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ANNUAL REVIEW OF TELECOMMUNICATIONS TRADE AGREEMENTS HIGHLIGHTS CONCERNS IN COLOMBIA, MEXICO, SOUTH AFRICA, AND TAIWAN

The Office of the United States Trade Representative (USTR) announced today the results of this year's annual review – under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 – of foreign compliance with telecommunications trade agreements.

"Telecommunications trade agreements, particularly in the World Trade Organization, have been a driving force in opening up world markets to high-technology trade and investment," said U.S. Trade Representative Robert B. Zoellick. "These agreements have sparked increased competition and a dramatic growth in global networks, benefiting U.S. and foreign suppliers alike. Vigorous monitoring and enforcement of these trade agreements is critical to ensuring competitive opportunities for U.S. operators. USTR has identified four markets where we are seeking specific action consistent with telecom trade commitments of certain U.S. trading partners."

A full text of issues identified in this year's Section 1377 review is available at www.ustr.gov.

Highlights of the 2001 Section 1377 Review:

Eleven U.S. trading partners were subject to complaints in this year's review. Practices in the following four trading partners' markets raise serious concerns about compliance with telecommunications trade obligations:

Colombia: Colombia's refusal to license new providers of international telecommunications services appears to be inconsistent with its WTO obligations. The United States expects the Colombian government to expeditiously resolve this issue by licensing operators to offer carrier services. By June 25, the United States will decide whether additional action, including steps in the WTO, is needed.

Mexico: USTR welcomes the progress Mexico has made in promoting competition in its $12 billion telecommunications market. However, Mexico has not addressed certain outstanding issues subject to its WTO commitments. It has failed to ensure competition in its market for international services. It has also failed to enforce its recently issued rules to prevent its major telecommunications supplier, Telmex, from engaging in anti-competitive conduct. Absent progress on these issues by June 1, the United States will determine whether additional action is necessary, including moving the pending WTO case forward.

South Africa: The refusal of South Africa's monopoly basic telecommunications provider, Telkom, to provide access to and use of its network for value added network service providers greatly undermines the ability of such businesses to operate. It also hampers the development of South Africa's information infrastructure. The South African Government's failure to resolve these issues on a timely basis will negatively affect the investment environment in South Africa's high-technology sector. Such failure also raises questions concerning South Africa's compliance with its WTO obligations. USTR urges the South African Government to conclude expeditiously its ongoing regulatory process concerning value added network services and ensure that providers of such services can operate consistent with South Africa's WTO obligations.

Taiwan: Taiwan's telecommunications regulations impose serious limitations on the competitive offering of telecommunications services and undermine the ability of new entrants to compete in Taiwan's market. These restrictions also appear to be inconsistent with the commitments undertaken by Taiwan as part of its bilateral WTO accession negotiations with the United States to liberalize its telecommunications market by July 1, 2001. USTR welcomes the ongoing regulatory review of Taiwan's telecom regulations and expects this review to result in the promised liberalization of its market. If Taiwan does not appear to be taking the necessary steps to liberalize its market consistent with Taiwan's commitments, USTR will consider appropriate action, including under Section 1374 of the 1988 Trade Act.

In addition to these trading partners, this year's Section 1377 review addressed alleged telecommunications services trade barriers in five European Union (EU) Member States (France, Germany, Italy, Spain, the United Kingdom) and Japan. USTR will continue to monitor developments in these countries as necessary to ensure that they comply with their international telecommunications obligations. USTR also notes the successful resolution of complaints raised in last year's review concerning Peru and Canada.