

# FOIA MARKER

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Folder Title:

China (April 1999, Zhu Bilateral) [10]

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National Economic Council-Lee, Malcolm

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# Withdrawal/Redaction Sheet

## Clinton Library

| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                                                                           | DATE       | RESTRICTION |
|--------------------------|-----------------------------------------------------------------------------------------|------------|-------------|
| 001. draft               | Talking Points -- Calls re: China WTO Negotiations (2 pages)                            | 04/07/1999 | P1/b(1)     |
| 002. draft               | Duplicate of 001. (2 pages)                                                             | 04/07/1999 | P1/b(1)     |
| 003a. draft              | Briefing Paper: Meeting with Premier Zhu Rongji of China. Record ID: 9902043 (10 pages) | 04/1999    | P1/b(1)     |
| 003b. draft              | Fact Sheet. (6 pages)                                                                   | 04/1999    | P1/b(1)     |
| 003c. draft              | Talking Points to be Made with Zhu Rongji. (9 pages)                                    | 04/1999    | P1/b(1)     |
| 004. memo                | From Secretary Daley to President Clinton. Subject: China Trip. (3 pages)               | c. 03/1999 | P1/b(1)     |
| 005. draft               | Fact Sheet. (6 pages)                                                                   | 04/1999    | P1/b(1)     |

### COLLECTION:

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National Economic Council  
Malcolm Lee  
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### FOLDER TITLE:

China (April 1999, Zhu Bilateral) [10]

2010-1024-F

vz1830

### RESTRICTION CODES

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

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

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

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

CHIEF OF STAFF  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C. 20508



DATE:

4/7/99

Time Sent:

Number of Pages Excluding Cover:

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TO:

Lael Brainard

FAX NUMBER:

456-2878

FROM:

PHONE: (202) 395-6850

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395-4549

COMMENTS:

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## China Economic Prospects

### Question:

What is your evaluation of the state of the Chinese economy?

### Answer:

- China's growth prospects in 1999 compare favorably to those of other Asian economies.
- Nonetheless China's GDP growth has been slowing and the outlook for 1999 is complicated by both internal and external factors.
  - Internally, the Chinese government is grappling with restructuring the economy.
  - On the external side, the strength of the recovery of Asian crisis countries and Japan will have a major impact on China's level of economic growth.
- Over the medium term, the authorities clearly recognize the need to address the restructuring of state owned enterprises and reform of the banking system. But how to best move forward is more problematic, and we shall continue discussions on that issue through the course of the year.

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*For 2k reb  
502 reb*

## **China Devaluation**

**Question:**

Do you think that China will devalue the yuan?

**Answer:**

The Chinese authorities have publicly stated their judgement that maintaining the value of the yuan is in China's best interest. They have given us no indication of any change in their analysis.

*If pushed harder on our views of their analysis:*

We do not comment publicly on another country's foreign exchange rate policy.

**U.S. DEPARTMENT OF TREASURY  
OFFICE OF EAST ASIAN NATIONS**



Date: 4/6/99

To: Sonal Shah 456-9290

Fax:

From: Deborah Crane, China Desk

Phone: 202 622-0748

Fax: 202 622-0349

2 page(s)

Subject:

Sonal —

Thought you might find  
this useful — Larry on China

Deborah

U.S.'s Summers Praises China Before Chinese Premier's Visit

Dow Jones International News Service via Dow Jones

DURHAM, N.C. (Dow Jones)--U.S. Deputy Treasury Secretary Lawrence Summers praised China's free-market advances Tuesday, the same day that Chinese Premier Zhu Rongji is due to arrive in the U.S.

Summers added, however, that China's state enterprises are still struggling amid some moves toward a more market-oriented economy, and their fate is important to the rest of Asia and the world.

"There are enormous stakes here, and continuous growth (in China) is of enormous interest to their people," Summers said in an address at Duke University. "It is of enormous interest to Asia, and enormous interest to the global economy."

Summers remarks came ahead of Zhu's arrival in Los Angeles to start a nine-day tour that's expected to culminate with the premier's pitch for U.S. support of China's entry into the World Trade Organization.

Turning to other markets, Summers said that countries should think long and hard before "dollarizing" their currencies, a move that he said can have enormous consequences on an economy.

For instance, Argentina has said it would like to replace its peso with the dollar. The country already has a "currency board" in place linking the peso to the U.S. dollar on a one-to-one basis.

-By Gary D. Robertson

**U.S. DEPARTMENT OF COMMERCE  
OFFICE OF CHINA & HONG KONG  
14TH & CONSTITUTION AVENUE, N.W.**

**PHONE: (202) 482-4681 FAX: (202) 482-1576/4453**

**DATE:**

*4/6/99*

**FROM:**

*D. Frost*

**FAX: (202) 482-1576/4453**

**TO:**

*Allen*

**FAX:**

*456-9290*

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**SUBJECT:**

**PAGES INCLUDING THIS COVER SHEET:**

**COMMERCIAL DELIVERABLES  
FOR SECRETARY DALEY'S MISSION TO CHINA  
MARCH 28 TO APRIL 1 1999  
FINAL**

- 1) **Natural Gas Pipeline Project, MOU**  
Enron
- 2) **Puqi Power Plant, EPC Contract**  
Sithe China Holdings Limited
- 3) **Air Monitoring Project, LOI for Phase II**  
Dasibi
- 4) **MOU for Loan Program for Medical Devices**  
Hewlett Packard
- 5) **MOU for Loan Program for Medical Equipment**  
General Electric Medical Systems
- 6) **LOI for Medical Diagnostic Equipment**  
U.S.-China Industrial Exchange, Inc. (Chindex)
- 7) **\$100 million Ex-Im Credit Facility**
- 8) **Housing Initiative, MOU**
- 9) **Contracts to supply diammonium phosphate fertilizer to China's National Chemical Import & Export Corporation**  
Cargill and IMC Global
- 10) **Agreement to Provide (100) American Homes -- California Gardens**  
Dessen Homes
- 11) **The Pudong Advanced Value-added Services Cooperation Agreement**  
AT&T
- 12) **Shanghai General Motors Corp. Framework Agreement for the Purchase of Components**  
General Motors
- 13) **Tomorrow's Square, Amendment to Management Agreement**  
Marriott International
- 14) **Lockheed ATM Skyline Air Traffic Management Systems**  
Lockheed Martin Air Traffic Management
- 15) **Guangzhou New Baiyun International Airport, highlight design contract**  
URS Greiner/Parsons
- 16) **Hunan GSM Base Stations**  
Motorola of Illinois
- 17) **Shenzhen GSM Base Stations**  
Motorola of Illinois
- 18) **China Postal Comprehensive Business Network**  
Hewlett Packard of California  
IBM of Rochester, NY  
Compaq Computer Corp. of Houston, TX
- 19) **China agreed to allow companies to introduce CDMA networks across China.**

FOR IMMEDIATE RELEASE

Contact

<http://www.doc.gov/Opa/Speeches/china1.htm>**FOR IMMEDIATE RELEASE****Contact: Morrie Goodman****March 29, 1999****Maria Tildon****1818****Ph: 6420-6688 ext.****Cell: 1.39 123 2042**

## **U.S. COMMERCE SECRETARY DALEY COMPLETES SUCCESSFUL FIRST DAY OF INFRASTRUCTURE MISSION TO CHINA**

**Beijing China** - Today, Secretary of Commerce William M. Daley presided over the signing of a number of commercial agreements during the first ever interagency infrastructure trade mission to China.

"Each of the projects demonstrates the positive impact that U.S. technology, expertise, and world class equipment will have on the development of China's infrastructure and overall economy," Daley said. "In addition to benefitting the economies of both countries, these projects support our interest in a stable, strong, and open China that embraces political pluralism, free markets, the rule of law, and are a step on the path to building a more secure economic and larger international order."

Secretary Daley's infrastructure mission, the last visit by a U.S. Cabinet member to China before Chinese Premier Zhu travels to Washington next month, highlights many of America's most competitive industries including information technologies, power generation, energy exploration and development, environment, medical technologies, transportation including aviation, airport infrastructure, and light rail, housing, engineering services, insurance, and entertainment.

"These projects also focus on one of our greatest commercial challenges -- our large and growing trade deficit with China -- and the need for U.S. firms to enjoy greater market access in key sectors in China," said Daley. "Expanding exports of goods and services in these key sectors serves our longer term commercial interests," said Daley as he and China's State Counselor Wu Yi witnessed the signing of seven business agreements:

- **Enron International China Pipeline Ltd.**, a wholly-owned subsidiary of Enron Corporation of Houston Texas signed a Memorandum of Understanding with China National Petroleum Corporation for the joint development of a natural gas pipeline. The 765-kilometer pipeline will transport natural gas from Sichuan Province to markets in the Hubei Province. The project will be the first onshore pipeline in China built in cooperation with a foreign company.
- **The Puqi Power Generating Company** signed a "Turnkey Contract for Engineering, Procurement and Construction (EPC)" with Hubei Electric Power Co and Shanghai Advanced Power Projects (a joint venture of Westinghouse Corporation and Shanghai Electric Corporation.) This project is one of the few power projects that has received approval from the highest authority in China in recent months and the only such project with U.S. investment. Control systems and high pressure parts are to be imported directly from the U.S. Bechtel, a major U.S. construction company, will provide construction management services.
- **Dasibi Environmental Corporation** of Glendale, CA signed a letter of intent with China's State Environmental Protection Administration (SEPA) to provide air quality monitoring equipment for over 20 cities in China as part of Phase II of China's Urban Air Quality Monitoring Project.
- **Hewlett-Packard**, of Palo Alto, CA signed a Memorandum of Understanding with the China National Technical Import & Export Corporation Trading Co., Ltd. ("CNTIC") to provide medical equipment including, color doppler ultrasonic diagnostic system, patient monitoring device and defibrillator.
- **GE Medical Systems**, of Waukesha, Wisconsin, signed a Memorandum of Understanding with

China National Technical Import and Export Corporation (CNTIC) for a preferential loan arrangement through which hospitals in China may purchase medical diagnostic equipment such as CT, MRI and x-ray machines. The annual limit of the loan is \$60 million and the duration is three years.

- **U.S.-China Industrial Exchange, Inc.**, (Chindex) of Bethesda, Maryland, signed a Letter of Intent with the China National Instruments Import & Export Corp. to use up to \$30 million in U.S. Export Import Bank and Bank of China guaranteed financing for the sale of U.S.-made medical equipment. Chindex will be the exporter of medical equipment supplied by a number of small to large U.S. manufacturers from all over the country, including Acuson Corporation, Mountain View, CA; General Electric Medical Systems, Waukesha, WI; Johnsons & Johnson Ortho-Clinical Diagnostics, Rochester, NY; Lunar Corporation, Madison, WI; Nova Biomedical, Inc., Waltham, MA; PLC Medical Systems, Franklin, MA; Steris Corporation, Mentor, OH; and XRE/TREX Medical, Lenleton, MA.
- **Cargill, and IMC Global** signed contracts to supply diammonium phosphate fertilizer to China's National Chemical Import & Export Corp.
- On March 28, 1999, **Ellicott International** of Baltimore, Maryland signed a Memorandum of Understanding with the China Water Investment Corporation (CWI) to cooperate as a participant in China's 100 Dredge Project. The project is a major commitment by the Chinese government to improve river and waterway commitment in China and to prevent the loss of life and economic damage caused by the devastating flooding that has plagued China over the past several years.
- **The U.S. Export-Import Bank (Ex-Im) and the U.S. Department of Energy** signed a Memorandum of Understanding with China's State Development Planning Commission and the China Development Bank to establish a \$100 million clean energy program to finance clean energy projects in China.

Joined by 18 senior representatives of U.S. companies, Secretary Daley met with Chinese Premier Zhu Rongji where he highlighted the many areas where the U.S. and China have found common ground and worked cooperatively together, and pressed China to embrace a system where open markets, transparency, accountability, and the rule of law prevail. In particular, Daley stressed the importance of addressing serious differences on critical issues including illicit transfer of technology, and human rights.

Daley also noted in his meeting with Premier Zhu concern for the need for China to embrace greater market openness as it deepens economic reforms.

Secretary Daley is scheduled to meet with China's State Economic Trade Commission Chairman Sheng Huaren and State Development and Planning Commission Vice Chairman Bao Xuding Tuesday morning, followed by a speech before the Beijing AmCham and departure to Shanghai Tuesday afternoon. A copy of the public schedule is attached.

**FOR IMMEDIATE RELEASE**  
**Goodman**

**Contact: Morrie**

**March 31, 1999**

**Pat Woodward**

**ext 2531**

**Ph. 6460-6688,**

**Cell 9189-9914**

**U.S. COMMERCE SECRETARY WILLIAM M. DALEY ANNOUNCES COMMERCIAL  
SIGNINGS DURING BUSINESS MISSION TO CHINA**

Shanghai, China -- U.S. Commerce Secretary William M. Daley, concluding today the Shanghai portion of his Presidential infrastructure mission to China, announced a significant development in China's telecom services with the signing of a framework agreement between AT&T and the Shanghai Government. This agreement will enable for the first time a foreign partner to provide telecom services in China. Secretary Daley also witnessed a number of other important contract signings between U.S. firms and their Chinese counterparts.

"These commercial achievements will have a positive impact on the commercial and economic relationship between our two countries and significantly encourage China's efforts at social and economic reform," Daley said. "What China purchases today as inputs for telecommunications, transportation, or construction has the potential to set the standard for much broader procurement tomorrow. That's the real significance of our signings today and throughout this trip."

Secretary Daley's business delegation is comprised of American companies looking to further expand and develop China's infrastructure in areas where they have proven know-how and expertise to make a significant and positive contribution.

In meetings with Chinese government leaders in Beijing and Shanghai, Daley underscored the critical importance of expanding U.S. exports to China. With U.S. exports to China at their lowest level in more than two years, he emphasized that China needs to embrace greater market openness as it intensifies economic reforms. "Allowing protectionism to flourish betrays China's overall goal of greater and sustained economic growth at a time when growing the economy is critical."

"We must remain commercially engaged with China to ensure that our bilateral relationship grows stronger in the next century," Daley said as he and Shanghai's Vice Mayor Jiang Yiren witnessed the signing of four business agreements.

o Dessen International, a U.S. home building company that provides design materials and construction services, signed an agreement with Shanghai Ching Chu Property Development Company to bring 100 high-quality American homes to a new housing development in Shanghai.

- more -

- 2 -

o Shanghai General Motors Corporation signed an agreement with General Motors to purchase vehicle components from GM's North American Operations. The agreement calls for General Motors to export components for GM's Buick Division's Century and Regal models from North America to Shanghai. The components will include transmissions, engines, electrical parts, and body panels.

o Marriott Asia Pacific Ltd., a wholly owned subsidiary of Marriott International Inc., signed an

amendment to its preliminary agreement with Shanghai Tomorrow Square Co., Ltd., to include managing and operating two lodging establishments at Shanghai's Tomorrow Square.

o Lockheed Martin and the Civil Aviation Administration of China signed contracts on March 10, to install air traffic control equipment. Lockheed asked Secretary Daley to witness the ceremonial contracts on his trip.

Secretary Daley also had productive meetings during his visit to Shanghai with Shanghai's Mayor Xu Kuangdi and U.S. and Shanghai business leaders. In addition, he launched the first U.S. - China summit to promote Year 2000 compliance and participated in an economic round table at the prestigious Pudong Institute.

In Beijing, the U.S. Departments of Commerce and Housing and Urban Development signed an intent to execute a Memorandum of Understanding with China's Ministry of Construction to formalize discussion and expand cooperation in the important housing construction sector. This signing supports the U.S.-China Housing Initiative announced during President Clinton's visit to China in June 1998.

###

**FOR IMMEDIATE RELEASE****Contact: Bill Buck****Thursday, April 1, 1999  
86-20-136-243-3004****Mobile:****Hotel:****86-20-81886968 x2713**

**U.S. SECRETARY OF COMMERCE WILLIAM M. DALEY ANNOUNCES  
AGREEMENT ON TELECOMMUNICATIONS MARKET OPENING**

***Announcement Comes at Conclusion of Business Development Mission to China***

**Guangzhou, China --** U.S. Secretary of Commerce William M. Daley today announced an agreement on the commercial deployment of CDMA technology in China following a meeting with Minister of Information Wu Jichuan. They met to discuss the opening of the Chinese telecommunications market.

"China will allow companies to introduce CDMA networks across China. This agreement represents an important market opening by China in a sector poised for tremendous growth. American companies are market leaders in this technology and can look forward to vast market opportunities in China," said Secretary Daley.

CDMA is a U.S. technology which provides high quality telecommunication services. The announcement was made following the opening session of the China-America Telecommunications Summit (CATS). Agreements were also signed at CATS by Motorola, Hewlet Packard, IBM, and Compaq Computers and witnessed by Secretary Daley and Minister Wu.

In Guangzhou, Secretary Daley participated in a ceremony recognizing Parson's design contract for the new Guangzhou airport and attended a roundtable on Chinese energy projects. He also met with Guangdong Provincial Party Secretary Li Changchun and Guangzhou Mayor Lin Shusen, and with Governor of Guangdong Province Lu Ruihua to discuss business opportunities.

The stop in Guangzhou concludes a five-day, three-city infrastructure development mission that has seen much success. [Please see attached list of agreements.]

Secretary Daley was joined on the infrastructure mission by representatives of the following U.S. Government agencies: Robert Gee, Department of Energy, Susan Kurland, Department of Transportation, Deborah Thompson, Export-Import Bank, and Elinor Bacon, Housing and Urban Development.

- more -

The mission focused on industries including information technologies, power generation, energy exploration and development, environment, medical technologies, transportation, housing, engineering services, insurance, and entertainment.

"I brought along with me 18 American companies that want to do more business in China. They see China as a huge potential market. As China's role in the world economy grows larger, these companies will be involved at every step. They want that potential to become reality. This has been a productive trip which has helped American companies find increased access to the Chinese market," said Secretary Daley.

In Beijing, Secretary Daley met with high-level government officials, including Chinese Premier Zhu Rongji and China's State Counselor Wu Yi to discuss infrastructure market opportunities for U.S.

companies.

In Shanghai, Secretary Daley launched the first U.S.-China summit to promote Year 2000 compliance, the first of several Commerce Department-sponsored seminars for businesses in overseas market.

Secretary Daley's infrastructure mission was the last visit by a U.S. Cabinet member to China before Chinese Premier Zhu travels to China.

-30-

**COMMERCIAL DELIVERABLES  
FOR SECRETARY DALEY'S MISSION TO CHINA  
MARCH 28 TO APRIL 1 1999  
FINAL**

**BEIJING**

**1) Natural Gas Pipeline Project, MOU**

Enron

**2) Puqi Power Plant, EPC Contract**

Sithe China Holdings Limited

**3) Air Monitoring Project, LOI for Phase II**

Dasibi

**4) MOU for Loan Program for Medical Devices**

Hewlett Packard

**5) MOU for Loan Program for Medical Equipment**

General Electric Medical Systems

**6) LOI for Medical Diagnostic Equipment**

U.S.-China Industrial Exchange, Inc. (Chindex)

**7) \$100 million Ex-Im Credit Facility**

**8) Housing Initiative, MOU**

**9) Contracts to supply diammonium phosphate fertilizer to China's National Chemical Import & Export Corporation**

Cargill and IMC Global

**SHANGHAI**

**10) Agreement to Provide (100) American Homes – California Gardens**

Dessen Homes

**11) The Pudong Advanced Value-added Services Cooperation Agreement**

AT&T

**12) Shanghai General Motors Corp. Agreement for the Purchase of Components**

General Motors

**13) Tomorrow's Square, Amendment to Management Agreement**

Marriott International

**14) Lockheed ATM Skyline Air Traffic Management Systems**

Lockheed Martin Air Traffic Management

**GUANGZHOU**

**15) Guangzhou New Baiyun International Airport, highlight design contract**

URS Greiner/Parsons

**16) Hunan GSM Base Stations**

Motorola of Illinois

**17) Shenzhen GSM Base Stations**

Motorola of Illinois

**18) China Postal Comprehensive Business Network**

Hewlett Packard of California

IBM of Rochester, NY

Compaq Computer Corp. of Houston, TX

**19) China agreed to allow companies to introduce CDMA networks across China.**

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| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                                                             | DATE       | RESTRICTION |
|--------------------------|---------------------------------------------------------------------------|------------|-------------|
| 004. memo                | From Secretary Daley to President Clinton. Subject: China Trip. (3 pages) | c. 03/1999 | P1/b(1)     |

### COLLECTION:

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

### FOLDER TITLE:

China (April 1999, Zhu Bilateral) [10]

2010-1024-F  
vz1830

### RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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**COMMERCIAL DELIVERABLES  
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MARCH 28 TO APRIL 1 1999  
FINAL**

**BELING**

**Natural Gas Pipeline Project, Memorandum of Understanding  
Enron International China Pipeline, Ltd.**

**Total Value: \$400 million**

**U.S. Content: tbd**

- Enron International China Pipeline, Ltd. (a wholly owned subsidiary of Enron Corp. based in Houston, Texas) signed a Memorandum of Understanding (MOU) with the China National Petroleum Corporation (CNPC) for the joint development of a natural gas pipeline. The 765-kilometer pipeline will transport natural gas from Sichuan Province to markets in the Hubei Province. CNPC will own 55 percent interest in the project with Enron owning the remaining 45 percent interest.
- The pipeline route will originate in Zhongxian in Chongqing Municipality and will continue to Wuhan in Hubei Province. The project will be the first onshore pipeline in China built in cooperation with a foreign company. Construction is expected to begin later this year with completion targeted for the fourth quarter of 2000.
- Enron plans to provide gas resource evaluation and development, gas marketing; financing; pipeline engineering and construction; operation and maintenance.

**Puqi 2x300 MW Power Project in Hubei Province  
Sithe China Holdings Limited**

**Total Project Value: \$454 million**

**U.S. Content: \$25 million**

- Puqi Power Generating Company Limited (ownership: Sithe China Holding Limited (75%) and Marubeni Corporation (25%)) signed a "Turnkey Contract for Engineering, Procurement and Construction (EPC)" with the EPC contractors, Hubei Electric Power Co. (as a civil construction and installation contractor) and Shanghai Advanced Power Projects Co., Ltd. (a joint venture of Westinghouse Corporation and Shanghai Electric Corporation).
- The project has just received approval from the SDPC with the authorization of the State Council (SC). The approval came after a careful market study by SDPC of the Chinese power industry. The Investment Agreement was signed between the project owner and Hubei Provincial Government in December of 1997. The Power Purchase Agreement was initialed in June of 1998. MOFTEC and SAIC will need to approve and issue a business license to Sithe China Holding Limited. Project financing is pending.
- U.S. content (estimated at around 5% of total value) will include equipment supplied indirectly by Westinghouse through its JV with Shanghai Electric Corp., part of the contractor consortium. In addition, control systems and high pressure parts are to be

imported directly from the U.S. Bechtel, a major U.S. construction company, will provide construction management services.

**\*Air Quality Monitoring Equipment, Phase II, Letter Of Intent  
Dasibi Environmental Corporation of Glendale, CA.**

**Total Contract Value: \$10 million**

- Dasibi Environmental Corporation signed a Letter of Intent (LOI) with the State Environmental Protection Administration (SEPA) for Phase II of the Urban Air Quality Monitoring Project. This final contract will bring air quality monitoring equipment to 20 to 30 cities and supports the LOI between SEPA and the U.S. Environmental Protection Agency (EPA). Ex-Im is currently preparing the final commitment package for the contract for Phase I.
- During a publicized Summit related event in June 1998, Dasibi Environmental Corp. (Glendale, CA) signed a \$5 million contract to provide air monitoring equipment for to SEPA. This financial contract involves the Bank of America and Ex-Im as the guarantor. The equipment will be installed in 11 cities as part of Phase I of China's priority National Urban Air Quality Monitoring Network project. In addition, EPA and SEPA signed a LOI to cooperate on technical aspects of Phase I and Phase II of the Urban Air Quality Monitoring project. Secretary of Commerce William M. Daley signed the LOI on behalf of EPA Administrator Carol Browner, and witnessed the contract signing.
- U.S. export equipment includes Ambient Air Monitoring systems, designed, manufactured and serviced by Dasibi. The contract will be sourced from California.

**Public Hospital Medical Equipment, Subsidized Loan Program, MOU  
Hewlett-Packard Company of Palo Alto, CA**

**Total Value: \$20 million**

**U.S. Content: \$17 million**

- Hewlett-Packard Company (HP) signed a MOU with China National Technical Import & Export Corporation Trading Co., Ltd for a subsidized loan package (with Ex-Im support) to finance the sale of HP medical devices.
- The agreement covers: modernizing and expanding current health care institutions in the Ministry of Health (MOH); equipment and technology upgrade of health care institutions; and improvements of quality of service of health care institutions in MOH.
- The HP medical equipment is expected to include color doppler ultrasonic diagnostic system, patient monitoring system and defibrillator. HP plans to source this equipment from Massachusetts.

**Public Hospital Medical Equipment, Subsidized Loan Program, MOU  
GE Medical Systems**

**Total Value: \$60**

**U.S. Content: \$50 million**

- GE signed a MOU with China National Technical Import and Export Corporation for a \$60 million subsidized low interest rate commercial loan to support the sale of medical

equipment and services such as CTs, MRIs and x-ray machines to hospitals. The final contract will be signed after SDPC approves the agreement.

- The GE Medical Equipment contract is for diagnostic medical equipment that is to be sourced from Milwaukee, WI and create or retain more than 200 jobs.

#### **Hospital Medical Equipment, LOI**

##### **U.S.-China Industrial Exchange, Inc. (Chindex) of Bethesda, MD**

**Total Value: \$30 million**

**U.S. Content: \$30 million**

- Chindex signed a LOI with the China National Instruments Import and Export Corporation for the sale of medical diagnostic equipment. The final agreement, that needs the final approval of relevant Chinese authorities of the Cooperation Project Proposal, covers the sale of advanced medical equipment from Chindex using the preferential financing guaranteed by Ex-Im Bank.
- The scope of product supply includes: medical imaging products, color doppler computer doppler computed sonography, angiography and cath lab equipment, surgical equipment, densitometry, monitoring equipment, and clinical laboratory equipment.
- Chindex will be the exporter of medical equipment supplied by a number of small to large U.S. manufacturers including Acuson Corporation, Mountain View, CA; General Electric Medical Systems, Waukesha, WI; Johnson & Johnson Ortho-Clinical Diagnostics, Rochester, NY; Lunar Corporation, Madison, WI; Nova Biomedical, Inc., Waltham, MA; PLC Medical Systems, Franklin, MA; Steris Corporation, Mentor, OH; and XRE/TREX Medical, LITTLETON, MA.

#### **\*100 Dredge Project, Memorandum of Understanding, Signing took place at CWI Ellicott International, Baltimore, MD; Dredging Supply Company, Harahan, LA**

**Total Contract Value: \$40 million**

**U.S. Content: \$20 million**

- Ellicott signed a Memorandum of Understanding with the China Water Investment Corporation (CWI) to sell CWI the necessary components to build 20 of 40 dredges that CWI plans to build, as soon as possible. The dredges are designed to help prevent the disastrous impact of China's floods, such as the flood of 1998. The two parties jointly intend to set up a service center to supply spare parts for dredges and after sales service. Ellicott intends to develop its charter business in China, especially for Ellicott's small dredges and environmental protection dredges.
- Ellicott reports that it is the only firm that CWI plans to sign an MOU with at this time, and CWI prefers that this MOU signing be a low profile event between CWI and Ellicott, and that the Ministry of Water Resources (MWR) not participate. Apparently Ellicott's foreign competitor's, IHC (Holland) and Krupp (Germany) have strong support from their respective governments who have relations with MWR.
- Dredging Supply Company (DSC), a U.S. firm, recently decided to compete for this project. When appropriate, U.S.G. advocacy support should include both Ellicott and

DSC.

### **Cargill and IMC Global**

**Total Value:** \$400 million (estimate)

- Cargill and IMC Global disclosed they will supply diammonium phosphate fertilizer to China's National Chemical Import & Export Corporation.

### **Environmental Export Credit Facility**

- The U.S. Export-Import Bank and the U.S. Department of Energy signed a Memorandum of Understanding with China's State Development Planning Commission and the China Development Bank to establish a \$100 million clean energy program to finance clean energy projects in China.
- The two sides agreed that the Chinese Parties would facilitate the identification of appropriate clean energy projects. It is envisioned that projects qualifying for support will include energy efficient technologies, renewable energy projects (including small hydroelectric projects), and pollution reduction technologies such as for clean coal.
- Export-Import Bank of the United States shall work with the relevant entities to expedite loan application procedure to support financing of clean energy projects, providing eligible transactions the most favorable terms permitted under OECD and Ex-Im Bank guidelines.

### **Housing Initiative**

- The Department of Commerce signed a Memorandum of Understanding with China's Ministry of Construction to formalize cooperative discussions and activities to advance the achievement of the great economic potential of housing and promote the social objectives of the United States and China. This MOU, supports the U.S.-China Housing Initiative that was announced during President Clinton's visit to China last June 1998.

## **SHANGHAI**

### **Agreement to Provide (100) American Homes -- California Gardens**

#### **Contract Signing at Multi- Signing Ceremony with Vice Mayor and Site Visit**

#### **Dessen Homes**

**Total Value:** \$7 million

- Dessen International a U.S. home building company offering design, materials and construction services, is also involved in improving the living standards of Chinese citizens through better housing. Shanghai Ching Chu Property Development Co. is presently developing California Gardens, a large-scale housing estate with full amenities. The two companies plan to sign an agreement, on March 31, 1999, to bring 100 high-quality American homes to California Gardens in May-June 1999. Dessen plans to export most of the materials for the four bedroom wooden homes from the U.S. and utilize other U.S. suppliers in the project. California Gardens is a planned development that will include 7,000 homes for middle-income Chinese families, a shopping center,

medical clinic, and school. This development is unique because it incorporates elements of urban planning not usually seen in China. Dessen International is the first foreign company to land a contract with the developers to build affordable housing.

- On July 1, 1999, President Clinton announced the U.S.-China Housing initiative and the establishment of a U.S.-China Residential Building Council. The housing initiative will address housing construction and mortgage finance issues and is intended to support China's social reform efforts by providing sector-specific assistance to China as it pursues housing reform measures. The Residential Building Council will focus on activities which will assist China in developing a residential housing industry and housing finance system. Urban planning is one of the key areas that will be under the Residential Building Council. The initiative was enhanced on March 29, 1999 in Beijing when the Department of Commerce signed a MOU with China's Ministry of Construction to formalize cooperative discussions and activities to advance the achievement of the great economic potential of housing and promote the social objectives of the United States and China.

#### **The Pudong Advanced Value-added Services Cooperation Agreement**

##### **AT&T**

- AT&T, Shanghai Post & Telecom Administration (PTA) and Shanghai Information Investment Co. Ltd. (SII) signed a services cooperation agreement to jointly deliver advanced value-added services to customers by constructing an Internet protocol (IP) network (including broadband network). The existing infrastructure (including the international gateways) owned by Shanghai Post and Telecommunications Administration will be connected with the IP broadband network. The initial geography covered will encompass the Pudong New Area. The three parties will form a joint venture to offer this service. The detailed cooperation plan and implementation schedule will be completed within nine months after the signing of this agreement, then it will be submitted for approval in accordance with the related Chinese examination approval process.
- The project represents China's first step to open telecom services to foreign participation. The State Council recently approved the signing of a framework agreement for this project. AT&T reports that the decision to approve this policy exception was made personally by Premier Zhu Rongji. Furthermore, AT&T believes that the timing of this Chinese decision is most certainly linked to their negotiations with the USG on WTO accession.

#### **Shanghai General Motors Corp. Framework Agreement for the Purchase of Components** **General Motors**

**Total Value: \$400 million**

**U.S. Content: \$400 million**

- Shanghai General Motors Corporation (SGM) signed an agreement with General Motors (GM) to purchase \$400 million worth of vehicle component sets from GM's North American Operations. The agreement calls for General Motors to export 52,000 sets of components for GM's Buick Division's Century and Regal models from North America.

to Shanghai. The component sets will include transmissions, engines, electrical parts, and body panels, representing 60% content of the assembled vehicles. The components sets will be used in the year 2000.

- SGM is a joint venture company, established in March 1997, pursuant to the terms of a joint venture contract among Shanghai Automotive Industry Corporation (SAIC), Shanghai Automotive Co. (SAC), GM and General Motors China. GM's decision to assemble cars in China was based on the recent rapid growth of the Chinese passenger vehicle market, which has grown six times over since 1991, to more than 500,000 units last year. GM expects the growth of the Chinese vehicle market to continue well into the next century. GM reports that the vehicles assembled at SGM will be intended for sale in China and other local markets.
- The automotive components will be sourced from Michigan, Indiana, New York and Ohio.

**Tomorrow's Square, Amendment to Management Agreement  
Marriott International Inc.**

**Total Contract Value: tbd**

- Marriott Asia Pacific Ltd. (A wholly owned subsidiary of Marriott International, Inc) plans to sign an amendment to its preliminary agreement with Shanghai Tomorrow Square Co., Ltd. (joint venture company composed of Social Welfare Fund Department of Shanghai Pudong Development Bank and Shanghai Sunjoy Group) for a management service agreement for Tomorrow's Square in Shanghai. Marriott will be appointed the manager and operator of the two lodging establishments at Shanghai Tomorrow Square, which is a real estate complex of 59 levels located in the heart of Puxi of Shanghai. The document signed on March 31, will be forwarded to MOFTEC for final approval. MOFTEC has provided verbal approval and final approval is expect within two months.
- The major scope of services includes:
  - Management Contract: Marriott International will operate both the 237 unit luxurious serviced apartments and the 370 room deluxe hotel for twenty years.
  - License and royalty contract: The two establishment are licensed to use the trade mark, logo, name and other benefits of Marriott, JW Marriott, Marriott Executive Residences.
  - International Services Contract: Marriott International will provide international services including reservation; marketing; sales and other related services.
  - Design Advisory Services Contract: Marriott International will provide architectural and interior design advisory services. This will be Marriott's flagship hotel in China.
- In addition to obtaining annual management fees for twenty years, Marriott plans to import equipment and other services from the United States. Furthermore, Marriott has been recommending other U.S. firms for the project, for instance John Portman and Associates is the architect and the retail podium will be handled by RTKL, a Maryland based interior designer.

**Lockheed ATM Skyline Air Traffic Management Systems****Lockheed Martin Air Traffic Management****Total Value: \$5 million****U.S. Content: \$5 million**

- The Civil Aviation Administration of China and Lockheed signed contracts on March 10, 1999 for the installation of Lockheed Martin ATM Skyline Air Traffic Management Systems in the new Nanchang Changbei and Hangzhou Xiaoshan Airports. (The contracts have not yet been publicly announced.) Each contract is valued at \$2.5 million. Lockheed wishes Secretary Daley to witness the ceremonial contracts on his trip. U.S. content will include the sale of Air Traffic Control software, computer hardware, consoles, displays, systems engineering, and integration. The contracts will be sourced out of Minnesota and Maryland. This will be a ceremonial signing between Lockheed and CAAC.

**SITE VISIT ONLY****Catalytic Converter Substrates, Groundbreaking Ceremony****Corning****Total Value: \$77 million****U.S. Content: \$27 million**

- Corning is hosting a groundbreaking ceremony for its wholly-owned foreign enterprise (WOFE), in the Pudong district of Shanghai, to manufacture substrates for catalytic converters. The emission control equipment segment of China's automobile industry is just developing in response to new environmental regulations. The Chinese government has issued all licenses and approval for this first Chinese Government approved WOFE in the automotive sector.
- The facility's production and shipment of the substrates from the new plant to Asian automobile manufacturers will begin in 2001. Initial production is expected to be 7 million substrates, distribution for China is projected at 1 million and other Asian countries at 6 million.
- However, the facility will serve growing demands for substrates. The U.S. content for this product includes substrate manufacturing equipment, dies, molds, and batch raw materials. Corning expects to create or retain about 550 U.S. jobs through this project. Corning suppliers that will directly benefit from this facility are located in CA, MO, SC, MN, KY, WI, MA, VA, KY, NJ, FL, and NY.

**GUANGZHOU****Guangzhou New Baiyun International Airport, Roundtable and highlight design contract  
URS Greiner/Parsons****Total Value: \$4 million**

The Parsons/URS Greiner consortium won the design contract for the New Guangzhou Baiyun Airport. An event to highlight this award is scheduled to take place in Guangzhou on April 1. It will provide an excellent opportunity to highlight progress under our Summit

Aviation, Air Safety and Airport Infrastructure Initiative. This design contract is valued at \$4 million; however, several U.S. firms are pursuing major contracts required for developing and operating the \$1.8 billion Guangzhou Baiyun International Airport. A competitive financial package is expected to be a key factor in obtaining future contracts and the U.S. Export-Import Bank has offered competitive Letters of Interest for the project.

Parsons is a large American engineering and construction company based in Pasadena, California. URS Greiner is a large American engineering and architectural company based in San Francisco, California.

#### **Hunan GSM Base Stations**

##### **Motorola of Illinois**

**Total Value: \$100 million**

**U.S. Content: \$90 million**

Motorola signed a contract with Hunan for the sale of complete GSM system equipment from Motorola to the Hunan Post and Telecommunications Administration. The equipment will be sourced from several locations in the United States. The contract will create or retain 500 jobs in the United States.

#### **Shenzhen GSM Base Stations**

##### **Motorola of Illinois**

**Total Value: \$20 million**

**U.S. Content \$17 million**

Motorola signed a contract with Shenzhen Unicom for the sale of complete GSM system equipment. The equipment will be sourced from several locations in the United States. The contract will create or retain 100 jobs in the United States.

#### **China Postal Comprehensive Business Network**

##### **a) Hewlett Packard of California**

**Total Value: \$27 million**

**U.S. Content: \$27 million**

Hewlett Packard signed a contract with China's Post & Telecommunications Administration for the sale of computer servers. The end user will be the State Postal Bureau of China. The equipment will be sourced from Rosewell, CA and is expected to create or retain 50 to 80 jobs.

##### **b) IBM of Rochester, NY**

**Total Value: \$9.9 million**

**U.S. Content: \$7 million**

IBM's authorized business partner in China, Vanda Computer & Equipment Co. Ltd, signed a contract with China Postal Equipment Co. for the sale of IT hardware/software and services. The end user will be China Postal Bureau. IBM World Trade Corporation will manufacture the equipment in Rochester, New York.

##### **c) Compaq Computer Corp. of Houston, TX**

**Total Value: \$8.5 million**

**U.S. Content: \$8.5 million**

Compaq signed a contract with China's Post & Telecommunications Administration for the sale of computer equipment. The end user will be the State Postal Bureau. The equipment will be sourced from various locations in the United States.

**NATIONWIDE COMMERCIAL DEPLOYMENT OF CDMA** (during bilateral meeting)  
Secretary Daley and Minister of Information Industry Wu Jichan held bilateral discussions on April 1 on a range of telecommunications trade related issues, including commercial deployment of code division multiple access (CDMA) technology for cellular communications. Minister Wu confirmed that the CDMA trials in four cities have been successful, and that China has made the decision to role out CDMA commercially, in response to market demand.

\* Project may be recognized in China during the Secretary's visit and in Washington, D.C. in recognition of the U.S.-China Environment and Development Forum.

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| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE         | DATE    | RESTRICTION |
|--------------------------|-----------------------|---------|-------------|
| 005. draft               | Fact Sheet. (6 pages) | 04/1999 | P1/b(1)     |

### COLLECTION:

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

### FOLDER TITLE:

China (April 1999, Zhu Bilateral) [10]

2010-1024-F  
vz1830

### RESTRICTION CODES

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