

Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: China Chronological Files
Subseries: Non-Tiananmen Files

OA/ID Number: 91134
Folder ID Number: 91134-006

Folder Title:
China: Non-Tiananmen (July 1990)

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	4	6

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From Meg Lundsager to Brent Scowcroft, Re: China: New Problems Arising with Required Divestment of Chinese Interests in MAMCO [FOIA RESTRICTIONS REDACTED] (2 pp.)	7/13/90	(b)(1)	S

Page 1 of 1

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: China Chronological Files
Subseries: Non-Tiananmen Files
WHORM Cat.:
File Location: China: Non-Tiananmen (July 1990)

Pinksheet Number: cap1118
OA/ID Number: 91134-006
Date Closed: 5/4/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9005383
RECEIVED: 05 JUL 90 11

TO: SCOWCROFT

FROM: RADEMAKER
ROSTOW

DOC DATE: 05 JUL 90
SOURCE REF:

KEYWORDS: CHINA P R
LEGAL ISSUES

IMMIGRATION

PERSONS:

4
CHRON FILE

SUBJECT: ISSUES RAISED BY INS RE CHINESE NATLS IN US

ACTION: NOTED BY SCOWCROFT W/ COMMENT DUE DATE: 09 JUL 90 STATUS: C

STAFF OFFICER: RADEMAKER

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
NSC CHRON
RADEMAKER
ROSTOW

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJRP

CLOSED BY: NSMEN

DOC 1 OF 1

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5383

July 5, 1990

Sec Advisor
has seen

see memo
7-22-90

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: NICHOLAS ROSTOW *NR*
FROM: STEPHEN RADEMAKER *SR*
SUBJECT: Issues Raised by INS Concerning Chinese
Nationals in the U.S.

On April 11, 1990, the President signed an Executive Order permitting all Chinese nationals in the U.S. as of that date to remain here until January 1, 1994. The Immigration and Naturalization Service (INS) has now sought our views on two issues arising in connection with the Order.

First, INS recently apprehended 64 Chinese nationals in Alabama who entered the U.S. illegally after April 11. Because they arrived after April 11, they have no right to remain here under the Executive Order. In the ordinary course, INS would put them into deportation proceedings. Persons subject to such proceedings have an opportunity to request asylum in the U.S., and those who can show a well-founded fear of persecution if returned to China will be granted asylum.

These are the first post-April 11 arrivals from China to be apprehended by INS, and, before putting them into deportation proceedings, INS wants to be sure that the White House has no objection. INS believes that they are part of a group of approximately 35,000 Chinese nationals in Panama who were illegally en route to the U.S. at the time of General Noriega's removal from power and are now trying to find other ways into the country. Thus, INS believes that there will be many more cases like this one.

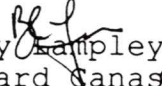
The second issue brought to our attention by INS concerns certain classes of Chinese nationals who are protected by the Executive Order but who, in similar situations in the past involving nationals of other countries, would not have been protected. These classes consist of Chinese: (1) convicted of any felony in the U.S., (2) firmly resettled in a third country, (3) excludable as a threat to the welfare, safety, or security of the U.S., or (4) who committed a serious nonpolitical crime outside the U.S. Originally INS sought our approval of proposed instructions to

the field that would have authorized deportation of Chinese falling into these classes. However, following conversations with the Justice Department's Office of Legal Counsel, INS concluded that it did not have the authority to issue instructions taking away rights conferred by the Executive Order. Accordingly, the instructions will not be issued.

INS was eager to issue the instructions in part because they would have resolved a problem that has arisen in a drug prosecution in San Francisco known as the "goldfish" case. In that case, a Chinese national convicted of drug trafficking in China was brought to the U.S. with the cooperation of the Chinese government to testify on behalf of the prosecution. The witness has sought to remain in the U.S., and under the Executive Order appears entitled to do so until January 1, 1994. INS can detain him until that time, but nevertheless our inability to return the witness has angered the Chinese government and reduced prospects for future drug cooperation between our two countries.

INS wants us to know that, absent a new Executive Order modifying the April 11 Order, Chinese nationals falling into the four categories above will be able to remain in the U.S. until January 1, 1994. Further, they probably will be unable to resolve the goldfish case controversy in a way satisfactory to the Chinese government.

We propose to tell INS that it should adhere to the letter of the Executive Order. This would mean that, in the case of the 64 Chinese nationals apprehended in Alabama, INS should process them as it would other aliens illegally within the U.S. Regarding the four classes of Chinese nationals that INS believes should not be protected, we are sympathetic to their position, but think it unwise at this time for the President to issue a new Executive Order narrowing the April 11 Order. The goldfish case is the only problem brought to our attention so far, and we hope to be able to limit the damage to U.S.-China relations. If further problems develop we can revisit the issue. For now, however, there is no compelling need to revise the Executive Order.

Concurrences by: Ginny  Sampley, Doug  Baal, Nancy Bearg Dyke, Richard  Ganas  NBD

RECOMMENDATION

That you authorize us to convey to INS the views set forth above.

Approve _____

Disapprove _____

Issues Raised by IRIS Concerning
Chinese Nationals in US

National Security Council
The White House

PROOFED BY: JRP LOG # 5383
URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
BYPASSED WW DESK: _____ DOCLOG CM A/O _____

WED

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bill Sittmann	<u>1</u>	<u>W</u>	<u>A</u>
Bob Gates	<u>2</u>	<u>8</u>	
Brent Scowcroft	<u>3</u>		
Bill Sittmann			
Situation Room			
West Wing Desk	<u>4</u>	<u>21.7.23</u>	<u>H</u>
NSC Secretariat	<u>5</u>		<u>HIR</u>

APNSA Has Seen

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

Send comeback copy
to Rackmaker + Rostow.

Lennie

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9005855
RECEIVED: 13 JUL 90 12

GRUN FILE

TO: SCOWCROFT

FROM: LUNDSAGER
DEAL

DOC DATE: 13 JUL 90
SOURCE REF:

4

KEYWORDS: CHINA P R
AVIATION

INTL INVESTMENT
EXPORT CONTROLS

PERSONS:

SUBJECT: PROBLEMS W/ REQUIRED DIVESTMENT OF CHINESE INTERESTS IN MAMCO

ACTION: NOTED BY SCOWCROFT DUE DATE: 17 JUL 90 STATUS: C

STAFF OFFICER: LUNDSAGER LOGREF:

FILES: PA NSCP: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DEAL
LUNDSAGER
NSC CHRON

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 5/4/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMDC

CLOSED BY: NSWEA

DOC 1 OF 1

~~SECRET~~

*The Problem Arising with
Required Investment of*
National Security Council
The White House *Chinese
Interests in
Macao*

PROOFED BY: WEA
URGENT NOT PROOFED: _____
BYPASSED WW DESK: _____

LOG # 51033
SYSTEM PRS NSC INT
DOCLOG LMS A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Ken Hill			
Bill Sittmann	1	h	I
Bob Gates	2	8	
Brent Scowcroft	3		
Bill Sittmann			
Situation Room			
West Wing Desk	4		✓
NSC Secretariat	5		N

APNSA Has Seen

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
(Date/Time)

COMMENTS

DISPATCH INSTRUCTIONS:

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	From Meg Lundsager to Brent Scowcroft, Re: China: New Problems Arising with Required Divestment of Chinese Interests in MAMCO [FOIA RESTRICTIONS REDACTED] (2 pp.)	7/13/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: China Chronological Files
Subseries: Non-Tiananmen Files
WHORM Cat.:
File Location: China: Non-Tiananmen (July 1990)

Document Partially Declassified
(Copy of Document Follows)
 By MM on 3/3/2016

Date Closed:	5/4/2009	OA/ID Number:	91134-006
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	2009-1155-MR(500)
AR Disposition:		MR Disposition:	Released in Part
AR Disposition Date:		MR Disposition Date:	7/31/2014

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

~~SECRET~~

~~SECRET~~

5633

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508
July 13, 1990

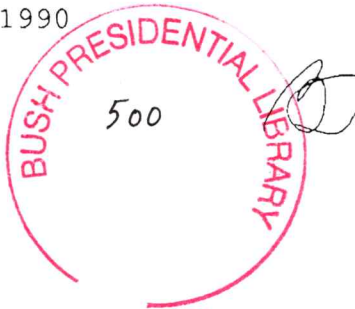
INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL

FROM: MEG LUNDSAGER

SUBJECT: China: New Problems Arising with Required
Divestment of Chinese Interests in MAMCO



Natl Sec Advisor
has seen

Background

On February 1 the President signed an Executive Order under which the China National Aero-Technology Import and Export Corporation (CATIC) was required to divest itself of MAMCO, a Seattle-based corporation which machines and fabricates metal parts for aircraft. This was the first case of divestiture the President has ordered under the Exon-Florio provision of the 1988 Omnibus Trade and Competitiveness Act.

The Committee on Foreign Investment in the U.S. (CFIUS), which Treasury chairs, had concluded that while CATIC's access to MAMCO's existing technology did not pose a threat to national security, CATIC might take future action that would threaten the national security. CFIUS based its conclusion on past CATIC actions to circumvent COCOM controls and efforts to acquire illegally U.S. aircraft engine technology.

CATIC has until July 31 to divest itself of MAMCO and while CATIC has not yet sold MAMCO, it has found two potential buyers, both Chinese. One is the China Investment Corporation (CITIC)

1.4(c); 3.3(b)(6)

The other is Huan Yu, a recently organized holding company which owns many small firms with links to the Chinese military. Both have filed a notification with CFIUS, which has until July 30 on CITIC and August 2 on Huan Yu to decide whether to pursue an investigation. If CFIUS decides to so, it has 45 days to complete the investigation and make a recommendation to the President. Following that the President has 15 days to make his decision, bringing us to late September/October. We would expect that CFIUS would decide to pursue an investigation in both cases.

Treasury asked to meet with us to discuss how to proceed, given the rapidly approaching July 31 deadline and the CITIC and Huan Yu offers to buy. State and Justice attended the meeting.

As a result of this meeting, we have asked CFIUS to prepare a memo to the President presenting the issues of this case and

~~SECRET~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED IN PART
PER E.O. 13526

2009-1155-MR
7/31/2014 MM

~~SECRET~~

~~SECRET~~

requesting his approval of a proposed plan of action described below. We have asked for that memo by July 23 at the latest, in order to give the President several days to consider the issue before the period for the required divestiture expires.

Suggested Strategy

Under a proposal agreed to in our interagency meeting, the U.S. Government would file suit to request the court to set up a trustee to sell MAMCO, once the July 31 deadline passes. While the USG could postpone filing suit until the investigations of CITIC and Huan Yu are completed, about another two months, the group believed that, given the sensitive nature of both this case and questions about the Administration's willingness to enforce Exon-Florio, the Administration should follow the spirit of the order and take immediate action. This was also the reason for not seeking an additional extension from the President beyond the three-month extension already granted.

Prior to filing suit in Seattle, however, the Justice Department will most likely wish to have the President's guidance, either formally or informally, depending on the Attorney General's assessment of the legal requirements in this matter. Justice will let us know by next Wednesday the desired form of communication.

Justice, when filing the lawsuit, would indicate to the judge that CATIC has found potential buyers, which are in the process of being investigated by the CFIUS. Justice therefore expects that the judge would decide to take no further action until those matters are resolved.

In addition, someone might be designated to have a quiet word with the Chinese, indicating that it might be best for them to find an American buyer and avoid more bad press in the run-up to the Congressional vote on MFN.

Comment

With the MFN vote looming, we will want to avoid giving the impression that the Administration will be less than firm with the Chinese or reluctant to enforce Exon-Florio. Politically, it is preferable to take the action into the courts and allow judges -- not the President -- to give the Chinese any delays in enforcement that may be necessary to complete the divestiture satisfactorily.

We expect to have a CFIUS memorandum for the President by Tuesday, July 24.

Concurrences by: Douglas Paal and Stephen Rademaker

~~SECRET~~

~~SECRET~~

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9005999
RECEIVED: 25 JUL 90 14

TO: PETERSON, R

FROM: SITTMANN

CHRON FILE

DOC DATE: 30 JUL 90
SOURCE REF:



KEYWORDS: CHINA P R
LEGISLATIVE REFERRAL

INTL TRADE
MFN

PERSONS: EYADEMA, GNASSINGBE

SUBJECT: HR-4939 / CONDITIONAL MFN STATUS FOR CHINA

ACTION: HILL SGD MEMO

DUE DATE: 28 JUL 90

STATUS: C

STAFF OFFICER: PAAL

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
PAAL

COMMENTS:

DISPATCHED BY Lisa Salvetti DATE 17/30 BY HAND W/ATTCH

OPENED BY: NSJRP

CLOSED BY: NSLMS

DOC 4 OF 4

UNCLASSIFIED

**National Security Council
The White House**

PROOFED BY: DAD
 URGENT NOT PROOFED: _____
 BYPASSED WW DESK: _____

LOG # 5999
 SYSTEM PRS NSC INT
 DOCLOG 24 A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
<i>Ken Hill</i>	<u>1</u>	<u>KA</u>	<u>A</u>
Bill Sittmann	_____	_____	_____
Bob Gates	_____	_____	_____
Brent Scowcroft	_____	_____	_____
Bill Sittmann	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>2</u>	_____	_____
NSC Secretariat	<u>3</u>	<u>IMS 7/30</u>	<u>N</u>
_____	_____	_____	_____
_____	_____	_____	_____

☒ A = Action
 ☐ I = Information
 ☐ D = Dispatch
 ☐ R = Retain
 ☐ N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____
 (Date/Time)

COMMENTS

ONB Referral - due ASAP

DISPATCH INSTRUCTIONS:

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

July 30, 1990

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM F. SITTMANN

KJH/for

SUBJECT: H.R. 4939 - Conditional MFN Status for China

Attached is an NSC staff redraft of the S.A.P. circulated by your office on H.R. 4939 - Conditional MFN Status for China.

Attachment

Tab A Redraft

H.R. 4939 - Conditional MFN Status for China

(Pease (D) and 19 others)

The Administration strongly opposes the enactment of H.R. 4939. As strongly as the Administration supports the objectives of the authors of H.R. 4939 to advance U.S. economic, foreign policy and human rights interests in China, it opposes this Bill because it will frustrate those objectives.

Explicit linkage of MFN to human rights in China is, by itself, poor trade policy. Our businessmen are disadvantaged enough in today's competitive trade environment without the substantial additional uncertainty this bill will introduce. Additional MFN criteria will hamper only U.S. companies; none of our allies extends MFN on such a conditional basis. Uncertainty about the U.S.-China commercial relationship would also affect confidence in Hong Kong.

Moreover, explicit linkage of MFN to human rights in China, in the highly contentious internal situation there, will make a difficult situation worse. We should not play into the hands of those in China who seek to prevent a return to a more positive course by allowing them to play to Chinese nationalism in resisting foreign pressure. Sanctions are still in place. They continue to send a strong message to the Chinese leadership and have resulted in some positive steps, including the release of almost 900 prisoners and the departure of the Fang Lizhi family.

H.R. 4939, as it now stands, would place important U.S. interests at risk. Adding further restraints on the President's flexibility would compel his senior advisors to recommend a veto of the legislation.

UNCLASSIFIED
NSC/S PROFILE

China - U.S.
RECORD ID: 9005999
RECEIVED: 25 JUL 90 14

TO: SITTMANN

URGENT

FROM: PETERSON, R

DOC DATE: 25 JUL 90
SOURCE REF:

KEYWORDS: CHINA P R
LEGISLATIVE REFERRAL

INTL TRADE

PERSONS:

SUBJECT: DRAFT STATEMENT OF ADMIN POLICY ON HR-4939 RE CONDITIONAL MFN STATUS
FOR CHINA

ACTION: CONCURRENCE TO OMB BY PHONE DUE DATE: ~~28~~₂₆ JUL 90 STATUS: S

STAFF OFFICER: PAAL

LOGREF:

FILES: WH NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION
PAAL

FOR CONCURRENCE
LAMPLEY

FOR INFO
MELBY

COMMENTS:

done by Telephone

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJRP

CLOSED BY:

DOC 1 OF 1

UNCLASSIFIED



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

URGENT 2pg
599

July 25, 1990

LEGISLATIVE REFERRAL MEMORANDUM

TO:

Legislative Liaison Officer -

Department of State (Rappaport 647-4463)	225
Department of Justice (Navarro 514-2141)	217
Department of Commerce (Levitt 377-3151)	324
Department of the Treasury (Carro 566-8523)	228
National Security Council (Sittman x3723)	249
United States Trade Representative (Weiss x3475)	223
Department of Agriculture (Shapiro 382-1516)	312
Department of Labor (Zinman 523-8201)	330
Council of Economic Advisers (Obermiller x5046)	242

SUBJECT: Draft Statement of Administration Policy on H.R. 4939,
on Conditional MFN Status for China.

The Office of Management and Budget requests the views of your
agency on the above subject before advising on its relationship
to the program of the President, in accordance with OMB Circular
A-19.

A response to this request for your views is needed no later than
12:00 NOON, THURSDAY, JULY 26, 1990.

Questions should be referred to ANNETTE ROONEY (395-7300), the
legislative analyst in this office.

Ronald K. Peterson
RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: C.B. Gray
T. Dorsey
T. Davis
H. Williamson

URGENT

DRAFT

July 25, 1990

()

H.R. 4939 - Conditional MFN Status for China

(Pease (D) Ohio and 19 others)

The Administration strongly opposes enactment of H.R. 4939 because the bill would be counterproductive to U.S. human rights, economic, and other foreign policy interests in China. Our human rights objectives are best promoted by retaining maximum flexibility to respond to the evolving situation in China. Imposing additional criteria on the extension of most-favored-nation (MFN) status would add new uncertainty for U.S. businessmen operating in China. Further, it would damage confidence in our trading relationship with China, particularly with Hong Kong.

* * * * *

July 25, 1990 11:44 AM

FACSIMILE TRANSMITTAL SHEET

TO: NSC

FROM: M.Collins LRD/RDI

DELIVERY TIME: 25-JUL-1990 13:36:32

DELIVERY NODE: 1, 3M FaxXchange

SESSION: 1 - 4690

PAGES: 3 (including this page)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 30, 1990

**SIGNED**

ACTION

MEMORANDUM FOR WILLIAM F. SITTMANN

FROM: DOUGLAS PAAL 
SUBJECT: H.R. 4939, OMB Referral -- Conditional MFN Status
for China

At Tab I is a memorandum for Ron Peterson conveying my redraft of the draft S.A.P. sent by OMB.

Concurrences by: V. Landley, E. Melby 

RECOMMENDATION

That you sign the memorandum to Peterson at Tab I.

Attachments

Tab I Sittmann/Peterson Memorandum
Tab A Redraft
Tab II Closed Staff Action - #5999