Case Number: 2010-1024-F

FOIA MARKER

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Folder Title:
China (February to March 1999) [9]

Staff Office-Individual:
National Economic Council-Lee, Malcolm

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CF 1176

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	For Ken and Jeff from Keith. Subject: Zhu Visit. [partial] (1 page)	03/10/1999	b(7)(E), b(7)(F)
002. memo	For the President from Gene Sperling and Samuel Berger. Subject: China WTO Accession (9 pages)	03/23/1999	P1/b(1)
003. email	Kenneth Lieberthal to NSA. Subject: China and WTO (2 pages)	03/29/1999	P1/b(1)
004. draft	Memorandum. Subject: State Department's Comments on Market Access Issues. (14 pages)	01/27/1999	P1/b(1)
005. report	Draft Comments on USTR Draft Proposal. (3 pages)	02/03/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (February to March 1999) [9]

2010-1024-F
vz1819

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]
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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]

United States Department of State

Washington, D.C. 20520

FROM: Hank Levine
Deputy Director for Economic Affairs
Office of Chinese and Mongolian Affairs

TEL: 202-647-6796
FAX: 202-647-6820

TO:

Malcolm Lee

☒ **PER DISCUSSION** ☐ **FOR CLEARANCE** ☐ **FYI**

RESPONSE OF THE PEOPLE'S REPUBLIC OF CHINA TO THE NON-PAPER OF THE UNITED STATES ON CHINA'S ACCESSION TO THE WORLD TRADE ORGANIZATION

February 12, 1996

INTRODUCTION

We welcome the U.S. efforts in presenting the non-paper on China's accession to the World Trade Organization. We are ready to give our full response to the U.S. proposition. However, we should like to reiterate that the appropriate basis for the negotiation on China's accession to WTO is still the Draft of the Protocol on China and the Draft Outline of the Report of the Working Party on China tabled on December 20, 1994 by the Chairman of the Working Party on China.

Active participation in the multilateral trading system is an important component of China's open door policy. It benefits not only China but also other WTO members, including the United States. It also strengthens the multilateral trading system. During President Jiang Zemin's meeting with President Clinton on October 24, 1995, both leaders expressed willingness to take positive approach and make joint efforts to solve the issue of China's membership in the WTO.

In the introduction part of its non-paper, US agrees that the issue of China's developing country status will be addressed realistically on the basis of the Uruguay Round Agreement. We appreciate this constructive gesture on your part. However, the general level of American package request is still very high and beyond the level of China's economic development. It is thus difficult for China to accept. In order to narrow differences, it is imperative for the United States to show flexibility and pragmatic attitude on specific issues.

Regarding US concern on the bilateral trade and economic problems, we are prepared to intensify our bilateral discussion in a constructive manner and find possible solutions. We have also noted that the US agrees not to take solution to bilateral trade problems as a pre-condition for moving multilateral negotiations forward. We wish to reiterate our objection to trade retaliation or threat of retaliation.

In order to push forward the process of negotiation, we may consider to undertake a standstill commitment for the duration of the accession negotiations. But if the negotiation process is delayed due to the pressure from a few countries, the commitment by China will lose its domestic support. Meanwhile, we hope the United States will also make similar commitment not to impose new trade restrictions on China and won't increase its demands during negotiations.

We have noticed that the non-paper identifies the American commercial interests and sets out the obligations to be undertaken by China. However, what we are seeking is an agreement of balanced rights and obligations. The issue of mutual application of most favored nations status has to be resolved if both sides really hope to facilitate the negotiation for accession. Minister Wu pointed

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*** ACTIVITY REPORT ***
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RECEPTION OK

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CONNECTION TEL	202 647 6820
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PAGES	25
RESULT	OK

out in her letter to Ambassador Kantor in April 1995, "It does not make sense to negotiate a legal instrument which you have no intention to apply". Only after fully realization of most favored nation status on the multilateral basis, will stable trade and economic relations be established between us and risks arising from contacts between business communities will be decreased.

One of the main objectives of participation in the WTO is to obtain non-discriminatory treatment. We are not trying to obtain any preferential treatment exceeding the principles of the WTO. We request China's exports subject to the same regulations and enjoy same treatment with exports from other WTO members. Based on this principle, the special safeguard clause, the general safeguard clause, and the surrogate pricing in AD investigations are not acceptable.

The Chinese delegation is willing to keep close contacts and exchange views with the United States on issues of mutual concern. We hope to reach a balanced package agreement with the United States after major issues have been resolved satisfactorily.

I. FOUNDATION PRINCIPLES

National Treatment for Goods

China will provide national treatment for goods, but in some sectors we need transitional period of two years.

Trading Rights

The proposal submitted by China in July 1995 on the gradual liberalization of trading rights, which was further revised in October and December, has been well received by many WTO members. We shall carry out experiment on setting up joint venture trading companies this year in Shanghai. This experiment will be extended to other areas and sectors, on the basis of which there will gradually be a transition to a registration system.

Transparency

China has committed to implement only those laws and regulations which have previously been published. And China will publish quota amounts. China, in anticipation of joining WTO is taking steps to ensure the transparency of its foreign trade system.

[**Comment**: With regard to the issue of providing opportunities for public comment before the implementation of laws and regulations, agreement has been reached in the draft protocol.]

Uniform Application

It is China's set principle to implement a uniform foreign trade system. The Chinese government will ensure the consistency of laws, regulations and measures adopted by local authorities with WTO.

China is currently strengthening the administration over the Special Economic Zones and gradually reducing tariff preferences granted to Special Economic Zones.

The Chinese Government will ensure the uniform application of its WTO obligations throughout China with exception of its separate customs territories.

Judicial Review

As provided for in the Administrative Procedure Law of the PRC, administrative tribunals have been set up in people's courts at various levels to handle cases brought by natural person(s) and legal person(s) against specific administrative acts of an administrative body or its staff which infringe upon their rights. Administrative tribunals are independent and can make a final ruling. However, administrative rules, regulations, decisions and orders per se formulated or issued by administrative bodies within their mandate granted by the Constitution are not subject to judicial review by these tribunals. In accordance with the Constitution of the PRC, only the Standing Committee of the National People's Congress exercises the power to annul the administrative rules, regulations, decisions and orders of the State Council. As for the administrative rules, regulations, decisions and orders of local administrative bodies, upper administrative bodies or local people's congress or upper people's congress have the power to annul them.

Under the Chinese Law, the right of appeal to the people's court is provided if the initial right of appeal is to an administrative body. However, in the case of some laws, such as the Patent Law and Trademark Law, which contain built-in clauses empowering the administrative bodies to make final ruling, the court cannot undertake judicial review.

Foreign Exchange

China has already announced that it will incorporate foreign exchange buying and selling conducted by enterprises with foreign investment into the foreign exchange settlement system of banks with the aim to implement a unified national foreign exchange regime.

The Chinese government has committed to achieve the convertibility of RMB yuan under current account before the year 2000, and will endeavor to achieve earlier implementation if conditions permit.

II. MARKET ACCESS

Tariffs

In September 1994, China submitted a schedule of all industrial and agricultural tariffs which provides the basis for bilateral tariff negotiations which are currently underway with around 30 WTO members, China expects that the tariff level to emerge from such negotiations will be roughly at the same level with most other developing countries at comparable levels of economic development.

Non-Tariff Measures

China is not pursuing permanent non-tariff measures. In fact, China has already set timetable for the unilateral removal of most NTMs. However, as some WTO members continue to maintain discriminatory quantitative restrictions against China, China has taken the position that the submission of its definitive timetable for elimination of non-tariff measures must await agreement on a schedule for the phase-out of discriminatory restrictions maintained against China.

Customs Valuation

China will fully implement the Customs Valuation Agreement. As various forms of fraud, including serious cheating in price declaration occurs frequently, China needs to have recourse to relevant provisions allowing a transitional period for developing countries and technical assistance.

Industrial Policy

China will, in accordance with the requirements of its domestic economic development, continue to formulate and implement industrial policies as do most WTO members. After China becomes a WTO member, it will abide by WTO provisions in the formulation and implementation of industrial policies. In anticipation of Joining WTO with a view to facilitating a smooth transition to full WTO obligations upon accession, China has taken into account of WTO-compatibility to the extent possible in laying down new industrial policies.

With respect to the published Industrial Policy in the Auto Sector, China undertakes to phase out those provisions which are inconsistent with the WTO agreement on TRIMS within the transitional period to which developing countries are entitled.

China cannot accept demands which exceed the requirements set forth in the WTO agreement, e.g. the elimination of technology transfer requirement, etc.. Since many WTO members have maintained such requirement, it is unfair to pose the demand only to China and it will put China in a disadvantageous position in competition with these countries.

[**Comment**: China considers that it is unreasonable to request that it accept obligations which exceed those of the WTO agreements, which this would have the result of placing China in disadvantageous position with respect to other WTO members. One example is the demand for the elimination of technology transfer requirements made by the United States.

As this section illustrates, the non-paper presented by the United states tends, in many instances, to include together in the same paragraph, provisions which are intended simply to give more precision to WTO obligations along with those which imply obligations extending beyond those contained in the Multilateral Trade Agreements and in GATT 1994. It would greatly facilitate China's consideration of the draft protocol if these latter, additional obligations proposed by the United States could be clearly identified in a separate section.]

Investment

The Interim Provisions Guiding Foreign Investment and the Industrial Catalogue on Guidance of Foreign Investment formulated by the Chinese government have not imposed any new restrictions on foreign investment in China, but simply consolidate, in a single publication, (with a view to providing transparency for foreign investors), measures which have been adopted and applied in the context of the reforms process and the opening-up of the Chinese economy. The Interim Provisions and the Industrial Catalogue have extended the areas where foreign investment is encouraged and have expanded the number of industrial sectors where foreign investment is permitted. No new restrictive regulations have been added, however, as part of China's development strategy, investment is directed toward the strengthening of the infrastructure and to those sectors and regions, where its development impact would be maximized. In no case has the treatment granted foreign investment worsened, and preferential treatment has been provided for investment in the infrastructure with a view to improving the structural imbalance (i.e. the weak infrastructural foundation).

Upon its accession to the WTO, China will phase out investment measures incompatible with the Agreement on TRIMs, including local content and foreign exchange balancing requirements.

The Agreement on TRIMs does not prohibit export performance requirement on enterprises. The Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment contains clear provisions relating to export performance requirements.

[**Comment**: Though this requirement is reiterated in certain areas in the Interim Provisions, it is merely taken as a condition, based on which certain projects that are restricted from foreign investment can be converted into projects allowing for foreign investment. This is a de-facto easing on the previous restriction.]

Standard

China has already submitted to WTO members the list of products subject to statutory inspection and will provide necessary justification for such measures.

China will undertake to enforce same standards on imported goods as on domestic goods and to adopt the approach of once for all payment and inspection. Though the two departments responsible for commodity inspection in China have different mandates, tasks and areas of responsibility, they have adopted the same methods based on the same standards which are applied equally to both domestic and imported goods. The laboratories carrying out specific inspections have been authorized by these two departments, which is in total compliance with the WTO principle of extending national treatment to imported goods.

There is a misunderstanding on the issue of inspecting imported products for compliance with commercial contracts. The statutory inspection is carried out by the Chinese government according to state laws and regulations. The purpose of the inspection is to enforce standard of safety, public health and environmental protection. The inspections are based on state mandatory standards, which would be carried out regardless of the terms of the contracts. Inspection by laboratories (inspection units) at the request of a party to a commercial contract is another matter of a different nature. It is not mandatory. Laboratories only provide services according to the wishes of the contracting party.

China, as a developing country, needs a necessary transitional period to gradually implement TBT Agreement , which is allowed by the Agreement.

State Trading

China will observe the WTO provisions in respect of state trading, including the notification obligations.

State-Traded Agricultural Commodities

China is now formulating administrative methods concerning tariff-rate quota and is prepared to give timely notification to WTO members of relevant information. The system of the TRQs on agricultural products will be established in the context of consultations with various parties.

Sanitary and Phytosanitary Measures

China will meet the obligations set forth in the Agreement on Sanitary and Phytosanitary Measures. Given the technical difficulties involved, China will need to have the recourse to delayed implementation provisions of the Agreement, as well as to the provisions for technical assistance.

Experts from both sides shall continue to reinforce technical cooperation and consultations with respect to sanitary and phytosanitary measures.

Agricultural Export Subsidies

China has submitted the schedule of export subsidies commitments and put forward a proposal aimed at solving the issue of agricultural export subsidies in July 1995, which would further reduce export subsidies intended to be maintained previously. The Chinese side hopes to get positive response from the U.S. side.

[**Comment**: While major agricultural exporters including the United States still maintain relatively high export subsidies, it is unreasonable to require China to eliminate all export subsidies.]

Agricultural Internal Support

Based on the provisions of the Agreement on Agricultural Products for developing countries, China does not have to undertake binding commitments to reduce agricultural internal support, so long as China's internal support, including input subsidies does not exceed 10% of the whole calculation of AMS, China is not required by the Agreement to make binding commitment.

Services

The bilateral negotiations on trade in services held in Beijing constitute part of the negotiations of China's GATS schedule of commitments in the context of its accession to the WTO. The GATS schedule of commitments is one of the three schedules of concessions which must be submitted by China in order to become a WTO member, and China is willing to reach an agreement on such a schedule through negotiations with various parties including the United States. China is conducting similar negotiations with other WTO members with a view to finalizing this schedule. China has taken careful note of US interests in the value-added telecommunication services which have to be examined in the context of China's plans for the progressive further opening of the telecommunication sector.

The GATS schedule of commitments submitted by China has already included commitments of national treatment and market access. China intends to abide by the provisions of transparency provided for in GATS, in anticipation of WTO accession. Given the low level of development and competitiveness of many of its service sectors, China considers that the negotiations of its GATS schedule must be guided by the provisions of GATS Articles IV and XIX:2. Just as other contracting parties, China has imposed, in its GATS schedule of commitments, certain qualifications with respect to market access and national treatment, which conforms to GATS rules and principles and which can only remain as such at the current stage of economic development.

Pursuant to the principle of progressive liberalization, the level of concession committed in the GATS schedule of a member is based on the level and objectives of its domestic development of trade in services. There are no specific quantifiable criteria to measure whether the schedule of commitments is up-to standard other than a comparison with the commitments of other countries at similar levels of development. The level of concession of a majority of developing countries in their GATS schedule of commitments is lower than that of China. The services sector in China is much less developed than that of the developed countries. Therefore, it can be fully understood that the level of opening committed by China cannot match that of the developed countries.

TRIPS

In recent years, great efforts have been made by China to strengthen the protection of intellectual property rights. China, as a developing country, is entitled to have the recourse to the delayed implementation provisions. To facilitate the negotiations, China agrees that within three years after its WTO accession, it will make efforts to start the overall performance of the obligations set forth in the Agreement on Trade-Related Intellectual Property according to China's legislation in this respect and the enhancement of IPR protection.

Government Procurement

Since China is yet to establish a complete system of government procurement and lacks corresponding laws and regulations, conditions have not been ripe for China to join the Agreement on Government Procurement. China is willing to begin the negotiations on the Agreement with relevant parties after its accession into WTO.

Agreement on Trade in Civil Aircraft

Since the aerospace industry of China is strained by the laggardness in production level and product technologies, small input and a large employment size, conditions have not been met for China to participate in international competition. Therefore, it is hardly possible for China to make commitments to join the Agreement on Trade in Civil Aircraft at the present stage.

III. TRADE REMEDIES, EXCEPTIONS AND SAFEGUARD MECHANISMS

[Comment: With respect to this section, China has noted with concern that despite China's repeatedly expressed position that it cannot accept the inclusion in the Protocol of Accession of provisions which would have the effect of denying it full WTO rights, the United States continues to insist on proposing a number of elements that in China's view would have precisely such effect. Thus China would appreciate it if the United States could explain its concerns in more detail with a view to facilitating a mutually acceptable and WTO-consistent solution to the issues listed under this heading.

The main United States proposals of concern to China, i.e. surrogate pricing in anti-dumping investigations, product-specific safeguards, the general safeguard clause and the transitional review mechanism, derive from the perception that China is "non-market economy" and such measures would be necessary until the "transition" to a market economy is completed. However, the criteria upon which completion of this transition would be determined have not been specified, it would greatly facilitate China's understanding of this issue if the United States could indicate a list of criteria, which in view of the U.S., China, or any other country, would have to meet in order to be considered a "market economy".

The frequent references to the protocols of accession to GATT 1947 of certain Eastern European countries indicates a problematic perception, the allegation that China's trade and economic regime in 1996 is comparable to that of Poland in the early 1970's could certainly not stand up to serious analysis.]

Subsidies

China will implement fully the obligations of the Agreement on Subsidies and Countervailing Measures, including the obligation in respect of notification, taking into account that it is entitled to the preferential and more favorable treatment provided to developing countries by the Agreement.

[**Comment**: It is not clear what is meant in the non-paper regarding the need to "define subsidy to take account of the distinctive nature of the Chinese economy and the government's role in industrial development".]

Surrogate Pricing in AD Investigations

China cannot accept the continued practice of using surrogate countries to develop price data in anti-dumping investigations.

China is no longer a non-market economy. The practice of individual WTO members of using surrogate countries to develop price data in anti-dumping investigations against Chinese products not only constitutes a discrimination against Chinese products and also demonstrates indifference to the efforts in reform and opening-up of China carried out over many years. These discriminatory measures have been adopted with a clearly protectionist intent, and China has, in both multilateral and bilateral contexts , expressed its strong dissatisfaction. It is unacceptable to China that individual WTO members has made the discriminatory measures multileralized within WTO, continued to use surrogate countries towards Chinese products aimed at legalizing its bilateral discriminatory measures within WTO and still regarded China as a "state-trading" nation. Should it be accepted, it would adversely affect the development of bilateral trade.

[Comment: The use of surrogate pricing in anti-dumping investigations has resulted in a situation where dumping is found in 98% of United States investigations against China. According to the note to Article VI of GATT 1994, such techniques are only permitted in respect of imports from " a country which has complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the state". This is obviously not the case in China, thus the legality of continuing to apply surrogate pricing against China, as a member of the WTO is questionable. It would be useful if the United States could indicate under what conditions it would agree to phase out surrogate pricing, bearing in mind that in some cases individual firms have been excluded from this method.]

Balance of Payment

In respect of BOP provisions, GATT 1994 and the understanding on BOP in particular, have laid down detailed stipulations on rights and obligations, which the Chinese side will fully observe. Therefore it is unnecessary to add another provision into the Protocol.

Infant Industry

In the WTO accession negotiations, it is the concern of China that a few industrial sectors require higher than average degrees of tariff protection and a relatively long transitional period to make necessary adjustment. This concern has already been mirrored in the position expounded by China during the negotiations, especially the negotiations on market access for industrial products. The Chinese side, at the present stage, is not considering recourse to the "infant industry" provisions following accession. However, the GATT 1994 "infant industry" provisions of article XVIII are a matter of right, enjoyed by every member, therefore, it would not be appropriate to include a provision in the Protocol specifically restricting China's recourse to the "infant industry" provisions.

In respect of safeguard mechanisms:

Product-specific safeguards

The Chinese side has reiterated on many occasions its opposition to the establishment of the discriminatory special safeguard provisions. For the purpose of addressing concerns of a few contracting parties, however, the Chinese side has agreed to the application of special procedures to deal with action against injuries caused by disproportionate increases in imports from China on the framework basis of the WTO Agreement on Safeguards. At the same time, the Chinese side will reserve the right to resort to countermeasures if China is singled out for discriminatory safeguard action. The text proposed by the Chinese side has already been distributed to various contracting parties. The U.S. demand to apply indiscriminately provisions in the protocol of accession of East European countries dozens of years ago to China's protocol is gravely inappropriate. In particular, the use of the term, "market disruption" suggests that WTO members could be permitted to adopt discriminatory measures against Chinese products based on the mere argument of lower export prices (This concept has not been accepted in the WTO Agreement on Safeguard Mechanism), which is not acceptable.

[**Comment**: China is aware that the issue of product specific "selective" safeguards has been an element in the United States position since the initiation of the process of China's resumption to GATT in 1986. However, in light of Article 5 of the Agreement on Safeguards which provides that departures from strict MFN treatment are permitted when imports from a given country "have increased in disproportionate percentage in relation to the total increase of imports of the product concerned in the representative period", the Agreement would appear to provide the United States with a mechanism for dealing with possible injury from increased imports from China. The non-paper refers to "market disruption", a concept that has been discarded in the Uruguay Round, rather than "serious injury". Does this imply that, in taking safeguard action against import from China, a different set of economic criteria would be used than in the cases of imports from other WTO members?]

General Safeguard Clause

China does not accept the inclusion of the so-called general safeguard mechanism in the protocol, because this proposal put forward by the U.S. side would nullify the most fundamental principle of WTO --- the unconditional MFN treatment, by establishing conditions for such MFN treatment, thus constituting a serious discrimination against China and an imbalance between rights and obligations. The existing WTO provisions are able to address the concerns of various countries on issues concerning China's WTO accession. Before China's joining WTO, if individual members finds it difficult to extend unconditional MFN treatment to China, they can have the recourse to non-application provisions (the United States, despite its claim to firmly support China's WTO membership, has been the only country which has expressed possibility to invoke these provisions). After China becomes a member of the WTO, WTO Dispute Settlement Mechanism can be resorted to if China fails to fulfill its obligations as set forth in the WTO Agreements and the Protocol of Accession. China cannot accept a multilateral relationship established on an unstable basis. It is neither sincere nor appropriate to mechanically copy provisions of the protocols of accession of Eastern European countries dozens of years ago into today's China protocol.

In order to become a member of the WTO, China has the obligation to make its own economic and trade system consistent with the WTO Agreements. On the other hand, the United States also has the obligation to revise, in accordance with the WTO multilateral rules, its domestic WTO-incompatible laws, rather than to seek to incorporate its out-dated and WTO-inconsistent domestic laws, dating from the "cold war" period, into China's protocol.

[Comment: China remains puzzled by the United States proposal to include a "general safeguard clause" in the Protocol of Accession. On the face of it, this clause would have the effect of simply denying WTO treatment to China, It is claimed that resort would be made to such provision if China was not implementing its commitments under the Protocol, but it would seem that most of the provision suggested by the United States in the preceding sections are related to specific WTO obligations and thus any infringement by China could be brought up under the WTO dispute settlement mechanism. What type of non-compliance does the United States foresee that would have to be dealt with by such a clause? Would resort to such clause be subject to authorization by a WTO body? Would this require consensus as in the case of other WTO decisions? It is obvious that a situation in which any of the 120 WTO members could decide to invoke such a clause unilaterally against China on the basis of a unilaterally determined infringement of the protocol by China would render WTO membership totally meaningless for China.

The fact that the United States is the only country to consider that such a clause might be necessary would suggest that it could be related to the broader Article XIII issue related to difficulties presented to the application of WTO treatment to China by the retention in United States law of antiquated "cold war" legislation. Would it not be possible to attempt to find a more imaginative and constructive solution to this problem, rather than one that would effectively nullify the advantages China would expect, and be entitled to upon WTO membership?]

Transitional Review Mechanism

China has agreed to establish a transitional review mechanism and basic agreement has already been reached on the draft protocol, but the elements under review shall be restricted to those stipulated in the protocol. It is unacceptable to China that a few WTO members insist on expanding the scope of such review to cover the whole reform process of China, which would have the result of extending the "transitional" period indefinitely.

[**Comment**: The proposal for a Transitional Review Mechanism begs the question of what is to be reviewed? Presumably any infringement of the Multilateral Trade Agreements would be noted by the committees established by each Agreement, while China's overall trade regime would be examined in the TPRM exercise. Thus, the proposal for a Transitional Review Mechanism implies that the Protocol would include an additional set of obligations that would go beyond those embodied in the Multilateral Trade Agreements, and would be related to the criteria for assessing China's "progress" in transition to a market economy. However, these obligations have not been laid out in the United States non-paper hence the desirability of further elucidation of this issue.]

RECORD ID: 9901695
RECEIVED: 10 MAR 99 17

TO: LIEBERTHAL
BADER

FROM: KEITH, J

DOC DATE: 10 MAR 99
SOURCE REF:

KEYWORDS: CHINA P R VISIT

PERSONS: ZHU RONGJI

SUBJECT: ZHU VISIT -- READOUT OF TODAY LUNCH AT CHINESE EMBASSY

ACTION: ANY ACTION NECESSARY DUE DATE: 16 MAR 99 STATUS: S

STAFF OFFICER: BADER LOGREF:

FILES: PA NSCP: CODES:

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

FOR ACTION	FOR CONCURRENCE	FOR INFO
BADER		ELKON
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		LEE
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COMMENTS: ______

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1695

United States Department of State

Washington, D.C. 20520

BUREAU OF EAST ASIAN & PACIFIC AFFAIRS (EAP)

OFFICE OF CHINESE & MONGOLIAN AFFAIRS (CM)

FAX COVER SHEET

DATE: March 10

TO: NSC Asian Affairs - KL/JAB
cc Brenda Hilliard

FAX:

PHONE:

FROM: EAP/CM: J Keith

FAX: 202-647-6820

PHONE: 202-647-

NUMBER OF PAGES INCLUDING COVER SHEET:

Re: Zhu Visit

REMARKS:

Chinese Embassy Lunch Notes

UNCLASSIFIED

March 10, 1999

Ken and Jeff:

Re: Zhu Visit: Readout of Today's Lunch at Chinese Embassy

Ambassador Li hosted the lunch with representatives from all the functional interests on both sides represented. Chinese advance team leader Deputy Director General Luo continues to communicate confidence that he knows what needs to be done and that the Chinese team is on task and focused.

Pending Issues

Chinese seek answers from us:

--Who will greet at Andrews Airport? (Clear to Chinese that VP is to be out of town, they understand that Albright doesn't usually do it, and they continue to communicate that they would be content with a Cabinet member, any Cabinet member).

--Will Sec. Albright host lunch? (Chinese fairly relaxed on this. State's action memo to Albright going to her office today. She has the day blocked on her schedule and would have attended the VP's lunch if he had hosted. Don't expect problems; just needs to be nailed down.)

--Will there be a joint press availability? (Chinese relaxed on venue, nervous that potential for negative press would turn this off. Signal is that they would push very hard to make it happen as they see this as "part of the package." Chinese are also concerned about the timing; they want time for Zhu to prep, and asked that the (not yet scheduled) press availability start at 3:30 pm or, the earliest, 3:00 pm in order to give Zhu time to prepare after the lunch.)

--Any indication that the Administration can help with a Hill breakfast on the morning of the 9th? No progress (since yesterday afternoon) in Chinese Embassy's efforts to arrange breakfast with sufficient representation to make ith worthwhile. Chinese fallback is a private breakfast for Zhu at Blair House followed by a call on Zhu by those

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Members of Congress who are interested/available. This would precede the Forum Plenary due to begin at 10:00 am.)

We seek answers from the Chinese:

--Regarding the Forum, Chinese confirm their agreement to opening plenary and working luncheon. Still checking for confirmation from Beijing of "one-on-one" meeting and business roundtable. (Those are the four elements; concluding session has dropped. OVP's draft schedule attached.)

--When to announce the visit, including dates and cities. (Chinese said yesterday that standard practice was to do so two weeks in advance.)

General

Protocol, Security, Press held separate small group sessions to discuss details. Chinese continue to press for greater numbers of Chinese invitees to official dinner (noting that additional Minister or Vice Ministerial officials will be coming to participate in the Forum). Protocol took that on board.

Chinese will forward Dipnotes to State formally requesting security protection, [redacted] (b)(7)(e), (b)(7)(f) [001]

Chinese advance team will depart tomorrow for Chicago, then New York and Boston. Chinese Embassy DCM Liu Xiaoming will accompany. He asked for a meeting (with Asian Affairs) sometime after he returns on the 15th.

Please advise if you have questions.

cc. Brenda Hilliard, fax: 456-9460

U.S.-China Forum on Environment and Development

DRAFT SCHEDULE FOR VP AND PM

DAY	TIME	EVENT
Friday, April 9	10:00 am – 10:30 am	**OPENING REMARKS**
	10:45 am – 11:30 am	**BUSINESS ROUNDTABLE**
	11:30 am – 12:30 pm	**ONE-ON-ONE SESSION**
	12:30 pm – 2:00 pm	**WORKING LUNCH**

DRAFT SCHEDULE FOR WORKING GROUPS

DAY	TIME	EVENT
Friday, April 9	10:00 am –12:30 pm 10:40 -11:20 am 11:30 -11:40 am 11:50 am -12:15 pm 12:15 -12:30 pm	**OPENING PLENARY** • **Water resource management plenary item** • **Introduction of Working Group chairs** • **Chairs present goals and issues** • **Instructions to Working Groups**
	12:30 pm – 2:00 pm	**LUNCH**
	2:30 pm – 6:00 pm	**WORKING GROUP SESSIONS**

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NSC/RMO PROFILE

RECORD ID: 9902219
RECEIVED: 26 MAR 99 16

TO: PRESIDENT

FROM: SPERLING, G
BERGER

DOC DATE: 23 MAR 99
SOURCE REF:

KEYWORDS: CHINA TRADE WTO

PERSONS:

SUBJECT: CHINA WTO ACCESSION -- STATUS & OPTIONS

ACTION: FOR RECORD PURPOSES   DUE DATE: 01 APR 99   STATUS: C

STAFF OFFICER: NONE   LOGREF:

FILES: PA   NSCP: CODES:

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

FOR ACTION	FOR CONCURRENCE	FOR INFO
		HAMMONDS
		HENDRICKS
		LEE
		LIEBERTHAL
		NSC CHRON

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E.O. 13526
White House Guidelines, September 11, 2006
By VZ NARA, Date 2/1/2013
2010-1024-F

COMMENTS:

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ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001		X	99032616	FOR RECORD PURPOSES

THE WHITE HOUSE

WASHINGTON

March 23, 1999

MR. PRESIDENT:

Attached is the China WTO memo that you are scheduled to meet about at 4:30 p.m. tomorrow.

Phil Caplan

THE PRESIDENT HAS SEEN

3-26-99

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	For the President from Gene Sperling and Samuel Berger. Subject: China WTO Accession (9 pages)	03/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (February to March 1999) [9]

2010-1024-F
vz1819

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	Kenneth Lieberthal to NSA. Subject: China and WTO (2 pages)	03/29/1999	P1/b(1)

COLLECTION:

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

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China WTO Deputies Meeting
February 9, 1998

1. Protocol Issues

   - Antidumping - non-market economy provision
   - Safeguards - general, specific, textiles
   - Subsidies
   - Balance of Payments
   - Technology Transfer and other NTMs
   - Transitional Review
   - Government Procurement
   - Equity Ownership

2. Market Access Issues

   - Agriculture
   - Services
   - Industrial Goods

3. Legislative/Negotiation Plan

   - Schedule for Negotiations
   - Congressional/Industry Consultates on WTO accession
   - Normal Trade Relations Strategy

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. draft	Memorandum. Subject: State Department's Comments on Market Access Issues. (14 pages)	01/27/1999	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
005. report	Draft Comments on USTR Draft Proposal. (3 pages)	02/03/1999	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
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