue.

If the EU claims that audiovisual issues are the only sticking point in Latvia's WTO accession:

- This is simply incorrect. Other WTO issues remain before Latvia can conclude its accession negotiations, including protection of intellectual property rights and commitments on agriculture market access.

LATVIA WTO ACCESSION - TALKING POINTS FOR THE SUMMIT

- I am disappointed that the EU continues to characterize the United States as preventing Latvia from joining the World Trade Organization (WTO). We have proposed a significant and fair compromise on the audiovisual services issue to your negotiators. We are still awaiting a response.

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- The United States and the EU both have market access concerns in the audiovisual area [Note: U.S. industry estimates its exports at $10 billion annually]. We will need to make a good faith effort to address each other's problems and resolve this issue in a satisfactory way. Let's agree to have our officials engage substantively and constructively.

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Steve Flanagan	NSC	

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Comments: New, improved, and shorter talking points for the President, building on State's. Additional material as background for NSC use. Please call with any comments or questions.