

1 EXECUTIVE COMMITTEE MEETING
2 WEDNESDAY, NOVEMBER 20, 1991
3 U.S. Senate
4 Committee on Finance
5 Washington, D.C.

ORIGINAL

6 The meeting was convened, pursuant to notice, at 11:11 a.m.
7 in Room SD-215, Dirksen Senate Office Building, Hon. Lloyd
8 Bentsen (Chairman) presiding.

9 Also present: Senators Moynihan, Baucus, Bradley, Pryor,
10 Rockefeller, Breaux, Packwood, Roth, Danforth, Chafee, Symms,
11 Grassley, and Hatch.

12 Also present: Vanda McMurtry, Staff Director and Chief
13 Counsel; Ed Mihulski, Chief of Staff, Minority.

14 Also present: Josh Bolten, Under Deputy Secretary, USTR;
15 Richard Kaslarich, Deputy Assistant Secretary, USTR; Robert
16 Kyle, Chief Trade Counsel, Majority; Debbie Lamb, Trade
17 Counsel, Majority; and Brad Figel, Chief Trade Counsel,
18 Minority.

19 (The press release announcing the meeting follows:)

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1 The Chairman. This hearing will get underway. If you will
2 please be seated and cease conversation. We turn first to the
3 Senate Joint Resolution 215, a resolution approving the
4 extension of most favored nation treatment to the Soviet Union
5 and the trade agreement that the President forwarded to us
6 earlier this fall.

7 There is no question that the political relationship
8 between the United States and the Soviet Union as dramatically
9 changed. I think it is high time that our economic relations
10 reflect that kind of a sweeping change. That is why I put this
11 issue high on the committee's schedule.

12 The first week after we returned from the August recess we
13 held hearings on this question, on the broader question of our
14 economic relations with the former Soviet Union and the newly
15 independent Baltic States. Let me make it clear though that we
16 are not taking up legislation today that would grant MFN to the
17 Baltics. It is my hope that we will be able to enact
18 legislation that will give them MFN before the end of the week.

19 For the Soviets MFN will be the first step in normalizing
20 our commercial relations. Now MFN is not going to be some kind
21 of a fantasy that solves all the economic problems of the
22 Soviet Union, but it ought to help it get back on a growth
23 track by boosting their export earnings and letting them get
24 some hard currency that they desperately need to get them
25 through the winter.

1 At the same time our companies should benefit from improved
2 access to the Soviet Union so they can position themselves to
3 do business just as the Japanese and the Europeans are working
4 very much to accomplish, see that we get on the same footings.

5 No question with what the situation with the Soviet Union
6 is still very uncertain. We do not know, for example, which of
7 the republics are going to participate in the economic
8 community. We do not know what that economic community is
9 going to finally look like. I heard many of my colleagues
10 expressing those kinds of concerns in our meeting in September.

11 But in my view that is not a reason for us to continue to
12 deny MFN to the Soviet Union. It is, however, a reason for us
13 to insist that the administration consult with us every step of
14 the way, regularly and closely on the operation of this trade
15 agreement and any problems that might arise.

16 For that reason I wrote Secretary Baker proposing that we
17 establish a consultive mechanism to monitor the agreement. The
18 State Department has agreed to that. I expect us to be hearing
19 often and in detail from the administration about what is going
20 on in the Soviet Union and what this means for the operation of
21 the trade agreement.

22 All of the companies I have talked to want us to move
23 quickly to approve this trade agreement. They are willing to
24 accept some uncertainty as they begin to explore the new
25 opportunities in all parts of the Soviet Union.

1 I am sure they have some concerns and I want to mention two
2 of them here. They want assurances, for example, that the
3 Soviets will stand good on their outstanding debts, that they
4 will make good on them and to the American suppliers that they
5 owe them to. I share that concern. I expect the Soviet Union
6 will use some of their hard currency earnings to pay off their
7 debts.

8 Some companies are concerned about the problems the Soviets
9 might have in setting prices based on supply and demand and not
10 set by bureaucrats in Moscow. This is a new area for them; and
11 obviously, they are feeling their way.

12 I think we ought to be helping the Soviets with all the
13 technical assistance they need in order to make sure that our
14 companies are not adversely affected by transitional placing
15 mechanisms. I do not want to see our industry hit by Soviet
16 dumping.

17 You heard Mr. O'Neill referring to some of the problems
18 that they have with aluminum. Despite these concerns, I do not
19 know of even one company that wants us to delay granting MFN
20 while the Soviet Union gets its economy in order. They want to
21 get on with their business, do what they can in the newly
22 constituted Soviet Union. I do not think we should stand in
23 the way.

24 I have a letter from our former Trade Ambassador, new
25 Ambassador to the Soviet Union, a fellow named Bob Strauss, who

1 also is urging us to act expeditiously in granting MFN to the
2 Soviet Union. I enter that into the record.

3 (The letter appears in the appendix.)

4 The Chairman. I now defer to my colleague, Senator
5 Packwood, for any comments he would want to make.

6 Senator Packwood. No comments, Mr. Chairman.

7 The Chairman. I turn to my friend, Senator Bradley, for
8 his comments and concerns.

9 Senator Bradley. Thank you very much, Mr. Chairman.

10 I will not support granting most favored nation status to
11 the former Soviet Union. I do not know if we will have a roll
12 call vote, but I would like to state my opposition for the
13 record.

14 This trade agreement was negotiated with the former Soviet
15 Union. The Soviet Union that now exists is not the one with
16 whom the trade agreement was negotiated. Powers devolving to
17 the republics, the Baltics have declared independence. We have
18 recognized that independence and we have pending to grant to
19 the newly independent Baltic nations MFN. I support that.

20 It is my guess that in December Ukraine for vote for
21 independence and they will seek most favored nation status. It
22 is my hope that we will recognize them and grant most favored
23 nation status. This is an example of what is on the horizon.

24 I think that granting most favored nation status to the
25 former Soviet Union is a little bit of a contradiction. I

1 think that it sends the wrong signal to those who seek self-
2 determination and democracy in the republics. I think it is an
3 effort to bolster up a central government that daily is losing
4 power and that gradually our administration recognizes.

5 As a fact, witness the latest grain agreement that will now
6 go through the republics, not through the central government.

7 So I will not support this, but I certainly do support the
8 Baltic MFN should it be joined to this at any point in the
9 future.

10 I thank the Chairman for his consideration.

11 The Chairman. I thank the Senator for his comments.

12 Senator Baucus?

13 Senator Baucus. Mr. Chairman, I think it is important that
14 we proceed and go ahead and adopt this agreement. I understand
15 the concerns of the Senator from New Jersey.

16 It is clear that the events in the Soviet Union -- I mean
17 the republics are evolving. It is also clear that we must not
18 be timid as a country. We must move ahead and meet evolving
19 events as best we possibly can.

20 The countries of Japan and the European community certainly
21 are not timid. They in effect have their MFNs. They face the
22 same problems with respect to the Soviet Union and the evolving
23 republics as we and I feel that we have no alternative but to
24 proceed and handle this the best we possible can. It is
25 written in a way to deal with evolving republics and that the

1 consulting arrangements be worked out in the State Department,
2 we in the Congress can work with the administration as we
3 handle this very, very changing, but very exciting period in
4 world history.

5 I, therefore, move that the committee favorably report the
6 resolution.

7 The Chairman. If I may ask for any comments by other
8 Senators, if they have any.

9 (No response.)

10 The Chairman. The motion has been made. Is there a
11 second.

12 Senator Packwood. Second.

13 The Chairman. All in favor make it known by saying aye.

14 (A chorus of ayes.)

15 The Chairman. Opposed?

16 Senator Bradley. No.

17 The Chairman. The motion is carried. Thank you very much.

18 In September Senators Nowak, Akaka wrote to me asking that
19 the Finance Committee request a study on the conditions of
20 competition in the macadamia nut industry. In particular,
21 there is a concern about the impact that imports from Australia
22 are having on the U.S. industry.

23 I would ask the committee to approve the request. I might
24 say that this is one I am sure Senator Matsunagua would have
25 agreed with.

1 Senator Packwood. If a study can be named after a Senator,
2 can we name the study after him?

3 The Chairman. Let's do that. The Matsunagua Study. Let's
4 do that.

5 Senator Packwood. I so move.

6 The Chairman. All right.

7 All in favor make it known by saying aye.

8 (A chorus of ayes.)

9 The Chairman. Opposed?

10 (No response.)

11 The Chairman. No nos. The study is approved.

12 (Whereupon, the meeting adjourned at 11:50 a.m.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a Executive Committee Meeting, Committee on Finance, United States Senate, held on November 20, 1991, were transcribed as herein appears and that this is the original transcript thereof.

William J. Moffitt
WILLIAM J. MOFFITT
Official Court Reporter

My Commission Expires April 14, 1994.

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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

JANIS B. MURPHY, STAFF DIRECTOR AND CHIEF COUNSEL
LEAH NEUMANN, STAFF, MINORITY CHIEF OF STAFF

The Honorable
Anne Brunsdale
Acting Chairman
U.S. International Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

It has come to the attention of the Committee on Finance that the U.S. macadamia nut industry is concerned about the competitive factors affecting their industry, including competition from imports from Australia.

In order to assess more fully the nature and extent of these problems, more information is required concerning economic and competitive conditions in the macadamia nut industry. To provide this information, the Committee on Finance requests that the U.S. International Trade Commission conduct an investigation under section 332(g) of the Tariff Act of 1930, as amended (19 U.S.C. 1332(g)), and report on the economic and competitive conditions affecting the macadamia nut industry.

In its investigation, the Commission should, to the extent possible, develop information pertinent to the macadamia nut industry in the United States, including, but not limited to, the following factors:

- (1) A description of the competitive factors affecting the domestic macadamia nut industry, including competition from imports of macadamia nuts;
- (2) A description of the extent to which trade practices and barriers to trade by other competing countries are impeding the marketing of domestically produced macadamia nuts; and
- (3) An analysis of current conditions of trade in macadamia nuts between the United States, Australia, and the rest of the world and any recent changes in such conditions, including information on prices, cost of production, and marketing practices.

The Honorable
Anne Brunsdale

Page Two

The Committee requests that, in the course of its investigation, the Commission consider holding a public hearing, including consideration of a field hearing, so that industry representatives and other interested parties may present their views.

The Commission is requested to report the results of the investigation by November 13, 1992.

Thank you for your cooperation in this matter.

Sincerely,

Lloyd Bentsen
Chairman

**BACKGROUND INFORMATION ON S.J. RES. 215, A RESOLUTION
APPROVING THE EXTENSION OF MOST-FAVORED-NATION (MFN)
TREATMENT TO THE UNION OF SOVIET SOCIALIST REPUBLICS**

(Prepared by the Staff of the Senate Committee on Finance)

This document provides background information relevant to the Committee's consideration of the trade agreement with the Union of Soviet Socialist Republics (Soviet Union) and S.J. Res. 215, a resolution approving the extension of most-favored-nation (MFN) treatment to that country.

The trade agreement was signed on June 1, 1990, and was forwarded to the Congress for its approval on August 2, 1991. As required by Title IV of the Trade Act of 1974, S.J. Res. 191, a resolution approving the extension of MFN treatment to the Soviet Union, was introduced by request on August 2, 1991 and referred to the Committee on Finance. Because the Baltic states had not regained their independence as of the date on which the trade agreement was submitted to the Congress, both the Presidential proclamation of MFN treatment that accompanied the trade agreement and the joint resolution introduced on August 2, 1991 approving that proclamation provided that Estonia, Latvia, and Lithuania would receive MFN treatment pursuant to the trade agreement negotiated with the Soviet Union.

The Baltic republics gained their independence after the trade agreement was submitted to the Congress, necessitating modifications to the proclamation of MFN treatment that accompanied the trade agreement and to the joint resolution approving the extension of MFN treatment. On October 9, 1991, the President retransmitted the agreement, with a corrected proclamation, and a corresponding resolution -- S.J. Res. 215 -- was introduced by request on October 15, 1991. Both the proclamation and the corresponding resolution provide that only the Soviet Union, and not the newly independent Baltic states, would receive MFN treatment pursuant to the trade agreement. The Senate also agreed on October 15, 1991 to postpone indefinitely consideration of S.J. Res. 191.

The Committee held hearings on the trade agreement on September 11 and 12, 1991.

This document provides information on the statutory requirements for extending MFN treatment to the Soviet Union; compliance with the Jackson-Vanik freedom-of-emigration requirements; the trade agreement itself; procedures for Congressional consideration of the trade agreement; and background on U.S.-Soviet trade. Copies of S.J. Res. 215 and an article-by-article summary of the agreement are attached. The full text of the agreement and copies of the accompanying side letters are available in the Committee on Finance. They have also been printed as House Document 102-127.

Statutory requirements for granting MFN treatment to the products of communist countries.--The United States maintains two rates of customs duties for most imported products. The "column 1" rates of duty are relatively low, the result of various rounds of multilateral, reciprocal tariff negotiations. The "column 2" rates of duty are much higher; these were set by the Smoot-Hawley Tariff Act of 1930. The lower "column 1" rates of duty apply to countries to which the United States grants MFN treatment. Column 2 rates of duty apply to countries not accorded MFN status.

In 1951, Congress enacted the Trade Agreements Extension Act which required the President to suspend MFN status for the Soviet Union and for "any nation or area dominated or controlled by the foreign government or foreign organization controlling the world communist movement." In Title IV of the Trade Act of 1974 (1974 Trade Act), Congress created a new statutory scheme for restoring MFN treatment to the products of those countries not receiving MFN treatment as of the date of enactment of the 1974 Trade Act (January 3, 1975), including the Soviet Union.

Under Title IV, the President may grant MFN treatment to these countries only if two basic conditions are met: (1) compliance with the requirements of the freedom-of-emigration provisions of the 1974 Trade Act, commonly known as the Jackson-Vanik amendment, or a waiver of those requirements; and (2) conclusion of a bilateral commercial agreement with the United States that contains specific provisions identified in section 405 of the 1974 Trade Act.

Compliance with Jackson-Vanik requirements.--Under the Jackson-Vanik amendment (section 402 of the 1974 Trade Act, as amended), MFN treatment may be granted to non-market economies if the President finds that the country is affording its citizens the right of free and unrestricted emigration. The President is authorized to waive this requirement if he determines that doing so will substantially promote the objectives of the law and if he has received assurances that the emigration practices of the country will lead substantially to the achievement of the objectives.

The President first waived the Jackson-Vanik requirements for the Soviet Union on January 3, 1991, at which time the country became eligible for U.S. Government credits and credit guarantees. On June 3, 1991, the President extended the waiver for one year.

In his report to the Congress, the President stated that emigration from the Soviet Union has steadily increased every year since 1984. The President noted that more than 370,000 Soviet citizens emigrated in 1990, almost double the figure from 1989. He noted that the rate of emigration in the first quarter of 1991 was not as high as the last quarter of 1990, but that this was due in large part to a slowdown in movement to Israel as a result of the Gulf War. In addition, the President stated that the Soviet Government had pledged to maintain high rates of emigration and that on May 20, 1991, the Supreme Soviet passed an entry/exit law that, for the first time, formally codified the right to emigrate.

The trade agreement.--Title IV of the 1974 Trade Act also requires that a bilateral commercial agreement be in effect before MFN treatment may be granted to the countries subject to Title IV. The President is authorized to enter into such an agreement only if he determines that the Jackson-Vanik requirements have been met or waives the requirements. Section 405 of the Act also sets forth a number of specific provisions that must be included in these agreements. They must, for example: be limited to three years in duration (but are renewable for three-year periods); provide for suspension or termination at any time for national security reasons; include safeguard arrangements; and include provisions relating to the protection of intellectual property, the settlement of disputes and the promotion of trade.

On June 1, 1990, Presidents Bush and Gorbachev signed a bilateral commercial agreement providing for the reciprocal extension of MFN treatment. The agreement also contains a number of additional provisions designed to facilitate trade between the two countries. Included in the agreement are measures to encourage the mounting of trade promotion events; ease the establishment of business offices and the direct hire of employees; and improve the transparency of laws and regulations affecting trade and commercial matters. Additional provisions require that trade be conducted in convertible currencies and require the parties to provide non-discriminatory treatment with respect to a range of financial transactions. In addition, hard currency earnings from trade may be immediately repatriated. Further, the Soviet Union agreed to make significant improvements to its intellectual property laws. A summary of the agreement is also attached.

President Bush first submitted the agreement to the Congress for its approval on August 2, 1991, and retransmitted the agreement on October 9, 1991.

Procedures for Congressional consideration of the trade agreement.--The 1974 Trade Act, as amended by the Customs and Trade Act of 1990, provides expedited ("fast-track") legislative procedures for Congress to consider both bilateral commercial agreements and Presidential declarations proclaiming MFN status for those countries which have entered into commercial agreements which meet the Title IV requirements.

Under Title IV, as amended, such trade agreements and MFN proclamations may take effect only after the House and Senate adopt a joint resolution of approval under "fast-track" procedures (i.e., no amendments and limited debate). Under section 151 of the Trade Act of 1974, the approval resolution with respect to such trade agreements is automatically referred to the Finance Committee. No amendments are in order. The procedures of section 151 provide for final Congressional action on an approval resolution within 60 session days after its introduction (or 90 days if the resolution is a revenue measure).

U.S. trade with the Soviet Union.--U.S. trade volumes with the Soviet Union are low, due largely to persistent Soviet hard currency shortages, the poor quality of Soviet goods, and chronic Soviet production problems. In 1990, U.S. exports to the Soviet Union totaled just over \$3 billion, down almost 30 percent over 1989 levels. Leading U.S. exports are corn, wheat, oil seeds, fertilizers and other agricultural products. Imports from the Soviet Union last year reached just over \$1 billion, up 50 percent over 1989. Oil, ores, precious metals, anhydrous ammonia and alcoholic beverages are among our leading imports from the Soviet Union.

For the first eight months of 1991, U.S. exports to the Soviet Union were valued at just over \$2 billion -- a 22 percent decline from the comparable period in 1990. U.S. imports from the Soviet Union reached \$576 million through August 1991, up one percent over the first eight months of 1990.

The General Accounting Office (GAO) has estimated, based on trade data for the years 1987-1989, that granting MFN to the Soviet Union would reduce the weighted average tariff rate on dutiable imports from the Soviet Union by 4.7 percent. The GAO has noted that, although the Soviet Union does not have MFN status, U.S. tariff rates on Soviet imports are generally very low, primarily because the bulk of Soviet exports are raw materials and semi-manufactured goods that have low tariff rates. The GAO has stated that more than half of Soviet exports enter the United States duty free, and, on dutiable items, the weighted average tariff rate is 9.9 percent. That rate would drop to 5.2 percent -- the average MFN tariff rate on dutiable products -- if MFN is granted.

Attachments

102D CONGRESS
1ST SESSION

S. J. RES. 215

Approving the extension of nondiscriminatory treatment (most-favored-nation treatment) to the products of the Union of Soviet Socialist Republics.

IN THE SENATE OF THE UNITED STATES

OCTOBER 15 (legislative day, SEPTEMBER 19), 1991

Mr. MITCHELL (for himself and Mr. DOLE) (by request) introduced the following joint resolution; which was read twice and referred to the Committee on Finance

JOINT RESOLUTION

Approving the extension of nondiscriminatory treatment (most-favored-nation treatment) to the products of the Union of Soviet Socialist Republics.

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 **That the Congress approves the extension of non-**
- 4 **discriminatory treatment with respect to the products of**
- 5 **the Union of Soviet Socialist Republics transmitted by the**
- 6 **President to the Congress on October 9, 1991.**

○

SUMMARY OF THE U.S.-SOVIET TRADE AGREEMENT

ARTICLE I.--Article I provides that the United States and the Soviet Union shall accord most-favored-nation (MFN) treatment to each other's products with respect to customs duties and charges, the method of payment for imports and exports, all rules and formalities in connection with importation and exportation, taxes and internal charges and other laws and regulations affecting the sale, distribution and storage of products. Each country also agrees to accord to the products of the other MFN treatment with respect to the allocation of and access to the currency needed to pay for imported goods.

ARTICLE II.--Under Article II, the parties agree, on a reciprocal basis, to improve market access for each other's goods and services. In addition, the Soviet Union agrees to increase, step-by-step, national treatment for the United States' goods and services. The Article also provides that trade is to be conducted between the two countries by means of contracts concluded as exercises of independent commercial judgement on the basis of non-discrimination and customary commercial considerations such as price, quality, availability, delivery, and terms of payment. Article II also provides that neither country will require or encourage barter or countertrade. Finally, the countries commit to ensure that technical regulations and standards do not become obstacles to trade.

ARTICLE III.--Article III includes general provisions concerning the desirability of expanding two-way trade and commits both countries to take "appropriate measures" to encourage the expansion of commercial contacts. Both countries agree to facilitate the holding of trade promotional events and encourage their companies and citizens to participate in such events. Article III also provides that the United States and the Soviet Union will permit the duty-free importation and re-exportation of articles used in trade events. Finally, Article III encourages the expansion of trade in machinery, equipment and technologies.

ARTICLE IV.--Article IV obligates each country, consistent with applicable immigration laws, to permit government commercial offices to hire directly both host- and third-country nationals. This Article also contains general provisions concerning unhindered access to government commercial offices, the encouragement of participation in the activities of government commercial offices, and access to officials at federal and sub-federal levels.

ARTICLE V.--Article V contains a number of provisions aimed at facilitating business transactions between the two countries. These provisions relate to the establishment of private sector commercial offices, the direct hire of employees, importation of office equipment, access to office space and living accommodations, employment of agents and distributors, the stocking and distribution of samples and replacement parts, advertising, market research, and access to services provided by the governments (*e.g.*, public utilities). In addition, Article V establishes guidelines for accelerated accreditation procedures for U.S. firms operating in the Soviet Union.

ARTICLE VI.--This Article requires each country to make publicly available on a timely basis all laws and regulations relating to trade, investment, and other commercial matters. In addition, Article VI requires each party to permit nationals and companies of the other country to comment on the formulation of rules and regulations which affect the conduct of business.

ARTICLE VII.--Article VII stipulates that, unless otherwise agreed, commercial transactions should be conducted in U.S. dollars or other convertible currency. The Article also binds the parties not to restrict the export of convertible currencies or deposits obtained in connection with trade in goods and services and provides that nationals of each country may maintain bank accounts in the other country. Furthermore, Article VII requires non-discriminatory treatment with respect to a range of financial transactions.

ARTICLE VIII.--Article VIII stipulates that each party will ensure the protection of intellectual property and that all international commitments (*i.e.*, Paris Convention and Universal Copyright Convention) will be honored. Furthermore, the Soviet Union agreed to submit legislation concerning adherence to the Berne Convention, copyright protection for computer programs and databases, protection for sound recordings, patent protection for all areas of technology and protection of trade secrets. Side letters to the agreement provide details on the intellectual property commitments.

ARTICLE IX.--Each party agrees to facilitate the transit through its territory of products originating in the other country.

ARTICLE X.--Under Article X, each party also agrees to take steps to foster economic and technical cooperation in such fields as standards and statistics. Also, each country agrees to consult on services trade liberalization.

ARTICLE XI.--Article XI provides safeguard arrangements calling for prompt consultations and permitting the imposition of import restrictions in case of market disruption.

ARTICLE XII.--This Article incorporates a number of provisions relating to the settlement of disputes. For example, Article XII grants national treatment to the nationals and companies of either party with respect to access to the courts and administrative bodies of the other party, encourages the adoption of arbitration and sets forth desired arbitration procedures. The Article also provides that each country is to ensure that there is an effective means for the recognition and enforcement of arbitral awards.

ARTICLE XIII.--Article XIII stipulates that nothing in the agreement limits the right of either country to take actions to protect its national security interests.

ARTICLE XIV.--Under Article XIV, the two countries agree to consult periodically through the Joint U.S.-Soviet Commercial Commission to review the operation of the trade agreement. The Article also provides for prompt consultations in the case of disputes concerning the agreement.

ARTICLE XV.--This Article defines the key terms used in the agreement.

ARTICLE XVI.--This Article contains several exceptions to the agreement. The agreement is not to be construed, for example, to prohibit measures designed to secure compliance with laws which are not contrary to the purposes of the agreement, or measures to protect intellectual property rights.

ARTICLE XVII.--Article XVII deals with the entry into force of the agreement, stipulates that the initial term of the agreement will be three years, with possible extensions for three-year terms, and provides for termination of the agreement.

In separate side letters, each of which is an integral part of the agreement, the parties have made additional commitments concerning the protection of intellectual property, the promotion of tourism and commercial enterprises, currency convertibility, and bank accounts. The two countries also recognize that certain provisions of the agreement will not apply to textile trade. The Soviet Union also agreed to accede to the Convention Establishing the Customs Cooperation Council and to adopt the Harmonized Commodity Description and Coding System. Also, the United States agreed to seek Congressional repeal of the prohibition on imports of gold coins from the Soviet Union and the Soviet Union agreed, upon extension of MFN to the Soviet Union, to settle lend-lease accounts.