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SUBCOMMITTEE ON TRADE
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

WRITTEN COMMENTS
ON
**H.R. 4782, EXTENDING
UNCONDITIONAL NORMAL TRADE
RELATIONS TO GEORGIA**



JULY 11, 2000

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ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

Subcommittee on Trade

FOR IMMEDIATE RELEASE

Contact: (202) 225-6649

June 30, 2000

No. TR-22

Crane Announces Request for Written Comments on H.R. 4782, Extending Unconditional Normal Trade Relations to Georgia

Congressman Philip M. Crane (R-IL), Chairman, Subcommittee on Trade of the Committee on Ways and Means, today announced that the Subcommittee is requesting written public comments for the record from all parties interested in H.R. 4782, a bill to provide for the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the Republic of Georgia (Georgia).

BACKGROUND:

At present, the trade status of Georgia is subject to the Jackson-Vanik amendment to Title IV of the Trade Act of 1974 (P.L. 93-618), the provision of law governing the extension of NTR to nonmarket economy countries ineligible for such status as of the enactment of the Trade Act. A country subject to this provision may gain conditional NTR, including NTR tariff treatment, only by complying with the freedom-of-emigration criteria under the Trade Act and by concluding a bilateral commercial agreement with the United States providing for reciprocal nondiscriminatory treatment. The extension of NTR is also subject to congressional approval. The Trade Act authorizes the President to waive the requirements for full compliance of the emigration criteria with respect to a particular country if he determines that such a waiver will substantially promote the freedom-of-emigration provisions and if he has received assurance that the emigration practices of the country will lead substantially to the achievement of those objectives.

On June 1, 1990, the United States concluded a bilateral trade agreement with the Soviet Union, which was approved by Congress in a joint resolution signed into law on December 9, 1991 (P.L. 102-197). In Proclamation 6352 of October 9, 1991, the President proclaimed that this agreement had entered into force and non-discriminatory treatment would be extended to the products of the Soviet Union. Subsequently, the Soviet Union was succeeded by 12 independent states including Georgia.

On May 6, 1992, the President determined that a Jackson-Vanik waiver for Georgia would substantially promote achievement of the freedom-of-emigration criteria in the statute. This determination was followed on June 3, 1992, by Executive Order 12908, under which the Georgia's Jackson-Vanik waiver entered into force. NTR was extended to Georgia effective August 13, 1993, following an exchange of diplo-

matic notes applying the provisions of the United States-Soviet Union agreement to Georgia in a new bilateral agreement.

On June 3, 1997, the President determined that Georgia was in full compliance with the Jackson-Vanik freedom-of-emigration criteria. This determination removed the need for future waivers to continue NTR, although Georgia's trade status remains subject to the terms of the Jackson-Vanik amendment.

Pursuant to section 122 of the Uruguay Round Agreements Act (P.L. 103-465), requiring congressional consultation prior to country accessions to the World Trade Organization (WTO), the United States Trade Representative transmitted detailed materials to the Committee on Ways and Means on September 7, 1999, on the pending accession of Georgia to the WTO. Because the United States has not extended unconditional NTR to Georgia as a result of the application of the Jackson-Vanik amendment, the United States had to invoke the non-application clause of the WTO (Article XIII) at the WTO General Council meeting on Georgia's accession on September 30, 1999, meaning that the United States would not apply the WTO Agreements to Georgia upon that country's accession to the WTO. Georgia formally became a member of the WTO on June 14, 2000.

On June 29, 2000, Chairman Crane introduced H.R. 4782, authorizing the President to determine that the Jackson-Vanik amendment should no longer apply to the Republic of Georgia and after making such a determination to proclaim the extension of nondiscriminatory treatment to the products of that country. If the bill were to become law, the United States would be able to extend unconditional NTR to Georgia, and all rights and obligations under the WTO agreed to by the two countries would apply. Similar legislation, S. 2141, was introduced in the Senate by Senator Sam Brownback (R-KS) on March 2, 2000.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record should submit six (6) *single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and comments date noted on label*, by the close of business, Tuesday, July 11, 2000, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, typed in single space and may not exceed a total of 10 pages including attachments. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "<http://waysandmeans.house.gov>".

July 7, 2000

The Honorable Philip M. Crane
Chairman
Ways and Means Sub-Committee on Trade
1104 Longworth House Office Building
Washington, DC 20515-6354

Dear Mr. Chairman:

Thank you for asking me to submit comments concerning extension of unconditional Normal Trade Relations (NTR) to the Republic of Georgia. While I write in my personal capacity, I have been Chair of the Atlantic Council's Balkan Task Force since its inception in 1996 and a Vice Chair of its Board. I have also participated actively in the Council's work on Russia and the Newly Independent States.

I strongly support extension of unconditional NTR to the Republic of Georgia. By any account, Georgia has long since met the freedom-of-emigration criteria set forth in Jackson-Vanik and has long since met other criteria established in the Trade Act of 1974. Georgia was first determined to have met these criteria in 1992 by Executive Order 12908, leading to the extension of provisional NTR in 1993. Georgia formally became a member of the World Trade Organization on June 14, 2000. While Georgia still has room for improvement, it has made strong progress on issues related to the treatment of minorities and the development of democratic governmental and market economy institutions.

Georgia's integration into the world economy ranks among important foreign policy interests of the United States in the region. The inability of the United States to engage Georgia fully due to the limitations established by Jackson-Vanik limits U.S. policy and influence throughout the region. Officials within the U.S. Department of State strongly support the extension of NTR to Georgia, point to Georgia as a "positive example" and see Georgia as the best case for NTR in the region.

Extension of nondiscriminatory treatment to Georgia will effectively enhance bilateral relations between Georgia and the United States as well as U.S. relations with the whole region. Such extension will also allow the United States to take full advantage of the rights and obligations agreed to under the Uruguay Round Agreements of the WTO so far as they relate to Georgia.

In addition, Georgia's participation in the WTO will, by increasing interaction with other nations by Georgian officials and their superiors in government and the legislature, help Georgia become a fully contributing member of the community of democratic, market economy nations, something which is of interest to the United States as well as Georgia.

In short, I urge the Congress to act to extend unconditional NTR to the Republic of Georgia as this is in the interest of the United States.

Sincerely,

ROGER KIRK
*Former Ambassador to Romania
Chair, Balkan Task Force of the
Atlantic Council of the United States*

DISCUS
WASHINGTON, DC 20005
July 10, 2000

The Honorable Philip M. Crane
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

RE: HR 4782, Extension of Unconditional Normal Trade Relations to the Republic of Georgia

Dear Mr. Chairman:

On behalf of the Distilled Spirits Council of the United States (DISCUS), I am writing to express our strong support for the extension of unconditional normal trade relations (NTR) to the Republic of Georgia. DISCUS is the national trade association representing U.S. producers, marketers, and exporters of distilled spirits products. On October 15, 1999, DISCUS submitted comments to the Subcommittee on Trade in support of extending NTR to Georgia and several other ex-Soviet states. Since that time, Georgia has formally acceded to the World Trade Organization, making the extension of NTR even more urgent if the United States is to benefit from Georgia's participation in the rules-based trading system.

During the negotiation of Georgia's WTO accession agreement, DISCUS worked closely with officials from the Office of the U.S. Trade Representative (USTR) to secure improved terms of access to the Georgian market. USTR negotiators succeeded in striking an agreement with Georgia that would involve a substantial reduction of tariffs on imported distilled spirits, with a final rate of 1.5 ECU per liter of pure alcohol. In addition, the accession terms require that Georgia provide the full range of protection for trademarks and geographical indications, as required by the WTO Agreement on Trade Related Intellectual Property (TRIPs), immediately upon accession.

The extension of unconditional NTR will create the stable trading environment necessary to enable U.S. distillers to take full advantage of Georgia's accession to the WTO. In the absence of extending NTR to Georgia, U.S. companies will not enjoy the favorable terms that USTR steadfastly negotiated as part of Georgia's WTO accession agreement, and our exporters will be placed at a competitive disadvantage vis-à-vis firms of other WTO members who are prepared to fully apply the WTO to Georgia.

For these reasons, we strongly support the extension of unconditional normal trade relations to Georgia.

Sincerely,

MARK T. BAKER
Vice President,
International Trade

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Request for Written Comments on H.R. 4782

Dear Mr. Singleton:

This statement is filed on behalf of JBC International (JBC). JBC appreciates the opportunity to comment on H.R. 4782 to extend *normal trade relations treatment* (NTR) to the Republic of Georgia (Georgia). JBC supports H.R. 4782, which will extend unconditional NTR to Georgia and will terminate the application of Title IV of the Trade Act of 1974 to Georgia.

Introduction

JBC International is an international business-consulting firm that provides strategies to expand, increase, and protect the international business of corporations. JBC provides strategic advice to companies and governments on such international trade issues as intellectual property rights, customs automation, classification and valuation issues, and tariff regimes. Our clients are Fortune 500 multinational corporations with offices and manufacturing facilities in more than a hundred countries worldwide. Members of our firm sit on a number of international trade-related committees and councils and have a decades long involvement with the issues and implications of international trade.

Support for Unconditional NTR with Georgia

JBC supports the granting of unconditional NTR to Georgia for multiple reasons. First, the passage of this bill will allow the United States to apply the World Trade Organization (WTO) Agreement to Georgia, including all the accompanying rights and obligations under the treaty. Such obligations include abiding by the internationally recognized WTO dispute settlement mechanisms. These mechanisms encourage fair trade and enable U.S. companies to compete on a level playing field.

They also foster the rule of law in member countries. In this regard, U.S. companies can look forward to greater intellectual property protection than has been historically provided in the states of the former Soviet Union.

Extending NTR to Georgia will also enable the Georgian economy to benefit from greater bilateral trade flows with the United States. A growing economy will increase the demand for all goods. In 1999, the number of countries trading with Georgia increased from 54 to 110. Laws such as H.R. 4782 will help U.S. firms to maintain their competitiveness in Georgia's increasingly crowded import market by continuing to extend the trade preferences that U.S. firms have received for most of the past decade.

Failure to ratify H.R. 4782 would be mean a retrenchment for U.S. companies doing business in Georgia. Companies would continue without the rights and protections extended to the United States-Georgia trade by the WTO. Other countries would move quickly to fill the gap. Total international trade flows for Georgia last year exceeded \$800 million. In 1999, Georgia conducted 40% of its foreign trade with members of the Commonwealth of Independent States, and 22% with European Union countries. Without equal access to this market, U.S. firms will steadily lose ground.

H.R. 4782 provides an effective means of incorporating Georgia into the world trading system. H.R. 4782 also fosters the rule of law and strengthens the Georgian economy while providing adequate protections to U.S. companies under WTO Agreements. It is important that the United States continues to encourage the Republic of Georgia as a fellow member of the global economy and that U.S. firms compete with their European and Asian counterparts on equal terms in the Georgian market. For these reasons, JBC International supports the enactment of H.R. 4782

Submitted by JBC International.

JAMES B. CLAWSON
CEO

MARLOWE WINES & SPIRITS, LLC
LARCHMONT, NEW YORK 10538
July 11, 2000

To: A.L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Re: HR.4782

Dear Sir:

We are pleased to introduce ourselves. Our company has been importing Georgian wines into the United States for the last three years. We represent Georgian Wines & Spirits Company, Limited here.

Through my travels in Georgia and business contacts established there I have come across numerous business opportunities for trade development. Georgia can become a supplier to the United States of numerous agricultural products including canned goods. There is also opportunity for various consumer products to be im-

ported here from Georgia. However, without favorable (normal) trade relations between the USA and Georgia, the required investment for production in Georgia is very difficult to justify. Normal trade relations will facilitate financing for these projects.

If we can provide any additional information, please contact us.

Sincerely yours,

RICHARD GARFINKEL
Marlowe Wine & Spirits

Statement of NCSJ Advocates on behalf of Jews in Russia, Ukraine, the Baltic States & Eurasia

Introduction

NCSJ appreciates the opportunity to share its written comments with the Committee on the extension of Permanent Normal Trade Relations (“PNTR”) to the Republic of Georgia. NCSJ represents the organized American Jewish community with respect to Jewish concerns in the successor states to the former Soviet Union. Since the enactment of the Jackson-Vanik Amendment in 1974, the U.S. Congress and, in particular, the House Committee on Ways and Means, Trade Subcommittee has actively sought to protect the rights of minorities in the countries subject to the Amendment. We believe it is of continuing importance to the Committee to ensure that the graduation of Georgia, or any other successor state to the former Soviet Union, reflect this strong and long-standing commitment to the protection of human rights.

NCSJ has supported, within the legal framework of the Jackson-Vanik Amendment, Presidential determinations to extend PNTR (*i.e.* Most-Favored Nation “MFN”) to certain former Soviet Republics through the exercise of Presidential waivers and Presidential determinations of compliance with the Amendment. It is not the position of NCSJ that the terms of Jackson-Vanik should apply in perpetuity to the former republics of the Soviet Union. However, graduation for any successor state must be conditioned upon the development of a legal structure that guarantees internationally recognized human rights for its Jewish citizens, and other such minorities, and in so doing, for all nationals of the country. In the absence of a legal system incorporating such rights into its legal system, provides little certainty that its citizens will have the right to emigrate guaranteed in law and administrative practice.

Terms of Reference

The Jackson-Vanik Amendment in Title IV of the Trade Act of 1974 (P.L. 93-618, 19 U.S.C. 2432) was enacted to “assure the continued dedication of the United States to fundamental human rights,” and in so doing addressed eliminating barriers to emigration. For all intent and purpose, the application of Jackson-Vanik has encompassed the observance of internationally recognized human rights including—but not limited to—the right of emigration. Congress has recognized that Jackson-Vanik has become an instrument of U.S. policy for assessing certain countries’ observance of basic human rights and the protection of minorities. These principles are reflected in H.R. 4782.

The recognition of these basic human rights by each of the successor states to the former Soviet Union is fundamental to the reemergence of Jewish communities and communal life. Assessing the observance of these rights in the legal and administrative structure is the baseline for determining whether NCSJ can support the extension of unconditional PNTR.

The sole criteria for the extension of PNTR, *i.e.*, graduation of a successor state from Jackson-Vanik, is whether a successor state has satisfied the human rights considerations embodied in the Amendment. The accession of a successor state to the WTO is an insufficient basis for the granting of PNTR. Rather the granting of PNTR and the conclusion of a bilateral trade agreement should be the consequence of a successor state adopting and implementing basic human rights, such as the absolute right to emigrate.

The commitment of the U.S. Congress for more than a quarter-century to achieving the objectives envisioned by the Jackson-Vanik Amendment are neither conditioned nor limited by the accession of a successor state to the WTO. In other words, graduation of any successor state from the terms of Jackson-Vanik must be based upon an assessment of emigration policies as reflected in law and fact, and, no less

importantly, other national policies that affect the status of ethnic and religious minorities, such as the Jewish community. This has been and continues to be the foundation of the Jackson-Vanik Amendment. With rare exception, virtually every Member of Congress has subscribed to this formulation. In joint resolutions, declarations, letters to officials to the FSU and successor states and in meetings with officials prior to and following the dissolution of the FSU. In particular, with respect to the Jewish minority, Congress' record is unambiguous. Therefore, graduation must be conditioned upon Congressional consideration of the following standards and conditions:

Unrestricted right of emigration, protection of minority rights, including (legislation to provide protection against incitement to violence against persons or groups based on various criteria, including religion, e.g. anti-Semitism), and the exercise of freedom of religion;

The incorporation of human rights standards (including freedom of emigration and religion) into the country's constitutional and legal structure, their protection by the judiciary, and the implementation of administrative practices that do not detract from such rights;

Participation in bilateral and multilateral mechanisms related to the observance of religious freedom and basic human rights, demonstrating a commitment to these freedoms and rights.

The government of Georgia has been responsive to concerns of the Jewish community, has accepted and continued its obligations with respect to outstanding issues of communal property restitution, and has cultivated close relations with the United States and Israel. The leadership of President Eduard Shevardnadze presents a useful model for other Soviet successor states, but Georgia's future is not yet guaranteed. Beyond the challenge of developing the next generation of domestic leaders, instability continues to plague Georgia's geographic and political life.

Conclusion

NCSJ believes that any legislation to graduate successor states from the Jackson-Vanik Amendment should acknowledge assurances from the respective governments regarding freedom of emigration and other human rights. In other words, there should be an assurance provided to the United States regarding these matters.

NCSJ welcomes the inclusion of language in H.R. 4782 reflecting the commitment of the United States Congress to advancing the basic rights of minorities in Georgia and the other Soviet successor states. NCSJ, upon the evaluation of the criteria identified above has concluded that Georgia has satisfied the criteria for graduation from the Jackson-Vanik Amendment.

On this basis, NCSJ supports the enactment of H.R. 4782 as introduced.

