Case Number: 2010-1024-F

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Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	White House Situation Room to Alexander Arvizu, Holly Hammonds, Richard Holtzapple et al. Subject: China Proposes (1 page)	04/02/1999	P1/b(1)
002. draft	Fact Sheet (6 pages)	04/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
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FOLDER TITLE:

China (April 1999, Zhu Bilateral) [7]

2010-1024-F
vz1827

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]

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- 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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FAX COVER SHEET

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Office of Services, Investment and Intellectual Property

To: NAME	AGENCY	PHONE	FAX
Malcolm Lee	NEC		456 9290

From: [illegible] (Section 19)

Phone: __________ Return Fax: (202) 395-3891

If you have any problems receiving this fax call (202) 395-4510

Subject: BSA's 2 draft releases

FOR IMMEDIATE RELEASE
April XXX, 1999

FOR ADDITIONAL INFORMATION
Anne Gavin, 202-530-5127, anneg@bsa.org

Chinese Government Issues Decree Requiring All Government Entities to Clean Up Internal Software Piracy

Order similar in purpose to US-Executive Order

The following statement was issued today by Robert Holleyman, President and CEO of the Business Software Alliance (BSA):

Washington, D.C. (April XX, 1999) – "This week the State Council – the highest executive authority in the People's Republic of China – took a critical step toward combating software theft by announcing the issuance of a Decree mandating legal software usage by ministries, commissions and agencies of the Chinese Government. Specifically, the Decree calls for 'serious and thorough' implementation of a 1995 directive issued by China's State Copyright Administration containing a requirement that government entities use only legal software products.

"The issuance of the State Council Decree in China could represent a turning point in the fight against software piracy in China. Through the issuance of this Decree, the State Council has made clear its opposition to the high level of software piracy throughout Chinese society. The Decree shows intent on the part of the Chinese Government to ensure that its internal software use is legal and properly managed. And, as important, it sets a strong example for sound software management practices in China's growing commercial sector. We recognize, however, that the effectiveness of the Decree will depend on how it is implemented and we look to the Chinese Government to establish comprehensive procurement and software management practices that create the structure necessary for the Directive to succeed. BSA stands ready to provide technical assistance to the Chinese Government on software management practices to help promote successful implementation of the Decree.

-more-

"China is the latest in a growing number of countries and territories around the world mandating the use of legal software in government entities, including the United States with President Clinton's issuance of an Executive Order on Software Piracy last September. In addition to China, Paraguay, the Philippines, Korea, Taiwan and Thailand have also issued similar government directives. The successful efforts of Ambassador Charlene Barshefky and Secretary William Daley to secure such directives in countries around the world will provide a critical boost to technology industries who depend on enforcement of intellectual property rights for their continued growth and expansion."

# # #

Since 1988, the Business Software Alliance (BSA) has been the voice of the world's leading software developers before governments and with consumers in the international marketplace. Its members represent the fastest growing industry in the world. BSA educates computer users on software copyrights; advocates public policy that fosters innovation and expands trade opportunities; and fights software piracy. BSA worldwide members include Adobe, Attachmate, Autodesk, Bentley Systems, Corel Corporation, Lotus Development, Microsoft, Network Associates, Novell, Symantec and Visio. Additional members of BSA's Policy Council include Apple Computer, Compaq, Intel, Intuit and Sybase. BSA websites: www.bsa.org; www.nopiracy.com.

Chinese State Council Decree Prohibiting the Use of Illegal Software by Government Entities

April XX, 1999

- The State Council is the Chinese Government's highest executive authority.

- The Decree reinforces the Notice of the State Copyright Administration (August 23, 1995) prohibiting the use of illegally duplicated computer software in government ~~entities. It~~ represents a high-level policy determination to make software asset management a priority for all entities in China's huge government sector. State Council decrees are increasingly rare in China, therefore the issuance of this Decree sends a clear message to all government entities.

- The Decree applies to all governments in each province, autonomous region, and municipality and to each ministry and organization under the State Council. It effectively applies to all government entities in China at every level and every type.

- The manner in which the Decree is enforced is yet to be determined, and in the absence of general rules, individual government entities will be obligated to implement it in line with their standard internal operations.

- The Decree seeks to effectively enforce The Copyright Law of the People's Republic of China and regulations protecting computer software.

- The Decree was strongly supported by the Chinese software industry, including both leading Chinese software companies and their industry trade association, the Chinese Software Alliance (CSA). CSA and BSA work closely together on a range of issues in the areas of public policy, education and enforcement.

- BSA and CSA believe that no software company can succeed in China unless a healthier environment is created. This means promoting widespread respect for intellectual property rights in software products. The issuance of the Chinese Decree sends a strong message of the government's interest in this issue, but it will be of limited value unless implemented fully and followed by vigorous enforcement by authorities against software piracy.

- In 1997, the Korean Premier issued a similar decree, which was followed by an implementing decree mandating that all government entities earmark a certain percentage of their information technology procurement budgets to software licensing. This set-aside percentage is 25% in 1999. The government has now realized that implementation has not been as complete as expected and is undertaking a new drive to audit government enterprises, enforce the procurement rules, and bring legal action against those managers who have disregarded the mandate.

- BSA believes that a similar implementation structure would work well in China. Government entities need the training necessary to understand how to manage their software assets. BSA is making its experts available to the Chinese government to provide software asset management training to information officers in Chinese enterprises. Government entities also need the funds to license authorized software, so a mandatory minimum set-aside of the type established in Korea would be helpful in achieving the goals of the Decree.

- The software piracy rate in China will not be lowered significantly unless enforcement actions are taken against companies operating in China for the unauthorized use of software. Illegal software use by entities in China is the major contributor to the piracy rate in China. BSA is working with CSA and government officials to establish such an enforcement program.

- The international accounting firm of PricewaterhouseCoopers recently completed a study of the contribution of the software industry to the Chinese economy, and the effects of piracy on that contribution. Announced in December 1998, the study found that for every 10 percentage points of reduction in the PC business software piracy rate, an additional 13,170 jobs and $77.7 million in government revenues would have been created in 1997. Thus, if piracy were reduced 70 percentage points, an additional **92,190 jobs** and **$543.9 million** in government revenues would have been created in 1997.

- In light of the fact that some industry estimates suggest that the piracy rate could be reduced by more than 70 percentage points, the potential may exist for even greater gains from strong anti-piracy enforcement. In light of significant growth projections in PC use in China over the next decade, the actual contribution of the industry going forward could be far higher.

Talking Points – Calls re China WTO Negotiations

– Our negotiations with the Chinese have continued and intensified in the past several days.

– These negotiations involve a set of broad market access concessions by China. Our market is already open to China. These negotiations do not affect American import policies. Our goal is a fair commercially meaningful agreement that helps to level the playing field by gaining access for our goods and services to their market.

– Our talks have covered all major areas of the WTO accession, including agriculture, industrial goods, services and Protocol issues including safeguards and others. We have set no artificial deadline to complete the work by Premier Zhu's arrival. It appears the visit has motivated the Chinese to move further towards accepting our demands, but this is not affecting our posture and we are not lowering the bar to accommodate an announcement. If China does not make a commercially meaningful offer in all areas of concern, we will reject the accession as we did in the '97 and '98 summits.

– A number of outstanding issues remain. Let me review with you briefly where we stand. In tariffs, for example, China has committed to an average tariff of 7.1% in U.S. priority areas -- well below that of most U.S. trade partners. China's present average tariffs are 24.6%.

– With respect to agriculture, China has made significant offers in all major areas -- tariffs, TRQs, export subsidies and domestic supports. For example, the tariff offer would bring agricultural tariffs down to 14.5% in priority areas, which is well below the level of most major U.S. trading partners. China will also accept WTO rules on sanitary and phytosanitary standards immediately on accession, e.g. for citrus, meat and Pacific Northwest wheat. We are continuing, however, to discuss both the quality of market access commitments and phase-in times.

– In goods, China has made concessions in a number of sectors of high priority to the United States, for example trading rights (ability to import/export), distribution, tariffs, and quota elimination. We are continuing to negotiate over the quality of commitments and the phase-in details. Generally, China will agree to 3-year phase-ins, but we are still working on specifics in a few sectors.

– In services, China has made good offers in some sectors. Distribution is an especially strong point, and we have broken new ground in telecommunications and financial services, but we have remaining concerns which must be resolved. Similarly, in other areas we remain unsatisfied and intensive negotiations continue.

– We are also addressing the application of rules, including dumping, safeguards, technology transfer, offsets, measures related to the protection of intellectual property, and investment restrictions as well as other areas. Discussions in these areas have progressed much more slowly as we are asking for commitments that no other WTO member is required to make. We are also continuing to work on textiles. We will continue to insist that China meets the high bar we are setting even if it means extending the talks. It is important to recognize, that the application of the full spectrum of trading rules for China is also addressed in the multilateral negotiations that will be on-going in Geneva in the months ahead. The United States is committed to ensuring that our concerns are addressed both in our bilateral talks as well as the formal negotiations at the WTO (Protocol) in which we will play a leading role.

– The talks are still underway as we speak. The issues which remain outstanding are important enough to both sides that we may wind up with no result. From our perspective, the U.S. remains prepared to walk away from an unsatisfactory deal. We will try to keep you informed as we work toward the conclusion of these negotiations.

– It should be noted that China's accession into the WTO is a long process. First, China must negotiate a bilateral agreement with the U.S. Then, China must also negotiate a bilateral agreement with every other WTO member country. Once this is completed, China must negotiate WTO Protocol issues with the U.S., to be concluded by China negotiating these WTO Protocol issues with every member country.

– Because this is such a long process, there will be a period for significant consultations with the Congress. As part of the consultation process, we will confer with Congress on next steps regarding China's normal trading relations status.

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Office of the Deputy Under Secretary
U.S. Department of Labor
International Labor Affairs Bureau (ILAB)

FAX COVER SHEET

Date: *April 5, 1999*
To: *Malcolm Lee, 456-9290*
Jim Keith, 456-9520
Susan Shirk, 647-6820

From: *Andrew J. Samet, 219-6043*

Fax number: *(202) 219-5980*

Number of Pages including this cover sheet: 5

If there is any problems receiving this fax please call (202) 219-6043

Remarks:

Attached are: 1) Joint statement of meeting between Secretary Herman and Minister Zhang; 2) Secretary Herman's press statement; and 3) list of jailed labor activists.

JOINT STATEMENT OF U.S. SECRETARY OF LABOR ALEXIS M. HERMAN AND PEOPLE'S REPUBLIC OF CHINA MINISTER OF LABOR AND SOCIAL SECURITY ZHANG ZUOJI

Washington, D.C., March 30, 1999

At their June 1998 Summit, President William Clinton and President Jiang Zemin reached a consensus to establish a U.S.-China Labor Dialogue, including reciprocal visits by Labor Ministers to exchange views and information.

In that regard, we met in Washington on March 30 to begin the Labor Dialogue. We discussed various elements of our labor market programs, core labor standards and related policy initiatives. Among the areas of exchange were employment creation policies, labor market training programs, social security and pension programs, unemployment and health insurance programs, and labor legislation. We also exchanged views about the importance of fundamental labor rights recognized by the International Labor Organization.

As part of the initial labor dialogue, Minister Zhang also met with representatives of U.S. workers and employers.

We also discussed next steps in our dialogue. We agreed to create a Working Group of senior officials of our two ministries to develop further proposals for cooperative activities in the areas of mutual interest mentioned above. We agreed that this Working Group should meet once a year, or as appropriate, and report to us on the progress of its work.

We have agreed that we will continue our dialogue in Beijing in the Fall of 1999.

Opening Press Statement of Secretary of Labor Alexis M. Herman
Joint Press Conference with Zhang Zuoji, Minister of Labor and Social Security, China
Tuesday, March 30, 1999

Good afternoon. I wanted to take a few minutes to tell you about the discussions I held today with China's Minister of Labor and Social Security Zhang Zuoji.

Today's visit comes at the request of President Clinton and Chinese President Zhang Zemin. At the June 1998 summit meeting of our two leaders, the US and China agreed to establish a US-China Labor Dialogue. This called for the U.S. Secretary of Labor and China's Minister of Labor and Social Security to undertake reciprocal visits, and to exchange views and information on policies related to labor markets, social safety net issues, and core labor standards.

Today we have followed through on that commitment. And as we near the conclusion of our meetings, I would say that Minister Zhang and I share an understanding that the labor dimension is a vital component of the economic dialogue in our respective nations. We both recognize that the strength of our economies is tied to the strength of our workers.

Minister Zhang is working hard to bring China forward in terms of labor market policies. Over the past few years, China has moved to reform both its labor market system and to create a new set of social safety net institutions-including social security and unemployment insurance. We provided Minister Zhang an opportunity to learn how we do things in the United States by facilitating meetings with our key experts here in the Department of Labor and with officials at the Social Security Administration and the Department of Health and Human Services.

Our meeting also served as an important opportunity for me to directly restate the United States' commitment to core labor standards and respect for the rights of workers.

Last year, China joined the United States and almost every member nation of the International Labor Organization in adopting a new Declaration on Fundamental Rights and Principles at work, and a follow-up mechanism to measure compliance. These rights include: Freedom of association, the right of collective bargaining, non-discrimination, and the abolition of forced labor.

These are critical rights and whenever and wherever they are not upheld--the credibility and authority of the global economic system is undermined.

I emphasized to Minister Zhang that the worldwide implementation of core labor standards is a top priority of the United States, and that the basis of our relationships with other ministries is an underlying commitment to providing workers with the proper protections, opportunities, and basic rights.

We also exchanged views about the United States deep concern regarding the detention, arrest, and imprisonment of persons for labor related activities.

As President Clinton has said, it is important for China to be on the right side of history. And as we move forward together into the 21st century, history's mandate is clear: respecting the rights of workers is fundamental to sustainable development, building a strong middle class, and making sure that societies work for working people.

Let me conclude by saying that we had a frank, open and productive exchange. It was a good beginning. I think that we both learned a great deal about our countries interests and concerns, and had the opportunity to be candid about our differences. And we both had a chance to gain much insight into each others perspectives.

We intend to build upon what we started today. In that regard, we agreed that I will visit Beijing in September to continue our dialogue–and I look forward to that visit this fall.

With that, allow me to turn it over to Minister Zhang.

Li Bifeng
Zhang Shanguang
Yang Qinheng
Wang Miaogen
Yao Guisheng
Zhang Jingsheng
Wang Changhuai
Li Wangyang
Chen Gang
Peng Shi
Liu Zhihua
Guo Yunqiao
Mao Yuejin
Hu Min
Wang Zhaobo
Huang Lixin
Huang Fan
Wan Yuewang
Pan Quibao
Yuan Shuzhu
Yuan Hongbin
Xiao Biguang

Liao Hetang
Huang Zhong
Yuan Hongbin
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99 - 29

FOR IMMEDIATE RELEASE
MARCH 30, 1999

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ANNUAL REVIEW OF TELECOMMUNICATIONS TRADE AGREEMENTS HIGHLIGHTS US/EC PROGRESS ON THIRD GENERATION MOBILE SERVICES – MARKET ACCESS CONCERNS IN MEXICO, JAPAN AND GERMANY

United States Trade Representative Charlene Barshefsky announced today the completion of the annual review of foreign countries' compliance with telecommunications trade agreements under section 1377 of the Omnibus Trade and Competitiveness Act of 1988. This year's review, which was completed on March 30, 1999, focused on WTO members' compliance with the WTO Basic Telecommunications Agreement, particularly the European Community and Member States, Mexico, Japan and Germany. The review indicated that the WTO agreement has increased market access for U.S. telecommunications companies in foreign markets, but that ongoing enforcement of the agreement is needed to ensure continued growth in world-wide competition for telecommunications.services.

"U.S. exports of telecommunications services and equipment have increased significantly following the entry into force of the WTO telecom agreement in February 1998, as well as the Information Technology Agreement," said Ambassador Barshefsky. "U.S. firms are building new networks and offering competitive services in Africa, the Americas, Asia and Europe. In turn, U.S. consumers are benefitting from rates as low as 10 to 20 cents per minute for international telephone calls on a growing list of routes. Finally, greater overseas competition in services has helped to keep telecommunications equipment exports strong. For example, exports were up by 16 percent to Western Europe in 1998, countering the effects of recession in other regions that led to a 5 percent global decline."

"Our Section 1377 review this year highlights important progress between the U.S. and the European telecommunications industries in developing standards for third generation mobile telecommunications systems," stated United States Trade Representative Barshefsky. "We now need to ensure that EU Member States actually license and assign radio spectrum on the basis of standards that emerge from the ongoing negotiations at the International Telecommunication Union."

The review showed that Mexico has recently made strides toward more satisfactory implementation of its WTO telecom agreement commitments, including the removal of a discriminatory surcharge on inbound international calls. Concerns remain, however, that ongoing regulatory processes are non-transparent and potentially ineffective. "I have doubts about Mexico's implementation of its commitments under the WTO agreement with respect to international services and interconnection rates," Ambassador Barshefsky said. "The Mexican government has stated its intention to review its international service and interconnection/universal service regulations in 1999, and we expect that it will respond favorably to the requests from all the new entrants to permit ISR immediately. USTR will conduct an out-of-cycle examination by July 30 regarding the progress of Mexico's ongoing regulatory process, and will take appropriate action including, if warranted, the initiation of WTO dispute settlement proceedings, to assure that new competitors in the market are treated fairly."

Japan came under close scrutiny in the 1377 review for over-priced interconnection rates that effectively prevent competition in Japan's local market, as well as a prohibition on the routing of both domestic and international traffic via combinations of owned and leased network facilities. "Despite assurances from Japan that it would seek the maximum possible reductions in interconnection rates, the negligible reductions achieved in 1998 were a major disappointment," said Ambassador Barshefsky. "We look to Japan to take credible measures to remedy these two problems by June 4, 1999. If Japan fails to do so, we will consider appropriate options, including initiation of WTO dispute resolution proceedings."

The review also established that Germany's delay in assuring non-discriminatory and cost-oriented interconnection rates, terms, and conditions raises serious doubts about Germany's compliance with its WTO telecom agreement commitments. At the same time, Ambassador Barshefsky said, "Regulatory proceedings in Germany during April and May are expected to set important precedents in determining interconnection rates, terms, and conditions for all competitors to Deutsche Telekom. We will monitor the outcome of these proceedings to determine whether Germany has met its WTO obligations, and are prepared to take WTO action thereafter if the outcome of the proceedings is not consistent with those obligations."

Background

European Community: Decisions by the European Telecommunications Standards Institute (1/98) and the European Council of Ministers (12/98) suggested a strategy to promote Pan-European and global adoption of a standard for third generation mobile telecommunications systems that would disadvantage U.S. competitors in European and third country markets. In a January 1999 letter to the top U.S. foreign policy, trade and telecommunications officials, Commissioner Martin Bangemann reaffirmed the Commission's support for the outcome of the important multilateral third generation standards negotiations in the International Telecommunication Union (ITU), but his response fell short of addressing several specific U.S. concerns regarding Europe's timely acceptance of all standards that are ultimately adopted by the ITU.

In mid-February 1999, representatives of U.S. and European telecommunications industries arrived at a recommendation on a multi-mode standard which could resolve U.S. concerns. Subsequently, Finland, the first Member State to award 3G licenses, selected four third generation service licensees known to favor the European mode of the proposed ITU multi-mode standard. However, Finland did not stipulate use of the European mode as a license condition, and the United States expects that other Member States will similarly avoid stipulating the use of any specific technology at least until the ITU standards-setting process is completed later this year.

Mexico: In November 1998, all six competitors to Telmex, Mexico's dominant former monopoly supplier of local, long distance, and international service, requested regulatory permission to provide ISR on Mexico's international routes. Such a step would dramatically lower the retail price in Mexico, the United States, and elsewhere of approximately 3 billion minutes of calls, mostly among family members. Cofetel, the Mexican regulatory agency, has indicated it is studying this request.

In December 1998, Cofetel terminated Mexico's discriminatory inbound international surcharge and announced a range of steps regarding interconnection and dominant carrier regulations. At least one carrier is still being billed for the surcharge and the interconnection and dominant carrier regulations have yet to produce lower net domestic interconnection costs for new entrants. Nor have the new regulations generated greater confidence that Telmex is not engaging in anti-competitive cross-subsidization of different telecom services. For example, the regulator has yet to identify a universal service program under which Telmex would be required to fund universal service on the same basis as its competitors. The Mexican regulator has announced a detailed work program in an effort to remedy these concerns, which are crucial to the viability of a competitive market in Mexico.

Japan: It appears that Japan has yet to ensure that NTT, a dominant supplier, provide interconnection at cost-oriented rates or that it not engage in anti-competitive cross-subsidization of telecom services. The fact that local interconnection rates meet or exceed retail rates on a broad range of calls (and are priced at up to ten times the rates of competitive markets) is evidence that either the interconnection rates are set above cost or that the retail rate is being cross-subsidized.

Japan also restricts facilities-based carriers from using leased lines, but did not schedule such a limitation in its WTO commitments. There is no prohibition on facilities-based carriers using leased lines in Japan's telecommunications law. In fact, the MPT permits facilities-based carriers to complete their networks through leasing arrangements in exceptional cases. It should be the rule, not the exception, that facilities-based carriers are permitted to augment their networks through leasing arrangements. In contrast to Japan, there is no need for carriers to seek special regulatory permission to assemble a mixed facilities-based and leased network in the United States, Europe, or other competitive telecommunications markets.

These policies have had a disturbing impact on competition in Japan: NTT, the world's largest ex-monopoly carrier, actually gained market share last year in its core telephone services market.

NTT's interconnection regime is the subject of an ongoing review in Japan.

Germany: Starting in the second quarter of 1998 and after concluding a number of satisfactory interconnection agreements with early new entrants to the German telecommunications market, Deutsche Telekom (DT) slowed the pace of interconnection negotiations and sought tougher rates, terms and conditions for subsequent prospective entrants. All new entrants need to interconnect with the DT network to access the German market, and Germany committed to assure fair interconnection rates, terms and conditions in adopting the WTO Reference Paper.

The German regulator recently has begun to take action that may remedy the situation. A favorable regulatory decision, published on March 10, set forth a definition of operators that qualify for interconnection. The definition is comparable with practices in other competitive markets, resolving one of the most troublesome conditions for which DT had sought regulatory agreement. Other DT-proposed interconnection conditions, regarding facilities requirements and surcharges that DT wishes to impose on new entrants, await regulatory review in the coming months.

Lael/Gene
CC: KT

MEMORANDUM

TO: Mr. John Podesta
Mr. Steve Ricchetti
Mr. Doug Sosnik

FROM: Beryl Anthony

DATE: April 7, 1999

RE: The Attached Letter to The President

Dear John, Steve and Doug,

Enclosed is a letter that I would hope you could get to the attention of the President.

Thank you for your assistance and please don't hesitate to call if you have any questions.

Sincerely,

Beryl

Beryl Anthony, Jr.

cc: Lael/Gene
KT

WINSTON & STRAWN

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BERYL F. ANTHONY, JR.
(202) 371-5754
bfanthony@winston.com

April 7, 1999

The President
The White House
Washington, DC 20500

Re: Corning, Incorporated - Optical Fiber Exports to China

Dear Mr. President:

It appears that there may be something to announce with respect to China's WTO accession. I know that some members of the business community are extremely enthusiastic even though the contents of the agreement are not yet known. Other companies are withholding judgment until they see the actual deal. I think we need to proceed cautiously to make sure that we have the majority of business and labor interests on board. Without our natural constituencies on board, the challenge we face on the Hill could be intensified.

In a speech today you said, "Getting this done and getting it done right is profoundly in our national interest.....It is the best way to level the playing field."

Last summer at the time of your visit to China, we had discussions with members of your Administration about the threats to U.S. exports of optical fiber as a result of actions taken by the Chinese government to close the market. Regretfully, despite the good efforts of Secretary Daley, Ambassador Barshefsky and Ambassador Fisher, China has continued its course toward closing its optical fiber market. The field is not level in optic fiber.

In May we feared negative effects on U.S. exports of optical fiber. Unfortunately our fears may have proven true. By the end of '98, the market share of U.S. optical fiber exports to China dropped precipitously as a result of a decision by a government-controlled entity to stop buying imported U.S. fiber. Also in October, the Ministry of Information Industries (MII) issued its "buy local" initiative which initially targeted mobile equipment, but has been extended to all telecommunications equipment.

Fortunately, we believe that your intervention can reverse this disturbing trend. I hope that you will seek a commitment from Premier Zhu to keep the market open for U.S. optical fiber exports and secure elimination of tariff and non-tariff barriers in the WTO accession negotiations. We believe Premier Zhu should agree because it is consistent with his own performance-based policies. Further, it promotes comparative advantage as well as the efficient allocation of scarce Chinese capital while providing China with the lowest-priced, highest quality fiber. Fiber optics is one of the great achievements in American technology this century. We cannot allow China to force our companies to transfer technology in exchange for continued access to its market.

Corning has been working diligently with the Administration to keep China's market open. They continue to work closely with USTR and Commerce to ensure the accession talks address their issues and that China understands the importance of keeping its markets open. In fact, Roger Ackerman, Corning's CEO, was just in China with Secretary Daley where Corning broke ground on a $77 million wholly-owned enterprise to make ceramic substrate's for catalytic converters. Clearly the company is committed to the China market.

The Company, however, wants to keep its fiber technology in the United States and keep workers in its plants in North Carolina and New York.

Mr. President, we respectfully request your personal involvement in this matter to assure fair treatment of Corning's export market.

Warmest personal regards.

Sincerely,

Beryl Anthony Jr.

Beryl F. Anthony, Jr.

Melissa G. Green
04/08/99 02:55:50 PM

Record Type: Record

To: Malcolm R. Lee/OPD/EOP

cc:
Subject: Gene's list with companies

Calls (*GS only*)

Corporations

-- Larry Bossidy, *Allied Signal*
-- Steve Case, *AOL*
-- Phil Condit, *Boeing*
-- George Fisher, *Eastman Kodak*
-- Bill Ford, *Ford Motor*
-- Maurice Greenberg, *AIG*
-- Jim Kelly, *UPS*
-- Frederick Smith, *Federal Express*
-- Jack Smith, *General Motors*
-- Sandy Weill, *Citigroup*
-- Jack Welch, *General Electric*
-- Joe Gorman, *TRW*

JOINT U.S. - CHINA STATEMENT
STATUS OF NEGOTIATIONS ON CHINA'S ACCESSION TO THE WORLD TRADE ORGANIZATION
April 8, 1999

On the occasion of the official visit of the Premier of the Government of the People's Republic of China Premier Zhu Rongji, to the United States, President of the United States William Jefferson Clinton and Premier Zhu Rongji jointly affirm that China's admission to the World Trade Organization (WTO) is in the interest of the United States, the People's Republic of China, and the global trading system. To that end, they welcome the significant progress made by the United States and the People's Republic of China toward a strong agreement based on a balance of rights and obligations. Noting that agreement has not been reached on some important issues, they commit to work to resolve these remaining issues through further bilateral negotiations in order to conclude a strong agreement as the basis for the accession of the People's Republic of China to the WTO.

President Clinton and Premier Zhu recognize the complexity of WTO accession negotiations. In this regard, they note that agreement has been reached on market access for agricultural and industrial goods as well as a wide range of services sectors, as set out in Attachment 1, but that certain matters remain to be resolved in banking, including consumer auto finance, as well as securities and audio visual services. They further welcome the conclusion of the Sino-U.S. Agricultural Cooperation Agreement, especially the resolution of bilateral issues concerning imports by the People's Republic of China of U.S. citrus, meat products, and Pacific Northwest wheat, as set out in Attachment 2. President Clinton and Premier Zhu note agreement has been reached on a variety of important rules to be applicable in the WTO, concerning trading rights, technology transfer and offsets, state enterprises, and subsidies, as set out in Attachment 3. However, they recognize that certain differences remain to be resolved on a mechanism to ensure implementation, the duration of provisions governing dumping and product safeguards, and rules governing textiles trade.

President Clinton and Premier Zhu welcome this significant progress and instruct their trade ministers to resume bilateral negotiations in order to satisfactorily resolve the important remaining issues as soon as possible in support of the common goal of admission of the People's Republic of China to the WTO on strong commercial terms in 1999.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
600 17TH STREET, NW
WASHINGTON, D.C. 20508

Office of Congressional Affairs

April 7 , 1999

To:		
	Larry Stein	**456-6220**
	Chuck Brain	**456-2604**
	Al Maldon	**"**
	Malcolm Lee	**456-9290**
	Jake Siewert	**456-2223**
	Rick Sinkfield	**622-0534**
	Debbie Kilmer	**482-0512**
	Hannah Richert	**720-9251**
	Dean Pittman	**647-2504**

Number of Pages: 10

SUBJECT: **China Talking Points & President's Speech**

From: **Liz Arky**
Assistant U.S. Trade Representative for Congressional Affairs

Phone: (202) 395-6951 FAX: (202) 395-4656

COMMENTS:

Talking Points - Calls re China WTO Negotiations

- Our negotiations with the Chinese have continued and intensified in the past several days.

- These negotiations involve a set of broad market access concessions by China. Our market is already open to China. These negotiations do not affect American import policies. Our goal is a fair commercially meaningful agreement that helps to level the playing field by gaining access for our goods and services to their market.

- Our talks have covered all major areas of the WTO accession, including agriculture, industrial goods, services and Protocol issues including safeguards and others. We have set no artificial deadline to complete the work by Premier Zhu's arrival. It appears the visit has motivated the Chinese to move further towards accepting our demands, but this is not affecting our posture and we are not lowering the bar to accommodate an announcement. If China does not make a commercially meaningful offer in all areas of concern, we will reject the accession as we did in the '97 and '98 summits.

- A number of outstanding issues remain. Let me review with you briefly where we stand. In tariffs, for example, China has committed to an average tariff of 7.1% in U.S. priority areas -- well below that of most U.S. trade partners. China's present average tariffs are 24.6%.

- With respect to agriculture, China has made significant offers in all major areas -- tariffs, TRQs, export subsidies and domestic supports. For example, the tariff offer would bring agricultural tariffs down to 14.5% in priority areas, which is well below the level of most major U.S. trading partners. China will also accept WTO rules on sanitary and phytosanitary standards immediately on accession, e.g. for citrus, meat and Pacific Northwest wheat. We are continuing, however, to discuss both the quality of market access commitments and phase-in times.

- In goods, China has made concessions in a number of sectors of high priority to the United States, for example trading rights (ability to import/export), distribution, tariffs, and quota elimination. We are continuing to negotiate over the quality of commitments and the phase-in details. Generally, China will agree to 3-year phase-ins, but we are still working on specifics in a few sectors.

- In services, China has made good offers in some sectors. Distribution is an especially strong point, and we have broken new ground in telecommunications and financial services, but we have remaining concerns which must be resolved. Similarly, in other areas we remain unsatisfied and intensive negotiations continue.

- We are also addressing the application of rules, including dumping, safeguards, technology transfer, offsets, measures related to the protection of intellectual property, and investment restrictions as well as other areas. Discussions in these areas have progressed much more slowly as we are asking for commitments that no other WTO member is required to make. We are also continuing to work on textiles. We will continue to insist that China meets the high bar we are setting even if it means extending the talks. It is important to recognize, that the application of the full spectrum of trading rules for China is also addressed in the multilateral negotiations that will be on-going in Geneva in the months ahead. The United States is committed to ensuring that our concerns are addressed both in our bilateral talks as well as the formal negotiations at the WTO (Protocol) in which we will play a leading role.

- The talks are still underway as we speak. The issues which remain outstanding are important enough to both sides that we may wind up with no result. From our perspective, the U.S. remains prepared to walk away from an unsatisfactory deal. We will try to keep you informed as we work toward the conclusion of these negotiations.

- It should be noted that China's accession into the WTO is a long process. First, China must negotiate a bilateral agreement with the U.S. Then, China must also negotiate a bilateral agreement with every other WTO member country. Once this is completed, China must negotiate WTO Protocol issues with the U.S., to be concluded by China negotiating these WTO Protocol issues with every member country.

- Because this is such a long process, there will be a period for significant consultations with the Congress. As part of the consultation process, we will confer with Congress on next steps regarding China's normal trading relations status.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release April 7, 1999

REMARKS BY THE PRESIDENT
IN FOREIGN POLICY SPEECH

Mayflower Hotel
Washington. D.C.

10:33 A.M. EDT

THE PRESIDENT: Thank you, Richard. Max Kampelman, thank you for being with me today. And I thank the U.S. Institute for Peace for arranging this presentation on this, as I'm sure all of you know, relatively short notice.

I'd also like to acknowledge the presence here with me today of Secretary Albright and Ambassador Barshefsky, National Security Advisor Berger, and two important former members of my national security team, Tony Lake and Tara Sonenshine, who is a senior advisor here the to Institute for Peace.

I would like to begin just by thanking this body for what you do every day to help our administration and the Congress and the American people think through the most challenging foreign policy issues of our time. And I thank you in particular for your determination to reach out to a younger generation of Americans to talk to them about the importance of these issues and the world they will live in.

In February, I gave a speech in San Francisco about America's role in the century to come. We all know it's an extraordinary moment when there is no overriding threat to our security; when no great power need feel that any other is a military threat; when freedom is expanding and open markets and technology are raising living standards on every continent, bringing the world closer together in countless ways.

But I also argued that globalization is not an unmixed blessing. In fact, the benefits of globalization -- openness and opportunity -- depend on the very things globalization alone cannot guarantee -- peace, democracy, the stability of markets, social justice, the protection of health and the environment.

Globalization can bring repression and human rights violations and suffering into the open, but it cannot prevent them. It can promote integration among nations, but also lead to disintegration within them. It can bring prosperity on every continent, but still leave many, many people behind. It can give people the modern tools of the 21st century, but it cannot purge their hearts of the primitive hatreds that may lead to the misuse of those tools. Only national governments, working together, can reap the full promise and reduce the problems of the 21st century.

The United States, as the largest and strongest country in the world at this moment -- largest in economic terms and military terms -- has the unavoidable responsibility to lead in this increasingly interdependent world, to try to help meet the challenges of this new era.

Clearly, our first challenge is to build a more peaceful world, one that will apparently be dominated by ethnic and religious conflicts we once thought of primitive, but which Senator Moynihan, for example, has referred to now as post-modern. We know that we cannot stop all such conflicts. But when the harm is great and when our values and interests are at stake, and when we have the means to make a difference, we should try.

That is what we and our NATO allies are doing in Kosovo -- trying to end the horrible war there, trying to aid the struggling democracies of Southeastern Europe, all of whom are threatened by the violence, the hatred, the human exodus President Milosevic's brutal campaign has unleashed. We are determined to stay united and to persist until we prevail.

It is not enough now for Mr. Milosevic to say that his forces will cease fire in Kosovo, denied its freedom and devoid of its people. He must withdraw his forces, let the refugees return, permit the deployment of an international security force. Nothing less will bring peace with security to the people of Kosovo.

The second challenge I discussed in San Francisco in February is that of bringing our former adversaries, Russia and China, into the international system as open, prosperous and stable nations. Today, I want to speak especially about our relationship with China, one that is being tested and hotly debated today as China's Premier, Zhu Rongji, travels to Washington.

Of course, we all know that perceptions affect policies. And American perceptions about China have often changed in this century. In the early 1900s, most Americans saw China through the eyes of missionaries seeking open hearts, or traders seeking open markets. During World War II, China was our ally; during the Korean War, our adversary. During the Cold War, we debated whether China was a solid stone in the monolith of world communism, or a country with interests and traditions that could make it a counterweight to Soviet power.

More recently, many Americans have looked to China to see either the world's next great capitalist tiger and an enormous motherlode of economic opportunity for American companies and American workers, or the world's last great communist dragon and next great threat to freedom and security.

For a long time, it seems to me, we have argued about China with competing caricatures. Is this a country to be engaged, or isolated? Is this a country beyond our power to influence, or a country that is ours to gain and ours to lose? Now we hear that China is a country to be feared. A growing number of people say that it is the next great threat to our security and our well-being.

What about this argument? Well, those who say it point out, factually, that if China's economy continues to grow on its present trajectory, it will be the world's largest in the next century. They argue, correctly, that the Chinese government often defines its interests in ways sharply divergent from ours. They are concerned, rightly, by Chinese missiles aimed at Taiwan and at others. From this they conclude that China is, or will be, our enemy.

They claim it is building up its military machine for aggression, and using the profits of our trade to pay for it. They urge us, therefore, to contain China -- to deny it access to our markets, our technology, our investment, and to bolster the strength of our allies in Asia to counter the threat a strong China will pose in the 21st century.

What about that scenario? Clearly, if it chooses to do so, China could pursue such a course, pouring much more of its wealth into military might and into traditional great power geopolitics. Of course, this would rob it of much of its future prosperity, and it is far from inevitable that China will choose this path. Therefore, I would argue that we should not make it more likely that China will choose this path by acting as if that decision has already been made.

I say this over and over again, but when I see this China debate in America, with people talking about how we've got to contain China and they present a terrible threat to us in the future and its inevitable and how awful it is, I remind people who work with us that the same kind of debate is going on in China -- people saying the Americans do not want us to emerge, they do not want us to have our rightful position in the world, their whole strategy is designed to keep us down on the farm.

And we have to follow a different course. We cannot afford caricatures. I believe we have to work for the better future that we want, even as we remain prepared for any outcome. This approach will clearly put us at odds with those who believe America must always have a great enemy. How can you be the great force for good in the world and justify all the things you do if you don't have a great enemy.

I don't believe that. I believe we have to work for the best, but do it in a way that will never leave us unprepared in the event that our efforts do not succeed.

Among the first decisions I made in 1993 was to preserve the alliances that kept the peace during the Cold War. That meant in Asia, we kept 100,000 troops there, and maintained robust alliances with Japan, Korea, Thailand, Australia and the Philippines. We did this, and have done it, not to contain China or anyone else, but to give confidence to all that the potential threats to Asia's security will remain just that -- potential -- and that America remains committed to being involved with Asia and to Asia's stability.

We've maintain our strong, unofficial ties to a democratic Taiwan, while upholding our one-China policy. We've encouraged both sides to resolve their differences peacefully and to have increased contact. We've made clear that neither can count on our acceptance if it violates these principles.

We know that in the past decade China has increased its deployment of missiles near Taiwan. When China tested some of those missiles in 1996, tensions grew in the Taiwan Strait. We demonstrated then with the deployment of our carriers that America will act to prevent a miscalculation there. Our interests lie in peace and stability in Taiwan and in China, in the Strait and in the region, and in a peaceful resolution of the differences. We will do what is necessary to maintain our interest.

Now, we have known since the early 1980s that China has nuclear armed missiles capable of reaching the United States. Our defense posture has and will continue to take account of that reality. In part, because of our engagement, China has, at best, only marginally increased its deployed nuclear threat in the last 15 years. By signing the Comprehensive Test Ban Treaty, China has accepted constraints on its ability to modernize its arsenal at a time when the nuclear balance remains overwhelmingly in our favor. China has fewer than two dozen long-range nuclear weapons today; we have over 6,000.

We are determined to prevent the diversion of technology and sensitive information to China. The restrictions we place on our exports to China are tougher than those applied to any other major exporting country in the world.

When we first learned, in 1995, that a compromise had occurred at our weapons labs, our first priority was to find the leak, to stop it, and to prevent further damage. When the Energy Department and the FBI discovered wider vulnerabilities, we launched a comprehensive effort to address them. Last year, I issued a directive to dramatically strengthen security at the energy labs. We have increased the Department's counterintelligence budget by 15-fold since 1995.

But we need to be sure we're getting the job done. Last month, I asked the President's

Foreign Intelligence Advisory Board, an independent, bipartisan body chaired by former Senator Warren Rudman, to review the security threat and the adequacy of the measures we have taken to address it. It is vital that we meet this challenge with firmness and openness, but without fear.

The issue is how to respond to this. I believe we should not look at China through rose-colored glasses, nor should we look through a glass darkly to see an image that distorts China's strength and ignores its complexities. We need to see China clearly -- its progress and its problems, its system and its strains, its policies and its perceptions of us, of itself, of the world. Indeed, we should apply a bit of universal wisdom that China's late leader, Deng Xiaoping, used to preach, we should seek the truth from facts.

In the last 20 years, China has made incredible progress, in building a new economy, lifting more than 200 million people out of absolute poverty. But consider this: Its working age population is increasing by more than 10 million people, the equivalent of the state of Illinois, every year. Tens of millions of Chinese families are migrating from the countryside, where they see no future, to the city where only some find work. Due in part to the Asian economic crisis, China's economic growth is slowing just when it needs to be rising to create jobs for the unemployed and to maintain support for economic reform.

For all the progress of China's reforms, private enterprise still accounts for less than 20 percent of the non-farm economy. Much of China's landscape is still dominated by unprofitable polluting state industries. China state banks are still making massive loans to struggling state firms, the sector of the economy least likely to succeed.

Now, I'm met with Premier Zhu before. I know, and I think all of you know, that he is committed to making necessary, far-reaching changes. He and President Ziang are working to reform banks and state enterprises and to fight corruption. Indeed, one of China's highest public security officials was arrested several weeks ago on corruption charges.

They also know that in the short run, reform will cause more unemployment, and that can cause unrest. But so far, they've been unwilling to open up China's political system because they see that as contributing to instability when, in fact, giving people a say in their decisions actually provides a peaceful outlet for venting frustration.

China's biggest challenge in the coming years will be to maintain stability and growth at home by meeting, not stifling, the growing demands of its people for openness and accountability. It is easy for us to say; for them, it is a daunting task.

What does all this mean for us? Well, if we've learned anything in the last few years from Japan's long recession and Russia's current economic troubles, it is that the weaknesses of great nations can pose as big a challenge to America as their strengths. So as we focus on the potential challenge that a strong China could present to the United States in the future, let us not forget the risk of a weak China, beset by internal conflicts, social dislocation and criminal activity, becoming a vast zone of instability in Asia.

Despite Beijing's best efforts to rein in these problems, we have seen the first danger signs -- free-wheeling Chinese enterprises selling weapons abroad, the rise in China of organized crime, stirrings of ethnic tensions and rural unrest, the use of Chinese territory for heroin trafficking, and even piracy of ships at sea. In short, we're seeing in China the kinds of problems a society can face when it is moving away from the rule of fear, but is not yet firmly rooted in the rule of law.

The solutions fundamentally lie in the choices China makes. But I think we would all agree, we have an interest in seeking to make a difference and in not pretending that the outcome is foreordained. We can't do that simply by confronting China or trying to contain her. We can only deal with the challenge if we continue a policy of principled, purposeful engagement with China's leaders and China's people.

Our long-term strategy must be to encourage the right kind of development in China -- to help China grow at home into a strong, prosperous and open society, coming together, not falling apart; to integrate China into the institutions that promote global norms on proliferation, trade, the environment, and human rights. We must build on opportunities for cooperation with China where we agree, even as we strongly defend our interests and values where we disagree. That is the purpose of engagement. Not to insulate our relationship from the consequences of Chinese actions, but to use our relationship to influence China's actions in a way that advances our values and our interests.

That is what we have done for the last six years, with the following tangible results. In no small measure as a result of our engagement, China helped us to convince North Korea to freeze the production of plutonium, and, for now, to refrain from more new missile tests. It has been our partner in averting a nuclear confrontation in South Asia. Not long ago, China was selling dangerous weapons and technologies with impunity. Since the 1980s, it has joined the Nuclear Non-Proliferation Treaty, the Chemical Weapons Convention, the Biological Weapons Convention, and the Comprehensive Test Ban Treaty -- and accepted the safeguards, reporting requirements, and inspection systems that go with each.

We have also convinced China not to provide new assistance to Iran's nuclear program, to stop selling Iran anti-ship cruise missiles, and to halt assistance to unsafeguarded nuclear facilities in Pakistan. Now it's important that China join the Missile Technology Control Regime, a step President Jiang agreed to consider at least year's summit in Beijing.

We also have an interest in integrating China into the world trading system and in seeing it join the World Trade Organization on clearly acceptable, commercial terms. This is a goal America has been working toward in a bipartisan fashion for 13 years now. Getting this done and getting it done right is profoundly in our national interests. It is not a favor to China; it is the best way to level the playing field.

China already has broad access to our markets, as you can see from any perusal of recent trade figures. If China accepts the responsibilities that come with WTO membership, that will give us broad access to China's markets, while accelerating its internal reforms and propelling it toward acceptance of the rule of law.

The bottom line is this: If China is willing to play by the global rules of trade, it would be an inexplicable mistake for the United States to say no.

We have an interest as well in working with China to preserve the global environment. Toward the middle of the next century, China will surpass the United States as the world's largest emitter of greenhouse gases. At last year's summit in China, I made it clear there can be no meaningful solution to this problem unless China is a part of it. But I also emphasized, as I do over and over again -- with sometimes mixed effect -- that rapidly developing technologies now make it possible for China -- indeed, for India, for any other developing economy -- to be environmentally responsible without sacrificing economic growth.

That challenge is at the top of Vice President Gore's agenda on the forum on environment and development he shares with Premier Zhu. It will be meeting this week.

We have been encouraging the development of clean natural gas in China and cleaner technologies for burning coal. We've been working with China on a study of emissions trading, a tool that has cut pollution at low cost in the United States and which could do the same for China. In the Information Age, China need not, indeed, China will not be able, to grow its economy by clinging to Industrial Age energy practices.

Finally, let me say we have an interest in encouraging China to respect the human rights of its people and to give them a chance to shape the political destiny of their country. This is an interest that cuts to the heart of our concerns about China's future.

Because wealth is generated by ideas today, China will be less likely to succeed if its people cannot exchange information freely. China also will be less likely to succeed if it does not build the legal and political foundation to compete for global capital; less likely to succeed if its political system does not gain the legitimacy that comes from democratic choice.

China's leaders believe that significant political reform carries enormous risk of instability at this moment in their history. We owe it to any country to give a respectful listen to their stated policy about such matters. But the experience of the rest of Asia during this present economic crisis shows that the risks of delaying reform are greater than the risks of embracing it.

As Indonesia learned, you cannot deal with social resentment by denying people the right to voice it. As Korea and Thailand have shown the world, expressed dissent is far less dangerous than repressed dissent. Both countries are doing better now because their elected governments have the legitimacy to pursue reform.

In fact, almost every goal to which China's leaders are dedicated, from maintaining stability to rooting out corruption, to reuniting peacefully with Taiwan, would actually be advanced if they embraced greater openness and accountability.

We have promoted that goal by airing differences candidly and directly with China's leaders, by encouraging closer ties between American and Chinese people. Those ties have followed in the wake of official contacts, and have the potential to bring change.

The people-to-people ties have made it possible for over 100,000 Chinese students and scholars to study in America, and thousands of American teachers and scholars -- students -- to go to China. They have enabled American non-governmental organizations to help people in China set up NGOs of their own. They have allowed Americans to work with local governments, universities and citizens' groups in China -- to save wetlands and forests, to manage urban growth, to support China's first private schools, to hook up schools to the Internet, to train journalists, to promote literacy for poor women, to make loans for Tibetan entrepreneurs, to begin countless projects that are sparking the growth of China's civil society. They have permitted Chinese lawyers, judges and legal scholars to come to America to study our system.

Now, we don't assume for a moment that this kind of engagement alone can give rise to political reform in China, but despite the obstacles they face, the Chinese people clearly enjoy more freedom -- in where they work, and where they live, and where they go -- than they did a decade ago.

China has seen the emergence of political associations, consumer groups, tenant organizations, newspapers that expose corruption and experiments in village democracy. It has seen workers demanding representation and a growing number of people seeking the right to form political parties, despite the persecution they face. I met with many such agents of change when I visited China last year.

Of course, it is precisely because these changes are meaningful that the Chinese government is pushing back. Its actions may be aimed at individuals, but they are clearly designed to send a message to all Chinese that they should not test the limits of political freedom. The message they send the world, however, is quite different. It is one of insecurity, not strength. We often see that a tight grip is actually a sign of a weak hand.

Now, we have made it clear to China's leaders that we think it's simply wrong to arrest people whose only offense has been to engage in organized and peaceful political expression. That right is universally recognized and democratic nations have a duty to defend it. That is why we are seeking support at the U.N. Human Rights Commission in Geneva for a resolution on human rights in China.

We will also urge China to embrace the International Covenant on Civil and Political Rights -- in word and in deed. We will keep pressing the Congress to fund programs that promote the rule of law in China. We will keep working to promote a dialogue between China and the Dalai Lama, and respect for Tibet's cultural and religious heritage.

But there is one thing that we will not do. We will not change our policy in a way that isolates China from the global forces that have begun to empower the Chinese people to change their society and build a better future. For that would leave the people of China with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas.

In all these areas, the debate China's policy has sparked in our country can be constructive by reminding us that we still face challenges in the world that require our vigilance. It can also remind the Chinese government that the relationship between our two countries depends in large measure not only on the actions of the President and the Executive Branch, but on the support of the American people and our Congress, which cannot be taken for granted.

But as the next presidential election approaches, we cannot allow a healthy argument to lead us toward a campaign-driven Cold War with China; for that would have tragic consequences: an America riven by mistrust and bitter accusations; an end to diplomatic contact that has produced tangible gains for our people; a climate of mistrust that hurts Chinese Americans and undermines the exchanges that are opening China to the world.

No one could possibly gain from that except for the most rigid, backward-looking elements in China itself. Remember what I said at the outset: The debate we're having about China today in the United States is mirrored by a debate going on in China about the United States. And we must be sensitive to how we handle this, and responsible.

I know the vast majority of Americans and members of Congress don't want this to happen. I will do everything in our power to see that it does not, so that we stay focused on our vital interests and the real challenges ahead.

We have much to be concerned about. There is North Korea, South Asia, the potential for tensions in the Taiwan Strait and the South China Sea. There is the tragic plight of political prisoners; the possibility, also, that China will not realize its growth potential, that it will become unstable because of the distressed economy and angry people.

But we have every reason to approach our challenges with confidence and with patience. Our country, after all, now, is at the height of its power and the peak of its prosperity. Democratic values are ascendant throughout much of the world. And while we cannot know where China is heading for sure, the forces pulling China toward integration and openness are more powerful today than ever before. And these are the only forces that can make China a truly successful power, meeting the demands of its people and exercising appropriate and positive influence in the larger world in the 21st century.

Such a China would indeed be stronger, but it also would be more at peace with itself and at ease with its neighbors. It would be a good thing for the Chinese people, and for the American people.

This has been the lodestar of our policy for the last six years -- a goal that is consistent with our interests and that keeps faith with our values; an objective that we will continue to pursue, with your help and understanding, in the months and years ahead.

This visit by Premier Zhu is very important. The issues that are raised from time to time which cause tensions in our relationship, they are also very important. But I ask you, at this Institute, not to let the American people, or American policy-makers -- or American politicians in a political season -- lose sight of the larger interests we have in seeing that this very great country has the maximum possible chance to emerge a more stable, freer, more prosperous, more constructive partner with the United States in the new century.

Thank you very much. (Applause.)

From: <"Sharon H. Yuan"@lngate3.eop.gov>
To: USTRA.USTR_A(CHERNISH CAROL)
Date: 4/8/99 4:39pm
Subject: pls pass to malcolm

Message Creation Date was at 8-APR-1999 16:37:00

Corporations
-- Larry Bossidy
-- Steve Case
-- Phil Condit
-- George Fisher
-- Bill Ford
-- Maurice Greenberg
-- Jim Kelly
-- Frederick Smith
-- Jack Smith
-- Sandy Weill
-- Jack Welch

☺● Trade Associations
-- Dana Mead
-- Sam Maury
-- Jack Valenti

Ad Ref: chinese will tell us by 3:00.

JOINT U.S. - CHINA STATEMENT
STATUS OF NEGOTIATIONS ON CHINA'S ACCESSION TO THE WORLD TRADE ORGANIZATION
April 8, 1999

Draft 4/8/99; 12:~~09~~ p.m. 2:40

On the occasion of the official visit of the Premier of the Government of the People's Republic of China Premier Zhu Rongji, to the United States, President of the United States William Jefferson Clinton and Premier Zhu Rongji jointly affirm that China's admission to the World Trade Organization (WTO) is in the interest of the United States, the People's Republic of China, and the global trading system. To that end, they welcome the significant progress made by the United States and the People's Republic of China toward a strong agreement based on a balance of rights and obligations. Noting that agreement has not been reached on some important issues, they commit to work to resolve these remaining issues through further bilateral negotiations in order to conclude a strong agreement as the basis for the accession of the People's Republic of China to the WTO.

President Clinton and Premier Zhu recognized the complexity of WTO accession negotiations. In this regard, they noted that agreement has been reached on market access for agricultural and industrial goods as well as a wide range of services sectors, as set out in Attachment 1, but that certain matters remain to be resolved in banking, including consumer auto finance, as well as securities and audio visual services. They further welcomed the conclusion of the Sino-U.S. Agricultural Cooperation Agreement, especially the resolution of bilateral issues concerning imports by the People's Republic of China of U.S. citrus, meat products, and Pacific Northwest wheat, as set out in Attachment 2. President Clinton and Premier Zhu noted agreement has been reached on a variety of important rules to be applicable in the WTO, concerning trading rights, technology transfer and offsets, state enterprises, and subsidies, as set out in Attachment 3. However, they recognized that certain differences remain to be resolved on a mechanism to ensure implementation, the duration of provisions governing dumping and product safeguards, and rules governing textiles trade.

President Clinton and Premier Zhu welcome this significant progress and instruct their trade ministers to resume bilateral negotiations in order to satisfactorily resolve the important remaining issues as soon as possible in support of the common goal of admission of the People's Republic of China to the WTO on strong commercial terms by the year 2000.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. draft	Fact Sheet (6 pages)	04/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
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FOLDER TITLE:

China (April 1999, Zhu Bilateral) [7]

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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]

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Draft 4/8/99; 12:09 p.m. 2:10

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4/8/99 12:45 p.m.
Halperin

PRESIDENT WILLIAM JEFFERSON CLINTON
REMARKS AT JOINT PRESS APPEARANCE WITH PREMIER ZHU
WASHINGTON, DC
APRIL 8, 1999

Good afternoon. I again want to thank Premier Zhu for coming. Our meeting today strongly reaffirmed for me how important it is for the leaders of America and China to meet regularly, as I have been doing with both Premier Zhu and President Jiang. Today we were able to make progress on areas where we are working together for the benefit of the American and Chinese people. And we had the chance to speak directly and openly on matters where we disagree.

When China and the United States work together, we can be a powerful force for peace and stability. Premier Zhu and I reviewed ongoing efforts that benefit the security of both our nations: Together, we are seeking peace on the Korean Peninsula; working with India and Pakistan to curb their nuclear competition; joining in adherence to international agreements limiting the spread of weapons of mass destruction. And in that regard, I hope both of our nations will soon ratify the Comprehensive Test Ban Treaty, to end all nuclear testing.

Today, we also discussed our common efforts to increase prosperity for both our nations. Economics is Premier Zhu's primary portfolio, and with his leadership, China's economy has stood up to Asia's financial turmoil and helped mitigate the impact on others. Now, with Asia's recovery underway but regional growth still fragile, Premier Zhu has been squarely addressing China's toughest economic challenges: reforming state-owned industries and financial institutions, rooting out corruption, bringing China into the information age, expanding international trade. All of these efforts can benefit China, China's neighbors, and American businesses, workers and farmers involved in commerce with China.

Our nations will also benefit from new cooperative initiatives we have reached in recent days -- to develop a private housing market in China ... to create a U.S.-China dialogue on job training and labor rights ... to support clean energy projects in China. Today, we will sign a civil aviation agreement that will double passenger and cargo flights between our countries, bringing new jobs and economic activity to America. And China, after intensive efforts by U.S. negotiators, has agreed to direct all its government agencies to use only licensed computer software, which will greatly assist our software industry in China, the world's fifth largest personal computer market. Additionally, we have reached an important agreement that will open China's market for U.S. exports of citrus, meat products and Pacific Northwest wheat.

I am also pleased that we have made significant progress toward bringing China into the World Trade Organization on commercial terms -- on fair terms -- although we are not there yet. A fair WTO agreement will go far toward leveling the playing field for American companies and workers in China's markets and will commit China to play by the rules of the international trading system. It will also create greater economic opportunities for China's industries and citizens. [Today, we are issuing a joint statement recording the significant progress we have made on WTO and committing to work to resolve all remaining issues.]

Ultimately, I believe that to succeed in the market-based and information-driven global economy of the new century, China must continue broad change -- to strengthen its legal system, impose stronger labor and environmental protections, improve accountability, give citizens greater political freedom, and increase their access to information.

Because I am convinced that greater freedom, debate and openness is vital to improving China's economy and its citizens' lives, it is troubling that in the past year China has taken steps backward on human rights -- arresting people basically for seeking to express peacefully their views about the course China should take. I also regret that more progress has not been made to open a dialogue with the Dalai Lama. We honor China's achievements and its struggles. We know that change can be difficult. But the American people believe, as do people around the world, that every person is entitled to fundamental freedoms, including freedom of speech, religion, and association.

My hope is that China's leaders will conclude that the benefits of change outweigh the risks. I hope and believe we can make the kind of progress that will enable the United States and China to achieve a strong partnership -- against war, terrorism, dangerous weapons, and crime, and for better health care and education, a cleaner environment, achievements in the arts and sciences, deepening of democratic values, and greater prosperity for all our citizens.

I have no illusions that cooperation with China will resolve all of our difficulties.
Where our interests diverge, we will continue to stand strong for our values and protect our national security. But a policy of confrontation for confrontation's sake will accomplish nothing but the fulfillment of the bleakest prophecies.

With our eyes are wide open, we will also continue to keep our minds open, and look for cooperative approaches that will benefit our citizens, because this relationship, complex as it may be, is profoundly important to our future. Premier Zhu

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TO: MALCOLM
LAEL

REVISED
STMT

4/8/99 12:45 p.m.
Halperin

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