

## VIII. EUROPE AND THE MEDITERRANEAN

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**FY 1999**

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### Annual Performance Goals

- a. Negotiate, by the end of FY 1999, at least two of the specific "building blocks" that have been identified as part of the New Transatlantic Agenda for increased market access to the EU. Building blocks will be identified by a Joint Study to be completed in FY 1998.
- b. Resolve at least two outstanding agriculture issues, if not previously resolved, with the EU, including approval and labeling of biotechnology products, pet food, canned fruit, wine, poultry restrictions, and a ban on specific risk material (SRM). Complete Mutual Recognition Agreements on key sectors such as veterinary biologics and fasteners.
- c. Negotiate at least two of the following by the end of FY 1999:
  - the establishment of a Qualified Industrial Zone in Egypt and Jordan;
  - the improvement of intellectual property protection according to an action plan established with the industry in Jordan, Kuwait, Bulgaria and Greece;
  - the resolution of a dispute with Israel over imports of U.S. beef;
  - the domestic implementation provisions of intellectual property agreements with the NIS and Russia;
  - the completion of at least two bilateral investment treaties (BITs) with countries of commercial significance to the United States.

### Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

### Performance Verification

- a. Superceding the New Transatlantic Agenda and the U.S.- EU Joint study, USTR negotiated the TransAtlantic Economic Partnership (TEP) Action Plan of November 1998 which provides a framework for future, market-opening negotiations with the EU.
- b. Under the TEP Action Plan, USTR reached agreement with the EU to initiate negotiations on Services Mutual Recognition Agreements in the insurance, engineering and architecture sectors. The U.S. and the EU switched the focus of their work on goods MRAs from veterinary biologics and fasteners to marine safety equipment and possibly additional goods sectors. We also established a joint pilot project in the biotechnology area designed to suggest possibilities for additional cooperation with the EU on bio-engineered foods.
- c. Most agricultural trade disputes were intractable in FY 1999, with only incremental progress on certain issues. Renewed negotiations on a U.S.- EU wine agreement ended annual uncertainty regarding U.S. exporters' access to EU markets. The U.S. and EU brought into force a veterinary

equivalence agreement designed to avoid technical barriers to entry of many U.S. agricultural exports to the EU market.

- d. USTR established 3 additional QIZs in Jordan; Egypt proved reluctant to adopt the program.
- e. USTR led efforts to reach agreement with Bulgaria that virtually eliminated CD piracy in that country. Through bilateral meetings, USTR made progress in helping Russia and the Ukraine. Additionally, we substantially improved intellectual property protection in Greece and intellectual property rights enforcement in Russia.
- f. USTR concluded BITs with Croatia and Bahrain and initiated BIT talks with Slovenia. Russian ratification of its BIT did not prove achievable in FY99.

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## FY 2000

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### Performance Goals

- a. Negotiate, by the end of FY 2000, major elements of the Transatlantic Economic Partnership for increased market access to the EU (See November 19, 1999 TEP Action Plan). Complete Mutual Recognition Agreements on key sectors such as veterinary biologics and fasteners.
- b. Improve market access for U.S. products in Central Europe, particularly Poland, Hungary and the Czech Republic, by reducing the margin of tariff preferences for EU products in sectors of commercial significance, such as autos and electrical generating equipment.
- c. Negotiate at least two more of the following by the end of FY 2000:
  - the establishment of a Qualified Industrial Zone in Egypt and Israel;
  - the improvement of intellectual property protection according to an action plan established with the industry in Jordan, Kuwait, and Greece; all WTO members in the region should be TRIPS consistent by 1/1/00;
  - the resolution of a dispute with Israel over imports of U.S. beef;
  - the completion of at least two bilateral investment treaties (BITs) or Trade and Investment Framework Agreements (TIFAs) with countries of commercial significance to the U.S. in the NIS, Central Europe, the Middle East and North Africa; and the ratification of the BIT with Russia;
  - seek out solutions to one or more of the following: trade-related electronic commerce problems including: enforcement of provisions of the WTO Telecom Agreement; ensuring that product testing, certification and approval processes do not unnecessarily restrict trade; and ensuring that service providers have nondiscriminatory access to customs procedures.
- d. Improve transparency and predictability of standards, technical regulations and conformity assessment procedures in Russia and Ukraine. Activities will focus on prompt and effective implementation of comprehensive bilateral Action Plans aimed at substantially reducing unnecessary technical barriers to trade, in accordance with international requirements.
- e. Improve IPR legislation and enforcement in Central Europe and the NIS. In particular, ensure

continued abatement of CD and CD-ROM piracy in Bulgaria; establish retroactive copyright protection in Russia and Ukraine; reduce piracy of audio and video recordings and computer software in Russia and Ukraine; work to streamline trademark registration requirements in Russia; and assist in coordination of IPR training programs in the region.

#### **Performance Indicator**

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification**

- a. Under the TEP initiative, USTR launched negotiation of services MRAs covering insurance, engineers and architects and initiated negotiation of an MRA on marine safety equipment. We have intensified consultations with the EU on guidelines for more effective regulatory cooperation and for enhanced transparency in regulatory processes. We continue to consult with the EU on how to move to the next phase of the biotechnology pilot project and on how to mitigate adverse trade effects caused by EU inaction in approving various bio-engineered foods for distribution in the EU.
- b. We have continued to search for solutions that will allow the EU to comply with WTO dispute settlement rulings that found illegal the EU banana import regime and the EU's ban on imports of hormone-treated beef. USTR has continued negotiations with the EU on a new wine agreement aimed at resolving frictions between the two sides over wine making practices and the use of certain names on labels. We will take further steps to implement the veterinary equivalence agreement.
- c. USTR led continued talks with Poland, Hungary, the Czech Republic, Slovakia and Slovenia to address the problem of high MFN tariffs vs. preferential tariffs for EU exports to those markets. Slovenia agreed to eliminate differences; others have expressed willingness to consider concrete proposals presented by USTR.
- d. USTR is conferring with Egypt to initiate a QIZ program; one more QIZ with Jordan is anticipated by end of 2000.
- e. USTR led discussions which resulted in an agreement with Kuwait to fully implement through passage of key IPR legislation its obligations under the WTO TRIPs agreement.
- f. USTR made substantial progress in negotiating a BIT with Slovenia, though unresolved issues caused by EU intervention has delayed conclusion. USTR has continued to encourage Russia to ratify the BIT.
- g. USTR began negotiation of TIFAs with Algeria and Tunisia to complete the regional North African network of TIFAs.
- h. USTR worked with Central European countries to identify and rectify shortcomings in intellectual property rights regimes so they would be compliant with the TRIPs agreement as they were required to be by 1/1/2000. Moreover, USTR assisted new WTO members and countries in the

final stages of WTO accession (Latvia, Estonia, Georgia, Armenia, Albania and Moldova) to bring their IPR regimes up to TRIPs standards.

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## FY 2001

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### Performance Goals

- a. Negotiate, by the end of FY 2001, major elements of the Transatlantic Economic Partnership for increased market access to the EU (See November 19, 1999 TEP Action Plan ), taking into account the U.S. Government's formal advisory committee system as well as public comments solicited through Federal Register notices and consultations with TABD, TACD, TAED, and TALD. Complete one or more services Mutual Recognition Agreements and additional MRAs in goods sectors.
- b. Improve market access for U.S. products in Central Europe by reducing in key sectors and products the tariff differential between MFN rates and preferential rates afforded EU exporters, particularly in Poland.
- c. Negotiate at least two more of the following by the end of FY 2001:
  - the establishment of a Qualified Industrial Zone in Egypt and Jordan;
  - the improvement of intellectual property protection according to action plans established in cooperation with the industry in Jordan and Greece;
  - the resolution of a dispute with Israel over imports of U.S. beef;
  - the completion of at least two bilateral investment treaties (BITs) or Trade and Investment Framework Agreements (TIFAs) with countries of commercial significance to the U.S. in the NIS, the Middle East and North Africa (with emphasis on Algeria and Tunisia); and the ratification of the BIT with Russia;
  - seek out solutions to one or more of the following: trade-related electronic commerce problems including: enforcement of provisions of the WTO Telecom Agreement; ensuring that product testing, certification and approval processes do not unnecessarily restrict trade; and ensuring that service providers have nondiscriminatory access to customs procedures.
- d. Resolve at least two outstanding agriculture issues with the EU, including approval and labeling of biotechnology products and EU restrictions affecting pet food, canned fruit, wine and poultry.
- e. Improve IPR legislation and enforcement in Central Europe and NIS. In particular, ensure continued retroactive copyright protection in Russia and Ukraine; reduce piracy of audio and video recordings and computer software in Russia and Ukraine; work to streamline trademark registration requirements in Russia; establish legislative regimes in the non-WTO NIS members that adequately and effectively protect patents, trademarks and copyrighted works, and assist in coordination of IPR training programs in the region.

### Performance Indicator

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- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

### **Performance Verification**

- a. Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the *President's Trade Policy Agenda*. We will report fully on negotiations in the FY 2001 annual performance report.
- b. Negotiated a new Mutual Recognition Agreement on marine equipment (initialed in June 2001).
- c. Negotiated agreement with Poland which narrowed the tariff differential in key sectors (signed in June 2001)
- d. The Zarqa Industrial Zone, a Jordanian QIZ, was designated on June 15, 2001.

As a result of measures undertaken by the Government of Jordan, with U.S. assistance, in connection with Jordan's accession to the WTO and the entry into force of the U.S.-Jordan FTA, Jordan now can boast an exemplary IPR regime.

Negotiated a Trade and Investment Framework Agreement with Algeria (signed in July 2001).

Finalized U.S.-Bahrain Bilateral Investment Treaty (entered into force May 2001).

U.S. industry lauded USTR-lead efforts that resulted in key revisions to Israeli legislation governing the participation of foreign firms in Israel's cable TV and high speed internet services markets.

USTR-led efforts resulted in the Government of Israel revising market entry requirements that permitted a major U.S. internet services firm to begin operations in Israel.

- e. Worked with the Russian Government to ensure that Russian law provides protection for pre-existing copyrighted works and sound recordings - an amendment to the Russian Copyright Law containing such protection was submitted to the Russian Duma (parliament) in 2001.

In 2001, the Russian Government adopted intellectual property-related amendments to its Criminal Procedure Code and submitted to the Duma amendments to four other intellectual property laws which, once enacted, would bring Russia into near full compliance with the legislative requirements of the TRIPS Agreement.

Worked actively throughout 2001 with the Russian Government to improve the enforcement of IP in Russia.

Armenia took steps to join the Geneva Phonograms Convention (membership became final in 2002), amended their Customs Code to provide the authority to seize materials at the border and made other legislative changes to bring their legislative regime into compliance with the TRIPS Agreement and our bilateral trade agreement.

Azerbaijan and Kazakhstan became members of the Geneva Phonograms Convention.

Georgia acceded to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

Kazakhstan amended its Customs Code to provide customs officials with ex officio authority to seize suspected infringing material at the border.

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## FY 2002

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### Annual Performance Goals

- a. Negotiate and conclude agreements with the EU that enhance regulatory cooperation and facilitate trade; e.g., by 2002 finalize Agreement for Mutual Recognition of Calibration Certificates; by 2002 initiate pilot project for Regulatory Cooperation on Road Safety Equipment; and by 2002 finalize Agreed Work Plan for Mutual Recognition for Insurance. It is our goal to work with Congress to pass the Southeast Europe Trade Preference Act (SETPA).
- b. Negotiate, conclude, and obtain Congressional approval for a U.S.-Jordan Free Trade Agreement.

### Performance Indicator

- a. It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.
- b. It is difficult to predict with accuracy whether or not this goal will be completed in any one year.

### Performance Verification

- a. Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2002 annual performance report.
- b. The Agreement between the United States and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area (December 17, 2001).