noon Wednesday, January 18, 1995; and written rebuttals are due by noon Friday, January 27, 1995.

FOR FURTHER INFORMATION CONTACT: Questions concerning the ongoing investigation or the products under consideration should be directed to Deborah Lehr. Director for China and Mongolian Affairs (202) 395-5050, or Thomas Robertson, Assistant General Counsel (202) 395-6800; questions about the public hearing, written testimony and written comments should be directed to Sybia Harrison, Staff Assistant to Section 301 Committee, (202) 395-3432. All of the above persons are located at the Office of the United States Trade Representative, 600 17th Street, NW., Washington, DC 20506.

SUPPLEMENTARY INFORMATION: On June 30, 1994, pursuant to section 302(b) of the Trade Act, the USTR initiated an investigation of those acts, policies and practices of China that were the basis for identification of China as a priority foreign country (PFC) under section 182 of the Trade Act. See 59 FR 35558 (July 12 1994). China's identification as a PFC was primarily based on its failure to create an effective intellectual property enforcement regime, causing rampant copyright piracy and trademark infringement resulting in significant damage to U.S. interests. Appropriate implementation of China's new patent law and administrative protection program for pharmaceuticals and agricultural chemicals was also of concern. Particular problems with China's present enforcement regime include, among other things, internally inconsistent laws; a lack of transparency in the enforcement structure; a lack of protection for existing works; gaps in responsibility in the enforcement structure; a lack of consistent application of the laws throughout the central, provincial and local governments; a lack of funding, training and education; conflicts of interest; burdensome and discriminatory agency requirements that restrict foreign access to trademark protection; overly-broad compulsory licensing provisions; a failure of enforcement authorities to coordinate; and the absence of an effective border control mechanism.

China's identification as a PFC was also based on its failure to provide fair and equitable market access for persons who rely on intellectual property protection. The most serious market access problems are found in the areas of audiovisual products, sound recordings, and published written materials. Particular concerns include a hidden system of internal quotas, a lack of transparency, a lack of consistency in application, monopoly control over the importation and distribution of products embodying intellectual property, and a prohibition on the production or distribution of products embodying intellectual property that is not related to the content of those products.

Extension of Investigation

Numerous bilateral negotiations have been held on these issues since the initiation of this investigation. While China has indicated that it will take some actions to address U.S. concerns, significant movement on a majority of the U.S. issues has not been shown. These issues are too complex and complicated to resolve before the end of the six-month statutory deadline for concluding this investigation.

In light of the need for further time for negotiations to resolve these remaining issues, the USTR has determined pursuant to section 304(a)(3)(B)(i) of the Trade Act, that "complex or complicated issues are involved in the investigation that require additional time." The investigation has thus been extended to Saturday, February 4, 1995.

Proposed Determinations and Action

If the issues which are the basis of this investigation are not resolved, the USTR proposes to determine pursuant to section 304(a)(1)(A)(ii) of the Trade Act that acts, policies and practices of the Chinese Government with respect to the enforcement of intellectual property rights and the provision of market access to persons that rely on intellectual property protection are unreasonable and constitute a burden or restriction on U.S. commerce.

In the event the USTR makes such a determination, the USTR must determine pursuant to section 304(a)(1)(B) what action to take in response. The USTR proposes that, pursuant to the authority provided under section 301(c)(1)(B) of the Trade Act, to take the following action: To impose increased duties on certain products of China to be drawn from the list of products set forth in the Annex to this notice. These products represent approximately 2.5 billion dollars in U.S. imports of Chinese-origin goods over the last quarter of 1993 and the first three quarters of 1994. The decision on what specific products could be subject to increased tariffs will take into consideration the written comments provided and any written and oral testimony offered at the public hearing.

Public Comment on Determinations and Hearing Participation

In accordance with section 304(b) of the Trade Act, the USTR invites all interested persons to provide written comments on the proposed determinations. With respect to the proposed trade action under section 301, comments may address: (1) the appropriateness of subjecting the products listed in the Annex to this notice to an increase in duties; (2) the levels at which duties on particular products should be set; and (3) the degree to which an increase in duties on particular products might have an adverse effect on U.S. consumers. Comments will be considered in recommending any determination or action under section 301 to the USTR.

The USTR will also consider the written, oral, and rebuttal comments submitted in the context of public hearings held pursuant to section 304(b) of the Trade Act and in accordance with 15 CFR 2006.7 through 2006.9. The hearings will commence at 10 a.m. on Tuesday, January 24, 1995, and continue on Wednesday, January 25, 1995, if necessary. The hearings will be held in the Truman Room of the White House Conference Center, 726 Jackson Place, NW., Washington, DC 20506.

Request to Testify: Interested persons wishing to testify orally at the hearings must provide a written request to do so by noon Friday, January 13, 1994, to Sybia Harrison, Staff Assistant to the Section 301 Committee, Office of the U.S. Trade Representative, 600 17th Street NW., Washington DC 20506. In their request, they must provide the following information: (1) Name, address, telephone number, and firm or affiliation; and (2) a brief summary of their presentation. Requests must conform to the requirements of 15 CFR 2006.8(a). After the Chairman of the Section 301 Committee considers the request to present oral testimony, Ms. Harrison will notify the applicant of the time of his or her testimony. Remarks at the hearing will be limited to 5 minutes.

Written Testimony: In addition, persons presenting oral testimony must submit their complete written testimony by noon Wednesday, January 19, 1995. In order to assure each party an opportunity to contest the information provided by other parties, USTR will entertain rebuttal briefs filed by any party by noon Friday, January 27, 1995. In accordance with 15 CFR 2006.8(c), rebuttal briefs should be strictly limited to demonstrating errors of fact or analysis not pointed out in the briefs or hearing and should be as concise as is possible.