

FOIA MARKER

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Folder Title: China (December 1998 to January 1999) [3]				
Staff Office-Individual: National Economic Council-Lee, Malcolm				
Original OA/ID Number: CF 1176				
Row: 23	Section: 5	Shelf: 5	Position: 3	Stack: V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	Suggested Points to Raise on WTO (1 page)	01/12/1999	P1/b(1)
002. draft	Letter to Jiang Zemin (1 page)	01/12/1999	P1/b(1)
003. email	Malcolm Lee to Lael Brainard and Sharon Yuan at 1:48 PM. Subject: RE: International Staff Meeting Today. [Partial] (1 page)	01/08/1999	P6/b(6)
004. paper	Agriculture. (1 page)	01/13/1999	P1/b(1)
005. draft	WTO Accession for China (1 page)	01/13/1999	P1/b(1)
006. draft	Letter to President Jiang Zemin. (4 pages)	c. 01/1999	P1/b(1)
007. memo	For Lael Brainard and James Steinberg from Malcolm Lee. Subject: Rump Group. Record ID: 9808289 (5 pages)	12/09/1998	P1/b(1)
008. draft	Maritime. (1 page)	01/06/1999	P1/b(1)
009. draft	WTO Issues. (1 page)	n.d.	P1/b(1)
010. email	Kenneth Lieberthal to Holly Hammonds, Penelope O'Brian, Malcolm Lee et al at 10:44 AM. Subject: RE: China WTO Talks (2 pages)	11/30/1998	P1/b(1)
011. email	Kenneth Lieberthal to Penelope O'Brian, Malcolm Lee. NSA, Asian Affairs, Holly Hammonds at 12:14 PM. Subject: RE: China WTO Talks (2 pages)	11/27/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F

vz1806

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]
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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.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012a. draft	Letter from William Clinton to President of the Republic of China, Lee Teng-hui. (1 page)	11/1998	P1/b(1)
012b. letter	President of the Republic of China, Lee Teng-hui to William Clinton. (2 pages)	11/10/1998	P1/b(1)
013a. paper	Briefing Paper: China Insurance (3 pages)	12/04/1998	P1/b(1)
013b. talking points	China Insurance (2 pages)	12/04/1998	P1/b(1)

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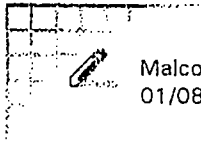
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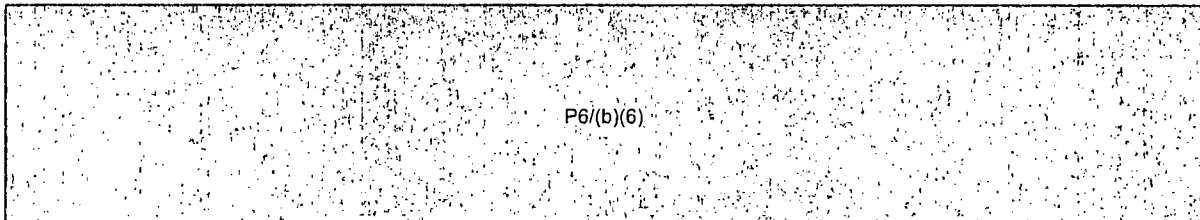
Malcolm R. Lee
01/08/99 01:48:29 PM

Record Type: Record

To: Lael Brainard/OPD/EOP, Sharon H. Yuan/OPD/EOP

cc: Melissa G. Green/OPD/EOP

Subject: Re: International Staff Meeting Today



P6(b)(6)

[003]

- The major deputies issue for next week on my plate is Japan prior to Larry's visit. What is our macro message, what is our trade message. I recommend scheduling for next Thursday, at any event the latter half of week. My wife is out of town Tuesday and Wednesday so I'll need a little time to get ready.
- China Message Meeting and Separate Proposal Review Group: and Lael also mentioned a China small group follow up on details of U.S. WTO proposal, I will confer with Cassidy at USTR about when that will be ready, but I suspect not until week after next. I do not think we nailed down in today's deps meeting what if any threat we would use in message sent to Chinese. Need to work that out before Larry goes to China next Friday night. Larry said he would pull together small group. I think we should do it instead.
- We should do a WTO agenda meeting before State of Union to better articulate our goals.
- Steel follow-up: Need to assess reaction of unions, industry, Congress, others and get to POTUS and Gene and Sandy. VP meets with Becker on Tuesday, and I will working with Oslus on paper. Does Lael have calls/meetings scheduled with CEOs or anyone? Let me know, I would like to participate.

SRB
Yosano
Tee

ML.

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*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	4010	
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CONNECTION ID	NATL ECONOMIC CO	
START TIME	01/13 18:16	
USAGE TIME	01'50	
PAGES	5	
RESULT	OK	

UNCLASSIFIED FAX
FROM THE NATIONAL SECURITY COUNCIL
AND THE NATIONAL ECONOMIC COUNCIL
OF THE WHITE HOUSE

SENDER: MALCOLM LEE, INTERNATIONAL GROUP

WH PHONE: 202-456-9299

WH FAX: 202-456-9290

3 PAGES INCLUDING COVER SHEET

SUBJECT: CHINA WTO PTS FOR SUMMER

TO:

FAX:

PHONE:

BRYAN SAMUEL

647-¹⁵³⁷~~8520~~

JEFF BADER

459-9250

HANK LEUNG

647-6820

KERI DOTHU

482-4636

Comments back to Meg and cc me and Bob Canidy. ML

cc: LAEL BRAINARD

UNCLASSIFIED FAX

FACSIMILE COVER SHEET
OFFICE OF INTERNATIONAL TRADE & INVESTMENT
15TH & PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20220

DATE January 13, 1999 NUMBER OF PAGES TO FOLLOW 1

TO: Ambassador Fisher

ADDRESSEE'S FAX NUMBER 395-3390

FROM: Meg Lundsager

SENDER'S FAX NUMBER: 622-5304

SENDER'S PHONE NUMBER: 622-0168

COMMENTS/SPECIAL INSTRUCTIONS:
Please provide your comments/clearances.

Revised points on China are attached.

cc: Malcolm Lee ✓

Withdrawal/Redaction Marker

Clinton Library

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005. draft	WTO Accession for China (1 page)	01/13/1999	P1/b(1)

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RECEPTION OK

TX/RX NO. 4011

CONNECTION TEL 202 647 6820

CONNECTION ID EAP/CM & EAP/RA

START TIME 01/13 18:34

USAGE TIME 00'41

PAGES 1

RESULT OK

UNCLASSIFIED FAX
FROM THE NATIONAL SECURITY COUNCIL
AND THE NATIONAL ECONOMIC COUNCIL
OF THE WHITE HOUSE

SENDER: MALCOLM LEE, INTERNATIONAL GROUP

WH PHONE: 202-456-9299 _____ PAGES INCLUDING COVER SHEET
WH FAX: 202-456-9290

SUBJECT: Agenda For China WTO Discussion Thursday

TO:

FAX:

PHONE:

HANK LEUNG

647 6820

BRYAN SAMUEL

647-6892

Meg Lindberg

622-5304

This will be sent out formally with time + place by Carl's
office. Here is substance of Agenda. ML

UNCLASSIFIED FAX

China WTO Deputies Small Group Meeting
January 20, 1999
Agenda

I. Gameplan

- Objectives/Message for Deputy USTR Fisher Visit to Beijing and Taiwan
- Response to Chinese Request for Another U.S. Proposal
- Schedule for Negotiations (market access and protocol)
- Other Senior Level Visits

II. Key Outstanding Issues

- Agriculture
- Services
- Tariffs
- Protocol

EMERGENCY COMMITTEE FOR AMERICAN TRADE

January 6, 1999

FACSIMILE TRANSMITTAL

To: Malcolm Lee

From: Cal Cohen

Comments:

I want to call your attention to the accompanying letter on the subject of China's accession to the WTO that was sent to the President by the Chairs of the Emergency Committee for American Trade, the United States-China Business Council, and the Business Roundtable Task Force on Trade and Investment.

January 6, 1999

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We applaud your leadership in developing a strategy for responding to the Asian economic crisis. In our view, securing China's accession to the World Trade Organization on the basis of a commercially viable protocol of accession would help to restore stability to Asian economies and should be incorporated as a major element in your global strategy to respond to the economic crisis. The chances of achieving this objective will be greatest if an agreement can be concluded by the time of the visit of China's premier, Zhu Rongji, this spring.

As the largest emerging economy in the world, China can take on a pivotal role in helping to chart the course for recovery in Asia, particularly in light of the continuing weakness in the Japanese economy. In addition, the growth of the Asian market is important for the United States; further opening China's market will lead to increased U.S. exports of goods, services and agriculture, which currently support over 200,000 American jobs.

Fully integrating China into global economic institutions such as the WTO is the best means to ensure that it will play a positive role in the global economy and provide broader market access for U.S. goods and services. In order to join the WTO, China would be required to enter into binding commitments to open its markets and abide by the disciplines of multilateral trading rules. The liberalization required under WTO rules would provide important new opportunities in the vast China market, which would help maintain global growth. WTO-mandated liberalization in China will also promote economic growth in China itself as the removal of discriminatory trade barriers creates new opportunities for economic activity and jobs. WTO accession would also provide another venue to encourage China to maintain a stable currency.

While China's WTO membership is important in and of itself for the benefits it would provide, it would also be read by financial markets throughout the world as a vote of confidence in the global economic system. China's WTO membership would also signal to Asian economies and other emerging markets around the world the importance of maintaining open markets and adhering to multilateral trading rules if growth is to be maintained.

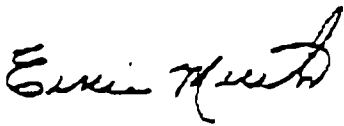
In advocating China's WTO membership, we do not suggest that it be at any price. China must be willing to agree to a commercially viable protocol of accession, which provides meaningful market access for U.S. goods, services and agriculture. These commitments must be in addition to China's full implementation of existing liberalization commitments. If China agrees to such a protocol, the United States should be ready to support its WTO admission and request that the Congress approve the permanent extension of normal trade relations (NTR) treatment to China.

We recognize that U.S. negotiators have diligently pursued WTO accession negotiations with the Chinese since your historic summits with President Jiang Zemin. We believe that these discussions are unlikely to reach a successful conclusion unless there is a reaffirmation of the commitment made at the November 1997 summit to reach an agreement on the terms of China's WTO accession. Such a reaffirmation might best be obtained by your direct intervention with President Jiang to secure his agreement to conclude WTO negotiations by early spring.

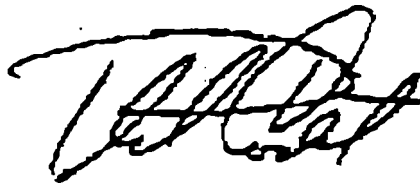
Bringing China into the community of nations as a fully responsible citizen subject to global trading rules must remain one of America's greatest priorities. We ask for your continued leadership in achieving this goal by making it an integral part of your global economic response strategy and commit our support to you on this endeavor.

We would appreciate the opportunity to discuss our ideas with you.

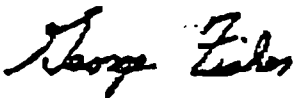
Sincerely,



Ernest S. Micek
Chairman and Chief Executive Officer
Cargill, Incorporated
and
Chairman
Emergency Committee for American Trade



Phil Condit
Chairman and Chief Executive
Officer
The Boeing Company
and
Chairman
The Business Roundtable
Trade and Investment Task Force



George M. C. Fisher
Chairman and Chief Executive Officer
Eastman Kodak Company
and
Chairman
The United States-China Business Council

cc: The Honorable Albright
The Honorable Barshefsky
The Honorable Daley
The Honorable Rubin

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CHINA WTO ACCESSION MEETINGS

JANUARY 15

Location

9:00 a.m. Protocol Issues Room 1, 1724 F Street

11:00 a.m. Services Room 315, USTR

~~1:00 p.m. Industrial Tariffs Room 3831, State Department~~

2:30 p.m. Financial Services Washington Building, Treasury



with Whit Warthin
(622-1733)

**EMERGENCY COMMITTEE FOR AMERICAN TRADE****FASCIMILE TRANSMITTAL**To: Malcolm LeeFax: 456.9290Date: January 13, 1999From: Cal CohenPages: Three including
this cover

As promised.

January 6, 1999

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We applaud your leadership in developing a strategy for responding to the Asian economic crisis. In our view, securing China's accession to the World Trade Organization on the basis of a commercially viable protocol of accession would help to restore stability to Asian economies and should be incorporated as a major element in your global strategy to respond to the economic crisis. The chances of achieving this objective will be greatest if an agreement can be concluded by the time of the visit of China's premier, Zhu Rongji, this spring.

As the largest emerging economy in the world, China can take on a pivotal role in helping to chart the course for recovery in Asia, particularly in light of the continuing weakness in the Japanese economy. In addition, the growth of the Asian market is important for the United States; further opening China's market will lead to increased U.S. exports of goods, services and agriculture, which currently support over 200,000 American jobs.

Fully integrating China into global economic institutions such as the WTO is the best means to ensure that it will play a positive role in the global economy and provide broader market access for U.S. goods and services. In order to join the WTO, China would be required to enter into binding commitments to open its markets and abide by the disciplines of multilateral trading rules. The liberalization required under WTO rules would provide important new opportunities in the vast China market, which would help maintain global growth. WTO-mandated liberalization in China will also promote economic growth in China itself as the removal of discriminatory trade barriers creates new opportunities for economic activity and jobs. WTO accession would also provide another venue to encourage China to maintain a stable currency.

While China's WTO membership is important in and of itself for the benefits it would provide, it would also be read by financial markets throughout the world as a vote of confidence in the global economic system. China's WTO membership would also signal to Asian economies and other emerging markets around the world the importance of maintaining open markets and adhering to multilateral trading rules if growth is to be maintained.

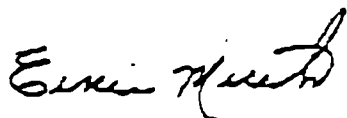
In advocating China's WTO membership, we do not suggest that it be at any price. China must be willing to agree to a commercially viable protocol of accession, which provides meaningful market access for U.S. goods, services and agriculture. These commitments must be in addition to China's full implementation of existing liberalization commitments. If China agrees to such a protocol, the United States should be ready to support its WTO admission and request that the Congress approve the permanent extension of normal trade relations (NTR) treatment to China.

We recognize that U.S. negotiators have diligently pursued WTO accession negotiations with the Chinese since your historic summits with President Jiang Zemin. We believe that these discussions are unlikely to reach a successful conclusion unless there is a reaffirmation of the commitment made at the November 1997 summit to reach an agreement on the terms of China's WTO accession. Such a reaffirmation might best be obtained by your direct intervention with President Jiang to secure his agreement to conclude WTO negotiations by early spring.

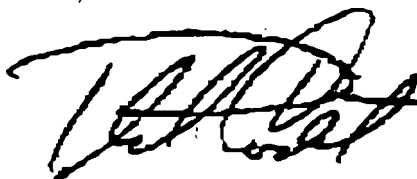
Bringing China into the community of nations as a fully responsible citizen subject to global trading rules must remain one of America's greatest priorities. We ask for your continued leadership in achieving this goal by making it an integral part of your global economic response strategy and commit our support to you on this endeavor.

We would appreciate the opportunity to discuss our ideas with you.

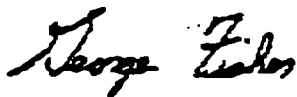
Sincerely,



Ernest S. Micek
Chairman and Chief Executive Officer
Cargill, Incorporated
and
Chairman
Emergency Committee for American Trade



Phil Condit
Chairman and Chief Executive
Officer
The Boeing Company
and
Chairman
The Business Roundtable
Trade and Investment Task Force



George M. C. Fisher
Chairman and Chief Executive Officer
Eastman Kodak Company
and
Chairman
The United States-China Business Council

cc: The Honorable Albright
The Honorable Barshefsky
The Honorable Daley
The Honorable Rubin

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. memo	For Lael Brainard and James Steinberg from Malcolm Lee. Subject: Rump Group. Record ID: 9808289 (5 pages)	12/09/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F
vz1806

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]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. draft	Maritime. (1 page)	01/06/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F
vz1806

RESTRICTION CODES

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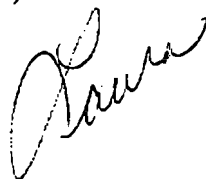
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China Interagency Team

NAME	AGENCY	PHONE	FAX
Heather West Dan Gardner	Commerce/ITA Commerce/ITA	482-2831 482-3681	482-5875 482-5939
Don Forest Erin Sullivan	Commerce Commerce	482-5527 482-2462	482-1576 482-1576
Terry McCartin	Commerce	482-5031	482-4912
Bernard Carreau	Commerce	482-4412 (1780)	482-0947
Tom Lobred Charles Steuart	Customs Customs	927-2221 927-1638	927-1873 927-1873
Bryan Samuels Roger Freeman Al Sibert	State State State	647-2532 647-2690 647-6324	647-1537 647-0892 647-1892
Susan Shirk Hank Levine Mark Koumans	State State State	647-6910 647-6789 647-6798	647-7350 647-6820 647-6820
Jason Hafemeister	USDA	720-2748	720-1139
Debra Henke	USDA	720-1324	720-1139
Lynn Alfalla	USDA	720-1519	690-1093
John Murphy	Treasury	622-1957	622-5304/196
Marcus Antony	Treasury	622-1218	622-0349
Meg Lundsager Whit Warthin	Treasury Treasury	622-0168 622-1733	622-5304 622-0604
Bill Schall	Treasury	622-0208	622-1731
David Parker	Labor	219-6203	219-5071
Malcolm Lee	NEC/NSC	456-9299	456-9290

SUBJECT: CHINA - WTO

One copy per agency of the summary documents on the status of WTO negotiations with China is available for pick up at USTR in Room 315. Please call me to let me know who from your agency will be coming by to pick them up. Apologies for the one-day delay. Regards, Laura Lane (tel:395-9569)



CHINA WTO ACCESSION MEETINGS

JANUARY 15

Location

9:00 a.m. Protocol Issues Room 1, 1724 F Street

11:00 a.m. Services Room 315, USTR

1:00 p.m. Industrial Tariffs Room 3831, State Department

2:30 14 Whit. Fin. Sec. 622-1233 D&B

TBA Financial Services Treasury

FAXU.S. Department of State
2201 C Street, NW
Washington, DC 20520

Date

1/14/99Number of pages including cover sheet 2

To:

MALCOLM LEENSC

Phone

456-9299

Fax Phone

456-9290

CC:

From:

Roger Freeman -
EB/TPP/BTA/ODC

Phone

647-2690

Fax Phone

202-647-0892

REMARKS:

☐ Urgent☐ For your review☐ Reply ASAP☐ Please comment

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. draft	WTO Issues. (1 page)	n.d.	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

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2010-1024-F
vz1806

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UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9805056
RECEIVED: 14 JUL 98 21

TO: BERGER
ET AL

FROM: LEE

DOC DATE: 14 JUL 98
SOURCE REF:

KEYWORDS: CHINA TRADE
CONGRESSIONAL

MFN

PERSONS:

SUBJECT: REVISED 98 CHINA MFN FACT SHEETS

ACTION: OBE PER WWD

DUE DATE: 20 JUL 98 STATUS: C

STAFF OFFICER: LEE

LOGREF: 9804491

FILES: PA

NSCP:

CODES:

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

FOR ACTION

FOR CONCURRENCE

FOR INFO

LEE

NSC CHRON

COMMENTS:

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSSWD

CLOSED BY: NSGP

DOC 1 OF 1

UNCLASSIFIED

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ACTION DATA SUMMARY REPORT

RECORD ID: 9805056

DOC ACTION OFFICER

001 BERGER
001 LEE
001

CAO ASSIGNED ACTION REQUIRED

Z 98071520 FOR DECISION
Z 98071520 FOR REDO
X 99010608 OBE PER WWD

UNCLASSIFIED

National Security Council
The White House

PROOFED BY: _____ LOG # _____

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BYPASSED WW DESK: _____ DOCLOG _____ A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
Cosgriff	_____	_____	_____
Rice	_____	_____	_____
Davies	_____	_____	_____
Kerrick	_____	_____	_____
Steinberg	_____	_____	_____
Berger	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	1	1/5 DMK	OBE
Records Mgt.	_____	_____	_____
_____	_____	_____	_____

A = Action	I = Information	D = Dispatch	R = Retain	N = No Further Action
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CC:

COMMENTS:

Exec Sec Office has diskette _____

National Security Council
The White House

1/15/98
@ 2:45 PM

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	SEQUENCE TO	INITIAL/DATE	DISPOSITION
 Osgood	_____	_____	_____
Rice	<u>1</u>	<u>(R)</u>	_____
Davies	_____	_____	_____
Kerrick	_____	_____	_____
Steinberg	<u>2</u>	<u>(R)</u> <u>true</u>	<u>done</u> <u>editz</u> <u>on</u> <u>1/15/98</u> <u>starts</u>
Berger	<u>3</u>	_____	_____
Situation Room	_____	_____	_____
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A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: Edits done

COMMENTS:

1998 JAN 14 09:10:11

Exec Sec Office has diskette yes

THE WHITE HOUSE

WASHINGTON

July 14, 1998

ACTION

MEMORANDUM FOR SAMUEL BERGER
GENE SPERLING
LARRY STEIN

FROM: MALCOLM R. LEE *ML*
SUBJECT: Revised 1998 China MFN Fact Sheets

The House vote on China MFN is planned for next week. Attached for your approval are the set of fact sheets we plan to distribute on the Hill, updated to reflect the results of the President's trip to China. They have been cleared by State, Treasury, the Department of Agriculture, USTR and relevant NSC directorates. The State Department plans to include these in a larger MFN book and would like to go to press with these on Wednesday, July 15.

Please note that package includes a new fact sheet setting forth our policy on Taiwan, which was drafted by State and cleared by Jeff Bader.

Concurrence by: Blinken, Bader, Samore, Norris, Sandalow,
Abercombie-Winstanley, Naplan/Schwartz,
Bouchard

RECOMMENDATION

That you approve the fact sheets

1. Mr. Berger *ML*

Approve *ML* Approve with edits _____ Disapprove _____

2. Mr. Sperling

Approve _____ Approve with edits _____ Disapprove _____

U.S. POLICY AND TAIWAN

U.S. policy on Taiwan is consistent and well-established.

- We have a "one-China" policy.
- The Taiwan Relations Act (TRA) and the three U.S.-PRC Joint Communiqués constitute the basis of our policy.
- We are firmly committed to fulfilling the arms transfer provisions of the TRA.
- We do not support Taiwan independence.
- We do not support "one-China, one Taiwan" or "two Chinas."
- We support Taiwan's membership in appropriate economic and technical organizations not limited to states (e.g., APEC, WTO). We do not support Taiwan membership in organizations where statehood is a ~~criteria~~ ^{requirement} for membership, such as the U.N. Recognizing the contributions the people of Taiwan could make on transnational issues, we support ~~opportunities for their voice to be heard~~ ^{appropriate participation by Taiwan} in organizations where Taiwan has a contribution to make but its membership is not possible.
- We expect that any resolution of differences between Taiwan and the PRC will be exclusively by peaceful means.
- We support cross-Strait dialogue and exchanges.

Our engagement policy with the PRC has served the interests of the United States and Taiwan. It has contributed to stability and prosperity on both sides of the Strait and created an atmosphere conducive to the resumption of cross-Strait dialogue.

The United States has taken appropriate action when regional security was threatened. In response to the PRC missile exercises near Taiwan in 1966, the President responded by dispatching two carrier battle groups to the waters near Taiwan.

Revocation of MFN for the PRC would ~~affect~~ ^{damage} Taiwan's economy. Taiwan is already facing a slowdown because of the Asian financial crisis. With investments of more than \$30 billion in the mainland, much in export industries, Taiwan's economy would slow further if MFN for the PRC were revoked.

7/14/98

CHINA AND REGIONAL SECURITY

China plays an ever increasing role in Asia security and stability. U.S. engagement can help shape whether China will be a constructive partner or an opponent of U.S. interests. Revoking normal trade status would isolate China and undermine our capacity to influence its direction. During China's last period of isolation, in the 1960s, it supported insurgencies in Asia and was a key ally of North Korea.

Engagement with China on regional issues has yielded tangible benefits.

- **South Asia:** In June, China chaired a meeting of the permanent members of the U.N. Security Council to forge a common strategy for moving India and Pakistan back from the edge of a nuclear arms race. China has condemned both countries for conducting nuclear tests. It has joined the United States in urging them to conduct no more tests, to sign the Comprehensive Test Ban Treaty, to avoid deploying or testing missiles, and to work to resolve their differences through dialogue. Because of its location and history with both countries, China must be a part of any ultimate resolution of this matter. In Beijing, Presidents Clinton and Jiang issued a joint statement on their shared interest in a peaceful and stable South Asia and a strong non-proliferation regime.
- **Korean Peninsula:** Beijing helped to obtain North Korea's compliance with the U.S.-North Korea Agreed Framework, which halted Pyongyang's nuclear weapons program. China cooperates with us in the Four Party Talks designed to bring peace to the Korean Peninsula.
- **Cooperation across Asia:** China has constructively participated in confidence-building dialogues on regional security in Northeast Asia and Southeast Asia. The PRC has expressed interest in cooperating with the United States on creating a Southeast Asian nuclear weapons free zone..

China's growing regional integration has increased China's willingness to settle some long-standing disputes with its neighbors. China has resolved persistent Mao-era boundary disputes, which occasioned hostilities, along its extensive border with Russia. In 1997, China signed a five-party agreement with Russia, Kazakhstan, Kyrgyzstan and Tajikistan limiting armed forces along its 7,000 km border. The PRC has worked to settle similar disagreements with its southern neighbors. PRC-Vietnam working groups have made some progress on disputed areas along their land border.

U.S. policy toward Taiwan remains unaltered. The United States has a "one China" policy ~~acknowledging the Chinese position that Taiwan is a part of China~~, while maintaining strong unofficial relations with and continuing arms sales to Taiwan. Our policy is guided by the three U.S.-PRC Joint Communiques of 1972, 1979, and 1982 and the Taiwan Relations Act. While we do not intend to mediate differences between the two sides, we insist that any resolution of differences be exclusively by peaceful means. The PRC and Taiwan have resumed cross-strait contacts and are expected to resume talks at senior levels later this year. When Taiwan's security has been threatened, the United States has taken appropriate action. In response to PRC missile exercises near Taiwan in 1996, the President responded by dispatching two carrier battle groups to the region.

Revocation of normal trading status is opposed by our allies in Asia, precisely because it would undermine regional security and cooperative efforts. Renewal of normal trade status is widely supported throughout Asia, including by Japan, Korea and the ASEAN nations. These countries know that revocation would be a serious blow to Asian security and stability and the cause of democracy and human rights. 7/14/98

Taiwan

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7/14/98

2056

WHY CONTINUATION OF NORMAL TRADE STATUS FOR CHINA IS THE RIGHT CHOICE FOR AMERICA

af. T. ni

ENGAGEMENT President Clinton's trip to China demonstrated that engagement is the most effective way to advance our national interests and promote our values. Under our policy of engagement, the U.S. has expanded cooperation with China in areas important to our national interests: enhancing stability in Asia, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, protecting the environment, expanding free trade. At the same time President Clinton has dealt forthrightly with our differences, including human rights, both privately and publicly, advancing American support for universal principles of freedom and democracy before an unprecedentedly large Chinese audience. The manner in which we engage China will help determine whether it becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China -- and promote the interests of the American people. Revoking MFN would rupture our relationship with a fourth of the world's people and jeopardize our political and economic security.

ENORMOUS STAKES/SIGNIFICANT PROGRESS: The stakes are enormous, as demonstrated by events of recent years. On a range of key issues, China can help advance U.S. objectives. Engagement is producing tangible results:

- **Stability in Asia:** China condemned India and Pakistan's nuclear tests and urged restraint. It chaired a meeting of the permanent members of the U.N. Security Council in Geneva to address South Asian security concerns. China's role is critical to preventing an Asian nuclear arms race and lessening the chance of conflict. China continues to play a constructive role in peace talks and easing tensions on the Korean Peninsula, and agreed at the summit to intensify coordination of efforts.
- **Asia Financial Crisis:** China has played a constructive role in responding to the Asia financial crisis, in part by maintaining its exchange rate. In Beijing, President Jiang and Premier Zhu affirmed to President Clinton that China is determined to play its part in avoiding competitive currency devaluations.
- **Weapons of Mass Destruction:** China has joined us in the Nuclear Non-Proliferation and Comprehensive Test Ban treaties and the Chemical Weapons Convention, committed to provide no new nuclear assistance to Iran, joined a major international nuclear suppliers group (the Zangger Committee), and put into place comprehensive nuclear export controls. The U.S. and China agreed at the summit that we will not target nuclear weapons at each other -- a step that reduces the risk of accidental nuclear attack -- and to actively study joining the international Missile Technology Control Regime.
- **Transnational Threats:** China is working with the U.S. to combat terrorism, drug trafficking, and the smuggling of people across borders. China is eliminating leaded gasoline, doubling the percentage of its GDP devoted to environmental protection and is using U.S. technology to put into place a nationwide air quality monitoring network.

JOBS: An estimated 400,000 U.S. jobs depend on exports to China and Hong Kong. Our exports to China (not including Hong Kong) have more than tripled over the past decade, to \$12.8 billion, and China is now our fifth largest trading partner. President Clinton has told the Chinese leaders they must further open China's markets. Revocation of normal trade status would not achieve that goal. Instead, it would derail progress being made in talks on China's entry into the World Trade Organization, under which China would reduce its trade barriers substantially. Revocation would invite retaliation against U.S. exporters and investors, giving a huge edge to other nations. It would also hurt U.S. consumers, who could pay upwards of half a billion dollars more per year because of higher tariffs on products like shoes and clothing.

HUMAN RIGHTS: As President Clinton has said, engagement does not mean endorsement. Our policy of engagement allows us to press human rights directly with China's leaders, and our approach is producing results. China has released dissidents Wei Jingsheng and Wang Dan, signed the International Covenant on Economic, Social and Cultural Rights and committed to signing the Covenant on Civil and Political Rights this fall. Normal trade and continued economic engagement has continued the process of opening China, exposing Chinese to our politics, ideas, and personal freedoms. Revoking normal trade status will sever these ties and strengthen those in China who want less freedom and openness.

RELIGIOUS FREEDOM: Revocation would also set back the cause of religious freedom in China. Earlier this year, China received a delegation of U.S. religious leaders, expanding the dialogue on this key issue. Revoking normal trade status could close doors to U.S. religious groups and others seeking to promote religious freedom in China through educational, cultural and other exchanges. It would also make it more difficult to pursue the cases of imprisoned religious leaders.

HONG KONG AND TAIWAN: Hong Kong handles almost 50% of U.S.-China trade. Revocation of normal trade relations would weaken Hong Kong, already hurt by the Asian financial crisis, by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income. Hong Kong leaders across the political spectrum favor renewal of normal trade status. Revocation would also damage Taiwan's economy, with \$20-30 billion invested in the mainland.

7/14/98

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- **South Asia:** In June, China chaired a meeting of the permanent members of the U.N. Security Council to forge a common strategy for moving India and Pakistan back from the edge of a nuclear arms race. China has condemned both countries for conducting nuclear tests. It has joined the U.S. in urging them to conduct no more tests, to sign the Comprehensive Test Ban Treaty, to avoid deploying or testing missiles, and to work to resolve their differences through dialogue. Because of its location and history with both countries, China must be a part of any ultimate resolution of this matter. In Beijing, Presidents Clinton and Jiang issued a joint statement on their shared interest in a peaceful and stable South Asia and a strong non-proliferation regime.
- **Korean Peninsula:** Beijing helped to obtain North Korea's compliance with the U.S.-North Korea Agreed Framework, which halted Pyongyang's nuclear weapons program. China cooperates with us in the Four Party Talks designed to bring peace to the Korean Peninsula.
- **Cooperation across Asia:** China has constructively participated in confidence-building dialogues on regional security in Northeast Asia and Southeast Asia. The PRC has expressed interest in cooperating with the United States on creating a Southeast Asian nuclear weapons free zone.

China's growing regional integration has increased China's willingness to settle some long-standing disputes with its neighbors. China has resolved persistent Mao-era boundary disputes, which occasioned hostilities, along its extensive border with Russia. In 1997, China signed a five-party agreement with Russia, Kazakstan, Kyrgyzstan and Tajikistan limiting armed forces along its 7,000 km border. The PRC has worked to settle similar disagreements with its southern neighbors. PRC-Vietnam working groups have made some progress on disputed areas along their land border.

~~U.S. Policy Toward Taiwan Remains Unaltered~~ The United States has a "one China" policy acknowledging the Chinese position that Taiwan is a part of China, while maintaining strong unofficial relations with, and continuing arms sales to, Taiwan. Our policy is guided by the three U.S.-PRC Joint Communiques of 1972, 1979, and 1982 and the Taiwan Relations Act. While we do not intend to mediate differences between the two sides, we insist that any resolution of differences be exclusively by peaceful means. The PRC and Taiwan have resumed cross-strait contacts and are expected to resume talks at senior levels later this year. When Taiwan's security has been threatened, the United States has taken appropriate action. In response to PRC missile exercises near Taiwan in 1996, the President responded by dispatching two carrier battle groups to the region.

Revocation of normal trading status is opposed by our allies in Asia, precisely because it would undermine regional security and cooperative efforts. Renewal of normal trade status is widely supported throughout Asia, including by Japan, Korea and the ASEAN nations. These countries know that revocation would be a serious blow to Asian security and stability and the cause of democracy and human rights. 7/14/98

CHINA AND NON-PROLIFERATION

Engagement is key to halting proliferation. It is in our vital national interest that China embrace international nonproliferation norms, abide by them, and call upon others to do so as well. More needs to be done, but there is steady progress. Engagement is necessary to sustain progress made, and to address areas of continuing concern.

China's role is critical to preventing arms race in South Asia. In June China chaired a meeting of the permanent members of the U.N. Security Council to forge a common strategy for moving India and Pakistan back from the edge of a nuclear arms race. It has condemned both countries for conducting nuclear tests. It has joined us in urging them to conduct no more tests, to sign the Comprehensive Test Ban Treaty, to avoid deploying or testing missiles, to tone down their rhetoric, to work to resolve their differences, including over Kashmir, through dialogue. Because of its history with both countries, China must be a part of any ultimate resolution of this matter. In Beijing, Presidents Clinton and Jiang issued a joint statement on their shared interest in a peaceful and stable South Asia and global nonproliferation regime.

Engagement has produced steady progress in strengthening China's non-proliferation policy.

- During the President's trip, the United States and China agreed to not target strategic nuclear weapons at each other -- reducing the risk of accidental launch.
- China pledged to abide by Missile Technology Control Regime guidelines and to not export any MTCR class missiles in 1994, and indicated during the President's trip that it is actively considering MTCR membership.
- China acceded to the Non-Proliferation Treaty (NPT) in 1992. China supported its indefinite and unconditional extension in 1995.
- China signed the Comprehensive Test Ban Treaty (CTBT) and announced a moratorium on nuclear testing effective July 30, 1996.
- China became an original party to the Chemical Weapons Convention in 1997.
- In 1996, China pledged not to provide assistance to unsafeguarded nuclear facilities, which covers Pakistani installations.
- China in 1997 implemented national nuclear export controls and joined the Zangger Committee, which coordinates nuclear export policies among NPT members. This year, China has put in place for the first time comprehensive controls on nuclear exports.
- China committed to engage in no new nuclear cooperation with Iran in 1997.
- China joined the Biological Weapons Convention and supports efforts to strengthen it.

We have continuing concerns. We have continuing concerns about reports of the transfer of missile equipment and technology to Iran and Pakistan, and transfers of dual-use items that could be used by Iran in its chemical weapons program. If we determine that activity sanctionable under U.S. law has occurred, we will implement fully the sanctions law, as we have done regarding missile technology and chemical weapons in the past.

We will continue to use the tools at our disposal to stem the flow of dangerous weapons. These include our strong nonproliferation laws. Revoking normal trade status is the wrong tool.

- In May 1997, the U.S. imposed sanctions on seven Chinese entities for assisting Iran's chemical weapons program. We have no evidence that the Chinese government was involved in these exports. We are encouraging the Chinese government to strengthen its export control system to prevent such transfers in the future.
- The Administration used diplomatic pressure and the prospect of economic sanctions in the ring magnets case in 1996 to secure a significant new commitment by China not to provide assistance to unsafeguarded nuclear facilities. We have monitored this issue closely, and have no basis to conclude that China is not abiding by its commitment.
- In August 1993, the U.S. imposed sanctions on Chinese entities for shipment of missile-related equipment to Pakistan. Following negotiations, China agreed in October 1994 to a global ban on sales of MTCR-class ground-to-ground missiles, which is a stricter commitment than the MTCR requires.

We must continue to watch China's activities closely. We must also engage. We will continue to work with China toward a common understanding on effective export control policies and to strengthen existing national export control systems. This will be a vital contribution to our goal of preventing the spread of all weapons of mass destruction and their delivery systems. Revocation of normal trade status would seriously undermine these efforts.

7/14/98

CHINA AND THE ENVIRONMENT

China is key to solving global environmental challenges that directly affect the U.S.

- With over 1.2 billion people, one of the fastest growing economies in the world, and energy demand that will more than double within 10 years, China has considerable impact on the global environment.
- After the U.S., China is the second largest emitter of greenhouse gases which contribute to global climate change. China's meaningful participation in a global solution is critical.
- As the largest developing country chemical exporter, China plays a major role in international negotiations to control production and transport of toxic chemicals and pesticides. These chemicals and pesticides migrate thousands of miles and affect the water, air, and food consumed in the U.S.
- China is the world's largest producer of ozone-depleting substances. China's follow-through on phasing out these substances, as a signatory to the Montreal Protocol, is critical to repairing the ozone layer and reducing health risks such as skin cancer and cataracts in the U.S. and elsewhere.

We have an extensive, active program of cooperation with China on environmental issues.

- During President Clinton's visit to China, the U.S. and China agreed to initiate a high-level dialogue on climate change issues under the auspices of the Environment and Development Forum.
- During the Summit, U.S. firms signed contracts in the energy and environment area, including agreements for coal bed methane exploration projects.
- During the Summit, the U.S. and China agreed to cooperate on Phase One of China's nationwide air quality monitoring network, using U.S. equipment supplied by private vendors and technical assistance from the Environmental Protection Agency.
- Under the umbrella science and technology agreement, we have approximately 65 cooperative programs with China covering such areas as energy efficiency, clean coal and water management.
- The U.S.-China Forum on Environment and Development serves as a framework for addressing the interrelated issues of environment, energy, science and commerce. The U.S.-China Energy and Environment Cooperation Initiative, an outgrowth of the Forum, focuses on helping China use clean energy sources, reduce air pollution, and expand rural electrification. This will lead to on-the-ground environmental benefits and opportunities for U.S. industry and scientific and academic institutions.
- The Chinese government recently passed laws to reduce harmful emissions and improve energy efficiency. China is seeking assistance and advice on how to implement these laws.

Revocation of China's normal trading status would destroy the "win-win" opportunity that cooperation on environmental issues provides.

- China's leadership has taken serious steps to begin to address China's environmental problems, such as raising environmental spending from 0.8% of GDP to 1.5% by the year 2000. The U.S. leads the world in the treatment of wastewater, solid waste, and production of other environmental technologies that could reduce the environmental degradation in China while also promoting U.S. businesses, environmental technologies and services.

Revoking normal trade status will forgo these benefits and damage our efforts to enlist China's support for tackling global environmental issues.

7/14/98

MFN RENEWAL SUPPORTS SUCCESSFUL HONG KONG

Hong Kong reversion so far has been smooth and Hong Kong has maintained a high degree of autonomy. China resumed the exercise of sovereignty over Hong Kong on July 1, 1997, under a "one country, two systems" formula that provides for a high degree of autonomy and for Hong Kong's social and economic systems, lifestyles, and rights and freedoms to remain unchanged for at least fifty years. President Clinton's July 1998 visit to Hong Kong – the first by a sitting U.S. President – emphasized our support for Hong Kong's unique autonomy and fundamental freedoms. During his visit the President called for faster movement toward full democracy and met with leaders of the parties that won directly elected seats to the Legislative Council, including Martin Lee privately, to emphasize our commitment to democratic reform.

- The Chinese central government has refrained from interfering in local affairs.
- Hong Kong's Provisional Legislature, which was appointed, was dissolved in April 1998. A new Legislative Council was chosen in May elections to replace it.
- Mainland Chinese companies are subject to the same laws and prudential supervision as everyone else, and the rule of law and the independent judiciary remain in place as guarantees of Hong Kong's free and open society.
- Hong Kong's press remains free and continues to comment critically on the PRC and its leaders, though some self-censorship has been reported, both before and after reversion to Chinese sovereignty.
- Demonstrations -- often critical of the PRC -- continue to be held without interference.

Still open
The United States is watching reversion closely and actively supports open, accountable, and democratic institutions in Hong Kong. The U.S. is concerned about several developments.

- The rules for the May 1998 legislative elections resulted in a legislature that is less representative than the 1995 legislature.
- Some critics have questioned the government's commitment to rule of law because of an official decision not to prosecute alleged violations of law in two prominent cases.
- The Provisional Legislature passed legislation that extended some government immunities previously applicable to British government organs to Chinese central government entities.

MFN revocation would seriously damage Hong Kong's economy as it is trying to withstand the Asian financial crisis. Asia's economic turmoil has presented Hong Kong with its severest test since reversion. Hong Kong has actively participated in efforts to address the crisis, has fended off speculative attacks on its currency. Nevertheless, it will likely see at least a halving of economic growth and a significant increase in unemployment this year as a result of the crisis. Hong Kong's GDP shrunk by 2% in the first quarter.

- Hong Kong's economy is based on trade and services and almost 50% of U.S.-China trade goes through its port. MFN revocation would seriously disrupt that trade, lead to uncertainty among the Hong Kong people, and lessen the international business community's confidence in Hong Kong as a trade and finance center. Hong Kong authorities estimate that revocation would slash its trade by up to \$34 billion and income by \$4.5 billion. Any retaliation for revocation against U.S. exports would amplify the damage to Hong Kong.
- Blows to Hong Kong's economy and confidence would undermine its ability to maintain its open economy, civil liberties, and way of life.

The full spectrum of people in Hong Kong support MFN.

The Administration believes MFN revocation would send the wrong signal to the people of Hong Kong and to the international community. China MFN withdrawal would weaken the efforts of the U.S. Government to support Hong Kong's autonomy.

7/14/98

U.S. POLICY AND TAIWAN

U.S. policy on Taiwan is consistent and well-established.

- We have a "one-China" policy.
- The Taiwan Relations Act (TRA) and the three U.S.-PRC Joint Communiqués constitute the basis of our policy.
- We are firmly committed to fulfilling the arms transfer provisions of the TRA.
- We do not support Taiwan independence.
- We do not support "one-China, one Taiwan" or "two Chinas."
- We support Taiwan's membership in appropriate economic and technical organizations not limited to states (e.g., APEC, WTO). We do not support Taiwan membership in organizations where statehood is a criteria for membership, such as the UN. Recognizing the contributions the people of Taiwan could make on transnational issues, we support opportunities for their voice to be heard in organizations where Taiwan has a contribution to make but its membership is not possible.
- We expect that any resolution of differences between Taiwan and the PRC will be exclusively by peaceful means.
- We support cross-Strait dialogue and exchanges.

Our engagement policy with the PRC has served the interests of the U.S. and Taiwan. It has contributed to stability and prosperity on both sides of the Strait and created an atmosphere conducive to the resumption of cross-Strait dialogue.

The U.S. has taken appropriate action when regional security was threatened. In response to the PRC missile exercises near Taiwan in 1966, the President responded by dispatching two carrier battle groups to the waters near Taiwan.

Revocation of MFN for the PRC would affect Taiwan's economy. Taiwan is already facing a slowdown because of the Asian financial crisis. With investments of more than \$30 billion in the mainland, much in export industries, Taiwan's economy would slow further if MFN for the PRC were revoked.

7/14/98

CHINA'S HUMAN RIGHTS RECORD

The United States remains strongly concerned about human rights violations in China. China denies or curtails basic freedoms, including freedom of speech, association and religion. The government maintains a one-party state that tolerates no organized opposition. Authorities engage in the extrajudicial arrest and detention of political and religious activists and restrict religious practices. The U.S. is concerned by reports of exploitation of prison labor, human organ trafficking, and coercive family planning practices.

Engagement with China has resulted in meaningful improvements in the lives of hundreds of millions of Chinese. The most repressive periods in recent Chinese history occurred in times of international isolation. Exposure to the outside world, exchange of goods, ideas and people has brought to the Chinese people increased openness, social mobility and personal liberties, including greater freedom of movement, greater choice of employment, schooling, and housing opportunities, and improved access to information. Over time, citizen-to-citizen contacts through the media, Internet, travel and educational exchanges expose the Chinese people to international standards and values and will continue to loosen rigid, authoritarian structures. Already, despite repression of religious groups not sanctioned by the government, membership in churches is growing at a rapid pace, with perhaps 50 million practicing Christians. Village elections have given millions of rural citizens access to a more democratic process for choosing non-governmental village committee leaders. In recent years, exposure to international norms and legal systems has played a role in China's legal reform effort, which is helping to broaden citizens' rights. Reforms include the 1997 amendments to the Criminal Procedure law which create limits on police detention of suspected criminals and the 1994 State Compensation Law, which allows Chinese citizens to sue government officials and collect damages.

Our Policy of Engagement Has Produced Results: Against the backdrop of intensive dialogue with the United States and the international community, and continued international attention to human rights issues, China recently has taken some positive steps. Within the past year, Chinese authorities have released Wei Jingsheng, Wang Dan and other political prisoners. China has also signed the UN Covenant on Economic and Social Rights and has announced it will sign the UN Covenant on Civil and Political Rights in the fall. Chinese officials have hosted visits by a delegation of U.S. religious leaders and the UN Working Group on Arbitrary Detention. The Chinese have expanded cooperation with the United States and other nations on promoting the rule of law. The United States and China have agreed to resume a dialogue on human rights, holding the next round of discussions in the second half of 1998.

Engagement does not mean endorsement. The Administration's support for retaining normal trade relations is coupled with active efforts to promote respect for human rights and the rule of law, including respect for the unique religious, linguistic and cultural tradition of Tibetans. We will continue to encourage those who are working for a more pluralistic society.

- The Administration has consistently pressed its human rights concerns with China, including President Clinton's direct statements to the Chinese people while in China.
- The United States maintains Tiananmen-era sanctions against China.
- The United States enforces U.S. laws banning prison labor imports.
- The United States does not contribute funds, directly or indirectly, to China's family planning efforts.
- The United States strongly supports expanding broadcasts of Radio Free Asia in China and the Asia Pacific region to promote the free flow of information and foster more open and prosperous societies.
- The Secretary of State has appointed an Advisory Committee on Religious Freedom Abroad comprised of U.S. religious leaders to provide advice on how best to address religious persecution around the world, and has named a Senior Advisor for International Religious Freedom to ensure that religious freedom is factored into our foreign policy at the highest levels.
- The Secretary of State has appointed a Special Coordinator for Tibetan Issues to promote dialogue between the Dalai Lama and China.

7/14/98

CHINA'S ROLE IN THE ASIA CRISIS

China has played an extremely helpful role in the Asia crisis:

By managing its own financial policies responsibly...

- China has maintained the value of ~~the~~ its currency, the renminbi, despite pressure to devalue. A Chinese devaluation would almost certainly set off a new round of currency depreciation in the region, undermining the region's fragile stability. ✓
- President Jiang and Premier Zhu affirmed during the June Summit that China is determined to play its part in avoiding another round of competitive devaluations.

By playing an active and constructive role in the multilateral response to the crisis...

- China has participated actively in the Manila Framework and Willard Group processes, which are working to address problems identified by the crisis.

By contributing to countries that have been affected...

- China has contributed directly to the international support package for Thailand. Thus far, it has disbursed almost \$700 million of its \$1 billion pledge.
- China has also offered to contribute to the "second line" package for Indonesia, and has provided humanitarian aid to Indonesia.

and by supporting Hong Kong when it came under pressure.

- China has contributed to the stability of the Hong Kong dollar by pledging its own reserves to the defense of Hong Kong's currency, if requested by Hong Kong's authorities.

Engagement has been crucial...

U.S. engagement with China has facilitated these contributions. Revocation of normal trading status would set back relations, and make maintenance of China's contribution more difficult. Restriction of Chinese exports to the U.S. could compel China to devalue, with possibly dire consequences for its neighbors.

Spent out

7/14/98

TRADE ASPECTS OF NORMAL TRADE STATUS

MFN tariff status is normal trading status. MFN is a misnomer, as both the Senate and House of Representatives have recognized. It is not privileged status accorded only to close friends. It is the ordinary tariff treatment that we extend to virtually all nations. Normal trade relations with China has been supported by every president (both Republican and Democrat) who has addressed the issue.

MFN revocation could destabilize currency markets in the Asia-Pacific region. China has played an extremely helpful role in the Asia crisis. It has maintained the value of its currency despite pressure to devalue. A Chinese devaluation would almost certainly set off a new round of competitive devaluation in the region, destroying the region's hard-won – and fragile – stability. Revocation of normal trading status would set back relations, and make maintenance of China's contribution more difficult. Restriction of Chinese exports to the U.S. could compel China to devalue, with possible dire consequences for its neighbors. ✓

MFN revocation would increase the price U.S. consumers pay for basic goods and cost U.S. jobs. MFN revocation would increase tariffs on imports from China from a trade-weighted average of about 6 percent to an estimated 44 percent. This could provoke retaliation against U.S. exports and open the door to the China market for our foreign competitors.

- MFN revocation, even accounting for changes in trade flows, will require U.S. consumers to pay upwards of half a billion dollars more each year for goods such as shoes, clothing and small appliances subject to increased tariffs. In addition, the costs of goods manufactured in the United States with Chinese components could increase, reducing the competitiveness of the finished goods.
- U.S. exports to China have almost quadrupled over the past decade. Exports to China and Hong Kong support an estimated 400,000 jobs in the United States that, on average, pay 13 to 16 percent more than non-export related jobs. We need to increase market access and ensure a level playing field for U.S. goods and services, not provoke retaliation.

MFN revocation would derail multilateral and bilateral trade negotiations to increase our access to China's market and China's observance of international trade rules. Revocation is too blunt a tool.

- China's accession to the WTO must be based on a commercially meaningful agreement that will improve market access for U.S. goods and services. We are making progress in those negotiations and insisting that China agree to comply with international trade rules on transparency, national treatment, availability of judicial review and other areas as well as to eliminate major trade barriers that face U.S. firms, including high tariffs, quotas and bans on providing services. Revoking MFN would likely stop any progress in WTO negotiations.
- MFN revocation would jeopardize gains achieved in bilateral negotiations on intellectual property rights (IPR) enforcement and market access for textiles and apparel as well as ongoing progress in other areas, such as the most recent agreement on grapes in the agriculture sector. The Administration will continue to use targeted trade law provisions to protect U.S. trade interests.

MFN revocation would harm Hong Kong. Hong Kong's economic strength is one of its chief assets in ensuring its autonomy and viability. Hong Kong handles almost 50 percent of U.S.-China trade, making it highly dependent on continued normal trade relations between the United States and China. Hong Kong authorities estimate that MFN revocation would slash its trade by up to \$34 billion and income by \$4.5 billion. Hong Kong leaders, have spoken out strongly in favor of renewal of MFN. Every major political party in Hong Kong favors renewal.

The best way to address our trade problems is to use our trade laws to eliminate Chinese barriers and to help U.S. exporters compete in the Chinese market - not revoke MFN. The Administration secured strong actions from China protecting American intellectual property after threatening sanctions on \$2 billion of Chinese imports. China's elimination of over 1,000 quotas and licensing requirements on imports of key high tech U.S. products has contributed to a rise of nearly 200 percent in U.S. exports of telecommunications equipment to China since 1992.

7/14/98

CHINA AND WTO

It is in the interest of the United States to see China join the WTO on commercially meaningful terms. China's emergence as a trade power is of major significance to the US and to the world. The manner in which we engage China will help determine whether it becomes integrated into international norms and institutions like the WTO, or whether it becomes more isolated and unpredictable. ✓

Joining the WTO means bringing China into a rules-based trading system. WTO accession represents an important opportunity for China to create and implement a rules-based trade regime. To meet WTO requirements, China must make laws public, require judicial review of all trade actions, apply all trade laws uniformly, and submit to WTO dispute settlement to ensure compliance with WTO rules. All of these measures will enhance the rule of law and the application of international norms in China's trade regime, to the benefit of China and the United States. The rule of law in trade has spillover benefits to the rule of law elsewhere.

China's commitments must be commercially meaningful. All WTO members agree that China's accession to the WTO must provide commercially meaningful market access for goods and services. Lowered tariffs, the elimination of quotas and other market access barriers, the right to export directly, and access to consumers in a full range of sectors must be part of any viable accession package for China.

WTO accession will mean greater access for a wide range of U.S. goods and services into one of the world's fastest growing economies.

- The semiconductor industry estimates that if market access barriers were eliminated, exports of U.S. semiconductor products would increase well in excess of \$500 million per year.
- Eliminating licensing and other barriers to China's insurance sector would open a market estimated by industry to top \$24 billion in premium income by the year 2000.
- Currently, China has no bound tariff rates. This means they can raise their rates as high as they want. In the WTO talks, we have the opportunity to have China reduce its base tariff rates from over 20 percent on wood, paper, construction equipment, medical equipment recreational equipment, telecommunications equipment, aluminum plates and power generation equipment. Some tariffs are even higher and should also be reduced.

MFN revocation would derail WTO negotiations to open China's market. Negotiations are moving forward on a positive trajectory on fundamental WTO principles such as the right of entities to engage directly in trade and appeal the decisions of government agencies to independent tribunals, and the right to fair and nondiscriminatory treatment of foreign businesses. We are also making progress in eliminating major trade barriers that face U.S. firms, including high tariffs, quotas and restrictions on providing services. Revoking MFN would likely stop any progress in WTO negotiations.

MFN revocation would jeopardize gains achieved in bilateral negotiations. Bilateral negotiations have produced important advances in intellectual property rights enforcement and market access for textiles and apparel, as well as the elimination of market access barriers in other sectors, such as agriculture. The Administration has closely monitored the implementation and enforcement of these agreements. The Administration has used, and will continue to use targeted trade law provisions to protect US trade interests. MFN revocation is too blunt a tool.

7/14/98

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
010. email	Kenneth Lieberthal to Holly Hammonds, Penelope O'Brian, Malcolm Lee et al at 10:44 AM. Subject: RE: China WTO Talks (2 pages)	11/30/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F
vz1806

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]
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.

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]
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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]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
011. email	Kenneth Lieberthal to Penelope O'Brian, Malcolm Lee. NSA, Asian Affairs, Holly Hammonds at 12:14 PM. Subject: RE: China WTO Talks (2 pages)	11/27/1998	P1/b(1)

COLLECTION:

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National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012a. draft	Letter from William Clinton to President of the Republic of China, Lee Teng-hui. (1 page)	11/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012b. letter	President of the Republic of China, Lee Teng-hui to William Clinton. (2 pages)	11/10/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F
vz1806

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]
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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]
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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]



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
 Washington, D.C. 20230

Melissa/Cael

December 1, 1998

*I recommend Gene take
 this meeting. Can probe on*

Memorandum for: Jeff Bader, NSC
 Malcolm Lee, NEC
 Hank Levine, State
 Anthony Marcus, Treasury
 Lynn Alfala, Agriculture
 Christina Lund, USTR
 Ed Ciampa, Eximbank

WTO.

ML

From: Don Forest, Commerce

Don Forest

As you know, Shi Guangsheng, China's Minister of Foreign Trade and Economic Cooperation, will be coming to Washington, D.C. December 17-18 for the 12th session of the U.S.-China Joint Commission on Commerce and Trade.

He has requested bilaterals with the following senior officials: President Clinton or Vice President Gore; NEC Advisor Sperling; Secretaries Albright, Rubin, and Glickman, and USTR Barshefsky. In addition, we have recommended that he meet with Eximbank Chairman Harmon. My office will assist the Chinese embassy in scheduling these meetings. We understand that the embassy has confirmed a meeting with USTR Barshefsky on December 16 from 10:30 am to 12 Noon. Other times available include: December 16, 9:30 to 10:15 a.m.; and from 12 Noon (presuming a luncheon meeting) until 5:30 p.m.; December 17, 10:15 am to 12:15 pm; 3:45-5:30 pm; December 18, 9:00 am to 12:15 pm; 4:15- 5:30 pm.

Please confirm possible times available for your principals or a surrogate to meet with Minister Shi corresponding to the times noted above. We would appreciate hearing from you by COB Friday, December 4. Acting Minister Counselor for Commercial Affairs of the Chinese Embassy, Jin Ligang, may contact you as well. I can be reached at 482-5527, 482-1576 (fax), and e-mail, forest @USITA.GOV. Thank you.



**U.S. DEPARTMENT OF COMMERCE
OFFICE OF CHINA & HONG KONG
14TH & CONSTITUTION AVENUE, N.W.
PHONE: (202) 482-4681 FAX: (202) 482-1576/4453**

DATE: 4 December 98

FROM: Donald Forest **FAX:** (202) 482-1576/4453

TO: Malcom Lee **FAX:** _____

NEC _____

SUBJECT: INSURANCE

PAGES INCLUDING THIS COVER SHEET: 6

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013a. paper	Briefing Paper: China Insurance (3 pages)	12/04/1998	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1176

FOLDER TITLE:

China (December 1998 to January 1999) [3]

2010-1024-F
vz1806

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013b. talking points	China Insurance (2 pages)	12/04/1998	P1/b(1)

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