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**Folder Title:**  
China MFN [2]

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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

VANDA B. McMURTRY, STAFF DIRECTOR AND CHIEF COUNSEL  
EDMUND J. MIHALSKI, MINORITY CHIEF OF STAFF

June 19, 1991

Dear Mr. President:

Congress will decide in the next few weeks whether to accept your recommendation and extend most favored nation trade status to China. We are writing to share our concerns.

In the debate over the appropriate U.S. policy towards China, one thing is clear: China's behavior must change. The United States has serious human rights and foreign policy concerns with China. Every American remembers the vivid images of the Tiananmen massacre. In the two years since Tiananmen Square, evidence of democratic reform has been scant at best. We also have learned of Chinese sales of advanced missiles to Syria and Pakistan, and of nuclear technology sales to Algeria. There are credible reports that China has forced political prisoners to produce goods for export to the U.S.

The United States also has serious economic concerns with China. The U.S. Trade Representative's annual report on foreign trade barriers lists ten pages of Chinese barriers. China maintains restrictions including a preclusive licensing system, discriminatory testing and certification standards, and outright import bans. China also fails to protect U.S. intellectual property, resulting in enormous losses to U.S. producers of films, books, chemicals and pharmaceuticals. Moreover, the Administration has allowed China to dictate U.S. policy towards Taiwan, declining to support Taiwan's GATT application despite clear economic benefits to the U.S.

The United States cannot continue to tolerate Chinese intransigence. We must tailor active responses to our wide ranging concerns. But MFN is the wrong tool for the job. Revoking MFN would not promote human rights in China. Instead, it would punish China's most progressive regions and Hong Kong.

Revoking MFN also would hurt Americans. China is an important market for U.S. goods ranging from wheat to airplanes. If MFN were revoked, China almost certainly would retaliate against U.S. exports. The Australians, Canadians, Europeans and Japanese are ready to fill the void. No other country is contemplating cutting off China's MFN status.

We believe the Administration must be more active in addressing American concerns with China. You have taken meaningful steps in some areas. You have moved to protect U.S. intellectual property under provisions of the 1988 Trade Act. You also have taken steps to restrict certain technology transfers to China in response to its missile and nuclear sales. These steps are examples of the types of actions the U.S. should take.

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

4546

June 18, 1991

cc: SH

MEMORANDUM FOR PHILIP BRADY

FROM: WILLIAM F. SITTMANN *Handwritten signature*  
SUBJECT: Talking Points for June 19 Bipartisan  
Congressional Meeting

At Tab A are the Points to be Made for the Bipartisan  
Congressional meeting with the President on June 19.

Attachment  
Tab A Points to be Made

cc: Fred McClure

TAB-A

POINTS TO BE MADE FOR MEETING WITH  
BIPARTISAN CONGRESSIONAL MEETING

- In my message to the Congress arguing the case for MFN for China, I told you I want to work with you.
- Today, I would like to begin with a few points and then get your views.
- First, I remain as deeply concerned as anyone with the continuing human rights abuses in China. I have told China's leaders in no uncertain terms. We all seek progress there -- I firmly believe MFN is the strongest tool we have to bring about long-term positive change in China. Ten years of trade and openness set in motion the forces we saw in those protests at Tiananmen.
- We should not put this tremendous advantage at risk. We should not give the hardliners in China an opportunity -- by placing conditions on MFN -- to use conditionality as a nationalist pretext to turn away from the West.
- Our China policy is a package approach. When there are opportunities to cooperate with China -- in the UN, Korea, Cambodia -- we will do so.
- Since I announced this year's decision on MFN at Yale, and because of that decision, the Chinese have responded positively. They will join the talks in Paris on my Middle East Arms Control initiative. This will help us tackle the issue of missile proliferation.
- Nonetheless, where there are problems in China I will not kowtow, I will take action. I have already done so on human rights, trade, and missile proliferation.

- You know we still have sanctions on OPIC, TDP, international lending that is not for Basic Human Needs, all military sales and high-level exchanges.
- We have designated China a priority country under Special 301 for copyright pirating; we have lifted Chinese textile visas in retaliation for illegal third-country transfers; we will soon begin market access talks.
- The Chinese have responded with a mission that contracted for over a billion dollars in U.S. exports, and they say more will follow.
- We have acted to press China to conform to international standards on missile transfers. There will be no new satellite licenses or high-speed computer transfers to China until it meets those standards. There will be no transfers of missile technology or equipment to Chinese companies engaged in proliferation.
- I am not sitting on my hands. I am prepared to do more when circumstances require.
- We also need to step back from the emotions of the moment and calculate our long-term national interests.
- We are the only trading nation in the world that would contemplate removing or conditioning MFN. If we pull back, we isolate ourselves, not China. We hurt our businesses and help our competitors.
- We may not like it, but China is a necessary part of the solution to some important problems. It has a veto in the UN Security Council.

- The system that rules China today will not change dramatically overnight. But that system cannot insulate itself from inevitable change.
- I believe the best course is to use economic involvement -- and all the human interchanges that go with it -- to encourage long-term evolution in China. I think the announcement on Middle East arms control helps prove the point.
- Now I would like to hear your views.

POINTS TO BE MADE FOR MEETING WITH  
BIPARTISAN CONGRESSIONAL MEETING

- IN MY MESSAGE TO THE CONGRESS ARGUING THE CASE FOR MFN FOR CHINA, I TOLD YOU I WANT TO WORK WITH YOU.
- TODAY, I WOULD LIKE TO BEGIN WITH A FEW POINTS AND THEN GET YOUR VIEWS.
- FIRST, I REMAIN AS DEEPLY CONCERNED AS ANYONE WITH THE CONTINUING HUMAN RIGHTS ABUSES IN CHINA. I HAVE TOLD CHINA'S LEADERS IN NO UNCERTAIN TERMS. WE ALL SEEK PROGRESS THERE --  
- I FIRMLY BELIEVE MFN IS THE STRONGEST TOOL WE HAVE TO BRING ABOUT LONG-TERM POSITIVE CHANGE IN CHINA. TEN YEARS OF TRADE AND OPENNESS SET IN MOTION THE FORCES WE SAW IN THOSE PROTESTS AT TIANANMEN.
- WE SHOULD NOT PUT THIS TREMENDOUS ADVANTAGE AT RISK. WE SHOULD NOT GIVE THE HARDLINERS IN

- CHINA AN OPPORTUNITY -- BY PLACING CONDITIONS ON MFN -- TO USE CONDITIONALITY AS A NATIONALIST PRETEXT TO TURN AWAY FROM THE WEST.
- OUR CHINA POLICY IS A PACKAGE APPROACH. WHEN THERE ARE OPPORTUNITIES TO COOPERATE WITH CHINA -- IN THE UN, KOREA, CAMBODIA -- WE WILL DO SO.
- SINCE I ANNOUNCED THIS YEAR'S DECISION ON MFN AT YALE, AND BECAUSE OF THAT DECISION, THE CHINESE HAVE RESPONDED POSITIVELY. THEY WILL JOIN THE TALKS IN PARIS ON MY MIDDLE EAST ARMS CONTROL INITIATIVE. THIS WILL HELP US TACKLE THE ISSUE OF MISSILE PROLIFERATION.
- NONETHELESS, WHERE THERE ARE PROBLEMS IN CHINA I WILL NOT KOWTOW, I WILL TAKE ACTION. I HAVE ALREADY DONE SO ON HUMAN RIGHTS, TRADE, AND MISSILE PROLIFERATION.

- YOU KNOW WE STILL HAVE SANCTIONS ON OPIC, TDP, INTERNATIONAL LENDING THAT IS NOT FOR BASIC HUMAN NEEDS, ALL MILITARY SALES AND HIGH-LEVEL EXCHANGES.
- WE HAVE DESIGNATED CHINA A PRIORITY COUNTRY UNDER SPECIAL 301 FOR COPYRIGHT PIRATING; WE HAVE LIFTED CHINESE TEXTILE VISAS IN RETALIATION FOR ILLEGAL THIRD-COUNTRY TRANSFERS; WE WILL SOON BEGIN MARKET ACCESS TALKS.
- THE CHINESE HAVE RESPONDED WITH A MISSION THAT CONTRACTED FOR OVER A BILLION DOLLARS IN U.S. EXPORTS, AND THEY SAY MORE WILL FOLLOW.
- WE HAVE ACTED TO PRESS CHINA TO CONFORM TO INTERNATIONAL STANDARDS ON MISSILE TRANSFERS. THERE WILL BE NO NEW SATELLITE LICENSES OR HIGH-SPEED COMPUTER TRANSFERS TO CHINA UNTIL IT MEETS THOSE STANDARDS. THERE WILL BE NO

- TRANSFERS OF MISSILE TECHNOLOGY OR EQUIPMENT TO CHINESE COMPANIES ENGAGED IN PROLIFERATION. I AM NOT SITTING ON MY HANDS. I AM PREPARED TO DO MORE WHEN CIRCUMSTANCES REQUIRE.
- WE ALSO NEED TO STEP BACK FROM THE EMOTIONS OF THE MOMENT AND CALCULATE OUR LONG-TERM NATIONAL INTERESTS.
- WE ARE THE ONLY TRADING NATION IN THE WORLD THAT WOULD CONTEMPLATE REMOVING OR CONDITIONING MEN. IF WE PULL BACK, WE ISOLATE OURSELVES, NOT CHINA. WE HURT OUR BUSINESSES AND HELP OUR COMPETITORS.
- WE MAY NOT LIKE IT, BUT CHINA IS A NECESSARY PART OF THE SOLUTION TO SOME IMPORTANT PROBLEMS. IT HAS A VETO IN THE UN SECURITY COUNCIL.
- THE SYSTEM THAT RULES CHINA TODAY WILL NOT CHANGE DRAMATICALLY OVERNIGHT. BUT THAT

SYSTEM CANNOT INSULATE ITSELF FROM INEVITABLE CHANGE.

- I BELIEVE THE BEST COURSE IS TO USE ECONOMIC INVOLVEMENT --AND ALL THE HUMAN INTERCHANGES THAT GO WITH IT -- TO ENCOURAGE LONG-TERM EVOLUTION IN CHINA. I THINK THE ANNOUNCEMENT ON MIDDLE EAST ARMS CONTROL HELPS PROVE THE POINT.
- NOW I WOULD LIKE TO HEAR YOUR VIEWS.



June 14, 1991

Dear Dean:

Thank you for your recent letter to the President regarding the extension of Most Favored Nation trade status to the People's Republic of China.

We appreciate being advised of your suggestions on how the President may be able to gain Congressional approval for this measure. I have taken the liberty of sharing your note with the President's national security and foreign policy advisors for their review and consideration.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure  
Assistant to the President  
for Legislative Affairs

The Honorable Dean A. Gallo  
House of Representatives  
Washington, D.C. 20515

FDM:JHH:

bcc: w/ copy of inc to NSC - for direct response  
bcc: w/ copy of inc to Dept. of State - FYI

Henry - ok 6/18

Please send FYI

Copies to Dyer

Andres - Thanks



THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

TA005

INCOMING

DATE RECEIVED: JUNE 18, 1991

NAME OF CORRESPONDENT: MR. L. OAKLEY JOHNSON

SUBJECT: ENCLOSURES HANK GREENBERG'S OP-ED IN SUPPORT OF  
EXTENSION OF MFN FOR CHINA WHICH APPEARED IN  
THE NEW YORK TIMES

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
JOHN SUNUNU		ORG	91/06/18		C 91/06/21
<i>Bobbie Kilberg</i>		<i>I</i>	<i>91/6/24</i>		<i>C 1 1</i>
<i>Jim Dyer</i>		<i>I</i>	<i>91/6/24</i>		<i>C 1 1</i>

COMMENTS:  
\_\_\_\_\_  
\_\_\_\_\_  
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ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: \_\_\_\_\_

CS MAIL USER CODES: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

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*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                      *                      *CORRESPONDENCE:  *
*A-APPROPRIATE ACTION  *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL *          OF SIGNER   *
*D-DRAFT RESPONSE     *C-COMPLETED        *          CODE = A   *
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*S-FOR-SIGNATURE      *                      *                      *
*X-INTERIM REPLY      *                      *                      *
*****

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KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.

AMERICAN INTERNATIONAL GROUP, INC.

1455 PENNSYLVANIA AVENUE, N. W., SUITE 900  
WASHINGTON, D. C. 20004

L. OAKLEY JOHNSON  
VICE PRESIDENT

PHONE: 202 / 783-2452  
TELEX: 6491100 AIG WSH  
FAX: 202 / 737-6811

June 14, 1991

The Honorable John H. Sununu  
Chief of Staff to the President  
The White House  
Washington, D.C. 20500

Dear Governor Sununu:

In the event you might have missed it, you might be interested in the attached article that appeared recently in the New York Times in which our Chairman, Hank Greenberg, argued for the extension of MFN for China.

Sincerely yours,

# Resist the Urge to Punish China



By M. R. GREENBERG



## Revoking most-favored-nation status would signal that we have given up on this key country.

**R**EVOKING most-favored-nation tariff treatment for China would be shortsighted and detrimental to American policy in Asia. While satisfying understandable desires on the part of many to punish China for its human rights abuses and other behavior we deplore, such a step would be counterproductive to critical American goals and detrimental to American farmers, manufacturers, consumers and investors.

Countries that receive most-favored-nation treatment are not "most favored," but merely get the same tariff rates on their exports to the United States as virtually all other countries. In fact, this treatment keeps the wheels of international commerce moving in a nondiscriminatory fashion.

Withdrawing most-favored-nation treatment from a country that has had it for more than 10 years would be more than a signal of displeasure. It would suggest that we have given up on trying to work with China to resolve problems that divide us. It would also reinforce the position of hardliners, postpone the development of more open economic policies, stifle emerging economic zones of southern China and impose suffering on the people of China.

This is not to say that Americans should remain silent. We should express concerns over human rights issues. We should fight hard for strong intellectual property safeguards in China and fair treatment of foreign investment, and we should try to halt the spread of Chinese missiles and nuclear technology to other countries.

But at the same time, we must encourage the Chinese to follow policies to open Chinese markets to foreign investment, not close them. And such reforms will result only from increased economic, educational and cultural contacts with the outside world. My company, founded in China early in this century, has learned, as others have, that you can only influence the Chinese through dialogue and the steady building of relationships. The Chinese alone will determine the pace of their reform. Western governments and businesses can encour-

age change. But their influence will be felt only if there is genuine interchange.

Revoking most-favored-nation status would virtually end the dialogue, leading to canceled trade orders and fewer investments and commercial opportunities. It would also inflict severe harm on Hong Kong, through which flow more than two-thirds of Chinese exports to the United States.

To ignore the strategic importance of China or to pretend it can be manipulated, would be foolish. While American investment, technology, exports and markets have helped many Asian countries become economic powerhouses, Japan has recently supplanted the United States as the largest investor and trading partner in most of these markets. European countries, which automatically grant most-favored-nation status to China, are also increasingly active.

**T**HAT is why the United States must stay the course. It is tempting to conclude that the Bush Administration's pragmatic Chinese policies have yielded little fruit and that they are the wrong policies. But only if we continue the dialogue and work to expand contacts, trade and investment between our countries will the United States have any hope of influencing China and remaining a major economic player in Asia. For these reasons, most-favored-nations treatment must be renewed. ■

*M. R. Greenberg is chairman of American International Group Inc., an insurance company based in New York.*

THE WHITE HOUSE  
WASHINGTON

MEETING WITH MFN COALITION REPRESENTATIVES  
JUNE 21, 1991 / THE ROOSEVELT ROOM / 2:00 P.M.

Anderson, Don  
President  
U.S.-China Business Council

Archev, Bill  
Vice President  
International Division  
U.S. Chamber of Commerce

Beckner, Paul  
President  
Citizens for a Sound Economy

Berg, Rebecca J.  
Director of Federal Public Affairs  
Sea-Land Services

Bonnano, Phyllis  
Executive Vice President  
Warnaco

Boutwell, Wayne  
President  
Council of Farmer Cooperatives

Cohen, Calman  
Executive Director  
Emergency Committee for American Trade (ECAT)

Datt, John  
Washington Representative  
American Farm Bureau Federation

Folsom, R.D.  
Vice President  
R. Duffy Wall & Associates

Garcia, Ray  
Vice President  
Rockwell International

Gates, Bruce  
Vice President  
National Association of Wholesale  
Grocers of America

Gavin, Joe  
Associate Washington Representative  
& Director of Trade Policy  
US Council for International Business

Heard, Keith  
Executive Vice-President  
National Corn Growers Association

Johnson, Mike  
Vice President  
FMC Corporation

Johnson, Oakley  
Vice President  
American Insurance Group

Johnson, Mike  
Director, Washington Office  
McCamish, Martin, Loeffler

Judd, Arden  
Vice President  
Dresser Industries

Kernan, Tim  
Director for Congressional Relations  
Fluor Corporation

Mangione, Peter  
President  
Footwear Distributors and Retailers

McCoy, Steve  
President  
North American Export Grain Association

Morris, Judge R.K.  
Vice President  
National Association of Manufacturers

O'Flaherty, Dan  
Vice President  
National Foreign Trade Council

Parker, Dave  
President  
The Aluminum Association  
President  
Trade Association Liaison Council

Schlansky, Mark  
Vice President  
McDonnell Douglas

Schwartz, Elizabeth  
Manager, Congressional Affairs  
Boeing Corporation

**Schwenson, Carl**  
Executive Vice President  
National Association of Wheat Growers

**Stawick, Dave**  
Assistant Vice President  
National Corn Growers Association

**Van Fleet, Mark**  
Director of Asia-Pacific Affairs  
U.S. Chamber of Commerce

**Warner, Peter**  
Director of International Affairs  
TRW, Inc.

# U.S. Importers and Exporters Brace For Ending of China Trade Status

By MICHAEL DICKWORTH

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK—Some U.S. importers are preparing to make painful adjustments if Congress revokes China's most-favored-nation trading status. But at the same time, many U.S. exporters and companies with operations in China say they will stick to their long-term commitments.

If China does lose its MFN status, U.S. tariffs on imports of many Chinese-made goods would jump, particularly those on clothing and toys. Levies on those items would rise to 65% or more, from current levels of 10% or less, forcing many importers to spend much time and money to find new sources. Some clothing importers, unwilling to weather the heightened uncertainty surrounding the current annual review of China's trade status, have already done so.

U.S. exporters and companies invested in China, meanwhile, appear willing to endure, if necessary, higher tariffs on Chinese goods and the trade retaliation from Beijing that removal of MFN status would likely bring. These companies say they are looking further ahead, to the time when they believe China's market potential will become a reality. U.S. exports to China totaled \$1.8 billion last year.

"We're in this for the long run," says Glenn Steinman, vice president of Monarch Importers, the exclusive U.S. agent for Tsingtao beer for the past 13 years. Adds an official at McDonnell Douglas Corp., which with its partner stands to lose a \$7 billion airplane contract if the U.S. revokes China's MFN status: "We're not going to turn tail and run."

Last month, President Bush said he would renew China's trade status. But Congress—seeking to sanction Beijing for alleged human-rights abuses, unfair trading practices and weapons-sales proliferation—is expected to approve a resolution by the end of August that would revoke China's MFN privileges or link conditions to them. Congressional proponents hope to muster enough votes to override an almost-certain veto by Mr. Bush.

In addition to the direct threat to their current business, many U.S. executives argue that removal of China's MFN status would jar the delicate Sino-U.S. rapport

and thus damage long-term American competitiveness on the mainland, and perhaps in all of Asia. "In [the China] market, you need to make long-term commitments," says Ed Morrison, publisher of the China Trade newsletter in Cambridge, Mass. "If we keep going through this ritual every year of trying to beat the Chinese over the head, we're undermining our own long-term economic interest."

## Routine Convention

MFN status is a routine international convention under which one country grants another the lowest tariff levels available. The U.S. accords the status to more than 100 countries, usually permanently. But under the 1974 Trade Act, the MFN status of communist countries must be renewed either annually or semiannually.

For U.S. importers of Chinese apparel and toys, the stakes this year are high. For instance, the levy on non-knitted apparel would rise to 65% from 6.5%, while that on men's trousers would jump to 80% from 7.7%. Last year, the U.S. imported \$3.3 billion of apparel from China.

"We're talking about a lot of dollars here," says Lee Abraham, chairman of Associated Merchandising Corp., a buying syndicate for department-store chains and discount retailers.

"Most buyers are very diversified and have contingency plans to shift production to domestic locations or other places where import quotas have not been met already," says Commerce Department spokeswoman Patricia Woodward.

If China loses its MFN status, Mr. Abraham says, many buyers will switch to other cheap sources—such as the Philippines and Turkey for children's wear, and Latin America for knitted items. Still, making alternative sourcing arrangements is costly and time consuming.

"It takes better than a year to find areas with extra quota, find the right kind of facility that can produce the high quality of goods you need for your customers in the price bracket you want," says Kay Daines, chairman of the National Retail Federation, which is spearheading the lobbying campaign for MFN renewal on behalf of U.S. retailers.

## Moves by Toy Importers

Like those in the garment trade, U.S. importers of stuffed toys are preparing for a possible jump in tariffs.

"We're very happy with our relationship with China and obviously in favor of MFN continuation," says Glenn Bozarth, spokesman for Mattel Corp., which has two toy-making joint ventures in China's special economic zones. "We haven't scaled down operations and don't plan to, but we do have contingency plans to alter shipping and production if necessary."

Mattel has sufficient flexibility to avoid wholesale relocation of its China factories. If tariffs rise, Mattel plans to ship more of its China output to its robust European market and shift some production earmarked for the U.S. to factories in Malaysia and Mexico. Other toy manufacturers will be looking to Taiwan and Korea for alternative sourcing.

Wall  
Street  
Journal

6/17

while many U.S. importers worry about maintaining American market share if China's MFN status is revoked, U.S. exporters face a different danger: potential trade retaliation by Beijing.

For instance, MFN removal could doom American Telephone & Telegraph Co.'s hope of catching up with rivals Alcatel N.V. of France, NEC Corp. of Japan and Siemens AG of Germany, which together control about 60% of China's nascent telecommunications market. The company, now planning an aggressive expansion of its one-factory base in China, expects the coming year to be decisive in terms of market penetration.

MFN removal would bring a "severe destruction of the trade relationship at a critical juncture for AT&T," says Chris Padilla, the company's manager of government relations.

# McDonnell Douglas Sets Pacts to Develop MD-95 Twin-Jet, to Be Built in China

By RICK WARTZMAN

Staff Reporter of THE WALL STREET JOURNAL  
McDonnell Douglas Corp. said it signed memorandums of understanding with a Chinese aircraft production company, engine maker Pratt & Whitney and Northwest Airlines that are expected to lead to the development of a 105-seat twin-jet.

Speaking at a news conference at the Paris Air Show, the St. Louis-based company said the new aircraft will be called the MD-95. With preliminary design already under way, McDonnell Douglas said, the aircraft could begin commercial service as early as 1995.

The plane will be based on the company's MD-90 jet, and would be assembled in China. Last April, China's Ministry of Aeronautics and Astronautics Industry agreed to enter final negotiations with McDonnell Douglas over a co-production contract for MD-90s. The MD-95 program would be a direct offshoot of that arrangement. The Chinese already build McDonnell Douglas MD-80 airliners.

"We have established a good foundation with our co-production agreement for MD-90s, and we are confident that it can lead to further cooperation with McDonnell Douglas," Tang Xiaoping, executive vice president of China National Aero-Technology Import/Export Corp., said in a statement.

The MD-95 would be the smallest member of the McDonnell Douglas twin-jet family. It will be 122.5 feet long, or about three feet longer than the DC-9 Series 30, the aircraft it will replace for many carriers. The MD-95 is expected to cost a mil-

lion amount to develop, given that the project is a direct offshoot of the MD-90, whose own development cost only about \$50 million. "It's really a very modest expense," said McDonnell Douglas's chief financial officer, Herbert Lanese.

Northwest, a unit of NWA Inc. of St. Paul, Minn., has agreed to evaluate the new aircraft. The airline currently operates 142 McDonnell Douglas DC-9s, the largest such fleet in the world. Larry Kahn, a Northwest vice president, indicated that the MD-95 has some features in common with the DC-9 that could help Northwest manage parts provisioning, maintenance, and pilot and maintenance training. "We are optimistic the MD-95 could serve well our expanding domestic system," he said.

Pratt & Whitney, a division of United Technologies Corp. of Hartford, Conn., will supply engines from its family of JT8D-200 series power plants. Discussions are continuing with other engine manufacturers, McDonnell Douglas said.

Separately from the air show, Entralair S.A., a French charter airline, said it placed firm orders for two long-range versions of Boeing Co.'s new jetliner, the 777. The order—the first by a European operator for the two-engine, wide-body aircraft—was valued at about \$300 million.

Also, Canadian Group of Bombardier Inc. said it signed a \$100 million contract with Boeing to manufacture rear fuselage sections for the 767 passenger jet. The 31-foot sections are made up of four large components containing more than 3,400 separate parts.

# China's New Software Protection Rules Are Called Inadequate by U.S. Officials

By JAMES MCGEHEE

Staff Reporter of THE WALL STREET JOURNAL  
BEIJING—China's new computer software protection rules are too fiddled with loopholes to provide adequate protection for foreign software makers, according to the U.S. chief trade negotiator with China.

Joseph Massey, assistant U.S. trade representative for China, who ended a five-day visit here Saturday, said the major problem is that the regulations appear to protect newly invented software but leave existing software vulnerable to continued piracy.

"We have a great deal of concern that the protection is not 'up to international standards,'" Mr. Massey said. "The protection does not extend to already published works."

On June 13, China's Ministry of Machine Building and Electronics unveiled the country's first regulations for copyright protection of computer software. The 40-article measure is designed to fill in the details that were left unspecified in China's first copyright law, which went into effect June 1. The software rules take effect Oct. 1.

China is under the gun to quickly improve its protection of software and other intellectual property because the U.S. has begun action that could result in retaliation. In April, China, along with India and Thailand, was named a "priority country" under so-called Special 301 provisions of the 1988 trade act.

By putting them on the list, the U.S. was announcing that it considers China and the other two nations to be the world's worst violators of international norms of protecting copyrights, patents, trademarks, trade secrets and other intellectual property.

The listing triggers a six-month investigation after which the U.S. can impose import duties and other retaliation aimed at obtaining financial compensation for U.S. companies that lose money due to inadequate protection. U.S. software makers contend they lose more than \$400 million annually because China pays no royalties

for software it now uses. But some privately say that this estimate is vastly inflated.

U.S. officials said Saturday that the software rules showed some progress from early drafts. The rules would give 50 years of copyright protection—an initial 25-year period that is renewable for another 25 years—while the earlier draft limited protection to 25 years.

The Chinese also dropped language requiring software makers to provide the software "source code" when registering their product in China. Software makers feared that providing this basic key to the software's design would make pirating easier. It is still unclear what information software makers will be required to provide, however, because registration rules haven't been published.

China also backtracked a bit on an earlier plan to offer no protection to software that is first published outside of China. In the new rules, software first published overseas will be protected in China if the software maker registers the product in China within 30 days.

This clause, however, leaves all software published anywhere in the world before Oct. 1, 1991, as fair game for pirating in China. Analysts said that China may have created this huge loophole as a future negotiating ploy. The idea is that by initially offering U.S. software makers no protection for existing software, the U.S. will later accept a compromise that protects China from paying royalties on software the country has already pirated. One scenario is that China will eventually come to new versions of existing software.

Mr. Massey said that while U.S. and Chinese negotiators are narrowing their differences on copyrights, there has been no progress on patents. U.S. chemical and pharmaceutical makers maintain that China routinely violates their patents by copying their products and paying no royalties. China's 1984 patent law protects processes, not products. So if the Chinese slightly alter a manufacturing process, they copy any product they want.

# Chinese Warn U.S. About Trade Status

## *Beijing Rejects Conditions, Revocation*

By Don Oberdorfer  
and Lana H. Sun  
*Washington Post Foreign Service*

BEIJING, June 15—China is prepared to cut back sharply on political and economic relations with the United States if Congress withdraws most-favored-nation trade status or decides to renew it with unacceptable conditions, senior Chinese officials said today.

Yuan Mu, the senior spokesman for China's ruling State Council and a close confidant of hard-line Premier Li Peng, and Vice Foreign Minister Liu Huaqiu both said that Sino-U.S. relations are at a crossroads. In a 2¼-hour interview, the two officials outlined in detail the Chinese stand on controversial human rights, economic and weapons proliferation issues under discussion with the United States.

"We hope we get MFN without conditions," said Liu. "If there should be any conditions, we cannot accept them." He went on to say that China's reaction to the U.S. legislation, including retaliatory steps, would be affected by the nature and severity of any conditions imposed. This position, while flatly opposing the imposition of conditions, appeared to leave room for tacit acceptance of restrictions that do not seem particularly onerous.

Liu issued his warning in the face of a U.S. estimate that the loss of most-favored-nation, or MFN, status would cost China about three-fourths of its exports to the United States—the total estimated at \$20 billion this year—because of sharply increased tariff rates and bring the loss of 2 million to 3 million jobs in an economy that is struggling to continue to expand.

In addition, American officials believe China would have great difficulty selling to others many of the items that make up the bulk of its exports to the United States, especially inexpensive clothing, footwear and toys. The United States has become vitally important to this country's economy, last year displacing Japan for the first time as China's leading trading partner.

lowest possible export duties to the United States, and about 100 U.S. trading partners have been granted it. President Bush has recommended to Congress that the United States continue for another year China's MFN status, but there is strong opposition in Congress and the final outcome is uncertain.

Members of Congress have proposed extensive conditions to be imposed on the MFN extension relating to human rights and other issues, and the Bush administration is under pressure to accept some.

During the interview, Yuan, who is known throughout China as the articulator of uncompromising leadership attitudes, gave a long list of what he said were accommodations and other conciliatory steps that China has taken or is taking to meet recent U.S. demands.

And Liu, who will be the chief Chinese negotiator on missile proliferation issues when Undersecretary of State Reginald Bartholemew arrives here Sunday for talks, denied reports that China has sold ballistic missiles to Syria. But Liu confirmed the sale of what he called "short-range missiles" to Pakistan, another item of serious U.S. concern, and gave no indication that Beijing is willing to cancel or modify this agreement that "happened in the past."

Liu, who is in charge of North American affairs, said that "if most-favored-nation status is revoked or the United States attaches conditions [to its extension], this will exert a very serious influence on U.S.-China relations."

He warned that there would be "an unprecedented decline" in trade, a "heavy blow" to the 1,300 U.S.-Chinese joint ventures and wholly owned U.S. companies operating here, "serious restrictions" on all exchanges and contacts and "a major retrogression" in the political relations between the two nations.

Liu called MFN status "the cornerstone of our economic and trade relations" and made clear that China puts great importance on its continued unrestricted access to what

# at a Change in U.S. Trade Status Will Harm Bilateral Ties

Asian mainland. It borders on the Soviet Union and, through land or territorial waters, with every important Asian country. Though its relations with other countries have been under stress since the 1989 crackdown and the internal political shifts that followed, China retains worldwide interests and an important international role as a permanent—and thus veto-wielding—member of the U.N. Security Council.

As a sign of renewed diplomatic activism, it is confirmed that Premier Li will travel next month to Egypt, Saudi Arabia, Kuwait, Jordan, Syria and Iran. He said that on his trip, China "will not be antagonistic" to efforts to arrange a negotiated Middle East peace. Li and other senior Chinese leaders have traveled to the Soviet Union, East Europe, North Korea and Southeast Asia in recent months, though high-level contacts with the United States remain minimal.

Reacting to a proposal by Sen. Joseph Biden (D-Del.) to create a U.S.-funded Rafsanjani Commission to report on Chinese domestic affairs, Liu said China has objected to diplomatic exchanges with the administration, which recently agreed to a study of the matter. "We hope that the U.S. government will adopt effective measures to keep it from becoming a reality," Liu said.

Regarding the major issues between the United States and China, the Chinese officials gave these details:

**Human Rights:** By accepting a recent

visit here from Richard Schifter, assistant secretary of state for human rights, China has officially agreed to consider this topic a legitimate and even "a very important issue in Sino-American relations," said Yuan, despite its traditional sensitivity on such matters. However, he said the two nations have many disagreements about the substance.

Yuan said China has provided answers to U.S. inquiries about persons arrested in the 1989 crackdown and other political prisoners, and tried to arrange "lenient" treatment for students who were not deemed to be plotters against the government.

However, China has not provided a full accounting of those who died in the crackdown or were arrested. China also has not responded to U.S. requests for a general amnesty for those convicted for peaceful expression of their views.

Washington has been pressing Beijing to provide exit visas for the spouses of several prominent Chinese activists who have taken refuge in the United States. Liu said China will "adopt a positive attitude" toward these cases. "You can wait and see how we deal with these cases," he said.

**Economic Issues:** Yuan cited a recent Chinese purchasing mission in the United States, which signed contracts for \$1.2 billion in U.S. goods, as a sign of China's commitment to correcting the growing trade imbalance in China's favor, which may reach \$15 billion this year, U.S. figures show.

Other officials also cited Chinese grain purchases from the United States of about \$250 million despite a bumper grain harvest. A U.S. diplomat said he was told by a Chinese official that this was "a political buy" because "we don't need it."

Other accommodations cited by Yuan included copyright and patent protections instituted by China, and the announcement this week of the country's first regulations on copyright protection of computer software. However, Joseph Massey, assistant U.S. special trade representative, said in a news conference here today that the computer software regulations are still inadequate. He also criticized restrictions on imports that resulted in the loss of \$1 billion in U.S. sales to China last year.

Yuan said that China, following U.S. complaints, has taken measures to ensure that goods made here by prison labor will no longer be exported.

In a separate interview, Minister of Foreign Trade Li Lanqing said that if the United States withdraws MFN status, China will retaliate by raising its tariffs on U.S. goods. Li said "the United States is the major market" and the largest foreign investor in China after Hong Kong.

**Arms Proliferation:** Yuan cited China's agreement to participate in the U.S.-sponsored international conference in Paris next month on limiting arms sales to the Middle East. Though China in the past has resisted

agreeing to such limits, Beijing responded affirmatively to Bush's invitation only eight days after it was issued late last month.

Regarding the missile sale to Pakistan, Liu said the weapons provided would have a range of less than 180 miles, below the special limitations agreed to by the United States and other nations—but not China—in the Missile Technology Control Regime. Liu said there is "no basis" to back up the charge that the payload of the missiles would exceed the internationally agreed limits. However, U.S. experts said Chinese sales material on the missile, known in the West as the M-11, lists the maximum warhead weight at 800 kilograms, or 1,760 pounds, exceeding the control regime's limit.

U.S. officials in Washington said intelligence spotted one Chinese mobile missile launcher in Pakistan, suggesting that delivery of ballistic missiles to it would not be far behind. Because of the presence of the launcher, Washington curbed licenses for U.S. commercial participation in Chinese satellite launches and some sophisticated computer sales to China. U.S. officials said the presence of the Chinese missiles in Pakistan would trigger more extensive sanctions.

Chinese officials have taken offense at U.S. efforts to restrict Chinese weapons sales, arguing that the United States and the Soviet Union are much larger arms sellers. "We maintain the biggest arms suppliers should assume responsibilities," Liu said.

# Chinese Warn Tr

CHINA, From A18

is now its largest international market.

Liu said China realizes that the administration has an imposing task in persuading enough lawmakers to renew MFN status. "We work for the best, but we prepare for the worst," said Yuan, spokesman for the Chinese equivalent of the cabinet.

Partly as a hedge against the possible loss of the U.S. market, China has been improving its ties with European countries and Japan, which have restored normal trade and political relations in recent months while the United States has been considering new sanctions in the aftermath of the June 1989 Chinese army crackdown on a student-led democracy movement.

Referring to his country's options, Liu said, "In China we have a saying: If there is no light in the east, there is light in the west; if it is dark in the north, it is quite bright in the south."

Lin went on to say that both China and the United States survived the years between the Communist revolution of 1949 and President Nixon's opening to China in July 1971, which included intense antagonism during the Korean and Vietnam wars. "We can survive" a new period of tension, he said, but "both sides will be adversely affected."

China, the world's most populous country with 1.1 billion people, or about one-fifth of the human race, occupies a vast stretch of

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# U.S. May End Opposition to Taiwan Joining GATT

By Stuart Auerbach  
Washington Post Staff Writer

The Bush administration is considering withdrawing its opposition to Taiwan joining the General Agreement on Tariffs and Trade as part of a deal to win Congress's support for continuing China's most-favored-nation trade benefits, U.S. Trade Representative Carla Hills said yesterday.

The deal to bring Taiwan into the GATT system, which governs the bulk of world trade, is part of a series of conditions proposed by Sen. Max S. Baucus (D-Mont.) and presented to senior administration officials by Senate Republican Leader Robert Dole of Kansas at a White House meeting Thursday.

Hills indicated the administration is taking the proposal seriously. "This is something the administration is going to have to study. . . . I am very willing to explore the notion and to talk to Congress," she said.

There is strong bipartisan opposition in Congress to administration efforts to continue China's most-favored-nation status, which allows Beijing to ship products to the United States at the lowest possible tariff rate.

By supporting Taiwan's bid to join GATT as part of the fight to maintain China's trade status, the administration would both send a strong signal of U.S. dissatisfaction with China's trade and economic policies and defuse congressional anger over what is seen as political repression

by the Beijing government.

Both Taiwan and China are seeking to join GATT, and Deputy Secretary of State Lawrence Eagleburger told a House subcommittee Wednesday that China would be infuriated if Taiwan were allowed to join GATT first.

Economically, said Hills, the United States would gain if Taiwan joins GATT since it would be bound by the trade body's rules. Taiwan is the United States' sixth-largest trading partner and has been liberalizing its economy.

Further, Taiwan would be willing to join GATT as a developed nation, meaning it would voluntarily forgo some special benefits that less-developed countries enjoy.

"By not opposing their sitting down at the table of civilized coun-

tries that deal with market principles . . . you send a signal to China that it could join GATT if it made the same progress in opening its economy that it was making two years ago, Hills said.

China was close to winning approval to join GATT two years ago, but that move was blocked for political reasons after the Beijing government used the army to kill student demonstrators.

As China backed away from the market-opening steps it started in the late 1980s, its bid to join GATT was blocked because it didn't meet the necessary free-trade criteria.

Meanwhile, Taiwan was kept out of the world trade body, despite its economic power, because of concern over angering Beijing.

June 5, 1991

MEMORANDUM

TO: JIM DYER  
FROM: NINA OVIEDO *Nina*  
THROUGH: SHEILA BURKE  
COPY TO: AL LEHN  
SUBJECT: CHINA MFN -- WHITE HOUSE VISITS

As we discussed, you may want to consider the following Senators (Democrats) for visits with President Bush. I understand that each of these members either have strong constituent interest in MFN or have not made a decision. The list was developed by a key lobbyist working with the Chinese.

Burdick  
Bingaman  
Johnston  
Breaux  
Boren  
Daschle

Exon  
Robb  
Adams  
Sanford  
Lieberman  
Kerry

United States Senate  
Office of the Majority Leader  
Washington, DC 20510-7010

June 24, 1991

Dear Colleagues:

I intend shortly to introduce the attached modifying legislation to my previously filed bill S. 1084, extending renewal of most-favored-nation tariff treatment for the People's Republic of China until July 1992, provided certain conditions have been met during the intervening year.

This legislation extends most-favored-nation tariff treatment to the People's Republic through July 3, 1992. Most-favored-nation tariff treatment may not be renewed after that date unless the President reports in his waiver request for 1992 renewal that the People's Republic of China has:

- accounted for those citizens detained, accused, or sentenced because of the nonviolent expression of their political beliefs;
- released those citizens imprisoned for such expression;
- ceased exporting products to the United States produced by forced labor; and,
- has made significant progress in preventing violations of internationally recognized human rights, as well as adopting as national policy limits and controls on nuclear, chemical, and biological arms proliferation.

If at any time after the date of enactment of the legislation the President determines that the People's Republic of China has transferred M-9 or M-11 ballistic missiles to Syria, Iran, or Pakistan, he is required to immediately terminate most-favored-nation tariff treatment for products of the People's Republic.

It is my hope that this modification of my previously filed bill will accommodate the concerns of all my colleagues in order that a consensus may be reached permitting enactment of legislation which will promote the long-term best interests of our nation, while addressing the serious deficiencies in human rights, unfair trade practices, and arms sales, existing in our bilateral relations with the People's Republic of China.

If you are interested in supporting this legislation, please contact Ed King or Wendy Decker at 4-1430.

Sincerely,

  
George J. Mitchell

102D CONGRESS  
1ST SESSION

S. \_\_\_\_\_

IN THE SENATE OF THE UNITED STATES

Mr. MITCHELL (for himself and \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ ) introduced the following bill; which was read twice  
and referred to the Committee on \_\_\_\_\_

**A BILL**

To extend to the People's Republic of China renewal of most-favored-nation treatment until 1992 provided certain conditions are met.

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

4 SECTION 1. SHORT TITLE.

5 This Act may be cited as the "United States-China  
6 Act of 1991".

7 SEC. 2. FINDINGS AND POLICY.

8 (a) FINDINGS.—The Congress makes the following  
9 findings:

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(1) The Chinese people have provided a dramatic demonstration of their desire for democratic freedoms. Thousands of courageous Chinese students and workers, men and women, demonstrated on June 4, 1989, that they were willing to die, or face imprisonment or exile, in pursuit of democratic self-determination and human rights.

(2) The Government of the People's Republic of China, which is a member of the United Nations and obligated to uphold the United Nations Charter and Universal Declaration of Human Rights, continues to commit violations of internationally recognized human rights, including—

(A) torture or other cruel, inhuman, or degrading treatment or punishment;

(B) prolonged detention without charges and trials, and sentencing of members of the pro-democracy movement for peaceful advocacy of democracy;

(C) use of forced labor of prisoners to produce cheap products for export to countries, including the United States, in violation of international labor treaties and United States law;

1 (D) abduction and clandestine detention of  
2 individuals; and

3 (E) other flagrant denials of basic human  
4 rights.

5 (3) The Government of the People's Republic of  
6 China has denied Chinese citizens who support the  
7 pro-democracy movement and others the right of  
8 free, unimpeded emigration.

9 (4) The Government of the People's Republic of  
10 China has restricted the number of students permit-  
11 ted to study abroad and has required college students  
12 to attend military indoctrination courses, to work 5  
13 years after graduation, and to pay large sums of  
14 money before being eligible to apply for study out-  
15 side China.

16 (5) The Government of the People's Republic of  
17 China continues to violate the fundamental human  
18 rights of the people of Tibet and uses the People's  
19 Liberation Army and police forces to intimidate and  
20 repress Tibetan and Chinese citizens peacefully dem-  
21 onstrating for democratic change and religious free-  
22 dom.

23 (6) The Government of the People's Republic of  
24 China has not demonstrated its willingness and in-  
25 tention to participate as a full and responsible party

1 in good faith efforts to control the proliferation of  
2 dangerous military technology and weapons, includ-  
3 ing biological, chemical, and nuclear weapons tech-  
4 nologies.

5 (7) The Government of the People's Republic of  
6 China continues clandestinely to supply arms and  
7 military assistance to the genocidal Khmer Rouge  
8 forces fighting in Cambodia.

9 (8) The Government of the People's Republic of  
10 China has interfered with the rights of the people of  
11 Hong Kong to exercise self-determination in their  
12 political, cultural, and economic activities.

13 (9) The President of the United States has sus-  
14 pended all government-to-government sales and  
15 commercial exports of weapons to China and issued  
16 an Executive order to treat sympathetically requests  
17 by Chinese students in the United States to extend  
18 their stay.

19 (b) POLICY.—It is the sense of the Congress that—

20 (1) the additional existing sanctions being ap-  
21 plied against the People's Republic of China on the  
22 date of the enactment of this Act in the areas of  
23 technology exports and international monetary loans  
24 should be continued and strictly enforced; and



1 (4) has ceased supplying arms and military as-  
2 sistance to the Khmer Rouge;

3 (5) has made significant progress in—

4 (A) fulfilling its commitment to engage in  
5 high-level discussions on human rights issues,

6 (B) taking appropriate action to prevent  
7 gross violations of internationally recognized  
8 human rights and fundamental freedoms in the  
9 People's Republic of China and Tibet, including  
10 cessation of religious persecution and removal  
11 of restrictions on freedom of the press and  
12 Voice of America broadcasts,

13 (C) terminating intimidation and harass-  
14 ment of Chinese citizens in the United States,

15 (D) ensuring access of international human  
16 rights monitoring groups to prisoners, trials, and  
17 places of detention,

18 (E) providing adequate protection of  
19 United States patents, copyrights, and other in-  
20 tellectual property rights,

21 (F) providing American exporters fair  
22 access to Chinese markets, including lowering  
23 tariffs, removing nontariff barriers, and increas-  
24 ing the purchase of United States goods and  
25 services, and

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(G) adopting a national policy which adheres to and ceasing activities inconsistent with—

(i) the limitations and controls contained in the Missile Technology Control Regime (MTCR),

(ii) the standards and guidelines set by the Nuclear Suppliers Group, and

(iii) the standards and guidelines set by the Australia Group on chemical and biological arms proliferation; and

(6) is adhering to the Joint Declaration on Hong Kong that was entered into between the United Kingdom and the People's Republic of China.

SEC. 4. IMMEDIATE TERMINATION OF MOST-FAVORED-NATION STATUS.

(a) IN GENERAL.—Not later than the day which is 15 days after the date of the enactment of this Act, products of the People's Republic of China shall be denied nondiscriminatory (most-favored-nation) trade treatment, unless the President certifies to the Congress in writing that the People's Republic of China has not transferred to Syria or Iran ballistic missiles or missile launchers for the weapon systems known as the M-9 or the M-11, and has not transferred to Pakistan ballistic missiles or missile launchers for

1 the weapon system known as the M-9, or ballistic missiles  
2 for the weapon system known as the M-11.

3 (b) SUBSEQUENT TRANSFERS OF WEAPONS.—If, at any  
4 time after the date of enactment of this Act, the President  
5 determines that any transfer described in subsection (a) has  
6 occurred, then the President shall immediately—

7 (1) notify the Congress of such transfer, and

8 (2) terminate nondiscriminatory (most-favored-  
9 nation) trade treatment for the products of the Peo-  
10 ple's Republic of China.

11 SEC. 5. DEFINITIONS.

12 For the purposes of this Act:

13 (1) The term "gross violations of internationally  
14 recognized human rights" includes torture, cruel, in-  
15 human, or degrading treatment or punishment, pro-  
16 longed detention without charges and trial, causing  
17 the disappearance of persons by the abduction and  
18 clandestine detention of those persons, secret judicial  
19 proceedings, and other flagrant denial of the right to  
20 life, liberty, or the security of any person.

21 (2) The terms "detained" and "imprisoned"  
22 include incarceration in prisons, jails, labor reform  
23 camps, labor reeducation camps, and local police de-  
24 tention centers.

1           (3) The term "acts of intimidation and harass-  
2           ment" means actions taken by the Government of  
3           the People's Republic of China that are intended to  
4           deter or interfere with, or to be in retaliation for, the  
5           nonviolent expression of political beliefs by Chinese  
6           citizens within the United States.

7           (4) The term "significant progress" means spe-  
8           cific actions taken to achieve the objectives stated in  
9           subparagraphs (A) through (G) of section 3(5).

10          (5) The term "forced labor" has the meaning  
11          given to such term by section 307 of the Tariff Act  
12          of 1930 (19 U.S.C. 1307).

13          (6) The term "Missile Technology Control  
14          Regime" or "MTCR" means the agreement, as  
15          amended between the United States, the United  
16          Kingdom, the Federal Republic of Germany, France,  
17          Italy, Canada, and Japan, announced on April 16,  
18          1987, to restrict sensitive missile-relevant transfers  
19          based on an annex of missile equipment and technol-  
20          ogy.

THE WHITE HOUSE

WASHINGTON

91 JUN 24 PM 6:39

June 24, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER B. PORTER *RBP*

SUBJECT: The Crime Bill

On Thursday, June 20, the Senate began floor consideration of the violent crime control bill, using the Biden bill, S. 1241, as the vehicle.

By a vote of 55 to 41, the Senate agreed to a Bob Graham amendment to strike the "Racial Justice Act" from the Biden bill. The "Racial Justice Act" was Kennedy's proposal that would have invalidated virtually all state death penalty laws.

The Senate rejected, by a vote of 56 to 40, a Thurmond amendment in the nature of a substitute. The Thurmond substitute was the Administration's bill with three changes. First, the provision related to the admissibility of illegally seized firearms was deleted. Second, the provision related to closed hearings on deportation of suspected terrorists was deleted. And third, the authorizations in the Biden bill, approximately \$3.2 billion, were added to the Administration's language.

Two Democrats, Hollings and Shelby, voted for the Administration's substitute. Four Republicans, Chafee, Durenburger, Jeffords, and Rudman, voted against the Administration's substitute. Senator Simpson did not vote.

Last Friday, the Senate debated a Thurmond amendment to strike Biden's exclusionary rule provisions and insert the Administration's exclusionary rule provisions with the exception of the provision related to the admissibility of firearms. A vote is scheduled for 11:30 on Tuesday, June 25.

Today, Senators Thurmond and Biden offered a bipartisan compromise on the death penalty similar to the provisions that passed the Senate last year. Four other death penalty amendments will be offered to the Thurmond-Biden compromise:

- an Inouye amendment relating to the death penalty on Indian reservations;
- a Biden amendment relating to drug kingpins where no death has occurred;

- a Simon amendment relating to life imprisonment without parole in lieu of the death penalty; and,
- a Hatfield amendment relating to the televising of executions.

Other key votes will include:

- the Administration's habeas corpus provisions; and
- an amendment to strike the language in the bill related to the DeConcini ban on the sale of certain semi-automatic weapons.

Also on the gun front, discussions are underway between proponents of a modified Brady bill and Senator Dole, among others. Options include:

- shortening the 7-day waiting period;
- sunseting the waiting period;
- preempting state waiting period laws;
- a firm deadline for implementing the point of purchase identification system; and
- up to \$100 million in funding to assist the states in upgrading their criminal records.

The likelihood of an agreement containing any or all of these options is unclear. It appears that any amendment relating to the Brady bill will be among the last considered by the Senate.

WILLIAM V. ROTH, JR.  
DELAWARE

104 HART SENATE OFFICE BUILDING  
TELEPHONE 302-224-7441

*Dyer*

United States Senate

WASHINGTON, DC 20510-0801

COMMITTEES  
GOVERNMENTAL AFFAIRS  
FINANCE  
BANKING, HOUSING AND URBAN AFFAIRS  
JOINT ECONOMIC COMMITTEE

June 21, 1991

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

Dear Mr. President:

As cosponsors of S. Res. 116, we are writing to urge you to support the application of Taiwan to become a Contracting Party to the General Agreement on Tariffs and Trade (GATT).

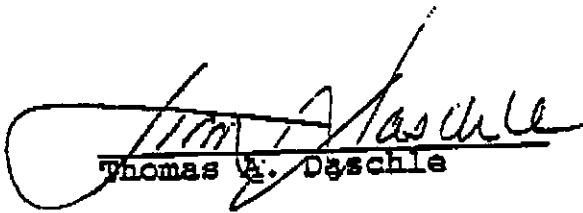
We are troubled by the fact that the GATT has taken no action on Taiwan's accession request since it was initiated in January 1990, despite the overwhelming merits of Taiwan's GATT application and standard GATT Council practice of promptly placing accession requests on its agenda. Although the application may be politically sensitive, it should be based on economic and trade considerations, not political ones. In that regard, it is noteworthy that national sovereignty is not a prerequisite to joining the GATT, which Taiwan has recognized by applying as a separate customs territory. Allowing a non-GATT member, namely the People's Republic of China, to determine the terms and timing of another territory's entry into the GATT is unacceptable.

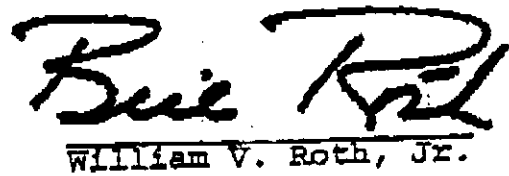
Taiwan has made remarkable economic strides, and is now our sixth largest trading partner and the 13th largest trading entity worldwide. Taiwan is also the largest market-based economy still outside of the GATT. Clearly, such a key U.S. trading partner and major participant in the world economy should not remain isolated from the world trade community by being kept outside of the world's premier trade regime. The anticipated successful conclusion to the Uruguay Round makes the case for Taiwan's GATT membership all the more compelling for it would further liberalize Taiwan's economy in areas of critical importance to the United States.

The President  
June 21, 1991  
Page 2

We believe that without the leadership of the United States, Taiwan's GATT application will remain dormant. We strongly urge you to move in this direction by demonstrating support for the accession of Taiwan to the GATT.

Sincerely,

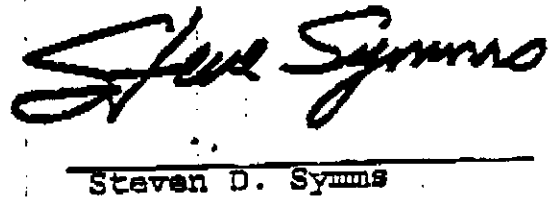
  
Thomas A. Daschle

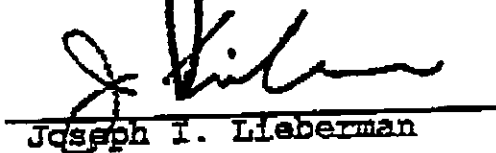
  
William V. Roth, Jr.

  
John D. Rockefeller, IV

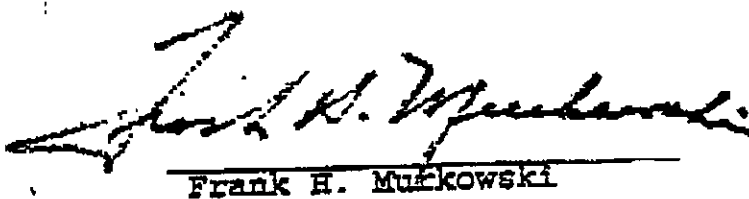
  
John McCain

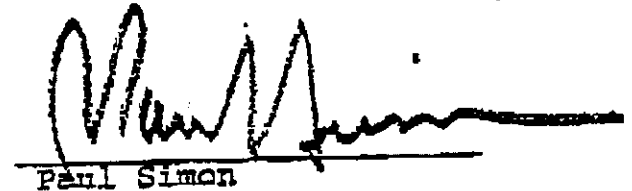
  
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John C. Danforth  
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Thad Cochran  
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Malcolm Wallop  
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Larry Pressler  
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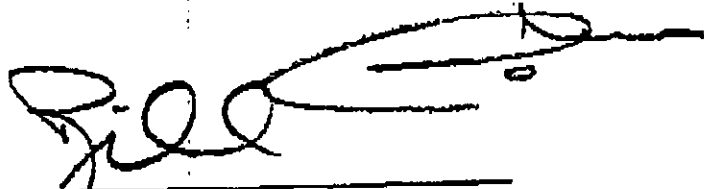
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Charles E. Grassley  
Charles E. Grassley

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Alan J. Dixon

  
William S. Cohen

  
Trent Lott

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WILLIAM V. ROTH, JR.  
DELAWARE

104 HART SENATE OFFICE BUILDING  
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COMMITTEE  
GOVERNMENTAL AFFAIRS  
FINANCE  
BANKING, HOUSING AND URBAN AFFAIRS  
JOINT ECONOMIC COMMITTEE

## United States Senate

WASHINGTON, DC 20510-0801

June 21, 1991

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

Dear Mr. President:

As cosponsors of S. Res. 116, we are writing to urge you to support the application of Taiwan to become a Contracting Party to the General Agreement on Tariffs and Trade (GATT).

We are troubled by the fact that the GATT has taken no action on Taiwan's accession request since it was initiated in January 1990, despite the overwhelming merits of Taiwan's GATT application and standard GATT Council practice of promptly placing accession requests on its agenda. Although the application may be politically sensitive, it should be based on economic and trade considerations, not political ones. In that regard, it is noteworthy that national sovereignty is not a prerequisite to joining the GATT, which Taiwan has recognized by applying as a separate customs territory. Allowing a non-GATT member, namely the People's Republic of China, to determine the terms and timing of another territory's entry into the GATT is unacceptable.

Taiwan has made remarkable economic strides, and is now our sixth largest trading partner and the 13th largest trading entity worldwide. Taiwan is also the largest market-based economy still outside of the GATT. Clearly, such a key U.S. trading partner and major participant in the world economy should not remain isolated from the world trade community by being kept outside of the world's premier trade regime. The anticipated successful conclusion to the Uruguay Round makes the case for Taiwan's GATT membership all the more compelling for it would further liberalize Taiwan's economy in areas of critical importance to the United States.

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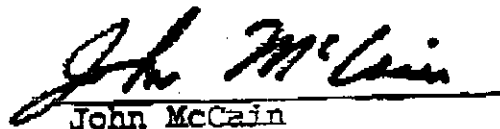
We believe that without the leadership of the United States, Taiwan's GATT application will remain dormant. We strongly urge you to move in this direction by demonstrating support for the accession of Taiwan to the GATT.

Sincerely,

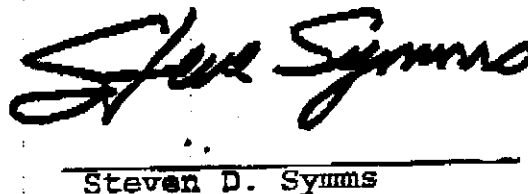
  
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John McCain

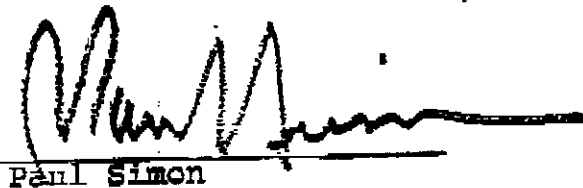
  
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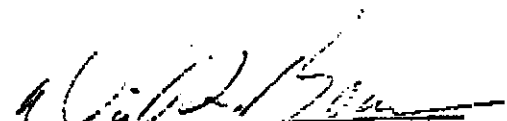
  
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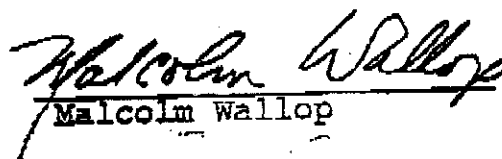
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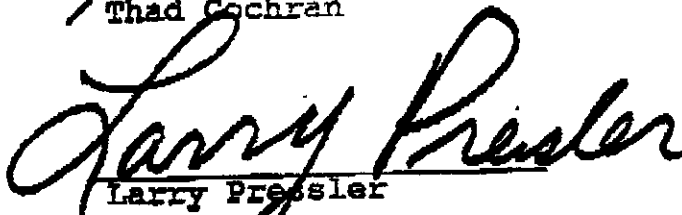
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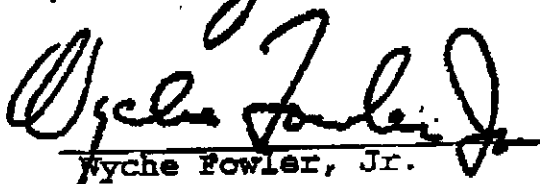
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Larry Pressler



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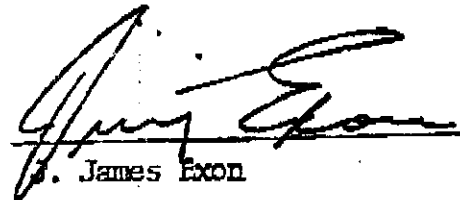
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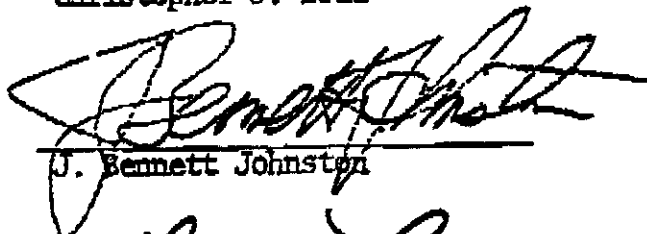
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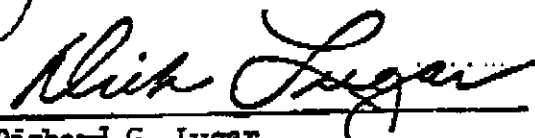
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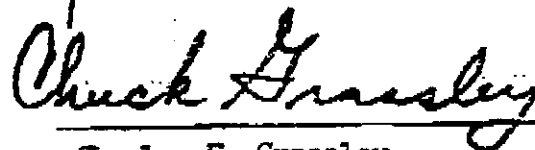
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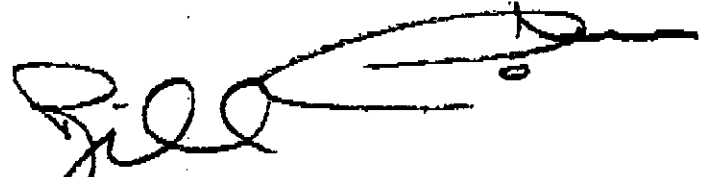


Charles E. Grassley

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United States Department of State

*Washington, D.C. 20520*

June 5, 1991

Enclosed you will find the China package that is being sent to every Member. I hope you find it useful.

  
Janet G. Mullins

**THE SECRETARY OF STATE**

**WASHINGTON**

**JUN - 4 1991**

Dear George:

I am writing to urge you to consider carefully how renewal of most-favored-nation (MFN) status for the People's Republic of China serves U.S. interests. I assure you that the Administration stands with Congress in wanting to see greater respect for internationally respected human rights, a stronger Chinese commitment to global nonproliferation objectives and fair trade, and continuing political and economic reform within China. I believe strongly that renewal of MFN promotes these goals.

Many in Congress have urged withdrawing or conditioning MFN renewal as a means of forcing China to respond favorably to our concerns. We are convinced that MFN withdrawal would instead undercut our ability to achieve these goals. We advocate a more selective, targeted application of pressure, instead of imposing broad, blunt sanctions on everyone in China, punishing equally the forces of positive change, entrepreneurs and ideological hardliners.

Our targeted approach has succeeded in setting the agenda in our relations with China that focuses on human rights, arms control, and trade issues--issues that Congress is also deeply concerned about. Withdrawing MFN (or attaching unattainable conditions) would undermine the foundation on which the process of engagement was built. If we shut down our dialogue with Beijing on these issues, we remove an important incentive for China to respond to our concerns.

I know that Congress is well informed about what China has done that has fallen short of our expectations. I hope I can persuade you to look with an open mind at what China has done to meet our objectives as well. In every area of concern we have with China, our continued strategy combining sanctions and diplomatic engagement has leveraged some favorable action from Beijing. The Chinese support of the UN in the Persian Gulf is a prominent example, as is the initiation of human rights dialogues with us and with other Western countries. I have enclosed material that elaborates on these points.

The Honorable  
George Mitchell,  
United States Senate.

Make no mistake, the Administration is not easing its pressure on China. We have had sanctions in place since the brutal assault on Tiananmen, have imposed some since then, and are prepared to take further action to deal with new issues which may arise. We already have in place legal authorities to selectively target those practices in China that we find abhorrent, especially in the areas of human rights, nonproliferation, and trade. I urge you to read carefully the enclosed fact sheets that demonstrate ours is a determined, principled approach, not clouded by illusion or wishful thinking, and indeed goes beyond actions taken by other Western democracies.

The point I want to leave with you is that we are working toward the same objective: like you, we want to see across the board improvement in our relations with China on the basis of demonstrated and genuine Chinese commitments to international standards shared by all civilized nations. We will continue to advance our interests and ideals as we pursue a process of engagement with China designed to elicit progress toward our objectives: adherence to international standards on nonproliferation, free and fair trade, broader reform, and respect for human rights throughout China. Most importantly, renewal of MFN is essential to maintaining America's moral stake in promoting the process of economic and political reform in China.

Sincerely,



James A. Baker, III

**Enclosures:**

1. President's Memorial Day speech
2. Fact sheets on MFN

## RENEWAL OF CHINA'S MFN STATUS

--Shared Goals on China. Both the Administration and Congress want to see greater respect for human rights, a stronger Chinese commitment to nonproliferation and fair trade, and a continuation of positive social, political and economic change. At question is how to achieve these goals. As President Bush said at Yale, "The real point is to pursue a policy that has the best chance of changing Chinese behavior."

--China Benefits from Contact--Not Isolation. The most brutal period of communist rule occurred at a time when China was isolated from the outside world and committed to a policy of economic self-sufficiency. MFN helped to open China to outside progressive change. We will not help the Chinese people by depriving them of employment, cutting off our contacts with them, and permitting hardline, xenophobic elements to blame the U.S. for China's economic problems. These will be the effects of MFN withdrawal.

--MFN Promotes Reform. Foreign trade and investment support the economic forces that have been driving political and social change and encouraging a loosening of state control and more personal freedom. "MFN," in the words of the President, "is a means to bring the influence of the outside world to bear on China." Withdrawing MFN would have the greatest adverse impact on Chinese in the most dynamic, market-oriented coastal regions. These and other groups who depend on a healthy commercial relationship to justify business, social and academic contacts with the U.S. would be grievously hurt. Old-line conservatives in China will use MFN withdrawal as reason to close the door on these contacts.

--Other Means Available to Pursue U.S. Interests. The U.S. has set the agenda for improving the bilateral relationship and has engaged the Chinese--with tangible results--on key issues of concern, including human rights, nonproliferation, prison labor exports and trade issues. Eliminating what the Chinese consider to be a fundamental pillar of the economic relationship--MFN trade status--will seriously erode, if not destroy, our ability to engage the Chinese on these issues. The President has a broad range of authority to target specific issues, for example, proliferation and trade problems. He is using that authority forcefully to press U.S. interests. MFN withdrawal is the wrong tool for doing this. It hurts our friends and eliminates a vital avenue of influence.

--A Trade War Will Hurt U.S. Business and Consumers. Raising tariffs on Chinese products will provoke trade retaliation. This will put at risk \$5 billion (1990) in U.S. exports, including wheat (\$511 million), aerospace (\$749 million), computers and electrical machinery (\$860 million), fertilizer (\$544 million), cotton (\$259 million) and wood products (\$281 million). Since no other country is withdrawing MFN, U.S. business would be forced to cede its market share to others. Trade actions on both sides could also adversely affect over \$4 billion in U.S. investment in China. Without MFN, U.S. consumers would pay substantially higher prices for Chinese-made clothing, footwear, toys, tools and electronics. Hong Kong's economy and our \$6-billion investment there would also be hurt because of close commercial links with South China.

## WHY CONTINUING MFN STATUS FOR CHINA SERVES U.S. INTERESTS

- o The Administration and Congress share the same goals in China. Both want to see greater respect for human rights, a stronger Chinese commitment to nonproliferation and fair trade, and a continuation of positive social, political and economic change. At question is how best to achieve these goals. As President Bush said in his commencement address at Yale University, "The real point is to pursue a policy that has the best chance of changing Chinese behavior."
- o Many in Congress have urged withdrawing or conditioning MFN as a way of forcing China's leaders to address our concerns. We believe this would be counterproductive and would make achievement of these goals even more difficult. MFN withdrawal is the wrong instrument. It is the equivalent of an indiscriminating blockbuster weapon that hurts friend and foe alike. Maintaining MFN enables us to take a more discriminating approach. It helps us stay engaged, keep China in the international system and use the commercial relationship to promote reform. In the President's words, "MFN is a means to bring the influence of the outside world to bear on China." At the same time, we are still free to take, as we have already, focussed measures to address specific problems.
- o MFN should continue because it serves U.S. interests. By threatening to withdraw or condition MFN, we allow this vital link to be held hostage to the reactions of a small group of hardline leaders in Beijing.
- o The most brutal period of communist rule occurred at a time when China was isolated from the outside world and committed to a policy of economic self-sufficiency. MFN helped to open China to outside progressive change. We will not help the Chinese people by depriving them of employment, cutting off our contacts with them, and permitting hardline, xenophobic elements to blame the U.S. for China's economic problems. These will be the effects of MFN withdrawal.
- o Foreign trade and investment have been key factors over the past decade in launching reforms that have loosened state control and expanded personal freedom. By maintaining MFN, we ensure an active commercial presence in China which provides a channel for introducing American values and ideals--on free enterprise, democracy, freedom of expression and human rights. The Chinese Government can control the flow of goods across its borders but not the ideas which accompany them.
- o Withdrawing MFN would hurt reformist elements that count on us for support. Those most seriously hurt would be in the large, dynamic coastal provinces where market-oriented reforms have gone the farthest. Millions of Chinese who depend on a healthy commercial relationship to justify not only business but social and academic contacts with the U.S. would be harmed. Maintaining our extensive web of contacts with the Chinese people and Chinese institutions would be impossible in an atmosphere of trade retaliation and mutual hostility.

## SANCTIONS AND OTHER MEASURES IN PLACE ON CHINA

- o The U.S. currently has the toughest position on China sanctions. While the EC, Japan and Australia have gradually relaxed their sanctions, the U.S. has reaffirmed its existing sanctions and taken additional measures.

### Post-Tiananmen Sanctions

- o All the measures authorized by the President following the Tiananmen Square crackdown remain in effect, with only minor modifications to take into account U.S. interests:
  - Arms and Military Cooperation. Weapons deliveries remain suspended as does military cooperation.
  - Embargo on Sales to Military/Police. No licenses are being issued to dual-use civilian technology items for the Chinese police or military.
  - Munitions List. Licences for items on the munitions list remain suspended. (The only exceptions in 1990-91 have been for the Australian AUSSAT satellite project and Swedish Freja scientific satellite project).
  - Trade and Development Program (TDP) and Overseas Private Insurance Corp. (OPIC). No new activities since June 1989.
  - Export Control Liberalization. The U.S. remains opposed to considering proposals for easing COCOM controls on China.
  - World Bank Lending. The U.S. remains opposed to all World Bank lending except for basic human needs.
  - High-Level Exchanges. Regular, high-level exchanges, particularly those of a formal, ceremonial nature, remain suspended. Exceptions have been granted only to pursue issues of vital concern (e.g., human rights, nonproliferation issues, trade problems and regional issues, such as the Persian Gulf and Cambodia).

### Additional Measures

- o Over the past year the following additional measures have been taken to pursue specific U.S. interests:
- o Proliferation. The President rejected licenses for a Chinese satellite project and stated that the U.S. would impose additional sanctions on any Chinese company found to violate international guidelines on missile sales. Other measures are now under consideration.
- o Trade. The President authorized the designation of China for trade action under Special 301 for violation of U.S. intellectual property rights. Over \$85 million in Chinese textile overshipments were blocked because of violations of the bilateral textile agreement. USTR has stepped up its consultations with China on the trade imbalance, with talks scheduled for mid-June.

- o We have succeeded in setting an agenda in our relations with China that focuses on human rights, arms control and trade issues--issues which the Congress is also deeply concerned about. Withdrawing MFN would undermine the foundation on which this process of engagement was built and remove an important incentive for China to respond to our concerns. Our policy of engagement is producing tangible results.

On human rights, our continued strategy of sanctions and engagement has led to the release of about 1,000 political prisoners, freedom for prominent dissident Fang Lizhi and his family, public commitments to prevent the export of prison labor, and positive assurances on family reunification cases. The Chinese have agreed to have a high-level human rights dialogue with the U.S. This new dialogue would likely be one of the first casualties of MFN withdrawal. Emigration and student travel to the U.S., which has continued since Tiananmen, would also suffer.

On proliferation, we have China moving in the right direction. We have made clear that proliferation concerns will affect our willingness to cooperate with China, for example, on high-technology exports such as satellites and high-speed computers. China has acknowledged, in principle, the need to act responsibly on military sales, including the transfer of missile, CBW and nuclear technology. China agreed to attend the Nuclear Nonproliferation Treaty (NPT) conference in 1990. President Yang Shangkun recently stated unequivocally that China has not sold any intermediate range missiles to the Middle East since the CSS-2 transfer to Saudi Arabia three years ago. On the Sino-Algerian nuclear facility, China has publicly expressed a willingness to follow international practice on IAEA safeguards and gave assurances that the facility is strictly for peaceful purposes. Senior Chinese officials have agreed to an in-depth discussion of nonproliferation issues with Under Secretary Bartholomew in mid June.

To underscore our proliferation concerns, we are informing the Chinese that we will be sanctioning a Chinese enterprise for violation of international missile transfer guidelines and will not license satellite and high-speed computer exports to China until we reach an understanding on appropriate guidelines for the export of missile technology and related equipment.

On global/regional issues, China's cooperation has proven helpful--even essential--for achieving U.S. objectives. A permanent UN Security Council member, China played a crucial role in facilitating passage of UN resolutions on the Persian Gulf and maintaining international solidarity. The U.S. and China are working together to find a comprehensive political solution to the conflict in Cambodia. China has been exerting positive influence on Pyongyang to reduce tensions on the Korean peninsula.

Other Asian countries also look to China as a force for stability in the region and believe a constructive U.S.-China relationship is important for that goal.

On trade, China has acknowledged that it needs to import more from the U.S., responding to concerns about the large trade imbalance and problems with market access. A Chinese buying mission is now in the U.S. and will reportedly purchase over \$1 billion in grain, chemicals, fertilizer, and precision machinery. China has also acknowledged that it must do more to protect U.S. intellectual property rights. U.S. trade agencies are engaged in a high-level dialogue on both market access and IPR problems, which will continue in June. The Administration is prepared to take action under U.S. trade law to pursue U.S. interests, as it did recently in designating China under Special 301 for an IPR investigation and possible trade measures.

- o Continuing MFN protects the interests of U.S. business and consumers. MFN is not a special trade status. It is the basis for trade that we have with most countries. Raising tariffs on Chinese products will provoke trade retaliation. This will put at risk \$5 billion (1990) in U.S. exports including wheat (\$511 million), aerospace (\$749 million), computers and electrical machinery (\$860 million), fertilizer (\$544 million), cotton (\$259 million) and wood products (\$281 million). Since no other country plans to withdraw MFN, trade retaliation would put U.S. business at a competitive disadvantage. Trade actions on both sides could also adversely affect over \$4 billion in U.S. investment in China. Without MFN, U.S. consumers would pay substantially higher prices for Chinese-made clothing, footwear, toys, tools and electronics.
- o MFN is also important for the stability and prosperity of Hong Kong's free enterprise economy. Withdrawing China's MFN status would be a body blow to confidence in the territory since Hong Kong's economy is increasingly tied to the growth of South China's export industry. Approximately 2,500 Hong Kong enterprises have shifted their export production to factories in neighboring Guangdong Province. An additional 10,000-15,000 South China enterprises do assembly work for Hong Kong companies. U.S. business, which has invested over \$6 billion in Hong Kong, would also be hurt. A 1990 survey revealed that 70 percent of approximately 900 U.S. companies in Hong Kong would face business difficulties and 50 percent would have to reduce staff if China's MFN status was discontinued.
- o The bottom line is that withdrawing MFN would seriously damage U.S. foreign policy interests, limit our contacts with China, weaken the economic forces for reform and hurt U.S. business and consumers. Our influence over Chinese behavior would be weakened, not strengthened. We should continue MFN because it is in our interest. It enables the U.S. to stay engaged with China and pursue the issues which are of vital concern to the American people. As the President said, "It is wrong to isolate China if we hope to influence China."

## PROPOSALS TO CONDITION RENEWAL OF CHINA'S MFN STATUS

- o Conditional renewal of China's MFN status has been presented as a way to force China to address our human rights and other concerns. It is in fact a high-risk approach that holds the single most powerful instrument we have for promoting reform in China as hostage to reactions of a small group of hardline leaders in Beijing.
- o Continuing MFN is in the U.S. interest. By facilitating trade, it acts as a key catalyst to reform, keeps China open to the outside world, sustains a wide range of contacts with the Chinese people and provides incentive for China to stay engaged on issues of vital interest to us. Conditionality overlooks the importance of MFN for these long-term objectives and, in effect, accepts them as expendable in the quest for more limited, short-term goals.
- o MFN conditionality risks making the Chinese less apt--not more--to take positive steps on issues of concern to us. Confronted with a public ultimatum to change policies, nationalist and hardline elements of the Chinese leadership are likely to argue--effectively--that national pride and the need to preserve sovereign authority do not permit concessions under such duress. Positive actions which the Chinese might have been willing to take in the context of negotiation could become politically impossible. The bilateral dialogue on human rights that we succeeded in establishing could be the first casualty.
  - Attempts to craft even "soft" (i.e., realistic) conditionality would be counterproductive. With the situation on key issues continuing to evolve and so many Congressional perspectives on what constitutes acceptable conditions, the end product is likely to include provisions that provoke the Chinese to disengage or do not accurately address the current state of affairs.
  - Many of the objectives contained in earlier conditionality legislation (e.g., the lifting of martial law, freeing of prominent dissident Fang Lizhi and release of Tiananmen detainees) were eventually achieved through our strategy of engagement. This strategy is working and should continue.
- o Conditional MFN renewal would severely handicap U.S. business in China. No other foreign companies in China face the uncertainty of MFN withdrawal by their government. U.S. companies can't make long-term business decisions knowing that the renewal of MFN trade status--a fundamental operating condition--will depend on the subjective judgments of Congress regarding China's political behavior.

- Renewal of MFN under the Jackson-Vanik already entails risks which many U.S. companies find burdensome. Additional conditions would greatly increase those risks and discourage U.S. companies from trading and investing in China, leaving the China market to our competitors and costing American jobs in the process.
- MFN is the basis for trade that we have with most countries of the world, even those with which we have serious human rights and other concerns. If we start down the road of attaching new political conditions to trade, U.S. global competitiveness will suffer.
- o Legislative ultimatums on the Chinese Government are likely to create a hostile environment that will work against the expansion of contacts between American and Chinese people and institutions. Despite our bilateral differences, China has continued to permit a wide range of contacts, including emigration, student travel and academic exchanges. MFN conditionality will give ammunition to old-line conservatives in China who want to restrict the liberalizing impact of contact with the U.S.
- o Other more targeted means, aside from MFN withdrawal, are available to pursue specific U.S. interests, and the Administration is prepared to use them. To underscore our concerns about possible Chinese proliferation, we recently sanctioned a Chinese enterprise for transferring missile equipment in violation of international guidelines. We are also informing the Chinese Government that we will not be licensing high-speed computers to China or waiving legislative restrictions on satellite exports until we reach an understanding on the export of missile technology and equipment. In the trade area, we recently designated China under the Special 301 provisions for an investigation--and possible trade action--because of inadequate protection of U.S. intellectual property rights. We are also pressing China at a high-level on market access and have broad trade authority to use as leverage, if necessary.
- Our post-Tiananmen sanctions on military sales, munitions list licenses, OPIC and TDP programs remain in place. The U.S. still leads the Western democracies in the scope and impact of sanctions on China.

## Fact Sheet

### Chinese Attitudes Toward MFN Renewal

- Our posts in China have been actively soliciting views on MFN from a very broad range of Chinese citizens. We have paid particular attention to the opinions of those who are known to favor further reforms and democratization, and to those who would be most at risk if repression deepened. We have also discussed the MFN issue with hundreds of Chinese students and scholars in the U.S.
  
- Our Embassy and Consulates have reported nearly unanimous support for renewal of MFN among all sectors of the Chinese population. While Chinese government officials have tended to reiterate their government's official arguments, those who want more reform and democracy in China have actually used significantly stronger language in urging renewal.
  - o The Washington Post correspondent in Beijing quoted a Chinese intellectual offering a toast to MFN renewal, saying "if it was taken away, we would not be able to meet and talk."
  
  - o In the same report, a student at Beijing University (which led the 1989 demonstrations) argued against conditionality, saying that students "don't agree that economic blackmail should be used to bring about democracy in China."
  
  - o Two of the most prominent dissidents now active in China acknowledged to us recently that withdrawal of MFN would seriously jeopardize their ability to continue speaking out against repression.
  
- Among Chinese students and scholars in the West, the range of opinion is much more diverse, but still overwhelmingly in favor of renewal in some form.
  - o In a recent random poll conducted by Chinese scholars among their colleagues throughout the U.S., only 12 out of 402 supported withdrawal of MFN. Most of the remainder favored unconditional renewal or modest conditions.
  
  - o Of the letters we have received on MFN from many Chinese in the West, one to the President from England best reflects the general trend of thought: "As a Chinese student from the poorest province in China, I understand what a disastrous effect could a revocation of China's MFN status bring to my poor parents, who, as many ordinary Chinese, desperately need, and in fact have already benefitted from, the influence of the West. Do not shut up the door that was opened only after thousands and millions of people sacrificed their lives. I support your policy on China's MFN."

- MFN Decision Advances U.S. Interests. Continuing China's MFN status preserves a PRC stake in moving toward the international consensus on nuclear, missile, and CW nonproliferation, an objective the Administration and Congress share.
- Engagement Pays Off in the Long Run. Beginning in the mid-eighties, both China's policies and the global nonproliferation context began to change. China, which once held an antagonistic view of multilateral controls on nuclear exports, joined the IAEA in 1984 and sent observers to the NPT Review Conference in 1990. China's 1987 sale of CSS-2 missiles to Saudi Arabia pre-dated the INF Agreement, the establishment of the Missile Technology Control Regime. In 1989, China made a public commitment to refrain from medium-range missile deliveries to the Middle East--and has kept to that commitment.
- Nuclear Proliferation. Our expression of concern about Sino-Algerian nuclear cooperation has led to commitments by both countries to place the cooperation under IAEA safeguards and their pledges that the cooperation is strictly for peaceful purposes. We await the next step, i.e. Algeria's discussions with the IAEA. We view favorably China's public position on nuclear exports, but would like to see China take the further steps of joining the NPT and adopting Nuclear Suppliers Guidelines. Serious concerns remain; the Administration will not ignore current problems in this area.
- Missiles. We have engaged in intensive dialogue with Beijing on its missile export policy. It is clear that in some cases China has declined proposed missile exports because of foreign policy considerations. More broadly, the Chinese Ambassador said recently that China supports effective international control on military sales, including missiles. That statement constitutes a modest step toward our objective of a PRC commitment to observe MTCR guidelines. China's missile export policy remains a high priority in our bilateral dialogue; problems that originated before the establishment of the MTCR have not disappeared, but we have seen some progress over the past half-decade. China's proliferation policy is gradually changing in a favorable direction. We aim to accelerate that trend.
- Chemical Weapons. China is on record opposing the manufacture and transfer of chemical weapons, and is participating in multilateral efforts to ban chemical weapons. We have made some progress on the subject of controls over exports of CW precursors, and we hope to advance discussions in this vital area.
- Next Steps. We are encouraged by progress in some areas and still see a need for progress in others. It is because of our continuing concerns that we want to maintain a constructive nonproliferation dialogue with Beijing. Under Secretary Kimmitt raised these issues in Beijing in May, and Under Secretary Bartholomew will follow up during his upcoming visit to China.

## ECONOMIC EFFECTS OF MFN WITHDRAWAL

-- U.S. Exporters and Investors Would Be Hurt. If MFN is withdrawn, Chinese trade retaliation is certain, including reciprocal loss of MFN status for U.S. exports to China and possibly other administrative measures to market access.

- o Since no other countries would be withdrawing China's MFN status, U.S. companies would be put at a competitive disadvantage. Major exports at stake and their sales in 1990 include:

- Wheat \$511 million
- Aircraft/Aerospace Equipment \$749 million
- Fertilizer \$544 million
- Cotton \$259 million
- Timber/paper \$281 million
- Computers & Electric Products \$860 million
- Chemicals \$273 million

- o U.S. joint ventures in China, which now total almost 1,000 and have invested capital of over \$4 billion, would pay higher duties on U.S.-made components and their exports to the U.S. would be subject to higher non-MFN U.S. duties

-- Consumers Would Suffer. U.S. consumers and retailers would have to pay the sharply higher non-MFN duty rates on Chinese-made imports, including footwear, clothing and toys and electrical products. Examples include:

	<u>MFN Duty (%)</u>	<u>non-MFN Duty (%)</u>
Footwear	6.0	35.0
Sweaters	6.0	60.0
Stuffed Toys	6.8	70.0
Fans	4.7	35.0

-- Other Tools At Our Disposal to Resolve Key Trade Concerns. We have ongoing discussions with the Chinese on key economic and trade issues, including market access, intellectual property protection (where China was recently identified under Special 301), textile transshipments and dumping. We have made progress in some areas and utilized existing legislation to take additional action where necessary. China has expressed a willingness to stay engaged to resolve our concerns. Withdrawing MFN would seriously weaken our negotiating position on these issues.

IMPACT OF MFN WITHDRAWAL ON HONG KONG AND U.S. BUSINESS THERE

- Impact on Hong Kong's Economy. The health of Hong Kong's economy is increasingly tied to the growth of south China's export industry. Approximately 2,500 Hong Kong enterprises have shifted their export-bound production facilities to the Pearl River delta in Guangdong Province. An additional 10,000-15,000 south China enterprises do assembly work for Hong Kong companies.
- China is Hong Kong's largest trading partner, accounting for 39 percent of total 1990 trade. Re-exports, which grew by 20 percent in 1990, underpin Hong Kong's trade performance.
  - o According to the Hong Kong Government, loss of MFN status could cut Chinese re-exports via Hong Kong by up to 44 percent or \$4.6 billion.
  - o First-year effects could include \$1.2 billion in lost income and 43,000 jobs or 1.5 percent of Hong Kong's labor force.
- Body Blow to Local Confidence. MFN denial would further erode local confidence, already badly shaken by Tiananmen, in the run-up to resumption of Chinese sovereignty in 1997.
  - o The drop in confidence would accelerate outward migration from Hong Kong, which now exceeds 50,000 a year and includes many professionals and managers.
- U.S. Business Interests Would Be Hurt. The U.S. has the largest number of regional headquarters in Hong Kong, with over 40 percent of the total or 252 offices. Almost half are engaged in trading activities with China, a principal market and source of supply.
  - o U.S. investment of over \$6 billion accounts for almost one-quarter of foreign direct investment in Hong Kong. A 1990 American Chamber of Commerce survey indicated that 70 percent of the approximately 900 U.S. member firms would be adversely affected and 50 percent would consider reducing staff.

## CHINA'S EMIGRATION AND FOREIGN TRAVEL POLICIES

### Emigration

- China's relatively free emigration policies have continued since the renewal of MFN status in 1990. In FY 1990, 16,751 U.S. immigrant visas were issued in the PRC. The U.S. numerical limitation for immigrants from China was fully met.
- The principal restraint on increased emigration continues to be the capacity and willingness of other nations to absorb Chinese immigrants, not Chinese policy.

### Foreign Travel Policies

- China continues to adhere to a relatively open foreign travel policy. According to Chinese officials, 255,000 persons were issued passports for private travel of all kinds in 1990, a more than three-fold increase from 1986. U.S. diplomatic posts in China issued 60,687 nonimmigrant visas in FY 1990. Last year, 33,800 nonimmigrant visas were issued worldwide to Chinese students and tourists, a 19 percent increase over FY 1989 and an 84 percent increase over FY 1988.
- Chinese officials report that several thousand students have returned from overseas for visits after June 1989 and have been allowed to depart again under expedited procedures. We cannot verify these figures, but we are not aware of any cases in which Chinese living in the U.S. who returned to China for visits after June 1989 were prevented from leaving again.
- Foreign travel officially sponsored by the Chinese Government continued to decline in FY 1990, reflecting economic austerity measures and concern about extended delays in the return of officially sponsored scholars to China.
- In February 1990, China issued a new directive requiring recent college graduates and fourth-year undergraduates to work for five years before applying for overseas study, with some exceptions. This directive has undoubtedly forced some students to defer their plans for overseas study. However, its full impact is unclear since student visa applications and issuances continue to increase.
- We are aware of a small number of individuals who have had difficulty in obtaining permission to travel abroad, apparently because of the political activities of their relatives in the U.S. We have discussed these cases with Chinese authorities, who have indicated a willingness to address the issue.

## U.S.-CHINA TRADE AND INVESTMENT

### U.S.-China Trade (\$ billions)

	<u>1979*</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>%Chg 89-90</u>
<u>Total Trade</u>	2.3	13.5	17.8	20.0	12
<u>US Exports</u>	1.7	5.0	5.8	4.8	-17
<u>US Imports</u>	0.6	8.5	12.0	15.2	27
<u>Trade Balance</u>	1.1	-3.5	-6.2	-10.4	-68

\* Last year before U.S. granted MFN status to China.

### U.S. Exports to China (\$ millions)

	<u>1990</u>
Cereals	512
Computers & Electric Products	860
Aircraft & Parts	749
Fertilizer	544
Chemicals	273
Prof. & Sci. Instruments	227
Iron & Steel	44
Cotton Yarn & Fabric	281
Electric Machinery	264
Plastics & Resins	166

### Chinese Exports to the U.S. (\$ millions)

	<u>1990</u>
Apparel	3,197
Toys, Games, Sporting Goods	2,139
Electric Machinery	1,926
Footwear	1,477
Travel Goods	874
Petroleum	661
Fish	396
Plastics	387
Iron & Steel	247
Furniture, Lamps, Bedding	276

Selected Chinese Import Tariffs

<u>Commodity</u>	<u>MFN Tariff(%)</u>	<u>Non-MFN Tariff(%)</u>
Wheat	0	0
Aircraft & Parts	6	11
Fertilizers	30	40
Cotton	30	40
Rough Wood	3	8
Polycarboxylic Acids	15	20
Specialized Machinery	20	30

Selected U.S. Import Tariffs

<u>Commodity</u>	<u>MFN Tariff(%)</u>	<u>Non-MFN Tariff(%)</u>
Manufactured Articles	0-32	0-110
Apparel	0-34.6	25-90
Telecommunications	2.4-8.5	35
Footwear	0-48	10-84
Travel goods, handbags	4.6-20	35-90
Petroleum, oils	\$.105/bbl	\$.21/bbl

Sources of Foreign Investment in China, 1979-89  
(Contracted value, \$ billions)

	<u>1979-86</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Cum. Total</u>	<u>% Share</u>
National Total	19.99	4.32	6.19	6.29	36.80	100.0
Hong Kong, Macau	12.40	2.36	4.16	3.73	22.66	61.6
United States	2.72	0.36	0.38	0.65	4.11	11.2
Japan	1.91	0.39	0.37	0.52	3.18	8.7
Others	2.96	1.21	1.27	1.39	6.84	18.6

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*Wen + y  
Francis*

**SENATE ATTITUDES TOWARDS CHINA MFN  
US-China Business Council  
May 22, 1991**

(The following matrix is our best guesstimate based on meetings with Members and/or their staff, Members' public and private statements, and co-sponsoring existing legislation. Note: there is no column for straight opposition to MFN, as no one has taken that position at this time.)

**KEY**

1. Supports MFN with no conditions
2. Supports MFN, but undecided regarding conditions
3. Supports MFN, but leaning toward "mild" conditions
4. Supports MFN, but leaning toward "harsh" (Mitchell-type) conditions

1	2	3	4
Baucus (D-MT)	Chafee (R-RI)	Riegle (D-MI)	Akaka (D-HI)*
Bond (R-MO)	Daschle (D-SD)		Biden (D-DE)**^
Danforth (R-MO)	McConnell (R-KY)		Bradley (D-NJ)
Dole (R-KS)	Nickles (R-OK)		Bryan (D-NV)*
Durenberger(R-MN)	Packwood (R-OR)		Cranston (D-CA)**^
Lugar (R-IN)	Pryor (D-AR)		D'Amato (R-NY)*
Murkowski (R-AK)	Robb (D-VA)		DeConcini (D-AZ)**^
Sanford (D-NC)	Roth (R-DE)		Dixon (D-IL)**^
			Dodd (D-CT)*
			Ford (D-KY)*
			Glenn (D-OH)*
			Hollings (D-SC)*
			Inouye (D-HI)*
			Kennedy (D-MA)**^
			Kerry (D-MA)**^
			Metzenbaum (D-OH)*
			Mitchell (D-ME)**^
			Moynihan (D-NY)*
			Pell (D-RI)**^
			Sarbanes (D-MD)*
			Wallop (R-WY)*
			Wirth (D-CO)*
			Wofford (D-PA)*

\* Co-sponsored S.1084 (Mitchell conditions)

^ Co-sponsored S. Con. Res. 19 (Cranston sense of the Senate)

**HOUSE OF REPRESENTATIVES ATTITUDES TOWARDS CHINA MFN**  
**US-China Business Council**  
**May 22, 1991**

**KEY**

1. Supports MFN with no conditions
2. Supports MFN, but undecided regarding conditions
3. Supports MFN, but leaning toward "mild" conditions
4. Supports MFN, but leaning toward "harsh" (Pelosi-type) conditions

1	2	3	4
Archer (R-TX) Leech (R-IA) Matsui (D-CA) Roth (R-WI)	Cardin (D-MD) Crane (R-IL) McDermott (D-WA) Vander Jagt (R-MI)	Levin (D-MI) Solarz (D-NY)	Abercrombie (D-HI)* Ackerman(D-NY)* Bacchus (D-FL) Beilenson (D-CA)* Berman (D-CA)* Boxer (D-CA)* Bryant (D-TX)* Burton (R-IN)* Dellums (D-CA)* Derrick (D-SC)* Durbin (D-IL)* Edwards (D-CA)* Erdreich (D-AL)* Fazio (D-CA)* Feighan (D-OH)* Foglietta (D-PA)* Frank (D-MA)* Frost (D-TX)* Gephardt (D-MO)* Gejdenson (D-CT) Gilman (R-NY) Green (R-NY)* Herger (R-CA)* Horton (R-NY)* Jenkins (D-GA) Jefferson (D-LA)* Kennedy (D-MA)* Lagomarsino (R-CA) Lantos (D-CA)*^ Lewis (D-GA)* Lloyd (D-TN)*

\* Co-sponsored Pelosi Bill

^ Co-sponsored HR1571 (Miller bill establishing corporate code of ethics)

1

2

3

4

McNulty (D-NY)\*  
Martinez (D-CA)\*  
Markey (D-MA)\*  
Miller (R-WA)\*  
Miller (D-CA)\*^  
Mineta (D-CA)\*  
Mink (D-HI)\*  
Moran (D-VA)\*  
Oakar (D-OH)\*  
Panetta (D-CA)\*  
Payne (?)\*  
Pelosi (D-CA)\*^  
Porter (R-IL)\*^  
Richardson (D-NM)\*  
Ritter (R-PA)\*  
Rose (D-NC)\*  
Russo (D-IL)\*  
Scheuer (D-NY)\*  
Schroeder (D-CO)\*  
Schulze (R-PA)  
Skaggs (D-CO)  
Sikorski (DFL-MN)\*  
Slaughter (D-NY)\*  
Smith (R-NJ)\*  
Smith (D-FL)\*  
Solomon (R-NY)  
Spratt (D-SC)\*  
Stark (D-CA)\*  
Swett (D-NH)\*  
Torricelli (D-NJ)  
Unsoeld (D-WA)\*  
Valentine (D-NC)\*  
Waters (D-CA)\*  
Waxman (D-CA)\*  
Weiss (D-NY)\*  
Wolf (R-VA)\*  
Yatron (D-PA)\*

\* Co-sponsored Pelosi Bill

^ Co-sponsored HR1571 (Miller bill establishing corporate code of ethics)

**NATIONAL SECURITY COUNCIL**

June 19, 1991

FOR: JIM DYER

FROM: DOUG PAAL

FYI

**ATTITUDES TOWARDS CHINA MFN**  
**US-China Business Council**  
**June 17, 1991**

(The following matrix is our best guesstimate based on meetings with Members and/or their staff, Members' public and private statements, and co-sponsoring existing legislation. Please contact Rich Brecher at 202/429-0340 if you have any additions or modifications to suggest.

**SENATE**

**KEY**

1. Supports MFN with no additional legislated conditions
  2. Supports MFN, but undecided regarding conditions
  3. Supports MFN, but leaning toward "mild" conditions
  4. Supports MFN, but leaning toward "harsh" (Mitchell-type) conditions
  5. Supports Resolution of Disapproval
- Bold face denotes position identified by Members' public statement**

1	2	3	4	5
Adams (D-WA)	Bentsen (D-TX)	Harkin (D-IA)	Akaka (D-HI)*	Bradley (D-NJ)
<b>Baucus (D-MT)</b>	Boren (D-OK)	Lieberman (D-CT)	Biden (D-DE)**	Cranston (D-CA)**!
<b>Bond (R-MO)</b>	Breaux (D-LA)	Riegle (D-MI)	Bryan (D-NV)*	Moynihan (D-NY)*
Chafee (R-RI)	Brown (D-CO)		D'Amato (R-NY)*	
Cochran (R-MS)	Bryan (D-NV)		DeConcini (D-AZ)**	
Danforth (R-MO)	Burdick (D-ND)		Dixon (D-IL)**	
<b>Dole (R-KS)</b>	Conrad (D-SD)		Dodd (D-CT)*	
Durenberger (R-MN)	Daschle (D-SD)		Ford (D-KY)*	
Gramm (R-TX)	Exon (D-NE)		Glenn (D-OH)*	
Hatch (R-UT)	Grassley (R-IA)		Graham (D-FL)	
<b>Kerry (D-MA)**</b>	Kasten (R-WI)		Hollings (D-SC)*	
Lugar (R-IN)	Kohl (D-WI)		Inouye (D-HI)*	
Murkowski (R-AK)	Lott (R-MS)		Kennedy (D-MA)**	
<b>Pressler (R-SD)</b>	McConnell (R-KY)		Kerrey (D-NE)	
Rudman (R-NH)	Nickles (R-OK)		Leahy (D-VT)	
Sanford (D-NC)	Packwood (R-OR)		Levin (D-MI)	
<b>Simpson (R-WY)</b>	Pryor (D-AR)		Metzenbaum (D-OH)*	
	Robb (D-VA)		Mikulski (D-MD)	
	Roth (R-DE)		Mitchell (D-ME)**	
	Seymour (R-CA)		Pell (D-RI)**	
			Rockett (D-WV)	
			Sarbanes (D-MD)*	
			Sasser (D-TN)	
			Simon (D-IL)	
			Wallop (R-WY)*	
			Wellston (DFL-MN)	
			Wirth (D-CO)*	
			Wofford (D-PA)*	

\* Co-sponsored S.1084 (Mitchell conditions)

^ Co-sponsored S. Con. Res. 19 (Cranston sense of the Senate)

! Sponsored Resolution of Disapproval

## **RB SENATE NOTES (June 13, 1991):**

### **Sen. Adams (D-WA)**

Terry Leitzell of Bogle & Gates brought National Apparel & Textile Assoc to meet with Adams. Adams says he's supportive and would be willing to help find an alternative.

### **Sen. Akaka (D-HI)**

Co-sponsored Mitchell Bill.

### **Sen. Baucus (D-MT)**

6/4/91

Michael Punke

Dion Anderson

(TMA, Eaton, McDD)

Baucus supports MFN w/o conditions. "Smart weapons not carpet bombing." Supports 301 action to correct trade imbalance, export controls and multilateral action through COCOM for proliferation problems and Special 301 for IPR problems. Not convinced we can win veto fight w/o 301 action by the White House. Sandy Berger and the wheat folks have had a lot of contact with them.

Follow-up: Keep in touch with Punke, track progress of Baucus letter. Baucus/Punke May want to meet CIC/Zhao reformers.

### **Sen. Bentsen (D-TX)**

6/6/91

Marcia Miller

(TMA, Dresser, GM)

Focus will be on conditionality. May be another option to Mitchell - a more moderate alternative - but Marcia has no instructions to begin preparing one. Bentsen has not decided as of yet. Last year, Bentsen was willing to allow conditionality bill to go to floor, but Dole stopped it. No idea where others in the Committee stand on the issue. Hearing will be held in couple of weeks. Marcia seems soft on the no-conditions position.

6/14 Marci rejected Council, CIC and Lu Mai applications to testify. Says witness list already skewed toward pro-MFN. We had our chance last year, wanted to give others a chance. IFCS is on program cause they've been working the issue harder/longer than anyone?! Human rights/student panel very skewed anti-MFN, with John Kamm defending MFN. Marcia feeding me lines, not reassuring at all.

6/13 Ray Garcia says Bentsen still holding cards tight to the vest. Ray is organizing delegation of TX companies to visit with Bentsen next week. Also working with TX Association of Business to send letters. Also working on Gramm.

### **Sen. Biden (D-DE)**

Co-sponsored Mitchell Bill.

### **Sen. Bingaman (D-NM)**

Larry Bowles says he wants to do "something." Bingaman's Lappala cancelled 6/14 appointment w/ Council.

Follow-up: Reschedule appointment.

### **Sen. Bond (R-MO)**

Bond has made public statements in support of MFN w/o conditions. Supports the President. SB client has talked to him. McDD says he's fine.

### **Sen Boren (D-OK)**

6/11/91

Rebecca Cooper

Brian Seaton

(CIC)

Cooper was not open to new information/ideas. Convinced conditions are "our right" and doesn't seem to care if they are effective or not. Claims to be working closely with Mitchell and will offer moderate condition package. Did not specify what moderate conditions may be, but will directly address human rights issues.

Follow-up: ECAT met w/ Rebecca. Wrong to cut off MFN, but very frustrated w/ lack of aggressive action from White House. Senator is undecided. Seems to be some positive movement in her position at least. Does not want to see MFN w/drawn. Ag groups coordinating joint letter. Should keep channels open with Boren and staff.

**Sen. Bradley (D-NJ)**

6/4/91

Alix Sundquist

(TMA, Dresser, ABB, Eaton)

Alix supports MFN but has no entree to Bradley. Bradley did not consult staff on the issue last year either. Alix only on temporary assignment in Bradley's office - starts new assignment as Counsel General in Bourdeaux next week. Bradley still undecided, but leaning toward withdrawing MFN. MFN has not worked. Political dimension reinforces this position. Would like specific info on impact of MFN withdrawal on NJ employment.

Follow-up: Contact J&J, Concord, W-L, ATT, Sealand, Nepera, Exxon, Cyanamid, Hoechst, Human Resources, American Standard, Allied Signal to follow up. Sent letter 6/8. TMA concentrating on this office. Sent letter signed by 24 toy companies. He appears to be backtracking from his initial stand.

**Sen. Breaux (D-LA)**

6/11/91

Mark Ashby

(CIC, TMA, GM)

Mark has China/Taiwan experience and speaks fair Chinese. Asked a lot of specific questions about new developments in China (forex retention, tax system, rehab of old reformers, etc.). Mark is pushing for MFN, and was interested in the Baucus letter, but says the Senator is undecided. Breaux' initial posture based on emotional response - now reconsidering. There is a split w/in the office. Mark remarked that correspondence from business has been pro-MFN and heavier than last year. Leaning toward MFN w/o conditions, but will be more influenced by Bentsen than Baucus. 6/14 RB stopped in to ask if Breaux interested in meeting with CIC/Zhao reformers. Ashby thinks he might be and will put it to him over the weekend. Also may help with opposition in the office.

Follow-up: Keep in touch with Mark and arrange meeting with CIC/Zhao folk.

**Sen. Brown (R-CO)**

5/31/91

Carter Pilcher (foreign policy LA)

(TRW, TMA, MCDD)

Brown circulating letter regarding concern for prison labor. Voted for Pease w/ Pelosi amendments last year, but did not sponsor Mitchell this year. Pilcher feels business community let students down, and is not protecting workers from persecution. Don't think Pilcher represents Senator's views on this matter (hope not at least).

Follow-up: 6/8 sent CIC materials and JV paper. Stressed point that business, by its nature, is subversive to a centralized command economy. Decentralization, which is necessary for economic takeoff, weakens binds of totalitarian regime.

6/13 Senator remarks/questions at Senate Foreign Relations hearing seemed supportive of MFN. Said he was interested in examining trade aspects of MFN w/drawal, and noted US maintains MFN w/ many countries that sport poor human rights records. Dictated conditions are not effective means for influencing others. Interested in pursuing other ways of influencing Beijing, w/o using MFN as bargaining chip. May support light symbolic conditions.

Follow-up: Should arrange CIC/Zhao meeting with Senator.

**Sen. Bryan (D-NV)**

(ECAT)

Co-sponsored Mitchell Bill. Feels something needs to be done, but not sure what. Undecided on conditions. May be persuaded to take another course.

**Sen Burdick (D-ND)**

Vicki Hicks

Mr. Yi met with Hicks. Burdick supported MFN last year, but decision is more difficult this year. May vote party line.

**Sen. John Chafee (R-RI)**

5/20/91

Christopher Dachi (L.A. - did China junket)

Michael Platner (L.A. - tax and trade)

(TMA)

Dachi strong supporter, Plantin feels "no condition" stand is unrealistic. Senator was strong supporter last years, but they have not discussed issue w/ him this year. Dachi expressed possibility of Chafee taking leadership role in support of MFN, but will have to overcome internal staff resistance (Platner and Chief of Staff). Hasbro CEO should be able to pull some weight w/ Chafee.

Follow-up: 5/20 sent thank you and copy of investment position paper and materials on investment in S. China. TMA arranged Hasbro CEO meeting with Chafee. Chafee reportedly supporting MFN w/o conditions.

**Sen. Thad Cochran (R-MS)**

6/11/91

Robert McArthur

(CIC,GM)

Concerned about human rights and missile sales, but not sure how to go about it. Understand that formal conditions would be counterproductive. Mentioned the damage MFN w/drawal would have on Payless.

Follow-up: None.

**Sen. Conrad (D-SD)**

6/11/91

Mr. Cline

Cline very supportive of our position. Cline was Chinese language/lit major at Univ Illinois and knows Asia well. Has published 2 op eds in Balto Sun. On principle, the Senator opposes unilateral sanctions - they are not effective and counter productive. Conrad also concerned with fate of Hong Kong. At this point, Conrad is undecided, but will probably go with MFN.

Follow-up: Should follow-up to gauge Conrad.

**Sen. Cranston (D-CA)**

Co-sponsored Mitchell Bill. Sponsored S.J Res 153 to w/draw MFN.

**Sen. D'Amato (R-NY)**

Co-sponsored Mitchell Bill. Only wants to meet with NY companies.

**Sen. Thomas Daschle (D-SD)**

5/20/91

Mark Ulven (L.A. - trade and ag)

(TMA, AT&T)

Senator undecided - may be sympathetic to some conditions. Ulven says Daschle would have cosponsored Mitchell bill if not for wheat exports. My sense is that Ulven may be more hostile to our position than the Senator. Ulven would like to hear from Zhao Ziyang people.

Follow-up: 5/20 sent thank you and copies of investment position paper and China Info Center paper from last year. Will forward Gao Xin letter and new position paper when it is available. Arrange for CIC people to meet with Daschle/Ulven.

6/11 RB saw Ulven and Michael Garrity again along with Xiao Xia and Liu Yuan from CIC. Very good meeting. CIC made persuasive pitch. Should followup w/ phone call to gauge Daschle's position.

**Sen. John Danforth (R-MO)** 5/22/91  
Kevin Dempsey (Counsel)  
(TRW,TMA)

He is nervous about the White House, triggered by the Fitzwater talk regarding conditions. Danforth supportive of MFN w/o conditions, but afraid to get out front on this, until President makes his position clear. Feels something does need to be done on trade front, and Special 301 is a start, but more is warranted. Very nervous about starting any discussion of conditions - would either be so weak as to be toothless (and an embarrassment), or for-real, and thus doom MFN. Dempsey noted we have allies on the Hill (Baucus). Says key to Bentsen is to help his trade guy over his foreign affairs people. Same goes for Gephardt, who is very influential on trade matters.

Follow-up: Sent letter 5/22.

**Sen. DeConcini (D-AZ)**  
Co-sponsored S. Con. Res. 19, Mitchell Bill and own Resolution of Disapproval.

**Sen Dodd (D-CT)** 6/4/91  
Matt Hersh  
(McDD,GM,Eaton,TMA,Dresser,ABB)

Hersh admits conditions not effective. Hersh very interested in info on S-N China dichotomy. Also wants details on CT commercial interests. Concerned that MFN withdrawal will hurt primarily low-income Americans. Dodd co-sponsored Mitchell Bill (did not consult Hersh), but will not be out front on this issue. I don't think we can turn him around on MFN, but could at least silence a potential critic.

Follow-up: 6/8 sent materials on North vs South China. **Press UTC to weigh in with them. Followup with State of CT.**

**Sen. Robert Dole (R-KS)** 6/7/91  
Al Lehn

Lehn told TS on phone he is "meetinged out" on China MFN - and not willing to meet with Council. Dole on record supporting President. If didn't, wheat farmers would have his hide.

Follow-up: 6/8 sent packet of materials including position papers, jv paper, CIC and Ying Liu materials.

**Sen. Durenberger (R-MN)** 5/29/91  
Michael Zarrin  
(McDD, TMA, CDC, Cargill, Fluor)

Supports Bush's efforts to retain MFN. "MFN is not the right tool to get China to do what we want them to do." But not 100% on this. Would like to see a complete list of MN companies with commercial interests in China (incl smaller companies). Zarrin is optimistic President will prevail in veto fight. Zarrin visited BJ, Kunming and GZ in March/April. Met with model entrepreneurs in GZ.

Follow-up: Send list of companies. Should see again.

**Sen Exon (D-NE)** 6/6/91  
Chris McLean  
(RD Folsom, Lou Dreyfus)

Supported the President's position last year, but needs to "study" the issue more this year. Concerned with what MFN extension got us last year. Also concerned about weapons sales and convict labor problem. Folsom gave him CRS wheat report.

Follow-up: 6/8 sent export stats and CIC and economist materials.

**Sen. Glenn (D-OH)** 6/91  
(ECAT)  
Gonna stick with Sen. Mitchell.

**Sen. Gramm (R-TX)** 6/11/91  
Wayne Abernathy  
(CIC,TMA,GM,TRW,Dresser,Halliburton)  
Tends to support the President, and probably would not vote for any bill the President would veto, but would vote for conditions if White House favored them. Texas out-exports California on per capita basis and is second only to CA for total exports. Gramm is a free trader.

Follow-up: None.

**Sen. Grassley (R-IA)** 5/29/91  
Bob Zudwiczak - AA  
(McDD, Cargill, CDC)  
Senator undecided. Will wait and see what comes out on the floor. "Got burned last year." (?) Vote will be decided on pure politics. Mexico fast track used up a lot of Bush's political capital. Members will vote their conscience or the politically expedient option on MFN. Bob thinks some conditionality may be warranted, but will wait to see if alternative to Mitchell emerges. RB: gut feel is that Grassley would vote for conditions on first go-round, but support President on the override.

Follow-up: 6/8 sent CIC and Ying Liu materials. Should see him again as issue develops. 6/1 sent letter and materials.

**Sen. Harkin (D-IA)** 6/14/91  
Mr. Sweeney  
(TMA)  
Senator has real problems with China - particularly concerned with human rights. Recognize distinction between political and economic complaints, but Harkin does not believe the President will follow through with sanctions. "Hear a lot of rhetoric, but when push comes to shove, doubt he'll implement sanctions." Harkin didn't cosponsor Mitchell or Deconcini, but leaning against MFN for China. Does not buy assumption that economic reform necessarily leads to political reform. Considers MFN a reward, not a right.

Follow-up: None.

**Sen. Hatch (R-UT)** 6/14/91  
Steve Brown  
RB spoke to Brown on phone. Senator will support administration. Recognize problems, but MFN not the tool to use. Brown not aware if Senator has made public comments on the subject.

Follow-up: Brown will be in Utah all next week. May schedule to drop by and leave some materials. No rush.

**Sen. Mark Hatfield (R-OR)** 6/7/91  
Julie McGregor  
Told TS she thought it would be better to just send information than to meet.

Follow-up: 6/8 sent packet of materials including CIC and Ying Liu materials. Call and scope out Hatfield's position.

**Sen. Kasten (R-WI)** 6/14/91  
Mark Rose  
(TMA,Dresser,GM)

Senator now formulating position. Wants to hear from UW Chinese students. Also wants shopping list of WI interests in China. Senator would like to talk on phone with UW students, and may want to meet with CIC and Zhao reformers.

Follow-up: Arrange CIC/Zhao meeting with Senator. Call Jean Sybelvin at 224-5323, and refer to Mark's recommendation. Ask CIC to identify some UW supporters.

**Sen. Kerry (D-MA)**  
(ECAT)

Co-sponsored Mitchell Bill. Remarks at 6/13 Sen. Foreign Relations Hearing indicate Senator favors keeping MFN with light conditions. Believes our influence, and influence leveraged by trade is major catalyst for change in China. Does not want to "cut off our nose to spite our face." Says Mitchell goes too far. Would like to see China cut off weapons supplies to Khmer Rouge. 6/15 article in Boston Globe indicate Kerry now supports President's position.

Follow-up: Arrange Kerry to meet with CIC/Zhao reformers.

**Sen. Kennedy (D-MA)**

Co-sponsored Mitchell Bill and S. Con. Res. 19.

**Sen. Kerrey (D-NE)**

Co-sponsored Mitchell Bill

**Sen. Kohl (D-WI)**

6/14/91

Mullooly

(TMA)

Mullooly sensitive to free trade argument. Kohl also sensitive to business issues. He took lead role in getting Chinese students into the States. Kohl stepped in to meeting, and RB mentioned pro-MFN democracy activists and Zhao reformers are coming down to DC - Kohl may wish to meet with them. Mullooly requested memo on WI interests in China. Mullooly relatively junior staff. Will have to convince Chief Counsel Jon Leibowitz to bring Kohl over on this issue.

Follow-up: Prepare memo on WI interests. Arrange CIC and Lu Mai to meet with Kohl. Work on Jon.

**Sen. Lieberman (D-CT)**

6/14/91

Denvers

(Dresser, TRW, AIA)

Senator wants to do something - leaning towards Win Lord's moderate conditions. "We want cover," and it's going to be conditional MFN. The Baucus letter is not enough. President has no credibility w/ Congress on this issue. Don't believe he will follow through. Too little too late.

Follow-up: Denvers, and maybe the Senator would be interested in meeting CIC and the Zhao reformers. **Arrange meeting.**

**Sen. Lott (R-MS)**

6/11/91

Dr. Miller

(CIC, TMA, GM)

Miller new to job, but picking it up fast. Was initially opposed to MFN, for emotional reasons, but more he learns about subject, the more he is convinced this is not the answer. Lott undecided as of yet. Textile interests may sway him to conditions.

Follow-up: Should keep up the pressure, and get some MS businesses in to see him.

**Sen. Lugar (R-IN)**

6/4/91

Andy Semmel

(TMA, Dresser, Eaton, McDD, GM, Louis Dreyfus)

Andy thinks some Republican alternative that blends Mitchell and Bush position will be needed. Senate will pass some type of conditionality bill. The challenge is making it meaningful, but allow MFN not be extended. Substantive arguments are convincing, but gotta work the politics. We discussed possible democratic allies: Boren, Robb, Daschle, Bentsen & Rockefeller (in addition to Baucus).

Follow-up: 6/8 sent JV piece and CIC/economist materials.

**Sen. Mitch McConnell (R-KY)**

5/22/91

Brian Riendeau (friend of VL)  
(TRW, TMA)

McConnell undecided. Riendeau would like to see MFN extended w/o conditions - considering the issue strictly on its merits. But the politics are ugly. There is a division w/in the staff on this issue. No decision was made last year. McConnell did back the President on the student visa issue. Riendeau very impressed by Bush statement at Republican caucus announcing his intent to renew MFN. It was evident this is issue he is personally, and sincerely committed to winning. This is not an issue to break with the President on. McConnell going to HK and Thailand over July 4 recess. The Senator wants to hear from HK interests.

Follow-up: Sent conditions paper and offered to put McConnell in touch with HK businesspeople. Should follow up with Brian and Peter Lo. 6/11 met with Brian and CIC people. Good substantive meeting. Peter had dinner with Mitch. **May arrange to meet with Senator when CIC folks come to testify for Senate Finance.**

**Sen. Frank Murkowski (R-AK)**

5/31/91

(Jennifer Brick - LA)  
(TMA, Halliburton)

Jack is 95% sure Senaor will support unconditional extension. Has been approached by group of Chinese students in AK that support conditions. Murkowski very interested in extending MFN to Vietnam, and will use same argument that Bush uses for China. Senator feels we will retain MFN only if coupled with strong administrative action. MFN is "not the proper tool," but would support other actions.

Follow-up: 6/8 sent letter and CIC, economist materials.

**Sen. Pressler (R-SD)**

Doug Miller

Told TS on phone that he'd like to "share intelligence." Repeatedly did not return RB's repeated phone calls. 6/3 Congressional Record (S 6906), supports Bush's China policies. Denial of MFN would be a mistake - would lessen our influence inside China. We forget how important our businessmen are in spreading the ideals of American free enterprises and democracy. Concerned about loss of US export opportunities.

**Sen. David Pryor (D-AR)**

5/22/91

Ed Quick (friend of VL)  
(TRW, TMA)

Quick has no idea where Pryor stands on issue. He had a heart attack and won't be back till June. Pryor was undecided throughout the debate last year. Will probably follow Mitchell and Ford, since Pryor is #3 ranking democrat.

Follow-up: 5/23 sent letter along w/ listing of AR exporters to China. 6/91 ECAT met with Don Harrell (AA). Cal thinks Pryor might be persuaded to go w/ MFN w/o conditions. Leaning toward our position.

**Sen Riegel (D-MI)**

5/29/91

Rick Sammans  
(TMA, TRW)

We have a leader with a strong position on this (Mitchell), and their is a strong prediliction to support your leader. Different debate than last year. This is high politics now. Skeptical about State's assurances on emigration. Whether it will hinder or help is open to judgement, so will probably decide based on politics.

Follow-up: 6/1 sent letter. ECAT met with Sammans and indicated willingness to pursue more moderate course than Mitchell.

**Sen. Robb (D-VA)**

5/29/91

Peter Cleveland

(TMA, Cargill, CDC, McDD, ABB)

Senator is undecided. Supported the President last year, but much more difficult situation this year. Senator is aware of the economic stakes involved, but facing the basic question: "What can we do?" Robb recognizes moral component of our foreign policy, concerned about human rights and Cambodia. Recognize that Mitchell Bill is just delayed removal - conditions are too tough, and 6 months is insufficient amount of time.

Follow-up: 6/1 sent letter addressing need for China cooperation for peaceful settlement of Cambodia problem and 1990 CIC materials. Should see again.

**Sen. Rockefeller (D-WV)**

6/14/91

Bill Reinsch

(RD, TMA, IBM)

On McGlothin, Senator expressed sympathy for Soviet MFN cause they are moving in right direction. China is moving the other way. WV does not have great deal of commercial interest, and Reinsch, not surprisingly, unimpressed by TMA's pitch for imports (Reinsch was formerly Heinz' trade guy).

Follow-up: IBM to get details on their China business.

**Senator William Roth (R-DE)**

5/20/91

Mary Irace

(AT&T, TMA, GM)

Irace sympathetic to no conditions, but claims Roth as yet undecided. Roth was strong supporter last year. Irace stressed need to get CEOs to contact Senators directly. Also want to hear from the students.

Follow-up: 5/20 sent thank you and copies of investment position paper and China Info Center paper from last year. Will forward Gao Xin letter and new position paper when it is available. Should meet again, and arrange CIC to meet with Roth.

**Sen. Warren Rudman (R-NH)** 6/7/91

Paul Jacobson

Jacobson told TS on phone that Rudman is behind the President and a meeting is not necessary.

Follow-up: 6/8 sent materials including CIC and Ying Liu materials. Should contact Jacobson and further scope out position.

**Sen. Seymour (R-CA)**

6/12/91

Pat McCartin

(CIC)

Gave us the glad hand, but would not reveal anything about the Senator's position.

Follow-up: Should talk to again. Maybe see someone in the Senator's office. McCartin is on sub-committee staff.

**Sen. Simon (D-IL)**

6/13/91

At Sen. Foreign Relations Hearing said he supports conditions and would vote for Mitchell bill rather than approve MFN. Intent on "sending a message" to the Chinese people and government.

Follow-up: None.

Sen. Simpson (R-WY)

6/6/91

Katherine Burnett

(Dresser, GM, TMA)

Supports MFN w/o conditions. Interested in exploring w/ Dole and Sen Finance a strategy to take wind out of Mitchell's sails. 301 action ala Baucus may be in order. Talking to Baucus on this. White House meeting on Tuesday was a rah rah session. WH advice is to wait and let Mitchell play his cards.

Follow-up: 6/8 sent JV report and CIC/economist materials.

6/11 press release quoting Simpson statement to Hong Kong mission claiming "we'll get enough votes to sustain an (MFN) vote - and it will be bi-partisan." "I'm totally and deeply committed and we're going to get it done - w/o conditions."

(senate.mmo/mfn)

THE WHITE HOUSE

WASHINGTON

SECOND MEETING 6/12/91

COCHRAN Supports the President. Worried about failure to pass MFN would undermine the private sector.

NICKLES Will be with us in the end. Student vote was tough last year. Wants us to get some Democrats involved. Concerned about Chinese missile sales to Syria. Would support Sense of Senate Resolution on slowing imports.

GRAMM Supports us. Wants us to get some Democrats. Also make this vote a litmus test of loyalty to the President. Also get farm groups energized to support us.

MURKOWSKI Will support but needs some cover. May support a Sense of Senate on students. Worried that GB is perceived as too unyielding on Chinese student issue.

THURMOND Supports the President totally. Worried that we don't do anything to screw up prison labor export program in the U.S.

BOB SMITH Not there yet. Looks at E. Europe and doesn't see how MFN has helped us (?). Also is troubled by sanctions on South Africa but not on China.

KASTEN Getting some student support helps him. We must stop missile sales to Syria and Pakistan. Also concerned that we show support for Dalai and Radio Free China. Not there yet.

LOTT Will be there in the end if it's Bush vs. Mitchell. Wants us to get Southern Democrats. Trade deficit plus missile policy bothers him most.

First MeetingHOUSE

- Foley: is not comfortable with the huge momentum to revoke MFN within the House. As a representative from a wheat-exporting, Pacific coast state and the home of Boeing aircraft, he understands all the drawbacks of the loss of MFN for China.
- Michel: as Republican leader, supported the President's China policy last year and will be important in influencing fence-sitting members of his party this year.
- Rostenkowski: as Chairman of the Ways and Means Committee supported the President last year on unconditional MFN. He will have an important say in the procedures for bringing the MFN bill out of committee and to a vote on the floor.
- Archer: Ranking on Ways and Means, fully supported the President last year and will be an important ally again.
- Gibbons: as Chairman of the Trade Subcommittee of Ways and Means will have equal importance in managing these bill and has been the President's hardest working supporter in preserving MFN.
- Crane: is ranking on the subcommittee, supports the President, and is an effective counter to those more conservative Republicans on the subcommittee who would like to disrupt Gibbons' helpful tactics.
- Fascell is interested in a practical approach to MFN for China. Even though he may vote against the President on the floor, he is interested in working backstage to formulate the best conditionality alternative to Pelosi's bill.
- Broomfield has not been a supporter of the President's policy in the past but as the ranking member of HFAC, he should be involved in the first White House meeting on MFN.

SENATE:

- Dole: has consistently spoken out strongly on MFN and has carried the day on MFN on a number of occasions, most emphatically last fall when he threatened Mitchell with 20 hours of debate if the MFN conditionality and denial bills from the House were put on the calendar at the end of the session.
- Lugar: has been the advocate for the administration (opposite Mitchell) in early TV debates about this year's decision to renew MFN. He is, however, very concerned about the proliferation issue as a part of the MFN debate.
- Bentsen: is opposed to the revocation of MFN, but he must balance those instincts against his role as Chairman of the Finance Committee and legislative ally of Mitchell. He will be most concerned about allegations of unfair trading practices by the Chinese as a truly relevant issue for consideration of MFN status.
- Simpson: as Minority Whip, has been one of the most resourceful and tenacious supporters of the President's China policy. He will be a staunch ally in this year's debate.
- Rudman: has been the only Senator to visit China since Tiananmen, which he did at the request of the President. He has consistently supported the President's policy, even in some of the early Sense-of-Senate votes when 90 percent of the Senate condemned the policy.
- Boren: as Chairman of the Intelligence Committee, will be a key member on the issue of missile proliferation. Coming from a wheat exporting state, he realizes the cost to his farmers from trade retaliation by the China to a MFN loss.
- Lieberman: is interested in both human rights and proliferation problems. He is somewhat impressed with the President's new sanctions announced at Yale. He has been contacted by United Technologies regarding aircraft exports to China.
- Robb: is concerned about both the human rights and proliferation issues. He is in favor of establishing some markers for the Chinese for future MFN waivers, but he believes that the Mitchell bill will simply lead to withdrawal in six months. Virginia businessmen have been lobbying him heavily on MFN for China.

b

S.1084

Cosponsors, by Name

(Screen B - 1 of 2)

CURRENTLY: 26 Democrats  
 2 Republicans  
 ---  
 28 Cosponsors

AKAKA (D-HI)	As Introduced	05/16/91
BIDEN (D-DE)	As Introduced	05/16/91
BRYAN, RICHARD (D-NV)	As Introduced	05/16/91
CRANSTON (D-CA)	As Introduced	05/16/91
DECONCINI (D-AZ)	As Introduced	05/16/91
DIXON, ALAN (D-IL)	As Introduced	05/16/91
DODD (D-CT)	As Introduced	05/16/91
D'AMATO (R-NY)	As Introduced	05/16/91
FORD, WENDELL (D-KY)	As Introduced	05/16/91
GLENN (D-OH)	As Introduced	05/16/91
GRAHAM, BOB (D-FL)	Added	05/21/91
HOLLINGS (D-SC)	As Introduced	05/16/91
INOUE (D-HI)	As Introduced	05/16/91
KENNEDY, EDWARD (D-MA)	As Introduced	05/16/91
KERREY, BOB (D-NE)	Added	06/05/91
KERRY, JOHN (D-MA)	As Introduced	05/16/91

Type selection, 'MENU' or 'HELP'.....

~~S.1084~~

~~Cosponsors, by Name~~

~~(Screen B - 2 of 2)~~

LEAHY (D-VT)	As Introduced	05/16/91
LEVIN, CARL (D-MI)	As Introduced	05/16/91
METZENBAUM (D-OH)	As Introduced	05/16/91
MIKULSKI (D-MD)	As Introduced	05/16/91
MOYNIHAN (D-NY)	As Introduced	05/16/91
PELL (D-RI)	As Introduced	05/16/91
SARBANES (D-MD)	As Introduced	05/16/91
SASSER (D-TN)	As Introduced	05/16/91
WALLOP (R-WY)	As Introduced	05/16/91
WELLSTONE (D-MN)	As Introduced	05/16/91
WIRTH (D-CO)	As Introduced	05/16/91
WOFFORD (D-PA)	As Introduced	05/16/91

Type selection, 'MENU' or 'HELP'.....

SENATOR BROCK ADAMS	
SENATOR DANIEL AKAKA	<u>4</u>
SENATOR MAX BAUCUS	<u>2</u>
SENATOR LLOYD BENTSEN	<u>2</u>
SENATOR JOSEPH BIDEN	<u>4</u>
SENATOR JEFF BINGAMAN	
SENATOR DAVID BOREN	<u>2</u>
SENATOR BILL BRADLEY	<u>4</u>
SENATOR JOHN BREAUX	
SENATOR RICHARD BRYAN	<u>4</u>
SENATOR DALE BUMPERS	
SENATOR QUENTIN BURDICK	
SENATOR ROBERT BYRD	
SENATOR KENT CONRAD	
SENATOR ALAN CRANSTON	<u>4</u>
SENATOR THOMAS DASCHLE	<u>2</u>
SENATOR DENNIS DECONCINI	<u>4</u>
SENATOR ALAN DIXON	<u>4</u>
SENATOR CHRISTOPHER DODD	<u>4</u>
SENATOR JAMES EXON	<u>4</u>
SENATOR WENDELL FORD	<u>4</u>
SENATOR WYCHE FOWLER	
SENATOR JOHN GLENN	<u>4</u>
SENATOR AL GORE	
SENATOR ROBERT GRAHAM	<u>4</u>
SENATOR TOM HARKIN	
SENATOR HOWELL HEFLIN	
SENATOR FRITZ HOLLINGS	<u>4</u>
SENATOR DANIEL INOUE	<u>4</u>
SENATOR BENNETT JOHNSTON	<u>2</u>
SENATOR TED KENNEDY	<u>4</u>
SENATOR JOHN KERRY	<u>4</u>
SENATOR BOB KERREY	
SENATOR HERB KOHL	
SENATOR FRANK LAUTENBERG	
SENATOR PATRICK LEAHY	<u>4</u>
SENATOR CARL LEVIN	<u>4</u>
SENATOR JOSEPH LIEBERMAN	<u>3</u>
SENATOR HOWARD METZENBAUM	<u>4</u>
SENATOR BARBARA MIKULSKI	<u>4</u>
SENATOR GEORGE MITCHELL	<u>4</u>
SENATOR DANIEL MOYNIHAN	<u>4</u>
SENATOR SAM NUNN	
SENATOR CLAIBORNE PELL	<u>4</u>
SENATOR DAVID PRYOR	<u>2</u>
SENATOR HARRY REID	
SENATOR DONALD RIEGLE	<u>3</u>
SENATOR CHARLES ROBB	<u>2</u>
SENATOR JOHN ROCKEFELLER	
SENATOR TERRY SANFORD	<u>2</u>
SENATOR PAUL SARBANES	<u>4</u>
SENATOR JIM SASSER	<u>4</u>
SENATOR RICHARD SHELBY	
SENATOR PAUL SIMON	

SENATOR PAUL WELLSTONE	<u>4</u>
SENATOR TIMOTHY WIRTH	<u>4</u>
SENATOR HARRIS WOFFORD	<u>4</u>

TOTALS

1. No Conditions	
2. Undecided on Conditions	<u>8</u>
3. Mild Condition	<u>2</u>
4. Supports Mitchell	<u>26</u>
5. Opposes MFN	

Brood

Bump

Byrd

Des

Fon

Gen

Kohl

Prayer

Reed

Rocke