

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20506

FOR IMMEDIATE RELEASE
Saturday, April 30, 1994

94-28
Contact: Anne Luzzatto
Dianne Wildman
David Kurakane
(202) 395-3230

**USTR ANNOUNCES THREE DECISIONS:
TITLE VII, JAPAN SUPERCOMPUTER REVIEW, SPECIAL 301**

United States Trade Representative Mickey Kantor today announced decisions and initiated actions in three important trade areas: Title VII -- discrimination in foreign government procurement; special 301 -- protection of intellectual property rights; and the continuation of a review of Japan's compliance with the provisions of our bilateral Supercomputer Agreement.

Today's decisions demonstrate the Administration's continued resolve to take strong measures to ensure comparable market access and intellectual property protection for U.S. products -- measures which are key to this Administration's policy of opening markets and creating trade opportunities for U.S. companies and jobs for U.S. workers.

Title VII

Kantor's decision under Title VII of the 1988 Omnibus Trade and Competitiveness Act focused on Japan and two priority sectors identified in the U.S.-Japan Framework Agreement-- medical equipment and telecommunications. Kantor also announced that sanctions imposed against the European Union (EU) on May 28, 1993, for EU discrimination in the telecommunications sector will remain in force.

Kantor announced that USTR would not identify Japan under Title VII at this time but will review the situation in 60 days on the basis of Japanese actions in the interim. Noting that some progress was made at his meeting with former Foreign Minister and now Prime Minister Hata in Marrakech on April 15 towards resuming the Framework negotiations, including negotiations on telecommunications and medical technology government procurement, Kantor stated that "Much remains to be done." He specifically noted that "in deciding whether to identify Japan under Title VII in 60 days, we will assess the seriousness of any official Japanese response to the points that were discussed at the Marrakech meeting."

In addition, Kantor announced that sanctions would remain in force under Title VII against the EU. These sanctions were imposed on May 28, 1993, after the United States and

EU failed to negotiate an agreement ending EU discrimination in the telecommunications sector. Kantor hailed the U.S.-EU agreement reached in Marrakech on April 13 of this year under the GATT Government Procurement Code which will nearly double to \$200 billion the bidding opportunities available to the U.S. and EU. However, Kantor expressed disappointment that the United States and EU could not have gone further and completed agreement on telecommunications.

Kantor also announced that the 1994 Title VII report to Congress will include information on procurement practices of Australia, Brazil and China, in addition to Japanese procurement practices in two other sectors--supercomputers and computers.

Japan Supercomputer Review

Based on continuing concerns regarding Japan's implementation of the 1990 U.S. - Japan Supercomputer Agreement, Ambassador Kantor announced that USTR would continue the special review of Japanese actions under the Agreement launched on April 30, 1993. Kantor acknowledged that the Japanese purchase of six U.S. supercomputers of a total of 15 machines procured by the Japanese Government during the 1993 Japan Fiscal Year represented a positive development in the sector, but he noted that the year-long review process had highlighted several major areas of concern. Kantor stated that the best way to sustain progress in the supercomputer sector was to use the review mechanism to work closely with the Japanese Government to address these concerns and ensure the truly open, fair and non-discriminatory Japanese Government procurement regime for supercomputers sought by the Agreement.

Special 301

Kantor today identified 37 trading partners that deny adequate and effective protection of intellectual property or deny fair and equitable market access to United States persons that rely upon intellectual property protection.

Kantor said that there is consensus among those in the U.S. government and the intellectual property community that three of these trading partners, Argentina, China and India, pose the most significant problems in this area. The U.S. government currently is engaged in intense efforts to resolve these problems with these governments. At this juncture, Kantor considers U.S. interests to be best served by continuing these efforts over the next two months. If a solution to U.S. concerns has not been reached with these countries within 60 days, or by June 30, they will be named "priority foreign countries", and investigations of their practices will immediately be initiated under section 301 of the Trade Act.

Kantor also announced placement of six trading partners on the "priority watch list". Those are the European Union, Japan, Korea, Saudi Arabia, Thailand and Turkey. He further announced that nineteen other countries had been placed on the "watch list," and he decided that four of them -- Egypt, El Salvador, Greece and the United Arab Emirates -- would be subject to out-of-cycle reviews. The out-of-cycle reviews will determine whether

the problems or practices that resulted in those countries being placed on the list have been alleviated.

Kantor also noted concerns with continuing or prospective problems in Brazil, Canada, Germany, Honduras, Israel, Panama, Paraguay, Russia and Singapore, which were not included on the Special 301 lists. Kantor noted that those countries should take steps to alleviate identified problems promptly.

Kantor pointed out that many trading partners made significant progress this year in resolving longstanding problems. In February, we concluded a special 301 investigation with Brazil in which that Government demonstrated considerable leadership for the rest of the hemisphere. Kantor also mentioned the considerable progress made in reducing or eliminating longstanding problems in Hungary, Poland, Taiwan and Thailand. In addition, Colombia, Egypt, Honduras, Poland, Russia, Taiwan and Venezuela enacted new copyright, patent or trademark legislation, or strengthened their existing legislation; Korea, Thailand, Egypt, the United Arab Emirates, Italy, Mexico and Taiwan undertook significant enforcement efforts over the past year; the Andean Pact countries of South America took steps to improve protection for patents, trademarks, plant varieties and copyrights; and the United States concluded bilateral intellectual property protection agreements with Ecuador and Jamaica.

"The improvements in intellectual property protection that have taken place in many countries over the past year are a direct result of this Administration's resolve to make headway in this trade sector, which is of vital importance to U.S. interests. In addition, the conclusion of the GATT Uruguay Round has had a positive impact in breaking legislative logjams and increasing political will in countries to establish and enforce a high level of protection," Kantor stated.

Kantor also stressed that the world made great strides toward improving the institutional structure for protection of intellectual property. He referred to the implementation of the North American Free Trade Agreement, as well as the conclusion of the GATT Uruguay Round, which includes the agreement on Trade-related Aspects of Intellectual Property, or TRIPS. Kantor called for all countries to commit to early implementation of the TRIPS agreement.

FACT SHEET

1994 Title VII Decisions

Progress has been made in the last year on government procurement, particularly with the completion of the new GATT Government Procurement Code and the conclusion of an historic U.S.-EU agreement as part of the new Code. The Administration expects to build on this progress over the next year by seeking to expand membership in the Code and further open government procurement markets in all countries.

The U.S. is disappointed, however, with the status of the U.S.-Japan Framework negotiations and the failure of Japan to move rapidly to open its government procurement markets in key sectors. The U.S. expects action soon from the Government of Japan in these sectors and will continue to work with the EU to seek a comprehensive resolution to the telecommunications procurement problem.

The Title VII announcement includes the following elements:

- o USTR will conduct an early review of the status of Japanese discrimination in government procurement related to the telecommunications and medical technology sectors to determine whether to identify Japan under Title VII in 60 days (no later than 30 June 1994).
- o USTR will maintain the sanctions imposed against the EU on May 28, 1993 for EU discrimination with respect to telecommunications equipment.
- o USTR will report to Congress information on the following discriminatory procurement practices, which do not meet the criteria for identification under Title VII, but are of concern:
 - Australia for discriminatory practices in the information technology sector;
 - Brazil for discriminatory practices in the computer, software, telecommunications and digital electronics sectors;
 - China for non-transparent government procurement practices, although progress has been made in the last year; and
 - Japan for discriminatory practices in the supercomputer and computer sectors.

BACKGROUND

Japan Supercomputer Review

The USG initiated a Super 301 investigation into the supercomputer procurement practices of the Government of Japan in 1989 which resulted in the 1990 U.S. - Japan Supercomputer Agreement. Positive results under the Agreement, however, have been slow in coming. U.S. machines won only three out of 11 awards made during the first three years of the agreement, all in politically directed, uncontested bids. Further, the USG identified numerous serious problems in Japan's implementation of the Agreement which led USTR to announce, on April 30, 1993, a special review of Japan's compliance with the Agreement under section 306 of the 1974 Trade Act.

Subsequent to the initiation of the review, the Japanese Government procured 15 supercomputers under the regular and supplemental budgets of the 1993 Japan Fiscal Year. Five U.S. supercomputer vendors were awarded six of these contracts. The section 306 review focused heavily on these 15 procurements. While acknowledging that the six U.S. awards represented a positive development in this important sector, the review highlighted several areas of serious concern which demonstrate the need for continued scrutiny of procurements under the Agreement, in order to sustain and build upon this limited progress and achieve a genuinely "fair, open and non-discriminatory" Japanese procurement regime.

U.S. supercomputer vendors dominate the markets outside of Japan, and have a significantly greater share of the Japanese private sector market than of the public sector market. In Europe, U.S. vendors hold an 85 percent share of the public sector market. Despite the demonstrated competitiveness of U.S. machines in all other markets, U.S. supercomputers have never won a head-to-head procurement in the Japanese public market against the same Japanese vector machines they regularly best elsewhere.

This continued lack of head-to-head wins by U.S. vendors in the Japanese public sector is a serious concern that in itself raises questions about Japanese compliance with the Agreement. In addition to this concern, the 306 review surfaced four other areas of ongoing major concern: 1) the notable failure of the Japanese Government to test or evaluate fully systems software, which is essential to the actual performance of a supercomputer and which is well known area of strength among U.S. vendors; 2) concern's about Japan's compliance with the Agreement's provisions on pricing, including the protections against unfairly low bids and the use of market research to establish a reference point for bid prices; 3) results in the Japanese public sector market which do not have a defensible relation to results in other markets, even with results in the Japanese private sector market and 4) anomalies in the conduct of benchmark testing.

Accordingly, the section 306 review will remain underway for an indefinite period of time while we observe additional procurements and consult with the Japanese Government to definitively address these problem areas.

FACT SHEET

"SPECIAL 301" ON INTELLECTUAL PROPERTY

ACTIONS TAKEN

Ambassador Michael Kantor, the United States Trade Representative, announced today the Administration's decision with respect to this year's required review under the so-called "special 301" provisions of the Trade Act of 1974 (Trade Act).

This decision reflects the progress made in the course of 1993 in resolving many longstanding problems and increasing the general level of protection for U.S. intellectual property interests.

The decision announced by Ambassador Kantor includes the following specific actions:

- if satisfactory progress is not reached to address U.S. concerns with **Argentina, China and India** by June 30, these countries will be designated as "priority foreign countries" and investigations will be initiated immediately consistent with section 302 of the Trade Act;¹
- placing six countries on the "priority watch list:" **the European Union, Japan, Korea, Saudi Arabia, Thailand and Turkey;**
- placing 18 countries on the "watch list" and conducting "out-of-cycle" reviews of **Egypt, El Salvador, Greece and the United Arab Emirates;**
- making special mention of **Brazil, Canada, Germany, Honduras, Israel, Panama, Paraguay, Russia and Singapore.**

The Administration reiterates its commitment to ensure full and effective implementation of the "special 301" provisions of the Trade Act. To that end, it will engage problem countries in a dialogue aimed at not only resolving the problems that brought about their inclusion on the "special 301" lists, but also seeking an improvement in the overall level of intellectual property protection. The United States strongly encourages all countries to expedite implementation of the provisions of the GATT TRIPS agreement.

¹ Section 302 requires countries designated as priority foreign countries to be subject to an investigation of the practices which lead to their designation, unless such practices are already subject to action under the statute. Since India's practices are already subject to ongoing action under the statute, a new investigation would not be initiated.

STATUTORY AUTHORITY

The "special 301" provisions of the Trade Act of 1974, as amended, require the USTR to determine whether the acts, policies and practices of foreign countries deny adequate and effective protection of intellectual property rights or fair and equitable market access for U.S. exporters who rely on intellectual property protection.

"Priority foreign countries" are those countries that:

- (1) have the most onerous and egregious acts, policies and practices which have the greatest adverse impact (actual or potential) on the relevant U.S. products; and,
- (2) are not engaged in good faith negotiations or making significant progress in negotiations to address these problems.

If a country is identified as a "priority foreign country", the USTR must decide within 30 days whether to initiate an investigation of those acts, policies and practices that were the basis for identifying the country as a "priority foreign country". A "special 301" investigation is similar to an investigation initiated in response to an industry Section 301 petition, except that the maximum time for an investigation is shorter--6 months with the possibility of an extension to 9 months--as compared with the 12 to 18 months permitted under a petition-based section 301 investigation.

The USTR undertakes a review of foreign practices each year within 30 days after the issuance of the National Trade Estimates (NTE) Report. Today's announcement follows a lengthy information gathering and negotiation process. The interagency group that advises the USTR on implementation of "special 301" obtains information from the private sector, American embassies abroad, the United States' trading partners, and the NTE report.

This Administration is determined to ensure the adequate protection of intellectual property rights and comparable market access for U.S. products. The measures announced today result from close consultations with affected industry groups and Congressional leaders, and demonstrate the Administration's commitment to utilize all available avenues to pursue resolution of the intellectual property issues. In issuing the announcement, Ambassador Kantor is expressing the Administration's resolve to take uniformly strong actions under the "special 301" provisions of the Trade Act.

DESCRIPTION OF ACTIONS ANNOUNCED TODAY

Potential Priority Foreign Countries

The Administration notes that **Argentina, China and India** are of particular concern with respect to the protection of intellectual property and market access for persons who rely on intellectual property. The Administration has intensely engaged these countries in

consultations to resolve U.S. problems. Ambassador Kantor has determined that if satisfactory progress is not made with these countries in the next 60 days, or by June 30, that they will be identified as priority foreign countries and investigation of their practices will be initiated immediately. A review of some of the concerns with each of these countries is presented below.

Argentina has been on the priority watch list since April 1993 for failure to enact legislation providing full and effective patent protection. Patent legislation which would significantly upgrade Argentina's current patent law was introduced by the Government of Argentina in October 1991, but that legislation has not been enacted. This legislation, while generally good, contains a significant fault in that it contains a provision which might permit parallel importation.

China concluded an MOU in January 1992, thereby putting an end to the special 301 investigation initiated in 1991. China has fulfilled many of the commitments in that MOU, including joining international conventions on intellectual property, and enacting legislation to effect that level of protection in its national law. However, the Government of China has not followed through in effective enforcement and was placed on the priority watch list last year. Copyright piracy is particularly acute, and trademark infringement is also common. China also denies fair and equitable market access to U.S. persons that rely on intellectual property protection, including the U.S. recording and motion picture industries.

India was first identified as a "priority foreign country" in 1991. Although we were able to resolve some problems in the areas of trademark and copyright protection and enforcement, and market access for motion pictures, continued problems in these areas, and serious problems in the patent area led the USTR to identify India again in 1992. The persistence of those problems led to USTR identifying India again in 1993. India has made progress in improving the legal basis for copyright protection, but these changes have not yet been made. We encourage India to complete its own legislative process and follow through with effective enforcement. It is also important for India to continue to further improve trademark protection through the adoption of pending trademark legislation. We seek to reengage India in a meaningful dialogue with respect to these and other intellectual property issues, including patent protection, and we call on India to commit to early implementation of all aspects of the Uruguay Round TRIPS agreement.



Priority Watch List

The Administration has decided to place six trading partners on the priority watch list because the lack of intellectual property protection or market access is especially significant for U.S. interests. USTR will devote special attention to resolving these problems, many of which are longstanding. The trading partners are:

- the European Union
- Japan
- Korea
- Saudi Arabia
- Thailand
- Turkey.

The European Union is retained on the "priority watch list" because the Broadcast Directive, up for review this year, restricts market access. In addition, the Private Copying Directive, likely to be proposed this year, and national levy systems already in place in France, Germany, Spain and Belgium, deny national treatment to the U.S. The European Union refused to cover the audio-visual industry at all in their GATT Uruguay Round GATS schedules. In addition, the European Telecommunications Standards Institute (ETSI) adopted an IPR and standardization policy that differs significantly from that adopted by other countries, and it is considering measures to expel or significantly reduce the membership status of ETSI members who do not accept this policy.

Japan has been included on the "watch list" for the past five years because of inadequate intellectual property protection. Despite considerable efforts made to resolve these issues in the Framework negotiations, the problems remain and Japan has now been moved up to the "priority watch list." Problems in the patent area are of particular concern, including among other issues: an unreasonably long application processing time, especially on technology applications; pre-grant oppositions; inadequate grace period; narrow interpretation of claims in post-grant proceedings; and extensive delays in court proceedings. There is also extensive software piracy, lack of adequate enforcement mechanisms for trade secrets, and delays in trademark registration. In addition, the Japanese Government has convened a panel to consider amending its copyright law to permit decompilation of computer software. The U.S. has expressed its grave concern to Japan about any steps taken to weaken copyright protection of computer software.

Korea has made great strides in the past year in protecting intellectual property rights, especially in the area of enforcement, but has been kept on the "priority watch list" due to a number of remaining concerns. These include inadequate intellectual property laws; funding levels and resources for enforcement raids and prosecution, especially for software; a number of trademark registration problems, which call into question Korea's compliance with a 1986 bilateral trade agreement; continued piracy of U.S. textile designs, and; the compulsory licensing provisions of Korea's semiconductor mask works law. In addition, Korean Customs regulations do not provide an adequate basis to prevent the exportation of infringing goods and the Korean trade secrets law does not adequately protect proprietary information.

Korea also restricts market access in the cable television sector, including limitations on foreign investment and broadcast quotas. Sufficient progress by Korea on these issues over the course of the coming months could result in a review of Korea's status on the priority watch list.

Saudi Arabia has been kept on the "priority watch list" because it has not yet taken adequate steps to ensure copyright protection for foreign-published works. Additionally, Saudi Arabia's copyright law contains numerous deficiencies, including terms of protection of less than 50 years. In a positive step, Saudi Arabia deposited its instruments of accession to the Universal Copyright Convention in April 1994, and protection for foreign works should take effect 90 days later. The U.S. will watch with interest the degree to which Saudi Arabia protects U.S. works after this date.

Thailand made significant progress in intellectual property protection in 1993. Enforcement of the existing copyright law was more vigorous, additional protection was provided administratively for certain pharmaceuticals, and the Thai government stated its intention to bring its copyright regime into conformity with international standards of TRIPS and the Berne Convention (Paris Act). Thailand remains on the "priority watch list" in light of the need for further steps to improve the legal regime for protection of intellectual property, including the passage of a new copyright law and legislation to establish an IPR court, and continued vigorous enforcement of regulations protecting all forms of intellectual property. Based on the achievements of the Thai Government over the last year, the United States looks forward to continued progress and Thailand's removal from the Priority Watch List in the near future.

Turkey has been kept on the "priority watch list" because of the lack of modern patent or copyright legislation. Draft patent legislation before the Grand National Assembly since 1992, even if enacted, would still leave Turkish patent law with critical shortcomings, including a 5-year transition period, no pipeline protection, onerous compulsory licensing requirements and unacceptable working requirements. In addition, Turkish copyright legislation is inadequate, and enforcement is almost non-existent. Shortcomings in the laws include lack of protection for computer programs and sound recordings, inadequate term of protection for motion pictures and trivial penalties for piracy.

Watch List

In reviewing the practices of all of our trading partners, the USTR has decided that 18 of them should be placed (or retained) on the "watch list". The Administration uses the "watch list" as a means to monitor progress in implementing commitments with regard to the protection of intellectual property rights and for providing comparable market access for U.S. intellectual property products.

Countries placed on the watch list are:

Australia: The U.S. has dropped Australia to the "watch list" this year because of measures by the Australian Government to provide protection for U.S. performers against bootlegging

under its copyright law, and relaxed local content requirements for the broadcasting of new services. Nevertheless, the U.S. remains concerned about parallel importation, rental rights and other copyright issues.

Chile: The U.S. seeks for Chile to bring its inadequate intellectual property laws into conformity with TRIPS and NAFTA.

Colombia: The Colombian Government has passed, as a member of the Andean Pact, three decisions on intellectual property, which improve protection over previous decisions but still do not provide adequate and effective protection in all areas, particularly in the patent area. Also, while Colombia has a modern copyright law it has had difficulty in enforcing existing copyright laws.

Cyprus: The U.S. expects that the Government of Cyprus will vigorously enforce its new copyright law and stamp out widespread piracy of video and audio recordings and unauthorized book publishing.

Egypt: Egypt will shortly issue a Prime Ministerial decree to resolve our remaining concerns with copyright protection. Additionally, Egypt has drafted an excellent draft patent law which we expect to be promptly enacted absent any delay in protection for any types of products. An October out-of-cycle review will monitor progress on these issues.

El Salvador: The U.S. is keeping El Salvador on the watch list and conducting an out-of-cycle review. Significant progress made by enacting the Copyright law in 1993 has been negated by postponing its implementation.

Greece: The U.S. is keeping Greece on the watch list and conducting an out-of-cycle review because of lack of enforcement of the February 1993 copyright law. Motion picture and sound recording piracy, including unauthorized broadcasts by the numerous pirate stations in Greece, remain major areas of concern.

Guatemala: Guatemala does not adequately protect pharmaceuticals and the copyright law needs to be updated. A major problem is the interception and unauthorized retransmission of U.S. satellite-carried programming by cable and multichannel microwave distribution systems. In addition, Guatemala does not provide effective trademark protection, especially for famous marks.

Indonesia: The U.S. is concerned about deficiencies in Indonesia's patent law and regulations, including: a short term of protection (14 years), provisions on compulsory licensing, and a provision allowing the unauthorized importation of 50 specific pharmaceuticals. In addition, Indonesia should improve enforcement of its copyright law. Infringement of textile designs is becoming a significant problem.

Italy: Video and software piracy remains a major problem in Italy despite newly vigorous enforcement efforts. The USG will closely monitor the new government's efforts to improve enforcement against piracy in Italy.

Pakistan: The U.S. is concerned about copyright infringement as well as deficiencies in the 1992 copyright law, including lack of protection for textile designs. The level of fines for infringement is considered insufficient to deter infringement.

Additionally, Pakistan's patent law provides for process but not product patent protection for pharmaceuticals and agrichemicals. Well-known marks can be protected only through registration as defensive marks. Pakistan also has no provisions for registering service marks.

Peru: The Peruvian Government has passed, as a member of the Andean Pact, three decisions on intellectual property. However, these decisions still do not provide adequate and effective protection in all areas, particularly in the patent area. The Peruvian Government needs to intensify its anti-piracy efforts, particularly to combat sound recording and book piracy.

Philippines: The U.S. remains concerned about copyright enforcement problems, particularly for videotapes and software. Trademark violations remain widespread, Philippine courts are slow in adjudicating intellectual property violations and the sentences imposed are not deterrents. The Philippines has been implementing an intellectual property agreement with the United States, which was signed on April 6, 1993. Under the agreement, the Philippine Government will exert its best efforts to secure legislative approval for important intellectual property legislation, including ratification of accession to the Berne Convention (1971 text), by December 1994.

Poland: The U.S. will closely monitor implementation and enforcement of rights provided under the newly enacted copyright law and hopes to see rapid improvement in the Polish Government's efforts to combat piracy.

Spain: The U.S. is concerned about the imposition of a new, more restrictive dubbing license regime for motion pictures. Software piracy and unauthorized performance of video works remain problems.

Taiwan: During the past year Taiwan has made significant progress in protecting intellectual property rights, including the passage of laws, the signing of an agreement and improved enforcement. To ensure Taiwan's compliance with previous commitments, the United States will monitor activity in the following areas: continued enforcement of copyrights, trademarks and patents; implementation of the trademark export monitoring system; the continued operation of the copyright export licensing system for computer software and video games; enactment of a semiconductor chip protection law and if needed, trade secret law; and completion of the reform of the trademark examination and registration system.

UAE (United Arab Emirates): Although the piracy of sound recordings, motion pictures, books and computer software is widespread, the UAE has recently taken several positive steps to crack down on pirates. An October out-of-cycle review will be conducted to monitor enforcement of these provisions.

Venezuela: The Venezuelan Government has passed, as a member of the Andean Pact, three decisions on intellectual property. However, these decisions still do not provide adequate and effective protection in all areas, particularly in the patent area. Also, despite enactment of a new copyright law last year, piracy remains a serious problem. The U.S. will continue to monitor the law's implementation and enforcement of penalties against infringers, as well as recently initiated expedited proceedings for patent and trademark applications.

Special Mention

This year, the USTR determined that, while some countries had made progress in improving the level of intellectual property protection, there is need for greater effort or further improvement. In other instances, intellectual property problems are beginning to become serious. The Administration has placed these countries in the "special mention" category to draw attention to areas of concern. It is expected that these countries will respond to these concerns so that the Administration will not have to take additional steps. Countries in the "special mention" category are:

Brazil's welcomed reform efforts in intellectual property rights are important to a broad cross-section of the U.S. private sector. We will closely monitor these efforts with great interest.

Canada merits concern, despite its strong intellectual property laws, because of policies currently in place, and others that have been proposed which discriminate against non-Canadian periodicals.

Germany will be obliged to protect U.S. performers of sound recordings under the Uruguay Round TRIPS agreement. We understand that Germany is considering unilateral action to extend protection to U.S. performers even before TRIPS implementation and we encourage such an action.

Honduras has obtained approval of improved copyright, trademark and patent legislation, taken major steps to legalize illegitimate cable TV operations, and joined the Paris Convention. The Government of Honduras has promised to meet remaining USG concerns about copyright protection, and we will continue to work with Honduras on achieving improved patent and trademark laws and their enforcement.

Israel has an antiquated copyright law, which, combined with poor enforcement, has led to widespread cable and software piracy. We seek rapid revision of the copyright law and improved enforcement. Additionally, Israel is working on a law governing licensing of satellite signals by cable operators.

Panama provides inadequate copyright protection and inadequate enforcement to prevent the transshipment of copyright and trademark infringing goods. Computer software is not adequately protected by copyright and criminal penalties.

Paraguay's efforts to address copyright and trademark piracy are applauded by the Administration. But because difficulties may persist in this area, the U.S. will press Paraguay to continue to address these problems.

Russia has made tremendous progress in establishing the legal framework necessary for the protection of intellectual property rights. Nevertheless, the U.S. is concerned about continued high levels of piracy, particularly of motion pictures and sound recordings.

Singapore has taken positive steps in the past few months to improve computer software protection. The United States expects that the Government of Singapore will continue to increase its efforts. We are also concerned about continuing problems with government purchases of pharmaceutical products not authorized for production by the patent owner.

GSP REVIEWS

It also is noted that GSP reviews are underway regarding the protection of intellectual property in Turkey, Egypt, Cyprus, El Salvador, the Dominican Republic, Guatemala, Honduras and Poland. Decisions on these reviews are expected in June.

SPECIAL* 301
PROGRESS ON INTELLECTUAL PROPERTY ISSUES

JANUARY-APRIL 1994

- o Korea began a 10-month effort to reduce piracy, albeit at a reduced level from its January-October 1993 campaign (January).
- o Poland passed a new copyright law and signed it into law. (February)
- o Colombia deposited its instrument of accession to the Geneva Convention for the Protection of Phonograms. (February)
- o On February 23, 1994, the Italian Parliament approved the Film Industry Decree Law issued by the government on January 17. The Law abolished longstanding Italian screen quotas.
- o On February 25, 1994, the United States concluded a Section 301 investigation in which Brazil outlined steps it had taken and plans it will take to improve intellectual property protection.
- o Jamaica signed a comprehensive bilateral intellectual property rights agreement. (March)
- o Indonesia issued implementing regulations for its patent law. The regulations were necessary to carry out important elements of the 1992 understanding between the United States and Indonesia. (March)
- o Egypt's People's Assembly enacted amendments to its 1992 copyright law to treat computer software as literary works, thus ensuring that the copyright term for computer software is 50 years. (March)
- o The United Arab Emirates Ministry of Information issued a circular prohibiting all importation of piratical material, and giving stores and manufacturers until September 1, 1994 to eliminate all piratical stock. (March)
- o The results of the Uruguay Round were signed at a Ministerial in Marrakesh, Morocco. (April)
- o Saudi Arabia deposited its instrument of accession to the Universal Copyright Convention. (April)
- o The United Arab Emirates cancelled the September grace period, and required immediate elimination of all pirated stock. The UAE also issued a circular prohibiting use of unlicensed software. (April)
- o The following countries undertook significant enforcement efforts since last April: Korea, Thailand, Egypt, the United Arab Emirates, Italy and Taiwan. We will continue to monitor these countries to ensure that improved enforcement efforts continue.

APRIL-DECEMBER 1993

- Colombia 1993 significantly increased penalties for copyright infringement in its copyright law. (April)
- On May 22, 1993, Italy's Prime Minister Ciampi issued a decree creating the Coordinating Committee on Combatting Video, Audio-Visual and Software Piracy.
- Hungary concluded a comprehensive bilateral intellectual property rights agreement in July 1993. Legislation to implement the agreement will enter into force on July 1, 1994.
- Russia's Supreme Soviet approved a new copyright law in July 1993. In addition, the Russian government established the Russian Intellectual Property Agency with a mandate to promote the enactment of strong IPR legislation and to develop regulations and enforcement mechanisms to curb violations.
- In July 1993, the Royal Thai Government introduced in Parliament a bill to revise the existing copyright act which would substantially improve the legal protection for right holders.
- In July 1993, Taiwan passed the Cable TV Law which provides a stronger legal basis to prosecute stations which show copyrighted programming without authorization. Taiwan also passed revised trademark and patent laws, in November and December 1993, respectively, to help bring its IPR protection closer to GATT TRIPS standards.
- Venezuela passed a new copyright law that substantially improves protection. (August)
- El Salvador passed a new copyright law and passed amendments to the penal code with respect to penalties for copyright infringements. (August)
- Honduras approved new copyright, patent and trademark laws and joined the Paris Convention for the Protection of Industrial Property. (August)
- The Government of the Philippines took several steps by executive authority which were called for under our bilateral intellectual property agreement. The steps included providing guidance to the interagency committee on intellectual property rights, providing guidance on the prosecution of copyright and trademark infringers, and issuing a memorandum of agreement regarding retransmission of copyrighted works.
- In a September 24, 1993 ruling, Italy's Supreme Court of Cassation supported the use of preventive sequestration against video pirates overturning a June 1993 decision.

- o The Council of the European Union adopted 1) a Directive on the Harmonization of Copyright Laws in satellite broadcasting and cable retransmission, which the member states must implement by January 1, 1995 (September); and 2) the Directive on the Harmonization of the Duration of Copyright and of certain related rights (October).
- o Ecuador signed a comprehensive bilateral intellectual property agreement. (October)
- o Thailand implemented an administrative system to provide a measure of "pipeline" patent protection for pharmaceuticals. (October)
- o The Mexican government formed an interagency task force in October 1993 to cut through the bureaucratic obstacles hindering effective action.
- o The Korean National Assembly adopted amendments to Korea's copyright, cable TV, computer software and customs laws. (December)
- o The Uruguay Round was concluded, including the agreement on the Trade Related Aspects of Intellectual Property Rights -- TRIPS. (December)
- o In December 1993, for the first time, a Singapore court sentenced a software pirate to jail and awarded legal and investigation costs to private prosecutors. In addition, Singapore's Attorney General prosecuted several major dealers of pirated software in cooperation with the U.S. private sector. In March 1994, three defendants in the case pleaded guilty and were sentenced to nine months in prison.
- o South Africa's parliament passed a replacement for the Trade Marks Act of 1963 and passed a Designs bill, which also grants specific protection to integrated circuits. (December)
- o The Andean Pact passed new decisions to upgrade patent and trademark (Decision 344), plant varieties (Decision 345) and copyright protection (Decision 351). (October, December)

JANUARY-APRIL 1993

- o Taiwan's Legislature approved a Bilateral Copyright Agreement and amended Taiwan's copyright law to prohibit parallel importation. (April)
- o The Philippines signed a bilateral agreement that addresses copyright, patent and trademark concerns. It also includes provisions on enforcement of rights. (April)
- o Switzerland's new Trademark Law came into effect making its protection EC compatible. New copyright amendments, that U.S. industry considers to be lacking, have been passed and will take effect in July. (April)

- Copyright Reform Law signed in Colombia that increases penalties for infringement and explicitly identifies unauthorized transmissions of satellite signals as illegal. (February)
- The Canadian Parliament passed a new Drug Patent Law which eliminates compulsory licensing provisions discriminating against pharmaceutical products. (February)
- The Chinese Government enacts amendments to the Trademark Law and supplementary provisions to the criminal law adding to penalties for trademark infringement. (February)
- The Greek Government enacts a copyright law which contains substantial enforcement provisions. Enforcement of the law remains a priority. (February)
- The Jamaican House of Representatives enacts a Copyright Law. (February)
- Cyprus acceded to the Geneva Phonogram Convention (January) and enacted amendments to its copyright law that strengthen enforcement and protect computer software (April). However, enforcement of the copyright law is suspended until January 1994.
- Taiwan's Legislature passes an amendment raising the rate of conversion of IPR infringement jail terms to fines.
- Egypt publishes implementing regulations for its 1992 copyright law. (January & March)
- Malta enacts amendments to its Copyright Law which strengthen penalties, extend protection to computer software, and institutes new penalties. (January)

1992

- A new Trademark law enacted in Thailand provides for higher penalties for infringement and extends protection.
- South Africa enacted an improved Copyright Act protecting computer software.
- Italy implemented the EC Software Directive improving protection for computer programs.
- The United Arab Emirates passed new Copyright, Trademark and Patent Laws, but copyright protection for foreign works remains to be confirmed and enforcement of the new copyright law has not yet begun.
- The Government of Peru issued a decree law intended to increase the protection of industrial property.
- Industrial property legislation was prepared by the Brazilian

Chamber of Deputies "Special Commission on Intellectual Property" and introduced for consideration in that Committee.

- The EC has amended its proposal for biotech patents.
- Denmark became the first member state to implement the EC's Software Directive.
- Poland enacted a new patent law, although the U.S. remains concerned about the compulsory licensing provision.
- Taiwan passed and promulgated a new copyright law and implementing regulations.
- Korea ratified the US-Korea Patent Secrecy Agreement, which has yet to enter into force.
- China joined the Berne Convention and the Universal Copyright Convention.
- The President of Turkmenistan signed a law for the protection of intellectual property.
- New copyright law enacted in Pakistan strengthening penalties for infringement and protecting computer programs as "literary works."
- The Russian Federation enacted and implemented a patent law that meets high international standards and is compatible with the terms of the bilateral Trade Agreement.
- The Russian Federation enacted and implemented strong laws for the protection of semiconductor layouts and the protection of computer software and databases. Both laws are fully compatible with the terms of the bilateral Trade Agreement and meet international standards.
- New Zealand repealed legislation that allowed compulsory licensing of pharmaceuticals.
- The Ukrainian Government adopted the Paris Convention, Madrid Agreement, and the Agreement on Patent Cooperation.
- Chile extended its term of copyright protection to life plus 50 years -- the Berne Convention standard.
- Brazilian Government issues Executive decree bringing Brazil into full compliance with the Stockholm Text of the Paris Convention For the Protection of Industrial Property.
- The United States and the Russian Federation exchanged diplomatic notes causing the entry-into-force of a bilateral Trade Agreement which commits Russia to an extensive IPR legislative agenda.
- Bolivia passed a new Copyright Law providing a framework for

protection but still lacks regulations.

- Taiwan and the U.S. signed a Memorandum of Understanding on IPR issues.
- Indonesia agreed to provide improved market access for U.S. motion pictures.
- Japan's law providing for registration and protection of ~~service~~ marks took effect.
- The United States and China establish bilateral copyright relations.
- The Commission of Cartagena (the Andean Pact) passed decision 313, which replaced Decision 85 covering industrial property protection and provided for certain improvements in patent protection.
- Taiwan passed a Fair Trade Law that provides some protection for trade secrets.
- India committed to the liberalizing of market access for ~~motion~~ pictures effective April 1, 1992.
- India announced that it will accord national treatment to trademarks owned by foreign proprietors.
- Thailand's National Legislative Assembly enacted amendments to the patent law that will extend product patent protection to 20 years from filing. However, the law does not provide protection for existing patented products that have not yet been marketed in Thailand, and contains extremely broad compulsory licensing provisions.
- The United States and China signed a Memorandum of Understanding committing China to improve protection for ~~U.S.~~ intellectual property, including providing strong protection for U.S. inventions and copyrighted works, computer software and sound recordings, and trade secrets.
- Japan amended its copyright law: to extend the protection of sound recordings to 50 years; to protect foreign sound recordings created between 1968 and 1978; and to extend to foreign producers the right to authorize and prohibit the rental of their sound recordings from one year from the date of release.

1991

- Paraguay joined the Berne Convention for the Protection of Literary and Artistic Works.
- Romania and the United States reached agreement on a trade accord that includes strong protection for intellectual property rights.

- o The Government of Argentina introduced comprehensive patent reform legislation to the Congress.
- o Chile implemented its new patent and trademark law.
- o Indonesia's Patent Law took effect.
- o Mexico enacted a copyright law which extends the term of protection for sound recordings, creates rental rights and significantly increased sanctions.
- o Mexico enacted an industrial property law which extended patent protection to chemical, pharmaceutical and metal alloy products, as well as to some biotechnological inventions; extended the term of patent protection to 20 years from filing; and extended the term of trademark protection to a renewable period of ten years.
- o China's new copyright law took effect.
- o The European Community adopted a directive requiring member states to provide copyright protection for computer software programs.
- o The United States and Bulgaria signed a trade agreement including strong protection for intellectual property rights.
- o Korea enacted trade secrets legislation.
- o Chile enacted a revised Patent and Trademark Law, including product patent protection for pharmaceuticals.
- o The United States and the People's Republic of Mongolia signed a trade agreement including strong protection for intellectual property rights.
- o Singapore strengthened its Trademark Law.

1990

- o The European Community took a "common position" on protection for computer software, including a 50-year term of copyright protection.
- o Malaysia amended its copyright law and acceded to the Berne Convention for the Protection of Literary and Artistic Works.
- o Japan enacted a law protecting trade secrets.
- o Chile clarified its copyright protection for computer software, thus ensuring that it is a "literary work."
- o The United States signed a trade agreement with Czechoslovakia which includes strong terms of protection for intellectual property rights.

- o Yugoslavia amended its patent law to extend the term of protection to 20 years from filing, among other improvements.
- o The United States signed a trade agreement with Poland which includes strong terms of protection for intellectual property rights.
- o The Federal Republic of Germany increased penalties for infringement of intellectual property rights.

1989

- o Taiwan and the United States concluded an agreement on the protection and enforcement of rights in audio-visual works.
- o Saudi Arabia enacted a new copyright law.
- o Portugal increased penalties for audio piracy.
- o Indonesia enacted its first patent law including product protection for pharmaceuticals, effective August 1991.
- o Colombia passed a law defining computer software as copyrightable material.
- o Spain extended patent protection to U.S. plant varieties on a reciprocal basis.
- o Colombia resolved royalty remission problem concerning motion pictures.
- o Taiwan agreed to expeditiously resolve copyright problems concerning motion pictures.
- o Saudi Arabia adopted a patent law.
- o A Uruguay Round mid-term review decision on intellectual property was reached.
- o A Bilateral Agreement on Copyrights was signed with Indonesia.
- o A Bilateral Copyright Agreement was negotiated and initialled with Taiwan.