

FOIA MARKER

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Folder Title:

China [Folder 1] [1]

Staff Office-Individual:

Speechwriting-Orzulak, Paul

Original OA/ID Number:

4022

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48	6	9	2	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. statement	Personal (Partial) (1 page)	02/19/2000	P6/b(6)
002a. email	To National Security Advisor from Paul Orzulak. Subject: Revised SRB China remarks to Business Roundtable (1 page)	02/08/2000	P5
002b. statement	re: Draft National Security Advisor Samuel E. Berger remarks to the Business Roundtable on China (8 pages)	02/08/2000	P5

COLLECTION:

Clinton Presidential Records
National Security Council
Speechwriting (Paul Orzulak)
OA/Box Number: 4022

FOLDER TITLE:

China [Folder 1] [1]

2008-0702-F

jm606

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 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. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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]
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China PNTR
Q&A

WTO Agreement/PNTR

Why is China joining the WTO in the interests of the global community?

- US believes China's entry into WTO on sound commercial basis is good for the for China, good for the United States, and good for the international trading system.
- WTO membership will open China's markets and strengthen the forces of reform, improving the odds that China will continue and even accelerate its gradual progress toward joining the rules-based community of nations.
- US-China Accession Agreement has very strong terms. We look forward to China's completing its agreements with other WTO members and remaining work in Geneva so that it can enter the WTO as soon as possible.
- At home, we are working very hard to obtain necessary Congressional support for PNTR for China. This is one of my highest priorities this year.
- Granting China PNTR will guarantee that US business, can benefit fully from the provisions of China's WTO accession. This is in the interest of American business, labor, and agriculture.

Why is PNTR necessary? Can't the U.S. get the benefits of the agreement without PNTR, as some have suggested?

- No. The United States must grant China permanent Normal Trade Relations status or risk losing the full benefits of the agreement we negotiated, including special import protections and rights to enforce China's commitments through WTO dispute settlement.
- If Congress were to refuse to allow the United States to grant China permanent NTR, our Asian, Latin American and European competitors would reap these benefits but American farmers and businesses could well be left behind.

Why do we need to grant permanent normal-trade-relation status (PNTR)? Isn't it the case that we can continue to grant China NTR status on an annual basis and get the benefits of the agreement?

- First, let's recognize that this is a good deal for U.S. exports, workers, and farm interests. It's also important to understand the *one-way nature of the concessions* in this agreement. China has agreed to grant the United States *significant new access* to its market, while we would simply maintain the market access policies we *already* apply to China by granting it permanent NTR.
- Second, the answer is no, you can't just grant NTR through an annual review and renewal process and ensure we get the full benefits of the WTO agreement. The GATT requires all WTO members to grant *immediate and unconditional* NTR/MFN. This requires *permanent* NTR.
- We must grant China permanent NTR. If we do not, we risk losing the full market access benefits of the agreement we negotiated, special import protections, and of course the rights to enforce China's commitments through WTO dispute settlement.
- If Congress were to refuse to grant permanent NTR, our Asian, European and other competitors will reap the benefits, but American farmers and businesses may well be left behind.

Some have suggested that as long as NTR does not lapse, the United States can, consistent with our WTO obligations, require annual or periodic renewal of China's NTR status, provided that NTR status is not conditioned upon any "extraneous" factor such as Jackson-Vanik's freedom-of-emigration-related requirements. Is this right?

- No. A fundamental principle of the WTO is that you treat imports from all WTO members the same. You can not give special advantages or impose special disadvantages or hardships on some countries' products and not others.
- GATT Article I requires that all WTO members grant each other "any advantage, favor, privilege or immunity" provided to other countries "*immediately and unconditionally*".
- The United States grants NTR/MFN treatment to *all* countries with whom we share and enjoy all the benefits of the WTO *without* the condition of an annual review.
- Receiving NTR tariff treatment is clearly an "advantage" or "privilege" under the WTO, and obtaining that treatment *without going through an annual review* is likewise an advantage or privilege.
- Subjecting one WTO member to an annual review of its NTR status -- whether tied to Jackson-Vanik's specific emigration related conditions or not -- is a clear and discriminatory *condition* that *disadvantages* imports from that country.

- A mandatory annual or periodic review of whether products from China will be treated the same or differently than products from all other WTO members will inject uncertainty and unpredictability into business decisions affecting imports from China. NTR/MFN status provides non-discriminatory treatment of products both at the U.S. border and after the products enter into commerce within the United States.
- A mandatory review of NTR/MFN status is discriminatory and disadvantageous and violates the fundamental WTO principle that all WTO members must be treated the same, and that all "advantages" and "privileges" must be granted "immediately and unconditionally".
- If we do not grant China PNTR and continue to condition NTR/MFN status upon mandatory periodic reviews, we risk losing the full benefits -- to our farmers, workers and companies -- of the strong, rules-based and enforceable market opening agreement we just negotiated.

Enforcement/compliance

What assurance do we have that China will implement this agreement?

- The WTO agreement is different from our bilateral agreements in two important respects -- the obligations that China has accepted are far more specific and detailed, and it is fully enforceable through the WTO dispute settlement process.
- The Administration is fully committed to ensuring that China fulfills its obligations and will work with China, other WTO members, our private sector and Congress in monitoring China's compliance and quickly addressing problems.
- We will aggressively use the WTO's monitoring mechanisms and the WTO's dispute settlement process to seek redress. And we will vigorously enforce our domestic trade laws, which continue to apply to China.
- Moreover, unlike our bilateral agreements, we will not be alone in our enforcement efforts if China fails to live up to its commitments. Other countries will be focusing on bringing China into compliance.
- Finally, we will try to prevent or reduce problems by working closely with the Chinese, including through technical assistance where appropriate, to ensure they fully understand their new obligations. WTO rules will require widespread changes in China's application of trade rules and policies, and consultation and training can head off problems.

Doesn't China's track record on past trade agreements mean we can't have any faith it will live up to any new agreement?

- China's record of compliance is mixed. But vigorous enforcement of our bilateral agreements with China has resulted in significant improvements in both intellectual property (IP) protection and market access. For example:

- Before our IP agreements in 1992 and 1995 and the enforcement action in 1996, China was one of the world's largest IP pirates. Today, China has improved its legal framework -- and it has virtually shut down the illegal production and export of pirated music and video CDs and CD-ROMs.
- China is also one of only 12 countries that has followed the example of the US Government in issuing a government-wide directive that all ministries and other government entities, at national, provincial and local levels, must ensure the legitimate use of authorized software.
- As a result of the 1992 Market Access MOU, China has eliminated quotas and licenses on over a thousand products and laid the foundation for significant improvements in the transparency of its trade regime.
- Generally, China has implemented its agreements most satisfactorily when its obligations were concrete, specific, and open to monitoring. Previous bilateral agreements have not adequately dealt with the range of barriers and trade-restrictive practices our exporters face in China. The November 1999 bilateral agreement has far more specificity in terms of well-defined commitments than we were able to achieve in earlier agreements.
- Finally, China's commitments are subject to the WTO dispute settlement mechanism -- which will force China to comply with WTO rulings or be subject to trade sanctions. The Administration is fully committed to ensuring that China fulfils its commitments and will work with Congress and the private sector in monitoring China's implementation and in acting quickly to prevent and address problems.

Completing Work for Accession

What more specifically needs to be done for China to complete its WTO accession? What is going on now?

- The WTO accession process for China consists of two elements: completion of bilateral market access agreements with all WTO members seeking specific commitments (about 15 including the EU remain) and completion of the protocol and working party report, which principally cover the commitments China makes regarding WTO rules.
- China has completed bilateral market access agreements with several countries such as the United States, Japan, Canada, Australia, and New Zealand. China must also reach bilateral agreements with the European Union, India, Argentina, Chile, and a number of other WTO members.
- The second element -- the multilateral process in the Working Party -- will likely make significant advances once China concludes its bilateral market access agreements. In the multilateral negotiations in the Working Party, China must reach agreement on a number of issues, including subsidies, technical standards, and a mechanism to review implementation. Once both of these elements are concluded, the Working Party forwards the package to the

WTO General Council for final action. China must then complete the steps required under its law to become a WTO Member.

How long will that take?

- We cannot predict this, as it is up to the parties in these bilateral negotiations.
- However, except for the European Union, these countries normally have far fewer issues to resolve with China than we did.

What countries remain for China to complete its bilateral process?

- We understand that currently about 15 WTO Members are still engaged in bilateral market access negotiations with China, including the EU.
- Some Members may decide that what we or other Members met their needs and stop negotiating, and others could make bilateral requests at a later stage.
- The Working Party will at some point decide that all bilateral negotiations have been completed and will start the process of verifying and rectifying China's market access schedules.

What more needs to be done with the Protocol?

- The Protocol and Working Party Report contain provisions that clarify or modify the standard provisions in the WTO Agreement with respect to China. Examples of special China-related provisions include: additional commitments and special transition periods and clarifications of how WTO rules will apply to China.
- The Working Party Report also includes a description of China's trade regime and economy as of the conclusion of the accession negotiations. This Report also states Members' concerns about certain aspects of China's economic and trade regime and their expectations on how these regimes will be modified or operate when China becomes a WTO member.
- The Working Party will be negotiating with China on additional commitments and drafting the legal documents that record these commitments, provide the basis for monitoring implementation and are subject to dispute settlement.

Didn't the U.S. already finish the protocol?

- The United States and China have agreed bilaterally on certain commitments that will be included in the Protocol. These commitments will now be discussed in the Working Party and inserted into the Protocol and Working Party Report.

- During our bilateral negotiations, we focused on issues that are of particular importance to U.S. industry and workers and did not attempt to resolve at the bilateral stage all of the many issues involved in a WTO accession.
- In addition, other Members have issues of particular concern to them that may need to be addressed.

When will we have a *final* package?

- The timing for completion of the accession negotiations has always been up to China.
- We are fully prepared to engage in intensive negotiations and complete work on the accession package quickly.

What happens if other trading partners undercut us on market access or protocol issues?

- Ultimately, these are commitments that China must make and implement. China is aware of the importance we attach to these commitments.
- We believe that other WTO Members will not object to including the agreed provisions or even better provisions on market access and rules.
- The final package must be one we can accept and that Congress believes warrants providing China with permanent NTR.

Can the U.S. veto China's entry?

- The Working Party must have a consensus to forward the accession package to the WTO General Council for action. In the General Council, any WTO Member can request a vote on the accession package which would require a 2/3's majority of all WTO Members for adoption.

Human Rights

Why should we grant permanent NTR status to China even though the human rights situation continues to deteriorate in the PRC?

- Provision of PNTR status to China is not an endorsement of the human rights situation. We have deep, serious concerns about the human rights situation in China.
- China's accession to the WTO and our corresponding obligation to provide PNTR status will strengthen forces in China that are likely to move the human rights situation there in the right direction.
- WTO accession will spur market reforms that will result in more individual choice and diminished government control over economic and social life; encourage China's greater integration with the global economy and its openness to outside influences; and promote basic principles that are the foundation for the rule of law and fundamental human rights.

- We will continue all other efforts to promote human rights in China. Providing China with PNTR does not come at the expense of energetic pursuit of these priorities.

Labor

What are you doing to promote labor rights in China?

- President Clinton and President Jiang agreed in June of 1998 to begin a labor dialogue to discuss core labor standards, labor law, and development of social safety nets for workers.
- Labor Secretary Herman has begun that dialogue with her counterpart and has facilitated meetings between the Chinese Minister of Labor and U.S. business and labor representatives.
- In 1996, WTO members renewed their commitment to the observance of internationally recognized core labor standards. On accession, China will take on this commitment.
- China's WTO accession will increase investment by U.S.-based multinationals, providing additional channels for American values and practices to be conveyed to China. American firms are more committed than their Asian competitors to progressive labor management practices and protecting the safety of their workers.

What have you done to ensure that Chinese prison labor products don't enter the United States?

- WTO agreement does not impair in any way our prohibition on importing products produced by prison labor.
- 1992 and 1994 agreements with the Chinese government commit the Chinese to cooperate, including U.S. inspections of Chinese prison facilities.
- Dissatisfied with implementation of the agreements.
- Since 1997 cooperation has halted. We have repeatedly pressed for revitalization of the agreements and Ambassador Prueher has made this a priority. Will also raise in our law enforcement dialogue in Beijing this coming spring.

foreign companies, which offer better pay and a chance to get ahead based on merit. This will lift standards for Chinese workers – and their expectations.

- *Second, by speeding economic change, the agreement has the potential to encourage China to evolve into a more open society.* The Chinese state was once every citizens' employer, landlord, shopkeeper, and news provider rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. By opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China. China's government may be trying to control Internet content, but the effort is futile and it simply proves how threatening these changes are to the status quo.
- *Third, this agreement increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.* By joining the WTO, China has agreed to subject some of its most important economic decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to define its future within the global community. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.
- We must also make clear: This agreement is not, by itself, a human rights policy for the United States. Change in China will only come through a combination of internal pressure and external validation of those who struggle for a political voice. That's why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record, and why we have sanctioned China as a "country of particular concern" under the International Religious Freedom Act. We will also continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to help us solve the problem of global climate change.
- If we fail to obtain PNTR, we will lose the full benefits of the agreement. In a global economy, with global markets, your companies will be shut off from one-fifth of the world – while your European, Japanese, and other competitors will be the beneficiaries of the very good deal we negotiated. But failure would also send a penetrating signal to the rest of the world that America truly has turned inward. That would be devastating for our future.
- At the moment of America's greatest strength and influence, we must be leading the world, and embracing change, not turning from it. I look forward to working with you to pass PNTR and take one more step to a more stable, prosperous world.

Withdrawal/Redaction Marker

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001. statement	Personal (Partial) (1 page)	02/19/2000	P6/b(6)
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2/19/00 6:00 p.m.
Orzulak

**PRESIDENT WILLIAM JEFFERSON CLINTON
TOAST REMARKS AT THE STATE DINNER
FOR THE KING AND QUEEN OF SPAIN
THE WHITE HOUSE
FEBRUARY 23, 2000**

Your highnesses; members of the Spanish delegation; ladies and gentlemen: again, on behalf of the American people, I am delighted to welcome the King and Queen back to the United States. In this house of the people, it is wonderful to welcome a monarch of the people.

Over the past seven years, Hillary and I have had the pleasure of sharing several special occasions with King Juan Carlos and Queen Sofia.

Five years ago, I welcomed them to the White House on the occasion of their son's graduation from my alma mater, Georgetown University. On that day, the King and Queen also received honorary degrees. The King joked that the reason the University gave him the degree was that if his son started bragging about his Master's, he could say: yes, but I am a doctor.

Two years later, they hosted Hillary, Chelsea, and me a few weeks after Chelsea graduated from high school. For me, it was the fulfillment of a lifelong dream. When I was a graduate student more than 30 years ago, I took a trip to Alhambra, in Granada. I saw the most beautiful sunset I had ever seen. I promised myself that one day, I would return. The King and Queen helped make that return trip possible – in a style slightly better than what I had known as a grad student. I am forever grateful.

P6/(b)(6)

[001]

Our friendship is just the latest chapter in a long history of friendship between our nations. Five hundred years ago, Spain was the world's leading power, and the Spanish of that day left a legacy of courage and vision that will never be forgotten. Today, the only foreign citizen we celebrate with a national holiday in America is Christopher Columbus. The land on which I was born was once part of the Spanish empire. For some time now, Spanish has been this country's unofficial second language. By the middle of this century, almost half of the United States is expected to be Spanish-speaking.

2/19/00 5:00 p.m.

Orzulak

**PRESIDENT WILLIAM JEFFERSON CLINTON
REMARKS AT THE STATE ARRIVAL CEREMONY
FOR THE KING AND QUEEN OF SPAIN
THE SOUTH LAWN
FEBRUARY 23, 2000**

Your majesties; members of the Spanish delegation; ladies and gentlemen: on behalf of the people of the United States, I am delighted to welcome the King and Queen of Spain back to America. A quarter century ago, the very first trip King Juan Carlos made overseas after his Proclamation as King was to the United States. Your majesty, we are honored that you decided to celebrate the 25th anniversary of that journey - and the friendship between our nations - by making America your first stop overseas in a new century.

In the life of every democracy, there is one defining moment that stands above all the rest. It is Abraham Lincoln at Gettysburg. It is Lech Walesa raising a fist in a Polish shipyard. It is students with sledgehammers standing atop the Berlin Wall. It is Nelson Mandela raising his right hand and taking the oath of office in South Africa.

Nineteen years ago today, Spain had one of those moments. In the early evening hours of February 23rd, 1981, 200 armed militia in Madrid stormed the Parliament in a coup. They fired automatic weapons. They took every major elected figure in Spain hostage. Many feared that Spain's two-year old experiment with democracy was over.

But when angry generals swarmed the royal palace and urged the King to join their rebellion, the King defiantly replied: "your coup will succeed over my dead body." Instead, he rallied the people of Spain. He appealed to the military's sense of honor. He stood strong. Less than 24 hours after it began, the coup was over. Freedom was secure in Spain and in Europe's west. A few years later, it would be reborn in Europe's east. And Europe's newest democracies looked to Spain for their example. When we complete the task of building an undivided, democratic peaceful Europe, we will owe a great debt to King Juan Carlos.

For more than five centuries, our two nations have been united by a common history. Today, we are united by common values and common responsibilities.

Spain has taken a leading role in NATO and the EU. In Kosovo, Spanish pilots, soldiers, and police have performed with great bravery - and in April, the command of KFOR will fall to the skilled hands of a Spanish Commander.

Spain has also stood with the United States to promote democracy in Latin America. With its support of hurricane victims in Honduras and Guatemala and floods in Venezuela, Spain is also one of the leading champions of the human spirit. We look forward to the conference Spain is hosting in June to promote a better life for the people of Colombia. Spain has also demonstrated real leadership in advancing the cause of human rights in Cuba.

Your Majesty, on this same lawn 25 years ago, you said that your greatest wish was that your visit "would contribute to reinforcing the bonds of friendship between us for the good of our two countries and all those who aspire to attain the same ideals of faith, freedom, and justice." Today, I think it's fair to say: it has. May your wish that day be our hope and our guide for the 21st Century. You honor us once again with your visit, and again, we welcome you to America.

2/7/00 3:30 p.m.

Orzulak

**NATIONAL SECURITY ADVISOR SAMUEL R. BERGER
REMARKS TO
THE BUSINESS ROUNDTABLE
ON CHINA
WASHINGTON, D.C.
FEBRUARY 8, 2000**

It seems hard to believe that it was six years ago when I first met with some of you to discuss the North American Free Trade Agreement. That was one of the toughest fights that we have had since 1993. But when I wake up in the morning and see that America now has the longest economic expansion in our history -- and I see both Mexico and Canada enjoying opportunities they never had before -- I know that NAFTA and our commitment to open trade had something to do with that. I'm grateful for all the hard work that you did to get it passed.

But this year, we have a fight on our hands that will make NAFTA look like a walk in the park. Unlike the battle over NAFTA, this fight involves two issues that -- individually and together -- make up the third rail of American politics today: trade and China. The fight over China's entry into the World Trade Organization going to be unlike anything we've ever seen. Unless we are willing to go all-out to get this passed -- starting today -- we are not going to win.

There is no question that this agreement will be an absolute home run for America. For years, China has had open access to our markets, while its markets have been in many ways closed to American products and American services. This agreement requires China to open its market on everything from agriculture to manufacturing to high tech -- while we have agreed only to maintain the market access we already offer to China. It directly responds to concerns about unfair trade practices in China. For the first time, U.S. companies will be able to competitively sell and distribute in China products made by American workers here at home, rather than being forced to open factories there.

For an industry like autos, for example, the agreement would cut tariffs by nearly 75 percent. American auto makers will no longer have to find a Chinese middle-man to sell through, or to transfer technology to their Chinese competitors. And American manufacturers, for the first time, will be free to use parts made in America for assembly in China, to set up their own distribution centers, to run their own service shops, and to provide their own financing. Take that example and multiply it across our other industries – from manufacturing to agriculture – and you begin to get an idea of what this agreement would mean to both of our economies.

All of you already know that. You also know that when you talk to Members of Congress, most are not going to challenge you on economic grounds. What they'll come back to you and say is: China is a growing threat to Taiwan and its neighbors, and we shouldn't strengthen it. Or China is a blight on labor rights and environmental standards, and we shouldn't engage it. Or China is a dangerous proliferator, and we shouldn't empower it. And many, if not most, of the concerns they will raise on these issues will be absolutely legitimate.

But this debate should not be defined in terms of economic rights versus human rights – or economic security versus national security – because it is a trap, it's a false choice. To me, bringing China into the WTO is about so much more than trade. This agreement is just as vital – if not more vital – to our national security as it is to our economic security. If we are going to win this fight, all of you are going to have to carry the argument that it promotes both. So I want to talk for a few minutes tonight about how this agreement will advance our national interests by encouraging the right kind of change in China.

To understand how, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has made remarkable progress in building a new economy, lifting more than 200 million people out of absolute poverty. But it still faces daunting economic problems. Its system is plagued by corruption. Private enterprise still accounts for less than one-third of China's economy. China's workforce is increasing by 12 million each year. Millions are

migrating from the countryside, where they see no future, to the cities, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs. China clearly cannot maintain stability or ensure prosperity by maintaining the status quo.

Hence the dilemma: China's leaders realize that opening China's antiquated markets to global competition risks unleashing forces beyond their control -- unemployment, social unrest, increasing domestic pressure for political change. Yet, if they don't move forward, China cannot make the next critical leap in development, because without competition from the outside, it will not build world-class industries that can survive in the global economy.

With this agreement, China has chosen to speed the opening of its economy, despite the political risks that entails. Opponents of this agreement need to answer the question: do they really want us to reject that choice? The fact is, our interest lies in encouraging both stability and change in China by encouraging it to meet, not stifle, the growing demands of its people for openness, accountability, freedom, and reform. And bringing China into the WTO will help in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, its private sector will expand; its state sector will shrink.

The introduction of competition results in natural pressure for progress. A decade ago, China's best and brightest college students sought jobs in the government, in large state-owned firms or state-run research institutions or universities. More and more, the best and brightest either are starting their own companies or choosing to work for foreign-invested companies -- where they generally get higher pay, a better work environment, and a chance to get ahead based on merit, not political connections.

U.S. companies are the leaders in China in developing human resources -- by emphasizing teamwork and respect for individual rights. In turn, Chinese firms are increasingly learning that

unless they change their working style and treat employees with respect, they will lose the top talent. This process will only accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers – and their expectations.

Second, by speeding economic change, the agreement we reached has the potential to encourage China to evolve into a more open society.

In the past, the Chinese state was every citizens' employer, landlord, shopkeeper, and news provider all rolled into one. By advancing the flow of information, the pace of privatization, and the forces of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. By giving investors and property owners predictability and protection against arbitrary government action, it reinforces the idea that individuals have rights.

Finally, by opening China's telecommunications market to cutting-edge American technology and international firms, the WTO agreement will help bring the information revolution to cities and towns across China. A year ago, China had two million Internet addresses. Today, it has nine million. Soon, people in some of the most remote villages in interior China will have access to CNN. And as they become more mobile, more prosperous, and more aware of alternative ways of life, I believe they will seek a stronger voice in shaping their destiny.

Of course, just two weeks ago, Beijing announced that it was cracking down on the Internet. It's outrageous -- but it's also futile. In this information age, cracking down on the Internet is like King Canute trying to still the waters. Indeed, that the Chinese government is pushing back against the increasing flow of information to the Chinese people only proves that the changes China is undergoing are real and threatening to the status quo. This kind of repression is not an argument for slowing down the effort to bring China into the world; it's an argument for accelerating it.

In the end, as China opens to the information economy, it can succeed only as it liberates the minds of its people and empowers the individual. You know all too well: in this age, you cannot expect people to be creative economically and stifled politically. Bringing China into the WTO doesn't guarantee it will choose political reform. But by accelerating the process of economic change, it will force China to confront that choice sooner, and make the imperative for the right choice far more powerful.

This agreement will advance our national interests in a third way: it increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

Under the terms of this agreements, some of China's most important decisions will be subject, for the first time, to the review of an international body. Why does that matter? Quite simply, it applies to China the basic principle at the heart of the concept of the rule of law: that governments cannot behave arbitrarily at home or abroad, that their actions are subject to rules consistently applied. Remember, China is choosing to embrace these obligations. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to accept the legitimacy of international norms, and define its future within the global community, not outside of it.

We don't underestimate for a second how hard this is going to be. We have a strange coalition working against us, from labor to the faith-based community to the far right. There are a lot of reasons why people are against this

Some will say: it doesn't matter what we agree to because China will just break its promises. Of course, we cannot know for sure. But we do have reasons to believe that it will comply, and mechanisms to reinforce that. First, China is pledging to open its economy and its markets not just as a means of getting in the WTO, but because most of China's leaders believe reform is in

China's interest. Second, if China violates its commitments, we're still in a better position, because it will confront judgments backed by a 135-member body, rather than being able to chalk it up to supposed U.S. bullying.

Some will say that if we let China into the WTO, it will give China a platform to weaken norms on labor rights and environmental standards. But the fact is, most members of the WTO already are developing countries, with the same concerns that trading rules not become an instrument to restrict their growth. China's membership won't change that equation. And considering the fact that China is home to one-fifth of the world's people and the source of a rising share of greenhouse gas emissions, it is hard to imagine an effective global effort to meet those environmental challenges without China.

Others will argue that granting China permanent normal trade relations status is granting a favor that China hasn't earned. But it's important to understand what PNTR means: simply that we will give China the same tariff schedule we have given to 132 of the 134 countries in the WTO, and China will do likewise for us. It would eliminate the annual vote on China's trade status, which we do not apply to any other WTO member. Some have said we need the annual vote to address other concerns we have with China, on human rights, proliferation, or religious freedom. But Congress always has the authority to address any part of our relationship with any nation, including China. And the annual China trade vote has not been an effective instrument. It simply has affirmed our trading relationship with China for 20 years in a row.

Finally, others will argue that we are sacrificing human rights on the altar of trade. In fact, locking China out of the WTO would be a blow to the very cause they and we support. It would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. And no one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. That's one reason reformers like Martin Lee and dissidents like Ren Wanding support this agreement.

But we also have to make clear: bringing China into the WTO is not, by itself, a human rights policy for the United States. The reality is that China continues today to suppress the voices of those who challenge the rule of the Communist Party. It will change only by a combination of internal pressures for change and external validation of its human rights struggle. And we must maintain our leadership in the latter, even as the WTO agreement contributes to the former.

That's why we sanctioned China as a "country of particular concern" under the International Religious Freedom Act last year. It is why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record. We will continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to be part of the solution to the problem of global climate change.

In other words, we must not and we are not relying on the invisible hand of the market to do all our heavy lifting with China, and neither should the private sector. What does that mean for American companies doing business in China? It means recommitting yourselves to the upholding the environmental standards and labor rights in China to which you adhere in this country. It means pressing Chinese authorities to move further and faster toward economic reform, the rule of law, and respect for human rights, for that is the only way China can avoid instability and realize its growth potential. It also means working with some of the one million nonprofit and social organizations that have emerged in China and that are working to reform the system from within, like the U.S.-China Business Council's Legal Cooperation Fund – which among other things, has an active campaign underway to encourage respect for intellectual property rights. We have argued that American business can be a force for change in China. Part of your job is to prove us right.

But first, we have to get this agreement through the United States Congress. I'll promise you this: we are going to do our part. We already are. But I have to tell you: there's great skepticism among the people that I talk to on the Hill about whether the business community can

deliver on trade. When I talk with Members who support the agreement about whether this is doable, many people say that the conventional wisdom is that business is a paper tiger. Paper tigers don't slay dragons.

This is not something you can do through your Washington representatives alone, as capable as they are. This can only be done if you and your fellow CEOs get personally involved and engaged in this debate. The other side certainly isn't waiting for us. Labor unions are working against it. Democratic leaders are warning that it will split the party. Republican leaders are reporting defections. And the press is nearly united in their belief that this is an uphill fight in any year, let alone an election year.

[Unless you the business community get involved with a full-court press in this debate today, a year from now, we're going to be asking the question: who lost China?] If this agreement fails, we risk losing the full market access benefits of the agreement. In a global economy, all of you would be put at an enormous disadvantage, essentially shut off from one fifth of the world – while our European, Japanese, and other competitors would be more than willing to fill the void. Only you can calculate what that failure would mean to your own businesses. But let me tell you what it would mean for our country. On the heels of last year's defeat of the Comprehensive Test Ban Treaty, it would send a signal to the rest of the world that America truly has turned inward – which would be devastating. It would mean to all of our allies and partners that in today's global economy, America's word is not its bond.

We can't afford that. Since President Nixon went to China in 1972, the United States has worked for the emergence of a China that contributes to peace in Asia. A China with an economy that is open to American products, farmers, and businesses. A China whose people have access to ideas and information, that upholds the rule of law at home and adheres to global rules on everything from non-proliferation to human rights to trade. This agreement is an

unprecedented opportunity to advance all of those goals. Let us do all we can in the next year to take advantage of that opportunity and turn those goals into reality. Thank you.

U.S. Security Interests in China's Entry into the World Trade Organization

Samuel R. Berger

Assistant to the President for National Security Affairs

Today, Congress holds its first hearings on the agreement we reached last fall to bring China into the World Trade Organization. The discussion will likely focus on the economic benefits, which are substantial. In a global economy, with global markets, the agreement will dramatically expand our access to one-fifth of the world's population. It requires China to open its markets on everything from agriculture to manufacturing, while we agree only to maintain the market access we already give China. And it will create jobs and exports for Americans by allowing our companies, for the first time, to competitively sell products in China without having to open factories in China itself. But bringing China into the WTO is about much more than trade: it will also advance America's national security by encouraging change within China.

*- impact
Access
those who
say
cost jobs
in America*

To understand why, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has lifted more than 200 million people out of absolute poverty. But its workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to cities, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs.

China's leaders face a dilemma: opening China's antiquated markets to global competition risks unleashing forces beyond their control -- unemployment, social unrest, increasing domestic pressure for political change. Yet, if they don't open their economy to outside competition, China will not build world-class industries that can survive in the global economy.

With this WTO agreement, China has chosen to speed the opening of its economy, despite the political risks. Do we really want to reject that choice? On the contrary. Our interests lie in embracing it.

Bringing China into the WTO will promote the change we seek in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, China's private sector will expand; its state sector will shrink. Chinese firms will learn that unless they treat employees with greater respect, they will lose the top talent to foreign companies, which offer better pay and a chance to get ahead based on merit. This will lift standards for Chinese workers – and their expectations.

Second, by speeding economic change, the agreement has the potential to encourage China to evolve into a more open society. The Chinese state was once every citizens' employer, landlord, shopkeeper, and news provider rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. By opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China. China's government may be trying to control Internet content, but the effort is futile and it simply proves how threatening these changes are to the status quo.

To continue to grow, China will have to come to terms with the fact that in today's information-driven economy, people cannot be creative economically and stifled politically. Bringing China into the WTO will not guarantee it will choose political reform. But by hastening economic change, it will force China to confront that choice sooner, and make the imperative for the right choice more powerful.

Third, this agreement will increase the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

By joining the WTO, China has agreed to subject some of its most important economic decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to define its future within the global community. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.

This agreement is not, by itself, a human rights policy for the United States. Change in China will only come through a combination of internal pressure and external validation of those who struggle for a political voice. That's why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record, and why we have sanctioned China as a "country of particular concern" under the International Religious Freedom Act. We will also continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to help us solve the problem of global climate change.

We will continue to protect our interests with firmness and candor. But we must do so without isolating the Chinese people from the global forces empowering them to build a better future. For that would leave them with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. We must not give them a victory by locking China out of the global trading system.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. email	To National Security Advisor from Paul Orzulak. Subject: Revised SRB China remarks to Business Roundtable (1 page)	02/08/2000	P5

COLLECTION:

Clinton Presidential Records
National Security Council
Speechwriting (Paul Orzulak)
OA/Box Number: 4022

FOLDER TITLE:

China [Folder 1] [1]

2008-0702-F

jm606

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 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. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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 concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. statement	re: Draft National Security Advisor Samuel E. Berger remarks to the Business Roundtable on China (8 pages)	02/08/2000	P5

COLLECTION:

Clinton Presidential Records
National Security Council
Speechwriting (Paul Orzulak)
OA/Box Number: 4022

FOLDER TITLE:

China [Folder 1] [1]

2008-0702-F

jm606

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Sutphen, Mona K. (NSA)

From: Orzulak, Paul K. (SPCHW)
Sent: Tuesday, February 08, 2000 1:57 PM
To: @NSA - Natl Security Advisor
Cc: @SPEECH - NSC Speechwriters; @PRESS - Public Affairs; @ASIA - Asian Affairs;
@LEGAL - Legal Advisor
Subject: Latest SRB China Remarks to the Business Roundtable [UNCLASSIFIED]

For SRB:

With your latest changes, including a new line on what a "strong China" could mean.

As for your Internet question, I think King Canute still works better than waving a red flag in front of a bull. As much as cracking down on the Internet will goad many Chinese into additional subversion, the larger issue is the even more subversive fact that the Internet is really a tool that is ultimately beyond the Communists' ability to stop or control.



srb-china3.doc

→ Paul -
Good shape,
but I'd like
it if you could
cut 1/2 page
or so.

2/8/00 2:00 p.m.

Orzulak

**NATIONAL SECURITY ADVISOR SAMUEL R. BERGER
REMARKS TO
THE BUSINESS ROUNDTABLE
ON CHINA
WASHINGTON, D.C.
FEBRUARY 8, 2000**

Thank you, Bob Burt. Please forgive me if I was a few minutes late. I was trying to leave for my speech, but members of my staff only wanted to talk about which actor would be playing them in tomorrow night's episode of "The West Wing." Actually, I have a problem with that show. In the cast, they have actors who portray the President, the Vice President, the Chief of Staff, the Deputy Chief of Staff, the Press Secretary, ~~and~~ even the speechwriter. But despite the fact that many episodes involve foreign policy decisions -- fateful decisions of war and peace -- there is no National Security Advisor.

It's probably just as well, considering how Hollywood has portrayed national security advisors recently. He was a stuffed shirt in "the Peacemaker." An egomaniac killed off in "Air Force One." A calculating sell-out in "Clear and Present Danger." And just last week on television, as a zealot with really bad hair in "Murder at 1600." I can't imagine who was the model for these characters, but let me stress that each of these movies was in process before I assumed the job.

It seems hard to believe that it was seven years ago when I first met with The Business Roundtable at the start of this Administration. Back then, one of the most popular books in the nation was entitled "America: What Went Wrong?" Time Magazine had a story that asked: "is the U.S. in an irreversible decline as the world's premier power." Seven years later, America is in the midst of the longest economic expansion in our ^{nation's} history. Our military strength is unchallenged. Our alliances are strong. And our values are ascendant around the world. Today, if you ask the question: "America: What Went Right," a big part of the answer is that we have a private sector willing to take risks and do what it takes to succeed in the global economy. I want

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to thank you all for the role you have played in creating this unprecedented moment of prosperity for our nation.

Tonight, I want to talk to you about a decision our country will make this year that is critical not only for your companies and industries, but for our nation and the world: China's entry into the World Trade Organization. Last fall, our negotiators completed an historic agreement with the Chinese. But before America can realize the full market-opening benefits of Chinese entry into the WTO, Congress must answer a simple question: will it grant China permanent Normal Trade Relations, the same arrangement we have given to 132 of the 134 countries in the WTO. Or will Congress turn its back on the sweeping changes China has agreed to make and risk losing ground on the issues we all care about?

I don't believe there can be a serious question that this agreement is in America's economic

interest. For years, China has had open access to our markets, while its markets have been ~~in~~ ^{that}

ⁱⁿ many ways closed to American products and American services. This agreement requires China

to open its market on everything from agriculture to manufacturing to high tech – while we have agreed only to maintain the market access we already offer to China. For the first time, U.S.

companies will be able to competitively sell and distribute in China products made by American workers here at home, ~~rather than being forced to open factories there~~ And it responds to concerns about unfair trade practices in China, and about the dangers of import surges.

^{of course,} All of you already know that, and I'm not going to regurgitate the considerable economic

^{of this agreement} benefits tonight. Because the importance of this agreement goes far beyond its manifest economic

benefits. ^{And so does the debate that surrounds it.} When we talk to Members of Congress, most are not going to challenge us on

economic grounds. Critics are more likely to say that: China is a growing threat to Taiwan and its neighbors, and we shouldn't strengthen it. China is a drag on labor rights and environmental standards, and we shouldn't engage it. China is an offender of human rights, and we shouldn't reward it. China is a dangerous proliferator, and we shouldn't empower it.

~~Most~~ Many, if not ~~most~~ of the concerns they raise on these issues are ~~absolutely~~ legitimate. I share them. But this debate should not be defined as economic rights versus human rights – or economic security versus national security – ~~because~~ ^{that is a trap, it's} a false choice. ~~Bringing China into the WTO is about far more than trade.~~ This agreement is just as vital – if not more vital – to our national security as it is to our economic security. It is far more likely to move China in the right direction – not the wrong direction – on all of our other concerns. ~~We~~ ^{You} can't duck these issues by saying that ~~we~~ ^{you're} only interested in talking about economics. If we are going to win this debate, we must be persuasive that it promotes both growth and jobs in America and progress toward change in China. I want to talk for a few minutes tonight about how this agreement will advance our overall national interests by encouraging the right kind of change in China.

To understand how, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has made remarkable progress in building a new economy, lifting more than 200 million people out of absolute poverty. But it still faces daunting economic problems. Its system is plagued by corruption. Private enterprise still accounts for less than one-third of China's economy. China's workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to the cities, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs. China clearly cannot maintain stability or ensure prosperity by maintaining the status quo.

Hence the dilemma: China's leaders realize that opening China's antiquated markets to global competition risks unleashing forces beyond its control -- unemployment, social unrest, increasing domestic pressure for political change. Yet, if they don't move forward, China cannot make the next critical leap in development, because without competition from the outside, it will not build world-class industries that can survive in the global economy.

What does this mean for us? As the President said when Premier Zhu Rongji visited Washington last year, "if we've learned anything in the last few years from Japan's long recession and Russia's current economic troubles, it is that the weaknesses of great nations can pose as big a challenge as their strengths." There is a possibility that a strong China will one day emerge as a threat to peace and stability in Asia, and to our security as well. But as we focus on the potential challenges of a strong China, let us not forget the risks that could be posed by a weak China, beset by internal conflicts, social dislocation, criminal activity, and large-scale emigration – a vast zone of instability in Asia.

With this agreement, China has chosen to speed the opening of its economy, despite the political risks that entails. Opponents of this agreement need to answer the question: do they really want us to reject that choice? The fact is, our interest lies in encouraging both stability and change in China by encouraging it to meet, not stifle, the growing demands of its people for openness, accountability, freedom, and reform. And bringing China into the WTO will help in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, its private sector will expand; its state sector will shrink

The introduction of competition results in natural pressure for progress. A decade ago, China's best and brightest college students sought jobs in the government, in large state-owned firms or state-run research institutions or universities. More and more, the best and brightest either are starting their own companies or choosing to work for foreign-invested companies – where they generally get higher pay, a better work environment, and a chance to get ahead based on merit, not political connections.

U.S. companies are the leaders in China in developing human resources – by emphasizing teamwork and respect for individual rights. In turn, Chinese firms are increasingly learning – and if they haven't, they will -- that unless they change their working style and treat employees

with respect, they will lose the top talent. This process will only accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers – and their expectations.

Second, by speeding economic change, the agreement we reached has the potential to encourage China to evolve into a more open society.

In the past, the Chinese state was every citizens' employer, landlord, shopkeeper, and news provider all rolled into one. By advancing the flow of information, the pace of privatization, and the forces of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. And by giving investors and property owners predictability and protection against arbitrary government action, it reinforces the idea that individuals have rights.

By opening China's telecommunications market to cutting-edge American technology and international firms, the WTO agreement will help bring the information revolution to cities and towns across China. A year ago, China had two million Internet addresses. Today, it has nine million. Soon, people in some of the most remote villages in interior China will have access to CNN. And as they become more mobile, more prosperous, and more aware of alternative ways of life, I believe they will seek a stronger voice in shaping their destiny.

Of course, just two weeks ago, Beijing announced that it was cracking down on the Internet. It's outrageous -- but it's also futile. In this information age, cracking down on the Internet is like King Canute trying to still the waters. Indeed, that the Chinese government is pushing back against the increasing flow of information to the Chinese people only proves that the changes China is undergoing are real and threatening to the status quo. This kind of repression is not an argument for slowing down the effort to bring China into the world; it's an argument for accelerating it.

In the end, as China opens to the information economy, it can succeed only as it liberates the minds of its people and empowers the individual. You know all too well: creativity is indivisible. In this age, you cannot expect people to be innovative economically and stifled politically. Bringing China into the WTO doesn't guarantee it will choose political reform. But by accelerating the process of economic change, it will force China to confront that choice sooner, and make the imperative for the right choice far more powerful.

This agreement will advance our national interests in a third way: it increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

Under the terms of this agreements, some of China's most important decisions will be subject, for the first time, to the review of an international body. Why does that matter? Quite simply, it applies to China the basic principle at the heart of the concept of the rule of law: that governments cannot behave arbitrarily at home or abroad, that their actions are subject to rules consistently applied. Remember, China is choosing to embrace these obligations. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to accept the legitimacy of international norms, and define its future within the global community, not outside of it.

Opponents of this agreement will counter these arguments by saying it doesn't matter what we agree to because China will just break its promises. Of course, we cannot know for sure. But we do have reasons to believe that it will comply, and mechanisms to reinforce that. First, China is pledging to open its economy and its markets not just as a means of getting in the WTO, but because most of China's leaders believe reform is in China's interest. Second, if China violates its commitments, we're still in a better position, because it will confront judgments backed by a 135-member body, rather than being able to chalk it up to supposed U.S. bullying.

7

Some will argue that granting China permanent normal trade relations status is granting a favor that China hasn't earned. But it's important that the public understand what PNTR means: simply that we will give China the same tariff schedule we apply to almost every other nation in the world, and China will do likewise for us. It would eliminate the annual vote on China's trade status, which we do not apply to any other WTO member. Some argue we need the annual vote to address ^{the} other concerns we have with China, on human rights, proliferation, or religious

freedom. But Congress always has the authority to address any part of our relationship with any nation, including China. And the annual China trade vote ^{has lost its any leverage if once} ~~simply is not an effective instrument~~ ^{was} ~~It simply~~ ^{Congress} has affirmed our trading relationship with China for 20 years in a row. ^{thought to have,}

Finally, others will argue that we are sacrificing human rights on the altar of trade. In fact, locking China out of the WTO would be a blow to the very cause they and we support. It would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. And no one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. That's one reason reformers like Martin Lee and dissidents like Ren Wanding ^{from: ———} support this agreement.

Let me be clear: bringing China into the WTO is not, by itself, a human rights policy for the United States. The reality in China today is that Chinese authorities still tolerate no organized political dissent or opposition. Because the Communist Party's ideology has been discredited in China, and because it lacks the legitimacy that can only come from democratic choice, it seeks to maintain its grip by suppressing other voice ^{5.} Change will come only through a combination of internal pressures for change and external validation of its human rights struggle. And we must maintain our leadership in the latter, even as the WTO agreement contributes to the former.

That's why we named China as a "country of particular concern" under the International Religious Freedom Act last year. It is why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record. We will continue to press

Sutphen, Mona K. (NSA)

From: Malinowski, Tomasz P. (SPCHW)
Sent: Thursday, February 10, 2000 4:40 PM
To: @NSA - Natl Security Advisor
Cc: @SPEECH - NSC Speechwriters; @ASIA - Asian Affairs; @PRESS - Public Affairs
Subject: Draft China op-ed [UNCLASSIFIED]

For SRB:

China op-ed. I've cut back to 899 words.

- Tom



SRB China PNTR
Op-Ed.doc

→ Paul

Good. Need 2 add 2
sentences indicated
to just it to
flesh out a bit
the economic
argument; I think
I've cut enough to
open.

U.S. Security Interests in China's Entry into the World Trade Organization

Samuel R. Berger

Assistant to the President for National Security Affairs

Today, Congress holds its first hearings on the agreement we reached last fall to bring China into the World Trade Organization on terms that will dramatically open its market ~~in exchange for~~

~~Permanent Normal Trade Relations status~~. The discussion will likely focus on the economic

benefits of the agreement. ~~That is good, because~~ *They are substantial.* ~~the agreement will allow our companies, for the~~

first time, to competitively sell products in China made by American workers in America, rather ~~than being forced to open factories in China.~~ *create jobs and export*

They open (we don't) global economy/global But bringing China into the WTO is about much *for*

more than trade: it will also advance America's national security by encouraging ~~the right kind~~ *by*

change within China.

To understand why, we need to understand the dilemma China finds itself in today. Over the last

20 years, China has ~~built a new economy,~~ *lifted* more than 200 million people out of absolute

poverty. But ~~private enterprise still accounts for less than one-third of that economy.~~ *China's*

~~system is plagued by corruption.~~ *its* workforce is increasing by 12 million each year. Millions

are migrating from the countryside, where they see no future, to cities, where only some find

work. And economic growth has slowed just when it needs to be rising to create new jobs.

face a dilemma:

China's leaders ~~realize that~~ opening China's antiquated markets to global competition risks

unleashing forces beyond their control -- unemployment, social unrest, increasing domestic

pressure for political change. Yet, if they don't *open their economy to global competition,* ~~move forward,~~ China will not build world-class

industries that can survive in the global economy.

outside

With this WTO agreement, China has chosen to speed the opening of its economy, despite the political risks. Do we really want to reject that choice? On the contrary, our interests lie in embracing it.

Bringing China into the WTO will promote the change we seek in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, China's private sector will expand; its state sector will shrink. Chinese firms ~~are~~ *will learn* ~~already learning~~ that unless they treat employees with greater respect, they will lose the top talent to foreign companies, which offer better pay, and a chance to get ahead based on merit. This process will ~~only~~ accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers – and their expectations.

Second, by speeding economic change, the agreement ~~we reached~~ has the potential to encourage China to evolve into a more open society.

The Chinese state was once every citizens' employer, landlord, shopkeeper, and news provider rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. ~~And~~ *By* opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China. China's government may be trying to ~~fight back by cracking down on the internet~~ *restrict the* ~~but that just proves~~ *the effort is futile and it* how ~~real and~~ threatening these changes are. ~~We should do all we can to accelerate them.~~

To continue to grow,

information - search
Ultimately, China will have to come to terms with the fact that in today's economy, people cannot be creative economically and stifled politically. Bringing China into the WTO won't

guarantee it will choose political reform. But by hastening economic change, it will force China to confront that choice sooner, and make the imperative for the right choice more powerful.

Third, this agreement will increase the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

By joining the WTO, China has agreed to subject some of its most important decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to ~~accept the legitimacy of international norms, and~~ define its future within the global community. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.

~~Of course, this agreement is not, by itself, a human rights policy for the United States. And of course, China continues to suppress the voices of those who challenge the rule of the Communist Party.~~ *change will come in China through a combination of internal pressure and external validation of the struggle for all political voice.*

That's why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record, and why we have sanctioned China as a "country of particular concern" under the International Religious Freedom Act. We will also continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to help us solve the problem of global climate change.

step

We will continue to protect our interests with firmness and candor. But we must do so without isolating the Chinese people from the global forces ~~empowering~~ *that empower* them to build a better future. For that would leave them with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could

possibly benefit from that except the most rigid, anti-democratic elements in China itself. We must not give them a victory by locking China out of the global trading system.

TALKING POINTS ON CHINA/WTO

- You know that passage of PNTR is very important to me. It is one of the most important things we can get done together.
- As I have said before, we need to have a vote on this soon so that we will have the best chance of passage.
- You all have been terrific leaders of this effort in your respective caucus.
- In particular I want to thank Bob Matsui and Cal Dooley and David Dreier for working with us and the outside community and really running the operation to see this legislation passed.
- I also want to thank my cabinet, particularly the members here today, Trade Representative Barshesky, Secretary Glickman, and Secretary Daley as well as my National Security Advisor, Sandy Berger and the Chairman of the National Economic Council, Gene Sperling. They have also been tireless in their efforts to make sure as many people as humanly possible are aware of the benefits that this agreement will bring to the United States.
- You all know by now that my chief of staff, John Podesta and his deputy Steve Richetti are working with Secretary Daley and Chuck Brain and the entire administration to focus our efforts and ensure a good vote in the Congress.
- I plan to do my part.
- I know that most of you heard me talk about this in the State of the Union, I have also talked about it in Davos, and last Monday I even talked about it at the Democratic Caucus retreat. As you know not everyone in the Democratic Caucus agrees with me -- with us -- that PNTR for China is such a good deal, but this is so important that I do not feel I can miss any opportunity to stress it.
- I will continue to talk about China/WTO, and my cabinet will continue to talk about this every opportunity we get or can make.
- We had a very good event last week that John Podesta with representatives from the agriculture community and I know that votes prevented a number of you from joining us in that effort. We will continue to have opportunities to work together like that and I hope we will take advantage of them.
- I plan to deliver a speech on China this month to highlight the benefits that will flow to the American people if we grant PNTR status to China. I want people to understand that China is opening its market, that China is making the concessions in this deal. And I want to underline the national security stakes in our relationship with the Chinese.

- We will also arrange in the next month an event to shine the spotlight on high-tech opportunities to expand trade and open new channels for American ideas and values to filter into China.
- Finally we'll be organizing a Congressional Delegation visit to China, possibly in April. I encourage you to think about how we can use this to best effect.
- I know that you are familiar with the agreement and share my view that it is good for ~~the American people and good for the international trading system.~~
- I don't believe there can be a serious question that this agreement is in America's interest. This agreement requires that China open its market on everything from agriculture to manufacturing – while we agree only to maintain the market access we already offer to China. It will create jobs and exports for Americans by allowing our companies, for the first time, to competitively sell products in China without having to open factories in China itself. And it responds to unfair trade practices in China, including import surges.
- The importance of this agreement goes far beyond its economic benefits, and so does the debate that surrounds it. In our talks with Members of Congress, most do not challenge the agreement on economic grounds. Critics say: China is a growing threat to Taiwan and its neighbors, and we shouldn't strengthen it. China is a drag on labor and environmental standards, and we shouldn't engage it. China is an offender of human rights, and we shouldn't reward it. But we cannot let this be defined as economic rights versus human rights – or economic security versus national security. It's a trap, a false choice.
- This agreement is just as vital – if not more vital – to our national security as it is to our economic security. To understand how, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has lifted more than 200 million people out of absolute poverty. But its workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to cities, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs.
- China's leaders face a dilemma: opening China's antiquated markets to global competition risks unleashing forces beyond their control -- unemployment, social unrest, increasing domestic pressure for political change. Yet, if they don't open their economy to outside competition, China will not build world-class industries that can survive in the global economy. With this WTO agreement, China has chosen to speed the opening of its economy, despite the political risks. Do we really want to reject that choice? On the contrary. Our interests lie in embracing it.
- Bringing China into the WTO will promote the change we seek in three ways.
- First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, China's private sector will expand; its state sector will shrink. Chinese firms will learn that unless they treat employees with greater respect, they will lose the top talent to

foreign companies, which offer better pay and a chance to get ahead based on merit. This will lift standards for Chinese workers – and their expectations.

- Second, by speeding economic change, the agreement has the potential to encourage China to evolve into a more open society. The Chinese state was once every citizens' employer, landlord, shopkeeper, and news provider rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. By opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China. China's government may be trying to control Internet content, but the effort is futile and it simply proves how threatening these changes are to the status quo.
- Third, this agreement increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them. By joining the WTO, China has agreed to subject some of its most important economic decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to define its future within the global community. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.
- We must also make clear: This agreement is not, by itself, a human rights policy for the United States. Change in China will only come through a combination of internal pressure and external validation of those who struggle for a political voice. That's why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record, and why we have sanctioned China as a "country of particular concern" under the International Religious Freedom Act. We will also continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to help us solve the problem of global climate change.
- If we fail to obtain PNTR, we will lose the full benefits of the agreement. In a global economy, with global markets, your companies will be shut off from one-fifth of the world – while your European, Japanese, and other competitors will be the beneficiaries of the very good deal we negotiated. But failure would also send a penetrating signal to the rest of the world, particularly after the Senate's rejection last year of the Comprehensive Test Ban Treaty, that America truly has turned inward. That would be devastating for our future.
- At the moment of America's greatest strength and influence, we must be leading the world, and embracing change, not turning from it. I look forward to working with you to pass PNTR and take one more step to a more stable, prosperous world.
- ☐ ~~The U.S. China WTO agreement is strong, comprehensive, and fully enforceable, covering agricultural products, industrial goods, and a broad range of services. It will now be easier for U.S. companies to export products to China directly, and to compete directly in this vast market. This Agreement will also strengthen our ability to assure fair trade and to defend~~

~~our agriculture and manufacturing base from import surges, unfair pricing, and abusive Chinese investment practices, such as export performance requirements, offsets, local content requirements, and forced technology transfer that cost U.S. jobs.~~

~~□ Granting China PNTR will guarantee that America's companies, farmers and workers can benefit fully from the provisions of China's WTO accession.~~

~~□ I want to remind everyone, though, that bringing China into the WTO is not only about trade. It will also advance our national security by encouraging stable and positive change in China. WTO accession will advance market-oriented economic reform, openness and the rule of law in China. A China more deeply integrated into a rules-based global economic system will help to create a more stable and secure Pacific region and world.~~

~~□ WTO membership will open China's markets and strengthen the forces of reform, improving the odds that China will continue and even accelerate its gradual progress toward joining the rules-based community of nations.~~

~~□ I look forward to working with you.~~

Draft China op-ed

As the China debate heats up in Congress, discussion will likely focus on the economic impact of the agreement to permit China's entry into the World Trade Organization. That's good. The agreement requires China to drastically open its market to American products -- everything from agriculture to manufacturing to high tech -- while we have agreed only to maintain the market access we already offer China. For the first time, U.S. companies will be able to competitively sell and distribute products in China made by American workers here at home, rather than being forced to open factories in China. But bringing China into the WTO is about much more than trade: it will also advance our national security by encouraging the right kind of change in China.

To understand why, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has made remarkable progress in building a new economy, lifting more than 200 million people out of absolute poverty. But it still faces daunting economic problems. Its system is plagued by corruption. Private enterprise -- which drives global competition -- still accounts for less than one-third of China's economy. China's workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to the city, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs. China clearly cannot maintain stability or ensure prosperity by maintaining the status quo.

Hence the dilemma: China's leaders realize that opening China's antiquated markets to global competition risks unleashing forces beyond their control -- unemployment, political unrest, increasing domestic pressure for political change. Yet, if they don't move forward, China cannot make the next critical leap in development, because without competition from the outside, it will not build world-class industries that can survive in the global economy.

With this WTO agreement, China has chosen to speed the opening of its economy, despite the risks. Do we really want to reject that choice? Our interest lies in encouraging both stability and change in China by encouraging it to meet, not stifle, the growing demands of its people for openness, accountability, freedom, and reform. Bringing China into the WTO will help in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, its private sector will expand; its state sector will shrink.

The introduction of competition results in natural pressure for progress. More and more, the best and brightest in China either are starting their own companies or choosing to work for foreign-invested companies -- to get higher pay, a better work environment, and a chance to get ahead based on merit, not political connections. In turn, Chinese firms are increasingly learning that unless they change their working style and treat employees with respect, they will lose the top talent. This process will only accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers – and their expectations.

Second, by speeding economic change, the agreement we reached has the potential to encourage China to evolve into a more open society.

In the past, the Chinese state was every citizens' employer, landlord, shopkeeper, and news provider all rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. And by opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China.

China's government has recently been pushing back against the Internet and the increasing flow of information to its people. But that just proves the changes China is undergoing are real – and threatening to the status quo. These repressive actions are not an argument for slowing the effort to bring China into the world, but for accelerating it.

Ultimately, China will have to come to terms with the fact that in today's economy, people cannot be creative economically and stifled politically. Bringing China into the WTO won't guarantee it will choose political reform. But by hastening economic change, it will force China to confront that choice sooner, and make the imperative for the right choice more powerful.

This agreement will advance our national interests in a third way: it increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

It subjects some of China's most important decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to accept the legitimacy of international norms, and define its future within the global community, not outside of it. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.

This agreement is not, by itself, a human rights policy for the United States. China continues today to suppress the voices of those who challenge the rule of the Communist Party. It will change only by a combination of internal pressures for change and external validation of the human rights struggle. We must maintain our leadership in the latter, even as the WTO agreement contributes to the former. That's why we sanctioned China as a "country of particular concern" under the International Religious Freedom Act last year. It is why we are once again

sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record. We will continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to be part of the solution to the problem of global climate change.

We will continue to protect our interests with firmness and with candor. But we must do so in a way that does not isolate the Chinese people from the global forces empowering them to build a better future. For that would leave them with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. We must not give them a victory by locking China out of the global trading system.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 11, 2000

As Prepared for Release

**REMARKS BY SAMUEL R. BERGER
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
ON CHINA**

**The Business Roundtable
St. Regis Hotel
Washington, DC**

February 8, 2000

It seems hard to believe that it was seven years ago when I first met with The Business Roundtable. Back then, one of the most popular books in the nation was entitled "America: What Went Wrong?" Time Magazine had a story that asked: "is the U.S. in an irreversible decline as the world's premier power." Seven years later, America is in the midst of the longest economic expansion in our nation's history. Our military strength is unchallenged. Our alliances are strong. And our values are ascendant. Today, if you ask the question: "America: What Went Right," a big part of the answer is that we have a private sector willing to take risks and do what it takes to succeed in the global economy. I want to thank you all for the role you have played in creating this unprecedented moment of prosperity for our nation.

Tonight, I want to talk to you about a decision our country will make this year that is critical not only for your companies and industries, but for our nation and the world: China's entry into the World Trade Organization. Last fall, our negotiators completed an historic agreement with the Chinese. But before America can realize the full market-opening benefits of Chinese entry into the WTO, Congress must answer a simple question: will it grant China permanent Normal Trade Relations, the same arrangement we have given to 132 of the 134 countries in the WTO? Or will Congress turn its back on the sweeping changes China has agreed to make and risk losing ground on the issues we all care about?

I don't believe there can be a serious question that this agreement is in America's economic interest. For years, China has had open access to our markets, while its markets have been closed to American products and services. This agreement requires that China open its market

on everything from agriculture to manufacturing – while we agree only to maintain the market access we already offer to China. For the first time, U.S. companies will be able to competitively sell and distribute in China products made by American workers here at home. And it responds to unfair trade practices in China, including the dangers of import surges.

All of you already know that, of course, and I'm not going to regurgitate the considerable economic benefits of this agreement tonight. Because the importance of this agreement goes far beyond its manifest economic benefits. And so does the debate that surrounds it. In our talks with Members of Congress, most do not challenge the agreement on economic grounds. Critics are more likely to say that: China is a growing threat to Taiwan and its neighbors, and we shouldn't strengthen it. China is a drag on labor rights and environmental standards, and we shouldn't engage it. China is an offender of human rights, and we shouldn't reward it. China is a dangerous proliferator, and we shouldn't empower it.

Most of the concerns they raise on these issues are legitimate. We in the Administration share them. But this debate should not be defined as economic rights versus human rights -- or economic security versus national security. That is a trap, a false choice. This agreement is just as vital "if not more vital" to our national security as it is to our economic security. It is far more likely to move China in the right direction -- not the wrong direction -- on all of our other concerns. We can't duck these issues by saying that we're only interested in talking about economics. If we are going to win this debate, we must be persuasive that it promotes both growth and jobs in America and progress toward change in China. I want to talk tonight about how this agreement will advance our overall national interests by encouraging the right kind of change in China.

To understand how, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has made remarkable progress in building a new economy, lifting more than 200 million people out of absolute poverty. But it still faces daunting economic problems. Its system is plagued by corruption. Private enterprise still accounts for less than one-third of China's economy. China's workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to the cities, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs. China clearly cannot maintain stability or ensure prosperity by maintaining the status quo.

Hence the dilemma: China's leaders realize that opening China's antiquated markets to global competition risks unleashing forces beyond its control -- unemployment, social unrest, increasing domestic pressure for political change. Yet, if they don't move forward, China cannot make the next critical leap in development, because without competition from the outside, it will not build world-class industries that can survive in the global economy.

What does this mean for us? As the President said when Premier Zhu Rongji visited Washington last year, "if we've learned anything in the last few years from Japan's long recession and Russia's current economic troubles, it is that the weaknesses of great nations can pose as big a challenge as their strengths." There is a possibility that a strong China will one

day emerge as a threat to peace and stability in Asia, and to our security as well. But as we focus on the potential challenges of a strong China, let us not forget the risks that could be posed by a weak China, beset by internal conflicts, social dislocation, criminal activity, and large-scale emigration -- a vast zone of instability in Asia.

With this agreement, China has chosen to speed the opening of its economy, despite the political risks that entails. Opponents of this agreement need to answer the question: do they really want us to reject that choice? The fact is, our interest lies in encouraging both stability and change in China by encouraging it to meet, not stifle, the growing demands of its people for openness, accountability, freedom, and reform. And bringing China into the WTO will help in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, its private sector will expand; its state sector will shrink.

The introduction of competition results in natural pressure for progress. A decade ago, China's best and brightest students sought jobs in the government, in large state-owned firms or state-run research institutions. More and more, the best and brightest either are starting their own companies or working for foreign-invested companies -- where they generally get higher pay, a better work environment, and a chance to get ahead based on merit, not political connections.

U.S. companies are the leaders in China in developing human resources -- by emphasizing teamwork and respect for individual rights. In turn, Chinese firms are increasingly learning -- and if they haven't, they will -- that unless they change their working style and treat employees with respect, they will lose the top talent. This process will only accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers -- and their expectations.

Second, by speeding economic change, the agreement we reached has the potential to encourage China to evolve into a more open society.

In the past, the Chinese state was every citizens' employer, landlord, shopkeeper, and news provider all rolled into one. By advancing the flow of information, the pace of privatization, and the forces of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. And by giving investors and property owners protection against arbitrary government action, it reinforces the idea that individuals have rights.

By opening China's telecommunications market to cutting-edge American technology and international firms, the WTO agreement will help bring the information revolution to cities and towns across China. A year ago, China had two million Internet addresses. Today, it has nine million. Soon, people in some of the most remote villages in interior China will have access to

CNN. And as they become more mobile, more prosperous, and more aware of alternative ways of life, I believe they will seek a stronger voice in shaping their destiny.

Of course, just two weeks ago, Beijing announced that it was cracking down on the Internet. It's outrageous -- but it's also futile. In this information age, cracking down on the Internet is like King Canute trying to still the waters. Indeed, that the Chinese government is pushing back against the increasing flow of information to the Chinese people only proves that the changes China is undergoing are real and threatening to the status quo. This is not an argument for slowing down the effort to bring China into the world; it's an argument for accelerating it.

In the end, as China opens to the information economy, it can succeed only as it liberates the minds of its people and empowers the individual. You know all too well: creativity is indivisible. In this age, you cannot expect people to be innovative economically and stifled politically. Bringing China into the WTO doesn't guarantee it will choose political reform. But by accelerating the process of economic change, it will force China to confront that choice sooner, and make the imperative for the right choice far more powerful.

This agreement will advance our national interests in a third way: it increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

Under this agreement, some of China's most important decisions will be subject, for the first time, to the review of an international body. Why does that matter? Quite simply, it applies to China the basic principle at the heart of the concept of the rule of law: that governments cannot behave arbitrarily at home or abroad, that their actions are subject to rules consistently applied. Remember, China is choosing to embrace these obligations. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to accept the legitimacy of international norms, and define its future within the global community, not outside of it.

Opponents of this agreement will counter these arguments by saying it doesn't matter what we agree to because China will just break its promises. Of course, we cannot know for sure. But we do have reasons to believe that it will comply, and mechanisms to reinforce that. First, China is pledging to open its economy and its markets not just as a means of getting in the WTO, but because most of China's leaders believe reform is in China's interest. Second, if China violates its commitments, we're still in a better position, because it will confront judgments backed by a 135-member body, rather than being able to chalk it up to supposed U.S. bullying.

Some will argue that granting China permanent normal trade relations status is granting a favor that China hasn't earned. But it's important that the public understand what PNTR means: simply that we will give China the same tariff schedule we apply to almost every other nation in the world, and China will do likewise for us. It would eliminate the annual

vote on China's trade status, which we do not apply to any other WTO member. Some argue we need the annual vote to address the other concerns we have with China, on proliferation or religious freedom. But Congress has the ability to address any part of our trade relationship with any nation, including China. And the annual China trade vote has lost any leverage it was once thought to have. Congress has affirmed our trading relationship with China for 20 years in a row.

Finally, others will argue that we are sacrificing human rights on the altar of trade. In fact, locking China out of the WTO would be a blow to the very cause they and we support. It would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. And no one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. That's one reason reformers like Martin Lee and dissidents like Ren Wanding support this agreement.

Let me be clear: bringing China into the WTO is not, by itself, a human rights policy for the United States. The reality in China today is that Chinese authorities still tolerate no organized political dissent or opposition. Because the Communist Party's ideology has been discredited in China, and because it lacks the legitimacy that can only come from democratic choice, it seeks to maintain its grip by suppressing other voices. Change will come only through a combination of internal pressures for change and external validation of its human rights struggle. And we must maintain our leadership in the latter, even as the WTO agreement contributes to the former.

That's why we sanctioned China as a "country of particular concern" under the International Religious Freedom Act last year. It is why we are once again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record. We will continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to be part of the solution to the problem of global climate change.

We must not and we are not relying on the hidden hand of the market to do all our heavy lifting on the issues we care about in China, and neither should the private sector. That's why it is important for our businesses in China to be agents of change by being good corporate citizens.

But to make the most of that opportunity, first we must get this agreement through the United States Congress. And we can't underestimate for a second how hard that is going to be. This fight involves two issues -- China and trade -- that individually and together have become the third rail of American politics today. The agreement is opposed by an eclectic coalition, from labor to the religious right. It creates real splits in both parties.

I'll promise you this: the President and every key person in the Administration will undertake the most intensive effort possible to succeed. We've already begun. I hope you will also

recognize the stakes involved. For if we fail to obtain PNTR, we will lose the full benefits of the agreement. In a global economy, with global markets, your companies will be shut off from one-fifth of the world -- while your European, Japanese, and other competitors will be the beneficiaries of the very good deal we negotiated.

But failure would be bad for our country in other ways. It would send a penetrating signal to the rest of the world, particularly after the Senate's rejection last year of the Comprehensive Test Ban Treaty, that America truly has turned inward. That would be devastating to our future.

At the moment of America's greatest strength and influence, we must be leading the world, and embracing change, not turning from it. Since President Nixon went to China in 1972, the United States has worked for the emergence of a China that contributes to peace in Asia. A China with an economy that is open to American products, farmers, and businesses. A China whose people have access to ideas and information, that upholds the rule of law at home and adheres to global rules on everything from non-proliferation to human rights to trade. This agreement is an unprecedented opportunity to advance all of those goals. I look forward to working with you in the months to come to turn those worthy and historic goals into a reality.

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Draft China op-ed

As the China debate heats up in Congress, discussion will likely focus on the economic impact of the agreement to permit China's entry into the World Trade Organization. That's good. The agreement requires China to drastically open its market to American products -- everything from agriculture to manufacturing to high tech -- while we have agreed only to maintain the market access we already offer China. For the first time, U.S. companies will be able to competitively sell and distribute products in China made by American workers here at home, rather than being forced to open factories in China. But bringing China into the WTO is about much more than trade: it will also advance our national security by encouraging the right kind of change in China.

To understand why, we need to understand the dilemma China finds itself in today. Over the last 20 years, China has made remarkable progress in building a new economy, lifting more than 200 million people out of absolute poverty. But it still faces daunting economic problems. Its system is plagued by corruption. Private enterprise -- which drives global competition -- still accounts for less than one-third of China's economy. China's workforce is increasing by 12 million each year. Millions are migrating from the countryside, where they see no future, to the city, where only some find work. And economic growth has slowed just when it needs to be rising to create new jobs. China clearly cannot maintain stability or ensure prosperity by maintaining the status quo.

Hence the dilemma: China's leaders realize that opening China's antiquated markets to global competition risks unleashing forces beyond their control -- unemployment, political unrest, increasing domestic pressure for political change. Yet, if they don't move forward, China cannot make the next critical leap in development, because without competition from the outside, it will not build world-class industries that can survive in the global economy.

With this WTO agreement, China has chosen to speed the opening of its economy, despite the risks. Do we really want to reject that choice? Our interest lies in encouraging both stability and change in China by encouraging it to meet, not stifle, the growing demands of its people for openness, accountability, freedom, and reform. Bringing China into the WTO will help in three ways.

First, it will obligate China to deepen its market reforms. With lower tariffs, and greater competition, its private sector will expand; its state sector will shrink.

The introduction of competition results in natural pressure for progress. More and more, the best and brightest in China either are starting their own companies or choosing to work for foreign-invested companies -- to get higher pay, a better work environment, and a chance to get ahead based on merit, not political connections. In turn, Chinese firms are increasingly learning that unless they change their working style and treat employees with respect, they will lose the top talent. This process will only accelerate as China joins the WTO, and we should do all we can to encourage it, because it will lift the standards for Chinese workers -- and their expectations.

Second, by speeding economic change, the agreement we reached has the potential to encourage China to evolve into a more open society.

In the past, the Chinese state was every citizen's employer, landlord, shopkeeper, and news provider all rolled into one. By advancing the flow of information, the pace of privatization, and the force of competition, this agreement will accelerate a process that is removing government from vast areas of people's lives. And by opening China's telecommunications market, the WTO agreement will help bring the information revolution to cities and towns across China.

China's government has recently been pushing back against the Internet and the increasing flow of information to its people. But that just proves the changes China is undergoing are real – and threatening to the status quo. These repressive actions are not an argument for slowing the effort to bring China into the world, but for accelerating it.

Ultimately, China will have to come to terms with the fact that in today's economy, people cannot be creative economically and stifled politically. Bringing China into the WTO won't guarantee it will choose political reform. But by hastening economic change, it will force China to confront that choice sooner, and make the imperative for the right choice more powerful.

This agreement will advance our national interests in a third way: it increases the chance that in the new century China will be on the inside of the international system, playing by the rules, instead of on the outside, denying them.

It subjects some of China's most important decisions, for the first time, to the review of an international body. As China becomes a stakeholder in the WTO and other international regimes, it will be more likely to accept the legitimacy of international norms, and define its future within the global community, not outside of it. And if China violates its commitments, it will confront judgments backed by all 135 members of the WTO, rather than being able to chalk up friction to supposed U.S. bullying.

This agreement is not, by itself, a human rights policy for the United States. China continues today to suppress the voices of those who challenge the rule of the Communist Party. It will change only by a combination of internal pressures for change and external validation of the human rights struggle. We must maintain our leadership in the latter, even as the WTO agreement contributes to the former. That's why we sanctioned China as a "country of particular concern" under the International Religious Freedom Act last year. It is why we are once again

sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record. We will continue to press China to respect global norms on non-proliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to be part of the solution to the problem of global climate change.

We will continue to protect our interests with firmness and with candor. But we must do so in a way that does not isolate the Chinese people from the global forces empowering them to build a better future. For that would leave them with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except the most rigid, anti-democratic elements in China itself. We must not give them a victory by locking China out of the global trading system.

Orzulak, Paul K. (SPCHW)

From: Keith, James R. (ASIA)
Sent: Tuesday, February 01, 2000 12:13 PM
To: Lieberthal, Kenneth G. (ASIA)
Cc: Orzulak, Paul K. (SPCHW); @ASIA - Asian Affairs
Subject: speech factoids [UNCLASSIFIED]

Importance: High

--135 countries in WTO (will change in March assuming Georgia's accession proceeds as planned)

--we do not provide PNTR to Kyrgystan at present due to Jackson Vanik (i.e. procedural lag pending accession; legislation to provide PNTR is pending) and we do not provide PNTR to Cuba. Cuba is different. Our exception is based on national security (Article 21). We and the Cubans have a political agreement not to pursue this through dispute settlement, but the Cubans have the right to do so if they were to so choose.

--trade deficits:

(in \$US billions)

1999: 71.5

1998: 56.9

1997: 49.7

1996: 39.5

1995: 33.8

1994: 29.5

1993: 22.8

Non-farm Economy in private sector:

--private sector accounts for about one-third of GDP

13,000 foreign firms employ 60,000 Chinese citizens in China

about 40 percent of industrial output comes from the private sector

Anecdotal Evidence of Improvement:

--per CEA, "some 200 million" lifted out of poverty during reform era

--mobile phones: about 36 million at end of 1999

25 million end of 1998

70 percent growth annually since 1987; industry observes expect 150 million by 2005.

--China added more telephone lines and customers in 1998 than in the 35 years from 1949 to 1994.

--internet users (Chinese stats, reported through Motorola): 9 million users end of 1999 versus 2 million a year earlier.

(Counted by user id, probably three-to-four users per id, so this is a significant underestimate.) 3.5 million networked computers.

Civics/NGOs: 1500 national level "quasi-NGOs" and more than 200,000 lower level organizations (problem is that most of these are quasi-official).

ending - really challenge the
Japs

on helluva fight - it involves 2 of
3rd rails of current American
politics - China & trade -
Gov leaders say they have ~~substantive~~
defections -

—

also know when you talk to members
others, they will not come back that
it's not a good economic growth
they'll come back & say it's a
growing threat we should not
shy them - growing threat ^{we should not} engage...
dangerous proliferation - why I
want to talk about the nuclear
those objectives

this should not be ~~compromised~~
security or human rights - it
a map, a false choice - ^{you} need to
be able to carry argument that
it promotes those interests by
promoting change in China
- 3 points

NATIONAL SECURITY COUNCIL

without flex loan & fair court - papers
to export corruption - you need to make cap
in China - for your interest

③ Strengthen your own enjoyment w/ them
with more working for change in China -

NGOs, Americans working on these issues -
point to examples - ABA example -
↳ Corporate responsibility.

NATIONAL SECURITY COUNCIL

↓ BRT ↓

- 50 CEOs, Wood Panelled, podium
- closed press, elite crowd
- 1 hour → 10 tables, round
- Discussion, 9+2

Read a Speech

- Dakey speaking earlier in day
- op/ed framework
- no economics - you heard from - obviously
don't read to tell this group about obstacles, will
give - Dakey spoke on details - bottomline
is they open, need to - make it a lot easier
- Not just trade, D.S. - what I want to talk about
- framework from op/ed
- at

NATIONAL SECURITY COUNCIL

Tough debate - legit questions
Some say - can't trust China to meet
commitments -

- let China into WTO it will give China a
platform under norms - answer in speech -
her point on Am companies & environmental
standards

→ open factories there not new - productivity &
quality

→ end with way we end up / ed → human
rights - this alone - old line: we're
not silly here country on hidden hand of
market alone to lift people or move
China toward respect for global norms -
we as a govt need to continue to press
them

NATIONAL SECURITY COUNCIL

Role for private sector as well - not
simply relying on mere fact of your
presence to have liberal potential

You have to work hard to make it
so, to motivate - what does that
mean? Means committing to highest labor,
environmental standards. Means pressing
Chinese authorities to move further &
faster toward econ reform, rule of law, respect
for h.r. & minority voices - they need to
hear from you that in info age, you
can't be more forward economically, &
you're frozen polit - can't move forward
without access to ideas. stable env't.