

105TH CONGRESS }
2nd Session

COMMITTEE PRINT

{ WMCP:
105-12

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

WRITTEN COMMENTS
ON
**THE EXTENSION OF NORMAL TRADE
RELATIONS TO THE KYRGYZ REPUBLIC**



FEBRUARY 10, 1999

Printed for the use of the Committee on Ways and Means by its staff

U.S. GOVERNMENT PRINTING OFFICE

53-929 CC

WASHINGTON : 1999

COMMITTEE ON WAYS AND MEANS

BILL ARCHER, Texas, *Chairman*

PHILIP M. CRANE, Illinois	CHARLES B. RANGEL, New York
BILL THOMAS, California	FORTNEY PETE STARK, California
E. CLAY SHAW, Jr., Florida	ROBERT T. MATSUI, California
NANCY L. JOHNSON, Connecticut	BARBARA B. KENNELLY, Connecticut
JIM BUNNING, Kentucky	WILLIAM J. COYNE, Pennsylvania
AMO HOUGHTON, New York	SANDER M. LEVIN, Michigan
WALLY HERGER, California	BENJAMIN L. CARDIN, Maryland
JIM McCRERY, Louisiana	JIM McDERMOTT, Washington
DAVE CAMP, Michigan	GERALD D. KLECZKA, Wisconsin
JIM RAMSTAD, Minnesota	JOHN LEWIS, Georgia
JIM NUSSLE, Iowa	RICHARD E. NEAL, Massachusetts
SAM JOHNSON, Texas	MICHAEL R. McNULTY, New York
JENNIFER DUNN, Washington	WILLIAM J. JEFFERSON, Louisiana
MAC COLLINS, Georgia	JOHN S. TANNER, Tennessee
ROB PORTMAN, Ohio	XAVIER BECERRA, California
PHILIP S. ENGLISH, Pennsylvania	KAREN L. THURMAN, Florida
JOHN ENSIGN, Nevada	
JON CHRISTENSEN, Nebraska	
WES WATKINS, Oklahoma	
J.D. HAYWORTH, Arizona	
JERRY WELLER, Illinois	
KENNY HULSHOF, Missouri	

A.L. SINGLETON, *Chief of Staff*

JANICE MAYS, *Minority Chief Counsel*

SUBCOMMITTEE ON TRADE

PHILIP M. CRANE, Illinois, *Chairman*

BILL THOMAS, California	ROBERT T. MATSUI, California
E. CLAY SHAW, Jr., Florida	CHARLES B. RANGEL, New York
AMO HOUGHTON, New York	RICHARD E. NEAL, Massachusetts
DAVE CAMP, Michigan	JIM McDERMOTT, Washington
JIM RAMSTAD, Minnesota	MICHAEL R. McNULTY, New York
JENNIFER DUNN, Washington	WILLIAM J. JEFFERSON, Louisiana
WALLY HERGER, California	
JIM NUSSLE, Iowa	

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Ways and Means are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

CONTENTS

	Page
Advisory of October 7, 1998, announcing request for written comments on the extension of normal trade relations to the Kyrgyz Republic	1
<hr/>	
American Council for International Education, Dan E. Davidson, statement ...	3
North American-Kyrgyz Business Council, Falls Church, VA, Anne B. Pendleton, letter	5

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON TRADE

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-6649

October 7, 1998

No. TR-31

Crane Announces Request for Written Comments on the Extension of Normal Trade Relations to the Kyrgyz Republic

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 on the extension of unconditional normal trade relations (NTR) to the Kyrgyz Republic.

BACKGROUND:

At present, the trade status of the Kyrgyz Republic 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 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 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 assurances that the emigration practices of the country will lead substantially to the achievement of those objectives.

On April 13, 1992, the President determined that a waiver for the Kyrgyz Republic from the Jackson-Vanik freedom-of-emigration criteria would substantially promote the emigration objectives of the Trade Act. This determination was followed on April 16, 1992, by Executive Order 12802 under which the President's waiver determination entered into force. NTR, then most-favored-nation (MFN) treatment, was first extended to the Kyrgyz Republic effective August 21, 1992, following the country's ratification of the provisions in the bilateral trade agreement concluded on May 18, 1992, between the United States and the Kyrgyz Republic. Previously, Congress approved the United States-Soviet Union agreement in a joint resolution signed into law on December 9, 1991 (P.L. 102-197). No further Congressional action was required to approve the extension of NTR to the Kyrgyz Republic because the agreement ratified by that country in 1992 reflected only technical changes in the previously approved original agreement with the Soviet Union.

NTR with the Kyrgyz Republic continued in effect under Presidential waivers in subsequent years. On December 5, 1997, the President determined that the Kyrgyz Republic was in full compliance with the Jackson-Vanik freedom-of-emigration criteria.

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 24, 1998, on the pending accession of the Kyrgyz Republic to the WTO. On October 14, 1998, the WTO Working Party on the Accession of the Kyrgyz Republic is scheduled to hold its final meeting to approve the protocol package and the invitation to the Kyrgyz Republic to become a member of the WTO. Because the United States has not extended unconditional NTR status to the Kyrgyz Republic, as a result of application of the Jackson-Vanik amendment to that country, the United States must invoke the non-application clause of the WTO (Article XXXV), meaning that it will not be able to apply the WTO Agreements to the Kyrgyz Republic after its accession to the WTO.

On September 22, 1998, Rep. Gerald Solomon (R-NY) introduced legislation, H.R. 4606, authorizing the President to determine that the Jackson-Vanik amendment should no longer apply with respect to the Kyrgyz Republic. If the bill were to become law, the United States would be able to extend NTR to the Kyrgyz Republic, and all rights and obligations under the WTO agreed to by the two countries would apply.

In 1997, U.S. exports to the Kyrgyz Republic in 1997 totaled \$28.4 million, while U.S. imports in return totaled \$2.4 million. Top U.S. exports to the Kyrgyz Republic last year included cereals, machinery, inorganic chemicals and rare earth metals, and fats and oils. Leading U.S. imports from the Kyrgyz Republic in 1997 included inorganic chemicals and rare earth metals, base metals, and machinery.

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 5.1 format, with their name, address, and comments date noted on label, by the close of business, Friday, November 6, 1998, 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 5.1 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://WWW.HOUSE.GOV/WAYS__MEANS/'.

Statement of American Council for International Education: ACTR/ACCELS

In response to the request for comments from the Ways and Means Trade Subcommittee regarding contemplated normalization of U.S. trade relations with the Kyrgyz Republic, I am pleased to submit this written statement on behalf of the American Council for International Education: ACTR/ACCELS. I am Dan E. Davidson, President of the American Councils, and professor of Russian and second language acquisition at Bryn Mawr College.

The American Councils supports the required congressional action necessary to extend normal trade relations (NTR) to the Kyrgyz Republic, as contemplated in H.R. 4606, introduced September 22, 1998, by Rep. Solomon. This support is based on three considerations: (1) that the Kyrgyz Republic is expected to be admitted to the World Trade Organization (WTO) as the first of the 12 republics of the former Soviet Union to be so admitted; (2) that the Kyrgyz Republic's efforts at both economic reform and democratization have demonstrated a strong and abiding commitment to join the ranks of full and free democratic, open market-based societies; and (3) that NTR status for the Kyrgyz Republic will be a significant and meaningful expression of American support for this country's successful efforts at reform that will signal both positive assurance to the Kyrgyz government and people, and a strong incentive for their neighbors in Central Asia to follow the Kyrgyz example.

Because the American Councils is an international education and exchange organization, our interest in free and unrestricted trade is based on our pursuit of open and unrestricted interchange between and among nations based on the belief that such interchange builds mutual understanding and peaceful relations. Truly free trade and open markets depend on free societies, and vice versa. Consequently, while we are not directly involved in significant commerce with Kyrgyzstan, our ability to succeed in this and other countries of the former Soviet Union is necessarily tied to their long-term trading relations with the United States.

Furthermore, the American Councils has been engaged with education and training activities, underwritten by both the U.S. and Kyrgyz governments, and by private interests, that are intended to foster free trade, develop democratic institutions, and spur economic and political reform. We conduct a series of exchange programs involving students at all levels, teachers, scholars, and others in order to produce these results. We have had a U.S. presence in Bishkek since 1993—making us one of the first U.S. NGOs to be present in-country. We maintain a staff of U.S. expatriate and local employees in the capital and in Osh to conduct these programs. A list of the programs we conduct is attached at the end of this statement.

KYRGYZ ADMISSION TO WTO

With the anticipated admission of the Kyrgyz Republic to the WTO, the United States faces the prospect of being unable to apply the WTO agreements to its trade with Kyrgyzstan, absent congressional action to permit NTR. Leaving aside the issues involving the relative size of U.S. trade with Kyrgyzstan and its impact in that country, there remains the need to be able to behave as a full partner with the Kyrgyz republic in our official and unofficial contacts. Symmetry in bilateral relations is a key element of successful U.S. engagement in this region. To have an anomaly—absent some overriding U.S. foreign policy concern—in trade relations with Kyrgyzstan related to WTO/NTR would be at least uncomfortable for both parties and likely would undermine the considerable positive influence that the U.S. government hopes to continue in this region. From my perspective as a champion of strong, friendly relations with Kyrgyzstan, admission to WTO should mean that this country has earned the privilege of "graduating" to NTR.

KYRGYZ REFORM EFFORTS

While the economic reform and democratization that has been undertaken by Kyrgyzstan are not yet complete, the Kyrgyz have demonstrated a strong and abiding commitment to join the ranks of democratic, open-market nations. From the American Councils' perspective, I see this most clearly in both this country's enthusiastic embracing of U.S. assistance efforts, especially in the realm of human capacity development, and in their pro-active efforts to duplicate and mimic education and training programs as a central component of their plans to reform their economy and build a vital private sector. Nowhere is this more vividly apparent than the Kyrgyz Republic's Kadry XXI Veka Presidential Scholarship Program, which the American Councils administers on their behalf. This program supports mostly undergraduate transfer students studying for degrees at U.S. institutions in fields ranging from business to journalism. These students are competitively identified for educational opportunities in the United States and targeted for jobs in the private sector and government that will serve the reform objectives of Kyrgyzstan. In a similar vein, the American Councils has administered a small exchange program for undergraduates supported through a Western mining company in support of that company's corporate development in Kyrgyzstan. Both of these programs are modeled in part on highly successful undergraduate and graduate exchange programs underwritten by the U.S. government through the U.S. Information Agency, which the American Councils administers.

Throughout all of these exchange program activities, the Kyrgyz have demonstrated a working commitment to free and open movement for participants in these programs. In conducting open, merit-based competitions which produce participants from varied regional and ethnic backgrounds, whose political and religious beliefs are not necessarily those of the government's, the American Councils has consistently been able to secure passports and exit visas for Kyrgyz citizens, and has not experienced any pattern of official obstruction to participation in these programs that periodically occurs in other countries of this region. Indeed, it is my considered opinion that Kyrgyzstan has the most liberal orientation toward emigration and travel of any country in the former Soviet Union. In this regard, Kyrgyzstan would appear to have met the spirit of the Jackson-Vanik amendment.

NTR STATUS AS AN AMERICAN EXPRESSION OF SUPPORT

The Kyrgyz Republic's success at reform ought to be acknowledged through NTR as an affirmative expression of U.S. support for their efforts. Such an action would signal both positive American assurance to the Kyrgyz government and people, and a strong incentive for their neighbors in Central Asia to follow the Kyrgyz example. Relationships with the political leadership and citizens of Central Asian countries are viewed in such a way that the absence of reciprocity in the context of NTR is potentially an embarrassment for both countries. U.S. policy toward this country (and all countries of the former Soviet Union) has been built in large part on the premise that if one reforms one's economy and political structure to meet Western standards, the reformers will be rewarded as full partners in the international arena. U.S. extension of NTR will be seen as the appropriate response from our country, especially in the absence of any documented difficulties regarding the underlying concerns that drove the enactment of the Jackson-Vanik amendment to Title IV of the 1974 Trade Act.

I hope Congress will support the granting of NTR to Kyrgyzstan. I trust the American Councils experience in working in this country and with this region will give this Subcommittee confidence that this action is appropriate and consistent with our nation's trade policies and U.S. efforts to foster free and open societies. I appreciate the opportunity to present this written statement.

The American Councils for International Education: ACTR/ACCELS is a private, not-for-profit educational association and exchange organization devoted to improving education, professional training, and research within and about the Russian-speaking world, including both the Russian Federation and the many scores of non-Russian cultures and populations inhabiting the regions of central and eastern Europe and Eurasia. The organization, its governing boards, and members are strongly committed to the principle that an international perspective in scholarship and education contributes to the development of new critical frames of reference and strengthens conceptual and methodological approaches in many disciplines. Recognizing the importance of high levels of target language and cultural competence of both U.S. and foreign nationals to the normalization of U.S. relations with the countries of the region, the American Councils provides special support for regional language research and training, textbook development for Russian and the other languages of

the region, the teaching of English as a foreign language, faculty and curriculum development, and in-country immersion programs as the historic and core mission of the organization.

The American Councils administers more than 20 academic exchange and training programs in virtually all fields; provides educational advising and academic testing services throughout the NIS; organizes conferences and seminars in the United States and abroad for its membership, exchangees, exchange alumni and their professional groups; and engages an increasingly large number of professional educators and university administrators in programs designed to improve communication among educational, research, and professional communities in the NIS and the United States.

The American Councils was formed in 1974 at a conference hosted at the Massachusetts Institute of Technology as the American Council for Teachers of Russian.

For more information about the American Councils, please contact Carl A. Herrin, Director of Government Relations, at 1776 Massachusetts Avenue, N.W., Suite 700, Washington, DC 20036; telephone (202) 833-7522; or consult the American Councils web site at www.actr.org.

Appendix: Selected American Councils Programs in Kyrgyzstan

ACTR NIS Regional Language Program ¹
 ACTR Research Scholar Program ¹
 FSA Future Leaders Exchange Program (FLEX) ²
 FSA Undergraduate Exchange Program ²
 Edmund S. Muskie and FSA Graduate Fellowship Programs ²
 FSA Awards for Excellence in Teaching Exchange Program ²
 Regional Scholar Exchange Program ²
 Kadry XXI Veka Presidential Scholarship Program ³
 Kumtor Scholarship Program

¹ Program for Americans studying abroad.

² Program supported with U.S. Government funds.

³ Program supported with Kyrgyz Republic funds.

THE NORTH AMERICAN-KYRGYZ BUSINESS COUNCIL
 FALLS CHURCH, VIRGINIA 22042
 November 2, 1998

The Honorable Philip M. Crane
 Chairman, Subcommittee on Trade
 Committee on Ways and Means
 U.S. House of Representatives
 1102 Longworth House Office Building
 Washington, D.C. 20515

Dear Representative Crane:

The North American-Kyrgyz Business Council is a not-for-profit association of 41 U.S. and Canadian businesses engaged in investment in and trade with the Kyrgyz Republic. We submit this letter on behalf of the Council and in connection with your pending consideration of the proposed extension of unconditional normal trade relations (NTR) with the Kyrgyz Republic.

Kyrgyzstan is the first nation of the Commonwealth of Independent States to become a member of the World Trade Organization. This confirms what the members of our organization have appreciated for the past several years: following implementation of a successful privatization and market economic reform program, a free market system has been created in Kyrgyzstan. This fact alone would warrant extension of NTR.

The Kyrgyz Republic has established an exemplary record in its transition towards a democratic society. The country saw significant out-migration of its ethnically Russian population in 1992-1996, but the last year has seen this trend reverse as Russian migrants return to Kyrgyzstan. This is strong evidence of the hospitable environment the country offers its ethnic minorities as well as evidence of the country's extremely liberal emigration and in-migration policies. Kyrgyzstan has also fostered a positive environment for NGO organizations, including those geared

to the protection of human and civil rights and the rights of minority groups. All of this strongly suggests that the country fulfills the key criteria of the Jackson-Vannick amendment.

We would be pleased to offer testimonial and other support for the proposed extension of NTR at an appropriate juncture.

Most sincerely,

ANNE B. PENDLETON
Executive Director

