

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

China (April to August 1999, Post Zhu Visit) [7]

Staff Office-Individual:

National Economic Council-Lee, Malcolm

Original OA/ID Number:

CF 1176

Row:	Section:	Shelf:	Position:	Stack:
23	5	5	3	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Economic Data Review. (4 pages)	06/10/1999	P1/b(1)
002a. draft	Memo For Thomas Pickering from David Andrews. Subject: Circular 175. (3 pages)	07/22/1999	P1/b(1)
002b. draft	Memorandum of Law. (3 pages)	07/22/1999	P1/b(1)
002c. draft	Diplomatic Notes. (3 pages)	07/22/1999	P1/b(1)
003a. draft	Duplicate of 002a. (3 pages)	07/22/1999	P1/b(1)
003b. draft	Duplicate of 002b. (3 pages)	07/22/1999	P1/b(1)
003c. draft	Duplicate of 002c. (3 pages)	07/22/1999	P1/b(1)
004. draft	Memorandum of Conversation between William Clinton and President Jiang Zemin. (2 pages)	07/18/1999	P1/b(1)
005. email	Alexander Arvizu to Malcolm Lee. Subject: Taiwan Points for PC (1 page)	07/23/1999	P1/b(1)
006. email	Alexander Arvizu to Malcolm Lee. Subject: RE: Taiwan Points for PC (2 pages)	07/23/1999	P1/b(1)
007. email	Malcolm Lee to Caroline Krass. Subject: RE: Principals Meeting on Trade (1 page)	07/23/1999	P1/b(1)
008. email	Malcolm Lee to Alexander Arvizu at 5:15 PM. Subject: RE: Taiwan Points for PC (1 page)	07/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F

vz1839

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. email	White House Situation Room to Alexander Arvizu, Holly Hammonds, John Hill, et al. Subject: China (2 pages)	07/14/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F

vz1839

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or
financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President
and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of
personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of
an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial
information [(b)(4) of the FOIA]
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]

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



Date: 6/11/99

To: Adam Tahlhiemer/Malcolm Lee, NEC

Fax: 456-2223

From: Deborah Crane, China/Hong Kong Desk

Phone: 202 622-0748

Fax: 202 622-0349

6 page(s)

Subject:

Attached is some background material on Hong Kong's economy and other current issues, prepared for D/S Summers' meeting with Hong Kong Chief Secretary Anson Chan. I hope Mr. Sperling will find it helpful.

Please let me know if you have further questions.

A handwritten signature in cursive script, appearing to read "Deborah", followed by a long horizontal line.



DEPARTMENT OF TREASURY
WASHINGTON, D.C.

OFFICE OF THE ASSISTANT SECRETARY
INTERNATIONAL AFFAIRS

TEL: 202/622-0060

FAX: 202/622-0417

TO: Jack Pritchard 456- 9250
Rob Westcott 456-5812
Malcolm Lee 456-9290
Jeff Baron/Alan Greenberg 647-4402
Wendy Cutler 395-3597

FROM: Robin Ritterhoff
Deputy Director, Office of Industrial Nations and Global Analyses
fax (202) 622-0134, phone (202) 622-1539
email: robin.ritterhoff@do.treas.gov

SUBJECT: Japan: Documents

Attached are revised Country Note (6/11 version), monthly Economic Data review (6/11 version), and our Q&A on June 11 Restructuring/Jobs package.

UNCLASSIFIED - SENSITIVE
JAPANIMI/Ritterhoff, Krulak, IMB/Buckley
June 11, 1999**MACROECONOMIC OVERVIEW**

Japan faces its longest post-war recession, persistent weakness in its banking system, and deflationary pressures. Toward the end of a decade typified by lackluster growth, the Japanese economy entered a recession in 4Q97 due primarily to an ill-timed fiscal contraction that dried up domestic demand. A fall in Asian demand for Japanese exports and a few failures of major financial institutions further dampened economic prospects. While real GDP for 1Q99 rose a very surprising 1.9% q/q (7.9% *saar*), ending a five-quarter contraction, prospects going forward remain uncertain. Private investment and consumption continue to be weak and will likely worsen. Real GDP contracted by 2.8% for 1998 (-2.2% for FY98) and the IMF estimates further negative growth for 1999 of 1.4%. Unemployment was a record 4.8% of the labor force in March and April and is expected to rise.

The government has responded to the deteriorating situation with significant policy steps. Fiscal stimulus was stepped up in FY98 supplemental budgets, the FY99 initial budget, and tax cuts, and is expected to contribute stimulus equal to about 0.7% of GDP in FY98 and an additional 1.8% in FY99. Bank recapitalization with ¥7.5 trillion in public funds took place March 31, should reduce the risk of a systemic crisis in the near term, and might encourage the banks to start more active disposal of bad assets. On June 11, Japan's cabinet adopted a package to facilitate corporate restructuring and support jobs.

Monetary conditions have eased at the short end of the curve since mid-February, when the BOJ lowered its overnight call target by 10 basis points to 0.15%, then to near zero, and substantially increased funds available to the overnight market. The BOJ actions addressed the growing concern over a rise in long-term interest rates and yen appreciation, which pose a significant risk to both the domestic and external sectors, and the risk of deflation. Since then, the yen has depreciated by 4% to trade around ¥120/\$ and short-term yields (3-month to 1-year) hover around 0.05%. The benchmark 10-year JGB yield is back above 1.6% on supply concerns. The BOJ has reiterated strong opposition to underwriting or purchasing more 10-year JGBs but has committed itself to its zero interest rate policy indefinitely. Deflation is a serious concern, with consumer and wholesale prices falling and real wages declining.

Japan's current account surplus narrowed to 2.7% of GDP for 1Q99 (from 3.2% for 4Q98) due to the rise in quarterly GDP and fall in the current account. The surplus reflects the weakness of Japan's economy: exports dropped 9.5% y/y for 1Q99, but imports fell 13.3% (both in yen terms). The largest U.S. bilateral trade deficit is with Japan (for 1998 \$64.1 billion, up 14% y/y). The deficit in the Jan-Mar 1999 period is up 6.6% over the same period a year ago, as U.S. exports to Japan dropped 2.1% y/y for 1Q99 while U.S. imports from Japan for 1Q99 rose 2.3% y/y (both in dollar terms).

MACROECONOMIC POLICY MIX

Monetary policy aims at keeping short-term rates low (overnight interest rates have remained between 0.03% and 0.05% since March 3) and maintaining liquidity in the money markets. But data indicate that increased liquidity may have boosted base money with little credit growth. Though the BOJ has taken no direct action to support bond prices, the BOJ easing and MOF steps to reconfigure terms of bond issuance and resume limited purchases for a specific period had reduced the benchmark yield to nearly 1.2% from the early February peak of almost 2.4%, but renewed supply concerns have pushed the yield above 1.6%. Real interest rates are not as low as nominal rates might suggest in view of deflation: wholesale prices fell 3.4% y/y in May (domestic prices: -1.7% y/y, import prices: -8.9% y/y); retail prices slipped 0.1% y/y in April. The yen has appreciated by about 21% against the dollar since the June 1998 joint intervention; it has depreciated by about 7.5% since its January high. The yen's real effective exchange rate index has declined 8.7% from its January level.

Since last fall, the BOJ has fought tight credit conditions and Japan premium increases by pumping more liquidity into the money market when the overnight call level rose above target levels, and through programs to aid banks in making credit available to companies at year-end. The Japan premium (Bank of Tokyo-Mitsubishi 3-month eurodollar funding cost minus LIBOR), usually an indicator of market

UNCLASSIFIED - SENSITIVE

UNCLASSIFIED - SENSITIVE

- 2 -

confidence, has remained near zero since early March.

Fiscal policy aims to restore domestic demand: Japan's tax cuts and spending policies have gradually, but significantly, increased projections for fiscal stimulus in 1999: a larger than anticipated third FY98 supplemental budget; a FY99 initial budget of ¥81.86 (up 5.4 % from the FY98 initial budget); and FY99 tax cuts totaling ¥9.4 trillion (1.9% of GDP) in national and local tax revenues once fully in place (though somewhat less in FY99). GDP data show the results of this policy: real government investment spending growth rose 10.3% in 1Q99 on top of 10.6% growth in 4Q98. Though the strong growth will likely continue into 2Q99, many analysts conclude that the apparent acceleration in public investment in the first half of 1999 suggests that announced fiscal spending will drop off as early as 4Q99, increasing the necessity of a significant supplemental package in the fall.

The GOJ has "suspended" the Fiscal Structural Reform Law, which addressed deficit reduction in anticipation of higher future social security and health care costs related to Japan's aging population, a pressing political concern. GOJ concerns are mounting regarding the impact on the stock of government debt. We estimate that the general government deficit, including social security, will reach 9.2% of GDP for FY99, an increase of 3.6 percentage points over the FY98 estimate.

OTHER POLICY ISSUES

Structural Reform: Japan must undertake bold deregulation and other reforms to improve its economic efficiency and competitiveness. The Japanese cabinet formally endorsed on June 11 a broad-reaching package of measures aimed at facilitating the restructuring of Japan's troubled corporate sector, while simultaneously supporting employment. The overall impact on the strength of Japan's economic recovery, at least in the short run, will be negligible. However, if implemented as planned, it could help to support sustainable recovery over the medium term. We expect the corporate restructuring legislation to result in only a marginal acceleration of Japan's already-rapid restructuring process. The employment measures may make a small positive contribution to growth in the near-term, by boosting household income, and possibly improving consumer sentiment. The real impact of these measures, however, can be assessed only when the size of the supplemental budget to fund the measures (now expected to be proposed and passed by early fall) becomes clear. Finance Minister Miyazawa said June 11 that the "employment supplemental budget" is likely to be about ¥500 billion yen (\$4.2 billion), only about 0.1% of GDP.

Current Account Surplus and Trade Balance: Japan's current account surplus fell 25.6% for March after a 32% drop for February (both n.s.a., y/y, yen terms). For 1998, Japan's surplus rose to \$121 billion (3.2% of GDP) on import compression and slower export growth due to reduced Asian demand and weak global growth. Exports have been hurt by yen strength (Jan-Apr 1999 goods exports are down 9.0% y/y), and imports remain weak (down 11.1% y/y for the same period). Japan's 1998 merchandise trade balance (sa) topped ¥16 trillion (3.2% of GDP), an increase of 31.2% over 1997; its April customs-cleared trade surplus fell 14.6% after rising 5.7% y/y in March (yen terms). U.S. imports from Japan in March rose over 7% y/y, while exports rose 1.2% y/y (both n.s.a., dollar terms).

Banking System Plan: In October 1998 the Diet approved ¥43 trillion (¥25 for recapitalization, ¥18 for bank nationalization) which, with ¥17 trillion in previously approved funding for the Deposit Insurance Corporation, provides \$500 billion (12% of GDP) to stabilize the banking system. Utilizing public capital injections of ¥7.5 trillion, major banks reserved or wrote-off ¥10.4 trillion in bad loans in FY98. In total, major banks have written off ¥45 trillion (\$375 billion, 9% of GDP) over the last five years. Despite the record FY98 write-offs, reported problem loans increased by 4.4% to ¥21 trillion (6.5% of total lending) against which banks have reserved only 31%. Another round of write-offs and capital injections are likely because unreserved losses are estimated at ¥15-20 trillion and the poor economic environment will lead to additional asset deterioration. The political and supervisory focus is now turning to corporate restructuring, asset disposal and debt workout strategies.

"Big Bang" financial reforms: Former PM Hashimoto's initiative is intended to achieve by 2001 "free, fair and global" financial markets, comparable to New York and London. Implementation has been generally on schedule, though resolving banking sector problems has been given higher priority.

UNCLASSIFIED - SENSITIVE

JAPAN

Nominal GDP, 1998 (\$ bil): 3,785.5
Population, 1998 (mil): 126.4

Per capita GDP, 1996 (\$, PPP): 23,122
Fiscal Year: April 1 - March 31

Comparative Forecast:	Real GDP Growth (%)			CPI Inflation (%)			Current Account (%GDP)		
	1998	1999-f	2000-f	1998	1999-f	2000-f	1998	1999-f	2000-f
Treasury (May)	-2.8	-1.3	-0.4*	0.6	0.0	0.5*	3.2	3.0	3.3*
IMF (April)		-1.4	0.3		-0.2	-0.2		3.6	3.4
OECD (May)		-0.9	0.0		-	-		3.0	3.5
Fed (May)		-1.4	-0.4		-0.8	-1.2		-	-
Consensus (May)		-1.3	0.2		-0.3	-0.2		-	-

* These numbers assume the implementation of unannounced FY99 supplemental budgets. Using only announced actions, the CY00 forecast would be: -1.4% GDP growth and CA of 3.4% of GDP.

	Annual				Quarterly			
	1996	1997	1998	1999-f	1998-2	1998-3	1998-4	1999-1
GDP	(% change)				(% change on previous quarter, s.a.a.r.)			
Real GDP	5.0	1.4	-2.8	-1.3	-2.9	-1.2	-3.3	7.9
Consumption (private)	2.9	1.0	-1.1	-0.6	-0.6	-0.6	-0.6	5.0
Investment (private)	13.5	1.3	-12.0	-12.3	-14.8	-13.8	-19.4	6.8
Government (total)	5.4	-4.5	0.0	6.3	-4.4	7.1	16.6	26.4
Exports	6.3	11.8	-2.3	2.3	-7.6	7.4	-12.1	-1.2
Imports	11.9	0.5	-7.5	-1.5	-21.4	-0.5	-3.1	7.5
Inflation	(% change)				(% change on previous year)			
Consumer Prices	0.1	1.7	0.6	0.0	0.3	-0.2	0.5	-0.1
Wholesale Prices	0.1	1.5	-1.6	-3.3	-1.6	-0.7	-3.6	-4.0
Nominal Wages	1.1	1.6	-1.3	-	-0.6	-2.0	-2.3	-1.5
Balance of Payments	(s.a.a.r.)				(s.a.a.r.)			
Current Account (\$ bil)	65.8	94.5	121.2	124.6	113.2	118.5	132.4	117.9
Current Account (% of GDP)	1.4	2.3	3.2	3.0	3.1	3.4	3.2	-
Merch. Trade Bal. w/US (\$ bil)	47.6	56.1	64.1	-	62.5	61.8	70.5	65.7
Exchange Rate	(% change on previous quarter)				(% change on previous quarter)			
Real Trade Weighted (% chg)	-14.6	-5.0	-3.0	-	-7.0	-3.2	9.1	1.1
¥/\$ (level, period avg)	108.8	121.1	130.8	119.1	135.7	140.0	119.5	116.5
Fiscal Policy (calendar year, including Soc. Sec., IMF est: Apr. '99)								
Gen. Government Exp (% GDP)	35.9	35.0	37.0 (e)	39.1				
Gen. Gov. Bud. Bal. (% GDP)	-4.2	-3.3	-5.3 (e)	-7.9				
Monetary Policy					(interest rates end-of-period)			
Money Supply (M2+CD, y/y %chg)	3.3	3.1	4.0	-	3.7	3.7	4.0	3.6
Interest Rates: 3 mo. (level, %)	0.2	0.2	0.1	-	0.3	0.1	0.1	0.1
10 yr. govt. benchmark (level, %)	2.6	1.7	2.0	-	1.3	0.8	2.0	1.7
Labor Market					(s.a.a.r.)			
Unemployment Rate (%)	3.4	3.4	4.1	4.9	4.1	4.2	4.4	4.6
OECD Labor Force Part. Rate	76.9	77.9	78.1 (e)	78.1				
Ratio Job Offers / Applicants	0.70	0.72	0.53	-	0.54	0.49	0.47	0.49
Other Indicators	(% change)				(% change on previous year)			
Industrial Production [1995=100]	2.3	3.6	-7.1	-	-8.8	-8.5	-6.9	-4.3
Machinery Orders	12.2	-0.8	-16.1	-	-21.7	-20.3	-17.8	-14.8

Sources: OECD, IMF, EPA, BOJ, MITI, U.S. Commerce Dept., Haver data base, Tokyo FinAlt.

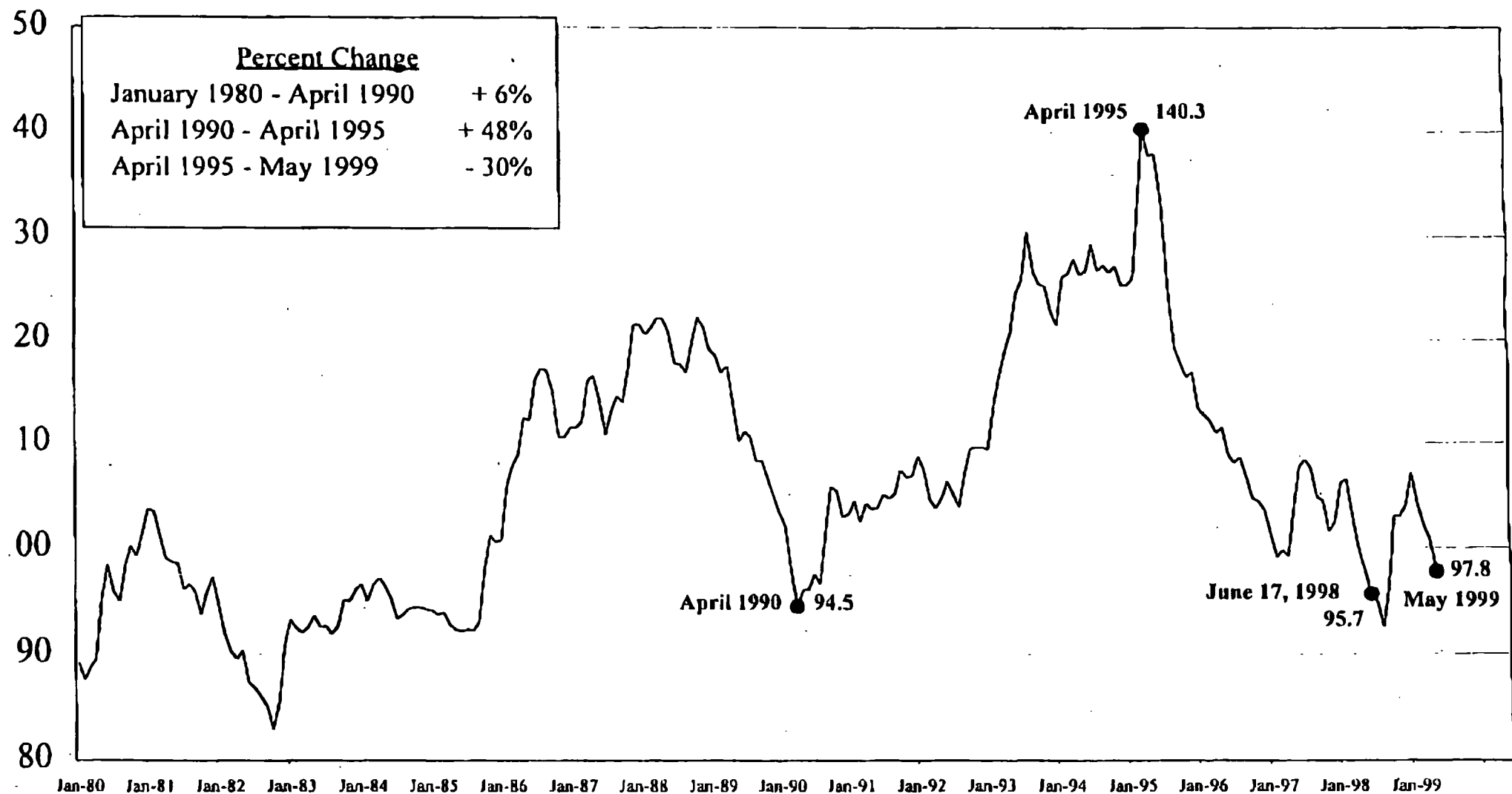
IMI: Ritterhoff/Krulik

- 10 Jun 99

Japan: Real Trade-Weighted Exchange Rate

January 1980 - May 1999

1990=100

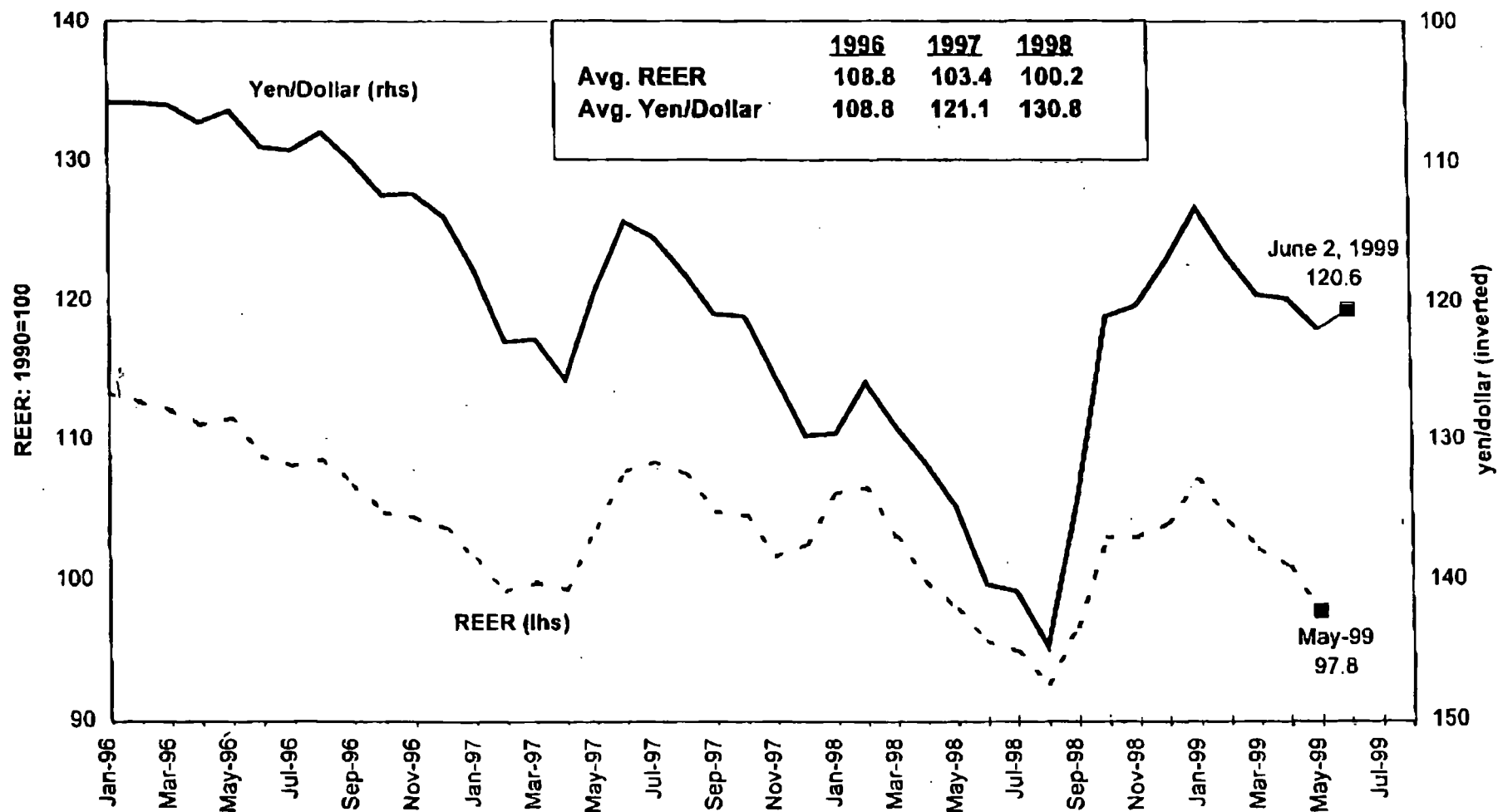


Source: J.P. Morgan, 1990 Trade Weights
(22 OECD and 23 Developing Countries; 1990 avg.=100).
Monthly Averages.

A rise in the index = appreciation/decline in competitiveness;
A fall in the index = depreciation/increase in competitiveness.

Japan: REER and Yen/Dollar

(Monthly Average)



Source: Haver Data (JP Morgan, FRB) ,imo

OASIA/imi: kkrulak 6/2/99 g:\imi\reer_jpn

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Economic Data Review. (4 pages)	06/10/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

WASHFAX
DEPARTMENT OF STATE

SITE

4

8

22 JUL '99 17:50

Message No. 020791 Classification Secret No. Pages Attached 8

From: Kathleen Murphy L/CID 776-8446 SA4: pm 339
 (Officer name) (Office symbol) (Phone number) (Room number)

MESSAGE DESCRIPTION Circular 175 Materials

TO: (Agency)	DELIVER TO: (Person/Office)	Phone no.	Room no.
NSC Staff	Carolyn Krass / NSC - Legal	45456-9111	
DOD/OSD/OGC	Doug Dworkin or Chris Ryder	(site 12)	

FOR: CLEARANCE ☐ INFORMATION ☐ PER REQUEST ☐ COMMENT ☐REMARKS: Would appreciate your OK on substance.
Thanks.

S/S Officer: _____

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. draft	Memo For Thomas Pickering from David Andrews. Subject: Circular 175. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. draft	Memorandum of Law. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F

vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002c. draft	Diplomatic Notes. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

WASHFAX
DEPARTMENT OF STATE

SITE

4

8

JUL '99 17:50

Message No. 020791 Classification Secret No. Pages Attached 8

From: Kathleen Murphy L/CID 776-8446 SA4: Rm 339
 (Officer name) (Office symbol) (Phone number) (Room number)

MESSAGE DESCRIPTION Circular 175 Materials

TO: (Agency)	DELIVER TO: (Person/Office)	Phone no.	Room no.
NSC Staff	Carolyn Krass / NSC - Legal	43456-9111	
DOD/OSD/OGC	Dorey Dworkin or Chris Ryder	(site 12)	

FOR: CLEARANCE ☐ INFORMATION ☐ PER REQUEST ☐ COMMENT ☐

REMARKS: Would appreciate your OK on substance.
Thanks.

S/S Officer: _____

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003a. draft	Duplicate of 002a. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003b. draft	Duplicate of 002b. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003c. draft	Duplicate of 002c. (3 pages)	07/22/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F

vz1839

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

AS FORMER SECRETARIES OF AGRICULTURE, WE ALL SUPPORT MAINTAINING
NORMAL TRADE RELATIONS WITH CHINA.

The President has announced the extension of normal trading relation with China. U.S. interests are best served by a stable, open and prosperous China. We need to encourage China to embrace and abide by international trade and proliferation norms, cooperate in regional and global peace-keeping and security initiatives, and maintain and respect the human rights of the Chinese people. Engagement with China advances these U.S. interests, and maintaining normal trade relations is fundamental to successful engagement.

As former U.S. Secretaries of Agriculture, we understand the value and importance of free and open trade, particularly with a country as large and important as China. The United States maintains a large agricultural trade surplus with China (including Hong Kong), our fourth largest agricultural market. U.S. agricultural exports to China reached almost \$2.9 billion in 1998. In addition, engagement has produced significant breakthroughs in opening China's agricultural market. During Chinese Premier Zhu Rongji's April, 1999 visit to Washington, the Government of China signed an agreement that removes sanitary and phytosanitary restrictions on citrus, meat, and grain from the Pacific Northwest, opening enormous new opportunities for U.S. agricultural exports. In addition, we are in negotiations with China on its accession to the World Trade Organization. A strong agreement will mean greater market access for U.S. agricultural products.

Continued economic interaction with China is the most effective way to influence the country's direction. Trade with China exposes the country and its leaders to our political process, economics, and personal freedoms. The continuation of normal trade relations, the ordinary tariff treatment we extend to virtually every country in the world, is vital to these efforts.

DRAFT of 7/22

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

SENDER: MALCOLM LEE, INTERNATIONAL GROUP

WH PHONE: 202-456-9299 2 PAGES INCLUDING COVER SHEET
WH FAX: 202-456-9290

SUBJECT: Redraft of Sec Ag China Letter

⁷²⁰⁻³⁶³¹
TO:

FAX:

PHONE:

DAN McFadden

720 8077

UNCLASSIFIED FAX

HEADS UP **URGENT** ADVANCE COPY
UPDATE

7-22 AM
11:30

USDA - Office of Congressional Relations
Room 213A, Jamie L. Whitten Building
1400 Independence Avenue, SW
Washington, D.C. 20250

(202) 720-7095

Date: ~~7-21 - 2:30 pm~~

SUBJECT:

Malcolm Lee

TO:

Attached: Last years
letter. We need an
update so it can be
sent to the Hill by
Sen. Glickman.

FROM:

___ Joe Crapa

___ Chuck Jones

___ Jay Johnson

___ Julie Allen

___ Vince Ancell

___ Judy Baldwin

☒ Dan McGrath

___ Deborah Brenchick

___ Chris Sarcone

REMARKS:

Need a quick turn-
around. This includes ISI
Siddiqui's update from MFN
to NGR.
Dan

To: Melvin Lee

AS FORMER SECRETARIES OF AGRICULTURE, WE ALL
SUPPORT MAINTAINING CHINA'S ~~MOST FAVORED NATION~~
~~TRADING STATUS.~~ N T R

The President has announced the extension of normal trading relations with China. Some members of Congress would like to deny that normal trading relationship. This, in our view, would be a serious mistake.

As former U.S. Secretaries of Agriculture, we understand the value and importance of free and open trade, particularly with a country as large and important as China.

U.S. interests are best served by a stable, open and prosperous China. We need to encourage China to embrace and abide by international trade and proliferation rules, cooperate in regional and global peace-keeping security initiatives, and maintain and respect the basic human rights of the Chinese people. Imposition of trade sanctions would be extremely counter productive.

As we consider the official terminology, it is important to remember that the term "Most Favored Nation" does not convey a privileged status. It simply means that the U.S. has a normal trading relationship with and extends ordinary tariff treatment to the country in question. China

Continued economic interaction with China is the most effective way to influence the country's direction. Trade with China exposes the country and its leaders to our political process, economics, and personal freedoms. The continuation of normal trading relationship is, in our view, vital to these efforts.

The Honorable Bob Bergland
The Honorable John Block
The Honorable Earl Butz
The Honorable Mike Espy
The Honorable Orville Freeman
The Honorable Clifford Hardin
The Honorable Dick Lyng
The Honorable Clayton Yeuter

*Coordinated by Former Secretary of Agriculture John Block

URGENTTotal Pages: 4

LRM ID: AER208

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Thursday, July 22, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: John D. Burnim (for) Assistant Director for Legislative Reference

OMB CONTACT: Annette E. Rooney
E-Mail: Annette_E_Rooney@omb.eop.gov
PHONE: (202)395-7300 FAX: (202)395-5691

SUBJECT: **Statement of Administration Policy on HJR57 A joint resolution disapproving the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the People's Republic of China.**

DEADLINE: 5:00 PM Thursday, July 22, 1999

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: Since House debate on HJR 57 may begin as early as Monday, July 26th, your agency views on the attached SAP are requested by 5:00 PM TODAY.

DISTRIBUTION LIST**AGENCIES:**

6-AGRICULTURE/CONG AFFAIRS - Vince Ancell (all testimony) - (202) 720-7095
25-COMMERCE - Michael A. Levitt - (202) 482-3151
29-DEFENSE - Samuel T. Brick Jr. - (703) 697-1305
33-Environmental Protection Agency - John Reeder - (202) 260-5414
61-JUSTICE - L. Anthony Sutin - (202) 514-2141
62-LABOR - Robert A. Shapiro - (202) 219-8201
76-National Economic Council - Sonyia Matthews - (202) 456-6630
83-National Security Council - Glyn T. Davies - (202) 456-9221
114-STATE - Paul Rademacher - (202) 647-4463
118-TREASURY - Richard S. Carro - (202) 622-0650
128-US Trade Representative - Fred Montgomery - (202) 395-3475

EOP:

Ronald L. Silberman
Michael Casella
Rodney G. Bent
Alphonse J. Maldon
Charles M. Brain
Malcolm R. Lee
Sandra Yamin
Keri A. Eisenbeis

LRM ID: AER208 **SUBJECT:** Statement of Administration Policy on HJR57 A joint resolution disapproving the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the People's Republic of China.

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Annette E. Rooney Phone: 395-7300 Fax: 395-5691
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-6194

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

July 21, 1999
(House)

H.J.Res. 57 - Disapproving the Extension
of Nondiscriminatory Trade Treatment to China
(Solomon (R) NY)

The Administration strongly opposes H.J.Res. 57, which would disapprove normal trade relations (NTR) with China. Renewing nondiscriminatory trade treatment, previously known as most-favored-nation (MFN) treatment, does not give China a special deal. It simply extends to China the ordinary tariff treatment the United States extends to virtually all nations. The Administration urges the Congress to defeat H.J.Res. 57 for the reasons explained below.

The Administration urges support for the renewal of NTR to China because it advances a broad range of critical U.S. interests, such as advancing America's economic interests, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, promoting economic and regional stability in Asia in part by addressing the Asian financial crisis, and protecting the global environment. Maintaining our overall relationship with China will enable the United States to actively engage China in the months and years ahead, to enhance areas of cooperation, and to pursue American interests where we differ. That engagement can help determine whether China becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. Extending NTR status to China is vital to our ability to successfully engage China and advance U.S. interests.

Engagement means advancing important U.S. national security and foreign policy interests in tangible ways. China has ceased all new nuclear cooperation with Iran. China has condemned both India and Pakistan's nuclear testing and has agreed to work towards preventing an arms race in South Asia. China continues to play a constructive role in peace talks and easing tensions on the Korean Peninsula. China has also played a constructive role in responding to the Asian financial crisis, in part by maintaining its exchange rate. China has joined the Nuclear Nonproliferation Treaty and Zangger Committee, the Chemical and Biological Weapons Convention, signed the Comprehensive Test Ban Treaty, enacted comprehensive nuclear export controls, and is actively studying membership in the Missile Technology Control Regime. China, through engagement, is increasingly moving from being part of the proliferation problem to being part of the solution. The United States continues to maintain strong unofficial relations with Taiwan, including arms sales, based on the Taiwan Relations Act, despite heightened tensions recently between China and Taiwan.

H.J.Res. 57 would undermine America's economic interests. The Administration is in negotiations with China on accession to the World Trade Organization that could result in an historic opening of China's markets to U.S. agricultural, industrial, and services exports. Revocation of NTR would adversely affect this effort to boost U.S. exports and to make China subject to global trade rules. In addition, U.S. exports to China and Hong Kong support an estimated 400,000 American jobs, as U.S. exports to China have quadrupled over the past decade to \$14.3 billion. Chinese retaliation would imperil or eliminate a number of these jobs, exclude American companies and workers from future business in one of the world's most dynamic markets, and cede this market to European and Asian competitors. Denial of NTR would also hurt U.S. consumers and manufacturers, who because of higher tariffs could pay upwards of half a billion dollars more each year for goods such as shoes, clothing, and industrial inputs, which could end up reducing the competitiveness of U.S. goods (made with these inputs) both domestically and internationally. Finally, revocation of NTR would hurt U.S. interests in and the economic stability of Hong Kong, which handles over forty percent of U.S.-China trade.

Engagement allows the Administration to deal forthrightly with our differences, including human rights and universal principles of freedom and democracy. The President has made the case not only to the Chinese leadership but directly to the Chinese people that human rights are universal and that human freedom is indispensable to a country's stability and progress. Engagement with China is the best way to advance these U.S. ideals. This approach has produced results, although more needs to be accomplished. China has released several prominent political prisoners and signed the International Covenant on Civil and Political Rights. Over time, the more the United States brings China into the world, the more the world will help bring freedom to China.

Revoking NTR would significantly damage America's relationship with a fifth of the world's population and jeopardize U.S. political and economic security. It would reverse three decades of bipartisan China policy and would seriously weaken our influence not only in China, but throughout Asia and beyond. Renewal of NTR best advances the substantial and broad range of U.S. interests.

* * * * *

U.S. – CHINA AGRICULTURE TRADE

Continuing Normal Trade Status Is Vital To U.S. Agriculture. The United States maintains a large agricultural trade surplus with China (including Hong Kong), our fourth largest agricultural market. Revoking China's normal trade status would threaten access for U.S. farm goods.

- U.S. agricultural exports to China reached almost \$2.9 billion in 1998 (\$1.3 to China and \$1.5 billion to Hong Kong) in 1998, (excluding \$227 million in fish and seafood products and forest products). U.S. exports of bulk agricultural products reached \$614 million; intermediate exports were \$1 billion and consumer products were almost \$1.2 billion. U.S. agricultural imports were only \$814 million from China, including Hong Kong.
- Important U.S. exports to China in 1998 included soybean oil (\$456 million, a record level), poultry meat (\$408 million), soybeans (\$274 million), cotton (\$218 million), hides and skins (\$173 million), and soybean meal (\$160 million).

China has embarked on a path of unprecedented economic reforms that should, over the medium and long term, spur consumer demand. Agricultural trade barriers continue to drop and while market opening has been halting, there is clear progress and enormous potential for U.S. bulk, intermediate and processed commodities, especially for consumer foods, snacks, and beverages.

Engagement Has Produced Tangible Breakthroughs in Opening China's Agricultural Market . During Chinese Premier Zhu Rongji's April, 1999 visit to Washington, the Government of China signed the Agreement on U.S. – China Agricultural Cooperation that removes sanitary and phytosanitary restrictions on citrus, grain from the Pacific Northwest, and meat, opening vast new opportunities for U.S. agricultural exports. These import bans have severely limited access for many of our competitive producers, costing the United States billions of dollars in lost trade.

- Moreover, we are encouraged by the scientific basis of this agreement. Ensuring that sanitary and phytosanitary restrictions on imports have a sound scientific basis is a critical principle of WTO rules and free and fair trade. China's willingness to pursue a scientific resolution to these issues, and the prospect of applying WTO rules and procedures, bode well for resolving other technical issues, such as plums and tobacco.

Normal Trade Status Keeps China A Buyer of U.S. Agriculture Exports. China looks to world markets to meet some of its agricultural needs. If normal trade status were revoked, China might reinstate its efforts to achieve food self-sufficiency and would likely turn to Europe and other U.S. competitors to meet shortfalls. The loss of this trade would have a serious negative impact on U.S. producers.

WTO: Agricultural Reforms in China. The United States supports China's accession to the WTO, but it must be on a commercially viable basis that opens new opportunities for the U.S.

- China has taken steps to rationalize its procurement policies for bulk commodities in the face of high government costs and in preparation for accession to the WTO. In particular, China has cut the procurement price for cotton and corn, two products where high guaranteed prices have spurred excess production in China. Additionally, recent government announcements in China suggest that procurement prices and government support for other grains, especially early rice and spring wheat, could be rationalized as China moves to reduce incentives for farmers to produce low quality grain that can be sold for high prices.
- These reforms would reduce government expenditures and increase the role of market forces in China's agricultural economy. China has also agreed to significantly reduce tariffs and increase the size of tariff-rate quotas for a number of agricultural commodities, subject to China's accession to the WTO.

June 24, 1999

CHINA'S ROLE IN ASIA'S ECONOMIC RECOVERY

At the height of the Asian financial crisis, China played a constructive role in preventing the situation from deteriorating further:

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

- China has willingly and actively participated in key international fora (e.g. the Manila Framework, the G-22, and the spring 1999 seminars on international financial architecture) which are working to address problems identified in the crisis.

By contributing to the affected countries...

- China contributed directly to the international support package for Thailand. Thus far, it has disbursed \$800 million of its \$1 billion pledge.
- China also offered \$300 million in "second line" assistance to Indonesia in July 1998, though this assistance has not been accessed.
- China contributed to the stability of the Hong Kong dollar by pledging its own reserves to the defense of Hong Kong's currency, if requested by Hong Kong authorities.

By managing its own economic policies responsibly...

- China pledged to maintain the value of its currency at a time when other currencies in the region were extremely vulnerable to any negative pressure. While the Chinese exchange rate policy is driven primarily by its own domestic interests, this pledge did help dissipate downward currency pressures in the region at a critical time.
- China has taken steps to bolster domestic demand (recognizing that it can't export its way to economic growth at this time), with positive consequences for the region.

China is accelerating reform of its own financial sector to prevent a financial crisis of its own:

- A financial crisis in China would be enormously destabilizing to the global economy and stability in the region.

Engagement has been crucial:

- U.S. engagement with China has facilitated these contributions. Revocation of normal trade status would endanger China's cooperation on international economic matters and China's participation in international economic fora.
- Revocation of NTR would also deal a blow to China's financial sector reform efforts by undercutting reform elements within China's leadership. This would increase the likelihood of a financial crisis erupting in China, which could reignite financial turmoil throughout the region.

June 24, 1999

THE TRADE DEFICIT WITH CHINA

Revoking China's normal trading status will hurt U.S. exporters - not close the trade deficit.

- Building a wall of protection around the United States by revoking NTR could provoke Chinese retaliation that would put at risk the 400,000 high-paying American jobs supported by exports to China.
- China has been one of the fastest growing markets for U.S. exports. China is currently our fourth largest goods trading partner with more than \$85 billion in total goods trade during 1998.
- China is a major customer for key U.S. products. In 1998, China purchased 32 percent of all U.S. fertilizer exports and 21 percent of U.S. steam boiler exports. China also purchased \$3.6 billion of civilian aircraft.
- Since every other major trading partner extends normal trade status to China, revoking normal trade relations would give Japanese and European competitors a competitive edge in developing Chinese markets, jeopardizing billions of dollars in future U.S. exports.
- Even if China did not retaliate, revoking NTR would put at risk the huge volume of U.S. exports that are purchased by Chinese exporters as inputs - such as cotton and plastics - that are reexported to the U.S. as finished goods, and the many U.S. exports that depend on inexpensive parts imported from China - such as pumps and electric circuits.

The rapid growth in imports from China has displaced imports from other developing countries - not U.S. domestic production. Some of the increase in the deficit with China represents the shifting sourcing to China of low-skilled labor-intensive consumer imports (e.g. toys, clothing, some consumer electronics) from other countries in Asia where wages have risen relative to China.

- The U.S. goods deficit with China was \$56.9 billion in 1998. It has increased from 19 percent of the overall U.S. goods trade deficit in 1991 to 24 percent in 1998. The deficit reflects China's specialization in inexpensive, mass market consumer goods. Low value-added goods such as toys, sporting goods, plastic tableware, apparel, footwear and low-end consumer electronics account for nearly 70 percent of U.S. imports from China. China runs bilateral surpluses with Japan and Europe for the same reason.
- As China's share of such U.S. imports has risen, that of other Asian countries has fallen. For example, between 1989 and 1998, the share of U.S. imports from China rose significantly and the share from other Asian countries (Hong Kong, Taiwan, Korea, and Japan in this example) fell sharply:
 - **Footwear** - China from 9% to 58% of U.S. imports; other Asia from 51% to 3%;
 - **Toys and Sporting Goods** - China from 22% to 59%; other Asia from 58% to 22%;
 - **Plastic Tableware** - China from 11% to 52%; other Asia from 61% to 21%.
- In 1999, because of the economic difficulties in Asia outside of China, the U.S. goods trade deficit will sharply increase with the rest of Asia, much more than with China itself.

China has accounted for a roughly constant share of the United States' overall trade deficit since 1991.

- As China grows, the deficit should narrow. As their incomes have risen, importers in other Asian markets have increasingly demanded high-quality U.S. products. As production has become more capital intensive, investors have imported more high quality U.S. capital equipment.
- Raising tariffs on Chinese imports is like squeezing a balloon: it would cause a surge in similar imports from other developing countries and a corresponding deterioration in our trade balances with them.

June 24, 1999

CHINA – ECONOMIC REFORM

China has made significant progress on market-oriented economic reforms, but still faces a large unfinished agenda, including state-owned enterprise and financial sector reform. Continuing normal trade relations advances these reforms. Since economic reform efforts began in 1978, China has pursued a pragmatic, gradualist reform path -- freeing up prices, permitting farms and factories to make their own production decisions, starting to open up foreign trade -- harnessing the efficiency of markets to achieve high levels of economic growth. Much more needs to be done, including opening China's markets to foreign goods and services, but continued economic engagement with China advances economic reforms, and our strategy of engagement is built upon NTR.

Progressive opening to foreign trade and investment has been an important outcome of the reform process, and also a catalyst spurring other aspects of reform. In 1996 and 1997, China cut many (though not all) tariffs sharply, reducing its simple average tariff from 42% to 17%. Opening to foreign trade, particularly to imports, has reinforced other reforms as it increases competition, efficiency and the spread of world-class business practices.

China is taking steps to increase the role of market forces in its agricultural economy. The Government of the Peoples Republic of China is rationalizing procurement policies for bulk commodities by cutting procurement prices for cotton and corn, where high procurement prices have spurred excess production and incurred high government cost. Recent announcements indicate that support programs for other grains, especially early rice and spring wheat, will also be rationalized.

Taking lessons from the Asian financial crisis, China has made financial sector reform a priority, but the complex reform process has just begun.

- Banks have been instructed to begin lending only on commercial grounds and to adopt western-style accounting and classification systems. A pilot Resolution Trust Corporation-type institution has been established at one bank to take bad debt off the books, and a partial recapitalization of the state banks was undertaken in 1998. The GOC has announced the partial decontrol of interest rates to allow banks to charge risk-adjusted rates to the non-state small enterprise sector. In addition, the People's Bank of China (the supervisory authority) has been reorganized into nine multi-province districts to insulate it better from local political pressures. The pace of progress has been uneven, however, with banks facing political pressure to increase lending, particularly for infrastructure projects, to help bolster growth.
- Trade liberalization, particularly if implemented through the discipline of WTO accession, has been identified by China's key financial policy makers as an important tool in securing reform of the financial sector. Commitments to open the financial sector to foreign participation would force domestic financial service providers to speed up internal restructuring and reform.

The Chinese leadership has re-affirmed a commitment to resolve the problem of loss-making State Owned Enterprises (SOEs) by the end of 2000, but the potentially destabilizing impact of rising unemployment has kept SOE reform on a cautious path. China's SOEs constitute a large financial burden: they absorb 86% of bank loans (while contributing less than 30% of industrial output); 40% of them are estimated to operate at a loss; their reported profits fell by 20% in 1998; and 1/3 of their output merely contributes to inventory accumulation. Progress toward China's goal of restructuring larger, more profitable SOEs while "letting go" of smaller, less profitable ones (tightening credit, leaving them to merge, otherwise restructure or liquidate) has stalled over Beijing's concerns about possible implications for unemployment. The employment outlet provided by a vibrant international trade sector creates political space for SOE reform to continue.

Strong trade relations and further progress on market-oriented reforms are mutually reinforcing. China's integration into the global economy strengthens reform elements within China's leadership and society. Similarly, progress on economic reform provides stable medium-term growth prospects and rising Chinese demand for imports. Strong growth of China's private sector, in particular, will increase demand for capital investment goods, which the United States exports.

June 25, 1999

LABOR ASPECTS OF NORMAL TRADE RELATIONS (NTR) STATUS

Engagement made possible by NTR allows us to directly raise our concerns over core labor standards, and to work toward a WTO accession agreement that would protect vital interests of American workers. The United States remains concerned about labor rights violations in China. China denies or curtails the basic freedom of its workers, including freedom of speech and association. The government maintains a one-party state that tolerates no independent labor unions.

President Clinton and President Jiang announced a dialogue on labor issues in June 1998 that addresses core labor standards, labor law, and the development of a social safety net for workers. The Chinese Minister of Labor and Social Security Jiang visited Washington in March and met with Secretary of Labor Herman. He also met with representatives of organized labor and U.S. employers. U.S. employers in the footwear, apparel, sporting goods, and toy industries expressed the importance of observance of core labor standards. In this dialogue, Secretary Herman made clear:

- The importance of respect for international standards. In June 1998, China joined the United States and other members of the International Labor Organization in adopting a new Declaration of Fundamental Rights and Principles at Work. This Declaration included a follow-up compliance mechanism and covered rights such as freedom of association, right of collective bargaining, non-discrimination, and the abolition of forced labor.
- The priority we place on implementation of core labor standards. Our commitment to proper protections, opportunities, and basic rights is well-understood in China as a result of Secretary Herman's dialogue with her counterpart.
- Our firm opposition to and deep concern about detention, arrest, and imprisonment of persons for labor-related activities that are protected by ILO standards. Herman encouraged China to give all consideration to recent ILO findings urging modifications to Chinese labor laws and urging release of Chinese detainees for labor related activities.

Minister Jiang invited Secretary Herman to continue this dialogue in China this fall. We will continue to engage China on the importance of complying responsibly with international labor standards.

A sound WTO accession agreement will significantly open China's markets to U.S.-made exports and give American workers and domestic industries stronger protection against unfair trade practices.

- A sound WTO deal will mean more U.S. exports. China's accession to the WTO must provide commercially meaningful market access for U.S.-made goods and services. That means lower tariffs, elimination of quotas and other market access barriers, and access to consumers across a full range of sectors. Currently, China can raise its tariff rates as high as it wants, whenever it wants. Under a sound WTO deal, China would reduce its tariffs rates significantly and commit not to raise them. That means more exports, and more American workers making these exports.
- A sound WTO deal will eliminate unfair trade practices that harm U.S. workers and industries, including forced technology transfers as a condition of investment, offsets, and export performance, foreign exchange balancing and local content requirements.
- A sound WTO deal will ensure that American firms and workers have strong protection against dumping and subsidies. The U.S. and China have agreed the U.S. will be able to maintain our current antidumping methodology (treating China as a non-market economy) in future antidumping cases. When we apply we apply our countervailing duty law to China we will be able to take the special characteristics of China's economy into account when we identify and measure any subsidy benefit that may exist. The duration of these provisions remains under discussion.
- A sound WTO deal will mean American firms have strong protection against import surges of Chinese products. A product specific safeguard provision would establish a special mechanism to address increased imports from China that cause or threaten to cause disruption to U.S. industry. It would permit the U.S. to apply restraints unilaterally to Chinese exports based on standards that are lower than those in the WTO Safeguards Agreement. Talks continue on the duration of this provision.
- A sound WTO deal will include China's commitment that it will ensure state-owned and state-invested enterprises make purchases and sales based solely on commercial considerations and provide U.S. firms the opportunity to compete on non-discriminatory terms. We have clarified that state-owned and state-invested enterprises will be subject to WTO disciplines in several respects.

July 9, 1999

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

ADVANCING AMERICA'S ECONOMIC INTERESTS: Maintaining Normal Trading Relations (NTR) with China, as every U.S. President has done since 1980, is good for American farmers, workers, businesses and the U.S. economy as a whole.

- **Opening China's Market:** We are in negotiations with China on its accession to the World Trade Organization that could result in a historic opening of China's markets to U.S. agricultural, industrial and services exports. Revocation of NTR would derail this effort to boost U.S. exports and to make China subject to global trade rules.
- **Strengthening Our Economy:** An estimated 400,000 jobs depend on U.S. exports to China and Hong Kong. U.S. exports to China have quadrupled over the past decade to \$14.3 billion. Revocation of NTR would invite retaliation against U.S. exporters and investors, as China would purchase instead from our economic competitors. It would also hurt U.S. consumers and manufacturers, who would pay upwards of half a billion dollars more per year on products such as shoes, clothing and industrial inputs. Revocation of NTR would increase tariffs on imports from China from a trade-weighted average of about 6% to approximately 44%.
- **Addressing the Asian Financial Crisis and Promoting Economic Reform:** China has played a constructive role in responding to the Asian financial crisis. Important elements of China's leadership also see China's future prosperity tied to fundamental market-based economic reforms. NTR helps advance these reforms.
- **Bolstering Hong Kong and Taiwan:** Hong Kong handles more than 40% of U.S.-China trade. Revocation of Normal Trade Relations would weaken Hong Kong, already hurt by the Asia financial crisis, by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income. Hong Kong leaders across the political spectrum favor renewal of NTR. Revocation would also damage Taiwan's economy, with \$20-30 billion invested in the mainland.

ENGAGEMENT WITH OUR EYES OPEN: A policy of principled, purposeful engagement with China remains the best way to advance U.S. interests. Extending to China the same normal trade relations (NTR) we have with virtually every country in the world will promote American prosperity and security, and foster greater openness in China. We have serious differences with China – on human rights, their efforts to acquire sensitive information, and other areas – and will continue to deal forthrightly with these differences. But revoking normal trade relations would rupture our relationship with a fifth of the world's people and jeopardize our political and economic security. It would make China more defensive, isolated and unpredictable, weakening the forces of change. And it would undermine our efforts to engender constructive Chinese participation in international organizations that will promote China's adherence to global norms on human rights, weapons of mass destruction, crime and drugs immigration, the environment, economic reform and trade. **Engagement is advancing U.S. interests in tangible ways.**

- **Stability in Asia:** China continues to play a constructive role in peace talks and easing tensions on the Korean Peninsula. China condemned both India and Pakistan's nuclear testing and urged restraint. Working closely with the U.S. and other permanent members of the UN Security Council it is helping to coordinate our approaches toward South Asian security concerns.
- **Nonproliferation:** As a result of our engagement policy, China joined of the Nuclear Nonproliferation treaty and Zangger Committee, Chemical Weapons Convention, and Biological Weapons Convention; signed the Comprehensive Test Ban Treaty and committed to ratify it soon; enacted comprehensive nuclear export controls, and improved controls on precursors for chemical weapons. China has ceased all new nuclear cooperation with Iran. China also ceased exports of 801/802 anti-ship missiles to Iran and is actively studying membership in Missile Technology Control Regime.
- **Transnational Threats:** China is cooperating with the US on efforts to combat terrorism, drug trafficking, and smuggling of people across borders. China is eliminating leaded gasoline, doubling the percentage of its GDP devoted to environmental protection.
- **Human Rights:** Engagement does not mean endorsement. President Clinton has pressed human rights directly with China's leaders and the United States sponsored a resolution expressing our concern at the United Nations Human Rights Commission in Geneva. China has far to go, and progress is not without setbacks, but China has released prominent dissidents and signed the International Covenant on Civil and Political Rights. Normal trade and continued economic engagement advance the process of opening China, exposing Chinese people to American ideals, values, and personal freedoms. Revoking NTR would diminish access and suit those in China who would block openness.
- **Protecting National Security Information:** As we engage China, we will act firmly to protect our interests. We believe that, over the last twenty years, China did obtain some basic U.S. nuclear weapons information that probably accelerated its modernization research. This is a very serious issue, and the Clinton Administration has taken aggressive steps to address it.

TRADE ASPECTS OF NORMAL TRADE RELATIONS (NTR) STATUS

Normal Trade Relations Status (formerly known as MFN status) grants the ordinary tariff treatment that we extend to virtually all nations. It does not provide special treatment. Fewer than a dozen countries do not have NTR status, including North Korea, Cuba, Afghanistan, Iran, Iraq and Libya. NTR status for China has been supported by every president (both Republican and Democrat) who has confronted the issue.

Revoking NTR status would derail multilateral and bilateral trade negotiations to increase our access to China's market and China's observance of international trade rules. Revocation is too blunt a tool and would likely prevent us from reaping the benefits of our negotiations.

- China's accession to the WTO must be based on a commercially meaningful agreement that will significantly expand market access for exports of U.S. goods and services to China. This could result in unprecedented opening of China's market to U.S. companies, workers and agriculture. In April, we made significant progress towards achieving agreement on market access and other key commitments on China's accession to the WTO. President Clinton supports China's accession to the WTO this year on strong commercial terms and our trade negotiators are working to achieve final agreement on an acceptable accession package. Revoking NTR status would derail this important effort.
- Revoking NTR status would also jeopardize significant gains achieved in bilateral negotiations on agriculture (wheat, citrus and meat), intellectual property rights (IPR) enforcement and market access for textiles and apparel.

Revoking NTR status would increase the price U.S. consumers pay for basic goods and cost U.S. jobs.

Revoking NTR status would increase tariffs on imports from China from a trade-weighted average of about 6 percent to an estimated 44 percent. This would likely provoke retaliation against U.S. exports and U.S. investors in China, giving our foreign competitors a strong edge in the Chinese market.

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

The best way to address our trade problems with China is to continue to use our trade laws and negotiations to open China's market - not to revoke NTR. The Administration secured strong actions from China protecting American intellectual property after threatening sanctions on \$2 billion of Chinese imports and has imposed sanctions to enforce our bilateral textiles agreement. These actions produced improvements—revoking NTR status would likely provoke counter-retaliation. The Administration will continue to use targeted trade law provisions to protect U.S. trade interests.

Revoking NTR would create risks for financial stability in the Asia region. By undercutting reform elements within China, revocation of NTR would deal a blow to China's financial sector reform efforts and increase the likelihood of a crisis erupting in China's already-fragile financial sector. A financial crisis in China would be enormously destabilizing to the global economy and stability in the region.

Revoking NTR status would harm Hong Kong. Hong Kong's economic strength is one of its chief assets in ensuring its autonomy and viability. Hong Kong handles over 40 percent of U.S.-China trade, making it highly dependent on continued normal trade relations between the United States and China. Hong Kong authorities estimate that revoking China's NTR status would slash Hong Kong's trade by \$20 to \$30 billion with a resulting loss of 60,000-85,000 jobs. This would add to the current financial difficulties in Hong Kong. Hong Kong leaders across the political spectrum have spoken out strongly in favor of renewal of NTR status.

June 25, 1999

CHINA AND THE WORLD TRADE ORGANIZATION

The United States has a strong interest in seeing China join the WTO. We have been in negotiations with China on its accession to the WTO that could result in a historic opening of China's markets to U.S. agricultural, industrial and services exports. China, in acceding to the WTO, would have to accept and abide by international norms of trade. Opening China's markets will also increase competition within China, bolstering vital and far-reaching restructuring and economic reform. U.S. tariffs, export control policies, antidumping laws will not be changed or compromised if China enters the WTO.

China's commitments must be commercially meaningful. All WTO members agree that China's accession to the WTO must provide commercially meaningful market access for goods and services. Lowered tariffs, the elimination of quotas and other market access barriers, the right to trade directly, and access to consumers in a full range of sectors must be part of any viable accession package for China. Currently, China has no bound tariff rates, meaning that they can raise their rates whenever and as high as they want. In the WTO talks, China has agreed to bind its entire tariff schedule. Overall, China has made substantial commitments towards completing a strong accession package.

- It is comprehensive, covering a wide range of sectors and services; tariff and non-tariff measures; eliminating unfair trade practices, including forced technology transfers as a condition of investment, offsets, export performance, current-account balancing and local content requirements.
- It grants no special favors. China is required to reduce its trade barriers to levels comparable to those of major U.S. trading partners.
- It is fully enforceable. China's commitments are specific and will be enforceable through U.S. trade laws, WTO dispute settlement and other mechanisms.
- And its results will be rapid. On accession to the WTO, China will begin opening its markets immediately.

Joining the WTO means that China will be part of the rules-based trading system. WTO accession represents an important opportunity for China to create and implement a rules-based trade regime. China will be required to observe the main principles of the WTO, such as transparency, independent judicial review, uniform application of its rules, and submit to WTO dispute settlement to ensure compliance with WTO rules. All of these measures will enhance the rule of law and the application of international norms in China's trade regime, to the benefit of China and the U.S. Furthermore, the rule of law in the trade arena has spillover benefits, encouraging application of this principle in other areas.

U.S. trade laws will still be available to protect against unfair imports and surges of imports from China. The U.S. will continue to use its non-market economy methodology in antidumping investigations of exports from China. In addition, when we apply our countervailing duty law to China, we will be able to more accurately determine the level of government support to its industries and take action.

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

- The average tariff rate for agricultural products will decrease to 17 percent with even steeper tariff reductions on U.S. priority products to 14.5 percent. Sanitary and phytosanitary standards will be applied based on science and consistent with the WTO Agreement.

Companies will have the freedom to import and export industrial goods directly and distribute products within China. The average tariff on industrial products will be reduced to 7.1 percent on U.S. priority items and all quotas are to be phased-out and eliminated. China will reduce its tariffs in U.S. priority areas such as autos, wood, paper, chemicals, fish, and distilled spirits. The semiconductor industry estimates that once market access barriers are eliminated, exports of U.S. semiconductor products will increase well in excess of \$500 million per year.

China has made commitments in these negotiations with respect to liberalizing services, particularly telecommunications, insurance, architecture, engineering, legal, travel and tourism, computer and business services, environmental services, franchising and direct sales. Trade opportunities are also opening up in banking, audiovisual and securities. Eliminating licensing and other barriers to China's insurance sector would open a market estimated by industry to top \$24 billion in premium income by the year 2000.

Revoking normal trade relations status would derail WTO negotiations to open China's market.

Negotiations moved forward on a positive trajectory on fundamental WTO principles, such as the right of entities to engage directly in trade and appeal the decisions of government agencies to independent tribunals, and the right to fair and nondiscriminatory treatment of foreign businesses. Revoking normal trade relations status would derail WTO negotiations.

Revoking normal trade relations status would jeopardize gains achieved in bilateral negotiations.

Bilateral negotiations have produced important advances in intellectual property rights enforcement and market access for textiles and apparel, as well as the elimination of market access barriers in other sectors, such as agriculture. Revoking normal trade relations status would remove an incentive for continuing implementation of current agreements and is too blunt a tool to induce China to enter into additional agreements.

July 9, 1999

香港特別行政區政府
政務司司長辦公室



CHIEF SECRETARY
FOR ADMINISTRATION'S OFFICE
Government of the Hong Kong
Special Administrative Region

5 July 1999

Mr Gene Sperling
Assistant to the President for Economic Policy
Executive Office of the President
2nd Floor, West Wing
1600 Pennsylvania Ave, NW
Washington, DC 20500
USA

Thank you for taking time out of your busy schedule to see me on 14 June during my recent visit to Washington D.C.

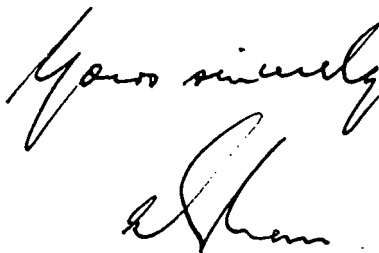
I was delighted to have the opportunity to update you on how Hong Kong has fared and to be able to reassure you that we shall uphold the strengths that have made Hong Kong a free, open and vibrant international city in Asia. We remain firmly committed to the rule of law, independence of the judiciary, protecting the rights and freedom of the individual, and maintaining Hong Kong's strong anti-corruption culture.

Like you, we sincerely hope that the Sino-US relations will soon be back on track and that talks on China's entry into WTO will resume before long. A constructive relationship between our two countries is crucially important not only to China and America but also to Hong Kong, and the rest of the world. We also hope that the renewal of China's Normal Trade Relations status will go through Congress smoothly. This is particularly important to us as we struggle to get back on our feet following the Asian financial turmoil.

We very much appreciate your Administration's strong endorsement of our customs control system. We are determined to protect its integrity and to further strengthen our excellent cooperation in international law enforcement with your authorities and indeed with our other trading partners. It is in our self-interest to do so because continued access to hi-tech and strategic commodities is crucially important to our economic development.

I thank you for your continued support of our efforts to maintain our high degree of autonomy. We will do all we can to meet our international obligations and protect our systems and way of life.

With best wishes,

A handwritten signature in cursive script, appearing to read 'Yours sincerely' followed by a stylized signature, likely 'Anson Chan'.

(Mrs Anson Chan)
Chief Secretary for Administration

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. draft	Memorandum of Conversation between William Clinton and President Jiang Zemin. (2 pages)	07/18/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. email	Alexander Arvizu to Malcolm Lee. Subject: Taiwan Points for PC (1 page)	07/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. email	Alexander Arvizu to Malcolm Lee. Subject: RE: Taiwan Points for PC (2 pages)	07/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. email	Malcolm Lee to Caroline Krass. Subject: RE: Principals Meeting on Trade (1 page)	07/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. email	Malcolm Lee to Alexander Arvizu at 5:15 PM. Subject: RE: Taiwan Points for PC (1 page)	07/23/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

From: Lisa Raisner
To: Internet: ""Malcolm_R._Lee@opd.eop.gov"@DOC-ITA1.L...
Date: Wed, Jul 21, 1999 1:53 PM
Subject: Blurb on congressional reaction

Since signing these agreements last week, Commerce has briefed w&m and key steel state lawmakers (finance is scheduled for this afternoon). As expected, the general reaction on the Hill has been positive or neutral. In fact, many lawmakers, even supporters of the Senate Finance committee amendment to limit Commerce's authority to conclude suspension agreements, have privately supported both agreements.

Malcolm Lee (F) 456-9290

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. email	White House Situation Room to Alexander Arvizu, Holly Hammonds, John Hill, et al. Subject: China (2 pages)	07/14/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (April to August 1999, Post Zhu Visit) [7]

2010-1024-F
vz1839

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Lee, Malcolm R.

From: WHSR
Sent: Tuesday, July 13, 1999 8:24 AM
To: Arvizu, Alexander A. (ASIA); Babbitt, James F. (VP); Busby, Scott W. (MULTI); Guarnieri, Valerie N. (MULTILAT); Hammonds, D. Holly (INTECON); Hill, John J. (ASIA/INTERN); Holtzapfel, Richard A.; Keith, James R. (ASIA); Lee, Malcolm R.; Lieberthal, Kenneth G. (ASIA); Naplan, Steven J. (MULTI); Osius, Theodore G. (VP); Pritchard, Charles (Jack) L. (ASIA); Schaefer, Matthew P. (INTECON); Schwartz, Eric P. (MULTI); Shah, Sonal R.; Stromseth, Jane E. (MULTI); Vaccaro, Jonathan M. (Matt) (MULTI)
Subject: TAIWAN-CHINA
CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 990713082124 R0237189

a1006

^BC-TAIWAN-CHINA 1STLEADALL

^WRAPUP-Taiwan calls for talks, not war, with China
(Adds Beijing foreign ministry, Taiwan people reaction)
By Dan Martin

TAIPEI, July 13 (Reuters) - Taiwan's Nationalist government extended an olive branch to Communist China on Tuesday after unleashing a furore by repudiating a key policy that has largely contained one of Asia's flashpoints for 50 years.

But Taiwan did not back down from its announcement on Monday it would no longer adhere to a "one China" policy -- a move that drew veiled threats from Beijing, caught Washington and Tokyo off guard and sent Taiwan's buoyant stock market into a tailspin.

Instead, Taipei said it would strive to sell its controversial move to Beijing and urge the communist government to sit down and talk -- and not take up arms against Taiwan.

"We certainly will try every channel possible to explain to Beijing our constructive intentions," Lin Chong-pin, a senior policymaker with the cabinet's Mainland Affairs Council, told Reuters.

"To resolve these differences by war is not a post-Cold War behaviour of all nations. We should do things by talks."

Taiwan's decision to scrap the "one China" policy -- a common view that China was indivisible yet home to rival "political entities" -- was savaged by Beijing, which has seen the dogma as comforting assurance that Taiwan would not secede from China.

Taiwan did not go so far as to declare independence but insisted semi-official talks set for October must proceed on a "state-to-state" basis -- between Beijing's People's Republic of China and Taiwan's exiled Republic of China.

That openly challenged Beijing's militant opposition to "two Chinas" or "one China, one Taiwan."

"This will bring monumental disaster to the people of Taiwan," Beijing's official Xinhua news agency said in a commentary splashed across mainland front pages. At a Foreign Ministry briefing in Beijing, spokeswoman Zhang Qiyue sidestepped reporters' questions on how China would respond.

Opinion in Taipei was not kind. Media and analysts puzzled over the intentions of President Lee Teng-hui, who first floated the "state-to-state" concept on Saturday; they took him to task for upsetting the delicate balance in the Taiwan strait.

"There is no doubt tensions across the Taiwan strait will heighten and the triangular relationship among the United States, China and Taiwan will face a high degree of uncertainty," said Kao Lang, a political scientist at Taiwan University.

The mass-circulation United Daily News called Lee's move a

desperate grab for headlines in the waning months of his presidency. Taiwan holds fresh elections in March 2000.

"It is extremely irresponsible and politically immoral for a soon-to-be-retired president to launch such a controversial political issue," said the paper, a long-time critic of Lee.

But some Taiwan residents praised Lee for daring to stand up to Communist China, saying the move was long overdue.

"This is such a huge step not only for people on the island but Taiwan political leaders as well," said 45-year-old stationery store owner Chen Yun-fu.

Student Huang Yu-sha said Lee's provocative move was a liberating recognition of Taiwan's true situation.

"Taiwan has been a sovereign state for decades. What Lee said was just a reflection of the truth," she said.

But bank guard Shueh Sung-chen was unimpressed. "This is just a move by Lee to grab world attention in the waning months of his presidency."

The United States and Japan, Taiwan's unofficial post-war protectors despite recognising only Beijing, effectively lined up against Taipei by reiterating their long-held recognition of a "one China" ruled by the communists in Beijing.

The U.S. statement appeared to squelch speculation Lee might manage to use the gambit to exploit Sino-U.S. tensions to Taiwan's geopolitical advantage.

"Our policy is unchanged. Our one China policy is long standing and certainly well known," State Department spokesman James Foley said in Washington.

The communists under Mao Zedong drove Chiang Kai-shek's Chinese Nationalist republic off the mainland in 1949 after a long civil war.

The rivals have since competed for diplomatic recognition, with Taiwan's roster of official friends shrinking in recent years to just 29.

Yet they have maintained an overall peace and fostered growing economic ties by paying lip service to one China.

Taipei junked that on Monday, saying Beijing was using the concept to isolate the Nationalist government. The decision threw into doubt talks between top envoys that were set for October.

The prospect of a destabilising new crisis scared investors. Taiwan's stock exchange dropped more than three percent, prompting the finance minister to appeal for calm.

^REUTERS

RB-- 07/13/99 08:00:00

essential to
achieving this objective

Dear Member of Congress:

President Clinton decided on June 3 to extend Normal Trade Relations (NTR) to China for the coming year. As Congress debates this important issue, I urge you to consider the fundamental American interests at stake.

There is no greater opportunity - or challenge - for U.S. foreign policy than to encourage China's integration as a fully responsible member of the international system. Maintaining normal trade relations, in good times as well as difficult ones, is a critical element in our multifaceted effort to move toward that goal, and it will extend our influence. Our engagement with China, however, does not mean endorsement. As the President said during his press conference with Premier Zhu Rongji April 8, we have no illusions that cooperation with China can resolve all our differences. ~~made clear in remarks directly addressed to and received by the Chinese people, we continue to have sharp differences.~~ To address these differences, the Administration believes we should engage directly and frankly with the Chinese, making clear our values and motives, pressing our views vigorously.

Revoking Normal Trade Relations would do nothing to encourage the forces of change in China. It would place at risk our own prosperity and our stake in a stable Asia and our efforts to bring China into the rules-based international community. -It would not free a single prisoner, open a single church, or expose a single Chinese citizen to a new idea. It would seriously disadvantage America's growing economic interests in China, rupture the overall U.S. -China relationship and set back progress we have already made. ~~It would place at risk our own prosperity and our stake in a stable Asia.~~ That is why your vote on extending Normal Trade Relations to China is so important.

Enclosed is a resource book of information developed in response to questions and concerns that Members of Congress have raised about China. I hope you will find it useful as you consider your position on this vital issue.

Reviewing NTR would derail negotiating negotiations with China or (transmission) to the WTO, which could result in a historic opening of Chinese markets to U.S. agricultural, industrial & service exports.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

To Marinda Davis	From Mark Korman
Dept./Agency USTR/China	Phone # 647 6798
Fax # 395 - 3512	Fax # 647 6820

NSN 7540-01-317-7388 5089-101 GENERAL SERVICES ADMINISTRATION

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

To Malcolm Lee	From Mark Korman
Dept./Agency NEC/Asst	Phone # 647 6798
Fax # 456-9290	Fax # 647 6820

NSN 7540-01-317-7388 5089-101 GENERAL SERVICES ADMINISTRATION

Dear Member of Congress:

President Clinton decided on June 3 to extend Normal Trade Relations (NTR) to China for the coming year. As Congress debates this important issue, I urge you to consider the fundamental American interests at stake.

There is no greater opportunity - or challenge - for U.S. foreign policy than to encourage China's integration as a fully responsible member of the international system. Maintaining normal trade relations, in good times as well as difficult ones, is a critical element in our multifaceted effort to move toward that goal, and it will extend our influence. Our engagement with China, however, does not mean endorsement. As the President said during his press conference with Premier Zhu Rongji April 8, we have no illusions that cooperation with China can resolve all our differences. ~~made clear in remarks directly addressed to and received by the Chinese people, we continue to have sharp differences.~~ To address these differences, the Administration believes we should engage directly and frankly with the Chinese, making clear our values and motives, pressing our views vigorously.

Revoking Normal Trade Relations would do nothing to encourage the forces of change in China. It would place at risk our own prosperity and our stake in a stable Asia and our efforts to bring China into the rules-based international community. -It would not free a single prisoner, open a single church, or expose a single Chinese citizen to a new idea. It would seriously disadvantage America's growing economic interests in China, rupture the overall U.S. -China relationship and set back progress we have already made. ~~It would place at risk our own prosperity and our stake in a stable Asia.~~ That is why your vote on extending Normal Trade Relations to China is so important.

Enclosed is a resource book of information developed in response to questions and concerns that Members of Congress have raised about China. I hope you will find it useful as you consider your position on this vital issue.

OPTIONAL FORM 99 (7-90) *Christina LUND*

FAX TRANSMITTAL # of pages *1*

To <i>Marinda Davis</i>	From <i>Mark Koumans</i>
Dept./Agency <i>USTR/China</i>	Phone # <i>647 6798</i>
Fax # <i>395 - 3512</i>	Fax # <i>647 6820</i>

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages *1*

To <i>Malcolm Lee</i>	From <i>Mark Koumans</i>
Dept./Agency <i>NEC/Asia</i>	Phone # <i>647 6798</i>
Fax # <i>456-9290</i>	Fax # <i>647 6820</i>

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

*** ACTIVITY REPORT ***

RECEPTION OK

TX/RX NO.	7627
CONNECTION TEL	202 647 0076
CONNECTION ID	EAP/TC
START TIME	07/21 14:36
USAGE TIME	00'41
PAGES	1
RESULT	OK