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| National Economic Council-Lee, Malcolm | | | | |
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# LABOR ASPECTS OF NORMAL TRADE RELATIONS (NTR) STATUS

**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. **Engagement made possible by NTR allows us to directly address core labor standards through dialogue, and to work toward a WTO accession agreement that would protect vital interests of American workers.**

**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 visited Washington in March and met with Secretary of Labor Herman, met with the AFL-CIO. In this dialogue, Secretary Herman and other senior U.S. officials made clear :

- The importance of respect for international standards. This year 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 counterparts.
- Our firm opposition to and deep concern about detention, arrest, and imprisonment of persons for labor-related activities that are protected by international covenants and standards.

We have established a working group of senior officials to further address U.S. concerns and are planning further senior official exchanges to promote these objectives. These are important opportunities to influence the Chinese to comply responsibly with international labor standards.

**A sound WTO accession agreement will substantially open China's markets to U.S.-made exports and give American workers and domestic industries stronger protection against unfair trade practices. 1**

# STEEL ACTION PROGRAM

The Administration will, first and foremost, continue to vigorously enforce our trade laws to ensure that our trading partners play by the rules. We will continue a policy of zero tolerance of unfair trade. In addition, we will take the following actions to identify and address factors that pose continuing risks for the health and vitality of the U.S. steel industry, U.S. steelworkers, and the U.S. economy.

## ELIMINATING UNFAIR PRACTICES THAT SUPPORT EXCESS CAPACITY

### 1. Bilateral Initiatives to Address Unfair Practices Supporting Excess Capacity

We will expand our efforts to address a broad range of unfair practices which support economically unjustifiable capacity.

a. Japan: Trade Fairly, Restructure, Return to Pre-Crisis Levels

Japan was the single largest contributor to last year's steel surge. The Administration will continue to make clear to the Government of Japan that Japan must trade fairly and return exports to pre-crisis levels. We will expand our efforts to address unfair trade practices in the steel sector. The Japanese Government has made corporate restructuring a key priority, as evidenced by its June 11 industrial restructuring and employment package. We support far-reaching market oriented restructuring of and market-based competition in Japan's economy. We will initiate consultations with Japan on plans for industrial restructuring of the steel industry along a market oriented basis. We will, among other things, endeavor to ensure such plans do not involve unfair or trade distorting subsidies, programs, or policies which would support excess production capacity.

b. Republic of Korea: Eliminate Unfair Practices that Support Excess Capacity

Building on progress already made in bilateral discussions with the Republic of Korea , the Administration will encourage and pursue effective and credible operational restructuring in the context of Korea's broad program of corporate and financial restructuring, as well as the elimination of unfair or trade distorting practices and subsidies that support economically unjustifiable capacity.

c. Engage Other Steel Exporting Nations

The Administration will launch bilateral discussions with countries that have contributed significantly to the steel import surge to ensure fair trade, market-based production, and compliance with international trading rules. Information developed through Administration import and subsidy monitoring programs, and received from U.S. producers and workers, will be used to develop strategies to address specific issues and concerns.

d. NIS Countries: Rationalizing Production and Trade Practices

In addition, the Administration will explore bilateral and multilateral targeted assistance to Russia and Ukraine aimed at 1) advancing market-based reforms that will help to rationalize capacity, 2) environmental clean-up, 3) labor retraining, 4) promoting domestic demand and sound business and trade practices. The Administration will promote these goals in a number of for a, including at the OECD Steel Committee meeting this November. Russia and Ukraine account for a substantial share of global steel capacity.

Under special circumstances, agreements governing the level of imports from particular nations may be appropriate. The U.S. steel industry and workers have expressed concern about steel imports from Russia and other NIS steel exporting countries, and the steel unions have raised the possibility of negotiations with these countries to address steel import surges. Commerce has initialed a comprehensive steel agreement with Russia establishing quotas on a range of steel products that account for more than 90 percent of imports of Russian steel. Commerce is currently in the process of finalizing the agreement with Russia. We will consult with the U.S. steel industry, steelworkers, other domestic interests and FSU governments about whether similar agreements with other FSU nations might be appropriate.

## 2. USG Commitment to Oppose International Financial Institution Lending that Increases Subsidized Steel Production

To help address the problem of foreign subsidies, the USG will work within international financial institutions (IFIs) to eliminate existing government subsidies to favored industries, and will oppose any lending by the Multilateral Development Banks which increases subsidized steel production overseas. Moreover, USG will press for transparent IFI reviews of public spending by foreign governments to uncover potential subsidies. Finally, USG will work with IFIs to encourage the privatization and restructuring of government owned steel enterprises along market principles, particularly in, Eastern Europe and the former Soviet Union, in order to get these governments out of the steel business.

## 3. Examination of Steel and Steel Input Subsidies

Commerce's Subsidy Enforcement Office will conduct an intensive examination and analysis of current subsidies given to producers of steel and inputs for finished steel products (iron ore, coke, semi-finished steel products). Within six months, the Subsidies Enforcement Office will prepare a report outlining the results of its examination and, in conjunction with USTR, provide recommendations on most effective means to address these subsidies, including through the countervailing duty laws.

**4. Assess Potential Unfair Pricing Practices on Steel, Iron Ore and Coke**

Commerce will meet with producer and labor groups within the steel, iron ore and coke industries and examine current import pricing practices; potential subsidization of imports; and the impact of imports on the domestic industry. Based upon an assessment of the evidence examined during the review, Commerce will consider potential actions under U.S. trade laws.

**5. Initiate ITC Study of Steel Industry**

USTR will request the U.S. International Trade Commission to undertake a study, to be completed in six months, of current state and future prospects of the steel industry and steel market, taking into account cumulative effects of unfairly trade imports and other factors, affecting industry health and outlook.

**EARLY WARNING**

**6. Enhanced Import Monitoring**

a. <u>Strong, Timely, Vigilant Monitoring of Trade Trends</u>

The Administration will expand and strengthen the current steel import monitoring programs within Commerce, USTR and Customs and will work with Congress to provide the necessary funds.

Customs will make monitoring of compliance with antidumping orders a priority of its existing comprehensive compliance assessment program which is implemented by intensive compliance audits.

b. <u>Spotting Circumvention of Dumping Orders</u>

Commerce, Treasury and the ITC will work together to establish a statistical marker to the current tariff schedule that will easily identify products subject to unfair trade actions including antidumping and countervailing duty orders and section 201 relief. This will help identify and prevent circumvention of antidumping orders.

Customs will create a new national Customs center for monitoring steel imports; researching patterns of steel trade, including pricing and shipping; and disseminating information to appropriate government agencies for regulatory or enforcement purposes. The Administration will work with the Congress to secure appropriate funding. The Center will draw on Customs resources in all ports and disciplines to provide a national approach to addressing significant steel trade compliance issues.

c. Early Trade Data Release

The Administration has announced criteria for requesting early release of import data and pledges to continue the early release of steel data through 2000.

## STRONG TRADE LAWS

### 7. Maintain Strong, WTO-Consistent U.S. Trade Laws Within Multilateral Fora

The Administration has made swift and effective enforcement of the U.S. unfair trade laws a key component of its response to the steel import surge. We will continue to work in the WTO and other for a to ensure the strength of the U.S. antidumping and countervailing duty remedies.

### 8. DOC to Promulgate Regulations on Critical Circumstances to Enhance AD/CVD Enforcement

Commerce applied for the first time a new policy that permitted Commerce to issue early on in an investigation a preliminary critical circumstances determination. Such a determination places importers on notice that they may be subject to dumping duties on entries made as far back as the date the investigation was initiated. It tells importers they can not evade duties just by speeding up imports. In the steel cases, the preliminary critical circumstances finding played a significant role in preventing further surges of steel imports.

### 9. Negotiate Tough Subsidies Disciplines during WTO Accessions

As part of WTO accession negotiations, the Administration will seek strong adherence by acceding governments to WTO subsidies disciplines, including the elimination of export subsidies affecting U.S. trade. As appropriate to the country concerned, the Administration will also seek effective remedies in the WTO against the trade-distorting practices of state-owned enterprises.

### 10. Trade Legislation

We believe the legislation introduced by Congressmen Levin and Houghton and by Senators Baucus and Levin, and the package of steel measures introduced by Senator Roth and reported favorably by the Finance Committee, contain some, for the most part constructive elements to address the steel crisis. We are prepared to work with Congress on WTO-consistent legislation that we can recommend the President sign.

## OTHER MEASURES

### 11. Establish U.S. and Foreign Commercial Service Program to Promote Exports of American Steel

The International Trade Administration will establish a high-profile program to promote exports for domestic steel and steel products. This export promotion program will provide marketing and training support in export markets for new and expanded steel market segments including steel framing, roofing and other applications in commercial and residential construction in a WTO-consistent manner.

### 12. Conference on the Impact of Unfair Trade Practices on the U.S. Steel Industry and its Upstream Suppliers

The Administration will convene a conference to examine the cumulative impact of unfair trade on the steel industry and its upstream suppliers and workers. The conference will include government officials and industry and union representatives of the steel, iron ore, coke and semi-finished steel industries and steel users. The conference will discuss ways to restore the long-term viability of upstream suppliers while maintaining the competitiveness of the U.S. steel industry. It will also focus on unfair practices that support economically unjustifiable global capacity in these industries in preparation for a high level international conference on overcapacity in the steel industry.

### 13. Global High Level Conference on Excess Capacity in the Steel Industry

The Administration will propose a high level conference on unfair practices that support economically unjustifiable steel capacity in the OECD or another appropriate forum. This conference would examine current steel capacity, subsidies, and develop strategies for addressing capacity problems where it is no longer viable or sound from a market or environmental standpoint. USG proposals for consideration at the conference could flow from the earlier steel conference between the USG, steel industry and unions. We would envision that aspects of this conference would include not only government officials but representatives from each country's steel industry and unions.

The President will advance the concerns we raise here directly with leaders of steel individual producing nations.

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*[Funds would be used by Commerce to establish a Steel Import Monitoring and Enforcement Support Center within Commerce to monitor and analyze steel import volumes and price trends. This program will expand upon Commerce's current import monitoring activity by increasing the products covered to include all steel products, as well as significant steel inputs such as iron ore and coke. Country coverage would be expanded to cover all steel exporters and would include specialized monitoring programs for circumvention and diversion. Computer programs will be developed that will automatically monitor significant changes in market share, volumes and prices on specific products. On a regular basis, Commerce will provide government/industry advisory groups with information regarding potential import surges or rapid price declines that may indicate unfair trading activity.*

*With additional funding USTR would be able to devote additional resources to analyzing import surges, and identifying and addressing foreign unfair trade practices. The funds will permit USTR, in consultation with U.S. industries and workers and other U.S. agencies, to assess the impact of import surges and foreign practices and develop and implement appropriate responses.]*

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## U.S. – China Agricultural 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 ba sis is a critical principle of W TO 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 reinitiate 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

United States Department of State

Washington, D.C. 20520

**BUREAU OF EAST ASIAN & PACIFIC AFFAIRS (EAP)**

**OFFICE OF CHINESE & MONGOLIAN AFFAIRS (CM)**

**FAX COVER SHEET**

**DATE:** 1 July 1999

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from HK office.

Mark

**UNCLASSIFIED**

June 1999

# CHINA'S NORMAL TRADE RELATIONS STATUS AND UNITED STATES

*American Businesses and Consumers will be*
*Major Losers if MFN Status is Denied*

- *Both exporters and importers would be hurt, and American jobs would be at risk:*

– US exports to China were valued at $14.3 billion in 1998. Of almost 200 US trading partners, China ranked 12th as an export market. (China ranked 11th as an export market for agricultural products). If NTR were to be withdrawn or conditioned, China could respond by cutting back on purchases from the US.

– The US Department of Commerce has estimated that every $1 billion worth of exports creates approximately 19,000 jobs. Loss of exports to China could put 271,700 American jobs directly at risk.

– US exports to Hong Kong were valued at $12.9 billion last year. Changes to China's NTR status would damage Hong Kong's economy and cause a severe drop in Hong Kong's demand for US products and re-exports of US goods to China, threatening another 245,000 jobs in the US (based on US Department of Commerce calculations of jobs supported by exports).

– Certain industries and regions of the US would be particularly affected. For example, in 1998, California's combined exports to Hong Kong and China exceeded $5.5 billion while those of Washington State totaled over $3.6 billion. Texas', New York's and Louisiana's exports to Hong Kong and China were $1.8 billion, $1.5 billion and $1.2 billion respectively.

- *US investment in Hong Kong and China would be jeopardized by any damage to the two economies.* The United States is the third largest investor in Hong Kong, with investment totaling $16.6 billion. There are some 1,200 American firms in Hong Kong. About [illegible] US companies has regional offices or headquarters in Hong Kong, most of which are engaged in trade with China.

- *Withdrawal or conditioning of NTR by the US would seriously handicap American firms vis à-vis competitors from other countries actively expanding their business with and in China.*

- *American consumers would find products from China prohibitively expensive if China loses NTR status.* Tariff rates for US imports of Chinese goods would increase two to ten times, leading to major prices increases for such products as clothing, footwear, toys and electrical appliances.

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HONG KONG ECONOMIC & TRADE OFFICE

June 1999

# CHINA'S NORMAL TRADE RELATIONS STATUS AND HONG KONG

- *Denial or conditioning China's NTR status could jeopardize Hong Kong's stability.* The transition in Hong Kong's sovereignty went smoothly but continued confidence is important. Withdrawal of NTR would hurt Hong Kong and US economic interests in Hong Kong, and could jeopardize its stability at this early stage of the transition.

- *A strong economy is vital to Hong Kong's ability to continue to play a positive role in the recovery of the region as a whole.* Hong Kong has weathered a tough year in 1998 and the going is expected to remain tough in 1999. Our commitment to defend the US/HK dollar peg has restored some degree of economic stability in the region, but Hong Kong's economy is still going through a period of adjustment. Withdrawal of NTR would deal a devastating blow to business confidence in Hong Kong at a critical time.

- *Hong Kong would be severely hurt by denial of China's NTR status.* Hong Kong's economy is heavily trade dependent. China and the US are its two largest trading partners. In 1998, Hong Kong handled 43 % of China's exports to US and 37% of US exports to China. Denial or conditioning of NTR would substantially reduce these trade flows.

- *Hong Kong would be hurt by inevitable China retaliation.* Hong Kong Government could do very little to shield Hong Kong from such an impact because of our open and externally oriented economy.

- This blow to Hong Kong's economy would come at a time when our economy is just trying to get back on its feet after the hit of the Asian financial turmoil. Continued confidence in the health of Hong Kong's economy is vital if Hong Kong were to be able to retain its position as an international trade and financial center. If Hong Kong fails to do so, its ability to contribute to China's economic reform and development will also be seriously undermined.

- Southern China is the origin of much of China's exports to [illegible] US and the larg[illegible] recipient of direct investment by Hong Kong businesses. Hong Kong comp[illegible] provide emp[illegible] approximately 5 million people in neighboring Guangdong Province [illegible] The withdraw[illegible] conditioning of NTR will have a disproportionately negative impact on the livelihood of people in Southern China and Hong Kong.

Hong Kong Economic and Trade Office
Washington, D.C.

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H O N G K O N G E C O N O M I C & T R A D E O F F I C E

June 1999

# CHINA'S NORMAL TRADE RELATIONS STATUS IS WRONG TOOL

- *Normal Trade Relations (NTR) status, formerly known as Most-favored-nation (MFN) status, is not a special privilege but a normal basis for trade between countries.* The US accords NTR status to almost all of its trading partners, allowing their goods to enter the US at the same low tariff rates.

- *NTR is the wrong tool for trying to remedy U.S. grievances with China.* Denial or conditioning of NTR and the strong likelihood of subsequent Chinese retaliation would not only hurt American commercial interests, it may also cause irreparable damage to US-China relations and jeopardize American strategic interest in Asia (e.g. regional security and Asia-Pacific economic cooperation) without necessarily achieving US non-trade objectives in areas of human rights and weapon non-proliferation,etc.

- Denial of NTR would not only hurt the US, China and Hong Kong, it would also have a profound impact throughout Asia.

- Jeopardizing trade and dialogue with China means forsaking the best guarantee for a continued dialogue with China. The US may risk isolating itself from China when other countries are not.

- Concerns about China can be best addressed through negotiated policy changes, bilateral agreements with China and China's participation in multilateral arrangements.

Hong Kong Economic and Trade Office
Washington, D.C.

HONG KONG ECONOMIC [illegible] TRADE [illegible]E

June 1999

# PROCEDURES FOR RENEWAL OF CHINA'S NORMAL TRADE RELATIONS STATUS

- NTR status for non-market economies, including China, is subject to the emigration review provisions of the Jackson-Vanik Amendment to the 1974 Trade Act. The President is required to issue an annual waiver certifying that the country concerned does not practice a restrictive emigration policy, or has met certain emigration requirements. NTR status can be retained on the basis of such a waiver.

- China's NTR status expires on July 3 every year. If the President wishes to renew the waiver under the Jackson-Vanik Amendment, he must state his intention to do so to Congress by June 3.

- Congress then has until September 1 to pass a joint resolution disapproving the waiver, if it so wishes, and to send it to the President. The President has [illegible] days, excluding Sundays and holidays, to veto the resolution. If the President does veto the joint resolution, Congress [illegible] legislative days to override the veto. (A successful override veto requires support by two-thirds of the members present and voting in both the House and Senate). If Congress were to override the veto, China's NTR status would expire 60 days after the override.

- Instead of the joint resolution disapproving the President's waiver request, Congress can consider other legislation denying or attaching conditions to [illegible] China's NTR [illegible]. Such bills are considered under normal legislative procedures. Unless the legislation is enacted, China's NTR status remains in effect until the following year.

- The President may also, at any time, terminate by Executive Order any waiver [illegible].

Hong Kong Economic and Trade Office
Washington, D.C.

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Aderholt | Robert | R | AL | N | N | | TREAS | |
| Archer | Bill | R | TX | Y | Y | Y | USTR | |
| Armey | Dick | R | TX | Y | Y | | WHO | |
| Bachus | Spencer | R | AL | Y | Y | | TREAS | |
| Baker | Richard | R | LA | Y | Y | | TREAS | |
| Ballenger | Cass | R | NC | Y | Y | LY | COMMERCE | |
| Barr | Bob | R | GA | N | N | | TREAS | |
| Barrett | Bill | R | NE | Y | Y | | USDA | |
| Bartlett | Roscoe | R | MD | N | N | | COMMERCE | |
| Barton | Joe | R | TX | N | N | | COMMERCE | |
| Bass | Charles | R | NH | Y | Y | | WHO | |
| Bateman | Herbert | R | VA | Y | Y | LY | STATE | |
| Bereuter | Doug | R | NE | Y | Y | Y | USTR | |
| Biggert | Judy | R | IL | N/A | N/A | | TREAS | |
| Bilbray | Brian | R | CA | Y | Y | U | COMMERCE | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Bilirakis | Michael | R | FL | Y | Y | | COMMERCE | |
| Bliley | Tom | R | VA | Y | Y | LY | COMMERCE | |
| Blunt | Roy | R | MO | N | N | | COMMERCE | |
| Boehlert | Sherwood | R | NY | Y | Y | | WHO | |
| Boehner | John | R | OH | Y | Y | | USDA | |
| Bonilla | Henry | R | TX | Y | Y | | WHO | |
| Bono | Mary | R | CA | N/A | Y | | COMMERCE | |
| Brady | Kevin | R | TX | Y | Y | | STATE | |
| Bryant | Ed | R | TN | Y | Y | | COMMERCE | |
| Burr | Richard | R | NC | N | N | | STATE | |
| Burton | Dan | R | IN | N | N | | WHO | |
| Buyer | Steve | R | IN | Y | Y | Y | STATE | |
| Callahan | Sonny | R | AL | Y | Y | Y | STATE | |
| Calvert | Ken | R | CA | Y | Y | | USDA | |
| Camp | Dave | R | MI | Y | Y | LY | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Campbell | Tom | R | CA | Y | Y | | TREAS | |
| Canady | Charles | R | FL | Y | Y | | USDA | |
| Cannon | Chris | R | UT | Y | Y | LY | USTR | |
| Castle | Michael | R | DE | Y | Y | | TREAS | |
| Chabot | Steve | R | OH | Y | Y | Y | STATE | |
| Chambliss | Saxby | R | GA | N | N | | USDA | |
| Chenoweth | Helen | R | ID | N | N | | USDA | |
| Coble | Howard | R | NC | Y | Y | | USTR | |
| Coburn | Tom | R | OK | N | N | N | COMMERCE | |
| Collins | Mac | R | GA | N | N | LN | USTR | |
| Combest | Larry | R | TX | Y | Y | | USDA | |
| Cook | Merrill | R | UT | N | N | | TREAS | |
| Cooksey | John | R | LA | Y | Y | | USDA | |
| Cox | Christopher | R | CA | NV | N | | COMMERCE | |
| Crane | Philip | R | IL | Y | Y | Y | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Cubin | Barbara | R | WY | N | Y | U | COMMERCE | |
| Cunningham | Duke | R | CA | Y | Y | U | STATE | |
| Davis | Tom | R | VA | Y | Y | | WHO | |
| Deal | Nathan | R | GA | N | N | | COMMERCE | |
| DeLay | Tom | R | TX | Y | Y | | WHO | |
| DeMint | Jim | R | SC | N/A | N/A | U | USTR | |
| Diaz-Balart | Lincoln | R | FL | N | N | | STATE | |
| Dickey | Jay | R | AR | N | N | | USDA | |
| Doolittle | John | R | CA | N | N | | USDA | |
| Dreier | David | R | CA | Y | Y | Y | USTR | |
| Duncan | John | R | TN | N | N | | WHO | |
| Dunn | Jennifer | R | WA | Y | Y | | USTR | |
| Ehlers | Vernon | R | MI | Y | Y | LY | COMMERCE | |
| Ehrlich | Robert | R | MD | N | N | | COMMERCE | |
| Emerson | Jo Ann | R | MO | Y | Y | | USDA | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| English | Phil | R | PA | Y | Y | | USTR | |
| Everett | Terry | R | AL | N | N | | USDA | |
| Ewing | Thomas | R | IL | Y | Y | | USDA | |
| Fletcher | Ernie | R | KY | N/A | N/A | | USDA | |
| Foley | Mark | R | FL | Y | Y | Y | USTR | |
| Forbes | Michael | R | NY | N | N | | STATE | |
| Fossella | Vito | R | NY | N/A | Y | | COMMERCE | |
| Fowler | Tillie | R | FL | N | N | | STATE | |
| Franks | Bob | R | NJ | Y | Y | | TREAS | |
| Frelinghuysen | Rodney | R | NJ | Y | Y | | WHO | |
| Gallegly | Elton | R | CA | Y | N | LN | STATE | |
| Ganske | Greg | R | IA | N | N | N | COMMERCE | |
| Gekas | George | R | PA | Y | Y | LY | USTR | |
| Gibbons | Jim | R | NV | N | N | | STATE | |
| Gilchrest | Wayne | R | MD | Y | Y | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Gillmor | Paul | R | OH | N | Y | U | COMMERCE | |
| Gilman | Benjamin | R | NY | N | N | | STATE | |
| Goodlatte | Robert | R | VA | Y | Y | | USDA | |
| Goodling | William | R | PA | N | N | | STATE | |
| Goss | Porter | R | FL | Y | Y | | STATE | |
| Graham | Lindsey | R | SC | N | N | N | COMMERCE | |
| Granger | Kay | R | TX | Y | Y | LY | USTR | |
| Green | Mark | R | WI | N/A | N/A | | TREAS | |
| Greenwood | Jim | R | PA | Y | Y | U | COMMERCE | |
| Gutknecht | Gil | R | MN | Y | Y | | USDA | |
| Hansen | James | R | UT | Y | Y | | STATE | |
| Hastert | J. Dennis | R | IL | Y | Y | | WHO | |
| Hastings | Doc | R | WA | Y | Y | | USDA | |
| Hayes | Robin | R | NC | N/A | N/A | | USDA | |
| Hayworth | J.D. | R | AZ | Y | Y | | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Hefley | Joel | R | CO | N | N | | STATE | |
| Herger | Wally | R | CA | Y | Y | LY | USTR | |
| Hill | Rick | R | MT | Y | Y | | TREAS | |
| Hilleary | Van | R | TN | N | N | | STATE | |
| Hobson | David | R | OH | N | N | | STATE | |
| Hoekstra | Peter | R | MI | Y | Y | | WHO | |
| Horn | Steve | R | CA | N | N | | STATE | |
| Hostettler | John | R | IN | N | N | | STATE | |
| Houghton | Amo | R | NY | Y | Y | Y | USTR | |
| Hulshof | Kenny | R | MO | Y | Y | Y | USTR | |
| Hunter | Duncan | R | CA | N | N | | STATE | |
| Hutchinson | Asa | R | AR | Y | Y | U | COMMERCE | |
| Hyde | Henry | R | IL | N | N | | TREAS | |
| Isakson | Johnny | R | GA | N/A | N/A | Y | USTR | |
| Istook | Ernest | R | OK | Y | Y | | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Jenkins | William | R | TN | Y | N | | USDA | |
| Johnson | Sam | R | TX | Y | Y | Y | USTR | |
| Johnson | Nancy | R | CT | Y | Y | Y | USTR | |
| Jones | Walter | R | NC | N | N | | TREAS | |
| Kasich | John | R | OH | N | N | | TREAS | |
| Kelly | Sue | R | NY | Y | Y | | TREAS | |
| King | Peter | R | NY | N | N | | TREAS | |
| Kingston | Jack | R | GA | N | N | | COMMERCE | |
| Knollenberg | Joe | R | MI | Y | Y | | STATE | |
| Kolbe | Jim | R | AZ | Y | Y | Y | USTR | |
| Kuykendall | Steve | R | CA | N/A | N/A | | USTR | |
| LaHood | Ray | R | IL | Y | Y | | USDA | |
| Largent | Steve | R | OK | Y | Y | | COMMERCE | |
| Latham | Tom | R | IA | Y | Y | | USDA | |
| LaTourette | Steve | R | OH | Y | Y | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Lazio | Rick | R | NY | Y | Y | | TREAS | |
| Leach | Jim | R | IA | Y | Y | | TREAS | |
| Lewis | Ron | R | KY | N | Y | | USDA | |
| Lewis | Jerry | R | CA | Y | Y | | STATE | |
| Linder | John | R | GA | Y | Y | | WHO | |
| LoBiondo | Frank | R | NJ | N | N | N | COMMERCE | |
| Lucas | Frank | R | OK | Y | Y | | USDA | |
| Manzullo | Donald | R | IL | Y | Y | | TREAS | |
| McCollum | Bill | R | FL | Y | Y | | TREAS | |
| McCrery | Jim | R | LA | Y | Y | | USTR | |
| McHugh | John | R | NY | Y | Y | | COMMERCE | |
| McInnis | Scott | R | CO | N | Y | U | USTR | |
| McIntosh | David | R | IN | Y | Y | | COMMERCE | |
| McKeon | Howard P. "Buck" | R | CA | Y | Y | | USTR | |
| Metcalf | Jack | R | WA | Y | Y | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Mica | John | R | FL | Y | Y | | STATE | |
| Miller | Gary | R | CA | N/A | N/A | LY | COMMERCE | |
| Miller | Dan | R | FL | Y | Y | | WHO | |
| Moran | Jerry | R | KS | Y | Y | | USDA | |
| Morella | Constance | R | MD | Y | Y | | WHO | |
| Myrick | Sue | R | NC | N | N | | STATE | |
| Nethercutt | George | R | WA | Y | Y | | USDA | |
| Ney | Bob | R | OH | Y | N | | TREAS | |
| Northup | Anne | R | KY | Y | Y | Y | COMMERCE | |
| Norwood | Charlie | R | GA | N | N | N | COMMERCE | |
| Nussle | Jim | R | IA | Y | Y | | USTR | |
| Ose | Doug | R | CA | N/A | N/A | | USDA | |
| Oxley | Michael | R | OH | Y | Y | | COMMERCE | |
| Packard | Ron | R | CA | Y | Y | | WHO | |
| Paul | Ron | R | TX | Y | Y | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Pease | Edward | R | IN | Y | Y | | COMMERCE | |
| Peterson | John | R | PA | Y | Y | | STATE | |
| Petri | Thomas | R | WI | Y | Y | | WHO | |
| Pickering | Charles "Chip" | R | MS | N | N | | USDA | |
| Pitts | Joseph | R | PA | Y | Y | | COMMERCE | |
| Pombo | Richard | R | CA | N | N | | USDA | |
| Porter | John | R | IL | Y | Y | | STATE | |
| Portman | Rob | R | OH | Y | Y | Y | USTR | |
| Pryce | Deborah | R | OH | Y | Y | Y | COMMERCE | |
| Quinn | Jack | R | NY | Y | Y | | USTR | |
| Radanovich | George | R | CA | Y | Y | | STATE | |
| Ramstad | Jim | R | MN | Y | Y | Y | USTR | |
| Regula | Ralph | R | OH | Y | Y | | USTR | |
| Reynolds | Thomas | R | NY | N/A | N/A | | WHO | |
| Riley | Bob | R | AL | N | N | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Rogan | Jim | R | CA | N | Y | | COMMERCE | |
| Rogers | Harold | R | KY | N | N | | USTR | |
| Rohrabacher | Dana | R | CA | N | N | | STATE | |
| Ros-Lehtinen | Lleana | R | FL | N | N | | STATE | |
| Roukema | Marge | R | NJ | Y | Y | | TREAS | |
| Royce | Edward | R | CA | N | N | N | COMMERCE | |
| Ryan | Paul | R | WI | N/A | N/A | | TREAS | |
| Ryun | Jim | R | KS | Y | Y | | TREAS | |
| Salmon | Matthew | R | AZ | Y | Y | | STATE | |
| Sanford | Mark | R | SC | N | N | | STATE | |
| Saxton | Jim | R | NJ | Y | N | | WHO | |
| Scarborough | Joe | R | FL | N | N | | STATE | |
| Schaffer | Bob | R | CO | N | N | | USDA | |
| Sensenbrenner | Jim | R | WI | N | N | | WHO | |
| Sessions | Pete | R | TX | Y | Y | | COMMERCE | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Shadegg | John | R | AZ | Y | Y | | COMMERCE | |
| Shaw | E. Clay | R | FL | Y | Y | Y | USTR | |
| Shays | Chris | R | CT | Y | Y | | WHO | |
| Sherwood | Donald | R | PA | N/A | N/A | | STATE | |
| Shimkus | John | R | IL | Y | Y | | COMMERCE | |
| Shuster | Bud | R | PA | Y | Y | | WHO | |
| Simpson | Mike | R | ID | N/A | N/A | | USDA | |
| Skeen | Joe | R | NM | Y | Y | | USDA | |
| Smith | Christopher | R | NJ | N | N | | STATE | |
| Smith | Lamar | R | TX | Y | Y | | STATE | |
| Smith | Nick | R | MI | N | Y | | USDA | |
| Souder | Mark | R | ID | N | N | N | COMMERCE | |
| Spence | Floyd | R | SC | N | N | | WHO | |
| Stearns | Cliff | R | FL | N | N | | COMMERCE | |
| Stump | Bob | R | AZ | Y | Y | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Sununu | John | R | NH | Y | N | | TREAS | |
| Sweeney | John | R | NY | N/A | N/A | | USDA | |
| Talent | James | R | MO | Y | Y | | STATE | |
| Tancredo | Tom | R | CO | N/A | N/A | | STATE | |
| Tauzin | W.J. "Billy" | R | LA | Y | Y | Y | COMMERCE | |
| Taylor | Charles | R | NC | Y | N | | WHO | |
| Terry | Lee | R | NE | N/A | N/A | | TREAS | |
| Thomas | William | R | CA | Y | Y | Y | USTR | |
| Thornberry | William "Mac" | R | TX | Y | Y | | STATE | |
| Thune | John | R | SD | Y | Y | | USDA | |
| Tiahrt | Todd | R | KA | N | N | | USDA | |
| Toomey | Pat | R | PA | N/A | N/A | | TREAS | |
| Upton | Fred | R | MI | N | Y | U | COMMERCE | |
| Vitter | David | R | LA | N/V | N/V | | WHO | |
| Walden | Greg | R | OR | N/A | N/A | | USDA | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Walsh | James | R | NY | Y | Y | | TREAS | |
| Wamp | Zach | R | TN | N | N | | COMMERCE | |
| Watkins | Wes | R | OK | Y | Y | Y | USTR | |
| Watts | J.C. | R | OK | N | Y | | WHO | |
| Weldon | Dave | R | FL | N | N | | TREAS | |
| Weldon | Curt | R | PA | Y | Y | | STATE | |
| Weller | Gerald (Jerry) | R | IL | Y | Y | U | USTR | |
| Whitfield | Ed | R | KY | Y | Y | LY | COMMERCE | |
| Wicker | Roger | R | MS | Y | Y | | WHO | |
| Wilson | Heather | R | NM | N/A | Y | Y | COMMERCE | |
| Wolf | Frank | R | VA | N | N | | WHO | |
| Young | Don | R | AK | Y | N | | WHO | |
| Young | C.W. Bill | R | FL | Y | N/V | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Abercrombie | Neil | D | HI | N | N | | WHO | |
| Ackerman | Gary | D | NY | Y | Y | Y | STATE | |
| Allen | Thomas | D | ME | Y | Y | Y | USTR | |
| Andrews | Robert | D | NJ | Y | Y | | USTR | |
| Baird | Brian | D | WA | N/A | N/A | Y | USTR | |
| Baldacci | John | D | ME | Y | Y | Y | USDA | |
| Baldwin | Tammy | D | WI | N/A | N/A | | USTR | |
| Barcia | James | D | MI | N | N | | TREAS | |
| Barrett | Thomas | D | WI | Y | Y | | COMMERCE | |
| Becerra | Xavier | D | CA | Y | Y | | TREAS | |
| Bentsen | Ken | D | TX | Y | Y | | TREAS | |
| Berkley | Shelley | D | NV | N/A | N/A | Y | STATE | |
| Berman | Howard | D | CA | N | Y | LY | STATE | |
| Berry | Marion | D | AR | Y | Y | Y | USDA | |
| Bishop | Sanford | D | GA | N | N | U | USDA | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Blagojevich | Rod | D | IL | Y | Y | | WHO | |
| Blumenauer | Earl | D | OR | Y | Y | Y | STATE | |
| Bonior | David | D | MI | N | N | | WHO | |
| Borski | Robert | D | PA | N | N | N | COMMERCE | |
| Boswell | Leonard | D | IA | Y | Y | | USDA | |
| Boucher | Rick | D | VA | Y | Y | | COMMERCE | |
| Boyd | Allen | D | FL | Y | Y | Y | USTR | |
| Brady | Robert | D | PA | N/A | N | | WHO | |
| Brown | Corrine | D | FL | Y | Y | U | STATE | |
| Brown | George | D | CA | Y | Y | | USDA | |
| Brown | Sherrod | D | OH | N | N | | WHO | |
| Capps | Lois | D | CA | N/A | Y | Y | STATE | |
| Capuano | Michael | D | MA | N/A | N/A | | TREAS | |
| Cardin | Benjamin | D | MD | N | N | | STATE | |
| Carson | Julia | D | IN | N | N | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Clay | William | D | MO | N | N | | WHO | |
| Clayton | Eva | D | NC | N | N | LN | USDA | |
| Clement | Bob | D | TN | Y | Y | | STATE | |
| Clyburn | James | D | SC | N | N | | USDA | |
| Condit | Gary | D | CA | N | N | | USDA | |
| Conyers | John | D | MI | Y | Y | LY | COMMERCE | |
| Costello | Jerry | D | IL | N | N | | WHO | |
| Coyne | William | D | PA | N | N | N | USTR | |
| Cramer | Bud | D | AL | Y | Y | | USDA | |
| Crowley | Joseph | D | NY | N/A | N/A | | STATE | |
| Cummings | Elijah | D | MD | N | N | | WHO | |
| Danner | Pat | D | MO | N | N | | STATE | |
| Davis | Danny | D | IL | N | Y | | WHO | |
| Davis | Jim | D | FL | Y | Y | Y | STATE | |
| DeFazio | Peter | D | OR | N | N | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| DeGette | Diana | D | CO | Y | Y | | COMMERCE | |
| Delahunt | William | D | MA | N | N | LN | COMMERCE | |
| DeLauro | Rosa | D | CT | N | N | | TREAS | |
| Deutsch | Peter | D | FL | Y | Y | Y | COMMERCE | |
| Dicks | Norman | D | WA | Y | Y | | WHO | |
| Dingell | John | D | MI | Y | Y | LY | COMMERCE | |
| Dixon | Julian | D | CA | Y | Y | | WHO | |
| Doggett | Lloyd | D | TX | Y | Y | | TREAS | |
| Dooley | Calvin | D | CA | Y | Y | Y | USTR | |
| Doyle | MIke | D | PA | Y | Y | | WHO | |
| Edwards | Chet | D | TX | Y | Y | | WHO | |
| Engel | Eliot | D | NY | N | N | | COMMERCE | |
| Eshoo | Anna | D | CA | Y | Y | LY | COMMERCE | |
| Etheridge | Bob | D | NC | Y | Y | Y | USDA | |
| Evans | Lane | D | IL | N | N | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Farr | Sam | D | CA | Y | Y | Y | USDA | |
| Fattah | Chaka | D | PA | Y | Y | | WHO | |
| Filner | Bob | D | CA | Y | Y | | STATE | |
| Ford | Harold | D | TN | Y | N/V | | WHO | |
| Frank | Barney | D | MA | N | N | | TREAS | |
| Frost | Martin | D | TX | Y | Y | U | USTR | |
| Gejdenson | Sam | D | CT | N | N | | STATE | |
| Gephardt | Richard | D | MO | N | N | | WHO | |
| Gonzalez | Charlie | D | TX | N/A | N/A | | TREAS | |
| Goode | Virgil | D | VA | N | N | | WHO | |
| Gordon | Bart | D | TN | N | Y | | COMMERCE | |
| Green | Gene | D | TX | Y | Y | | COMMERCE | |
| Gutierrez | Luis | D | IL | N | N | | TREAS | |
| Hall | Tony | D | OH | N | N | | STATE | |
| Hall | Ralph | D | TX | Y | Y | | COMMERCE | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Hastings | Alcee | D | FL | N | N | | STATE | |
| Hill | Baron | D | IN | N/A | N/A | Y | USDA | - |
| Hilliard | Earl | D | AL | N | Y | Y | USDA | |
| Hinchey | Maurice | D | NY | N | N | | TREAS | |
| Hinojosa | Ruben | D | TX | Y | Y | | WHO | |
| Hoeffel | Joseph M. | D | PA | N/A | N/A | Y | USTR | |
| Holden | Tim | D | PA | Y | Y | Y | USDA | |
| Holt | Rush | D | NJ | N/A | N/A | U | USTR | |
| Hooley | Darlene | D | OR | Y | Y | LY | USTR | |
| Hoyer | Steny | D | MD | N | N | | TREAS | |
| Inslee | Jay | D | WA | N/A | N/A | | TREAS | |
| Jackson | Jesse | D | IL | N | N | | STATE | |
| Jackson-Lee | Sheila | D | TX | Y | Y | | USTR | |
| Jefferson | William | D | LA | Y | Y | Y | USTR | |
| John | Chris | D | LA | Y | Y | | USDA | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Johnson | Eddie Bernice | D | TX | Y | Y | Y | USDA | |
| Jones | Stephanie Tubbs | D | OH | N/A | N/A | | TREAS | |
| Kanjorski | Paul | D | PA | Y | Y | | TREAS | |
| Kaptur | Marcy | D | OH | N | N | | USDA | |
| Kennedy | Patrick | D | RI | N | N | | WHO | |
| Kildee | Dale | D | MI | N | N | | WHO | |
| Kilpatrick | Carolyn Cheeks | D | MI | N | N | | TREAS | |
| Kind | Ron | D | WI | Y | Y | | USDA | |
| Kleczka | Gerry | D | WI | Y | Y | | WHO | |
| Klink | Ron | D | PA | N | N | N | COMMERCE | |
| Kucinich | Dennis | D | OH | N | N | | WHO | |
| LaFalce | John | D | NY | Y | Y | | TREAS | |
| Lampson | Nick | D | TX | Y | Y | | WHO | |
| Lantos | Tom | D | CA | N | N | | STATE | |
| Larson | John | D | CT | N/A | N/A | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Lee | Barbara | D | CA | N/A | N | | TREAS | |
| Levin | Sander | D | MI | Y | Y | Y | COMMERCE | |
| Lewis | John | D | GA | N | N | | WHO | |
| Lipinski | William | D | IL | N | N | LN | COMMERCE | |
| Lofgren | Zoe | D | CA | Y | Y | Y | STATE | |
| Lowey | Nita | D | NY | Y | Y | | TREAS | |
| Lucas | Ken | D | KY | N/A | N/A | Y | USDA | |
| Luther | Bill | D | MN | Y | Y | Y | COMMERCE | |
| Maloney | James | D | CT | N | N | | TREAS | |
| Maloney | Carolyn | D | NY | Y | Y | | TREAS | No on Jackson |
| Markey | Edward | D | MA | N | N | | COMMERCE | |
| Martinez | Matthew | D | CA | Y | Y | | STATE | |
| Mascara | Frank | D | PA | N | N | | USDA | |
| Matsui | Robert | D | CA | Y | Y | | WHO | |
| McCarthy | Karen | D | MO | Y | Y | Y | COMMERCE | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| McCarthy | Carolyn | D | NY | N | N | | WHO | |
| McDermott | Jim | D | WA | Y | Y | | WHO | |
| McGovern | James | D | MA | Y | Y | | WHO | |
| McIntyre | Michael | D | NC | N | N | | USDA | |
| McKinney | Cynthia | D | GA | N | N | | USTR | |
| McNulty | Michael | D | NY | Y | N/V | Y | USTR | |
| Meehan | Martin | D | MA | Y | Y | | WHO | |
| Meek | Carrie | D | FL | Y | Y | | TREAS | |
| Meeks | Gregory | D | NY | N/A | Y | | TREAS | |
| Menendez | Robert | D | NJ | N | N | N | COMMERCE | |
| Millender-McDonald | Juanita | D | CA | Y | Y | U | USTR | |
| Miller | George | D | CA | N | N | | WHO | |
| Minge | David | D | MN | Y | Y | Y | USDA | |
| Mink | Patsy | D | HI | N | N | | STATE | |
| Moakley | Joe | D | MA | Y | Y | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Mollohan | Alan | D | WV | N | N | | STATE | |
| Moore | Dennis | D | KS | N/A | N/A | | USDA | |
| Moran | James | D | VA | Y | Y | Y | USTR | |
| Murtha | John | D | PA | Y | Y | LY | COMMERCE | |
| Nadler | Jerrold | D | NY | N | N | N | USTR | |
| Napolitano | Grace | D | CA | N/A | N/A | | COMMERCE | |
| Neal | Richard | D | MA | Y | Y | Y | USTR | |
| Oberstar | James | D | MN | Y | Y | Y | COMMERCE | |
| Obey | David | D | WI | N | N | U | STATE | |
| Olver | John | D | MA | N | N | | USTR | |
| Ortiz | Solomon | D | TX | Y | Y | | WHO | |
| Owens | Major | D | NY | N | N | | WHO | |
| Pallone | Frank | D | NJ | N | N | N | COMMERCE | |
| Pascrell | William | D | NJ | N | N | | WHO | |
| Pastor | Ed | D | AZ | Y | Y | | TREAS | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Payne | Donald | D | NJ | N | N | LN | STATE | |
| Pelosi | Nancy | D | CA | N | N | LN | STATE | |
| Peterson | Collin | D | MN | Y | Y | Y | USDA | |
| Phelps | David | D | IL | N/A | N/A | Y | USDA | |
| Pickett | Owen | D | VA | Y | Y | | WHO | |
| Pomeroy | Earl | D | ND | Y | Y | Y | USDA | |
| Price | David | D | NC | Y | Y | Y | USTR | |
| Rahall | Nick | D | WV | N | Y | | WHO | |
| Rangel | Charles | D | NY | Y | Y | | TREAS | |
| Reyes | Silvestre | D | TX | Y | Y | Y | USDA | |
| Rivers | Lynn | D | MI | N | N | N | COMMERCE | |
| Rodriguez | Ciro | D | TX | Y | Y | | TREAS | |
| Roemer | Tim | D | IN | Y | Y | | WHO | |
| Rothman | Steve | D | NJ | N | N | | STATE | |
| Roybal-Allard | Lucille | D | CA | Y | Y | U | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Rush | Bobby | D | IL | Y | Y | | COMMERCE | |
| Sabo | Martin | D | MN | N | N | | WHO | |
| Sanchez | Loretta | D | CA | N | N | | TREAS | |
| Sandlin | Max | D | TX | Y | Y | | WHO | |
| Sawyer | Thomas | D | OH | Y | Y | | COMMERCE | |
| Schakowsky | Jan | D | IL | N/A | N/A | | TREAS | |
| Scott | Robert | D | VA | N | Y | | USTR | |
| Serrano | Jose | D | NY | Y | N/V | Y | USTR | |
| Sherman | Brad | D | CA | Y | Y | | WHO | |
| Shows | Ronnie | D | MI | N/A | N/A | LY | USDA | |
| Sisisky | Norman | D | VA | N | N | | WHO | |
| Skelton | Ike | D | MO | Y | Y | | WHO | |
| Slaughter | Louise | D | NY | Y | Y | U | USTR | |
| Smith | Adam | D | WA | Y | Y | Y | USTR | |
| Snyder | Vic | D | AR | Y | Y | | WHO | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Spratt | John | D | SC | N | N | | TREAS | |
| Stabenow | Debbie | D | MI | Y | Y | LY | USDA | |
| Stark | Fortney (Pete) | D | CA | N | N | | TREAS | |
| Stenholm | Charles | D | TX | Y | Y | Y | USDA | |
| Strickland | Ted | D | OH | N | N | N | COMMERCE | |
| Stupak | Bart | D | MI | N | N | N | COMMERCE | |
| Tanner | John | D | TN | Y | Y | | WHO | |
| Tauscher | Ellen | D | CA | Y | Y | Y | USTR | |
| Taylor | Gene | D | MS | N | N | N | USDA | |
| Thompson | Bennie | D | MS | N | N | | USDA | |
| Thompson | Mike | D | CA | N/A | N/A | | USDA | |
| Thurman | Karen | D | FL | Y | Y | Y | USTR | |
| Tierney | John | D | MA | N | N | | WHO | |
| Townes | Edolphus | D | NY | Y | Y | Y | COMMERCE | |
| Traficant | James | D | OH | N | N | N | USTR | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Turner | Jim | D | TX | Y | Y | | WHO | |
| Udall | Tom | D | NM | N/A | N/A | | USTR | |
| Udall | Mark | D | CO | N/A | N/A | | USTR | |
| Velazquez | Nydia | D | NY | N | N | | TREAS | |
| Vento | Bruce | D | MN | N | N | | TREAS | |
| Visclosky | Peter | D | IN | N | N | | COMMERCE | |
| Waters | Maxine | D | CA | N | N | | TREAS | |
| Watt | Melvin | D | NC | N | Y | | TREAS | |
| Waxman | Henry | D | CA | N | N | | WHO | |
| Weiner | Anthony | D | NY | N/A | N/A | | WHO | |
| Wexler | Robert | D | FL | N | N | | STATE | |
| Weygand | Robert | D | RI | N | N | | WHO | |
| Wise | Bob | D | WV | Y | Y | LN | STATE | |
| Woolsey | Lynn | D | CA | N | N | | WHO | |
| Wu | David | D | OR | N/A | N/A | | STATE | |

| LAST NAME | FIRST NAME | PARTY | STATE | MFN 97 | MFN 98 | MFN 99 Whip | Dept | Dept Comments |
|---|---|---|---|---|---|---|---|---|
| Wynn | Albert | D | MD | N | N | | COMMERCE | |

July 1, 1999

The Honorable Bill Archer
United States House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

The Honorable Charles Rangel
United States House of Representatives
2354 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives:

The undersigned organizations, representing all sectors of U.S. agriculture, respectfully urge you to unconditionally renew Normal Trade Relations (NTR) status for China by rejecting H.J. Res. 57.

China is widely considered the most important growth market for U.S. agricultural exports in the 21st century. The U.S. Department of Agriculture projects that by the year 2003, China could account for 37 percent of future growth in U.S. agricultural exports. We are the world's most competitive and efficient producers of food, but we must have access to global markets and a level playing field. Access to China's market is essential for returning economic prosperity to the farm sector.

A vote to extend NTR for China is now more important than ever. We need to engage with China in order to improve bilateral relations as well as to promote American agricultural products abroad. This will only become a reality with the renewal of NTR status for China and permanent NTR when China joins the World Trade Organization.

We strongly oppose H.J. Res. 57 and thank you for considering our views on this important issue.

Sincerely,

American Cotton Shippers Association
American Crop Protection Association
American Farm Bureau Federation
American Feed Industry Association
American Meat Institute
American Soybean Association
American Vintners Association
Agricultural Retailers Association
Archer Daniels Midlands Company
Biotechnology Industry Organization

(more)

Blue Diamond Growers
Bunge Corporation
Cargill, Inc.
CF Industries, Inc.
Chocolate Manufacturers Association
Continental Grain Company
Corn Refiners Association
Distilled Spirits Council
Farmland Industries, Inc.
The Fertilizer Institute
Florida Citrus Mutual
Florida Phosphate Council
Food Distributors International
Independent Community Bankers of America
International Dairy Foods Association
Kraft Foods
Land O'Lakes
Louis Dreyfus Corporation
Monsanto Company
National Association of Animal Breeders
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Council of Farmer Cooperatives
National Corn Growers Association
National Farmers Union
National Grain & Feed Association
National Grain Trade Council
National Grain Sorghum Producers
National Grange
National Milk Producer Federation
National Oilseed Producers Association
National Pork Producers Council
National Renderers Association
North American Export Grain Association
Northwest Horticultural Council
Philip Morris Co., Inc.
Pioneer Hi-Bred International, Inc.
Sunkist Growers
United Egg Association
United Egg Producers
US Apple Association
US Dairy Export Council

USA Poultry & Egg Export Council
USA Rice Federation
Wheat Export Trade Education Committee
World Perspectives

# CHINA NTR RESOURCE BOOK 1999

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1998

## Table of Contents

### Fact Sheets



### Administration Speeches and Statements



### Statements in Support

Dear Mr. Minister:

will be

It is with great pleasure that I write to you as the China Airlines negotiations with The Boeing Company are drawing to a successful conclusion. This purchase of the 747-400 freighters, as well as China Airlines first acquisition of the new 777, ~~is~~ an important symbol of the commercial partnership between ~~our nations~~. the U.S. and Taiwan.

I know how long and hard China Airlines and The Boeing Company have worked on this important sale, and the support that you have given to ensure that a U.S. company could market its leading products on the basis of value and quality. This purchase by China Airlines is of great importance to the United States, and will be seen throughout the United States as a commitment by Taiwan to the friendship and dedication ~~of~~ our peoples ~~that has always redounded to our mutual benefit~~.

close ties between

I look forward to hearing of the final announcement of this sale and to be able to share the great news of our bilateral cooperation.

Sincerely,

William M. Daley

# US-ROC (TAIWAN) BUSINESS COUNCIL

1700 North Moore Street, Suite 1703
Arlington, Virginia 22209
Tel: (703) 465-2930 Fax: (703) 465-2937




July 1, 1999

URGENT

The Honorable Samuel R. Berger
Assistant to the President for National Security Affairs
The White House
Washington, DC
FAX: 202-456-2883

Dear Sandy:

I write to you in my capacity as Chairman of the US-ROC (Taiwan) Business Council on a very important matter in the economic relations between the United States and Taiwan. That is, the commitments made over the past 4 and ½ years at the highest levels of their government that their flag carrier, China Airlines, would make a significant purchase of Boeing 777 passenger aircraft. We now have substantial evidence that the Airline has signed a letter of intent with Airbus to purchase A-340 aircraft (7 firm with options for 5 additional) instead.

We understand that the Airline intends to announce the purchase in the very near future, at the same time as they officially announce an order for 13 Boeing 747-400 cargo planes (with options for 6 additional) -- in order to diminish U.S. resentment over the Airbus purchase, since the dollar value of the 747--400's will be higher.

The important point here is that this commitment was made by President Lee himself in February 1995, following Secretary of Transportation Pena's visit to Taiwan, and was repeated to me personally again by President Lee when I met him in Los Angeles on his way to Cornell. This was followed by a signing ceremony in Washington, DC, where Secretary Pena and Taiwan's Minister of Transportation witnessed the signing of Letters of Intent by China Airlines and EVA Airlines with Boeing at the Willard Hotel with TV cameras rolling. The follow-through with a firm order was never made, and negotiations have continued since then. As of several weeks ago Boeing had placed its "best and final offer" for 777's on China Airlines desk in response to their RFP. It now appears that the negotiating with Boeing was a deception to bargain for better prices for the competing plane from Airbus.

In Boeing's monumental competition with Airbus around the world, it is terribly important to keep Taiwan's airlines in Boeing's camp, to help our nation's leading exporting company healthy. As you well know, security and economic interests are inextricably linked.

On my own watch as the National Security Adviser, it frequently became necessary that the President. or the National Security Adviser in his name, telephone a particular foreign Ambassador to the U.S. to remind them of our mutual commitments. I believe this situation falls into that category.

I respectfully request that you ask the President to telephone, or that you do so in his name, Taiwan's representative in the U.S., Ambassador Stephen Chen, to remind him of the importance of this commitment to the United States and to ask that President Lee personally be asked to intervene to ensure that Boeing 777's rather than Airbus A-340's are purchased. It will help reduce Taiwan's growing trade surplus with the U.S. ($15 billion in 1998), will help thousands of U.S. workers keep their jobs, and will be some recompense for the determined and consistent way in which we have met Taiwan's defense needs.

Unfortunately, time is of the essence.

A copy of a letter on this subject which Cap Weinberger, in his capacity as former Chairman of this Council, faxed to President Lee yesterday is attached for your reference.

If you have any questions, please phone me in California at 805-238-7110.

Keep up your good work! If we can ever assist you in old - or new - issues, please call upon us.

Sincerely,

Bill Clark

William P. Clark

# CASPAR W. WEINBERGER

His Excellency President Lee Teng-hui
Republic of China
Taipei, Taiwan

June 30, 1999

Dear Mr. President

I write you on a most important matter.

First, let me say that I understand China Airlines is on the verge of signing a contract with The Boeing Company, once approval has been obtained from the Ministry of Transportation and Communications, for 13 Boeing 747-400 cargo planes, with options for an additional 6. This order is worth several billion dollars, and for this I know the U.S. is extremely grateful, since it will be a substantial gesture on the ROC part to reduce the rapidly growing trade surplus which you have with the United States, which reached $15 billion last year -- the highest since 1987. The United States thanks you for this important purchase.

At the same time, we are reliably informed that China Airlines is seriously considering the purchase of Airbus A-340 passenger planes. These planes would reportedly be purchased instead of Boeing 777's, even though the contract terms for the purchase of the 747-400 cargo planes cited above, provide an especially low price for them, if tied to the execution of an order for Boeing 777's before the end of this year.

Mr. President, I write to tell you frankly. as a good friend and admirer who has deep and strong feelings of affection for you and your people, that if this report is true, and China Airlines does execute an order for A-340's instead of Boeing 777's, in my opinion, it would be a serious strategic setback in U.S. relations with Taiwan. As you know, this issue has a long history, beginning with the visit of U.S. Secretary of Transportation Federico Pena to Taipei in December 1994 for the Annual Joint Business Conference of the USA-ROC and ROC-USA Economic Councils. Following that event you indicated that Taiwan would purchase up to ten Boeing 777's and at one point in February, 1995, we had tentatively arranged a joint announcement of such a purchase which would be done by Secretary Pena in the White House Press Room with President Clinton standing beside him, on the same day when it was also being announced in Taipei. For reasons not clearly understood, this did not happen, we understand, because of developments on the ROC side. However, several months later we were able to put the "deal" back together and a public ceremony was held in Washington, DC, on June 12, 1995, where China Airlines and EVA Airlines signed Letters of Intent for the purchase of 777's in the presence of Secretary of Transportation Pena and your then Minister of Transportation, C.S. Liu. However, these intended purchases never materialized over time and that delay has stretched over 4 years. Nevertheless, that original commitment still sticks in the mind of our President and our past and present Secretaries of Transportation, other cabinet officers, and our press.

There is no more vigorous -- indeed vicious -- commercial competition in the world today than that between Boeing and Airbus for the larger share of the world's aircraft market. Moreover, purchases of Boeing aircraft have enormous political implications in the U.S. Boeing is the United States' largest exporting company. President Clinton went to Seattle to make his first major speech on the importance of expanding U.S. exports from the Boeing factory. Boeing has major suppliers in 27 states, which involve 54 senators, 295 congressmen, and several thousand companies with 220,000 employees -- in addition to the more than 100,000 employees who work for The Boeing Company itself.

Given all this, coupled with the accident record of French Airbus planes with China Airlines, and the fact that Singapore Airlines, generally regarded in airline circles as the finest airline in the world, is getting rid of all its A-340's, -- an order for A-340's by China Airlines would be a "bombshell" and a disaster here in Washington, DC, which I very much fear would set back Taiwan's interests and influence substantially from its current all-time high. Speaking very frankly, and it pains me to say this, it wasn't the French fleet that was in the Taiwan Strait in the 1950's, nor was it the French fleet in the Taiwan Strait in 1996 when the mainland fired their missiles into Taiwan waters. It also was not a French Aid program or the French market which helped you build up your economy. Neither will it be the French who will provide you the greatest assistance in getting into the WTO. It will be the United States. Forgive me for being so candid, but that's the way true friends are. It is only because this matter is viewed with such deep concern in the United States that I presume to write to you so frankly.

Conversely, completion of an order for Boeing 777's, fulfilling the Letter of Intent of four years ago, will be very favorably received the Executive Branch, the Congress, and our people, and will encourage further favorable treatment of Taiwan. While I realize that China Airlines is no longer a government airline, it is still under government influence. I urge you to take into consideration these important strategic factors in helping to influence China Airlines' decision.

Let me close by saying again what an honor it has been to know you and to work with you. I salute your integrity, your leadership, your accomplishments, and your vision for your people, and I wish you continued success in your endeavors.

With warmest personal regards,

Sincerely,

Caspar W. Weinberger

# China Airlines (CHI) Briefing

| CHI FLEET | ON ORDER* | PROPOSED |
|---|---|---|
| (12) 747-400s | (13+6) 747-400Fs | (7+5) 777-200ER/-300s |
| (1) 747-200 | (5) 737-800s | |
| (11) 747-200F | | |
| (2) 747SPs | | |
| (10) 737-800s | | |
| (5) MD-11s | | |
| (12) A300-600Rs | | |
| (4) A300B4s | | |

* Note: Subject to R.O.C. Government Approval by 7/15/99

## GENERAL

- China Air Development Foundation (CADF) owns 71% of CHI – plans to sell up to 35% within six months
- CHI has over 30% market share of Taiwan traffic; serves 35 cities worldwide
- Small loss in 1998; profit projected for 1999 ($54M USD)
- Subsidiary Mandarin and Formosa Airlines to merge; take over CHI's domestic operations
- CHI to assume Mandarin's international flights to Australia and Canada
- CHI's Vision 2003 plans for 67 aircraft, reduce unit cost by 20%
- Code-shares with American Airlines (AAL)
- Cargo Operations growing in North America (Chicago, Dallas, Atlanta, Miami) – 83% L.F.
- CHI becomes a top 10 cargo operator according to IATA
- CHI celebrates 40th anniversary in December 1999

- CHI fleet simplification to include 737NGs, 747-400s, 777s, and A300-600s
- Fleet plan includes eight (8) new passenger aircraft and five (5) cargo aircraft purchases through 2004
- CHI expected to sign D.A. for 13+6 747-400Fs by mid-July 1999; 1st delivery July '99
- 777 Proposal on CHI's table; P.A. July 30, 1999; 1st delivery March '01; Airbus proposing heavy incentives and competition with A340-300s

- CHI to start 737-800 ETOPS on Taipei-Guam route in April '00 followed by mainland China
- CHI has maintenance contract with FedEx/UPS/Atlas/World Airways
- CHI contract with Lufthansa Teknik expires in August 1999
- Joint venture with CHI/SIA/PW to overhaul PW4000 engines via Asia Compressor Technology (ACTS)

As of July 1999

# China Airlines Situation Summary

*June 1999*

## HISTORY

- Since 1991, Boeing has been actively proposing 777s to China Airlines
- In Dec. 1994, Secretary Federico Pena visited Taiwan for Annual Joint Business Conference of US-ROC Business
- Feb. 1995, Pres. Lee indicated that Taiwan would purchase up to ten (10) 777s
- June 1995, China Airlines signed an LOI with Sec. Pena and ROC MOTC C.S. Liu to purchase 777 airplanes
- Feb. 1997, China Airlines experiences its 2nd A300 fatal accident in Taipei
- R.O.C. MOTC places a ban for new aircraft until certain safety measures are put in place
- Over past four years, no action from China Airlines on 777 models as committed
- Commitment still stands with U.S.

- U.S. has supported Taiwan in cross-strait crisis on several occasions, including in March 1997
- France does not support R.O.C. in cross-strait matters, nor in joint business ventures
- U.S. continues to consider R.O.C. in the WTO
- Boeing has included Taiwan as a supplier of aircraft parts and sub-assemblies for 717-200 airplane

## TODAY

- China Airlines is expected to sign a contract next week for thirteen (13) firm + six (6) option 747-400 Freighters
- This purchase helps reduce trade deficit between U.S. and Taiwan while upgrading China Airlines' aging 747-200F cargo fleet with heavy incentives for 777 purchase
- Singapore Airlines, one of the finest in the airlines in the world, is replacing A340s with the more comfortable, more reliable 777s
- China Airlines is seriously considering a "split" 747-400F/A340 order instead of 747/777s

# Boeing and Airbus Battle Over Singapore Airline Sales

N.Y. Times ~~p C8~~

## U.S. Plane Maker's Tactics Are Criticized

7/1/99

By LAURENCE ZUCKERMAN

As cat fights go between global giants, it does not get much better than the current one between the Boeing Company and Airbus Industrie.

Two weeks ago, on the last day of the Paris Air Show, Boeing announced a surprise deal to buy 17 of Airbus's top-of-the-line, wide-body jets from Singapore Airlines in order to sell 10 new Boeing 777's to the carrier. Airbus was not pleased.

Yesterday, speaking to Wall Street analysts at a hastily called meeting in Manhattan, John Leahy, senior vice president and commercial director of Airbus, called the move "an act of desperation" and accused Boeing of re-igniting a costly price war between the companies.

"We're preparing our counterattack at the present time," he said, adding, "I don't want to predict what our response will be."

The harsh words raised fears among some Wall Street analysts of a return to the fierce price cutting that took place in the mid-1990's and ultimately proved ruinous to the earnings of both Boeing and Airbus, a consortium of four European companies.

But other analysts played down the prospect of a new price war, saying that Airbus was simply trying to divert attention from the embarrassment of seeing a prestige customer abandon its airplanes.

"It's a serious loss when a big and valuable customer takes one of your product lines and ejects it from their fleet," said Joseph F. Campbell, an aerospace analyst at Lehman Brothers. "The analysis goes: either it was a really attractive financial deal or I really don't like your airplane."

Mr. Leahy clearly wants the world to believe it was the former.

Even Boeing acknowledges that its decision to buy the 17 four-engine Airbus A340-300's, which carry a list price of $135 million each, was unusual. But it said that it had agreed to buy the planes in 1995, when Singapore Airlines placed an order for 34 of the 777's with options for 43 more.

Mr. Leahy said that Boeing would have a hard time making a profit reselling the airplanes, but Sean Griffin, a Boeing spokesman, disagreed. "It's not a loss leader," he said. "We will be looking to make money on this deal." He added that Singapore Airlines would try to sell the planes itself and that Boeing was the buyer of last resort, much like a car dealer taking a trade-in.

James Boyd, a spokesman for Singapore Airlines, said his company bought the 265-passenger A340's in the early 1990's when they were the only plane that size with the range to fly from Asia to North America and Europe. Now, the twin-engine 777, which began flying in 1995, makes more sense on those routes, he added.

Mr. Boyd said that Singapore Airlines was still committed to its order for five of Airbus's new longer-range A340-500 jet, which is scheduled to be introduced in 2002 and will be able to fly nonstop from New York to Singapore. But many analysts now say that Boeing might trump Airbus again with a new, long-range 777 that it is expected to announce later this year.

Seeking to disperse any cloud that might be gathering over the A340, Mr. Leahy told analysts that he expected to announce two or three new orders for the airplane by the end of summer. Indeed, the South American carrier Lan Chile is close to placing a firm order for seven of the jets, according to an industry executive.

Mr. Leahy said that airlines had asked Airbus to buy their Boeing 777's so they could buy A340's. "We cannot make a good business case for doing that, and we always assumed our competitor couldn't make a good business case either," he said. "I think we see him buying market share here."

But Mr. Campbell of Lehman Brothers was doubtful a new price war was in the offing. "My view is that Singapore is a special customer," he said. "I don't believe that Airbus will respond in kind, and I don't believe that Boeing will do a lot more of this."

# 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, opening up foreign trade -- harnessing the efficiency of markets to achieve high levels of economic growth. Our continued economic engagement with China advances these reforms, and our strategy of engagement rests on 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 (GOC) 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, the GOC 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 RTC-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 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 the GOC's goal of restructuring larger, more profitable SOEs while "letting go" of smaller, less profitable ones (tightening credit, leaving them to merge, otherwise restructure of liquidate) has stalled over GOC 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 14, 1999

## 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. 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. good and services to China. In April, we made significant progress towards achieving agreement on market access and other key commitments on China's accession to the WTO. China's accession to the WTO on commercially meaningful terms could result in unprecedented opening of China's market to U.S. companies, workers and agriculture. 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. The Administration will continue to use targeted trade law provisions to protect U.S. trade interests.

**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 open the door to the China market for our foreign competitors.

- 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 costs 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. Those exports support an estimated 170,000 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. good 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 and to help U.S. exporters compete in the Chinese 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.

**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 geopolitical 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 50 percent of U.S.-China trade, making it highly dependent on continued normal trade relations between the United States and China. Hong Kong authorities estimate that 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.

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## 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 GOC's 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 *[the risk of which is not insignificant]* **[Treasury, sure you want to say this?]** would be enormously destabilizing to the global economy and geopolitical 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.

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