

OCT 17 '90 16:57 FROM SENATOR KASTEN

ROBERT W. KASTEN, JR.
WISCONSIN

United States Senate

WASHINGTON, DC 20510-4902

October 17, 1990

Lt. Gen. Brent Scowcroft
Assistant to the President
National Security Council
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Brent:

I was one of the major proponents of the U.S.-Israel Free Trade Agreement. I continue to believe that our FTA with Israel was wise not only for our bilateral relationship with Israel but from the point of view of our overall trade policy.

That is why I am so concerned when I hear that the Taiwanese are attempting to exploit the U.S.-Israel FTA as a way of circumventing their Machine Tool Voluntary Restraint Agreement with us. It is my understanding that Taiwan has been using Israel as a conduit for machining centers that exceed their 200-machine quota under the VRA to which they agreed in 1986.

Israel is one of our closest allies. I am sure they will be sensitive to the fact that the VRA with Taiwan was established by President Reagan under Section 232 of the Trade Act of 1962 because of his desire to protect U.S. emergency mobilization capability and the health of our defense-industrial base.

I urge you, therefore, to remind your Israeli counterparts of the importance of the VRA to our mobilization plans and to reject the argument that this is a trade dispute that should be handled under the normal dispute resolution mechanisms.

Best regards,

