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ID# 319668

THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

TA004-06

INCOMING

DATE RECEIVED: APRIL 03, 1992

NAME OF CORRESPONDENT: THE HONORABLE NANCY L. JOHNSON

SUBJECT: EXPRESSES CONCERN REGARDING THE VOLUNTARY  
RESTRAINT AGREEMENTS FOR MACHINE TOOLS; URGES  
THAT NEGOTIATIONS WITH TAIWAN AND JAPAN NOT  
INCLUDE ANY SPECIAL LICENSES

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD

NICK CALIO		ORG	92/04/03	NG	A 92.10.05
✓ 9945TR	REFERRAL NOTE:		28	DJ	A undated
99005	REFERRAL NOTE:		28		A 1/1
9900c	REFERRAL NOTE:		28		C 1/1
LACali	REFERRAL NOTE:		28		C 1/1
	REFERRAL NOTE: DJYL-4STR		28		C 92/06/12

COMMENTS:

ADDITIONAL CORRESPONDENTS: 7 MEDIA:L INDIVIDUAL CODES: 1230 1240 1210

MAIL USER CODES: (A) (B) (C)

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*ACTION CODES:          *DISPOSITION                *OUTGOING                *
*                       *                               *CORRESPONDENCE:        *
*A-APPROPRIATE ACTION  *A-ANSWERED                *TYPE RESP=INITIALS    *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL      *           OF SIGNER  *
*D-DRAFT RESPONSE      *C-COMPLETED              *           CODE = A     *
*F-FURNISH FACT SHEET  *S-SUSPENDED              *COMPLETED = DATE OF  *
*I-INFO COPY/NO ACT NEC*                               *           OUTGOING   *
*R-DIRECT REPLY W/COPY *                               *                               *
*S-FOR-SIGNATURE       *                               *                               *
*X-INTERIM REPLY       *                               *                               *
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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE  
(ROOM 75, OEOB) EXT-2590  
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.

*Congress of the United States  
Washington, D.C. 20515*

April 2, 1992

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Your December 27, 1991, decision to extend the machine tool Voluntary Restraint Agreement with Taiwan and Japan for an additional two years is in danger of being rendered ineffectual. It has been three months since your decision and a final agreement has not been reached despite the efforts of several officials of your Administration.

Under the terms now being proposed by U.S. negotiators, one small U.S. importer of Taiwanese machines, the Hurco Corporation of Indianapolis, would be granted special licenses to import 300% more machines than the numerical ceiling that already has been suggested for Taiwan. These special import licenses virtually negate the stated purpose of the Agreement. Furthermore, the Japanese have indicated that they will require a matching number of machines in order to maintain parity. The net result is that the U.S. machine tool industry, a fundamental component of our industrial base, will receive no benefit whatsoever from the two-year VRA extension.

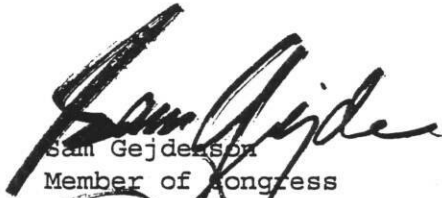
We are deeply concerned that your negotiators do not appreciate the gravity of this issue and its implications for a key domestic industry already reeling from the recession. The American machine tool industry deserves your continued support, not only for national security reasons, but also for the 70,000 American jobs that are directly affected. This is not the time to allow our resolve to falter because of the intransigence of trading partners or the narrow interests of a single importer. If our negotiators lack the political will to enforce your decision, we and many of our colleagues in both chambers are prepared to support legislative enforcement of the VRAs.

Very truly yours,

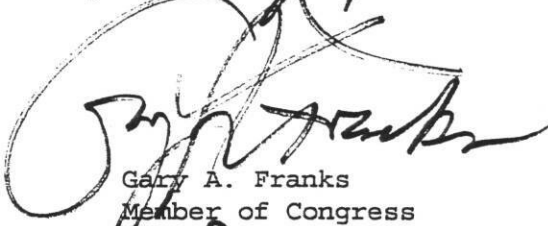
*Nancy L. Johnson*  
Nancy L. Johnson  
Member of Congress

*Barbara B. Kennelly*  
Barbara B. Kennelly  
Member of Congress

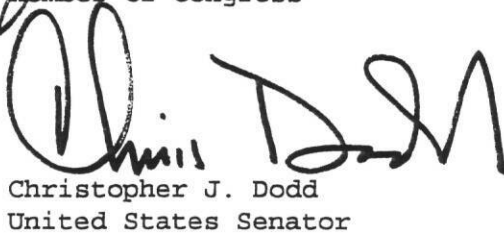
The President  
April 2, 1992  
Page two



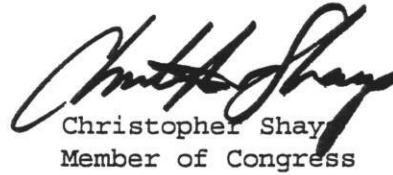
Sam Gejdenson  
Member of Congress




Gary A. Franks  
Member of Congress



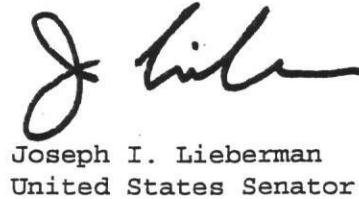
Christopher J. Dodd  
United States Senator



Christopher Shay  
Member of Congress



Rosa L. DeLauro  
Member of Congress



Joseph I. Lieberman  
United States Senator

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20506

The Honorable Nancy L. Johnson  
U.S. House of Representatives  
Washington D.C. 20515

Dear Congresswoman Johnson:

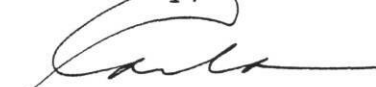
This is in further response to your letter to the President with respect to the negotiations of voluntary restraint agreements (VRA's) with Japan and Taiwan to implement the President's December 27, 1991 decision.

Since your letter, we have concluded negotiations with Japan. Japan is our major trading partner for machine tools, and we believe our agreement with Japan will permit U.S. companies to complete the necessary programs for advancing U.S. national security interests while providing a gradual return to market-determined competition.

Negotiations with Taiwan are continuing. We are frustrated and disappointed with the pace of negotiations. I want to assure you that imports of machine tools in the interim period before an agreement is reached will not be allowed to undermine the President's machine tool revitalization program, and I hope very much to conclude this negotiation in the near term.

With respect to special license procedures, we expect that the Department of Commerce will consider such requests on the same basis as it did in the 1986-91 VRA period, namely, so as to contribute to the creation of a strong, technologically advanced domestic machine tool industry.

Sincerely,



Carla A. Hills