

105TH CONGRESS  
1ST SESSION

# S. 486

To amend the Omnibus Trade and Competitiveness Act of 1988 to clarify the limitation for accession to the GATT and the WTO of foreign countries that have state trading enterprises.

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## IN THE SENATE OF THE UNITED STATES

MARCH 20, 1997

Mr. BROWNBACK (for himself, Mr. GRASSLEY, Mr. HAGEL, and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Omnibus Trade and Competitiveness Act of 1988 to clarify the limitation for accession to the GATT and the WTO of foreign countries that have state trading enterprises.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fairness in State  
5       Trading Act”.

6       **SEC. 2. FINDINGS.**

7       Congress makes the following findings:

1           (1) State trading enterprises play a significant  
2           role in the economies of several countries that have  
3           applied to the World Trade Organization (referred  
4           to in this Act as the “WTO”).

5           (2) The General Agreement on Tariffs and  
6           Trade (referred to in this Act as the “GATT”), and  
7           especially GATT Article XVII, does not adequately  
8           prevent countries from using state trading enter-  
9           prises as a disguised barrier to imports from the  
10          United States.

11          (3) The United States economy will be ad-  
12          versely affected by the accession to the WTO of for-  
13          eign countries that have state trading enterprises  
14          that make production or procurement decisions  
15          based upon noncommercial considerations.

16          (4) State trading enterprises have a particularly  
17          negative impact on United States farmers.

18 **SEC. 3. ACCESSION OF COUNTRIES WITH STATE TRADING**  
19 **ENTERPRISES TO GENERAL AGREEMENT ON**  
20 **TARIFFS AND TRADE OR WORLD TRADE OR-**  
21 **GANIZATION.**

22          Section 1106 of the Omnibus Trade and Competitive-  
23          ness Act of 1988 (19 U.S.C. 2905) is amended—

24               (1) by striking “major foreign country” each  
25               place it appears and inserting “foreign country”;

1           (2) in subsection (a), by amending paragraph  
2           (1) to read as follows:

3           “(1) whether state trading enterprises produce  
4           or procure a significant share of—

5                   “(A) the goods exported from such foreign  
6           country;

7                   “(B) the goods imported into such foreign  
8           country; or

9                   “(C) the goods produced domestically in  
10          such foreign country; and”; and

11          (3) in subsection (b)(2)(A)—

12                   (A) by amending clause (i) to read as fol-  
13          lows:

14                           “(i) will make purchases and sales in  
15                   international trade based solely on com-  
16                   mercial considerations (including price,  
17                   quality, availability, marketability, and  
18                   transportation), and”; and

19                   (B) in clause (ii), by striking “, in accord-  
20          ance with customary practice,”.

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