President George H.W. Bush
Oral History Project

Briefing Materials

Carla Hills

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Prepared by Robert Martin, Research Assistant
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**CARLA HILLS TIMELINE**

*Prepared by Rob Martin  
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1958-1961 Carla Hills serves as an Assistant U.S. Attorney, Civil Division in Los Angeles.

1962-1974 Hills co-founds and is partner in a Los Angeles law firm.

1974-1975 Hills serves as Assistant Attorney General, Civil Division in the Department of Justice.

1975-1977 Hills serves as Secretary of the Department of Housing and Urban Development.


1981-1982 Hills serves as Vice Chairman of President Reagan’s Commission on Housing.

1983-1988 Hills serves as a member of the Executive Committee of the American Agenda, co-chaired by Presidents Ford and Carter.

1985-1986 Hills serves as a member of the President’s Commission on Defense Management.

1988

*December* Bush nominates Hills as U.S. Trade Representative on the 7th.

Hills and Commerce Secretary-nominee Robert Mosbacher reportedly agree to each designate a top aide to be responsible for facilitating cooperation between the two agencies. (*The Washington Post*, 12/21/1988)

A meeting held in Montreal to revive the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) fails as a number of obstacles, most notably the U.S.-European Community (EC) dispute over agricultural subsidies, derails the multilateral trade talks. Certain EC countries such as France strongly oppose international efforts to liberalize agricultural trade by eliminating farm subsidies. The Uruguay Round was originally initiated by the Reagan Administration in 1986 to liberalize global trade in a number of particularly contentious areas, including intellectual property, investment, services, and agriculture. Another meeting is scheduled for April. (Stephen Farrar, Eric Melby, Warren Maruyama, and Olin Wetington, “Trade and International Economic Policymaking During the Bush Years,” Miller Center Forum, University of Virginia, unpublished transcript, 05/06/1999; *The Washington Post*, 02/19/1989, 03/31/1989)
1989

February

Hills is sworn-in as U.S. Trade Representative on the 6th.

In early February, the Office of the U.S. Trade Representative’s (USTR) main industry/labor advisory committee recommends that USTR insist that Japan allow import levels that “properly reflect the international competitiveness of U.S. suppliers.” (Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade*, New York: Oxford University Press, 1995, p. 356)

Hills receives strong praise for her work during negotiations with the EC to settle a trade dispute over beef. (*The New York Times*, 04/14/1989)

March

Hills announces on the 1st that an interagency group is considering a proposal to set specific targets for Japanese purchases of U.S. products to reduce the $52 billion trade deficit. (*The Washington Post*, 03/02/1989)

Senator John Danforth (R-MO) warns Hills in hearings before the Senate Finance Committee that “this co-author of [Super 301] would really be startled and disturbed if Japan was not on the list for any reason.” Under Super 301 of the 1988 Trade Act, the Administration is required to identify unfair trading partners by May 30th and then initiate negotiations with the designated countries to remove the trade-distorting practices. Should negotiations fail, USTR is required to initiate retaliatory measures. (Steven Hurst, *The Foreign Policy of the Bush Administration: In Search of a New World Order*, New York: Cassell, 1999, p. 173; *Business America*, 06/05/1989)


The EC approves a controversial Airbus subsidy package on the 8th. (*The Journal of Commerce*, 03/09/1989)

The “Brady Plan” to reduce Third World debt is unveiled on the 10th.

April

Hills negotiates with the EC to put the Uruguay Round of the GATT back on track following its December 1988 collapse. The meeting was made possible the week before when the Bush Administration dropped its demand for the total elimination of EC agricultural subsidies, agreeing instead to accept a “substantial and progressive reduction.” (*The New York Times*, 04/14/1989)
Japan threatens to terminate its 1986 semiconductor trade agreement with the U.S. if the U.S. seeks new negotiations on semiconductor trade under Super 301. The agreement allows foreign suppliers a 20 percent share of Japan’s semiconductor market. (Financial Times, 04/28/1989)

May

Testifying before Congress, Hills reports that Administration reviews of the EC’s Single Market Programme suggest that EC-92 would likely economically benefit the U.S. (Hurst, pp. 176-179)

The Economic Policy Council meets with Bush on the 22nd to discuss Super 301. With the support of Mosbacher and Agriculture Secretary Clayton Yeutter, Hills reportedly argues in favor of citing Japan as an unfair trading partner. Darman reportedly stands in strong opposition. The meeting ends without a decision. (Dryden, pp. 355-380)

South Korea signs three agreements with the U.S. promising to eliminate key import barriers and liberalize foreign investment to avoid being singled out as an unfair trader under Super 301. (Financial Times, 05/23/1989)

The Bush Administration identifies Japan, India and Brazil as engaging in unfair trading practices under Super 301 on the 25th. Japan is specifically cited as obstructing imports of satellites, supercomputers, and wood products but is not placed on the Administration’s priority watch list. To address these problems, the Administration proposes to begin negotiations with Japan to discuss the structural impediments to trade. Some suggest that the Administration’s emphasis on the structural nature of the issue and the need for a two-way solution is meant to neuter the protectionist elements of Super 301 while satisfying its legal requirements. (Destler, pp. 132-133; Hurst, pp. 170-197; Business America, 06/05/1989)


June

After nine days of negotiations, Japan agrees on the 28th to change regulations that limit U.S. sales in Japan’s cellular phone and two-way radio markets. (The Washington Post, 06/29/1989)

July

The House passes a resolution, 416-0, on the 6th condemning Japan for failing to live up to the 1986 semiconductor agreement. (Hurst, pp. 170-197)

The U.S. and Japan formally launch negotiations under the Structural Impediment Initiative (SII) in Paris on the 14th.
Hills is called before a House subcommittee to testify on the 18\textsuperscript{th} about her alleged involvement in a scandal concerning the granting of HUD loans to a Florida property developer in 1987 and 1988. Hills, who had been working as a private attorney at the time, explains that she and her law firm had been retained by DRG Funding “because we were experienced housing lawyers; we worked as lawyers; we were paid as lawyers.” (\textit{The New York Times}, 07/18/1989; \textit{The Times}, 06/29/1989)

On the 25\textsuperscript{th}, Bush announces a two and a half year extension on U.S. import quotas on steel but warns that the trade protection will expire afterward. The old quotas had been set for five years by Reagan in 1984 under the Voluntary Restraints Arrangements (VRAs) to prevent subsidized foreign steel from flooding U.S. markets and were set to expire on September 30\textsuperscript{th}. While U.S. steel producers had called for a five-year extension of the Reagan-era quotas, the Administration was reportedly split. Bush eventually backs the two and a half year-compromise forged by Hills within the Administration that links the easing of quotas to each country’s efforts to eliminate unfair trading practices, giving Hills time to negotiate an international agreement to curb foreign subsidies. (\textit{The New York Times}, 07/26/1989; \textit{Toronto Star}, 07/26/1989)

\textbf{August} 

Hills announces on the 16\textsuperscript{th} that she will push for changes in EC rules that discriminate against foreign-made semiconductors. (\textit{The Washington Post}, 08/17/1989)

\textbf{September} 

Hills meets with former trade representatives and their deputies to discuss the Uruguay Round and strategies for gaining congressional support. (Dryden, pp. 355-380)

A U.S. interagency delegation including USTR, State and Treasury travels to Japan to begin SII talks. Representing USTR is U.S. Deputy Trade Representative Linn Williams. The delegation faces an April, 1990 deadline for providing an interim report. U.S. concerns regarding trade with Japan reportedly include barriers to opening major stores in Japan, tax policies that favor savings over spending and increase the price of land, lax enforcement of laws against monopolies and business collusion, and the tightly knit relations between businesses that keep out foreigners. Japanese concerns reportedly include the U.S. budget deficit, the country’s low savings rate, the decline in basic education, a lack of business research and the short-term view taken by most American corporations. (\textit{The Washington Post}, 04/05/1990)

The U.S. puts forward a proposal in the Uruguay Round talks on the 28\textsuperscript{th} for controlling the application of rules of origin for imported goods or their components to reportedly challenge the EC’s anti-dumping policy. (\textit{Financial
October

Hills announces on the 10th that the U.S. will file a complaint against the EC over a non-binding quota system designed to limit imported television programs to no more than half of all shows aired. (St. Louis Post-Dispatch, 10/11/1989)

Hills announces that the U.S. will not seek to set specific targets for U.S. products in Japanese markets, dismissing such ideas as managed trade. (St. Louis Post-Dispatch, 10/24/1989)

Hills announces on the 27th that the U.S. will not support the Soviet Union's desire to join the GATT until that nation reforms its economic system. (Toronto Star, 10/28/1989)

November

The U.S. is due on the 1st to become the first country to put its overall trade policies before a GATT review. (The Journal of Commerce, 08/16/1989)

Hills moves South Korea, Taiwan and Saudi Arabia from “priority watch list” to “watch list” status for improving protection of intellectual property rights (IPR). (The Journal of Commerce, 11/02/1989)

Hills, Mosbacher and Secretary of State James Baker meet with the foreign and economic ministers of ten Asian and Pacific nations and Canada in Canberra, Australia to discuss opportunities for regional economic cooperation in the Pacific Basin. The international efforts eventually lead to the formation of Asian Pacific Economic Cooperation (APEC). (Los Angeles Times, 11/05/1989; The Washington Post, 11/07/1989)

December

A GATT trade disputes panel rules that EC oilseed subsidies are in violation of the GATT. (Financial Times, 12/16/1989)

Hills announces on the 20th that the EC has agreed to an American proposal to end subsidies for soybeans in 1990. (Los Angeles Times, 12/24/1989)

1990

January

Bush reportedly gives USTR the lead role over Commerce in negotiating a new trade treaty with the Soviet Union. (The New York Times, 01/27/1990)

February

Mexican President Carlos Salinas calls Bush in February to signal his interest in negotiating a free-trade agreement with the U.S. Hills, Mosbacher, and Baker meet with senior Mexican officials in D.C. later in the month and agree to pursue an agreement. (Hurst, pp. 180-181; Dryden, pp. 369-370)
Hills: 1990

Hills announces on the 7th that the U.S. and Soviet Union will follow up on Malta and begin trade talks the following week in D.C. aimed at encouraging economic reform within the Soviet Union. (*The Washington Post*, 02/08/1990)

SII talks continue to move slowly as negotiations on the 22nd and 23rd break without progress. Bush calls Japanese Prime Minister Toshiki Kaifu to request an emergency summit meeting, which is held on March 2nd and 3rd in Palm Springs. (Hurst, p. 175)

March

Former Japanese Prime Minister Noburu Takeshita puts forward a list of possible concessions under SII during a meeting with Baker, which reportedly provides the basis for a subsequent interim agreement. (Hurst, p. 175)

April

After three days of difficult negotiations, the U.S. and Japan announce an interim agreement on SII on the 5th. (*The Washington Post*, 04/01/1990)

Facing the second and final Super 301 deadline, Hills announces that the completion of the Uruguay Round is the Administration’s “top trade liberalization priority for 1990” and that only India will be renamed to the Super 301 list. Hills announces that Japan will not be renamed because it has “moved farther and faster than any of our other trading partners in the past twelve months.” At the same time, Hills warns, “Japan is on notice: We expect maximum efforts that yield results.” (Destler, p. 133) Areas in which the USTR has made progress in trade negotiations with Japan include supercomputers, satellites, telecommunications, wood products, as well as structural economic issues. Commerce reportedly opposes the decision not to rename Japan because it reduces U.S. leverage in trade negotiations. (Dryden, pp. 355-380; *The Journal of Commerce*, 04/26/1990)

June

Bush and Salinas meet at the White House to announce their intention to negotiate a comprehensive free-trade agreement. (Hurst, pp.180-181)

The Bush Administration decides against imposing trade sanctions on India for its barriers to foreign investment and insurance sales. Hills, however, reportedly warns India that she would keep open the possibility of retaliation later if the dispute is not settled during the current round of GATT negotiations. Japan and Brazil, the two other countries cited last year under Super 301, have already made progress in negotiating to remove barriers to trade. (*The Washington Post*, 06/14/1990; *The Wall Street Journal*, 06/13/1990)

Brazil signs a sweeping trade package with the U.S. that promises to introduce legislation to protect pharmaceutical patents by next March. On the 27th, Hills announces that the U.S. will lift trade sanctions imposed on Brazilian exports since 1988. (*Los Angeles Times*, 06/27/1990; *Financial Times*, 06/28/1990)
Hills: 1990

On the 27th, Bush announces his “Enterprise for the Americas” initiative to promote free trade, economic reform, and debt reduction throughout the hemisphere.

The U.S. and Japan issue the joint SII report on the 28th in which each country identifies structural impediments to trade and commits itself to work together to overcome those impediments. The agreement became possible after the Japanese prime minister offered to add $97 billion to the amount it promises to spend on public works projects over the next ten years. (The New York Times, 07/01/1990)

July

French President Francois Mitterrand and West German Chancellor Helmut Kohl reportedly assure Bush at the G-7 economic summit meeting in Houston that talks to ease restrictions on world trade, including agriculture, would succeed. (The Washington Post, 07/22/1990; St. Louis Post-Dispatch, 12/21/1990)

Hills warns the EC that the Uruguay Round could be in jeopardy if meetings in Geneva in late July fail to produce a framework for reform of agricultural trade. (The Journal of Commerce, 07/23/1990)

August

Bush announces that he would request “fast-track” authority enabling the Administration to submit a treaty to Congress for a vote without possibility of amendment to negotiate a free-trade agreement with Mexico. Some worry, however, that NAFTA negotiations could complicate the conclusion of the Uruguay Round. (Dryden, pp. 355-380)

EC agriculture commissioner Ray MacSharry proposes a 30 percent cut in internal supports from 1986 levels. The U.S. argues that the reduction effectively amounts to a 15 percent cut and notes that the EC has refused to commit to a reduction in export subsidies. Hills later argues that two aspects of the EC’s position – the “rebalancing of some tariffs and subsidizing some commodity prices” – are unacceptable additions to the GATT. (The Journal of Commerce, 11/29/1990; Financial Times, 09/18/1990)

September

Mosbacher sends a letter to Hills on the 14th voicing concerns that the inclusion of basic telecommunications services in the Uruguay Round talks could place U.S. firms such as AT&T and MCI at a disadvantage. Hills tries to reassure critics on the 24th during congressional testimony. (The Journal of Commerce, 09/25/1990)

Hills announces in Geneva that the U.S. plans to present a revised proposal for reductions in agricultural support in the Uruguay Round trade talks. This announcement reportedly divides EC opposition. (The Journal of Commerce, 09/24/1990)
The U.S. threatens to file a complaint with a disputes panel of GATT if an agreement with the EC over Airbus subsidies is not reached by the 30th. Hills withdraws the threat on the 26th after a highly productive meeting with Frans Andriessen, the EC external affairs commissioner, prompts Hills to put the deadline off indefinitely. Hills and Andriessen agree to meet again the following month. (The Journal of Commerce, 09/25/1990; Financial Times, 09/28/1990)

October

A meeting held in St. John’s, Newfoundland between Hills and the trade ministers of Canada, Japan and the EC reportedly yields little progress on the Uruguay Round. (Financial Times, 10/16/1990)

The Bush Administration presents its new trade proposal in Geneva on the 15th calling for a 90 percent cut by all nations in agricultural export subsidies, a 75 percent reduction in all barriers to agricultural imports, and a 75 percent cut in major agricultural support payments that distort trade flows. Each reduction is to be implemented over a ten-year period. (The Washington Post, 10/16/1990; The Journal of Commerce, 11/29/1990)

November

Hills leaves for Europe on the 13th to join Agriculture Secretary Clayton Yeutter to meet with EC officials. Hills announces an extension of the December Uruguay Round deadline would be possible “if there is a demonstration of political will” by trade ministers at the final round of GATT ministerial talks in Brussels next month. The Bush Administration also faces a March 1st deadline before its “fast-track” authority expires. (Financial Times, 11/13/1990; The Independent, 11/22/1990; The Washington Post, 01/30/1991)

The U.S. and EC adopt a transatlantic declaration on the 23rd which institutionalizes increased cooperation on common political and economic interests. (Hurst, pp. 178-179; Los Angeles Times, 11/23/1990)

Bush travels to Mexico to meet with Salinas where the two leaders reaffirm their commitment to negotiate a free-trade agreement. Salinas proposes to relax restrictions on foreign oil exploration for the first time since the petroleum industry was nationalized in 1938. (The New York Times, 11/28/1990; Newsday, 11/28/1990)

December

The U.S. and EC are unable to reach an agreement on agriculture at the ministerial meeting of the GATT Uruguay Round in Brussels, as the EC refuses to accept Swedish Agricultural Minister Mats Hellstrom’s modest compromise proposal as a basis for negotiations. The EC draws heavy criticism from Australia and Latin America when it fails to make substantial concessions on Common Agricultural Policy (CAP) reform. Subsidies on rice and other agricultural products in Japan and South Korea also continue to pose problems. Hills announces that the U.S.

1991

**January**
Hills announces that the Administration would request additional time from Congress to continue the Uruguay Round talks if she sees movement by the EC. (*The Washington Post, 01/30/1991*)

**February**
Senator Max Baucus (D-MT) introduces legislation on the 7th that would require the U.S. to announce yearly whether other countries are abiding by trade agreements. Under the Trade Agreement Compliance Act, originally introduced the previous fall, any U.S. citizen could petition USTR as often as once a year to declare whether foreign countries are in compliance with trade agreements. (*The Journal of Commerce, 02/08/1991*)

Congressional leaders warn Bush and Hills that they will oppose an extension of “fast-track” authority without some assurance that problems with labor, the environment and illegal drugs will be addressed in free-trade talks with Mexico. Rostenkowski repeats warning to Hills the following month. (*The Journal of Commerce, 03/01/1991; Hurst, p. 187*)

**March**
Bush requests on the 1st that Congress extend “fast-track” authority, providing Congress with a June 1st deadline to pass legislation to stop an automatic two-year extension. (Destler, p. 136; *The Washington Post, 04/28/1991*)

A group of 32 senators ask Hills to promise to withstand any pressure by Canada to renegotiate an agreement on the softwood lumber trade. Under the 1986 agreement, Canada agreed to collect a 15 percent tax on lumber exports until subsidies were eliminated. In exchange, the U.S. dropped a trade complaint that could have led to countervailing duties on Canadian lumber exports. (*The Journal of Commerce, 03/07/1991*)

Senator Fritz Hollings (D-SC) introduces a resolution to block a “fast-track” extension. (*The Journal of Commerce, 03/18/1991*)

House Majority Leader Richard Gephardt lists conditions under which he would support NAFTA in a letter to Bush on the 27th. (Hurst, pp. 188-189)

**April**
Hills and the Venezuelan foreign minister sign a framework trade and investment agreement on the 8th under the “Enterprise for the Americas” initiative. (*The

On the 26th, the Bush Administration announces trade sanctions against Japanese construction companies from U.S. government contracting. (The Washington Post, 04/27/1991)

USTR names China, India and Thailand “Special 301” countries for IPR violations. (Financial Times, 05/01/1991; The Washington Post, 04/27/1991)

May

Bush lays out an “Action Plan” on the 1st addressing the concerns of congressional Democrats over NAFTA. Bush promises that the government would establish a fund to provide assistance and retraining for American workers and to seek higher environmental standards along the U.S.-Mexican border. Two weeks later the House and Senate both reject resolutions opposing the extension of “fast-track” authority. (Hurst, p. 188; Dryden, pp. 355-380)

Deputy U.S. Trade Representative Linn Williams denounces Japan’s poor evaluation of the U.S.’s implementation of SII as a “bum rap” and “an attempt by some [in Japan] to avoid focus’ on the central problem of Japanese protectionism.” (Hurst, pp. 170-197)

Hills criticizes Canada’s indication that it will not allow the “cultural exemption” in the 1989 U.S.-Canada free trade pact to be reopened, calling the exemption “restrictive and protectionist.” (The Journal of Commerce, 05/21/1991)

The U.S. sends a letter to the GATT secretariat in Geneva taking the first steps towards bringing formal proceedings against the EC for Airbus launch subsidies provided by Britain, France, Germany and Spain. Under GATT, the two parties have 60 days in which to try to reach an agreement. If the talks fail, the U.S. may seek a meeting of the subsidies committee. (The Independent, 06/07/1991)

June

Hills announces on the 5th that she has succeeded in selling a plan of action to resolve the agricultural dispute in the Uruguay Round to the EC ministers at the annual OECD meeting in Paris. (The Journal of Commerce, 06/06/1991; The Times, 06/06/1991)

The congressionally mandated Auto Parts Advisory Committee releases a report calling on the Administration to file antidumping cases against Japan. The big three U.S. auto companies also file a similar petition with Commerce and USTR. (Hurst, pp. 170-197)

Hills signs a semiconductor accord with the Japanese ambassador in Washington D.C. on the 11th. (Dryden, p. 372)
Hills: 1991

Hills announces on the 14th that the Administration is considering a proposal to withdraw its opposition to Taiwan joining GATT as part of a deal to win congressional support for continuing China's most-favored-nation trade status. *The Washington Post, 06/15/1991*

**July**

USTR general counsel Joshua Bolten testifies before a House subcommittee on the 15th that the Administration would oppose the Trade Agreements Compliance Act, which would force the Administration to verify whether trade agreements have been violated. *The Journal of Commerce, 07/17/1991*

**August**

Hills meets with Mexican and Canadian trade officials in Seattle to hold a top-level review of the free-trade agreement. *The Seattle Times, 08/20/1991*

**September**

Canada announces on the 3rd that it is abandoning the 1986 softwood lumber agreement after the U.S. refuses to reopen negotiations on the agreement. *The Journal of Commerce, 09/04/1991*

Hills meets with trade ministers of Canada, Japan and the EC in Angers, France to discuss agricultural subsidies. *The Journal of Commerce, 09/12/1991*

Hills says the U.S. has proposed maintaining half of its tariffs with Mexico for some “long-term” period under the proposed NAFTA. *The Journal of Commerce, 09/20/1991*

Hills and Mosbacher meet with India’s commerce minister to discuss a range of issues including textiles, services and labor, anti-dumping laws, investment, and IPR. *The Journal of Commerce, 09/23/1991*

**October**

Hills signs a bilateral trade and investment framework agreement with Singapore. *The Asian Wall Street Journal, 10/07/1991*

Senators Baucus (D-MT) and Danforth (R-MO) introduce legislation on the 22nd to revive the 1988 Super 301 law, which had expired in 1990, for a five-year extension. *The Journal of Commerce, 10/23/1991*

Hills names A. Jane Bradley to replace Bruce Wilson as Assistant U.S. Trade Representative for Services and Investment on the 22nd, which is a critical area for both the Uruguay Round and NAFTA. Hills also names Carmen Suro-Bredie assistant trade representative for intellectual property, science and technology, with new responsibility for the environment. *The Journal of Commerce, 10/23/1991*

Hills warns China on the 30th that a congressional vote on trade benefits for China

will be affected by China’s willingness to greater IPR protection by November 26th. (The Journal of Commerce, 10/31/1991)

November

Bush and EC leaders reach an agreement on agricultural subsidies at a summit meeting at the Hague in which the EC agrees to drop its outright refusal to reduce subsidies to farmers while the U.S. scales down the level of subsidies it would consider acceptable. Officials stress that the summit compromise sets the framework for an accord but that hard bargaining is still expected over key details. (The Washington Post, 11/13/1991)

Hills announces on the 27th that China would face higher tariffs worth up to $1.5 billion if IPR talks fail. (The Seattle Times, 11/27/1991)

December

Hills sets an April 1992 deadline for Thailand to follow through on its promises to stop copyright piracy. (The Journal of Commerce, 12/19/1990)

Hills threatens punitive tariffs of up to 100 percent on a range of Chinese goods if the U.S. is unable to reach an IPR agreement with China in “Special 301” negotiations by January 16th. (The Washington Post, 12/23/1990)

Arthur Dunkel, Director-General of GATT, releases an important 450-page compromise proposal aimed at reviving the Uruguay Round. The proposal reportedly draws sharp criticism from the EC. Hills urges U.S. agricultural and business interests to take a long look at the proposal before making up their minds. (Dryden, pp. 377-378; The Washington Post, 12/24/1991)

Bush and Salinas announce on the 14th that they have agreed to renew their commitment to conclude a sweeping free trade agreement despite fundamental disagreements on access provided to U.S. banks and oil companies in Mexico.

Hills travels to Asia to participate in a trade mission led by Bush on the 30th. The mission is accompanied by a number of U.S. corporate executives.

1992

January

The U.S. trade mission reaches an agreement with Japan calling for the increased sale of U.S. automobiles to Japanese markets. (The Washington Post, 01/10/1992)

The U.S. wins its case as a GATT panel rules that German subsidies to protect its Airbus company against exchange rate fluctuations violate GATT guidelines. (The New York Times, 01/16/1992; Dryden, p. 373)

USTR reaches an important IPR agreement with China.
Hills and the Japanese foreign minister sign a computer trade agreement on the 22nd, changing the way that Japanese government agencies buy computers. Government and industry sources report the agreement could help U.S. companies increase sales by up to $5 billion annually. (*San Francisco Chronicle*, 01/23/1992)

On the 31st, Hills says that the U.S. semiconductor agreement with Japan contains several different ways to determine whether Japanese markets are open to foreign semiconductors, and that she would not rely exclusively on the 20 percent market share criteria when determining whether Japan is living up to the agreement. (*San Francisco Chronicle*, 02/01/1992)

February

Hills announces an accord to open the South Korean telecommunications market to U.S. suppliers. (*The Wall Street Journal*, 02/24/1992)

March

The U.S. and EC reach an agreement limiting Airbus subsidies after the U.S. files a separate GATT complaint against the Airbus subsidy program. (Dryden, p. 373)

Following reports that the foreign market share of semiconductors sales in Japan reached only 14.4 percent in the fourth quarter, Hills says, “The stagnation in foreign market share is a serious concern.” (*San Francisco Chronicle*, 03/01/1992)

With import quotas on steel set to expire at the end of the month, trade talks in Geneva to negotiate a Multilateral Steel Arrangement (MSA) phasing out subsidies among leading steel exporting nations continue to stall. Sticking points in negotiations reportedly include German, Italian, and Spanish insistence on continued subsidies, as well as U.S. efforts to protect anti-dumping laws. Hills, Commerce, congressional leaders, and U.S. steel producers all suggest that trade case filings might be imminent. The Bush Administration announces it will not renew the extension on import quotas. (*The Journal of Commerce*, 04/06/1992; *Financial Times*, 04/01/1992)

April

Hills meets with top Mexican trade officials to discuss NAFTA. Both sides call an agreement to be inevitable. (*The Washington Post*, 05/03/1992)

Hills announces on the 5th that the U.S. and Japan reached an agreement to open Japan's $27-billion paper market to foreign suppliers. (*Newsday*, 04/06/1992)

Hills announces that trade sanctions will be imposed on Taiwan, India and Thailand for IPR violations. Hills also notes that a last-minute concession by Indonesia kept it off its list of IPR violators. (*The Journal of Commerce*, 04/30/1992)
**May**

Hills announces that the process is under way to impose punitive tariffs on EC exports after the EC refuses to accept a GATT ruling against its oilseed subsidy policy. *(The Journal of Commerce, 05/04/1992)*

Frans Andriessen, the EC commissioner for external affairs, says on the 18th that he is prepared to give ground on farm subsidies if the U.S. agrees not to apply countervailing duties to subsidized exports of EC farm products. Hills rejects the proposal because it fails to reach levels outlined in the GATT proposal. *(The Journal of Commerce, 05/19/1992; 05/29/1992)*

Hills announces the Administration will conduct an interagency review of the 1991 semiconductor agreement with Japan and its implementation. *(The Wall Street Journal, 05/28/1992)*

**June**

USTR signs an IPR agreement with Taiwan. *(The New York Times, 06/07/1992)*

Russian President Boris Yeltsin leads a large delegation to the U.S. on the 16th to attend an economic summit meeting. *(The Associated Press, 6/16/1992)*

The U.S. places a 6.5 percent tariff on Canadian softwood lumber following Canada’s termination of the 1986 agreement in 1991. *(The Journal of Commerce, 06/29/1992)*

**July**

U.S. steel producers file trade complaints against rival producers in 21 countries for allegedly selling sheet steel in the U.S. at unfairly low prices. The worst offenders are reportedly in Europe and Latin America. *(The Journal of Commerce, 07/05/1992)*

**August**

Hills threatens sanctions against Japan after a two-month review finds that the market share of foreign semiconductor sales in Japan is not on track to reach the year-end target of 20 percent. Japanese officials from the Ministry of International Trade and Industry (MITI) reject Hills’ charges. *(San Francisco Chronicle, 08/05/1992; The Journal of Commerce, 08/06/1992)*

U.S., Mexican, and Canadian negotiators announce that they have reached an agreement on NAFTA. *(The Washington Post, 08/13/1992)*

Speaking at the Republican National Convention on the 17th, Hills argues that the Bush Administration's policy of opening markets abroad is key to U.S. economic growth. *(The Journal of Commerce, 08/19/1992)*

The Bush Administration agrees to sell F-16 fighter planes to Taiwan. China retaliates by putting an $850 million order for Boeing aircraft on hold.
On the 26th, Hills warns that the U.S. will impose trade sanctions against the EC unless it can resolve its dispute over oilseed subsidies. While the EC has offered $250 million in improved market access for U.S. corn and beef exporters as compensation to keep its oilseed subsidy program in place, the U.S. insists that any compromise include a subsidy reduction. France continues to adamantly oppose any such compromise, even though a GATT dispute panel has ruled twice in the past five years that the EC subsidies violate international trading rules. *(The St. Louis Post-Dispatch, 08/27/1992; The Journal of Commerce, 09/02/1992)*

**September**

Hills appears before the Senate Finance Committee on the 8th to answer questions on the text of the proposed NAFTA agreement completed the previous weekend. Free-trade Democrats in Congress warn Bush that using NAFTA as a political weapon in the presidential campaign could hurt the pact’s chances for approval. *(The Journal of Commerce, 09/08/1992; Houston Chronicle, 09/09/1992)*

Bush formally notifies Congress on the 18th that he will sign the NAFTA agreement, setting in motion the congressional procedures necessary for the pact’s approval. Under U.S. law, Bush must give Congress at least 90 days advance notice that he will sign the agreement, after which point Congress has 90 legislative days to act on it. *(The Journal of Commerce, 09/21/1992)*

The Bush campaign continues to criticize Clinton for being indecisive on NAFTA. *(The New York Times, 09/28/1992)*

**October**

Clinton endorses the NAFTA proposal on the 4th but argues the agreement could hurt the U.S. unless it is supplemented with new trilateral agreements covering the environment, labor and import surges. Hills challenges Clinton’s position by pointing out that the current proposal already addresses those concerns. *(The Washington Post, 10/05/1992; The Journal of Commerce, 10/06/1992)*

The Bush Administration postpones action against Thailand for its lack of pharmaceutical patent protection because of Thailand’s recent and rapid changes in government. *(The Journal of Commerce, 10/13/1992)*

Hills proposes a global deal to negotiate both oilseed subsidies and the broader Uruguay Round agricultural issues. *(Dryden, p. 378)*

With EC leaders set to meet in Birmingham on the 16th, Hills and U.S. Agriculture Secretary Edward Madigan attend trade talks with Frans Andriessen, the EC external affairs commissioner, and EC agriculture commissioner Ray MacSharry in Brussels on the 11th and 12th. Negotiators narrow their differences over trade in financial services but are unable to agree on audio-visual, maritime and telecommunication services. French threats to block any concessions on EC grain
exports or deeper cuts in subsidies for its farmers prevent significant movement on agriculture. The EC’s negotiating position is also hamstrung by a standoff between Andriessen, who is willing to soften the EC’s position over agriculture, and MacSharry, who has resisted until now all U.S. attempts to win further concessions. (*The Journal of Commerce, 10/13/1992; 10/16/1992; The Washington Post, 10/13/1992*)

USTR successfully negotiates market access agreements with China on the 10th.

Perot criticizes the proposed NAFTA agreement during the final presidential debate, warning the loss of American jobs to Mexico would produce a “giant sucking sound going south.” Hills challenges Perot’s criticism in a speech on the 20th, arguing that NAFTA would promote job growth -- not loss. (*The Journal of Commerce, 10/21/1992*)

**November**

EC agriculture commissioner Ray MacSharry breaks off talks with Madigan in Chicago on the 3rd, claiming that EC Commission President Jacques Delors had sabotaged a possible deal. Despite rough agreement on the level of subsidized EC oilseed to reduce, the EC and U.S. cannot agree on how to implement the cuts -- by acreage or tonnage. The U.S. is reportedly fearful that simply limiting the acreage put towards oilseed production might not cut total output if productivity per acre increases. However, negotiating in terms of tonnage would require the EC to go beyond the reformed Common Agricultural Policy (CAP) negotiated earlier in the year. (*The New York Times, 11/06/1992; The Journal of Commerce, 11/05/1992, 11/13/1992*)

EC agriculture commissioner Ray MacSharry resigns as the EC’s negotiator on GATT agricultural issues on the 5th but then later withdraws his resignation. (*The Journal of Commerce, 11/13/1992*)

The U.S. threatens to impose a 200 percent duty on wine imports effective December 5th. The sanctions are reported to be specifically targeted at France. (*The New York Times, 12/06/1992; The Journal of Commerce, 11/13/1992*)

On the 19th, the EC and U.S. reach a compromise agreement dubbed the Blair House Accords that reduces levels of agricultural subsidies to oilseed producing farmers. (Dryden, p. 388)

**December**

In a landmark visit, Hills travels to Taiwan from the 30th to December 2nd to meet with business and government leaders and sign an agreement increasing trade and investment. Hills also presses Taiwan to strengthen IPR protection. China strongly objects to the visit, as Hills marks the first U.S. cabinet-level official to visit Taiwan since the U.S. switched diplomatic recognition from Taipei to
Hills: 1993


The U.S. imposes countervailing duties on steel imports from Brazil, Mexico, South Korea, New Zealand, and eight European countries after Commerce finds that steel producers in those countries have benefitted from government subsidies. (The Journal of Commerce, 12/02/1992)

The U.S. and EC finalize the Blair House Accords on December 3rd, clearing the way for negotiations to conclude the Uruguay Round. The Blair House Accords are set for a vote in the EC on February 9th. However, France continues to criticize the deal and calls for modifications through much of 1993. (Dryden, p. 388)

Leading steel-exporting nations agree after two days of talks to meet again early in 1993 to try to negotiate an MSA to end steel subsidies and market barriers. The December talks were the first since the MSA talks stalled the previous March. (Reuters, 12/14/1992)

Bush signs the NAFTA agreement on the 17th, giving Congress 90 legislative days to act on the agreement. (The Journal of Commerce, 12/18/1992)

Commerce Secretary Barbara Franklin heads an interagency trade mission to China.

Senators Danforth (R-MO) and Bill Roth (R-DE) press Hills to retaliate should the EC implement a controversial law on government procurement of telecommunications equipment set to take effect on January 1st. (The Journal of Commerce, 12/21/1992)

President-elect Clinton designates Mickey Kantor as Hills’ successor.

Hills signs a bilateral agreement with the Australian ambassador to strengthen trade ties between the two countries. (The Asian Wall Street Journal, 12/28/1992)

1993

January

Hills announces that Japan has still not fully complied with the 1991 semiconductor agreement but will leave the question of how to respond to the incoming Clinton Administration. (The Asian Wall Street Journal, 01/04/1993)

Hills warns the Brazilian foreign minister that the Administration plans to adopt retaliatory measures if Brazil does not approve a patent protection law by the end of March. Brazil had agreed to take action in a June 1990 agreement with the
U.S. but has since failed to pass the legislation. (*The New York Times*, 01/22/1993)

Hills says that she is “disappointed” that talks under GATT to liberalize world trade have not succeeded but thinks there is still a chance that the talks could end by March 1993. (*The Journal of Commerce*, 01/19/1992)

The Bush Administration leaves office as Clinton is sworn-in on the 20th.
**Carla Hills Suggested Topics**
*Prepared by Rob Martin*
*Miller Center of Public Affairs, University of Virginia, 12/04/2001*

**Getting Started as USTR**
- Discuss the origins of your relationship with George Bush. How did you come to serve as USTR? Discuss your confirmation process. How did you understand your primary responsibilities as USTR? Describe the organization of the Office of the USTR.
- What were the trade priorities of the Bush Administration upon coming to office? What important issues did you inherit from the Reagan Administration? How did your Office of the USTR differ from Yeutter’s?

**Trade Policy in the Bush Administration**
- How was trade policy made in the Bush Administration? Who were the important players in setting trade policy? Discuss the interagency process. What role did USTR play in interagency groups such as the Trade Policy Review Group and the Economic Policy Council? How did they function? To what degree did you serve as a policy advocate as opposed to an “honest broker” in the interagency process? Which relationships within the Bush Administration were most important to your work?
- Discuss your work as the nation’s chief trade negotiator. Discuss the various constituencies that the Office of the USTR represents. Describe the role that other agencies such as Commerce and Agriculture played in supporting USTR in negotiations. Did USTR always take the lead? What tools were available to you as USTR? Discuss the relationship between the promotion of free trade and the protection of fair trade in your work. Did any tension arise between these two principles?
- Discuss USTR’s relationship with Congress. How did congressional pressures affect your work? How did you attempt to build support in Congress for the Administration’s trade policies? Discuss the impact of the Super 301 and Special 301 provisions of the 1988 Trade Act and other important pieces of legislation on your work.
- How did broader macroeconomic factors such as monetary policy and the strength of the U.S. dollar in international markets affect your work as USTR? How did the nation’s budget and trade deficits and its savings and investment rates affect your work?

**Important Trade Issues**
- *The Uruguay Round.* Purpose and scope of the round. Discuss U.S. priorities in the round. The U.S.-EC dispute over trade-distorting practices in agriculture. What were other major obstacles to the completion of the round? Dunkel’s 1991 compromise proposal. Reaching the Blair House Accords.
- *Intellectual Property Rights.* In addition to multilateral efforts in the Uruguay Round, discuss your work in bilateral IPR negotiations with nations such as Brazil, South Korea, China, Taiwan and India.
- *Japan.* Which trade issues with Japan occupied most of your time? Discuss the 1986 semiconductor agreement and the question of setting-trade quotas. Discuss the decision to cite Japan under Super 301 in 1989 and to pursue SII. Bush’s 1992 trade mission to
• **China and Taiwan.** Negotiating the 1992 IPR agreement with China. China and MFN status. Taiwan and GATT. 1992 mission to Taiwan. Role of congressional pressures in managing U.S.-Chinese and U.S.-Taiwanese relations.


• **Steel Quotas.** 1989 extension of steel quotas and VRAs. Multilateral negotiations to end steel subsidies and protect the U.S.’s anti-dumping laws. Imposition of countervailing duties in late 1992.

**The 1992 Presidential Campaign**

• What role did you play in the campaign? Discuss the salient trade issues in the campaign. How did trade issues affect the course and outcome of the campaign?

**The Bush Presidency in Retrospect**

• What do you feel was your greatest accomplishment as USTR? What were the strengths and weaknesses of the Bush Administration?

• What features of the Bush Administration were missed or misunderstood by the press?

• How should the Bush Administration be viewed by future historians?
TIMELINES

· Carla Hills Timeline, prepared by Rob Martin, Miller Center of Public Affairs, University of Virginia, 12/04/2002.

SELEcnED WRITINGS AND PUBLIC STATEMENTS


JOINING THE OFFICE OF THE USTR


TRADE POLICY AND THE USTR


- “Administration Uses Super 301 and Special 301 Trade Tools (Also Includes a Related Article on Questions and Answers Concerning Super and Special 301),” *Business America*, 06/05/1989.

THE URUGUAY ROUND


THE NORTH AMERICAN FREE TRADE AGREEMENT


