

National NewsLines

WASHINGTON (cont'd)

Vancouver
Columbian
Walla Walla
Union-Bulletin
Wenatchee
World
Yakima
Herald-Republic

WEST VIRGINIA

Beckley
Register-Herald
Bluefield
WVVA-TV
Charleston
AP • WCHS-TV
Daily Mail • Gazette
Clarksburg
Exponent • Telegram
WBOY-TV
Huntington
Herald-Dispatch • WOWK-TV
Martinsburg
Journal
Morgantown
Dominion-Post
Metro News Radio Network
Oak Hill
WOAY-TV
Parkersburg
News • Sentinel
Wheeling
Intelligencer • News-Register
WTRF-TV
WVOK-FM • WVVA-AM

WISCONSIN

Appleton
Post-Crescent
Green Bay
Press-Gazette
News Chronicle
LaCrosse
Tribune
Madison
Capital Times • State Journal
UPI • Wisconsin Radio Netwrk
Milwaukee
Journal • Sentinel
Daily Reporter • AP • UPI
WISN-TV • WITI-TV • WTMJ-TV
WOKY-AM/WML-FM
WTMJ-AM/WKTI-FM
Business Journal
Community Newspapers
Oshkosh
Northwestern
Racine
Journal Times
Sheboygan
The Press

WYOMING

Cheyenne
Wyoming Eagle-State Tribune

The following **Business, Trade and Special Interest Publications** receive all appropriate news releases transmitted on PR Newswire. These points are included at no additional charge with all **US1** distributions.

Advertising/Marketing

Advertising Age
Adweek
Green Marketing Report
Premium/Incentive Business

Aerospace/Aviation

Aerospace Daily
Aerospace Electronic Business
Aerospace Review
Air Transport World
Airports
Aviation Daily
Aviation International
Aviation Ground Equip. Market
Aviation Production Eng.
Aviation Times
Aviation Week & Space Tech.
Avionics
Bus. & Commerical Aviation
Defense Aerospace Bus. Digest
Helicopter News
Interavia Aerospace Review
Interavia Air Letter
International Aviation
Jane's Airport Review
Military Space
Regional Aviation Weekly
Space Business News
Space Commerce Bulletin
Space Markets
Space Station News
Speednews
The Weekly of Bus. Aviation
World Aviation Directory

Automotive/Transportation

Automotive Electronics Journal
Automotive Industries
Automotive News
Commercial Carrier Journal
Crain's Tire Business
Motor/Age
Motor Trend
Owner Operator
Power Transmission Design
Road & Track
Urban Transport News
Ward's Auto World
Ward's Automotive Reports
Ward's Engine Update

Building/Engineering

Architectural Record
Construction Claims Monthly
Construction Data & News
Contract
Daily Pacific Builder
Dodge Construction News
ENR
Int'l Construction Week
Interiors
Kitchen & Bath Business
Multi-Housing News
National Home Center News
The Daily Journal

Business and Finance

American Banker
American Marketplace
Atlanta Business Chronicle
Bank Letter
Bank Loan Report
Bank Systems & Technology
Banker & Tradesman
Banking Week
Barron's
Bond Buyer
Bond World
Boston Business Journal
Branch Automation News
Branch Manager
Business Week
Card News
Charlotte Business Journal
Cincinnati Business Courier
Cincinnati Business Reporter
Columbus Business First
Corporate EFT News
Corporate Financing Week
Crain's New York Business
Crain's Cleveland Business
Crain's Detroit Business
Dowline
EFT Report
Equities
Fair Employment Report
Finance & Commerce
Financial News & Daily Record
Financial Services Report
Financial Services Week
Financial Times of London
Financial Weekly
Financial World
Fitch Investors Service
Forecasts & Strategies
Fortune

German Economic News Serv.
Going Public: The IPO Reporter
Hartford Business Journal
Indianapolis Business Journal
Industry Week
Institutional Investor
Investment Dealers' Digest
Investor's Business Daily
Item Processing Report
Jacksonville Business Journal
Japan Economic Journal
Journal of Commerce
Journal of Retail Banking
Los Angeles Business Journal
Louisville Business First
Memphis Business Journal
Mergers & Acquisitions Report
Middle-Market Focus
Milwaukee Business Journal
Money
Money Management Letter
Moody's Investors Service
Mortgage-Backed Securities Ltr
Nashville Business Journal
Orange County (CA) Bus. Jnl
Orlando Business Journal
Private Placement Letter
Puget Sound Business Journal
S&P Compustat
S&P Daily News Online
S&P Marketscope
San Diego Business Journal
San Diego Daily Transcript
San Francisco Business Times
San Jose Business Journal
SNL Securities
Securities Trader's Monthly
Securities Week
Securities International
Spokane Journal of Business
Standard & Poor's
The Southern Banker
The World Bank Watch
Toledo Business Journal
Triad Business
Triangle Business
Wall Street Journal
Washington Business Journal

Electrical/Electronics

Architectural Lighting
Circuits Assembly
Electronic Component News
Electronic Design
Electronic Marketing News
Electronics
Electric Utility Week
Electrical World
Fiber Optics News

Chemicals/Plastics

Chemical Business
Chemical Engineering
Chemical & Engineering News
Chemical Marketing Reporter
Chemical Week
Modern Plastics
Petrochemical News
Plastics and The Environment
Plastics and Packaging
Plastics News
Plastics Week
Rubber & Plastic News

Defense

Advanced Military Computing
C4I Report
Defense Cleanup
Defense Daily
Defense Industry Report
Defense Marketing Int'l
Defense News
Defense Plant Waste News
Defense Technology Business
Defense Week
International Defense Review
Jane's Defense Weekly
Jane's NATO Report
Navy News and Undersea Tech
Report on Def. Plant Wastes
SDI Intelligence Report
SDI Monitor
Soviet Intelligence Review

Entertainment/Broadcasting

American Film
Amusement Business
Audio Week
Billboard
Communications Daily
DBS News
Hollywood News Calendar
Hollywood Reporter
Millimeter
Mobile Satellite Report
Optical & Magnetic Report
Public Broadcasting Report
Satellite News
Satellite Week
Television Digest With
Consumer Electronics
Variety
Via Satellite
Video Technology Newsletter
Video Week

Environmental

Air Toxics Report
Air/Water Pollution Report
Asbestos Control Report
Clean Water Report
Environmental Health News
Environmental Liability Mon.
Greenhouse Effect Report
Ground Water Monitor
Hazardous Waste Business
Hazardous Waste News
HazTech News
Multinational Environmental
Outlook
Nuclear Waste News
Sludge
Solid Waste Report
State Environment Report
Superfund
Toxic Materials News
Toxic Materials Transport

Food

Baking & Snack Systems
Baking Buyer
Milling & Baking News
Food Engineering
Food Engineering International
World Grain

Health/Medicine

Biotechnology Newswatch
Contact Lens Forum
Cardio
Diagnostic Imaging
Diagnostic Imaging Int'l
Health Care Competition Week
Health Grants & Contracts
Health Week
Hospital Patient Rel. Report
Managed Care Law Outlook
Managed Care Outlook
Medical Liability Advisory
Medical World News
Medical Waste News
Mental Health Law Report
Mental Health Report
Nursing Recruitment & Ret.
Ophthalmology Management
Optometric Management
Physician's Financial News
Postgraduate Medicine
Review Of Optometry
Senior Patient

High Technology

AI Expert
Asian Electronic Union
Australian Personal Computer
BOC Week
Byte
Byte Weekly
C31
Circuit Design
Circuits Manufacturing
Comm. Engineering & Design
Communications Daily

Communications Week

Communications Week Int'l
Computable
Compute!
Compute!'s Gazette
Computer Age-EDP Weekly
Computer-Aided Engineering
Computer Design
Computer Design News
Computer Graphics News
Computer Language
Computer Reseller News
Computer Systems News
Computer Weekly
Computers in Banking
Computerworld
Computing Australia
Data Communications
Data Entry Awareness Report
Data News
Database Products Reports
Database Programming & Des.
Datacom
Datapro Comm. Perspective
Dataquest
DBMS
DEC User
Dempa Digest
Digital News
Digital Review
Dist. Processing Product News
Dr. Dobb's Journal
EDI News
Education Computer News
Electronic Buyers' News
Elect. Buyers' News Handbook
Electronic Engineering Times
Electronic Media
Electronic Messaging News
Electronic News
Electronica Oggi
Electronics Test
Elect. Trade & Transport News
Electronics Weekly
Electronic World News
Embedded Syst. Programming
EOS/ESD Technology
Federal Computer Week
FCC Week
Firstfax
Gartner Group
Graphic Detail
Government Computer News
IBM Computer Today
IDG News Network
Information Week
Informatique Hebdo
Infoworld
Insurance Software Review
Intelligent Network News
International Data Corp.
ISDN News
Journal Of Electronic Eng.
Journal Of Electronics Industry
LAN Magazine
LAN Technology
Laser Focus World

Laser Report

MacWeek
MIC Info
Military Fiber Optic News
Mobile Phone News
Modern Office Technology
Multichannel News
Network Computing
Network Management Systems
Network World
Netline
Officemation Product Reviews
OSI Prod. and Equipment News
PC+
PC Dealer
PC Magazine
PC Week
Packaged Software
Personal Workstation
Perspective
Printed Circuit Fabrication
Report on AT&T
Report on IBM
Retailing Tech. & Operations
Satellite News
SNA Communications Report
Software Industry Report
State Telephone Reg. Report
Systems Integration
Business & Marketing
Telecom Market Letter
Telecom Strategy Letter
Telephone News
Telephony
Training Electronics
Tribuna Informatica
UNIX Review
UNIX Today
UNIX World
VAR Business
Voice Technology News
Wall Street Computer Review

Industrial/Design

Automation
Industrial Maintenance
& Plant Operation
Machine Design
Material Handling Engineering
Materials Engineering
New Equipment Digest
Performance Materials
Product Design & Development

Jewelry

American Jewelry Manu.
Jewelers' Circular-Keystone
National Jeweler

Electrical/Electronics

Architectural Lighting
Circuits Assembly
Electronic Component News
Electronic Design
Electronic Marketing News
Electronics
Electric Utility Week
Electrical World
Fiber Optics News

Chemicals/Plastics

Chemical Business
Chemical Engineering
Chemical & Engineering News
Chemical Marketing Reporter
Chemical Week
Modern Plastics
PetroChemical News
Plastics and The Environment
Plastics and Packaging
Plastics News
Plastics Week
Rubber & Plastic News

Defense

Advanced Military Computing
C4I Report
Defense Cleanup
Defense Daily
Defense Industry Report
Defense Marketing Int'l
Defense News
Defense Plant Waste News
Defense Technology Business
Defense Week
International Defense Review
Jane's Defense Weekly
Jane's NATO Report
Navy News and Undersea Tech
Report on Def. Plant Wastes
SDI Intelligence Report
SDI Monitor
Soviet Intelligence Review

Entertainment/Broadcasting

American Film
Amusement Business
Audio Week
Billboard
Communications Daily
DBS News
Hollywood News Calendar
Hollywood Reporter
Millimeter
Mobile Satellite Report
Optical & Magnetic Report
Public Broadcasting Report
Satellite News
Satellite Week
Television Digest With
Consumer Electronics
Variety
Via Satellite
Video Technology Newsletter
Video Week

Environmental

Air Toxics Report
Air/Water Pollution Report
Asbestos Control Report
Clean Water Report
Environmental Health News
Environmental Liability Mon.
Greenhouse Effect Report
Ground Water Monitor
Hazardous Waste Business
Hazardous Waste News
HazTech News
Multinational Environmental
Outlook
Nuclear Waste News
Sludge
Solid Waste Report
State Environment Report
Superfund
Toxic Materials News
Toxic Materials Transport

Food

Baking & Snack Systems
Baking Buyer
Milling & Baking News
Food Engineering
Food Engineering International
World Grain

Health/Medicine

Biotechnology Newswatch
Contact Lens Forum
Cardio
Diagnostic Imaging
Diagnostic Imaging Int'l
Health Care Competition Week
Health Grants & Contracts
Health Week
Hospital Patient Rel. Report
Managed Care Law Outlook
Managed Care Outlook
Medical Liability Advisory
Medical World News
Medical Waste News
Mental Health Law Report
Mental Health Report
Nursing Recruitment & Ret.
Ophthalmology Management
Optometric Management
Physician's Financial News
Postgraduate Medicine
Review Of Optometry
Senior Patient

High Technology

AI Expert
Asian Electronic Union
Australian Personal Computer
BOC Week
Byte
Byte Weekly
C31
Circuit Design
Circuits Manufacturing
Comm. Engineering & Design
Communications Daily

Communications Week

Communications Week Int'l
Computable
Compute!
Compute!'s Gazette
Computer Age-EDP Weekly
Computer-Aided Engineering
Computer Design
Computer Design News
Computer Graphics News
Computer Language
Computer Reseller News
Computer Systems News
Computer Weekly
Computers In Banking
Computerworld
Computing Australia
Data Communications
Data Entry Awareness Report
Data News
Database Products Reports
Database Programming & Des.
Datacom
Datapro Comm. Perspective
Dataquest
DBMS
DEC User
Dempa Digest
Digital News
Digital Review
Dist. Processing Product News
Dr. Dobb's Journal
EDI News
Education Computer News
Electronic Buyers' News
Elect. Buyers' News Handbook
Electronic Engineering Times
Electronic Media
Electronic Messaging News
Electronic News
Electronica Oggi
Electronics Test
Elect. Trade & Transport News
Electronics Weekly
Electronic World News
Embedded Syst. Programming
EOS/ESD Technology
Federal Computer Week
FCC Week
Firstfaxts
Gartner Group
Graphic Detail
Government Computer News
IBM Computer Today
IDG News Network
Information Week
Informatique Hebdo
Infoworld
Insurance Software Review
Intelligent Network News
International Data Corp.
ISDN News
Journal Of Electronic Eng.
Journal Of Electronics Industry
LAN Magazine
LAN Technology
Laser Focus World

Laser Report

MacWeek
MIC Info
Military Fiber Optic News
Mobile Phone News
Modern Office Technology
Multichannel News
Network Computing
Network Management Systems
Network World
Netline
Officeation Product Reviews
OSI Prod. and Equipment News
PC+
PC Dealer
PC Magazine
PC Week
Packaged Software
Personal Workstation
Perspective
Printed Circuit Fabrication
Report on AT&T
Report on IBM
Retailing Tech. & Operations
Satellite News
SNA Communications Report
Software Industry Report
State Telephone Reg. Report
Systems Integration
Business & Marketing
Telecom Market Letter
Telecom Strategy Letter
Telephone News
Telephony
Training Electronics
Tribuna Informatica
UNIX Review
UNIX Today
UNIX World
VAR Business
Voice Technology News
Wall Street Computer Review

Industrial/Design

Automation
Industrial Maintenance
& Plant Operation
Machine Design
Material Handling Engineering
Materials Engineering
New Equipment Digest
Performance Materials
Product Design & Development

Jewelry

American Jewelry Manu.
Jewelers' Circular-Keystone
National Jeweler

Mining/Metals

33 Metal Producing
 American Machinist
 American Metal Market
 Casting Design & Application
 Coal Outlook
 Coal Statistics International
 Coal Week
 Coal Week International
 Foundry Management & Tech.
 Heat Treating
 Iron Age
 Metal Center News
 Metals Week
 Mine Regulation Reporter
 Welding Design & Fabrication
 Welding Distributor

Oil/Energy

Coal & Symfuels Technology
 Electric Utility Week
 Energy User News
 Fusion Power Report
 Gas Buyers' Guide
 Gas Daily
 Gulf Coast Oil World
 Inside Energy With Fed. Lands
 International Oil News
 International Solar Energy
 Intelligence Report
 Natural Gas Marketing
 Northeast Oil World
 Northeast Power Report
 Nuclear Fuel
 Ocean Oil Weekly Report
 Offshore
 Offshore Gas Report
 Oil & Gas Journal
 Oil & Gas Investor
 Oil, Gas & Petro. Equipment
 Oilgram News
 Platt's News Service & Pubs
 Power
 Power Engineering
 Southwest Oil World
 The Energy Report
 The PT Distributor
 U.S. Oil Week
 Western Oil Week

Real Estate/

Building Maintenance
 Commercial Property News
 Commercial Record
 Facilities Design & Mgt.

Restaurants/Food Service

Nation's Restaurant News
 Restaurant Hospitality
 The Foodservice Distributor

Retailing

Chain Drug Review
 Chain Store Age Executive
 Discount Store News
 Drug Store News
 Garden Supply Retailer
 Gift & Stationery Business
 HFD Weekly Home Furnishings
 Hardware Age
 Home Fashions Magazine
 Inside Retailing Newsletter
 Mass Market Retailers
 Retailing Tech. & Operations
 Supermarket News

Safety

Emergency Preparedness News
 Industrial Safety & Hygiene
 Occupational Hazards
 Occupational Health & Safety

Schools/Education

Business Education World
 Education Daily
 Education Monitor
 Education of the Disadvantaged
 Education of the Handicapped
 Nation's Schools Report
 Preschool Perspectives
 Report on Education of the
 Disadvantaged
 Report on Education Research
 Report on Preschool Programs
 School and College
 School Child Care Report
 School Law News
 School Tech News
 Student Aid News
 Vocational Training News

Sports/Recreation

Action Sports Retailer
 Golf Pro Merchandiser
 Outdoor Retailer
 Sporting Goods Business
 Sportstyle
 Tennis Merchandiser

Textiles/Apparel

Apparel Merchandising
 Children's Business
 Daily News Record
 FN Magazine
 Footwear News
 Home Textiles International
 Impressions Magazine
 Nonwovens World
 M
 Women's Wear Daily
 W

Travel/Tourism

Business Travel News
 Corporate Travel
 Lodging Hospitality
 Meeting News
 Resorts & Incentives
 Tour & Travel News
 Travel Agents Market Place
 Travel Management Daily
 Travel People
 Travelage Caribbean
 Travelage East
 Travelage Europe
 Travelage Midamerica
 Travelage West

Wood/Paper

Forest Industries
 Pulp & Paper
 Pulp & Paper International
 Pulp & Paper Week
 World Wood

NATIONAL AFFAIRS NEWSLINE

Washington, D.C.

National/

Washington Newspapers

Washington Post
Washington Times
New York Times
Wall Street Journal
USA Today
Journal Newspapers

Wire Services

Associated Press
United Press International
Reuters
Dow Jones
Kyodo News Service
Agencia EFE
Agence France-Presse

News Weeklies

U.S. News and World Report
Time Magazine
Business Week
Newsweek

Newspaper Bureaus

Baltimore Sun/Evening Sun
Boston Globe
Boston Herald
Buffalo News
Chicago Sun-Times
Chicago Tribune
Cleveland Plain Dealer
Dallas Morning News
Denver Post
Des Moines Register
Detroit News
Houston Chronicle
Houston Post
Los Angeles Times
Milwaukee Journal
Minneapolis Star-Tribune
New York Newsday
New York Daily News
New York Post
Orlando Sentinel
Providence Journal
San Francisco Chronicle
San Francisco Examiner
Seattle Times
St. Louis Post-Dispatch
St. Petersburg Times

Newspaper News Services (serving 700+ dailies)

Cox
Donrey Media Group
Gannett
Hearst
Knight-Ridder
Media General
Newhouse Newspapers
Ottaway Newspapers
Scripps-Howard
States News Service
Tribune Newspapers
Thomson Newspapers

National Broadcast Networks

Radio
ABC
CBS
NBC/Mutual Broadcasting
National Public Radio
Unistar
Business Radio Network
AP Radio
UPI Radio

Television

ABC
CBS
NBC
CNN
C-Span
Fox
Good Morning America

Washington Television and Radio

WRC-TV
WJLA-TV
WTTG-TV
WUSA-TV
WTOP-Radio
WMAL-Radio
WPGC-Radio

Special Publications

Bureau of National Affairs
McGraw-Hill Publications
Journal of Commerce
Commerce Clearing House
Capitol Publications
Japan Economic Journal
Defense Week
Defense Daily
Washington Business Journal
Financial World Pubs
King Publishing Group
AFL-CIO News
Army Times
Navy Times
Air Force Times
Federal Times
Press Associates-
Labor News Service

Robinson, Lake, Lerer & Montgomery
Canadian Forest Industries Council
Letter, May 18, 1992 with press release of May 15, 1992

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Washington, D.C. 20045

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Detroit, MI 48226

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Detroit News
615 West Lafayette Blvd.
Detroit, MI 48226-3197

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Chicago Tribune
435 N. Michigan Avenue
Chicago, IL 60611-4022

George Neavoll
Portland Press Herald
390 Congress Street
Portland, ME 04101-1103

Mark Woodward
Bangor Daily News
491 Main Street
Bangor, ME 04401-6296

Richard Mathews
Atlanta Journal
72 Marietta Street, NW
Atlanta, GA 30303-2804

Marilyn Geewax
Atlanta Constitution
72 Marietta Street, NW
Atlanta, GA 30303-2804

MAY 28, 1992



Canadian Forest Industries Council
Le Conseil canadien des industries forestières

FOR IMMEDIATE RELEASE
MAY 28, 1992

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**AMERICAN ECONOMISTS, FOREST INDUSTRY EXPERTS SAY CANADIAN LUMBER
IMPORTS DO NOT INJURE U.S. PRODUCERS**

Washington, D.C. -- Noting that the volume of Canadian softwood lumber exports to the U.S. and the Canadian share of the American market have declined in recent years, American economists and forest industry experts told the International Trade Commission (ITC) today that Canadian softwood lumber exports do not injure the American market.

In testimony to the ITC, the experts said that the cause of deterioration in the American lumber industry from 1988 to 1991 -- the period under investigation by the ITC -- was the economic recession, which sharply reduced the demand for lumber, and federal environmental laws which curtailed access to federal timber.

Robert E. Litan, an economist at the Brookings Institution and a consultant to the Canadian Forest Industries Council (CFIC), said there was no injury to the U.S. lumber industry in 1988 when production was near an all-time high and capacity utilization was running at more than 97 percent.

With both the Canadian export volume and market share down since 1988, Dr. Litan said the allegation that Canadian softwood lumber is responsible for the decline in U.S. production and profitability has no merit.

"Since the domestic industry was performing well by any reasonable standard in 1988 when Canadian imports were at their peak, it defies logic, economic theory and common sense to assert that imports are in any way responsible for the domestic industry's deterioration since that date," he said.

The ITC held a hearing today in preparation for its final determination on whether Canadian softwood lumber imports to the U.S. have injured the U.S. industry. Last December, the ITC issued a preliminary determination that Canadian imports were injuring U.S. producers. The ITC is expected to announce its final determination by July 6.

Dramatic increases in lumber prices, rising lumber production, high operating rates and corporate earnings for the first quarter of 1992, which represented the sharpest gains in profitability for any

(more)

industry in the U.S., further indicated that Canadian softwood lumber was not injuring the U.S. market, the witnesses said.

Paul Ehinger, a leading expert on the cause of the Pacific Northwest's mill closures, placed the blame for the U.S. industry's troubles in 1988-1991 on harvesting restrictions on public timber lands mainly due to the spotted owl, as well as legal and administrative problems that have curtailed the federal timber sales programs.

Ehinger, who 10 years ago supported a duty on Canadian lumber imports, said, "The uncertain and rapidly declining timber supply is the totally dominating problem facing the Western industry today, not Canadian imports.

"This decline has had a devastating impact on both the sawmill and plywood industries in the Pacific Northwest. There is no question that the decline in federal timber supply has been the overwhelming cause of these mill closures and curtailments."

Michael Flannery, vice president of the wood products group of Pope & Talbot of Portland, Oregon, said the U.S. industry is not injured by Canadian imports because the domestic industry relies on Canadian lumber due to the shortage of U.S. lumber. "Other U.S. producers would have you believe that the U.S. wood products industry has suffered because of competition from Canada," he said. "My company's experience is quite to the contrary. Canadian lumber meets demand that U.S. producers are unable to satisfy."

Jon Marshall, vice president of sales and marketing at Champion International, one of the major U.S. softwood lumber producers, noted that certain lumber producers, mostly in the South, are reaping high profits because they rely mainly on timber from private land and therefore have not been confronted with environmental restrictions on federal land. "The increased value of the private timber holdings results in substantial profits on the timber operations," he said.

In a statement from Vancouver, Tom Buell, chairman of CFIC, said, "The facts on injury in this case are clear. Several U.S. lumber producers, mostly in the Southern U.S., are making healthy profits as lumber prices have reached record-levels. Our imports cannot possibly be injuring them, particularly when our market share has fallen from a high of 33 percent in 1985 to 27 percent today."

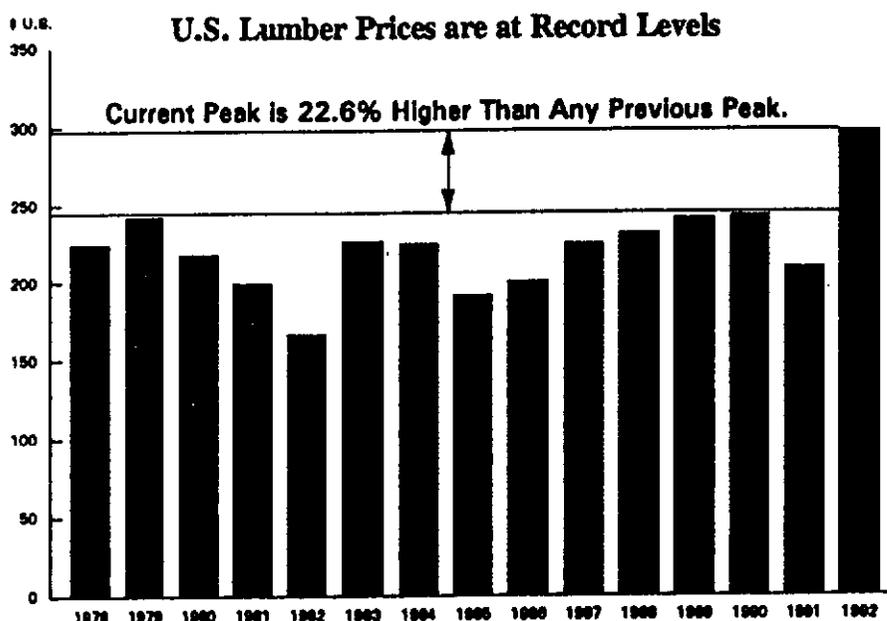
Earlier this month, the Commerce Department made a final determination that Canadian softwood lumber practices constitute a 6.51 percent subsidy to the Canadian lumber industry. Canada is appealing the decision to the bi-national panel of the U.S.-Canadian Free Trade Agreement.

🇨🇦 Lumber Imports From Canada Do Not Injure U.S. Producers

Certain U.S. lumber producers claim that imports of softwood lumber from Canada are causing injury to U.S. producers. These producers must convince the International Trade Commission ("ITC") of their allegations to succeed in their attempt to obtain a countervailing duty on lumber imports from Canada. An examination of the U.S. lumber market, however, establishes that U.S. producers have not been injured by imports of Canadian lumber.

I. Major U.S. Producers Enjoy High Prices and Rising Profits

A claim of injury cannot be squared with the basic facts that (1) lumber prices in the U.S. market have reached record levels due to increasing demand and (2) profits of major U.S. producers have risen dramatically.



Source: Random Lengths, Framing Lumber Composite Prices for First Quarters, 1978-1992.

U.S. lumber prices have reached all-time highs in recent months due to increasing demand. According to the National Association of Home Builders and other forecasters, demand for lumber in the U.S. market will continue to rise over the next few years. The allegation that imports of Canadian lumber are injuring U.S. producers by suppressing U.S. prices is not supported by the facts.

Profits Are Increasing Dramatically

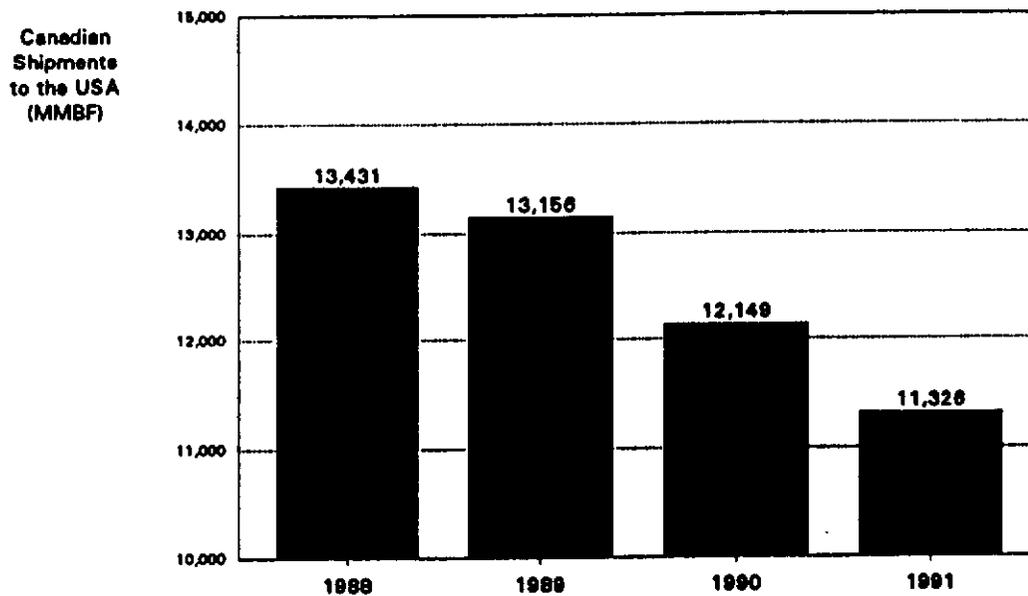
Fueled by rising prices and increased demand, profit margins for virtually every major U.S. producer have risen sharply in the first quarter of 1992. Georgia-Pacific, the company leading the effort to obtain countervailing duties on Canadian lumber, reported all-time record first quarter earnings in 1992. Other U.S. producers have had similarly strong financial gains. Analysts predict even stronger earnings in the second quarter. Any claim of injury in the face of such increased profits is a complete non-sequitur.

II. Canadian Lumber Imports Have Not Injured U.S. Producers

Any declines in the U.S. industry's performance from 1988 through 1991, the period under review by the ITC, were attributable to a low demand for lumber, aggravated by a deep recession, and to timber shortages caused by the withdrawal of harvestable lands for environmental reasons. Housing starts in 1991 were the lowest since World War II, and overall consumption of lumber in the U.S. dropped 13 percent from 1988 to 1991.

Imports from Canada were not responsible for these supply and demand conditions in the U.S. market. Moreover, Canadian shipments steadily declined from 1988 to 1991 by over 15 percent.

Canadian Lumber Shipments Declined



Source: International Trade Commission Prehearing Report, May 11, 1992 (excluding exports from Maritime provinces).

Likewise, the Canadian producers' share of the U.S. lumber market has decreased over the same period and has fallen by 6 percentage points since 1985. Plainly, the diminished market share and decreased shipments of Canadian producers did not cause injury.

III. Conclusion: No Injury Has Been Caused by Imports from Canada

The ITC has never found injury where, as here, prices in the U.S. market are high, demand is increasing and shortages of the domestic product are imminent. As the Department of Commerce has recognized in its 1992 Industrial Outlook, imports of lumber from Canada are needed to off-set the shortage of lumber in the U.S. market, a shortage that will persist in the future. The evidence points to one conclusion: U.S. producers of lumber are not and will not be injured by imports of softwood lumber from Canada.

THE BEER WAR AND CALIFORNIA

STATE SPECIFIC
INFORMATION

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

SHEETS

Impact on California Brewers and Vintners

The anticipated ruling on the Canadian complaint (Beer II) could have a significant impact on California brewers and vintners. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this could cost the Sierra Nevada Brewing Co. in Chico \$228,000; it could cost the Anchor Brewing Company in San Francisco \$644,000.

If this dispute went a step further and Canada retaliated with its own increased tariffs, the California wine industry would suffer dramatic losses. One Californian vintner, Gallo, controls 26 percent of the US exports of white wine to Canada, and it is estimated that American vintners sell one million cases of wine to Canadians every year.

Californian brewers and vintners who operate retail outlets at their breweries and wineries would have to either close or offer foreign products as well. This would be a major blow to Sonoma and Napa County vintners.

Impact on Wholesalers

The immediate losers, however, would be the wholesalers and their employees. If the US carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and forcing some of the 220 wholesalers located in California to lay-off their employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. California law requires distributors of imported beer to use common carriers, so the trucking industry could no longer count on that business. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt. Companies that import similar Canadian goods, such as distilled spirits, are also concerned about what increased prices could do to their businesses.

CANADIAN FOREST INDUSTRIES COUNCIL

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APRIL 30, 1992

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Nancy Waltz
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202-898-8300
Fax - 898-8383

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202-636-3000
Fax - 832-2979
269-3419

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202-628-2157
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Irv Chapman
CNN
820 1st St., NE
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Washington, D.C. 20002
202-898-7900

Canadian Reporters

Mike Omelus (covering for Wire and Broadcast News Limited)
Canadian Press Wire Service
1825 K St., NW, #615
Washington, D.C. 20006
202-828-9669/70
Fax - 728-0348

Rod McQueen
Financial Post
1225 Eye St., NW, #810
Washington, D.C. 20005
202-842-1190
Fax - 289-5475

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1331 Pennsylvania Ave., NW, #524
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202-662-7165/66
Fax - 764-7586

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F - 313-222-5981

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313-222-2300
F - 313-222-2335

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Chicago Tribune
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F - 312-222-3143

George Neavoll
Portland Press Herald
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F - 207-780-9334

Mark Woodward
Bangor Daily News
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F - 207-941-9476

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F - 414-224-2049

Chuck Whiting
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F - 612-673-4359

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Washington, D.C.

MAY 15, 1992



#20

Canadian Forest Industries Council
Le Conseil canadien des industries forestières

FOR IMMEDIATE RELEASE
Friday, May 15, 1992

Contact: Tom Buell
604/684-0211
Clare Lynam
202/457-9270

**CANADIAN FOREST INDUSTRY REJECTS NEW SUBSIDY FINDING;
WILL CONTEST "BIASED," "HYPOCRITICAL" DECISION**

Washington, D.C. --- The chairman of the Canadian Forest Industries Council (CFIC) today dismissed a new Commerce Department finding on Canadian softwood lumber subsidies as a "political ploy" and vowed to continue the fight against the "economically misguided and factually indefensible" U.S. position.

In a final determination, the Commerce Department today said the Canadian subsidy amounts to 6.51% and that a duty in this amount would be imposed on Canadian softwood lumber exports to the U.S. In its preliminary ruling last March, the Commerce Department claimed the subsidy amounted to 14.48%

Tom Buell, Chairman of CFIC, said the latest figure from the Commerce Department is still incorrect and will not lessen Canada's determination to have this matter resolved in an unbiased process:

"This downward revision is a political ploy to make the decision appear reasonable when, in fact, it is not based on reason at all. The preliminary decision was wrong, and the final decision is wrong. There is no subsidy. If the Commerce Department expects the new subsidy figure will be more to our liking and the basis for a settlement, it is badly mistaken.

"This biased decision does not alter the unbiased facts in this matter. Canada does not subsidize its softwood lumber industry and Canadian imports do not injure the American industry."

Noting that the Department of Commerce initiated the case against the Canadian industry last year, Mr. Buell said no one could be surprised that the Commerce Department continued to allege that Canada subsidizes its softwood industry:

"The Department of Commerce was complainant, judge and jury in this case. It was an interested party and it has rendered a decision that serves its interests. This economically misguided and factually indefensible decision is the result of a biased process that was politically motivated."

-more-

The Commerce Department's determination maintained that restrictions on Canadian log exports constituted a subsidy to Canada's industry, a decision Mr. Buell found particularly objectionable in light of similar American export restrictions.

"Their decision on log exports is not only factually ludicrous, it is hypocritical in light of America's own log export bans, a point that has been made by some leading American political figures, including Idaho Governor Cecil Andrus," Mr. Buell said.

Mr. Buell also stated that the industry would insist that the Canadian government bring the case to an objective review by a panel established under the Canada-USA Free Trade Agreement.

"We are completely confident that a fair and thorough examination of the facts would demonstrate that the Canadian industry is not subsidized," he said. "Since the Commerce Department was unable or unwilling to provide an objective examination, we will go to a panel that guarantees one.

"The Canadian lumber industry is united in its determination to fight this case through to a successful conclusion. We are certain of our legal position, and we will vigorously defend it."

Mr. Buell said that American consumers will pay for the Commerce Department's action because the duty imposed on Canadian lumber exports would increase lumber costs in the U.S.

"The Commerce Department's protectionist action is aimed at Canada, but it will also strike American homebuyers who will find themselves paying higher prices for new homes and other products," he said.

Noting that Canada's share of the U.S. lumber market has declined from 33 percent in 1985 to about 27 percent in recent years, Mr. Buell said this demonstrates the absence of injury to the American market, and he expressed confidence the International Trade Commission would find in Canada's favour when it issues its final determination in July.

Speaking on behalf of the Quebec industry, Gerald Jacques, Quebec's delegate to the Canadian Forest Industries Council, reiterated that the Quebec producers fully support the Canadian position and also intend to fight the issue to the end.

"The Commerce Department's decision," he declared, "is unfair and unacceptable for all Canadian producers.

"In addition," said Mr. Jacques, "we know full well that our activities have caused no damage to the American forest industry which, in fact, exports saw logs to Quebec."

Robinson, Lake, Lerer & Montgomery
Canadian Forest Industries Council
Press Release of May 15, 1992

List #1

Scott Sonner, Associated Press	202-828-6422
Eddie Lachica, Wall Street Journal	202-862-9266
Steve Greenhouse, New York Times	202-862-0304
John Maggs, Journal of Commerce	202-383-6121
Stuart Auerbach, Washington Post	202-334-4407/5564
Laura Eggertson, Canadian Press Wire	202-728-0348
Chuck Abbott, Reuters	202-898-8383
Greg Wright, Knight-Ridder	202-383-6198
John Saunders, Globe and Mail	202-764-7586
Rod McQueen, Financial Post	202-289-5475
Mike Omelus, Broadcast News Limited	202-728-0348
Barbara Sweet, Thompson Newspapers	202-347-5017

List #2 (Fax #'s)

Alan Ota, Portland Oregonian	202-383-7820
Jim Berger, Washington Trade Daily	301-946-0817
David Schaefer, Seattle Times	202-546-4700
James Bovard, Freelance Writer	202-546-7757
Irv Chapman, CNN	202-898-7644
Hilary Mackenzie, Maclean's	202-662-7341
George Hoff, Canadian Broadcasting	202-783-9321

List #3 (These are going via talyfax)

Leonard Silk, New York Times	212-556-4109
Peter Passell, New York Times	212-556-4109
Hobart Rowen, Washington Post	202-334-7320
Jim Hoagland, Washington Post	202-334-5547
Gordon Crovitz, Wall Street Journal	212-416-2658
Ken Smith, Washington Timies	202-636-2982
Margie Malandro, Washington Times	202-269-3419
John Anderson, Washington Post	202-334-1008
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Robert Samuelson, Newsweek	202-626-2011
Alkman Granitsas, Inside U.S. Trade	703-685-2606
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Mark Woodward, Bangor Daily News	207-941-9476
Richard Mathews, Atlanta Journal	404-526-5610
Marilyn Geewax, Atlanta Constitution	404-526-5746

CANADIAN FOREST INDUSTRIES COUNCIL

MAY 18, 1992



#21

Canadian Forest Industries Council
Le Conseil canadien des industries forestières

May 18, 1992

Peter Passell
New York Times
229 West 43rd St.
New York, NY 10036

Dear Peter:

As I am sure you know by now, the Commerce Department on Friday issued its final determination on subsidy in the case involving the Canadian softwood lumber industry. It reduced the alleged subsidy figure from 14.48% to 6.51%. We faxed you the Canadian Forest Industries Council reaction on Friday, but I thought you might be interested in seeing additional reactions to the ruling from several U.S. industry groups.

Please do not hesitate to be in touch if you have any questions.

Very truly yours,

Lance Morgan

Attachments

Canadian Forest Industries Council Le Conseil canadien des industries forestières



FOR IMMEDIATE RELEASE
Friday, May 15, 1992

Contact: Tom Buell
604/684-0211
Clare Lynam
202/457-9270

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National Association of Home Builders

HOUSING NEWS SERVICE

National Housing Center • 15th & M Streets, N.W.,
Washington, D.C. 20005 • (202) 822-0254

FOR IMMEDIATE RELEASE

**CONTACT: Jay Shackford
(202)822-0406**

SPOTTED OWL, LUMBER TRADE DECISIONS WILL PUSH UP HOUSING COSTS

WASHINGTON, May 15 -- A number of decisions announced by the federal government over the past 24 hours will have a major impact on the price and supply of lumber and on housing affordability, according to the National Association of Home Builders (NAHB).

"Today's action by the Commerce Department imposing a 6.5 percent countervailing duty on Canadian lumber imports is an improvement over the earlier ruling calling for a 14.5 percent duty and yesterday's decision by the Endangered Species Committee to open up an additional 1,700 acres of federal land for logging are partial steps toward providing lumber for home building, but they do not go far enough," said NAHB President Robert "Jay" Buchert.

"The cost of housing depends on federal government trade, environmental, and land management policies that control lumber supplies," Buchert added. "The effects of these policies on housing affordability have not been given enough weight."

In addition to yesterday's decision by the cabinet-level Endangered Species Committee, the Administration issued two plans for protecting the northern spotted owl -- a recovery plan as

required under law as part of the Endangered Species Act (ESA), and an alternative preservation plan ordered by Interior Secretary Manuel Lujan that attempted to more evenly balance competing goals of protecting the spotted owl and saving logging jobs and ensuring adequate lumber supplies.

The full recovery plan would set aside 5.4 million acres in the Pacific Northwest and result in the loss of about 32,000 timber industry jobs, according to the Interior Department.

Lujan's alternative would set aside 2.8 million acres, save 17,000 jobs and 1 billion board feet of timber per year.

The Administration's proposed preservation plan is expected to be introduced in Congress next week by Sen. Slade Gorton (R-Wash.). For it to become effective, Congress will have to put the proposal into a bill and enact it.

"Secretary Lujan's preservation plan strikes a reasonable balance that will ensure protection of the northern spotted owl, timber industry jobs and reasonable access to lumber supplies," said Buchert. "It is a sensible alternative to the recovery plan and would provide enough additional timber to build nearly 100,000 homes per year."

Lumber Costs

Responding to the decision by the U.S. Department of Commerce to reduce the countervailing duty on Canadian lumber to 6.5 percent from the 14.48 percent rate set in its preliminary ruling in March, Buchert noted that, "this is a positive step, but any duty at this time is bad for home buyers and bad for the U.S. economy. If the full amount of the duty shows up in U.S. lumber prices, it will add nearly \$300 to the price of a house (based on an assumed price of

\$280 per 1,000 square board feet and 16,000 board feet of lumber per house)."

Lumber and other wood products represent about \$10,000 in the cost of a median-priced (\$120,000) new home. Housing production is critical to economic recovery. Rising housing starts will result in a stronger demand for lumber. If the demand is stronger than supply, prices will go up, more consumers will be locked out of the housing market and the recovery will be jeopardized.

"Future house prices will depend on what choices the Administration and Congress ultimately make regarding harvests from government-owned forests and duties on Canadian lumber," said Buchert. "The wrong choices could add thousands of dollars to the cost of a home."

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NS

NATIONAL LUMBER AND BUILDING MATERIAL DEALERS ASSOCIATION



May 15, 1992
Contact: Gary Donnelly
(202) 547-2230

**Lumber Dealers Applaud Commerce Department Decision
On Countervailing Duty**

"The Commerce Department's decision to reduce the countervailing duty on imported Canadian softwood lumber represents a major victory for the American consumer," said Gary Donnelly, Executive Vice President of the 9000 member National Lumber and Building Material Dealers Association. "Our members, who deal with consumers on a day to day basis saw the inequity of the duty from the very beginning and we have been doing everything in our power to mobilize public and Congressional opinion against it," he added.

The Commerce Department announced today it was reducing the Countervailing Duty on softwood lumber imported from Canada from 14.48 percent to 6.5 percent.

Thousands of lumber dealers from across the nation participated in the campaign to reduce and eliminate the duty. Through personal visits, letters, phone calls and faxes, lumber dealers contacted their Representatives, Senators, the Commerce Secretary and the White House.

Page - 2

The lumber dealers were concerned that the 15 percent duty was unfair, unwarranted and was artificially driving up the cost of lumber at a time when the economy was just starting to come out of the recession. "Housing starts were just starting to heat up when the initial decision was announced and our members were worried that the increase in the cost of wood products would stall the recovery," Donnelly said.

"While this represents a major victory and clearly demonstrates the power of individuals, working together in a group to influence its government, the battle is not over. We plan to continue to press the Commerce Department and the Administration to eliminate the duty entirely." Donnelly concluded.

#

For Six Month Period Ending June 1, 1992
(Insert date)

Name of Registrant

Registration No.

Robinson, Lake, Lerer & Montgomery

3911

Business Address of Registrant

**1667 K Street, N.W., #900
Washington, D.C. 20005**

I-REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

- (1) Residence address Yes No
- (2) Citizenship Yes No
- (3) Occupation Yes No

(b) If an organization:

- (1) Name Yes No
- (2) Ownership or control Yes No
- (3) Branch offices Yes No

2. Explain fully all changes, if any, indicated in item 1.

None

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name

Position

Date Connection Ended

Formerly OBD-64

RECEIVED
DEPT. OF JUSTICE
CRIMINAL DIVISION
92 JUN -1 P4:35
INTERNAL SECURITY
REGISTERED MAIL
JUN 1 1992

4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?
 Yes No

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
------	-------------------	-------------	----------	--------------

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?
 Yes No

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Position or connection	Date terminated
Christopher Rieck	Associate	3/31/92

7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes No

If yes, furnish the following information:

Name	Residence Address	Position or connection	Date connection began
Clare Lynam	1233 N. Scott Street, 401 Arlington, VA 22209	Associate	*
Douglas Lowenstein	3902 Rosemary Street Chevy Chase, MD 20815	Vice President	**
Edith Wooten	2250 Clarendon Blvd. Arlington, VA 22201	Associate	**

Clare Lynam, Douglas Lowenstein, and Edith Wooten have all been previously employed by Robinson, Lake, Lerer & Montgomery but did not begin work on a foreign principal until * 2/3/92 and ** 3/6/92, at which time Robinson, Lake, Lerer & Montgomery submitted their short form registrations in compliance with your rules and regulations.

II—FOREIGN PRINCIPAL

8. Has your connection with any foreign principal ended during this 6 month reporting period? Yes No

If yes, furnish the following information:

Embassy of Papua New Guinea
Name of foreign principal

1/92
Date of Termination

9. Have you acquired any new foreign principal¹ during this 6 month reporting period? Yes No

If yes, furnish following information:

Name and address of foreign principal

Date acquired

Canadian Forest Industries Council, 1200-555 Burrard Street	
Vancouver, British Columbia V7X1S7	2/3/92
Brewers Association of Canada, 1200 155 Queen Street, Ottawa, Ontario K1P6L1	3/6/92
Ukraine, Kiev, Ukraine	4/22/92

10. In addition to those named in Items 8 and 9, if any, list the foreign principals¹ whom you continued to represent during the 6 month reporting period.

Mitsubishi Electric Corp., Japan Auto Parts Industry Association, Minolta Camera, Abu Dhabi Investment Authority

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes No

If yes, identify each such foreign principal and describe in full detail your activities and services:

See Attached

¹The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity² as defined below?
Yes No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

See Attached

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes No

If yes, describe fully.

²The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV--FINANCIAL INFORMATION

14. (a) RECEIPTS--MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.³

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
See Attached			

Total

(b) RECEIPTS--THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁴ other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes No

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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³A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e).
⁴Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS—MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes No

(2) transmitted monies to any such foreign principal? Yes No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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See Attached

Total

15. (b) DISBURSEMENTS—THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value⁵ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes No

If yes, furnish the following information:

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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(c) DISBURSEMENTS—POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value⁵ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes No

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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V—POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes No

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

Canadian Forest Industries Council, Brewers Association of Canada

⁵Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion picture films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches

Other (specify) copies of ITC testimony

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

- Public Officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify)

21. What language was used in this political propaganda:

- English
- Other (specify) French

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes No

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes No

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes No

VI—EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

(a) Have you filed for each of the newly acquired foreign principals in Item 9 the following:

- Exhibit A⁶ Yes No
- Exhibit B⁷ Yes No

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes No

If yes, have you filed an amendment to these exhibits? Yes No

If no, please attach the required amendment.

⁶The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

⁷The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

26. EXHIBIT C

If you have previously filed an Exhibit C⁸, state whether any changes therein have occurred during this 6 month reporting period. Yes No

If yes, have you filed an amendment to the Exhibit C? Yes No

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

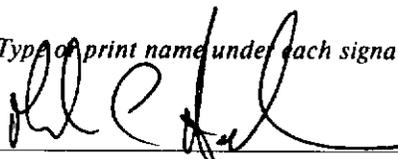
Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement? Yes No

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

(Type or print name under each signature)



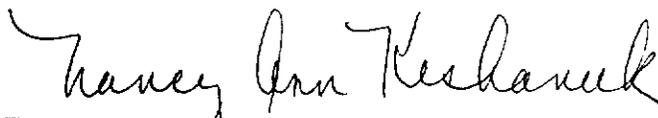
Mark C. Helms

President

Subscribed and sworn to before me at Washington, D.C.

this 16th day of June, 19 92

Commission Expires 10/31/96



(Signature of notary or other officer)

⁸The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

UNITED STATES DEPARTMENT OF JUSTICE
REGISTRATION UNIT
CRIMINAL DIVISION
WASHINGTON, D.C. 20530

NOTICE

Please answer the following questions and return this sheet in triplicate with your supplemental statement:

1. Is your answer to Item 16 of Section V (Political Propaganda - page 7 of Form OBD-64 - Supplemental Statement):

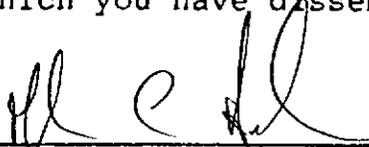
Yes _____ x _____ or No _____

(If your answer to question 1 is "yes" do not answer question 2 of this form.)

2. Do you disseminate any material in connection with your registration:

Yes _____ or No _____

(If your answer to question 2 is "yes" please forward for our review copies of all such material including: films, film catalogs, posters, brochures, press releases, etc. which you have disseminated during the past six months.)



Signature

Mark C. Helmke

Please type or print name of signatory on the line above

President

Title

6-16-92

Date
RECEIVED
DEPT OF JUSTICE
CRIMINAL DIVISION
92 JUN -1 P4:35
INTERNAL SECURITY
SECTION
REGISTRATION UNIT

ITEM 11 & 12

Foreign Principal: Japan Auto Parts Industry Association

Interests: Track legislation and administrative agency activity affecting international trade, prepare memoranda, and advise principal on taking, action, if appropriate, with regard to either legislative or administrative activities.

Key: CW - Cary Walker

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
3/18	CW	Tel Call	Alison Roche, Department of Commerce, requesting information on auto parts trade meeting attended by Members of Congress, Administration officials and industry representatives.
	CW	Tel Call	Erin Endean, USTR, requesting information on auto parts trade meeting attended by Members of Congress, Administration officials and industry representatives.

INTERNAL SECURITY
SECTION
REGISTRATION UNIT

92 JUL -1 P4:35

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DEPT OF JUSTICE
CRIMINAL DIVISION

ITEM 11 & 12

Foreign Principal: Mitsubishi Electronic

Interests: Track legislative and administrative agency activity affecting international trade, prepare memoranda and advise principal on taking action, if appropriate, with regard to either legislative or administrative activities.

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
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12/1/91 to 5/31/92

NO REPORTABLE ACTIVITY THIS PERIOD

ITEM 11 & 12

Foreign Principal: Embassy of Papua New Guinea

Interests: Monitor and explain to news media through written and oral communications developments in Papua New Guinea and assist the Embassy of Papua New Guinea in developing a series of meetings with the American business community designed to encourage foreign investment in Papua New Guinea.

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
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12/1/91 to 5/31/92

NO REPORTABLE ACTIVITY THIS PERIOD

ITEM 11 & 12

Foreign Principal: Minolta Camera Co., Ltd

Interests: Monitor and explain to news media and government officials through written and oral communications the nature of the principal's interest in regard to international trade issues. We will track legislative and administrative agency activity affecting international trade and advise principal on taking action, if appropriate, with regard to either legislative or administrative activities.

Key
 MG - Michael Gross
 DN - Donald Nathan *
 SR - Steven Rosenbaum *

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
12/4	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Martin Dickson, Financial Times, regarding civil suit between Honeywell and Minolta.
	SR	Tel Call	George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Mark Seavy, Home Furnishings Daily, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
12/10	MG	Tel Call	Bill Holstein, Business Week, and Joan Rigdon, Wall Street Journal, regarding civil suit between Honeywell and Minolta.
1/7	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Sophie Smoliar, Photo International/PTN, Martin Dickson, Financial Times, regarding civil

suit between Honeywell and Minolta.

	SR	Tel Call	George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
1/8	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Sophie Smoliar, Photo International/PTN, Joan Rigdon, Wall Street Journal, regarding civil suit between Honeywell and Minolta.
	SR	Tel Call	George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Mark Seavy, Home Furnishings Daily, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
1/24	MG	Tel Call	Rudi Larini, Newark Star Ledger, regarding civil suit between Honeywell and Minolta.
	SR	Tel Call	George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Mark Seavy, Home Furnishings Daily, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
2/6	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Sophie Smoliar, Photo International/PTN, Brian Bremner, Business Week, Martin Dickson, Financial Times, Ed Andrews, New

			York Times, Stuart Auerbach, Washington Post, regarding civil suit between Honeywell and Minolta.
	DN	Tel Call	Rudi Larini, Newark Star Ledger, regarding civil suit between Honeywell and Minolta.
	SR	Tel Call	Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
2/7	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Brian Bremner, Business Week, Stuart Auerbach, Washington Post, regarding civil suit between Honeywell and Minolta.
	DN	Tel Call	Joe Neff, AP, regarding civil suit between Honeywell and Minolta.
	SR	Tel Call	Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, regarding civil suit between Honeywell and Minolta.
2/10	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Brian Bremner, Business Week, regarding civil suit between Honeywell and Minolta.
	DN	Tel Call	Lynda McDonnell, St. Paul Pioneer Press, Tony Thomas, Economist, Judi

Valenti, Wall Street Journal, Bart Ziegler, AP, regarding civil suit between Honeywell and Minolta.

SR	Tel Call	Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.	
2/11	MG	Tel Call	Rudi Larini, Newark Star Ledger, regarding civil suit between Honeywell and Minolta.
SR	Tel Call	Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.	
3/4	MG	Tel Call	Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, Sophie Smoliar, Photo International/PTN, regarding civil suit between Honeywell and Minolta.
SR	Tel Call	Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily,	

Al Debat, The Professional Photographers of America, regarding civil suit between Honeywell and Minolta.

3/5 MG Tel Call Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, regarding civil suit between Honeywell and Minolta.

SR Tel Call Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.

3/24 MG Tel Call Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, regarding civil suit between Honeywell and Minolta.

SR Tel Call Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.

3/25 MG Tel Call Rudi Larini, Newark Star Ledger, Barnaby Feder, New York Times, Art Hayes, Wall Street Journal, Joe Neff, AP, regarding civil suit between Honeywell and Minolta.

SR Tel Call Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic

News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.

3/26 MG Tel Call

Rudi Larini, Newark Star Ledger, regarding civil suit between Honeywell and Minolta.

SR Tel Call

Burt Keppler and Jason Schneider, Popular Photography, Jackie Augustine, Petersen's Photographic News, George Schaub, Photographic Trade News, Sophie Smoliar, Photo International/PTN, Bill Clark, Photo Business, Bill Schiffner, PTN, Gary Pageau and Margaret Hooks, Photo Marketing, Lynda McDonnell, St. Paul Pioneer Press, Mark Seavy, Home Furnishings Daily, regarding civil suit between Honeywell and Minolta.

* Donald Nathan and Steven Rosenbaum are with the New York office of Robinson, Lake, Lerer & Montgomery. Registration statements were never filed for them because they were not involved in public policy issues which are considered reportable activities. After review of our filing, Counsel has advised us that their activities of talking to the press in the civil litigation matter should be reported and are included above. Their registration statements will be submitted under separate cover.

ITEM 11 & 12

Foreign Principal: Abu Dhabi Investment Authority

Interests: Monitor and explain to news media through written and oral communications developments regarding the Abu Dhabi Investment Authority and assist it in its communications efforts.

Key: JHL James H. Lake
 CR Cynthia Rapp
 CW Cary Walker

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
12/2	CR	Press Release	See attached press release which was sent to the attached press list to announce client's reaction to London court's decision to grant adjournment for settlement until January 14, 1992. (#1)
	CR	Tele Calls	See attached press release which was sent to the attached press list to announce client's reaction to London court's decision to grant adjournment for settlement until January 14, 1992. Phone calls were made to follow up on the press release. (#1)
12/8	CW	Meeting	Brian Mohler, Deputy Chief of the Mission at the U.S. Embassy in Abu Dhabi. Discussion was regarding a general background briefing on the emirate.
12/10	CW	Meeting	Sami Hajjar, Public Affairs Office, U.S. Embassy in Abu Dhabi. Discussion was regarding a general background briefing on the emirate.
1/8	CR	Memorandum	See attached memorandum which was sent to the attached press list to provide background information to U.S. reporters. (#2)
1/9	CW	Tele Calls (2)	Brian Barger, special assignment editor with CNN, regarding interview request and background

information.

1/13	CR	Memorandum	See attached memorandum which was sent to the attached press list to provide background information to London-based U.S. reporters. (#2)
2/3	CR	Letter	Ned Crabb, Wall Street Journal, to submit letter-to-the-editor.
2/4	CR	Tel Call	Ned Crabb, Wall Street Journal, regarding submission of letter-to-the-editor.
2/7	CR	Tel Call	Ned Crabb, Wall Street Journal, regarding publication of letter-to-the-editor.
2/10	CR	Tel Call	Tom Petzinger, Wall Street Journal, to schedule background briefing.
2/13	CR	Release	To attached list to provide statement in response to Price Waterhouse allegations. (#3)
	CR	Tel Calls	To above attached list to follow-up on press release.
2/14	CR	Tel Call	Tom Petzinger, Wall Street Journal, where he requested responses to background questions he submitted to us in writing.
	CR	Tel Calls	Tom Petzinger, Wall Street Journal, Sharon Walsh, Washington Post, Marci Gordon, AP, and Steve Lohr, New York Times, to alert them to possible settlement announcement.
2/17	CR	Tel Call	Tom Petzinger, Wall Street Journal, regarding status of question responses.
2/19	CR	Tel Call	Paul Gigot, Wall Street Journal, to schedule a background briefing.
	CR	Tel Call	Tom Petzinger, Wall Street Journal, regarding status of question responses.
2/21	CR	Release	To attached list to provide statement and background information regarding proposed settlement between the majority

shareholders and the liquidators.
 (#4)

		Tel Calls	To above attached list to followup on press release. (#4)
2/27	CR	Tel Call	Tom Petzinger, Wall Street Journal, regarding status of question responses.
3/1	CR	Tel Call	Tom Petzinger, Wall Street Journal, with background questions regarding ADIA.
3/4	JHL	Tel Call	Tom Petzinger, Wall Street Journal, regarding background information.
3/5	CR	Memo	Tom Petzinger, Wall Street Journal, with response to above background questions.
3/9	CR	Letter	Tom Petzinger, Wall Street Journal, with response to submitted questions.
	CR	Tel Call	Tom Petzinger, Wall Street Journal, with followup questions to submitted responses.
3/10	CR	Tel Call	Tom Petzinger, Wall Street Journal, with requested additional contacts for additional information.
3/11	CR	Tel Call	Reuters, with response to March 11, 1992, Wall Street Journal article.
3/18	CW	Tel Call	Charles Babcock, Washington Post, requesting printed correction of previously written incorrect assertion.
3/18	CR	Tel Call	John Martin and Alan Frank, ABC News, providing Foreign Agent Registration Act information and background information of previous filings.
3/19	CR	Meeting	Tom Petzinger, Wall Street Journal, regarding background briefing.
3/20	CR	Letter	Robert Bartley, Paul Steiger, Ned Crabb, Tom Petzinger, Peter Truell, Wall Street Journal, to submit attached Letter-to-the-Editor in

response to 3/11/92 article.

4/29	CR	Letter	Robert Bartley, Ned Crabb, Wall Street Journal, to submit attached Letter-to-the-Editor in response to the 4/1/92 and 4/17/92 editorials.
5/13	CR	Tel Call	Sharon Walsh, Washington Post, to provide information and statement (attached) in response to her inquiry. (#5)
5/14	CR	Press Release	Attached release to attached list to deny allegations made by Keith Vaz, MP. (#6)
5/15	CR	Written Information	To press in attendance at U.S. Senate Subcommittee on Terrorism, Narcotics and International Operations at May 14th hearing. Information attached. (#7)
5/15	CR	Tel Call	Steve Lohr, New York Times, to request and arrange an interview.
5/16	CR	Tel Call	Ira Silverman, NBC, regarding possible interview.
	CR	Tel Call	Sharon Walsh, Washington Post, regarding possible interview.
	CR	Meeting	Steve Lohr, New York Times, to interview representative who appeared before Senate Subcommittee. Discussed in greater detail information provided to the Subcommittee.
5/17	CR	Tel Call	Steve Lohr, New York Times, to discuss article based on 5/16/92 interview.
5/19	CR	Tel Call	Robert Bartley, Wall Street Journal, to arrange editorial board meeting.
	CR	Letter	George Melloan, Wall Street Journal, to correct assertions made in 5/18 op-ed; and provide written and oral statements as submitted to Senate Subcommittee on 5/14/92

5/22 JHL,CR Meeting R. Bartley, D. Henniger, P. Gigot,
Wall Street Journal to provide
background information.

5/28 CR Press Release To attached press list to correct
errors in Washington Post article.
(#8)

ITEM 11 & 12

Foreign Principal: Canadian Forest Industries Council

Interests: Track legislation and administrative agency activity affecting international trade, prepare memoranda, and advise principal on taking, action, if appropriate, with regard to either legislative or administrative activities and to assist the Council in its communications efforts.

Key: JHL - James H. Lake
 LM - Lance Morgan
 JL - Janet Lane
 CL - Clare Lynam

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
1/24	LM	Tel Call	Cort Kirkwood, Washington Times, requesting meeting with client to discuss background of the US-Canada lumber dispute.
1/30	CL	Tel Call	Joan Motyka, New York Times, regarding possibility of the New York Times doing an op-ed on the US-Canada lumber dispute.
1/31	LM	Tel Call	Gordon Crovitz, Wall Street Journal, requesting meeting with client to discuss background of the US-Canada lumber dispute.
	CL	Tel Call	Leo Abruzzese, Journal of Commerce, requesting meeting to discuss the US-Canada lumber dispute.
	JL	Tel Call	James Bovard, freelance journalist, to request meeting with client.
2/3	LM	Tel Call	Cort Kirkwood, Washington Times, to firm up plans for session with Washington Times editorial writers and Council members.
	LM	Tel Call	Karen Tumulty, Los Angeles Times, requesting interview with client to discuss US-Canada lumber dispute.

	CL	Tel Call	Leo Abruzzese, Journal of Commerce, requesting editorial board meeting with client to discuss the US-Canada lumber dispute.
2/4	LM	Letter	Gordon Crovitz, Wall Street Journal with background information on the US-Canada lumber dispute.
	CL	Tel Call	Leo Abruzzese, Journal of Commerce, regarding meeting of editorial board with client to discuss US-Canada lumber dispute.
2/5	LM	Letter	John Anderson, Washington Post and Peter Passell, New York Times, with background information on Canadian timber issue.
	CL	Tel Call	To attached list inviting them to attend press breakfast on 2/11/92 with client to discuss US-Canada lumber dispute. (#9)
2/6,7,10	JL, CL	Tel Calls	To above attached list following up on invitation to press breakfast on 2/11/92. (#9)
2/6	CL	Tel Call	Mike Omeluf, Broadcasting Limited, Cal Woodward, Canadian Press Wire, regarding invitation to press breakfast on 2/11/92.
	CL	Tel Call	Bob Davis, Wall Street Journal, to arrange meeting with client to discuss US-Canada lumber dispute.
	CL	Fax	James O'Connell, CTV Television regarding press briefing breakfast on 2/11/92.
2/7	LM	Tel Call	Gordon Crovitz, Wall Street Journal and John Anderson, Washington Post, regarding possible meeting with client to discuss US-Canada lumber dispute.
	CL	Tel Call	Bruce Stokes, National Journal, and David MacDonald, Winnepeg Free Press, regarding their attendance at press briefing breakfast on 2/11/92.

	CL	Tel Call	Leo Abruzzese, Journal of Commerce, to confirm editorial board meeting on 2/13/92.
2/10	CL	Tel Call	Bob Davis, Wall Street Journal, to confirm meeting with client on 2/11/92 and faxed some biographical information on clients.
2/11	JL,CL	Meeting	Press breakfast with John Maggs, Journal of Commerce, Nancy Waitz, Reuters, Barb Sweet, Thomson Newspapers, M. Omelus, Canadian Press, Broadcast News, John Saunders, Toronto Globe and Mail, Hilary MacKenzie, Maclean's Magazine, David Schaefer, Seattle Times, Rod McQueen, Financial Post, Jim Berger, Washington Trade Daily, Mary Foley, UPI, Scott Sonner, AP, George Hoff, CBC, Alkman Granitsas, Inside US Trade, and Council members John Kerr, Gordon Ritchie, and Tom Buell.
2/11 - 2/13	LM, JL, CL	Mail, Messenger and Hand Out	Press packet to list attached. (#10)
2/11	JL,CL	Meeting	Keith Bradsher, New York Times, and James Bovard, freelance journalist, and Council members (John Kerr, Gordon Ritchie and Tom Buell) regarding US-Canada lumber dispute.
	CL	Meeting	Bob Davis, Wall Street Journal, and Council Members (John Kerr, Gordon Ritchie and Tom Buell) regarding U.S.-Canada lumber dispute.
	JL	Tel Call	Ken Smith, Washington Times, regarding confirmation of meeting with client to discuss US-Canada lumber dispute.
2/12	LM	Meeting	Ken Smith, Washington Times, and Council members (John Kerr and Tom Buell) to discuss US-Canada lumber dispute.
2/13	LM	Meeting	Gordon Crovitz, Wall Street Journal, and Council members (John

			Kerr and Gordon Ritchie) to discuss US-Canada lumber dispute.
	LM	Meeting	Scott Bosley, Leo Abruzzese, Aviva Freudmann, Howard Simon and Loli Wu, Journal of Commerce, and Council members (John Kerr and Gordon Ritchie) to discuss US-Canada lumber dispute.
	CL	Tel Call	Phil Cogswell, Oregonian, regarding possible editorial board meeting with Council members to discuss US-Canada lumber dispute.
2/18	CL	Tel Call	Jim Vesely, Seattle Times, regarding possible editorial board meeting with Council members to discuss US-Canada lumber dispute.
2/19	LM	Tel Calls	Richard Thomas and Bob Samuelson of Newsweek to discuss US-Canada lumber dispute.
2/21	CL	Tel Call	Charles Dunshire, Seattle Post-Intelligencer, regarding possible editorial board meeting with Council members to discuss US-Canada lumber dispute.
2/24	LM	Letter	Ken Smith, Washington Times with some background clippings on US-Canada lumber situation.
2/24	LM	Tel Call	Gordon Crovitz, Wall Street Journal, regarding op-ed written by Gordon Ritchie.
2/26	CL	Meeting Press Packet	Phil Cogswell, Oregonian, and Jim Vesely and Don Hannula, Seattle Times, and Council members to discuss US-Canada lumber dispute. Press packet was given to each.
	LM	Tel Call & Letter	Peter Passell, New York Times, with press kit containing background on US-Canada lumber dispute.
2/27	JL	Letters	Jim Hoagland, Washington Post, and Robert Samuelson, Newsweek, with press kit containing background on US-Canada lumber dispute.

	LM,JL	Letters	To attached list with additional background information on US-Canadian lumber dispute. (#11)
2/28	JL	Letter	John Memmott, USA Today, with press kit containing background on US-Canada lumber dispute.
3/2	LM	Letter	Hobart Rowen, Washington Post, with press kit containing background on US-Canada lumber dispute.
	CL	Fax	Ken Smith, Washington Times, with some background information on US-Canada lumber dispute.
	CL	Tel Call	From George Hoff, CBC, requesting information on possible announcement from Department of Commerce.
3/3	CL	Tel Calls	Bob Davis, Wall Street Journal and Keith Bradsher, New York Times, regarding potential announcement from Department of Commerce.
	LM	Tel Calls	Ken Smith, Washington Times, with background information on US-Canada lumber dispute.
3/4,5	JL,CL	Fax	Invitation to attached list to attend press conference on March 6, 1992, at the Canadian Embassy regarding the Department of Commerce's preliminary determination. (#12)
3/4,5	LM	Tel Calls	David Frum, Wall Street Journal, regarding publication of Gordon Ritchie's op-ed. Conversations were regarding background information on the piece.
3/4	CL	Tel Call	Jim Vesely, Seattle Times, regarding possibility of doing editorial on the lumber dispute.
	CL	Tel Call	Mike Omeluf, Canadian Press, regarding possible press conference to be held at Canadian Embassy.
3/5	CL	Tel Call	Leo Abruzzese, Journal of Commerce, regarding possibility of doing editorial on the lumber dispute.

	LM	Tel Call	George Hoff, Canadian Broadcasting, regarding possible press conference.
3/6	LM, JL, CL	Hand-Out	Informational packets handed out during press conference held by the Canadian Embassy. See attached sign-in sheet. (#13)
	CL	Tel Call Fax	Jim Vesely, Seattle Times, to discuss the preliminary determination made by the Department of Commerce and faxed background information.
3/10	CL	Tel Call	Terry Brown, Chicago Tribune, regarding possible editorial board meeting with Council members.
3/13, 16	JL, CL	Mail, Messenger	To attached press list, background information and press clippings on US-Canada timber dispute. (#14)
3/13	CL	Tel Call	Terry Brown, Chicago Tribune, to discuss particulars of editorial board meeting on March 26, 1992.
3/17	CL	Mail Tel Call	Charles Dunsire, Seattle Post-Intelligencer, and Ted Douglas, Detroit News, to request editorial board meeting and sent background information and press clippings on US-Canada timber dispute.
	CL	Tel Calls	Chicago Sun Times, requesting editorial board meeting.
	CL	Fax	Tom Plate, Los Angeles Times, requesting editorial board meeting to discuss US-Canada timber dispute.
3/19	CL	Tel Call	Duane Freese, USA Today, and Pat Miller, Philadelphia Inquirer, requesting editorial board meeting to discuss US-Canada timber dispute and sent background information and press clippings.
	CL	Fax	David Boldt, Philadelphia Inquirer, requesting editorial board meeting.

3/20	CL	Tel Call	Linda McCraith, Detroit Free Press, and Terry Brown, Chicago Tribune, requesting editorial board meeting to discuss US-Canada timber dispute.
3/25	LM	Letter	Morris Thompson, Detroit Free Press, Eduardo Lachica, Wall Street Journal and Irv Chapman, CNN, with background information and press clippings on US-Canada timber dispute.
3/26	LM	Meeting	Terry Brown, Chicago Tribune, and Ted Boswell of CFIC, to discuss US-Canada timber dispute. Gave Terry Brown a copy of our informational packet.
3/27	LM	Letter	Terry Brown, Chicago Tribune, with additional background materials requested at previous day's meeting.
3/31	CL	Mail	Barbara Ireland, Buffalo News, Robert Farmer, Watertown Daily News, George Neavoll, Portland Press Herald, Dick Foster, Milwaukee Journal, Chuck Whiting, Minnesota Star Tribune, and Michele Cole, Idaho Statesman, information packet with background materials on US-Canada timber dispute.
	CL	Tel Call	Duane Freese, USA Today, regarding possibility of editorial board meeting.
4/1	CL	Mail	Ron Clark, St. Paul Pioneer Press, and Mark Woodward, Bangor Daily News, information packet with background information on US-Canada timber dispute.
4/2	CL	Tel Call	Ron Clark, St. Paul Pioneer Press, and Mark Woodward, Bangor Daily News, regarding possibility of editorial board meeting.
	LM	Meeting	Morris Thompson, Detroit Free Press, and Ted Boswell of CFIC, to discuss US-Canada timber dispute. Gave Morris Thompson a copy of our informational packet.

	CL	Mail	Tom Plate, LA Times, and Dick Wesnick, Billings Gazette, information packet with background information on US-Canada timber dispute.
	CL	Tel Call	Jim Strang, Cleveland Plain Dealer, regarding possible op-ed.
4/3	LM	Letter	Morris Thompson, Detroit Free Press, with additional background materials requested at previous day's meeting.
4/6	CL	Tel Call	Chuck Whiting, Minneapolis Star Tribune, regarding editorial board meeting.
	CL	Tel Call	Ted Douglas, Detroit News, requesting copy of editorial he wrote for paper.
4/8	LM,CL	Press Release	Informational press release sent to the attached list. (#15)
4/9	CL	Mail	Bob Witas, Milwaukee Sentinel, informational packet with background information of US-Canadian timber dispute.
4/10	CL	Mail	Informational packet and press clippings on US-Canadian lumber dispute to all Members of the U.S. Senate. List is attached. (#16)
4/13-5/31		Hand-out	Informational packet and press clippings on US-Canadian lumber dispute to staffs of Senators Exon, Rudman, Simon, Kerrey, Seymour, Pryor, Glenn, Mitchell, Cohen and Metzenbaum and staffs of Congressmen Sharp, Jacobs, Hyde, LaRocca, Hall, Viscloskey, Long, Purcell, Roemer, Upton, Picket, Bateman and Leach.
4/14	CL	Tel Call	Mark Woodward, Bangor Daily News, and George Neavoll, Portland Press, regarding editorial board meeting to discuss the US-Canada lumber dispute.

4/15	LM	Tel Call	Joe Geshweiler, Marilyn Geewax, Atlanta Constitution, regarding possible editorial board meeting for members of CFIC to discuss the US-Canada timber dispute.
	CL	Meeting	Mark Woodward, Bangor Daily News, and George Neavoll, Portland Press Herald, to discuss US-Canada timber dispute. Gave informational packets to both newspapers.
4/20	CL	Tel Call	Bob Witas, Milwaukee Sentinel to cancel editorial board meeting request.
4/21	LM	Tel Call	Marilyn Geewax, Atlanta Constitution, regarding editorial board meeting.
4/28	CL	Tel Call	Richard Matthews of Atlanta Journal to request editorial board meeting.
4/29	CL	Press Release	Eddie LaChica, Wall Street Journal, Jim Berger, Washington Trade Daily, (#17) and attached list of PR Newswire contacts. (#18)
4/29	JHL	Tel Call	Clayton Yeutter, Counsellor to the President for Domestic Policy, seeking background knowledge regarding CVD case.
4/30	LM,CL	Press Packet	To attached list with information background, Nordhaus press release and copy of executive summary distributed by Commerce Department. (#19)
5/4	JL	Tel Call	James Bovard, freelance writer regarding Nordhaus press release and executive summary distributed by Commerce Department and sent copy of same.
5/5	CL	Tel Call	Ron Clark, St. Paul Pioneer Press, to discuss possible editorial board meeting.
5/8	LM	Tel Call Mail	Marilyn Geewax, Atlanta Constitution and Richard Matthews, Atlanta Journal to firm up details of meetings to be held. Sent press

packets with background information on US-Canada timber dispute.

5/10	JHL	Tel Call	Clayton Yeutter, Counsellor to the President for Domestic Policy, requesting he accept phone call from an advisor to CFIC.
5/11	LM	Tel Call	Les Blumenthal, McClatchy Newspapers, regarding US-Canada timber dispute.
5/12	LM	Meeting	Marilyn Geewax, Atlanta Constitution and Richard Matthews, Atlanta Journal, to discuss US-Canada timber dispute.
5/13	LM	Tel Call Mail	Karen Tumulty, Los Angeles Times, to discuss US-Canada timber dispute and sent along packet of background information.
5/14	LM	Tel Call	Karen Tumulty, Los Angeles Times, to discuss US-Canada timber dispute.
5/15	LM	Tel Call	John Maggs, Journal of Commerce, regarding Commerce Department's Final Determination.
5/15	JHL	Tel Call	Les Blumenthal, McClatchy Newspapers regarding US-Canada lumber dispute.
5/15	LM, CL	Press Release	Attached release to attached list. (#20) and to PR Newswire List. (#18)
5/18	LM	Letter	To attached list with attached enclosures. (#21)
5/27	CL	Tel Call	Stuart Auerbach, Washington Post, Eddie Lachica, Wall Street Journal and John Maggs, Journal of Commerce to inform them of ITC hearing on May 28, 1992.
5/28	LM	Press Release	See attached release (#22) to Scott Sonner, AP, Stuart Auerbach, Washington Post, Eddie Lachica, Wall Street Journal, Steve Greenhouse, New York Times, John Maggs, Journal of Commerce, Chuck

Abbott, Reuters, Greg Wright,
Knight-Ridder, Laura Eggerston, CP,
Barbara Sweet, Thompson Newspapers,
Mike Omelus, Broadcast News Ltd.,
Rod McQueen, Financial Post, John
Saunders, Globe & Mail and Carl
Hanlon, Group W News Service. Also
sent to PR Newswire List (#18)

ITEM 11 & 12

Foreign Principal: Brewers Association of Canada

Interests: Track legislation and administrative agency activity affecting international trade, prepare memoranda, and advise principal on taking, action, if appropriate, with regard to either legislative or administrative activities and to assist the Association in its communications efforts.

Key: DL - Doug Lowenstein
 EW - Edith Wooten
 BAC - Brewers Association of Canada

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
3/9	EW	Tel Call	Rodney Ferguson, Cleveland Plain Dealer, to get copy of his article and column on Canadian beer.
March - April, 1992			
Various reporters as listed below were sent state specific information pertaining to their state. (#23)			
3/10-3/18	EW	Mail, Messenger, Hand out	Press Kits to attached list. (#24)
3/10	EW	Tel Call	Mike Sherer regarding interest in press kit.
	EW	Tel Call	Ben Steinman, Beer Markets Insight, regarding interest in press kit. Sent kit and copy of Beer I report.
	EW	Tel Call	Nancy Dunne, Financial Times, regarding interest in press kit. Sent kit.
3/11	DL,EW	Meeting	Eduardo Lachica, Wall Street Journal, to discuss GATT panel report on beer and possible interest in story on beer wars. Gave him copy of press kit.
	EW	Tel Call	Eduardo Lachica, Wall Street Journal, to set up conference call

			with BAC spokesmen (Bill Merkin and Peter Clark).
	DL	Tel Call	Keith Bradsher, New York Times, to discuss GATT report. Sent him press kit.
3/12	DL,EW	Conf Call	Eduardo Lachica, Wall Street Journal, BAC spokesmen Peter Clark and Bill Merkin to discuss GATT panel report.
	DL,EW	Tel Call	Stuart Auerbach, Washington Post, regarding GATT beer decisions. Sent copy of press kit and Beer I.
	DL,EW	Tel Call	Leo Abruzzese, Journal of Commerce and Ann Viegel, Washington Times, regarding GATT beer decisions. Sent copy of press kit.
	DL,EW	Tel Call	Nancy Waitz, Reuters, Scott Sonner, AP, Hobart Rowen and John Anderson, Washington Post, Ken Smith, Washington Times, and Irving Levine, NBC, regarding GATT beer decisions. Sent copy of press kit and Beer II.
	EW	Tel Call	Rodney Ferguson, Cleveland Plain Dealer, regarding his article on Canadian beer.
3/13	EW	Tel Call	Robert Samuelson, Newsweek, Mary Foley, Knight-Ridder, Jeff Brown, MacNeil Lehrer News Hour, Alkman Granitsas, Inside US Trade, Alan Stowell, BNA, William Safire, New York Times, Warren Vieth, Los Angeles Times, Irving R. Levine, NBC, and Jim Kemp, CNN regarding press kit already sent to them. Also, sent them copies of Beer II.
	EW	Tel Call	Jim Berger, Washington Trade Daily, regarding press kit already sent to them. Also, sent him copies of Beer I and Beer II.
3/16	DL	Tel Call	Joel Anthony, Berns News Bureau, to discuss beer issue. Sent copy of press materials.

	EW	Tel Call	Bruce Stokes, National Journal, regarding press kit already sent and sent Beer II.
	EW	Tel Call	Nancy Dunne, Financial Times, Scott Sonner, AP, and Leo Abruzzese, Journal of Commerce, regarding possibility of doing story.
	EW	Tel Call	Chuck Doherty, Milwaukee Sentinel, regarding press kit.
	EW	Tel Call	Erik Gunn, Milwaukee Journal, regarding press kit and sent him Beer II.
3/17	EW	Tel Call	Jack Seamonds, Cincinnati Enquirer, regarding press kit. Sent additional background information.
	EW	Tel Call	Craig Stock, Philadelphia Inquirer, Mary Hance, Nashville Banner, Beth Fitzgerald, Newark Star Ledger, Debbie VanTassel, Akron Beacon Journal, and Chet Wade, Pittsburg Post-Gazette, regarding press kit previously sent.
	EW	Tel Call	Chuck Doherty, Milwaukee Sentinel, and Erik Gunn, Milwaukee Journal, regarding doing story.
	EW	Tel Call	Bob Hetherington, Memphis Commercial Appeal, regarding press kit. Sent Beer II.
3/18	EW	Tel Call	Erik Gunn, Milwaukee Journal, Ben Steinman, Beer Marketers Insight, Alkman Granitsas, Inside US Trade, regarding possible story.
	EW	Tel Call	Ed Garston, CNN-Detroit, John McCarron, Chicago Tribune, Judy Rooks, The Oregonian, John Balzar LA Times, regarding previously sent press kit. Sent some additional background information.
3/19	EW	Tel Call	Judith Willis, St. Paul Pioneer Press, Christian Wihtol, The Register Guard, Theresa Novak, Statesman-Journal, Carla Anderson, Trenton Times, and Brad Bollinger, Santa Rosa Press Democrat,

regarding previously sent press kit.

	EW	Tel Call	Ann Viegel, Washington Times, and Jeffrey Brown, MacNeil Lehrer, regarding possible story.
	EW	Tel Call	Kevin Courtney, Napa Valley Register, and Kyung Song, The Courier-Journal, regarding press kit. Sent Beer II and additional background information.
3/20	EW	Tel Call	Dick Papiernik, The Times Union, James Madore, The Buffalo News, regarding previously sent press kit.
	EW	Tel Call	Carolina Ullman, Morning News Tribune, regarding possible story.
3/24	EW	Tel Call	Brad Bollinger, Santa Rosa Press-Democrat and James Madore, The Buffalo News, regarding possible story.
3/25	EW	Press Advisory	To attached list. (#25)
	EW	Letter	Audrey Horn, Alabama Governor's Washington Office, Mike DuBois, Tennessee Office of Economic Development, and Elizabeth Ozone, Massachusetts Executive Office for Economic Affairs, with background information and clipping on the Canadian-American beer dispute.
3/26	EW	Letter	Kevin Langston, Georgia Department of International Trade and Tourism, with background information and clipping on the Canadian-American beer dispute.
	DL	Tel Call	John Maggs, Journal of Commerce, regarding March 31 deadline for Canadian response to GATT panel report on beer.
3/30	EW	Letter	Tom Resh, Florida Department of Commerce with background information on the Canadian-American beer dispute.
3/31	DL	Tel Call	Stu Auerbach, Washington Post,

			regarding release of statement on GATT panel ruling.
	DL,EW	Press Release	To attached lists. (#26)
	DL	Tel Call	Clyde Farnsworth, Keith Bradsher, New York Times, regarding BAC's statement on GATT case.
4/9	EW	Tel Call	Jeffrey Brown, MacNeil Lehrer News Hour, regarding background on Canadian-American beer dispute.
4/10	EW	Tel Call	Ann Viegel, Washington Times, Scott Sonner, AP, Alkman Granitsas, Inside US Trade, Alan Stowell, International Trade Reporter, Deane Neuman, BNA, Nancy Dunne, Financial Times, Rodney Ferguson, Cleveland Plain Dealer, Kevin Courtney, Napa Valley Register, Erik Gunn, Milwaukee Journal, Ben Steinman, Beer Markets Insight, Nancy Waitz, Reuters, Jim Berger, Trade Reports International, James Madore, Buffalo News, Chuck Doherty, Milwaukee Sentinel, Mary Foley, Knight-Ridder Financial News, Carla Anderson, Trenton Times, Judy Rooks, The Oregonian, Tom Walsh, Detroit Free Press, Chuck Doherty, Milwaukee Sentinel, Eddie LaChica, Wall Street Journal, Bruce Stokes, National Journal and Leo Abruzzese and John Maggs of the Journal of Commerce, regarding advance notice of USTR expected announcement to raise tariffs on Canadian beer despite appeals to negotiate rational settlement.
4/13	DL	Tel Call	Eduardo Lachica, Wall Street Journal, to discuss USTR decision on beer duties.
4/14,15	DL, EW	Press Release	To attached list regarding urging of negotiated settlement. (#27)
4/16	EW	Tel Call	Ann Viegel, Washington Times, Alkman Granitsas, Inside US Trade, Kevin Courtney, Napa Valley Register, Erik Gunn, Milwaukee Journal, Nancy Waitz, Reuters, Jim

Berger, Trade Reports International, James Madore, Buffalo News, Chuck Doherty, Milwaukee Sentinel, Mary Foley, Knight-Ridder Financial News, Carla Anderson, Trenton Times, Judy Rooks, The Oregonian, Tom Walsh, Detroit Free Press, Chuck Doherty, Milwaukee Sentinel, Eddie LaChica, Wall Street Journal, Bruce Stokes, National Journal and Leo Abruzzese and John Maggs of the Journal of Commerce, regarding press release sent the previous day.

4/16	EW	Tel Call and memo	Ted Douglas and Dave Markiewicz, Detroit News, regarding background information.
5/4	EW	Tel Call	Rose Tamuri, Wall Street Journal and Eric Doherty, Milwaukee Sentinel with background information on Beer II negotiations.
5/4	DL, EW	Press Release	Attached press release to attached press list. (#28)

ITEM 11 & 12

Foreign Principal: Government of Ukraine

Interests: Provide assistance on the governmental and sovereign interests of Ukraine in the American press and with American public officials; provide assistance in identifying and establishing contacts with American corporations and business groups who are interested in making investments in Ukraine; and advise on communications matters in the U.S. on behalf of Ukraine.

<u>Date</u>	<u>Person</u>	<u>Nature of Contact</u>	<u>Individual Contacted</u>
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4/22/92 - 5/31/92

NO REPORTABLE ACTIVITY THIS PERIOD

ITEM 14(a)

<u>DATE</u>	<u>FROM WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91	MELCO	Compensation	7,500.00
	JAPIA	"	9,296.31
	Minolta Camera	"	61,937.50
	Abu Dhabi Investment		
	Authority-Press Liaison		
	Office in Abu Dhabi	"	88,800.00
	Abu Dhabi Investment		
	Authority-Press &		
	Media Operations in		
	Washington, DC	"	64,900.00
1/92	MELCO	"	7,500.00
	JAPIA	"	9,749.33
	Minolta Camera	"	117,443.75
	Abu Dhabi Investment		
	Authority-Press Liaison		
	Office in Abu Dhabi	"	60,000.00
	Abu Dhabi Investment		
	Authority-Press &		
	Media Operations in		
	Washington, DC	"	108,330.00
2/92	MELCO	"	7,500.00
	JAPIA	"	9,729.44
	Minolta Camera	"	75,400.00
	Abu Dhabi Investment		
	Authority-Press Liaison		
	Office in Abu Dhabi	"	60,000.00
	Abu Dhabi Investment		
	Authority-Press &		
	Media Operations in		
	Washington, DC	"	65,310.00
	Canadian Forest		
	Industries Council	"	39,775.00
3/92	MELCO	"	7,500.00
	JAPIA	"	9,937.87
	Minolta Camera	"	34,793.75
	Abu Dhabi Investment		
	Authority-Press Liaison		
	Office in Abu Dhabi	"	60,000.00
	Abu Dhabi Investment		
	Authority-Press &		
	Media Operations in		
	Washington, DC	"	51,045.00
	Canadian Forest		
	Industries Council	"	37,815.00
	Brewers Association of		
	Canada	"	25,000.00

4/92	MELCO	"	7,500.00
	JAPIA	"	9,740.38
	Minolta Camera	"	15,000.00
	Abu Dhabi Investment Authority-Press Liaison Office in Abu Dhabi	"	80,750.00
	Abu Dhabi Investment Authority-Press & Media Operations in Washington, DC	"	38,360.00
	Canadian Forest Industries Council	"	51,500.00
	Brewers Association of Canada	"	25,000.00
5/92	MELCO	"	7,500.00
	JAPIA	"	9,949.89
	Minolta Camera	"	15,000.00
	Abu Dhabi Investment Authority-Press Liaison Office in Abu Dhabi	"	96,000.00
	Abu Dhabi Investment Authority-Press & Media Operations in Washington, DC	"	82,735.00
	Canadian Forest Industries Council	"	43,135.00
	Brewers Association of Canada	"	25,000.00
	Total		\$1,526,433.22

ITEM 15(a)

MITSUBISHI ELECTRIC CORPORATION

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91 Agency	Reimburse Expenses	
	Information Services	125.00
	Telephone/Telecopy	171.67
	Xerox	235.20
1/92 Agency	Reimburse Expenses	
	Information Services	125.00
	Telephone/Telecopy	147.87
2/92 Agency	Reimburse Expenses	
	Information Services	125.00
	Telephone/Telecopy	162.35
3/92 Agency	Reimburse Expenses	
	Telephone/Telecopy	181.01
	Information Services	125.00
4/92 Agency	Reimburse Expenses	
	Information Services	125.00
	Telephone/Telecopy	178.96
5/92 Agency	Reimburse Expenses	
	Information Services	125.00
	Telephone/Telecopy	199.60
Total	\$2,026.66	

JAPAN AUTO PARTS INDUSTRY ASSOCIATION

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91 Agency	Reimburse Expenses	
	Telephone	10.09
	Messenger Service	73.60
	Airfare, M. Morrison to Detroit, Michigan, to meet with client, 11/4/91	620.00

1/92 Agency	Reimburse Expenses	
	Telephone/Telecopy	5.71
	Xerox	15.80
	Courier	7.50
	Information Services	41.59
	Local Transportation	180.07
2/92 Agency	Reimburse Expenses	
	Information Services	227.09
	Telephone/Telecopy	4.17
	Xerox	1.80
	Courier	20.50
	Local Transportation	17.00
3/92 Agency	Reimburse Expenses	
	Courier	22.50
	Local Transportation	8.00
	Telephone/Telecopy	8.94
	Publication	17.49
	Photocopying	5.20
4/92 Agency	Reimburse Expenses	
	Telephone/Telecopy	4.91
	Xerox	12.40
	Local Transportation	18.00
	Information Services	67.24
	Tape	41.57
	Courier	73.50
	Staff Meal	42.00
5/92 Agency	Reimburse Expenses	
	Local Transportation	14.00
	Xerox	32.60
	Telephone/Telecopy	3.51
Total	\$1,596.78	

PAPUA NEW GUINEA

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91 Agency	Reimburse Expenses	
	Telephone/Telecopy	88.43
	Xerox/Printing	78.61
	Staff Meals	50.22
	Shipping	408.44

	Miscellaneous Travel	41.82
	Local Transportation	126.00
	Supplies	38.70
1/92 Agency	Reimburse Expenses	
	Telephone/Telecopy	79.73
	Local Transportation	130.95
	Miscellaneous Travel Expenses	229.22
	Lodging, A. Glowacki, while in Papua New Guinea to meet with the client, 8/2-8/15/91	2,715.11
	Airfare, A. Glowacki, to Papua New Guinea to meet with client to discuss strategy and developments, 8/2-8/15/91	4,424.42
Total		\$8,411.65

MINOLTA CAMERA CO., LTD

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91	No Expenses	
1/92 Agency	Reimburse Expenses	
	Research Services	66.68
	Information Services	500.00
	Publications	9.00
	Local Transportation	522.99
	Airfare: J. Lane, 11/15/91, roundtrip Washington/New York to meet with client	284.00
	Airfare: L. Morgan, 12/16/91, roundtrip Washington/New York to meet with client	284.00
	Airfare: M. Gross, 7/2/91, roundtrip New York/Washington, for in-house meeting to discuss strategy	284.00
	Staff Meals	77.67
	Messenger/Shipping	89.25
	Xerox and Telecopy	184.43
	Video Services	287.21
2/92 Agency	Reimburse Expenses	
	Research Services	880.21
	Information Services	500.00
	Publications	235.68

	Local Transportation	756.41
	Meeting Room	453.69
	Telephone	562.22
	Messenger/Shipping/Postage	514.09
	Xerox and Telecopy	387.00
3/92 Agency	Reimburse Expenses	
	Research Services	1,461.53
	Information Services	1,225.00
	Clipping Services	3,091.11
	Video Services	69.74
	Local Transportation	666.30
	Staff Meals	231.83
	Telephone	385.30
	Messenger/Shipping/Postage	568.76
	Xerox and Telecopy	2,011.04
4/92 Agency	Reimburse Expenses	
	Research Services	381.69
	Information Services	925.00
	Video Services	10.81
	Publications	3.90
	Beeper Services	100.93
	Airfare: D. Winston, 2/5-2/6/92, round trip New York/Las Vegas to meet with client	570.00
	Lodging: D. Winston, 2/5/92 while in Las Vegas to meet with client	169.50
	Local Transportation	2,689.70
	Staff Meals	537.14
	Telephone	738.11
	Messenger/Shipping/Postage	410.40
	Xerox and Telecopy	1,596.08
5/92 Agency	Reimburse Expenses	
	Research Services	411.82
	Information Services	500.00
	Clipping Services	2,024.16
	Translation Services	465.00
	Beeper Services	99.35
	Local Transportation	106.50
	Staff Meals	35.37
	Telephone	1,216.53
	Messenger/Shipping/Postage	173.00
	Xerox and Telecopy	521.38
Total	\$30,459.01	

ABU DHABI INVESTMENT AUTHORITY

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/91 Agency	Reimburse Expenses Washington Office	
	Airfare to Abu Dhabi to meet with client and press liaison office regarding strategy and developments	
	J. Lake, 11/20-11/26/91	7,010.80
	C. Rapp, 11/20-11/26/91	5,865.80
	Airfare, C. Walker, 11/20-12/20/91, to Abu Dhabi to staff press liaison office.	4,714.00
	Lodging, J. Lake, while in Abu Dhabi to meet with client and press liaison office, 10/16- 10/23/91	690.94
	Courier	78.50
	Information Services	175.00
	Photocopying/Printing	302.60
	Telephone/Telecopy	276.11
	Business Meals	254.18
	Newswire Services	25.00
	Miscellaneous Travel	54.40
1/92 Agency	Reimburse Expenses Washington Office	
	Airfare, C. Rapp, to Abu Dhabi to meet with client and press liaison office regarding strategy and developments, 11/20-11/26/91	6,776.72
	Lodging, C. Rapp, while in Abu Dhabi to meet with client and press liaison office	
	9/9-9/10/91	109.68
	10/16-10/23/91	1,712.22
	11/21-11/26/91	966.70
	Lodging, J. Lake, 11/21-11/26/91, in Abu Dhabi to meet with client and press liaison office	927.51
	Courier	115.00
	Federal Express	148.05
	Information Services	175.00
	Local Transportation	597.60
	Photocopying/Printing	274.60

Telephone/Telecopy	3,021.40
Business Meals	1,179.32
Newswire Services	456.34
Publications	7.37
Miscellaneous Travel	160.04

1/92 Agency

Reimburse Expenses
Abu Dhabi Press Liaison Office

Staff Meals	3,465.72
Local Transportation	1,735.86
Photocopying/Printing	1,071.42
Telephone/Telecopy	6,312.78
Miscellaneous Travel	50.00

Airfare to Abu Dhabi to staff press liaison office

J. Lockhart, 11/21-12/13/91	4,428.90
C. Walker, 11/20/91	1,788.90

Lodging, J. Lockhart, 11/21-12/13/91 while in Abu Dhabi to staff press liaison office
3,714.50

Lodging, C. Walker, while in Abu Dhabi to staff press liaison office

11/21-11/30/91	1,437.56
11/30-12/3/91	586.50
12/3-12/19/91	2,710.77

2/92 Agency

Reimburse Expenses
Washington Office

Courier	131.00
Federal Express	217.45
Information Services	175.00
Local Transportation	58.00
Newswire Services	266.02
Photocopying/Printing	207.02
Publications	109.99
Subscriptions	675.00
Telephone/Telecopy	857.07
Video Transcripts	42.00

2/92 Agency

Reimburse Expenses
Abu Dhabi Press Liaison Office

Staff Meals	915.73
Local Transportation	257.14
Photocopying/Printing	467.15
Telephone/Telecopy	1,235.37
Miscellaneous Travel	270.74

Lodging, J. Lockhart, while in Abu Dhabi to
staff press liaison office

12/14-12/16/91	382.12
1/2/91-1/12/92	1,763.16
1/13-1/18/92	886.49

3/92 Agency

Reimburse Expenses
Washington D.C. Office

Courier	13.00
Federal Express	201.17
Information Services	175.00
Photocopying/Printing	121.40
Telephone/Telecopy	834.37
Local Transportation	428.00

3/92 Agency

Reimburse Expenses
Abu Dhabi Press Liaison Office

Staff Meals	1,588.76
Local Transportation	427.71
Photocopying	121.71
Postage	43.34
Publications	57.14
Telephone/Telecopy	3,864.72
Miscellaneous Travel	78.57

Lodging, C. Walker, while in Abu Dhabi to
staff press liaison office, 1/17-2/7/92
3,751.30

4/92 Agency

Reimburse Expenses
Washington D.C. Office

Courier	83.50
Federal Express	118.36
Information Services	175.00
Photocopying/Printing	224.80
Telephone/Telecopy	1,378.75
Local Transportation	16.00
Newswire Services	310.31
Postage	2.51
Publications	11.31

4/92 Agency

Reimburse Expenses
Abu Dhabi Press Liaison Office

Staff Meals	1,695.85
Local Transportation	463.96
Photocopying	368.57
Publications	62.84
Telephone/Telecopy	2,874.29

Miscellaneous Travel 61.43

Lodging, while in Abu Dhabi to staff press liaison office

C. Walker 2/20-3/9/92 2,796.14

J. Lockhart 2/7-2/22/92 2,591.11

Airfare, C. Walker, to Abu Dhabi and return to staff press liaison office, 2/21-3/8/92 4,889.70

Airfare, J. Lockhart from Abu Dhabi to London after staffing press liaison office, 1/19/91 1,150.00

Airfare, J. Lockhart from London to Abu Dhabi to staff press liaison office, 3/7/92

2,734.00

5/92 Agency

Reimburse Expenses
Washington Office

Airfare to Abu Dhabi to meet with client and press liaison office regarding strategy and developments.

J. Lake, 4/20-4/22/92 7,077.00

C. Rapp, 4/20-4/22/92 7,077.00

Courier 14.00
Information Services 175.00
Photocopying/Printing 431.40
Telephone/Telecopy 680.36
Business Meals 180.94
Newswire Services 32.91
Local Transportation 175.10
Federal Express 76.36
Postage 2.71
Publications 128.12
Transcripts 39.30

5/92 Agency

Reimburse Expenses
Abu Dhabi Press Liaison Office

Staff Meals 2,384.24
Local Transportation 886.15
Photocopying 21.43
Publications 88.57
Telephone/Telecopy 4,308.87
Miscellaneous Travel 184.29
Federal Express 21.14
Office Supplies 4.50

Lodging, while in Abu Dhabi for staffing of
press liaison office

C. Walker 3/21-4/3/92	2,362.27
J. Lockhart 3/7-3/21/92	2,240.39
4/6-4/19/92	2,362.27

Airfare, C. Walker, to Abu Dhabi and return
for staffing of press liaison office, 3/20-
4/3/92 4,886.00

Airfare, J. Lockhart from London to Abu Dhabi
and return to staff press liaison office,
4/5-4/19/92 2,160.00

Total:

Abu Dhabi Press Liaison Office	\$85,166.66
Washington Office	58,997.29

Grand Total: \$ 144,163.95

CANADIAN FOREST INDUSTRIES COUNCIL

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
2/92 Agency	Reimburse Expenses	
	Information Services	25.00
	Local Transportation	264.30
	Photocopying	123.80
3/92 Agency	Reimburse Expenses	
	Staff Meals	856.10
	Courier	95.50
	Federal Express	212.17
	Supplies for Kits	16.32
	Information Services	25.00
	Newswire Services	423.93
	Photocopying	1,184.00
	Postage	8.86
	Video Tapes	95.00
	Publications	25.02
	Telephone/Telecopy	140.84
	Local Transportation	110.00
	Limousine Service	393.95

Airfare to Montreal, Canada, to meet with
client to discuss strategy and developments:

J. Lake - 2/27-2/28/92	514.26
L. Morgan - 2/27-2/28/92	514.26

Train fare to New York City, to meet with editorial boards:

L. Morgan - 2/13/92	129.00
J. Kerr - 2/13/92	129.00

Airfare for L. Morgan for return from New York City after editorial board meetings, 2/13/92 142.00

Lodging while in Montreal, Canada, for meeting with client:

J. Lake - 1/27/92	230.05
L. Morgan - 1/27/92	230.05

4/92 Agency

Reimburse Expenses

Staff Meals	164.26
Courier	154.10
Federal Express	956.33
Supplies for Kits	17.02
Information Services	25.00
Newswire Services	630.08
Photocopying	3,137.40
Printing	795.00
Postage	14.29
Video Tapes	105.40
Publications	142.81
Telephone/Telecopy	219.30
Room Rental for Press Conference	681.01
Local Transportation	373.75
Car Service	245.40

Airfare, L. Morgan to Montreal, Canada, to meet with client to discuss strategy and developments, 3/12-3/13/92 524.75

Airfare, L. Morgan to Chicago, Illinois, (one-way) to meeting with editorial board, 3/26/92 350.50

Airfare, J. Lake to Vancouver, Canada, to meet with client to discuss strategy and developments, 3/23-3/24/92 2,271.45

Airfare, C. Lynam to Vancouver, Canada, to meet with client to discuss strategy and developments, 2/24-2/29/92 712.40

Lodging for L. Morgan while in Montreal,
Canada, for meeting with client, 3/13/92
214.65

Lodging for C. Lynam while in Vancouver,
Canada, for meeting with client, 2/26-2/29/92
327.74

5/92 Agency

Reimburse Expenses

Staff Meals	322.22
Courier	400.50
Federal Express	843.76
Supplies for Kits	715.50
Information Services	25.00
Newswire Services	206.47
Photocopying	3,011.60
Postage	102.54
Video Tapes	273.80
Press Clippings	2,154.29
Telephone/Telecopy	360.15
Local Transportation	292.00

Airfare, L. Morgan to Chicago, Illinois,
(one-way) to meet with editorial board,
3/26/92 427.00

Airfare, L. Morgan to Detroit, Michigan, to
meet with editorial board, 4/2/92
632.00

Airfare, L. Morgan to Vancouver, Canada, to
meet with client to discuss strategy and
developments, 4/22-4/25/92 1,281.47

Airfare, C. Lynam to Bangor, Maine, to meet
with editorial boards, 4/15/92
467.00

Lodging for L. Morgan while in Vancouver,
Canada, for meeting with client, 4/22-4/25/92
386.18

Total \$29,852.53

BREWERS ASSOCIATION OF CANADA

<u>DATE TO WHOM</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
4/92 Agency	Reimburse Expenses	
	Staff Meals	41.51

Courier	388.00
Federal Express	1,311.27
Supplies for Kits	431.72
Information Services	200.00
Photocopying	491.00
Postage	94.64
Video Tapes	57.00
Telephone/Telecopy	357.56
Supplies	35.95
Printing	1,459.15
Mailing List	400.00
Local Transportation	249.60
Air Transportation:	

Airfare to Ottawa, Canada, to meet with client to discuss strategy and developments:

M. Helmke - 2/27-2/28/92	447.79
D. Lowenstein - 2/27-2/28/92	458.79
E. Wooten - 2/27-2/28/92	447.79

Lodging: While in Ottawa to meet with client:

M. Helmke - 2/27-2/28/92	151.20
D. Lowenstein - 2/27-2/28/92	155.64
E. Wooten - 2/27-2/28/92	151.20

5/92 Agency

Reimburse Expenses

Staff Meals	61.04
Courier	230.50
Federal Express	118.96
Supplies for Kits	14.10
Information Services	100.00
Photocopying	159.00
Postage	.52
Telephone/Telecopy	470.70
Local Transportation	23.00
Computer	1,100.00
Publications	31.90
Newsire Services	68.56

Total \$9,708.09

Grand Total: \$ 226,218.67

ABU DHABI INVESTMENT AUTHORITY
DECEMBER 2, 1991
Robinson, Lake, Lerer & Montgomery
Strategic Communications

1

Robinson, Lake, Lerer & Montgomery
Strategic Communications
1667 K Street, N.W.
Washington, DC 20006
202-457-9270

FOR IMMEDIATE RELEASE
December 2, 1991

CONTACT: Cynthia Rapp
(202) 457-9270

1 of 2

STATEMENT BY THE MAJORITY SHAREHOLDERS OF BCCI

"The Majority Shareholders welcome today's decision to grant adjournment until January 14, 1992. The court's decision endorses the Majority Shareholder's efforts to make a positive contribution toward relieving the suffering of depositors and creditors.

"Before the precipitate closure of BCCI by the Bank of England on July 5, 1991, based on irregular activities by BCCI management before Abu Dhabi became Majority Shareholders in April 1990, the Majority Shareholders were, with approval from the Bank of England, about to complete a comprehensive restructuring plan for BCCI. The Majority Shareholders believe that if this plan had been allowed to proceed no depositors' money would have been lost.

"Like depositors and creditors, the Majority Shareholders have been victims of fraud discovered by the inquiry into BCCI, an inquiry that was instigated by the Majority Shareholders.

"The Majority Shareholders are pursuing a settlement to enhance benefits for the bank's depositors and creditors. By making a significant contribution, the Majority Shareholders believe that the benefits to depositors and creditors will be three-to-four times greater and distributed on a more timely basis."

#

(EDITOR'S NOTE: Details to date of the proposed settlement announcement are attached.)

DETAILS TO DATE OF THE PROPOSED SETTLEMENT PLAN

- o The plan under discussion involves a pooling arrangement whereby the property and assets of BCCI SA and Overseas would be placed in one common pool for pari passu distribution.
- o The Majority Shareholders would make a cash payment available for distribution among those creditors of the companies and branches which participate in the common pool and who waive any legal claims they may have against the Majority Shareholders.
- o The Majority Shareholders would waive claims against those companies (other than their claims as creditors).
- o BCCI SA and Overseas and any other companies participating in the plan would waive any claims that they have against the Majority Shareholders out of the BCCI affair.
- o Using present estimates, the return to creditors would be within the range of 30 to 40 cents on the U.S. dollar. This would be achieved by a combination of a cash payment and an assumption of liabilities by the Majority Shareholders.

The estimates of return to creditors exclude any assessment of recoveries from third parties by way of damages.

- o Without the Majority Shareholders' support for this plan, preliminary estimates indicate that the return to creditors may well be less than 10 cents on the U.S. dollar, and this return would not be achieved for a number of years.
- o The Majority Shareholders would also assume responsibility for dealing with certain liabilities of Overseas and BCCI SA.
- o Discussions, although far advance, are not finalized. However, all parties are hopeful that a final agreement can be signed before the end of the year.

ABU DHABI INVESTMENT AUTHORITY

DECEMBER 2, 1991

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ABU DHABI INVESTMENT AUTHORITY

JANUARY 8, 1992 + JANUARY 13, 1992

Robinson, Lake, Lerer & Montgomery
Strategic Communications

Robinson, Lake, Lerer & Montgomery,
Strategic Communications
1667 K Street Northwest, Suite 900
Washington, DC 20006-1605
202-457-9270

2

January 8, 1992

TO: Reporters Covering the BCCI Story
FROM: Robinson, Lake, Lerer & Montgomery
SUBJECT: Background Information from the Majority Shareholders

As you know, England's High Court of Justice is expected to make a winding-up order for BCCI S.A. on January 14 in London. Attached, for your files, is a summary of efforts undertaken by BCCI's Majority Shareholders to ease the plight of the bank's depositors and creditors. You will also find a chronology of events that preceded the announcement of the negotiations of the settlement plan now under discussion.

Although this material does not contain any breaking news, we thought you might find it useful by way of background. Please call Cynthia Rapp or Cary Walker, (202) 457-9270, with any questions.

Attachments

**ACTIVITIES UNDERTAKEN BY THE MAJORITY SHAREHOLDERS
OF THE BANK OF CREDIT AND COMMERCE INTERNATIONAL**

Background

- o The Majority Shareholders took control of BCCI Holdings (Luxembourg) S.A. in April 1990. Until then they had been passive, minority investors.
- o Upon learning of the scope and extent of the bank's fraudulent activities, they initiated significant efforts to investigate the fraud, replace management and restructure BCCI, all in cooperation with the Bank of England and other regulatory authorities.

Efforts to Restructure the Bank

- o In the latter part of 1990, the Majority Shareholders produced a restructuring plan for BCCI which was encouraged by the Bank of England and other regulators.
- o Over the next several months, the Majority Shareholders made significant progress in its restructuring plans:
 - new senior management was identified and recruited;
 - a recapitalization plan was developed; and
 - a plan under which the bank's operations would be subject to appropriate regulatory supervision and oversight was developed with encouragement from the Bank of England and other regulators.
- o All of the restructuring activities were undertaken in cooperation with the College of Regulators, including the Bank of England, who were kept informed of the developments at every stage.

The Abrupt Closure of BCCI

- o Nevertheless, on July 5, 1991, the Bank of England and other regulators shut down BCCI. The Majority Shareholders, prepared to support the restructuring of BCCI with such further injections of new capital as would have been required and operating with encouragement from the Bank of England, were shocked at the precipitate action.
- o The Bank of England acted without warning and on information supplied secretly by Price Waterhouse in an unverified draft report.
- o If the restructuring plan had been allowed to proceed, no depositors' money would have been lost. As it stands, the Bank of England's unwarranted action created severe financial hardship for 1.25 million depositors worldwide.

Investigation of Fraud

- o The Majority Shareholders are continuing to make every effort to bring to light any improper actions committed by BCCI's past management.
- o Prosecuting authorities in Abu Dhabi are investigating 18 former employees who were arrested on September 8, 1991. Among those in custody are former Chief Executive Officers Swaleh Naqvi and Zafar Iqbal.

Relief Sought for Depositors and Other Creditors

- o The Majority Shareholders, seeking ways to limit the damage caused by the closure, set up a payroll and redundancy scheme and paid for an out-placement service for United Kingdom employees. At the same time, they began discussions with the provisional liquidators to devise a plan to enhance and speed up the payout to depositors and other creditors.
- o The Majority Shareholders are now pursuing a settlement to enhance payment for the bank's depositors and other creditors.
- o The settlement plan is based on proposals which combine a cash payment by the Majority Shareholders, a pooling of BCCI assets and a waiving of legal claims.

- o Should it be approved, it is believed that the benefits to depositors and creditors will be three-to-four times greater and distributed on a more timely basis than if there were no plan in place.
- o Without the Majority Shareholders' support for this plan, preliminary estimates indicate that the return to creditors may well be less than 10 cents on the U.S. dollar, and this return would not be possible for a number of years, if at all.
- o Discussions, although far advanced, have not reached final stages. However, all parties are hopeful that a final agreement can be signed in the near future.

Conclusion

- o These activities have been undertaken by the Majority Shareholders despite the fact that:
 - good faith efforts to restructure BCCI were thwarted by the Bank of England;
 - the Majority Shareholders have been victims of fraud discovered by the inquiry into BCCI, an inquiry that was instigated by the Majority Shareholders.
- o After taking control of BCCI, the Majority Shareholders devoted a great deal of time and resources in trying to restore the soundness of the bank. Their efforts were thwarted by the closure of the bank in July 1991.

First American Bankshares

- o The Majority Shareholders, quite apart from any BCCI involvement, have an equity interest in the parent company of First American Bankshares in the United States. They have acted in a responsible manner with regard to First American, including the provision of needed capital support. They continue to work closely with U.S. regulatory authorities to facilitate a sale of First American.

January 8, 1992

CHRONOLOGY

1988

Feb: Abedi falls ill.

Oct: Naqvi takes over as CEO. BCCI and certain US employees indicted for money laundering in Tampa. UK authorities raid BCCI central office in London.

A BCCI employee named Amjad Awan tells investigators that BCCI secretly owns FAB.

(NOTE: At this time and for the next two years until April 1990, the current majority shareholders were passive investors with only a minority interest in BCCI.)

1989

Based on Awan's statement, FRB-Richmond initiates inquiry into BCCI-FAB link in connection with CCAH/FAB application concerning a Florida bank. Inquiry is inconclusive.

Nov: PW reports on loans secured by CCAH stock and other doubtful loans.

1990

Jan: BCCI enters guilty plea in money laundering case and is fined \$14 million.

March 28: PW provides report on doubtful loans and other irregularities to BCCI directors.

April 18: PW report to BCCI board details irregularities and mentions "false or deceitful" transactions.

- April 20: B of E, IML, PW and BCCI meet to consider PW report. At this time, AD became the majority shareholder owning 77% of BCCI. Letter from B of E states that it welcomes the AD investors as majority shareholders, that it welcomes the infusion of capital, and that matters set out in PW report need to be remedied.

- April 30: PW signs unqualified audit report.

- May: Meeting of B of E and AD representatives to establish clear communications and understand AD plans as to the restructuring. Weekly reviews begin with B of E regarding refinancing and restructuring.

- June: New York DA convenes grand jury to investigate allegations of BCCI ownership of CCAH and misstated financial information.

- Aug: Pharaon obtains UK court order preventing BCCI from disclosing his account information to New York DA or anyone else.

- Sept: BCCI central office executives move from London to AD.

- Oct 2: BCCI reorganization proposal submitted to B of E and IML.

- Oct 3: New PW report identifies large new problem loans, and states that "previous management may have colluded with... major customers to misstate or disguise the underlying purpose of significant transactions."

- Oct 4: AD writes the directors of BCCI indicating a willingness to provide the support indicated as being necessary by PW in its October 3 report on the condition that support will cease immediately upon discovery that any such transaction was undertaken in connection with fraudulent or criminal activity, among other conditions.
- Oct 5: BCCI central office files, including "Naqvi files," are moved to AD. BCCI confirms acceptance of the government's proposals and conditions. Majority shareholders require resignations of Abedi and Naqvi. Iqbal appointed acting CEO.
- Oct: AD retains Russell Reynolds to find new senior management for a restructured BCCI. Patton, Boggs & Blow retained to represent BCCI in US and cooperate with regulatory authorities.
- Oct 22: IML requires detailed information on losses and indicates that restructuring must take place before June 30, 1991.
- Nov 6: Fed demands to see October PW report.
- Nov 23: B of E agrees in principle with the approach that is being adopted for restructuring.
- Nov 29: B of E agrees in principle to the proposal to split the group into three banks.
- Dec: PW and B of E informed of liabilities and unrecoverable loans. B of E requests a signed letter from AD in respect to the shortfall.

- Dec 4: AD writes to IML that its financial support is on the basis that the College of Regulators (consisting of the Central Banks of UK, Luxembourg, Caymans, Spain, Hong Kong, Switzerland and UAE) will continue to provide the necessary cooperation and assistance in the restructuring.
- Dec 10: Fed reviews October PW report in London.
- Dec 24: BCCI board meets in Paris. Establishes a committee of investigation and a loan recovery committee, consisting of representatives of the shareholders, PW and E&Y.
- Dec 26: Fed demands information on BCCI loans to CCAH shareholders.
- 1991
- Jan: Fed provided information on arrangements with CCAH shareholders.
- Jan onward: Investigating committee commences interviewing Naqvi and reviewing his files.
- Feb 14: AD provides \$51 million bridge loan to First American.
- Feb 14-15: Fed investigators interview BCCI employees in London.
- Mar 4: B of E appoints PW to investigate and report on false or doubtful transactions pointed out by Iqbal in connection with 1990 audit. BCCI agrees to cease and desist order with Fed requiring divestiture of CCAH, termination of BCCI US operations, and continued cooperation.

- Mar 9: AD subscribes for shares in BCCI as part of the refinancing package.

- Mar 16-21: With the help of the majority shareholders, Fed investigators interview BCCI employees in AD, and are given access to Naqvi files in AD pertaining to CCAH and National Bank of Ga.

- Apr 4: The College of Regulators determines that the restructuring plan appears acceptable. The majority shareholders agree to provide further financial support in respect to unrecorded deposits.

- Apr 11: B of E notifies AD that restructuring plan is acceptable.

- Apr 26: B of E issues notice under S.39 of Banking Act 1987 requiring production of documents relating to CCAH and NBG.

- May 3: BCCI submits divestiture plan for CCAH. Adham and Jawhary obtain UK court orders preventing BCCI from disclosing their account information.

- May 6: Cease and desist order signed requiring divestiture of Independence Bank.

- May 10: Fed indicates that CCAH divestiture plan must be supplemented. UK court rules that B of E notice overrides the court orders and that documents must be turned over to B of E.

- May 20: BCCI submits second divestiture plan for CCAH, which appears to be acceptable.

- May 22: Based on a restructuring plan acceptable to the College of Regulators the majority shareholders agree to a financial support package for BCCI.
- May 28: Draft business plan in support of a successor UK bank submitted to B of E.
- June 22: PW continues to resist signing its audit report. Provides draft S.41 report to B of E. It provides more complete picture of fraudulent loans reported in the April and October 1990 reports.
- June 27: AD provides \$39 million loan to FAB. AD provides further capital by purchasing \$82 million outstanding FAB debt.
- June 28: B of E, Fed, IML, and Caymans authorities secretly make plans to seize BCCI SA and BCCI Overseas. Final details of restructuring plan are discussed.
- July 3: BCCI submits divestiture plan for Independence Bank. AD sends composite restructuring plan to B of E and IML. Senior officials recruited from other London banks prepare to report to a restructured BCCI as new management team.
- July 5: A meeting had been arranged for this day at which B of E, IML and AD were to make final the restructuring plans submitted by AD. BCCI SA and BCCI Overseas shut down and provisional liquidators appointed in UK. AD halts any further action in connection with the restructuring plans.
- July 8: Delegation from AD meets with B of E in London. Luxembourg appoints commissaire for BCCI.

- July 12: Fed issues notice of intent to bar Naqvi, Abedi, and others from US banking activities.
- July 16: Delegation from B of E and IML goes to AD to meet with government officials. Provide copy of PW S.41 report, which had previously been withheld from AD.
- July 17: B of E releases PW S.41 report.
- July 29: NY DA issues indictment of Abedi, Naqvi and BCCI. Fed assesses fine of \$200 million against BCCI and issues notice of intent to bar various individuals from US banking. UK depositors petition Prime Minister to set up a restructured BCCI.
- July 30: UK court delays winding up for four months.
- Aug 2: US Bankruptcy Court enters order to protect BCCI assets in US.
- Aug 5: House Banking Committee subpoenas Fed to hand over documents it has received from B of E.
- Aug 13: As a result of continued cooperation between Fed, AD, and FAB outside directors, Clifford and Altman resign from all FAB positions and Katzenbach appointed to become chairman.

ABU DHABI INVESTMENT AUTHORITY
JANUARY 8, 1992 + JANUARY 13, 1992

#2

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MAY 14 1992

MAY 14, 1992

#6

FOR IMMEDIATE RELEASE
May 14, 1992

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STATEMENT BY THE MAJORITY SHAREHOLDERS OF BCCI

The Majority Shareholders have noted the allegations made by Mr. Keith Vaz MP in the House of Commons yesterday concerning His Excellency Ghanim Faris Al Mazrui. These allegations appear to be an attempt to put pressure on the Majority Shareholders to change the terms of the agreement already negotiated with the Liquidators.

The allegations quoted from the confidential Norton Rose report, which the Majority Shareholders have not seen, are an inaccurate paraphrase of unfortunate and self serving charges made by Price Waterhouse in their draft and unverified Section 41 report.

The Majority Shareholders have rejected the allegations made in the Price Waterhouse report. Specifically, H.E. Al Mazrui was given no guarantee indemnity or similar assurances to the effect that his transaction in shares in the BCCI Group would be risk free. In fact, details of the transaction in question, which took place in 1986, were voluntarily disclosed by H.E. Al Mazrui to Price Waterhouse and the investigation committee set up by the Majority Shareholders.

At no time prior to April 1990 when irregularities first came to light did H.E. Al Mazrui have any knowledge of the fraudulent activities which had been perpetrated by the management of the BCCI Group. Indeed, no such suggestion has ever been made by the auditors or regulators of the BCCI Group, including Price Waterhouse in their draft Section 41 report. Accordingly, the question of imputing H.E. Al Mazrui's knowledge to the Majority Shareholders does not arise.

Mr. Vaz has suggested the Creditors' lawyers had been denied access to documents in Abu Dhabi. The Majority Shareholders wish to state that they have no knowledge of, nor are they responsible for, this problem.

The Majority Shareholders regret this misconceived attempt to impugn the position of H.E. Al Mazrui.

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ABC DHABI INVESTMENT AUTHORITY

MAY 14, 1992

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SHARON WALSH
MAY 13, 1992

Statement by Middleton A. Martin

"The Majority Shareholders' voluntary appearance before a Congressional Subcommittee demonstrates their intention to pursue a joint cooperation program with U.S. authorities.

"The Majority Shareholders have undertaken substantial cooperation efforts in the past which have resulted in the discovery of BCCI's illegal ownership of First American; the trust arrangement agreed to yesterday which makes possible an orderly sale of First American; and the financial stability of First American through capital injections.

"Admittedly, over the last several months the Majority Shareholders have been unable to realize cooperation efforts to the extent they had hoped. They were, however, fully engaged in negotiating an agreement for depositors and creditors of BCCI.

"With that accomplished, the Majority Shareholders are now able to refocus their attention on how best to work together with U.S. authorities."

May 13, 1992

Contact: Cynthia Rapp 202-457-6473

AHMED AL SAYEGH

Mr. Al Sayegh is a director of the Abu Dhabi National Oil Company. He is a member of the Majority Shareholders' Working Group and, like the majority of Working Group members, had no involvement in addressing the Majority Shareholders about their investment in BCCI prior to the closure of the Bank. Mr. Al Sayegh is a UAE national and resides in Abu Dhabi.

MAJORITY SHAREHOLDERS' WORKING GROUP

The Working Group was established by the Majority Shareholders to advise them on BCCI related issues after its closure in July 1991. The Group is comprised of seven people representing a cross-section of Abu Dhabi's commercial interests.

FEBRUARY 21, 1992

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Strategic Communications

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FOR IMMEDIATE RELEASE
February 21, 1992

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STATEMENT BY THE MAJORITY SHAREHOLDERS OF BCCI
REGARDING THE PROPOSED SETTLEMENT

"We are pleased that today's announcement by the Liquidators takes us one step nearer to making a positive contribution toward relieving the suffering of depositors and creditors worldwide.

"We are confident that with the proposed settlement in place, depositors and creditors will receive greater benefits on a more timely basis than otherwise would be possible. Were we to believe to the contrary, this particular proposal would not have received our support.

"Today's announcement is an important step forward in our efforts to secure a fair, just and responsible solution for depositors and creditors. The commitment and determination expressed by today's initialling of the settlement will be reflected in our efforts to resolve outstanding matters fairly and responsibly as we continue to cooperate with liquidators and regulators from around the world."

#

Editors' Note: The attached advertisement copy is provided to you on background for your reference. The advertisement, developed for BCCI's thousands of depositors and creditors adversely affected by the bank's closing, will run in various international papers in the days following the initialling of the proposed settlement. As there are no depositors in the US, it is not scheduled to appear in US publications. We did, however, want to alert you to the advertisement, and provide you with the copy.

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BANK OF CREDIT AND COMMERCE INTERNATIONAL

STATEMENT BY THE ABU DHABI MAJORITY SHAREHOLDERS

On February 20 1992 a proposed settlement was initialled by the Majority Shareholders and the liquidators of BCCI. This is the result of months of hard work to secure a fair deal for depositors and creditors following the closure of the bank.

The proposed settlement is the final chapter in the Majority Shareholders' campaign to secure a future for BCCI after they became majority shareholders in April 1990.

Events Leading Up To The Proposed Settlement

After becoming Majority Shareholders we discovered certain problem loans within the bank. We immediately sought to uncover the extent of the wrongdoing and identify the wrongdoers. We injected substantial amounts of fresh capital and brought about board and management changes including the removal from their posts of the bank's President and its Chief Executive Officer.

Our objectives were very clear; to ensure that the bank should be run properly and that it should operate successfully.

Towards the end of 1990 we produced a restructuring plan which continued to be developed and refined during the first six months of 1991.

At the same time we set up an investigating committee which included BCCI's auditors, Price Waterhouse, and began to discover what is now well known.

BCCI had sustained substantial losses for a number of years which had lain undiscovered. They were revealed by the investigations instigated by us.

All these initiatives were taken in co-operation with BCCI's auditors, Price Waterhouse, and the College of Regulators, including the Bank of England, who were kept informed of developments at every stage.

6

Nevertheless, on 5 July 1991, the Bank of England and other regulators closed the bank without warning and on information supplied secretly by Price Waterhouse in a draft Section 41 report, which contained no allegations of new fraud created within the bank after April 1990.

Since then we have set out to limit the damage caused by the closure. When it became clear that there was no future for the bank we began discussions with the liquidators to devise a plan to improve and speed up the overall return to creditors worldwide.

The Proposed Settlement

These discussions have led to the proposed settlement with the liquidators which when approved by the courts in the UK, Luxembourg and the Cayman Islands and by at least 70% of the creditors would include:

- A very substantial payment by the Majority Shareholders.
- A return to creditors estimated by the liquidators to be 30-40 cents in the dollar.
- The Majority Shareholders taking on responsibility for certain liabilities of the BCCI branches in UAE.

Why This Proposed Settlement is Right for Depositors and Creditors

- The settlement avoids the need for long and expensive litigation in many different jurisdictions.
- The Liquidators have estimated that without such a settlement the return to creditors is likely to be less than 10 cents in the dollar and this return would not be made for a number of years, if at all.
- Whereas, it is estimated by the liquidators that the proposed settlement will, when implemented, provide depositors and creditors with 30-40 cents in the dollar.

All of this has been undertaken despite the fact that our original plan to restructure the bank was thwarted by the regulators and Price Waterhouse; and that Price Waterhouse's draft Section 41 report contained some very serious and completely unsubstantiated criticisms of the Majority Shareholders; and finally that we, as depositors, as investment clients whose funds have been misappropriated and as shareholders, are the largest losers by far.

After we became majority shareholders we devoted a great deal of time and energy in attempting to restore the reputation of the bank and to place it on a sound footing. Our task was frustrated by the closure of the bank in July 1991. In spite of this we have sought a solution which is fair and just for depositors and other creditors worldwide who, having placed so much innocent trust in the bank, have suffered so greatly.

#

ABU DHABI INVESTMENT AUTHORITY
FEBRUARY 21, 1992

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FOR IMMEDIATE RELEASE
February 13, 1992
1 of 2 pages

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STATEMENT FROM AN AUTHORITATIVE SOURCE ON BEHALF
THE MAJORITY SHAREHOLDERS OF BCCI

The Majority Shareholders of BCCI have noted with concern the statements that Price Waterhouse have chosen to make regarding the BCCI affair, and the position of its Majority Shareholders, in the submission to the House of Commons Treasury and Civil Service Committee on 5th February 1992.

The Majority Shareholders consider that certain of the statements about them are grossly misleading and reject the allegations made.

The Majority Shareholders were shocked to discover the extent of the problems within BCCI after they became Majority Shareholders. They immediately set up enquiries, with the assistance of UK professional advisers, to establish the true position in a bank which they had previously believed, based on audited accounts, to have been profitable for a number of years. In addition, they acted swiftly to stabilise the position of the bank.

Price Waterhouse's statements ignore the efforts of the Majority Shareholders in pursuing the investigation of the affairs of BCCI which brought to light the frauds perpetrated by the management prior to the Majority Shareholders' acquiring their majority interest. The allegations made appear to rely heavily on information derived from members of the previous management of BCCI, whose position is such as to make any reliance on their statements both unjustified and hazardous.

(more)

2 of 2 pages
February 13, 1992

Price Waterhouse were auditors of all or part of the BCCI Group for at least 15 years. The Majority Shareholders consider that Price Waterhouse's submission to the Treasury and Civil Service Committee is an attempt to deflect criticism from themselves and their failure to uncover the frauds earlier. The Majority Shareholders are preparing a detailed submission for the Bingham Inquiry and believe that submission (which will deal with the events surrounding the closure of BCCI generally) is the appropriate place to deal with Price Waterhouse's role in the events surrounding the closure of BCCI.

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ADIA . ABU DHABI INVESTMENT AUTHORITY
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HAND OUT MAY 15, 1992

#7

INTRODUCTORY REMARKS OF AHMED AL SAYEGH
BEFORE THE SENATE SUBCOMMITTEE ON
TERRORISM, NARCOTICS AND INTERNATIONAL OPERATIONS
OF THE SENATE FOREIGN RELATIONS COMMITTEE

GOOD AFTERNOON, MR. CHAIRMAN AND MEMBERS OF THE
SUBCOMMITTEE. MY NAME IS AHMED AL SAYEGH. I AM A DIRECTOR OF
THE ABU DHABI NATIONAL OIL COMPANY. I AM ALSO A MEMBER OF THE
SHAREHOLDERS WORKING GROUP, AN AD HOC COMMITTEE APPOINTED TO
ADVISE THE MAJORITY SHAREHOLDERS OF BCCI ON MATTERS RELATING TO
THEIR INVESTMENT SINCE THE CLOSURE OF THE BANK IN JULY 1991.

AS YOU KNOW, THE UNITED ARAB EMIRATES, WHICH INCLUDES ABU
DHABI, IS A SOVEREIGN COUNTRY. PLEASE UNDERSTAND THAT ALTHOUGH
EACH OF THE MAJORITY SHAREHOLDERS IS A SOVEREIGN ENTITY OR
PERSON, I AM NOT HERE TODAY AS A SPOKESMAN ON GOVERNMENT POLICY
OF THE UAE OR THE EMIRATE OF ABU DHABI. I AM HERE TO ANSWER THE
SUBCOMMITTEE'S QUESTIONS CONCERNING BCCI AND CCAH, AND HAVE
PROVIDED THIS SUBCOMMITTEE A WRITTEN STATEMENT WHICH ATTEMPTS TO
ANSWER YOUR AREAS OF INTEREST IN DETAIL.

THE MAJORITY SHAREHOLDERS WELCOME THE OPPORTUNITY TO TESTIFY BEFORE YOUR SUBCOMMITTEE. BY VOLUNTEERING ASSISTANCE, THEY HOPE TO UNDERScore THEIR GOOD WILL AND DESIRE TO COOPERATE WITH ALL COMPETENT AUTHORITIES IN THE UNITED STATES.

THE MAJORITY SHAREHOLDERS ARE ALSO DEEPLY COMMITTED TO THE PRESERVATION OF FRIENDLY AND CONSTRUCTIVE RELATIONS BETWEEN THE UNITED STATES AND THE UNITED ARAB EMIRATES.

BEFORE I ANSWER YOUR QUESTIONS, THERE ARE SEVERAL FUNDAMENTAL POINTS THAT I WISH TO MAKE:

FIRST, THE MAJORITY SHAREHOLDERS HAD NO INVOLVEMENT IN THE FRAUDS PERPETRATED BY BCCI, WHICH WENT ON FOR SOME 18 YEARS WHILE THEY WERE PASSIVE, MINORITY SHAREHOLDERS. THE INVESTMENT DECISIONS THEY MADE DURING THAT TIME WERE BASED UPON UNQUALIFIED AUDITORS' REPORTS SUPPLIED BY RESPECTED ACCOUNTING FIRMS, AND THE KNOWLEDGE THAT THE BANK WAS REGULATED IN MANY COUNTRIES. THEY WERE INVESTORS IN A BANK, NOT MANAGERS OF A BANK, AND RELIED ON AUDITORS AND REGULATORS TO DO THEIR JOBS.

SECOND, THE MAJORITY SHAREHOLDERS ARE THE SINGLE BIGGEST VICTIM OF THE FRAUD AND PROBABLY ITS ONLY INTENDED VICTIM. THEY HAVE LOST BILLIONS OF DOLLARS. AS SUCH, THEY MAINTAIN THE RIGHT TO PURSUE THEIR OWN INVESTIGATIONS AND HAVE EVERY INTENTION OF BRINGING THOSE RESPONSIBLE FOR THE FRAUDS TO JUSTICE. HOWEVER, IT MUST BE UNDERSTOOD THAT THE MAJORITY SHAREHOLDERS DO NOT CONTROL THE PROSECUTIONS IN THE UAE, THOUGH THEY ARE DOING EVERYTHING IN THEIR POWER TO ASSIST IN THE ONGOING INVESTIGATION.

AS A FEDERATION OF SEVEN EMIRATES WITH A CONSTITUTIONAL FORM OF GOVERNMENT, WE TOO ENJOY A SEPARATION OF POWERS WHICH INCLUDES AN INDEPENDENT JUDICIAL SYSTEM RESPONSIBLE FOR CRIMINAL PROCEEDINGS. THIS SEPARATION OF POWERS IS RESPECTED AND UPHELD AT THE HIGHEST LEVELS OF UAE GOVERNMENT.

THIRD, AND PERHAPS MOST IMPORTANTLY FOR OUR PURPOSES HERE TODAY, THE MAJORITY SHAREHOLDERS HAVE EVERY INTENTION OF FULLY COOPERATING WITH COMPETENT UNITED STATES AUTHORITIES IN PURSUING THEIR OWN INVESTIGATIONS, SUBJECT ONLY TO ANY RESTRICTIONS PLACED ON THEM UNDER UAE LAW AND THE NEEDS OF OUR DOMESTIC INVESTIGATIONS. MY APPEARANCE BEFORE THIS SUBCOMMITTEE IS INTENDED TO REAFFIRM THEIR COMMITMENT TO COOPERATE.

THE MAJORITY SHAREHOLDERS HAVE A GREAT DEAL TO GAIN FROM THESE COOPERATIVE EFFORTS. THEY WOULD LIKE ACCESS TO INFORMATION DEVELOPED BY U.S. AUTHORITIES THAT WOULD ASSIST THEM IN SUPPORTING PROSECUTION EFFORTS BEING CONDUCTED IN THE UAE, AND IN THEIR ATTEMPTS TO RECOVER THE BILLIONS OF DOLLARS THAT WERE MISAPPROPRIATED FROM THEM BY BCCI'S FORMER MANAGEMENT.

IN ORDER TO FACILITATE A RECIPROCAL COOPERATION PROGRAM, THE MAJORITY SHAREHOLDERS HAVE INITIATED DISCUSSIONS WITH THE DEPARTMENT OF JUSTICE AND THE NEW YORK DISTRICT ATTORNEY'S OFFICE. THEY BELIEVE THESE PRELIMINARY DISCUSSIONS HAVE PROVED TO BE CONSTRUCTIVE.

THE MAJORITY SHAREHOLDERS RECOGNIZE, MR. CHAIRMAN, THAT IN THE PAST THEY HAVE NOT ALWAYS BEEN ABLE TO RESPOND AS QUICKLY AS THIS SUBCOMMITTEE AND OTHER INVESTIGATIVE BODIES WOULD HAVE LIKED. IT IS IMPORTANT TO PUT THE PAST TWO YEARS IN PERSPECTIVE IN ORDER TO GAIN A BETTER UNDERSTANDING OF THE DEMANDS PLACED UPON THE MAJORITY SHAREHOLDERS, AND TO APPRECIATE THEIR EFFORTS TO ACT RESPONSIBLY AND IN GOOD FAITH.

IT WAS ONLY AT THE TIME OF ACQUIRING CONTROL OF THE BANK, A LITTLE OVER TWO YEARS AGO, THAT THE MAJORITY SHAREHOLDERS BECAME AWARE OF IRREGULARITIES, WHICH SOON REVEALED WHAT IS NOW WIDELY KNOWN: THAT A MASSIVE FRAUD TOOK PLACE, UNDETECTED, FOR MANY YEARS. IMMEDIATELY, AN INVESTIGATION WAS LAUNCHED BY THE MAJORITY SHAREHOLDERS IN AN ATTEMPT TO VERIFY INFORMATION BEING PROVIDED BY MANAGERS OF THE BANK.

OVER THE NEXT SEVERAL MONTHS THEY WERE CONSUMED WITH EFFORTS TO RESTRUCTURE THE BANK IN THE HOPES OF SALVAGING THEIR INVESTMENT AND PROTECTING THE ASSETS OF MILLIONS OF DEPOSITORS AND CREDITORS WORLDWIDE. AS YOU KNOW, THESE EFFORTS WERE UNDERTAKEN IN CLOSE COOPERATION WITH THE BANK OF ENGLAND.

SOON AFTERWARD, FROM AUGUST, 1990 ^{through} ~~TO~~ FEBRUARY 1991, EVENTS IN THE GULF DEMANDED THE UAE'S FULL ATTENTION. DURING THIS TIME MY COUNTRY DEVOTED ITS COMPLETE RESOURCES TO SUPPORT UN EFFORTS TO FREE KUWAIT.

THE CRISIS IN THE GULF WAS FOLLOWED BY THE FIREFIGHTING WITH WHICH WE WERE CONFRONTED FOLLOWING THE ABRUPT CLOSURE OF BCCI IN JULY 1991, AND THE INTENSIVE NEGOTIATIONS WHICH ENSUED WITH THE BANK'S LIQUIDATORS TO ARRIVE AT A CONTRIBUTION AGREEMENT.

NOTHING WAS MORE URGENT THAN MAKING SURE DEPOSITORS WOULD RECEIVE SOMETHING FROM A BANK IN WHICH THEY HAD PLACED THEIR TRUST. THE MAJORITY SHAREHOLDERS SPENT SIX MONTHS NEGOTIATING THIS AGREEMENT WHICH THEY AND THE LIQUIDATORS BELIEVE OFFER DEPOSITORS AND CREDITORS THE BEST HOPE FOR ANY RECOVERY OF MONIES LOST BY THE CLOSURE OF THE BANK.

THE OTHER TERMS OF THE CONTRIBUTION AGREEMENT HAVE BEEN WIDELY REPORTED, SO I WILL NOT GO INTO GREAT DETAIL HERE. HOWEVER, I DO WANT TO EMPHASIZE TWO TERMS WHICH HAVE NOT BEEN WIDELY REPORTED: FIRST, THE MAJORITY SHAREHOLDERS HAVE AGREED TO WAIVE CERTAIN CLAIMS THEY HOLD AGAINST THE BANK TOTALLING IN THE BILLIONS OF DOLLARS; AND SECOND, NO ONE UNDER THIS AGREEMENT IS EXEMPTED FROM CRIMINAL CLAIMS.

MEANWHILE, OUR OWN INVESTIGATION AND THAT OF THE UAE PROSECUTOR CONTINUES. AS YOU MIGHT IMAGINE, DUE TO THE COMPLEXITY AND SCOPE OF THE CASE, IT IS TAKING A TREMENDOUS AMOUNT OF TIME AND EFFORT.

IT IS IMPORTANT TO UNDERSTAND THAT THESE ACTIVITIES, COMPLEX AND DEMANDING BY ANY STANDARD WHEN DEALING WITH WHAT MAY BE THE MOST WIDE-RANGING FINANCIAL CRIMES EVER COMMITTED, HAVE BEEN UNDERTAKEN BY A YOUNG COUNTRY OF 20 YEARS WITH A LIMITED POOL OF HUMAN RESOURCES.

DESPITE WHAT I HAVE JUST DESCRIBED TO YOU, THE MAJORITY SHAREHOLDERS WERE ABLE TO COOPERATE IN SIGNIFICANT WAYS WITH U.S. AUTHORITIES TO FACILITATE AN ORDERLY SALE OF FIRST AMERICAN BANK, AND TO ENABLE CRIMINAL CHARGES TO BE FILED AGAINST BCCI, MR. ABEDI AND MR. NAQVI.

THROUGH ACCESS GRANTED TO U.S. AUTHORITIES TO FILES (INCLUDING THE SO-CALLED "NAQVI FILES") AND CERTAIN WITNESSES IN ABU DHABI, BCCI'S ILLEGAL OWNERSHIP OF FIRST AMERICAN BANKSHARES WAS UNCOVERED. THIS DISCOVERY LED TO THE CEASE AND DESIST ORDER REQUIRING BCCI TO DIVEST ITS SHARES IN THE HOLDING COMPANY FOR FIRST AMERICAN BANK.

I MUST NOTE THAT WHILE BCCI'S ILLEGAL OWNERSHIP OF CCAH, THE HOLDING COMPANY FOR FIRST AMERICAN, WAS MADE POSSIBLE THROUGH NOMINEE SHAREHOLDINGS, THE RULING FAMILY OF ABU DHABI AND THE ABU DHABI INVESTMENT AUTHORITY HELD THEIR OWN MINORITY SHARE INTERESTS IN CCAH, INDEPENDENT OF BCCI'S.

THESE SHARES IN FIRST AMERICAN WERE PAID FOR WITH LEGITIMATE SOURCES OF FUNDS AND THEIR OWNERSHIP WAS DISCLOSED AT ALL TIMES TO U.S. REGULATORY AUTHORITIES.

TO FACILITATE BCCI'S DIVESTITURE, THE RULING FAMILY AND ADIA VOLUNTEERED TO PLACE THEIR SHARES IN A TRUST AND CONTINUED TO WORK CLOSELY WITH THE FEDERAL RESERVE TO BRING ABOUT THE ESTABLISHMENT OF THE TRUST ARRANGEMENT APPROVED THIS WEEK BY THE SHAREHOLDERS.

THE RULING FAMILY HAS ALSO PROVIDED FINANCING TO FIRST AMERICAN TOTALLING APPROXIMATELY 190 MILLION DOLLARS SINCE FEBRUARY 1991 TO ENSURE THE BANK'S FINANCIAL STABILITY PENDING AN ORDERLY SALE.

IT IS IN THIS SPIRIT OF COOPERATION, MR. CHAIRMAN, THAT I APPEAR BEFORE YOU TODAY. THE MAJORITY SHAREHOLDERS ARE NOW PREPARED TO TURN THE ENERGIES THEY HAVE NECESSARILY DEVOTED TO OTHER MATTERS TO FURTHER INVESTIGATIVE EFFORTS, AND LOOK FORWARD TO BUILDING UPON PAST COOPERATION ENDEAVORS.

AS THE PRINCIPAL VICTIM OF FRAUDS WHICH WERE PERPETRATED CONTINUOUSLY OVER 18 YEARS, THE MAJORITY SHAREHOLDERS HAVE A VITAL INTEREST IN SEEING THAT THOSE RESPONSIBLE FOR THE FRAUDS ARE PROSECUTED AND BROUGHT TO JUSTICE, AND THAT ALL STEPS ARE TAKEN TO AVOID THE OCCURRENCE OF SIMILAR BANKING FRAUDS IN THE FUTURE.

AS I HAVE STATED, MY APPEARANCE TODAY RENEWS THE MAJORITY SHAREHOLDERS COMMITMENT TO COOPERATE WITH THE INVESTIGATIVE EFFORTS OF YOUR SUBCOMMITTEE AND OTHER COMPETENT U.S. AUTHORITIES, TO THE EXTENT THAT WE ARE ABLE TO DO SO IN A MANNER CONSISTENT WITH OUR OWN VITAL INTERESTS AND THE LAW OF THE UNITED ARAB EMIRATES.

I WOULD NOW BE PLEASED TO ANSWER ANY QUESTIONS THE SUBCOMMITTEE MAY HAVE ON THESE SUBJECTS.

ABU DHABI INVESTMENT AUTHORITY

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May 28, 1992

MEMORANDUM

May 28, 1992

TO: 1~

FROM: Cynthia H. Rapp

RE: CORRECTION: Majority Shareholders' Rebuttal to the 27
May *Washington Post* Article "Report Says Abu Dhabi Was
Warned About BCCI"

The Washington Post yesterday ran an article entitled "Report Says Abu Dhabi Was Warned About BCCI". The article contains a number of inaccuracies, stemming both from its reliance on a report prepared by Norton Rose, the UK lawyers for the creditors of BCCI, and from its own mistakes concerning the facts.

A letter-to-the-editor correcting the article's errors has been submitted to *The Washington Post*. It is attached, along with the *Post* article, for your information. As a journalist who frequently covers BCCI issues, we felt it important that you be informed of the facts.

If you have any questions regarding the attached, or any matters as they relate to the Majority Shareholders of BCCI, please do not hesitate to contact me. Thank you.

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May 28, 1992

Ms. Meg Greenfield
Editorial Page Editor
The Washington Post
1150 15th Street, N.W.
Washington, D.C. 20071

Dear Ms. Greenfield:

On May 27, The Washington Post printed a story consisting largely of statements culled from a report prepared by Norton Rose, U.K. lawyers for creditors of the Bank of Credit and Commerce International (BCCI). We address below several inaccuracies in this report that were apparently carried over into your story.

Of greater concern than any particular misleading statement, however, is the fact that your story, headline and all, seems to be predicated on a mistake of fact. The headline states: "Report Says Abu Dhabi Was Warned About BCCI . . . Royalty Told of Fraud in 1990." The Post apparently believes that the Norton Rose report is newsworthy because it discloses a meeting in early 1990 between BCCI officials and a member of the Abu Dhabi Ruling Family.

The mistake underlying your story is your statement that a representative of the Ruling Family and the other Majority Shareholders of BCCI "recently told a Senate subcommittee that Abu Dhabi officials knew nothing about the fraud until investigations began last year [i.e., 1991]. Abu Dhabi would not have invested an additional \$1.2 billion in BCCI in the spring of 1990 if it had known the extent of the fraud."

In fact, as reflected in the transcript of the Senate Subcommittee hearing of May 14 to which you refer, the representative stated:

"We did make the investments in April of 1990 with some knowledge of the problems that took place. And we would have been, in my opinion, very reluctant if we had known, at that time, the full extent of the fraud that took place."
(Emphasis added)

PATTON, BOGGS & BLOW

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Because your timing is off (by one year), the lead paragraphs of your story are at best not newsworthy and at worst are a misrepresentation of the position of the Abu Dhabi Ruling Family, whose representative acknowledged that Abu Dhabi had some knowledge of the problems in the spring of 1990. The representative went on to explain how, with the blessing of the Bank of England and other regulatory authorities, the Majority Shareholders, after investing \$1.2 billion, initiated a program to restructure BCCI, sought new management, and commenced an investigation to follow up on what they had been told. These efforts continued until BCCI was shut down by regulatory authorities in July 1991.

Our clients have not had an opportunity to review the Norton Rose report, which is under seal by order of a U.K. court, and thus we are unable to comment on it. From your story, however, it appears that the report is full of errors and misleading information. For example, the Post repeats uncritically the suggestion that "the majority shareholders have made no claims to" the \$2.2 billion misappropriated from the managed portfolio account of the Abu Dhabi Ruling Family at the International Credit and Investment Company (ICIC) because of a concern about offering proof of their claim. This is nonsense. As the Post itself reported on February 22, 1992 ("BCCI Owners Ratify Compensation Plan"), the claim to the \$2.2 billion is part and parcel of the proposed settlement arrangements now being reviewed.

If the arrangements are approved, the claim will be given to the BCCI liquidators as part of a package of mutual provisions designed to avert a decade of litigation. Of course the Ruling Family would not initiate such a claim when doing so would violate the letter and spirit of the settlement arrangements. It is certain to be brought if those arrangements are not approved.

There is no doubt that the fraud that went on in ICIC constituted a criminal offense. The Ruling Family were its intended victims. The suggestion that the Ruling Family has somehow defrauded itself of \$2.2 billion is ludicrous.

The parts of the Norton Rose report that focus on H.E. Ghanim Faris Al Mazrui, Chairman of the Private Department of H.H. Sheikh Zayed bin Sultan Al Nahyan, seem to be based in large part on information provided to the Bank of England by Price Waterhouse, which is being sued in the United Kingdom for audit

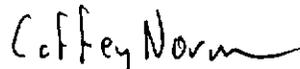
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negligence and obviously would like to deflect criticism from itself. Even so, its reported conclusion that "Al-Mazrui should have had a clear view of BCCI's activities" because of his position as a BCCI director in the 1980s is inconsistent with the Price Waterhouse report to the Bank of England, which states that the BCCI directors were consistently provided with misleading and inaccurate financial and other information.

Judging from your story, the Norton Rose report appears to be inaccurate in other respects as well. One would hope, for their sake, that the creditors do not place their faith in it.

Sincerely,



W. Caffey Norman, III
Patton, Boggs & Blow
U.S. Counsel to the
Majority Shareholders

cc: Ms. Sharon Walsh

Report Says Abu Dhabi Was Warned About BCCI

*Papers: Royalty Told
Of Fraud in 1990*

By Sharon Walsh
Washington Post Staff Writer

The ruling family of Abu Dhabi was informed of massive fraud at the Bank of Credit and Commerce International more than a year before regulators forced the bank's closing, according to a report by attorneys for the bank's British creditors.

The sealed document obtained by The Washington Post says reports of fraud were disclosed at a March 1990 meeting between the bank's top officers and the son of Abu Dhabi's ruler, Sheik Zayed bin Sultan al-Nahyan. Information about the meeting came from the bank's auditors, Price Waterhouse, the document says. Abu Dhabi's royal family was the majority shareholder of BCCI before it was shut down by regulators last July.

U.S. and foreign investigators of the BCCI scandal are attempting to determine what, if any, role Abu Dhabi played in the wrongdoing that resulted in the ultimate failure of the bank. The deep pockets of the oil-rich emirate could make it a target for civil lawsuits if creditors could prove the country knew of or participated in BCCI's frauds. In addition, criminal investigators might target Abu Dhabi officials involved in any crimes.

BCCI creditors are scheduled to tell the British court on June 8 whether they will accept a proposal by Abu Dhabi to pay \$1.7 billion as a settlement of all claims against the country.

Ahmed Al Sayegh, one of the officials advising the Abu Dhabi royal family on BCCI matters, recently told a Senate subcommittee that



AGENCE FRANCE-PRESSE

Sheik Zayed bin Sultan al-Nahyan and his family were majority owners of BCCI.

Abu Dhabi officials knew nothing about the fraud until investigations began last year. Abu Dhabi would not have invested an additional \$1.2 billion in BCCI in the spring of 1990 if it had known the extent of the fraud, he testified.

According to the report, Zayed's son Sheik Khalifa bin Zayed al-Nahyan met in March 1990 with Agha Hasan Abedi, BCCI's founder, and Swaleh Naqvi, its president. Although no exact figures were known at the time, the majority shareholders [Abu Dhabi's royal family] were "fully apprised of the disastrous situation and the underlying fraudulent transactions," according to the report.

The report, prepared by the British law firm Norton Rose, also discloses the existence of a secret account in BCCI's Cayman Islands

subsidiary that held billions of dollars of the ruling family's money and was handled personally by Abedi.

It focuses as well on Ghanin Faris al-Mazrui, head of the Abu Dhabi Investment Authority and an aide to Zayed, as a central link between the royal family and top officials of BCCI. Al-Mazrui was on the board of directors of BCCI for a decade and today continues as a top adviser to Zayed on BCCI matters.

The British creditors of the bank are attempting to decide whether to accept the Abu Dhabi government's proposed offer to contribute \$1.7 billion to a pool of money to repay a part of BCCI's debts to creditors, while being released from any other liabilities. British lawmakers and U.S. investigators have criticized Abu Dhabi's offer as falling far short

See BCCI, F6, Col. 1

Abu Dhabi Said Warned About BCCI

BCCI From F1

Abu Dhabi's offer as falling far short of what Abu Dhabi could do. Before the bank failed, the government of Abu Dhabi had promised to prop up the bank with nearly \$4 billion in new funds.

If the British creditors agree to the settlement offer, they will give up any potential claims they might have against the government of Abu Dhabi if it is later found to be a participant in the bank's fraud.

Zayed has said through spokesmen that Abu Dhabi was a passive investor in BCCI and lost \$6 billion in the wake of the bank's collapse, making the country the largest victim of the bank's failure.

But the report concludes that Al-Mazrui should have had a clear view of BCCI's activities even if the BCCI board could not control what happened.

U.S. sources have said it is difficult to believe that Al-Mazrui, perhaps Zayed's closest adviser, would have kept information he knew about BCCI from the ruler.

A spokesman for Abu Dhabi has defended Al-Mazrui, saying allegations against him that surfaced earlier this month "appear to be an attempt to put pressure on the majority shareholders to change the terms of the [proposed] agreement" with creditors.

The report offers new information about "Portfolio account" No. 20071, in BCCI's Cayman Islands subsidiary, International Credit and Investment Co., which investigators say acted as a shady "bank within a bank" at BCCI.

According to a June 1991 Price Waterhouse study, ICIC was used for more than \$1 billion in fraudulent transactions that were designed to inflate the balance sheet of BCCI.

The creditors' report says the Portfolio account was established at ICIC in 1980 and held the personal funds of Zayed and his family. A March 1989 audit of the account valued it at just under \$4 billion.

The Portfolio account was operated in "complete confidentiality" for tax reasons and secrecy, according to the report, and "no one at the BCCI group or ICIC was aware of the transactions other than Abedi, Naqvi" and two other managers of the bank.

Money from the account was invested in Eurobonds, U.S. Treasury notes and certificates of deposit, according to the report. But the statements of the ruling family's account, which was reviewed by Abedi and Naqvi quarterly, were not audited and allegedly "were not accurate," the report says.

In March 1990, the Portfolio account was closed, having only a small balance. The report to creditors says that, according to its information, misappropriations of funds in the Portfolio account resulted in a loss of \$2.2 billion to Abu Dhabi.

Yet the majority shareholders have made no claims to that money, perhaps because Abu Dhabi officials would then have to make documents in their possession available to prove their claim, according to the report.

The report to creditors suggests that the majority shareholders may not have pursued a claim against ICIC because they would "have to come to court with 'clean hands.' This may create some difficulties for the majority shareholders because [the fraud that went on in ICIC] . . . would appear to constitute a criminal offense."

U.S. attorneys for the government of Abu Dhabi declined to comment yesterday.

The report hedges its findings by saying that evidence against Abu Dhabi would be difficult to produce in court.

"Nothing in these reports is admissible in evidence in an English court of any fact which they set out. . . . It is particularly unlikely that Price Waterhouse would be prepared to assist in giving evidence on behalf of the BCCI Group in light of

the fact that Price Waterhouse are potential defendants to claims by a number of possible parties."

And there is little chance of interviewing principal witnesses, most of whom are under house arrest in Abu Dhabi.

Creditors' claims against Abu Dhabi involve complicated legal issues that would involve courts all over the world and costly litigation for years, the report says.

"There clearly was substantial misfeasance involving vast sums, but the question here is to establish precisely who . . . is liable," the report says. With Abu Dhabi in control of many of the very files and witnesses that could possibly be used against it, the country holds many of the cards, although, the report notes, Abu Dhabi is seriously concerned about its international reputation and could be gravely embarrassed by litigation by the creditors.

"The creditors' committee should try to form a view of the amount the government of Abu Dhabi is likely to pay to settle the matter having regard not only to legal issues but to the political and publicity pressures likely to occur," the report concludes.

Staff writer Mark Potts contributed to this report.

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ABU DHABI
INVESTMENT
AUTHORITY

MAY 28, 1992

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CANADIAN FOREST INDUSTRIES COUNCIL
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FEBRUARY 11-13, 1992

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Canadian Forest Industries Council
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Peter Passell
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CANADIAN FOREST INDUSTRIES COUNCIL

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February 27, 1992 - Letters with additional background on US-Canadian lumber dispute.

Scott Soner	Associated Press
Mary Foley	Knight-Ridder Financial News
Alkman Granitsas	Inside U.S. Trade
Bob Davis	Wall Street Journal
Nancy Waltz	Reuters
John Maggs	Journal of Commerce
Alan Ota	Portland Oregonian
Jim Berger	Washington Trade Daily
David Schaefer	Seattle Times
James Bovard	
Ken Smith	Washington Times
Mike Omelus	Canadian Press Wire Service
John Saunders	Globe and Mail
Barbara Sweet	Thomson Newspapers
Rod McQueen	Financial Post
Hilary Mackenzie	Maclean's
George Hoff	Canadian Broadcasting Corporation
Bruce Stokes	National Journal
David Whitney	Anchorage Daily News
Alan Stowell	BNA
Linda Diebel	Toronto Star
Christopher Hanson	Seattle Post-Intelligencer
Norma Greenaway	Southam News Service
Joe O'Donnell	Toronto Sun
Gordon Crovitz	Wall Street Journal
Leo Abruzzese	Journal of Commerce

MARCH 4, 5, 1992

#12

Softwood Lumber Media List

Canadian Media (see attached list)

Emory Group (see attached list)

American Media:

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202-862-0340 (fax)Ed Lachica
202-862-9274Wall Street Journal
202-862-9266 (fax)Stuart Auerbach
202-334-6460Washington Post
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202-383-6112Journal of Commerce
202-383-6121 (fax)Karen Tumulty
202-861-9200Los Angeles Times
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202-452-7583 (fax)Jim Berger
301-946-0817Washington Trade Daily
301-946-2631 (fax)Nancy Waltz
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202-898-8383 (fax)Alkman Granitsas
703-892-1014Inside U.S. Trade
703-685-2606 (fax)Bob Davis
202-862-9258Wall Street Journal
202-862-9266 (fax)Bruce Stokes
202-857-1419National Journal
202-833-8069 (fax)David Schaefer
202-546-4700Seattle Times
202-543-6840 (fax)Scott Sonner
202-828-9683Associated Press
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MARCH 6, 1992

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CANADIAN FOREST INDUSTRIES COUNCIL

MARCH 15-16, 1992

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Betsy West, Producer
212-456-3606

CBS Evening News with Dan Rather
51 W. 52nd St.
New York, NY 10019-6101
Eric Sorenson, Executive Producer
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60 Minutes
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September, 1991

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APRIL 8, 1992



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Canadian Forest Industries Council

Le Conseil canadien des industries forestières

FOR IMMEDIATE RELEASE
APRIL 8, 1992

CONTACT: CLARE LYNAM
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SURVEY SHOWS CLEAR AMERICAN OPPOSITION TO CANADIAN LUMBER DUTY

Washington, D.C. -- Americans operating in the forest products industry overwhelmingly oppose a duty on Canadian softwood lumber exports to the United States, according to a survey of the American forest industry by Random Lengths, a U.S. weekly report on North American forest products markets.

Of the 2,045 responses to the publication's question, "Should there be a duty on Canadian lumber, or should it be dropped," 1,482, or 72.5 percent, favored eliminating the 14.48 percent duty proposed by the Department of Commerce last month in a preliminary subsidy determination on Canadian softwood lumber.

The strongest opposition to the duty, according to the survey, came from U.S. lumber retailers. Of the 734 retailers responding to the question, 90.9 percent opposed it. Of the 444 U.S. lumber wholesalers who responded to the survey, 78.4 percent opposed it.

Even among U.S. wood products manufacturers, only a bare majority favored the Commerce Department's decision. Of the 372 respondents, 55.4 percent approved the duty and 40.6 percent disapproved it.

Commenting on the survey, Tom Buell, chairman of the Canadian Forest Industries Council, said: "Canadians know that this duty is unjustified. The survey proves that it is also unpopular with the American industry.

"If the Commerce Department's preliminary determination stands, American retailers and wholesalers will be paying more for lumber, and the price rise will be passed along to American consumers. With both Canada and the U.S. struggling to emerge from recessions, it makes no sense to add a tax that will drive the cost of wood and homes up, and impede economic recovery."

Since October, 1991, the Commerce Department and International Trade Commission have been investigating whether Canadian lumber practices constitute a subsidy to their industry and cause injury to the U.S. industry. Final determinations on subsidy and injury will be rendered during the next several months.

(A copy of the Random Lengths survey report is attached.)



Random Lengths[®]

The Weekly Report
On North American
Forest Products Markets

April 3, 1992

U.S. Industry Divided On Countervailing Duty

▲ Primary wood products producers in the U.S. narrowly favor the idea of imposing a permanent duty on imports of Canadian lumber. However, buyers reject the idea by a wide margin, and the overall verdict is solidly negative. Although the West and South are most inclined to favor a duty, less than a third of the industry in these regions advocates such a sanction.



These are some of the results from a survey of Random Lengths subscribers, conducted in March after the preliminary ruling by the Commerce Department was announced. The mail survey consisted of a single question: Should there be a duty on Canadian lumber, or should it be dropped? Respondents were also invited to include their comments on the issue, and a high percentage did so.

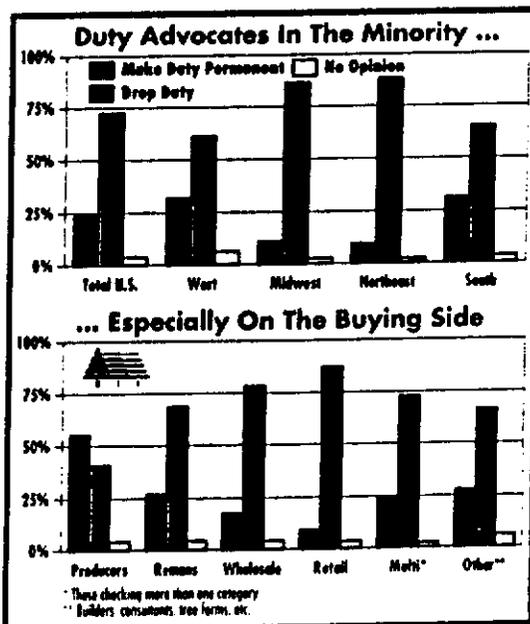
Of the 2,045 usable responses to the survey, 1,482, or 72.5%, favored dropping the duty. The duty drew its greatest support in the West, where 32.2%

of the 645 respondents favored making it permanent. The South was close behind, with 31.4% of the 622 respondents in this region in favor. Subscribers in the Northeast showed the greatest opposition to the duty, with 88.5% of the 288 respondents from this region against making it permanent. Of the 490 responding from the Midwest, 86.6% were opposed.

Wood products manufacturers were the category most favorable to a duty, with 55.4% of the 372 respondents approving, 40.6% opposing, and 4.0% having no opinion on the issue. Producers in the South were the duty's biggest supporters, with 65.9% saying the U.S. should make it permanent. A majority of western manufacturers also approved the idea, with 57.6% in favor. In contrast, only one in four Midwest manufacturers favored a permanent duty, while 34.4% of Northeast producers advocated it.

In conducting the survey, letters and response cards were mailed to a sampling of Random Lengths subscribers in the U.S.; Canadians were not polled. Respondents were asked to list their business type and the state in which they were located. Faxed responses or copies of the response form were not accepted in an effort to prevent anyone from "stuffing the ballot box."

Just over 40% of the cards were returned by the March 30 cutoff date, a phenomenal response to a mailed survey. One major caveat concerns the fact that only those motivated enough to complete and return the response cards participated in the survey. Offsetting that, of course, is the fact that those who did respond could have been motivated in either direction. (For a detailed breakdown of survey results by region and respondent type, send a self-addressed stamped envelope to: Duty Survey Results, Box 867, Eugene, OR 97440.)



Continued on Page 2...

2 Random Lengths



Continued from Page 1

Retailers showed the greatest opposition to a permanent duty, with less than one in ten approving. Of 734 retailers responding, only 67, or 9.1%, said the duty should be made permanent. Western retailers were most favorable toward a duty, with 16.2% expressing support. Just 3.4% of the dealers in the Northeast said they favored a permanent sanction.

Less than one-fifth of the 444 wholesalers responding said they favored a permanent duty, while 78.4% were opposed. Southern wholesalers were most favorable to the idea, with 25.4% approving, while only 8.2% of midwestern wholesalers were pro-duty. (Next week: Subscribers speak out on the duty.)

Furnish Supplies Worry Particleboard Producers

▲ Restricted lumber and plywood output have tightened chip supplies and pushed furnish prices higher for some particleboard producers. The West, hit by reduced timber harvests, has been most affected. Some buyers, concerned about environmentalists' efforts to slash timber harvests in the Pacific Northwest, have considered switching from western stock to Southern Pine.

A few particleboard plants have gone from seven-day to five- or six-day operating schedules, and many are scrambling to ensure an adequate supply of furnish. Although the recent run up in lumber and plywood prices has helped boost chip supplies in the short term, the long-term prospects are tenuous, especially in the West. There is less concern in the South, but heavy rains that disrupted logging this winter led to scattered reductions in output.

Customers in the Midwest, who have traditionally relied on western board, are courting southern producers, whom they see as a more stable, long-term source of supply. In turn, southern producers are aggressively pursuing customers in this region. This has been occurring for several years, but the shift has accelerated during the past year as western timber harvests have diminished.

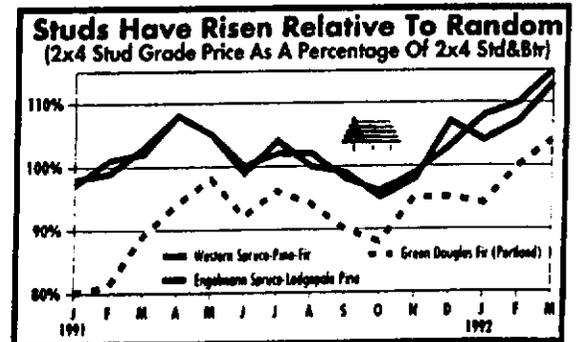
As solid wood product prices rise, particleboard is taking a larger share of shelving, furniture, and kitchen cabinet markets, with the biggest gains in shelving. Specialty items, such as melamines and vinyl overlays, are becoming more popular, and sales of ready-to-assemble furniture have picked up. Demand for particleboard is expected to rise further during the second half as the economy improves and housing starts climb.

Studs Strong In Relation To Random

▲ Just a few years ago, studs were chronically overproduced, stud prices were weak, and stud mills were taking a back seat in competing for logs. Well, the tables have turned dramatically. Recently, studs have been hard to find, some stud prices have shot above those for Std&Btr 2x4 dimension, and small-log dimension mills have been the ones bemoaning the tough competition for logs.

With many lumber prices turning spongy the past couple of weeks, some traders are predicting that studs will fall harder than dimension items, returning the two products to a more "normal" relationship. This may yet prove to be the case. However, while studs have weakened, dimension prices have so far been hit as hard as studs in most species.

The strength in studs hinges partly on growth in demand from home centers. A high-quality full 8-foot Stud grade or Std&Btr 2x4 is a staple for retailers who cater to the shoulder trade. Stud mills learned to lean heavily on these customers during 1987-90



when the housing recession cut into demand from contractors. Now, with housing demand stirring, contractor demand for traditional stud trims is competing with home center demand for full 8-foot.

Supply restrictions have also slowed stud mills' efforts to react to increased demand. Shutdowns caused by the drop in timber supplies in the West get part of the blame. In addition, plywood peeler cores used to make studs are less available because of reduced output at western plywood plants and wider use of spindleless veneer lathes that don't leave large enough cores to make studs. Meanwhile, some stud mills have shut down in Eastern Canada because of depressed markets for chips, and some western Canadian plants have been hit by government-mandated cutbacks in timber allotments.

Canadian Forest Industries Council Le Conseil canadien des industries forestières



FOR IMMEDIATE RELEASE
Tuesday, April 7, 1992

Contact: Mike Apsey
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Canadian Forest Industry Leader Responds To Congressional Letter on U.S. Canada Lumber Dispute

VANCOUVER, B.C. -- The following statement was issued today by Tom Buell, Chairman of the Canadian Forest Industries Council, in response to a letter sent by Sens. Bob Packwood (R.-Ore.) and Max Baucus (D.-Mont.) and Reps. Rod Chandler (R.-Wash.) and Ron Wyden (D.-Ore.) to Canadian Ambassador to the U.S. Derek Burney:

"The letter to Ambassador Burney is an astonishing act of political interference in the softwood lumber case. The proposal is not a compromise, but rather another attempt to get Canada to play the Americans' political game by their rules. It won't work.

"The countervailing duty case presently underway was initiated by the U.S. Department of Commerce against the Government of Canada. It's a government-to-government case and cannot arbitrarily be 'dismissed' by four members of Congress speaking on behalf of certain members of the U.S. lumber industry.

"If we in Canada ever needed further evidence that this case has been politicized by the Congress, this proposal is a smoking gun. Six months into a legal case which Sens. Packwood and Baucus previously helped promote, the members now thrust themselves into the process as spokesmen and friends of the court for the U.S. industry.

"The letter demonstrates the weakness of the American case. Why else would they be asking Canada to raise the white flag of surrender before the matter can be adjudicated? We have said it before, and we will say it again: Canada does not subsidize its softwood lumber industry and its exports do not injure U.S. interests. We intend to pursue this matter through proper legal channels. And we intend to win.

"It is worth noting that earlier this week, a survey conducted by a forest industry newsletter reported overwhelming opposition to the imposition of a U.S. duty on Canadian lumber. Last week, Rep. Mike Synar (D.-Okla.), chairman of the House Environment, Energy and Natural Resources subcommittee, said that timber programs on two of every three U.S. national forests 'chronically operate as money losers.'

Page Two

"He added that the U.S. Forest Service 'consistently overstate(s) the financial benefits of the Federal timber program and understate(s) its costs in both fiscal and natural resources.' Meanwhile, timber revenues from Canadian national forests exceed costs by more than \$600 million per year.

"Yet the members want us to adopt the U.S. system. We would think that before American politicians tell how us to operate our national forests, they should insist that a better job be done at home."

U.S. Press

Keith Bradsher
New York Times
1627 Eye Street, NW
Washington, D.C. 20006

Eddie La Chica
Wall Street Journal
1025 Connecticut Ave., NW
Suite 800
Washington, D.C. 20036

Bruce Stokes
National Journal
1730 M St., NW
Suite 1100
Washington, D.C. 20036

Stuart Auerbach
Washington Post
1150 15th St., NW
Washington, D.C. 20071

Chris Hanson
Seattle Post-Intelligencer
1701 Pennsylvania Ave., NW
Washington, D.C. 20006

David Schaefer
Seattle Times
245 Second St., NE
Washington, D.C. 20002

Alan Ota
Portland Oregonian
2000 Pennsylvania Ave., NW
Suite 3900
Washington, D.C. 20006

John Maggs
Journal of Commerce
740 National Press Building
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Associated Press
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Newsweek
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Reuters
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2104 National Press Building
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BNA, Int'l Trade Reporter
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Washington Times
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Canadian Press

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Globe and Mail
1331 Pennsylvania Ave., NW, #524
Washington, D.C. 20004

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Maclean's
997 National Press Building
Washington, D.C. 20045

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CANADIAN FOREST INDUSTRIES COUNCIL # 16

APRIL 10, 1992

April 10, 1992

1~

Dear 2~:

For the third time in 10 years, the U.S. Department of Commerce is trying to prove that Canadian softwood lumber practices constitute a subsidy to its industry and cause injury to the U.S. industry.

On March 6th in a preliminary determination, the Department of Commerce found a subsidy, and as a result, Canadian lumber exporters may have to pay a 14.48 percent duty on their shipments to the U.S. This is despite the fact that Canadian revenues from timber harvests exceed costs by more than \$600 million annually and Canadian exports to the U.S. have dropped from 33 percent in 1985 to 27 percent now.

Undoubtedly, some of the duty is now being passed from the Canadians to their American customers, who have already been experiencing skyrocketing lumber prices due to U.S. shortages and environmental restrictions.

The Canadian industry and government strongly dispute the U.S. allegations and will contest this decision in every forum available to us. We are joined in this effort by a number of Americans in the lumber industry who also oppose Commerce's actions.

In a survey last month of 2,045 American subscribers to Random Lengths, a U.S. weekly trade publication of North American forest products markets, 72.5 percent, or 1,482 individuals, said they oppose the duty. The National Association of Home Builders called the duty "inappropriate and harmful to the economic recovery." The National Lumber and Building Material Dealers Association said the Commerce decision "...would undoubtedly stop or critically wound the long overdue economic recovery." And the North American Wholesale Lumber Association said "...any tariff implemented will come right out of the pockets of American consumers."

I thought you might be interested in seeing some materials from these groups, as well as recent editorial comments from U.S. and Canadian newspapers.

If you or your staff would like more information, or if you have any questions, please feel free to contact me in Vancouver at 604/662-2841; or Lance Morgan in Washington, D.C. at 202/457-9270.

Best wishes,

Tom Buell
Chairman

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~~1992~~ APRIL 29, 1992



#17

Canadian Forest Industries Council
Le Conseil canadien des industries forestières

FOR IMMEDIATE RELEASE
APRIL 29, 1992

CONTACT: CLARE LYNAM
202/457-9270

**NORDHAUS CITES FLAWS IN COMMERCE DEPARTMENT'S PRELIMINARY FINDING
ON CANADIAN LUMBER**

WASHINGTON, D.C. -- The U.S. Commerce Department used flawed economic reasoning in reaching a preliminary determination that Canada subsidizes its softwood lumber industry, according to a former member of the U.S. Council of Economic Advisors (CEA).

In a written report submitted to the Commerce Department, Dr. William D. Nordhaus, an economic consultant to Canada's federal and provincial governments and the Canadian Forest Industries Council (CFIC), said Commerce failed to analyze whether Canadian provincial stumpage fees -- the fees paid for access to standing timber -- have any economic effect on Canadian softwood lumber production or prices. In an earlier analysis, Dr. Nordhaus had explained that Canadian stumpage programs do not lead to a greater output, or lower prices, of logs and softwood lumber than in a competitive market, and therefore do not constitute a subsidy.

Instead of looking at the economic effects of the programs, Commerce used price comparisons within Canada's provinces which, Nordhaus said, "actually ha(ve) little or no relevance" as to whether the programs constitute subsidies.

An analysis of the profitability of Canada's forest products companies further demonstrates that the Commerce Department's findings of subsidy are incorrect, Dr. Nordhaus noted. The profitability of Canadian forest products' companies was below the profitability of all Canadian manufacturing, Dr. Nordhaus said. "These findings contradict Commerce's findings that timber is being provided to forest products companies at preferential prices," he said.

In addition, Dr. Nordhaus observed that Commerce made several fundamental economic errors in its analysis, such as comparing short-term and long-term stumpage charges. According to Dr. Nordhaus, prices of long-term and short-term contracts do not indicate that a subsidy is being provided because "the prices of long-term contracts tend to differ substantially from spot prices."

Dr. Nordhaus testified today at a Commerce Department hearing regarding its March 6 preliminary determination to impose a 14.48 percent duty on Canadian softwood lumber exports to the United States.

In a separate written submission filed before today's hearing, Canada's federal and provincial governments and CFIC also strongly challenged the Commerce Department's view that lumber prices must be established by auction to be truly competitive. Calling the Commerce Department's position "demonstrably unsound," the Canadians said that, "auctions are not the best or the only way by which competitive prices are established. Relatively few prices in the U.S. economy are established by auction."

In his critique of the department's preliminary determination, Dr. Nordhaus said less than five percent of the U.S. gross national product originates in industries whose output is sold in auction markets. "Virtually all private businesses in the U.S. operated in markets where prices are negotiated, posted or otherwise determined," he said. Dr. Nordhaus said that establishing stumpage fees through the provincial long-term tenure programs is an economically rational method for governments or private owners to allocate rights to natural resources.

The Canadian parties were also highly critical of the Commerce Department's preliminary finding that log export controls in British Columbia constituted a subsidy. The U.S. restricts log exports from all federal and some state lands.

Moreover, the Canadians said, the Commerce Department's finding erroneously assumes that any price differentials between export and domestic log prices are attributable to export regulations.

In rendering its log export determination, Commerce ignored other critical economic factors such as the differing cost in transporting logs from the coast and interior of British Columbia. Had they taken this elemental difference into account, the Canadians said, the entire subsidy calculated by Commerce would have disappeared.

The Canadian governments and industry also objected to the U.S. government's decision to alter the rules by which it determines the existence of subsidies. They said the Department departed substantially from the approach it followed in 1986 and subsequently. "The department now condemns changes in provincial stumpage charges which it invited through its 1986 preliminary determination and in the Memorandum of Understanding which followed. Such action is arbitrary and unlawful."

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Nightly Business Report
WINZ-AM & FM
WIOD-AM • WFLC-FM
Business Week Bureau
South Florida Business Journal

Naples
Daily News

Ocala
Star-Banner

Orlando
Sentinel
Florida Radio Network
Business Journal

Palm Beach
Post • Review

Pensacola
News Journal

Port St. Lucie
News

Sarasota
Herald-Tribune

Stuart
News

Tallahassee
Democrat

Tampa/St. Petersburg
St. Petersburg Times
Tampa Tribune
Tampa Bay Business Journal

Winter Haven
News Chief

GEORGIA

Albany
Herald

Athens
Banner-Herald • Daily News

Atlanta
Constitution • Journal
Gwinnett Daily News
The Atlanta Bureau
Los Angeles Times Bureau
Atlanta Business Chronicle
AP • UPI • Reuters
Dow Jones/Wall Street Journal
WSB-TV • WXIA-TV
Cable News Network
WGST-AM • WPCB-FM
WSB-AM
Georgia Radio News Service
American Banker
Business Week
Lafferty Publications
The Accountant
Bank Fin'l Mgt. Int'l
Bank Marketing Int'l
Business Banker Int'l
Cards International
Corporate Accounting Int'l

GEORGIA (cont'd)

Electronic Payments Int'l
European Accountant
European Banker
Int'l Accounting Bulletin
Private Banker Int'l
Retail Banker Int'l

Augusta
Chronicle • Herald

Columbus
Ledger-Enquirer

Gainesville
Times

Macon
Telegraph and News

Marietta
Daily Journal

Rome
News-Tribune

Savannah
Evening Press • Morning News

HAWAII

Honolulu
Advertiser • Star-Bulletin

IDAHO

Boise
Idaho Statesman

Coeur d'Alene
Press

Lewiston
Tribune

ILLINOIS

Arlington Heights
Daily Herald

Chicago
Sun-Times • Tribune
New York Times Bureau
AP • UPI • Reuters
City News Bureau
Dow Jones/Wall Street Journal
Knight-Ridder Financial News
ABC-TV • CBS-TV
NBC-TV • WBBM-TV
WCIU-TV • WFLD-TV
WGN-TV • WLS-TV
WMAQ-TV • WSNB-TV
Cable News Network
ABC Radio Network
WBBM-AM & FM • WBEZ-FM
WCKG-FM • WFMT-FM
WFYR-FM • WGCI-AM & FM
WGN-AM • WIND-AM
WLS-AM • WLUP-AM & FM
WMAQ-AM • WOJO-FM
WVAZ-FM • WVON-AM
WXRT-FM
Japan Economic Journal
American Banker
Voice of America
Telephony Magazine
Crain Communications
Fairchild Publications
McGraw-Hill Publications

Peoria
Journal Star

INDIANA

Anderson
Herald-Bulletin

Bloomington
Herald-Times

Elkhart
Truth

Evansville
Courier • Press

Ft. Wayne
Journal-Gazette
News-Sentinel

Gary
Post-Tribune

Hammond
Times

Indianapolis
News • Star
AP • UPI
WTTV-TV • WISH-TV
WRTV-TV
Business Journal
Indiana Business Magazine

Lafayette
Journal & Courier

Richmond
Palladium-Item

South Bend
Tribune

Terre Haute
Tribune-Star

IOWA

Cedar Falls
Futures World News

Cedar Rapids
Gazette

Des Moines
Register

KANSAS

Wichita
Eagle-Beacon

KENTUCKY

Bowling Green
Daily News

Covington
Kentucky Post

Lexington
Herald-Leader

Louisville
Courier-Journal
AP • UPI
Kentucky Radio Network

Owensboro
Messenger-Inquirer

Paducah
Sun

LOUISIANA

Baton Rouge
Advocate • State-Times
Louisiana Radio Network

Lafayette
Advertiser

Lake Charles
American Press

Monroe
News-Star-World

New Orleans
Times Picayune
AP • UPI • Reuters • Dow Jones

Shreveport
Times

MAINE

Bangor
Daily News

Portland
Press Herald

MARYLAND

Annapolis
Capital

Baltimore
Sun • Evening Sun
Daily Record • AP • UPI
WBAL-AM • WLIF-AM & FM
WBAL-TV • WJZ-TV • WMAR-TV

Frederick
News-Post

Greenbelt
WPGC-AM
(Business Radio Network)

Hagerstown
Herald & Daily Mail
Morning Herald

Prince George's County
Journal

Rockville
Montgomery Journal • NASD

MASSACHUSETTS

Boston
Globe • Herald
AP • UPI • Reuters
Dow Jones/Wall Street Journal
Christian Science Monitor
WBZ-TV • WCVB-TV
WBZ-AM • WEEL-AM
WHDH-AM • WRKO-AM
IDG News Network
IDG: Digital News
Business Journal

Fairchild Publications
Sportstyle
Footwear

McGraw-Hill Publications
Business Week

Pennwell Publishing
Computer Digest
Computer Graphics World
Networking Management
Solid State Tech
Type World

MASSACHUSETTS (cont'd)

Brockton
Enterprise

Framingham
Middlesex News
IGD: Computerworld

Hyannis
Cape Cod Times

Lawrence
Eagle-Tribune

Lowell
Sun

New Bedford
Standard-Times

Newton
Canners Publications:
Biotechnology Week
Business Research Group
CPI Purchasing
Datamation
Design News
Digital Review
EDN
EDN News
Electronic Business
Electronic Business/Asia
Electronics Purchasing
Industrial Distribution
Modern Materials Handling
Plastics World
Purchasing
SAIL
Systems Integration
Test & Measurement World
Traffic Management

Quincy
Patriot Ledger

Salem
Evening News

Springfield
Union-News

Worcester
Telegram & Gazette

MICHIGAN

Ann Arbor
News

Bay City
Times

Detroit
The Detroit Free Press
The Detroit News
Troy-Somerset Gazette
Flint Journal
Mount Clemens Macomb Daily
Pontiac Press
Royal Oak Daily Tribune
Heritage Newspapers
Observer & Eccentric
Newspapers
Monday Morning Newspapers
The Detroit Bureau
Booth Newspapers Bureau
Chicago Tribune Bureau
Los Angeles Times Bureau
New York Times Bureau

MICHIGAN (cont'd)

Newsweek Bureau
Time Bureau
USA Today Bureau
AP • UPI
Dow Jones/Wall Street Journal
Reuters
Cable News Network
WDIV-TV • WGPR-TV
WJBK-TV • WKBD-TV
WXYZ-TV • WMXD-AM
WCSX-FM • WDET-FM
WGPR-FM • WJLB-FM
WJOI-FM • WJR-AM
WNIC-AM & FM • WOMC-FM
WWJ-AM • WWWW-FM
WXYT-AM
Crain's Detroit Business
Detroit Press Club
Automotive Industries
Automotive News
McGraw-Hill Publications
Ward's Automotive Pubs.
Motor Trend
Road & Track

Grand Rapids
Press • WOTV-TV
Gemini Publications

Jackson
Citizen Patriot

Kalamazoo
Gazette • WWMT-TV

Lansing
State Journal
Capitol News Bureau

Muskegon
Chronicle

Saginaw
News

MINNESOTA

Minneapolis/St. Paul
Star Tribune
St. Paul Pioneer Press
AP • UPI
Dow Jones • Reuters
KARE-TV • KMSP-TV
WCCO-TV • KSTP-TV
KNOW-FM • KSJN-FM
KUOM-AM • WCCO-AM
Minnesota News Network
(64 Radio Stations)
CityBusiness
Finance & Commerce
Skyway/Freeway News

MISSISSIPPI

Jackson
Clarion Ledger

Tupelo
Northeast Mississippi Daily
Journal

MISSOURI

Kansas City
Star • AP
Knight-Ridder
St. Louis
Post-Dispatch

MONTANA

Billings
Gazette

NEBRASKA

Omaha
World-Herald

NEVADA

Las Vegas
Review-Journal
Sun • UPI

Reno
Gazette-Journal

NEW HAMPSHIRE

Concord
AP

Manchester
Union Leader

Nashua
Telegraph

Peterborough
Byte Magazine

NEW JERSEY

Asbury Park
Press

Atlantic City
Press

Bridgewater
Courier-News

Camden
Courier-Post

Fort Lee
CNBC

Hackensack
Record

Jersey City
Jersey Journal

Morrisstown/Parsippany
Daily Record

New Brunswick
Central New Jersey Home
News

Newark
AP • Star-Ledger

Toms River
Ocean County Observer

Trenton
Times • Trentonian • UPI
New Jersey Network

Willingboro
Burlington County Times

Woodbridge
News-Tribune

Woodbury
Gloucester County Times • AP

NEW MEXICO

Albuquerque
Journal • Tribune

Santa Fe
New Mexican

NEW YORK

Albany
Times-Union
AP • UPI

Binghamton
Press & Sun-Bulletin

Buffalo
News

Elmira
Star-Gazette

Mamaroneck
Daily Times

Mt. Vernon
Daily Argus

New York City
Times
Daily News
Newsday
Post
Wall Street Journal
Journal of Commerce
Investor's Business Daily
Los Angeles Times Bureau
Dow Jones • Reuters
AP • UPI
AFX News Service
Bloomberg News Service
Fitch Investors Service
Moody's Investors Service
Standard & Poor's
S&P Marketscope
Knight-Ridder Financial
Munifacts News Wire
Market News Service
Black Press Service
Cable News Network
WABC-TV • WNBC-TV
WCBS-AM
CBS Radio Network
Black Radio Network
American Stock Exchange
National Association of
Securities Dealers
New York Stock Exchange
Asahi Shimbun
Dempa Shimbun
EFE Spanish News Agency
Financial Times of London
German Economic News
German Press Agency
International Herald Tribune
NHK (Japan Broadcasting Co.)
Nikkei Weekly
JIJI Press
Kyodo News Service
Nihon Keizai Shimbun
Nikkan Kogyo Shimbun
Sangyo Press
Xinhua News Agency
Yomiuri Shimbun

National NewsLines

NEW YORK (cont'd)

CMP Publications
Fairchild Publications
Gralla Publications
Lebhar-Friedman
McGraw-Hill Publications
 American Banker
 Banking Week
 Barron's
 Bond Buyer
 Bond World
 Business Week
 Crain's New York Business
 Equities
 Financial World
 Fortune
 Institutional Investor
 Investment Dealers' Digest
 Money
 Advertising Age
 Adweek
 American Metal Market
 CPI Equipment Reports
 Chain Drug Review
 Chemical Engineering
 Chemical Marketing Reporter
 Chemical Week
 Communications Daily
 Frequent Flyer
 Mass Market Retailers
 Maxwell's Official Airline Guide
 Metal Bulletin
 National Mall Monitor
 PC Magazine
 Platt's Oil Gram News
 Racher Press
 Television Digest
 TWICE
 Travel Age East
 Travel Agent
 Travel Management Daily
 Weekly Insider
New Rochelle
 Standard-Star
Niagara Falls
 Gazette
Nyack
 Rockland Journal-News
Ossining
 Citizen-Register
Peekskill
 Star
Poughkeepsie
 Journal
Rochester
 Democrat & Chronicle
 Times-Union
Staten Island
 Advance
Schenectady
 Gazette
Syracuse
 Post-Standard
 Herald Journal

NEW YORK (cont'd)

Tarrytown
 Daily News
Ulica
 Observer-Dispatch
Watertown
 Daily Times
White Plains
 Reporter-Dispatch
Yonkers
 Herald Statesman
NORTH CAROLINA
Chapel Hill
 International Oil News
 PetroChemical News
Charlotte
 Observer • Business Journal
 WBTV • WCNC-TV
 WSOC-TV
Durham
 Herald-Sun
Gastonia
 Gaston Gazette
Greensboro
 News & Record
 Triad Business
 WFMV-TV
Hickory
 Daily Record
High Point
 Enterprise • WGHP-TV
Raleigh
 News & Observer • AP
 North Carolina News Network
 WRAL-FM • WRAL-TV
Wilmington
 Morning Star
Winston-Salem
 Journal
OHIO
Akron
 Beacon Journal
 WAKR-AM • WONE-FM
 WAKG-TV
 Plastic News
 Rubber & Plastic News
Canton
 Repository
Cincinnati
 Enquirer • Post • AP
 Business Courier
 Business Record
 Kentucky Post
 Press Community Newspapers
 WCPO-TV • WKRC-TV
 WLWT-TV • WLW-AM
 WGUC-FM • WVXU-FM
 WKRC-AM/WKRO-FM
 WCKY-AM

OHIO (cont'd)

Cleveland
 Plain Dealer • Call & Post
 Sun Newspapers • AP
 Crain's Cleveland Business
 WEWS-TV • WJW-TV
 WKYC-TV • WUAB-TV
 WGAR-FM • WRMR-AM
 WCPN-FM • WCLV-FM
 WDOK-FM • WERE-AM
 WHK-AM • WJMO-FM
 WKNR-AM • WMJI-FM
 WMMS-FM • WNCX-FM
 WLTF-FM • WWWE-AM
 WZAK-FM
 Corporate Cleveland Magazine
 Cleveland Magazine
 McGraw-Hill Publications
 Penton Publishing (40 pubs.)
 Portfolio
Columbus
 Dispatch • AP • UPI
 Business First
 WBNS-TV • WCMH-TV
 WSYX-TV • WTVN-AM
Dayton
 Daily News
 WDTN-TV • WHIO-TV
 WKEF-TV
 WHIO-AM/WHKO-FM
Elyria
 Chronicle Telegram
Hamilton
 Journal News
Kent
 WKSU-FM
Lima
 News
Lorain
 Journal
Mansfield
 News Journal
Massillon
 Evening Independent
Medina
 County Gazette
Sandusky
 Register
Springfield
 News-Sun
Steubenville
 WTOV-TV
Toledo
 Blade • UPI
 WNWO-TV • WTOL-TV
 WTVG-TV
 Business Journal
Warren
 Tribune Chronicle
Willoughby/Lake County
 News-Herald
 Business Review
 The Lake County Business Jnl
Youngstown
 Vindicator
 WFMJ-TV • WKBN-TV
 WYTV-TV

OKLAHOMA

Oklahoma City
 Daily Oklahoman-Times
 In-depth Digest
Tulsa
 World
 Tribune
OREGON
Eugene
 Register-Guard
Portland
 Oregonian • AP • KXL-AM
 KATU-TV • KGW-TV
 KOIN-TV • KPTV-TV
 KEX-AM • KINK-FM
 Daily Journal of Commerce
 Northwest News Network
 Business Journal
Salem
 Statesman-Journal • UPI

PENNSYLVANIA

Allentown
 Morning Call
 WFMZ-TV • WFMZ-FM
Altoona
 Mirror • WTAJ-TV
Beaver County
 Times
Bloomsburg
 Press-Enterprise
 NE Penn. Business Journal
Butler
 County News • Eagle
Doylestown
 Intelligencer/Record
Easton
 Express-Times
Erle
 Morning News • Times
 WJET-TV • WSEE-TV
Ft. Washington
 Today's Spirit
 Montgomery Newspaper Group
Greensburg
 Tribune-Review
Harrisburg
 Patriot • Evening News
 State Capitol Newsroom
 WHP-TV • WHTM-TV
 WHP-AM/FM
Hazleton
 Standard-Speaker
Johnstown
 Tribune-Democrat
Lancaster
 Intelligencer Journal
 New Era • WGAL-TV
Lansdale
 Reporter
Lebanon
 WLYH-TV
Levittown/Bristol
 Bucks County Courier-Times
Lewistown
 Sentinel



PENNSYLVANIA (cont'd)

McKeesport
Daily News

Moosic
WNEP-TV

Norristown
Times Herald

North Hills
News Record

Paoli
Autofacts

Philadelphia
Daily News • Inquirer
Tribune • AP • UPI • Reuters
KYW-TV • WCAU-TV
WPVI-TV • WTXF-TV
KYW-AM • WDAS-FM
WHYY-FM • WMGK-FM
WPEN-AM • WWDB-FM
WUSL-FM
New York Times Bureau
City Hall Newsroom
Dun & Bradstreet
Business Week
Philadelphia Business Journal
Philadelphia Stock Exchange
Shadow Traffic/Metro Traffic
Fairchild Pubs. (10 pubs.)

Pittsburgh
Post-Gazette
Press
AP • UPI • Reuters
Dow Jones/Wall Street Journal
KDKA-TV • WPXI-TV
WTAE-TV
KDKA-AM • KOV-AM
WYJZ-AM/WAMO-FM
WDSY-FM • WEEP-AM
WTJZ-FM • WTAE-AM
WWSW-AM & FM
Sheridan Broadcasting Network
Business Times
Business Week
American Metal Market
Iron Age
Fairchild Publications
McGraw-Hill Publications

Pottstown
Mercury

Primos/Chester
Delaware County Daily Times

Reading
Eagle & Times

Scranton
Tribune • Times

Sharpsburg
Herald

State College
Centre Daily Times

Tarentum
Valley News-Dispatch

Uniontown
Herald-Standard

Washington
Observer-Reporter

West Chester
Daily Local News

PENNSYLVANIA (cont'd)

Wilkes-Barre
Citizens' Voice • Times Leader

York
Daily Record • Dispatch
WSBA-AM

RHODE ISLAND

Providence
Bulletin • Journal

SOUTH CAROLINA

Charleston
Post & Courier

Columbia
State • AP

Florence
Morning News

Greenville
Piedmont • News
WYFF-TV

Myrtle Beach
Sun News

Rock Hill
Herald

Spartanburg
Herald-Journal

TENNESSEE

Chattanooga
News-Free Press • Times

Jackson
Sun

Johnson City
Press

Kingsport
Times-News

Knoxville
News-Sentinel

Memphis
Commercial Appeal
Business Journal

Nashville
Banner • Tennessean
Business Journal

Oak Ridge
Oak Ridger

TEXAS

Amarillo
Globe-Times

Austin
American-Statesman
KVUE-TV • KOKE-AM
Austin Business Journal

Corpus Christi
Caller-Times

Dallas
Morning News
DFW People
New York Times
Suburban Daily News
AP • UPI • Reuters
Dow Jones/Wall Street Journal
KDFW-TV • WFAA-TV
KTVT-TV • KXAS-TV
Cable News Network

TEXAS (cont'd)

KRLD-AM • KVII-FM
Texas State Radio Network
Advertising Age
Adweek
American Banker
Barron's
Business Press
Business Week
Daily Commercial Record
Business Journal
Fairchild Publications
McGraw-Hill Publications
The Texas Lawyer

El Paso
Times

Fort Worth
Star-Telegram
Mid-Cities Daily News
KXAS-TV
WBAP-AM • KSCS-FM
KLIF-AM • KPLX-FM

Garland
Daily News

Grand Prairie
Daily News

Houston
Chronicle • Post
AP • UPI • Reuters
Dow Jones
KPRC-TV • KHOU-TV
NBC News Bureau
KPRC-AM
The Energy Report
Fairchild Publications
Houston Business Journal
Japan Economic Journal
McGraw-Hill Publications
Gas Daily
Gulf Publishing Co.
Inside Gas Markets
The Morning Report
Offshore Data Services
Oil and Gas Journal
Oil Daily
Ocean Oil Weekly
Petroleum Information
Platt's Oil Gram

Irving
Daily News

Lubbock
Avalanche Journal

Midland
Reporter Telegram

Plano
Star-Courier

Richardson
Daily News

San Angelo
Standard Times

San Antonio
Light • Express News
Business Journal
KENS-TV • WOAI

Tyler
Morning Telegraph

Waco
Tribune-Herald

UTAH

Salt Lake City
Deseret News • Tribune

VERMONT

Burlington
Free Press

Rutland
Herald

VIRGINIA

Charlottesville
SNL Securities

Newport News
Daily Press

Norfolk
Virginian-Pilot

Richmond
Times-Dispatch • News-Leader
AP • UPI
Financial Weekly
Virginia News Network

Roanoke
Times & World-News

Springfield
Defense News
Journal Newspapers

WASHINGTON

Bellevue
Journal American

Bellingham
Herald

Bremerton
Sun

Everett
Herald

Kent
Valley Daily News

Longview
Daily News

Olympia
The Olympian/USA Today

Pasco
Tri-City Herald

Seattle/Puget Sound
Post-Intelligencer • Times
AP • UPI • Reuters
Business Week Bureau
KING-TV • KIRO-TV
KOMO-TV • KSTW-TV
KIRO-AM • KMPS-AM & FM
KOMO-AM • KSEA-FM
Asia Pacific Journal
Daily Journal of Commerce
Marples Business Newsletter
Puget Sound Business Journal
Washington CEO

Spokane
Spokesman-Review/Chronicle
AP
KHQ-TV • KREM-TV
KXLY-TV • KXLY-AM
KSNB-AM
Journal of Business

Tacoma
Morning News Tribune

THE BEER WAR AND MINNESOTA

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Minnesota Brewers

The ruling on the Canadian complaint (Beer II) could have a significant impact on Minnesota brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this could cost Minnesota brewers hundreds of thousands of dollars in annual tax savings. Some of the Minnesota brewers who saved on 1989 federal taxes are:

- * Cold Springs Brewing Co., Cold Springs, \$60,500
- * August Schell Brewing Co., in New Ulm, \$440,000

Minnesota also gives in-state brewers a tax credit based on annual production. In-state brewers who saved in state taxes in 1989 are:

- * Cold Springs Brewing Co. Ltd., Cold Springs, \$87,400
- * August Schell Brewing Co., New Ulm, \$115,000
- * James Page Brewing Co., Minneapolis, \$2,990
- * Sherlock's Home, Minnetonka, \$4,600
- * Summit Brewing Co., St. Paul, \$4,600
- * Taps Waterfront Brewpub, Minneapolis, \$2,990

Impact on Wholesalers

The immediate losers, if the GATT rules in Canada's favor, would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the 106 wholesalers located in Minnesota to lay off some employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Minnesota trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND ILLINOIS

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the 178 wholesalers located in Illinois to lay off some employees. Illinois brewers who operate retail outlets at their breweries would have to either close or offer foreign products as well.

Illinois law allows in-state brewers the option to deliver direct to retailers and licensees, and under the GATT ruling, in Beer II, this option must be either denied to everyone or extended to everyone. If denied, it would effectively dismantle the three tier distribution system.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Illinois trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND INDIANA

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers, if the GATT rules in Canada's favor, would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the 82 wholesalers located in Indiana to lay off some employees.

Impact on Indiana Brewers

The ruling on the Canadian complaint (Beer II) could have a significant impact on Indiana brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this could cost Indiana brewers hundreds of thousands of dollars in annual tax savings. Some of the Indiana brewers who saved on 1989 federal taxes are:

- * Evansville Brewing Co. Inc., in Evansville, \$660,000
- * Falstaff Brewing Corp., in Fort Wayne, \$660,000

Impact on Other Industries

Other industries could also be affected by reduced trade. The Indiana trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND KENTUCKY

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Kentucky Brewers

The ruling on the Canadian complaint (Beer II) could have a significant impact on Kentucky brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this was worth \$81,950 to the Oldenberg Brewing Company, in Fort Mitchell, Kentucky. Because Kentucky also has a tax credit for in-state brewers, this would have been worth \$9,312.50 in 1989 state tax savings to Oldenberg.

Impact on Wholesalers

The immediate losers, if the ruling on the Canadian complaint (Beer II), would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the wholesalers located in Kentucky to lay off their employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Kentucky trucking industry would be hurt by reduced trade. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND MICHIGAN

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Michigan Brewers and Vintners

The ruling on the Canadian complaint (Beer II) could have a significant impact on Michigan brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this was worth \$60,500 to the Frankenmuth Brewery, Inc. in Frankenmuth, and it could be worth as much as \$550,000, based on its production. Michigan also has a preferential tax rate for wines containing home-grown grapes, and this would be in jeopardy if the two countries do not resolve their trade problems. Michigan brewers and vintners who operate retail outlets at their breweries and wineries would have to either close or offer foreign products as well.

If this dispute went a step further and Canada retaliated with its own increased tariffs on wine, for example, the Michigan beer and wine industry would be hurt even worse. It is estimated that American vintners sell one million cases of wine to Canadians every year.

Impact on Wholesalers

The immediate losers, however, would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the wholesalers located in Michigan to lay off some employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. Michigan trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND MISSOURI

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Missouri Brewers

The ruling on the Canadian complaint (Beer II) could have a significant impact on Wisconsin brewers and vintners. For example, the current federal excise tax advantage available to many small U.S. brewers may be jeopardized.

Impact on Wholesalers

The immediate losers, if the ruling on the Canadian complaint (Beer II), would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the wholesalers located in Missouri to lay off some employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Missouri trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND NEW JERSEY

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on New Jersey Brewers

The ruling on the Canadian complaint (Beer II) could have a significant impact on New Jersey brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this could cost the Eastern Brewing Corp., in Hammonton \$600,000. New Jersey brewers and vintners who operate retail outlets at their breweries would have to either close or offer foreign products as well.

If this dispute went a step further and Canada retaliated with its own increased tariffs on wine, for example, the New Jersey beer industry would be hurt further by decreased sales.

Impact on Wholesalers

The immediate losers, however, would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the wholesalers located in New Jersey to lay off some employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The New Jersey trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND OREGON

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers, if the ruling on the Canadian complaint (Beer II), would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the 76 wholesalers located in Oregon to lay off some employees.

Impact on Oregon Brewers

The GATT ruling on Beer II could have a significant impact on Oregon brewers and vintners. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. If this dispute went a step further and Canada retaliated with its own increased tariffs on wine, for example, the Oregon wine industry could be damaged. It is estimated that American vintners sell one million cases of wine to Canadians every year, mostly from Oregon, California and New York.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Oregon trucking industry could be adversely affected by reduced trade. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND PENNSYLVANIA

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers, if the GATT rules in Canada's favor, would be the wholesalers and their employees. If the US carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and forcing many of the 410 wholesalers located in Pennsylvania to lay off their employees.

Impact on Pennsylvania Brewers and Vintners

The anticipated ruling on the Canadian complaint (Beer II) could have a significant impact on Pennsylvania brewers and vintners. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this could cost Ohio brewers hundreds of thousands of dollars in annual tax savings. Some of the Ohio brewers who saved on 1989 federal taxes are:

- * Latrobe Brewing Co., Latrobe, Pennsylvania, \$660,000
- * Pennsylvania Brewing Co., Pittsburgh, Pennsylvania, \$55,000
- * Pittsburgh Brewing Co., Pittsburgh, Pennsylvania, \$660,000
- * D.G. Yunegling Son, Inc., Pottsville, Pennsylvania, \$660,000
- * Straub Brewery, Inc., St. Mary's, Pennsylvania, \$297,000
- * Jones Brewing Co., Smithton, Pennsylvania, \$660,000
- * The Lion Inc., Wilkes-Barre, Pennsylvania, \$660,000

Pennsylvania state law exempts in-state producers from state franchise laws, and if the GATT ruling prevails, it must extend this same exemption to foreign brewers and vintners.

If this dispute went a step further and Canada retaliated with its own increased tariffs, the Pennsylvania beer and wine industry would also be damaged more. It is estimated that American vintners sell one million cases of wine to Canadians every year.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Pennsylvania trucking industry would be hurt by reduced trade. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt. Companies that import similar Canadian goods, such as distilled spirits, are also concerned about what increased prices could do to their businesses.

THE BEER WAR AND TENNESSEE

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers, if the GATT rules in Canada's favor, would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and forcing many of the 43 wholesalers located in Tennessee to lay off their employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Tennessee trucking industry would be hurt by reduced trade. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND WASHINGTON

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wholesalers

The immediate losers would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and perhaps forcing some of the 101 wholesalers located in Washington to lay off some employees.

Impact on Washington Brewers

The GATT ruling on Beer II could have a significant impact on Washington brewers and vintners. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, this was worth \$170,456 to the Redhook Ale Brewery in Seattle. If this dispute went a step further and Canada retaliated with its own increased tariffs on wine, for example, the Washington wine industry would also be damaged.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Washington trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

THE BEER WAR AND WISCONSIN

Left unresolved, the Canadian-American trade dispute over beer would result in a no-win situation for everyone.

Impact on Wisconsin Brewers

The GATT ruling on the Canadian complaint (Beer II) could have a significant impact on Washington brewers. For example, the current federal excise tax advantage available to many U.S. brewers may be jeopardized. Based on 1989 data, Wisconsin brewers could lose hundreds of thousands of dollars in federal tax savings. Some of the brewers affected in Wisconsin are:

- * Jacob Leinkugel Brewing Co., Chippewa Falls, \$660,000
- * Begoff-Huber Brewing Co., Monroe, \$660,000
- * Stevens Point Brewery, Stevens Point, \$357,500

Because Wisconsin also grants in-state brewers state tax credits, many brewers would also be harmed if the GATT ruling would have to pay increased state taxes. Some of these include:

- * Jacob Leinkugel Brewing Co., Chippewa Falls, \$50,000
- * Begoff-Huber Brewing Co., Monroe, \$50,000
- * Stevens Point Brewery, Stevens Point, \$32,550
- * Capital Brewing Co. Inc., Middleton, \$4,128
- * Ambier Brewing In., Milwaukee, \$10,000
- * Water Street Brewery, Milwaukee, \$700
- * Cherryland Brewing Co., Sturgeon Bay, \$600
- * Sprecher Brewing Co., Milwaukee, \$3,700
- * Appleton Brewing, Appleton, \$500

Impact on Wholesalers

The immediate losers, if the ruling on the Canadian complaint (Beer II), would be beer and wine wholesalers and their employees. If the U.S. carries out its threat to impose higher tariffs on Canadian beer, it will dramatically increase the price of Canadian beer, decreasing sales and forcing many of the 141 wholesalers located in Wisconsin to lay off their employees.

Impact on Other Industries

Other industries could also be affected by reduced trade. The Wisconsin trucking industry could be adversely affected. Warehouse employees, packagers and labelers, marketing personnel, retail sales personnel, along with the many others who are directly related to the importing, marketing, and distribution of Canadian beer would be hurt.

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#25

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CANADA TO RESPOND TO AMERICAN COMPLAINTS IN BEER TRADE DISPUTE

Canada will formally unveil its plans to bring provincial beer retailing and distribution laws into line with international trade rules on March 31 before the General Agreement on Tariffs and Trade (GATT).

The Canadian response will represent the next major development in the beer trade war which has broken out between the U.S. and Canada over the last several months.

The dispute and the stakes for both countries have escalated since last December. That is when a GATT panel found that numerous provincial retailing and distribution practices favor Canadian beer over foreign beer and thus violate international trade rules. Then in March, a separate GATT panel, in a precedent-setting case, found that more than 4,000 federal and state laws also violate international trade rules by favoring in-state U.S. brewers and vintners over out-of-state and foreign producers.

Canada was given until March 31 to respond to the GATT findings. The U.S. must respond to the GATT by April 24.

END

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This list has two parts: a national list of reporters who cover trade, intergovernmental affairs, and business issues and a regional list of the media in our targeted states.

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MARCH 31, 1992

#26



Brewers Association of Canada

The National Association of the Brewing Industry

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Canada Vows Sweeping Changes in Provincial Beer Trade Rules; Response to GATT Represents Dramatic Move to Open Beer Market

Ottawa, March 31, 1992 -- Canada today announced that its provinces would make sweeping changes in their laws regulating beer sales and distribution to make the Canadian beer market completely open to all brewers, domestic and foreign, not later than March 31, 1995, the Brewers Association of Canada (BAC) disclosed.

The commitment is contained in Canada's formal response to the General Agreement on Tariffs and Trade (GATT) which ruled last October that many provincial beer laws limit the opportunity for foreign brewers to compete in Canada and are thus inconsistent with international trade rules.

GATT also ruled last month that numerous U.S. and state tax laws, as well as countless state beer marketing and distribution laws, also limit the opportunity for foreign brewers to compete in the United States and are thus inconsistent with international trade rules. The U.S. is expected to respond shortly to GATT on how it will comply with this ruling.

"The changes to which Canada has committed represent a gigantic and far reaching stride toward an open Canadian beer market," said Howard Collins, Acting General Manager of the BAC. "We sincerely hope that the United States will soon match the Canadian commitment to open beer markets."

[more]

Collins noted that the United States has been considering retaliation against Canada by imposing substantially higher duties on Canadian imports under Section 301 of the U.S. trade laws. "Such a step would be unfortunate and provocative," he said. "It would also be inconsistent with the United State's GATT obligations and would unnecessarily exacerbate tensions between the U.S. and Canada, increasing the prospect for an outcome harmful to the long-term economic interests of the brewing and related industries in both countries."

Collins also noted that Canada's reply to GATT underlines the need for a period of transition and adjustment to an open market. "We believe this makes sense and simply acknowledges economic and political reality. Changes in these decades-old provincial laws will take time and will affect the livelihoods and interests of Canadian industry, workers, and consumers. In the end, though, the message to all should be clear: Canada's commitment to change is unequivocal and inflexible. The deadline for complete compliance is March 31, 1995 and it will be met," he said.

"Indeed, Canada's commitment to secure provincial agreement to eliminate inter-provincial beer trade barriers as soon as possible is further evidence of the country's irreversible push to an open market," Collins continued.

"Removal of inter-provincial barriers is the first step in the adjustment process for the domestic Canadian industry," Collins explained. "In this sense, domestic free trade in beer is the first step toward international free trade in beer."

In its statement to the GATT, Canada reported that "the provinces have undertaken to introduce a comprehensive series of measures to bring those practices found by the panel to be contrary to GATT into line with Canada's international trade obligations. Canada will meet its obligations through major adjustments to the current provincial systems. . . . These adjustments are intended to ensure the provision of national treatment to imported beer products within each provincial jurisdiction."

Specifically, Canada said the following provincial changes were planned:

[more]

- * In Ontario, imported beer will be accorded national treatment with respect to listings. In the future, there will be no prohibition on imported beer being sold in larger package sizes where that right is accorded to domestic products;
- * British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland, will ensure that any differential mark-ups, including cost of service charges, will include only those differential costs which are "necessarily associated with marketing of the imported products" as outlined in the panel's findings. This will include the removal of the differential in the general and administrative components of the cost of service;
- * BC, Alberta, Manitoba, Ontario, Quebec and Nova Scotia will provide equivalent competitive opportunities with respect to access to retail points of sale for both imported and provincially produced beer;
- * In BC, Alberta, Manitoba, Ontario, Quebec, and Newfoundland, both imported and provincially produced beer will be provided equal opportunity with respect to delivery from in-province warehousing to retail points of sale;
- * In exercising their right to regulate the consumption of alcohol through the use of minimum pricing, the provinces of BC, Ontario, and Newfoundland will ensure their pricing systems conform to the panel's conclusion that minimum prices not be fixed in relation to the prices at which domestic beer is supplied.

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March 24, 1992

ABC Chairman

x
x
x

Dear x:

As you may know, Canada and the United States have been involved in a dispute over beer trade for several years. Recently, this argument has escalated in a way which could threaten the rights of states to regulate beer and wine sales and distribution within their borders.

The Brewers Association of Canada believes that our countries should work out their trade differences on beer in a way which treats each nation's brewing industries more fairly while respecting the constitutional prerogatives of both the states and the provinces.

The beer dispute revolves around two separate rulings by the international trade organization called the general Agreement on Tariffs and Trade (GATT). A GATT panel ruled last October that various provincial retailing and distribution practices which favor domestic Canadian brewers are inconsistent with international trade rules and should be changed (Beer I). Then, earlier this month, a separate GATT panel found that tax and distribution rules in scores of states that favor U.S. brewers and vintners over out-of-state and foreign producers also should be changed to make them consistent with international trade rules (Beer II).

The GATT decision on state practices is a real threat to states rights. If the states are forced to act on the GATT findings, it represents a major erosion of the 21st Amendment. All the Canadian industry wants is a fair opportunity to market our product in America, just as some U.S. brewers are seeking that right in Canada.

In short, both Canada and the U.S., and their provinces and states, must embark on some efforts to change their beer distribution and retailing laws. The question for our governments is whether these matters are resolved through constructive dialogue or confrontation. We would like you to let the United States Trade Representative know that you favor the former course.

To a great extent, it is up to the United States to determine how these disputes will play out. Due to the timing of the GATT rulings, Canada will "table" at the GATT on March 31 what it will do to bring provincial practices into line with GATT rules. Some weeks later, the U.S. must make a similar presentation regarding state practices.

If the USTR adopts a very aggressive stance with Canada on Beer I, it will virtually force Canada into adopting an equally aggressive posture vis a vis state beer and wine preferences criticized by GATT in Beer II. In other words, if the U.S. chooses to play hard ball in its at bat, Canada will surely follow suit when it steps to the plate. In that event, the U.S. and Canadian beer industries, as well as the provinces and states, will be losers.

We suggest an approach in which both sides recognize that some change may be required, but that neither side adopt an unduly confrontational posture. We hope you agree and will so communicate that view to the USTR as soon as possible. Please do not hesitate to contact me if you have any questions or comments. Thank you for your time.

Letter from ABC Chairs to the USTR

Dear Mrs. Hills:

A beer trade dispute between Canada and the United States is threatening the constitutionally-guaranteed right of states to regulate the distribution and marketing of alcohol. We understand that talks will soon begin between the two countries on a number of related international trade panel rulings affecting beer distribution and retaining practices in the states and Canadian provinces. We hope that the United States acts to resolve these disputes in a way that does not encourage the Canadians to aggressively push for major changes in the way states regulate alcoholic sales in our borders.

As you know, a panel of the General Agreement on Tariffs and Trade (GATT) found last December that a variety of provincial retailing and distribution rules were inconsistent with international trade rules. This is known as "Beer I." And in March, another GATT panel found in "Beer II" that the beer and wine tax, distribution and marketing practices of scores of states (as well as federal tax laws) were similarly inconsistent with international trade rules.

We are concerned that in its understandable desire to open up the Canadian beer market for U.S. companies (which we support), the U.S. will not sufficiently appreciate the fact that the more aggressive posture it takes with Canada on Beer I, the more aggressive Canada is likely to be in pressing its case under Beer II. It would be a serious mistake for the U.S. to endanger states rights in the name of seeking better treatment for U.S. brewers in Canada.

We suggest a more temperate approach in which both sides recognize that some change may be required, but that neither side adopt an unduly confrontational posture. No one will be well-served if lines are drawn in the sand and positions harden. We will be best served if our government shows the same sensitivity to the provinces that we expect it will show to the states where discussions begin on Beer II.

The GATT has found more than 4,000 state practices that it says are out of compliance with international trading rules. If the states are forced to act on the GATT findings, it means that states will have to answer to Geneva when we enact laws regulating marketing and distribution of beer and wine. This is unacceptable and intolerable. The GATT should not be able to endanger rights guaranteed by the 21st Amendment to the Constitution.

Please work for a rational, prudent outcome to these beer disputes which does not have the effect of winning the war in Canada at the expense of increasing the pressure for greater concessions from the states. Thank you.

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BREWERS ASSOCIATION
OF CANADA

APRIL 14, 19, 1992

27

Brewers Association of Canada

The National Association of the Brewing Industry

April 14, 1992

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Canadian Brewers Urge Negotiated Settlement

Washington -- The Brewers Association of Canada said today that the American decision to delay imposition of duties on Canadian beer "creates an opportunity for the U.S. and Canada to show the rest of the world that the new world order for trade elevates negotiation over retaliation."

"The U.S. decision represents a welcome cooling down of a debate which has produced more heat than light these last few weeks," said Howard Collins, Acting General Manager for the BAC. "We believe that both sides are genuinely committed to resolving this matter without resorting to acts that ultimately will hurt beer consumers, retailers, and distributors on both sides of the border. By deciding to negotiate, the U.S. has improved prospects that a truce may yet be signed in the U.S.-Canada beer war."

However, Collins said the U.S. decision to suspend liquidation of Canadian beer imports was "unwarranted and inconsistent with the GATT and the Canada-U.S. Free Trade Agreement."

Looking ahead, Collins said the BAC "understands that some difficult issues remain unresolved. We think it is useful, therefore, to correct some of the misinformation spread that has been spread over the past ten days over the Canadian position on some key issues."

"First, we have heard for weeks now that Canada has already had four years to open its beer market and therefore the three year transition period sought by Canada is both a stall and a ruse. The basis for this claim is a 1988 GATT ruling on a complaint brought by the European Community (EC). In fact, contrary to impressions purveyed by some, this case was primarily about wine and spirits. Not only that, it did not even address several of the major issues raised by the U.S. in its beer complaint, such as minimum pricing rules, cost of service allocation rules, and self-delivery rules.

"Further, U.S. state and Canadian provincial beer marketing practices were exempted from the Canada-U.S. Free Trade Agreement in 1988. This agreement put these issues on hold, in effect. It wasn't until the GATT process initiated by the U.S. was completed in October, 1991 that they have recurred. Thus, to claim that Canada has been on notice for four years regarding GATT problems with its beer rules is misleading.

"A second unresolved issues involves the Canadian proposal that the beer trade changes be phased in over three years. The U.S. says that if inter-provincial barriers can come down in months, there is no reason international barriers can't fall equally fast. Lost in this argument is an essential fact: the need for a transitional period is not entirely a function of when the necessary inter-provincial changes can be made. The transition period is also there so our industry, which has in truth been the chief victim of inter-provincial barriers, has the time to rationalize our operations so we can compete effectively in our own market. We are not looking for advantages, just a level playing field on our own turf.

"In this sense, the suggestion of a transition period is no different than similar efforts by the U.S. to give its own industry time to adjust in other areas, most notably Japanese auto import quotas and steel quotas. ~~The brewing industry in Canada~~ employs, directly and indirectly, 177,000 Canadians, 1.3 percent of our industrial workforce. These people count. All Canada is asking is that the United States show the same sensitivity to these employees as it expects foreign countries to show to workers in America.

"Moreover, it is worth pointing out that under a separate GATT complaint, the U.S. and the states will need to enact major changes in federal and state laws. While Canada expects prompt action, the United States may tell Canada that Congress and the states need more than a few months to pass new, GATT-consistent tax laws and beer and wine distribution laws. Viewed in this light, the Canadian request for a reasonable transition period to implement changes is hardly unreasonable.

"Finally, we strongly believe that the swiftest way to resolve these disputes is to involve the provinces in these negotiations. The fact is that the provinces are responsible under the Canadian Constitution for the changes sought by the U.S.

"Like it or not, the provinces are partners in this, just as the states will have a say when "Beer II" talks begin. We do not believe the provinces should be bystanders in a dialogue that so directly affects them and their rights under the Canadian Constitution.

"We believe a fair and reasonable settlement is eminently achievable. It is time for all sides to stop the political posturing and start to engage in constructive cooperative negotiations."

4/15/92

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Reuters
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The Trenton Times
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David R. Francis
The Christian Science Monitor
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Chicago Tribune
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George Paolini
San Francisco Examiner
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Milwaukee Journal
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Chuck Doherty
Milwaukee Sentinel
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Lexington Herald-Leader
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The Courier-Journal
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The State Journal
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Spokesman-Review
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The Olympian
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Wisconsin State Journal
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MONDAY, MAY 4, 1992

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TRADE PANEL BEER REPORT SAYS STATE LAWS MUST BE CHANGED

WASHINGTON -- State beer and wine distribution laws in dozens of states violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The BAC report is based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT). The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

Similarly, New York gives an excise tax exemption to New York brewed beer while Wisconsin gives excise tax credits to in-state brewers. BAC recommends that the same tax breaks be given to Canadian brewers.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded.

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TRADE PANEL BEER REPORT SAYS NEW YORK LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in New York violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several New York laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in New York."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving brewers thousands of dollars and giving them an unfair advantage. Similarly, New York gives in-state brewers a tax exemption on the first 100,000 barrels of beer they brew and sell in the state, worth up to \$651,000 for each such brewer. BAC recommends that the same tax breaks be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that New York will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS MICHIGAN LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Michigan violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Michigan laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Michigan."

The BAC report shows that smaller, in-state brewers and vintners are exempted from some federal excise taxes, saving Michigan brewers and vintners thousands of dollars and giving them an unfair advantage. The report found five state laws, ranging from preferential excise treatment to distribution and marketing practices, that discriminated against Canadian brewers and vintners. BAC recommends that these practices be extended to Canadian brewers and vintners.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Michigan will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS NEW JERSEY LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in New Jersey violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several New Jersey laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in New Jersey."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving brewers thousands of dollars and giving them an unfair advantage. The report also found two other state laws, one that allows New Jersey beer and to be sold to wholesalers and to retailers and one that allows New Jersey wineries to sale for on-premise consumption. BAC recommends that Canadian brewers and vintners also be allowed to sell directly to retailers and at retail.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that New Jersey will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS MASSACHUSETTS LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Massachusetts violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Massachusetts laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Massachusetts."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving brewers thousands of dollars and giving them an unfair advantage. The report also found three other discriminatory state laws. Massachusetts beer may be sold directly to retailers or at retail. Massachusetts also has price affirmation requirements for imported, and not in-state, beer and wine. The state also allows farmer-brewers to sell malt beverages at retail for on-premise consumption. BAC recommends that each of these advantages be extended to Canadian brewers and vintners.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports,"

Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Massachusetts will also move quickly to improve its laws."

TRADE PANEL BEER REPORT SAYS OHIO LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Ohio violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Ohio laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Ohio."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving Ohio brewers thousands of dollars and giving them an unfair advantage. Similarly, Ohio gives excise tax credits to in-state breweries and gives preferential excise tax treatment to in-state wine produced from local ingredients. The report also found that Ohio allows in-state beer and wine to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. BAC recommends that each of these advantages be extended to Canadian brewers and vintners.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Ohio will also move quickly to improve its laws."

TRADE PANEL BEER REPORT SAYS ILLINOIS LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Illinois violate international trade rules and must be repealed or amended, according to a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Illinois laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Illinois."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving Illinois brewers thousands of dollars and giving them an unfair advantage. The report also found that Illinois allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. BAC recommends that each of these privileges be extended to Canadian brewers and vintners.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Illinois will also move quickly to improve its laws."

TRADE PANEL BEER REPORT SAYS TENNESSEE LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Tennessee violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Tennessee laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Tennessee. And, even though the report specifically cites beer and wine, other similar industries, such as distilled liquor, that also give preferential treatment to homegrown products, are open to scrutiny."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving Tennessee brewers thousands of dollars and giving them an unfair advantage. The report found two state laws that discriminated against Canadian beer. Tennessee allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The state also allows in-state brewers to transport their own beer, while imported beer may only be transported into the state by common carriers or by the wholesaler or distributor. The BAC report recommends that each of these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The BAC report is based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT). The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Tennessee will also move quickly to improve its laws."

TRADE PANEL BEER REPORT SAYS CALIFORNIA LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in California violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Illinois laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Illinois."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving California brewers thousands of dollars and giving them an unfair advantage. The report found at least two state laws that discriminated against Canadian beer. California allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The state also allows in-state brewers and vintners to transport their own beer, while imported beer and wine may only be transported into the state by common carriers or by the wholesaler or distributor. The BAC report recommends that each of these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners, and BAC recommends that they be extended to Canadian brewers and vintners.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that California will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS MINNESOTA LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Minnesota violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Minnesota laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Minnesota."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving Minnesota brewers thousands of dollars and giving them an unfair advantage. Minnesota provides excise tax credits to beer producers. The state also allows locally produced beer to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The BAC report recommends that each of these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could

make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Minnesota will also move quickly to improve its laws."

FOR IMMEDIATE RELEASE
MONDAY, MAY 4, 1992

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TRADE PANEL BEER REPORT SAYS OREGON LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Oregon violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Oregon laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Oregon."

The BAC report states that Oregon vintners are exempted from state excise taxes. The report also says that Oregon allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The BAC report recommends that each of these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Oregon will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS WASHINGTON LAWS MUST BE CHANGED

WASHINGTON, DC -- Beer and wine distribution laws in Washington violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Washington laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Washington."

The BAC report states that Washington allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The BAC report recommends that these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The BAC report is based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT). The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Washington will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS WISCONSIN LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Wisconsin violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Wisconsin laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Wisconsin."

The BAC report shows that some smaller, in-state brewers are exempted from some federal excise taxes, saving brewers thousands of dollars and giving them an unfair advantage. The report also charges that Wisconsin allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The BAC report recommends that these privileges be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Wisconsin will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS MISSOURI LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Missouri violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Missouri laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Missouri. And, even though the report specifically cites beer and wine, other similar industries, such as distilled liquor, that also give preferential treatment to homegrown products, are open to scrutiny."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving brewers thousands of dollars and giving them an unfair advantage. The report also charges that Missouri gives excise tax credits to domestic breweries based on annual beer production. Missouri allows beer and wine that is produced in-state to be sold directly to retailers or at retail while imported beer and wine must be sold through wholesalers or other middle men. The BAC report recommends that these advantages be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports," Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "Because the panel made several generic rulings, the U.S. must address these parallel GATT violations expeditiously as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Missouri will also move quickly to improve its laws."

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TRADE PANEL BEER REPORT SAYS KENTUCKY LAWS MUST BE CHANGED

WASHINGTON -- Beer and wine distribution laws in Kentucky violate international trade rules and must be repealed or amended, said a report released today by the Brewers Association of Canada.

"Based on the findings of a panel of the General Agreement on Tariffs and Trade (GATT), several Kentucky laws will be the subject of negotiations between Canada and the United States as they attempt to work out their differences over beer trade," said Howard Collins, Acting Director of BAC. "Negotiations are expected to result in changes in the way beer and wine is distributed, marketed, and sold in Kentucky. And, even though the report specifically cites beer and wine, other similar industries, such as distilled liquor, that also give preferential treatment to homegrown products, are open to scrutiny."

The BAC report shows that smaller, in-state brewers are exempted from some federal excise taxes, saving Kentucky brewers thousands of dollars and giving them an unfair advantage. The report also states that Kentucky gives excise tax credits to domestic breweries based on annual beer production. The report also documents two other laws that discriminate against Canadian beer. Micro-breweries sell at retail for on- and off-premises consumption. Small wineries and farm wineries can obtain retail licenses for on- and off-premise consumption. The BAC report recommends that these advantages be extended to Canadian brewers.

"Our report shows that 37 states and Puerto Rico have adopted laws which discriminate against foreign brewers," said Howard Collins, Acting Director of BAC. "It also lays out our views on the best ways for states to bring their laws in line with international trade standards."

The GATT ruling, which was presented to the international trade group's governing council on April 30, comes on the heels of an agreement reached earlier this month between the U.S. and Canada to open up Canadian markets to U.S. beer imports within 18 months.

"The U.S. pushed very aggressively in the last few months to force Canada and its provinces to relax barriers on beer imports,"

Collins said. "We expect the U.S. to be equally aggressive in pushing the Congress and the states to bring their laws in line with GATT."

"During talks on the U.S. case against Canada," Collins continued, "American negotiators insisted that the provinces could make major changes in their laws in short order. We believe the same is true of American states and assume the U.S. will insist on prompt and full compliance."

The state violations primarily cover tax, distribution, and marketing preferences for in-state brewers and vintners. For example, the BAC report notes that California requires imported beer and wine to be sold only through wholesalers or other middlemen, while in-state products may be sold directly to retailers or directly at retail. BAC recommended that California amend its law to permit Canadian brewers and wineries to sell directly to retailers and at retail.

In addition to addressing the GATT findings, the BAC report also identifies practices in nine additional states which also are inconsistent with GATT but which were not explicitly covered by the finding, including Colorado, Missouri, Nevada, New Jersey, North Carolina, Oklahoma, South Dakota, and Wyoming. "We hope the U.S. addresses these parallel GATT violations as it works with the states to treat Canadian and other foreign brewers more fairly," Collins concluded. "We hope that Kentucky will move quickly to comply with GATT's recommendations by extending these advantages to Canadian brewers."

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