

FOIA MARKER

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Folder Title:

China (September to October 1999, POTUS - Jiang Bilateral at APEC, New Zealand) [1]

Staff Office-Individual:

National Economic Council-Lee, Malcolm

Original OA/ID Number:

CF 1177

Row:	Section:	Shelf:	Position:	Stack:
23	5	6	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. agenda	WTO Small Group Meeting (1 page)	10/04/1999	P1/b(1)
002. email	Malcolm Lee to Lael Brainard, Melissa Green, and Sharon Yuan. Subject: China WTO. (1 page)	10/07/1999	P1/b(1)
003. email	White House Situation Room to Johannes Binnedijk, Anthony Blinken, Leslie Davidson et al. Subject: Secretary's October (2 pages)	10/07/1999	P1/b(1)
004. email	Malcolm Lee to Lael Brainard, Melissa Green, and Sharon Yuan. Subject: China WTO: Powell (1 page)	10/07/1999	P1/b(1)
005. note	China WTO (2 pages)	10/1999	P1/b(1)
006. email	Malcolm Lee to Record. Subject: Readout on Barshefsky Dinner with Shi. (1 page)	09/28/1999	P1/b(1)
007. draft	Memorandum of Conversation between President Clinton, Prime Minister Obuchi, and President Kim. (5 pages)	09/12/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [1]

2010-1024-F

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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]

Thursday, September 9, 1999

**SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, SEPTEMBER 9, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4824

PRESS DESK:

DORI SALCIDO

HOME: 703-548-6466

OFFICE: 202-456-5771

WHCA PAGER: 4844

EVENT COORDINATOR:

LAURA GRAHAM

HOME: 703-212-7642

OFFICE: 202-456-2349

WHCA PAGER: 4809

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

WASHINGTON, D.C.

HICKAM AIR FORCE BASE, HAWAII

September 3, 1999 (4:43 PM)

Thursday, September 9, 1999

**SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, SEPTEMBER 9, 1999
*Draft Schedule***

9:00	am-	MEETING
9:15	am	OVAl OFFICE Staff Contact: John Podesta
9:15	am-	BRIEFING
9:30	am	OVAl OFFICE Staff Contact: Samuel Berger
9:30	am-	BRIEFING
9:45	am	OVAl OFFICE Staff Contact: Samuel Berger
9:50	am-	MEETING
10:00	am	OVAl OFFICE Staff Contact: Stephanie Streett
10:00	am-	BRIEFING
10:20	am	OVAl OFFICE Staff Contact: Bruce Reed
10:25	am	THE PRESIDENT proceeds to Presidential Hall, Old Executive Office Building
10:35	am-	CRIME EVENT
11:20	am	PRESIDENTIAL HALL Remarks: Paul Glastris Staff Contact: Bruce Reed Event Coordinator: Laura Graham PRESS TBD
11:25	am	THE PRESIDENT proceeds to the Oval Office
11:30	am-	PHONE AND OFFICE TIME
4:00	pm	OVAl OFFICE
4:00	pm-	BRIEFING AND TAPE RADIO ADDRESS
4:45	pm	LOCATION TBD Staff Contact: Loretta Ucelli, Megan Moloney

September 3, 1999 (4:43 PM)

Thursday, September 9, 1999

DOWN FOR THE DAY

8:45	pm	THE PRESIDENT departs The White House via motorcade en route Reflecting Pool [drive time: 5 minutes]
8:50	pm	THE PRESIDENT arrives Reflecting Pool
9:00	pm	THE PRESIDENT departs Reflecting Pool via Marine One en route Andrews Air Force Base [flight time: 10 minutes]
9:10	pm	THE PRESIDENT arrives Andrews Air Force Base
9:25	pm (EST)	THE PRESIDENT departs Andrews Air Force Base via Air Force One en route Hickam Air Force Base, Hawaii [flight time: 9 hours, 45 minutes] [time change: -6 hours]

BC RON	AIR FORCE ONE
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HRC RON	TBD
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September 3, 1999 (4:43 PM)

Friday, September 10, 1999

**SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, SEPTEMBER 10, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4824

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DORI SALCIDO

HOME: 703-548-6466

OFFICE: 202-456-5771

WHCA PAGER: 4844

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

AUCKLAND, NEW ZEALAND

September 3, 1999 (4:43 PM)

Friday, September 10, 1999

**SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, SEPTEMBER 10, 1999
*Draft Schedule***

1:10 am
[7:10 am
EST]

THE PRESIDENT arrives Hickam Air Force Base
[REFUEL: 2 hours]

3:10 am
[9:10 am
EST]

THE PRESIDENT departs Hickam Air Force Base via Air Force One en
route Auckland International Airport, Auckland, New Zealand
[flight time: 8 hours, 30 minutes]
[time change: +22 hours]

BC RON

AIR FORCE ONE

HRC RON

TBD

September 3, 1999 (4:43 PM)

Saturday, September 11, 1999

**SCHEDULE OF THE PRESIDENT
FOR
SATURDAY, SEPTEMBER 11, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4824

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WHCA PAGER: 4844

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

AUCKLAND, NEW ZEALAND

September 3, 1999 (4:43 PM)

Saturday, September 11, 1999

**SCHEDULE OF THE PRESIDENT
FOR
SATURDAY, SEPTEMBER 11, 1999
*Draft Schedule***

9:40 [5:40 pm EST]	am (NZT)	THE PRESIDENT arrives Auckland International Airport, Auckland, New Zealand Greeters: Prime Minister Jenny Shipley Governor General Sir Michael Hardie-Boys
9:55 10:10	am- am	ARRIVAL CEREMONY TARMAC Auckland International Airport Event Coordinator: Julie Eddy OPEN PRESS
10:20	am	THE PRESIDENT departs Auckland International Airport via motorcade en route Stamford Plaza Hotel [drive time: 25 minutes]
10:45	am	THE PRESIDENT arrives Stamford Plaza Hotel
10:45 3:20	am- pm	DOWN TIME STAMFORD PLAZA HOTEL
3:25 4:25	pm- pm	BRIEFING ROOM 1028 Stamford Plaza Hotel Staff Contact: Samuel Berger
4:35	pm	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route Governor General's Residence [drive time: 15 minutes]
4:50	pm	THE PRESIDENT arrives Governor General's Residence

September 3, 1999 (4:43 PM)

Saturday, September 11, 1999

5:00 pm-
6:00 pm

BILAT WITH CHINESE PRESIDENT JIANG ZEMIN
ROOM TBD

Governor General's Residence

Remarks: Tomasz Malinowski

Staff Contact: Samuel Berger

Event Coordinator: Julie Eddy

Interpretation: Consecutive

POOL SPRAY (AT THE TOP)

Note: Leader plus 7 in attendance.

6:05 pm

THE PRESIDENT departs Governor General's Residence via motorcade
en route Stamford Plaza Hotel
[drive time: 15 minutes]

6:20 pm

THE PRESIDENT arrives Stamford Plaza Hotel

DOWN FOR THE EVENING

BC RON

STAMFORD PLAZA HOTEL
AUCKLAND, NEW ZEALAND

HRC RON

TBD

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

**SCHEDULE OF THE PRESIDENT
FOR
SUNDAY, SEPTEMBER 12, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STRETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4824

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TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

AUCKLAND, NEW ZEALAND

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

**SCHEDULE OF THE PRESIDENT
FOR
SUNDAY, SEPTEMBER 12, 1999
*Draft Schedule***

8:25	am-	BRIEFING
8:45	am	ROOM 1028 Stamford Plaza Hotel Staff Contact: Doug Sosnik Event Coordinator: Julie Eddy
8:45	am-	BRIEFING
9:00	am	ROOM 1028 Stamford Plaza Hotel Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
9:05	am	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route New Zealand National Maritime Museum [drive time: 5 minutes]
9:10	am	THE PRESIDENT arrives New Zealand National Maritime Museum Greeters: Prime Minister Jenny Shipley

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

9:15 am-
10:00 am

REMARKS TO CEO SUMMIT
LOUIS VUITTON CENTER
New Zealand National Maritime Museum
Remarks: David Halperin
Staff Contact: Samuel Berger, Gene Sperling
Event Coordinator: Julie Eddy
OPEN PRESS

Note: There will be approximately 300 guests in attendance.

- Off-stage announcement of **the President**.
- Ambassador Jim Bolger, former Prime Minister of New Zealand, makes remarks and introduces **the President**.
- **The President** makes remarks.
- John Smith, Chairman and Chief Executive Officer, General Motors, briefly thanks **the President**.
- **The President** works a ropeline and departs.

10:05 am

THE PRESIDENT departs Louis Vuitton Center via motorcade en route Hobson Wharf
[drive time: 5 minutes]

10:10 am

THE PRESIDENT arrives Hobson Wharf

Greeters: Ambassador Beeman
(outside)

Greeters: Dyer Jones, President, America's Cup Challenge
(inside) Association

10:15 am-
10:55 am

PHOTO OPPORTUNITY AND BOAT TOUR WITH AMERICA'S CUP TEAM
HOBSON WHARF
New Zealand National Maritime Museum
Staff Contact: Samuel Berger
Event Coordinator: Julie Eddy
PRE-POSITIONED POOL PHOTO ONLY

11:00 am

THE PRESIDENT departs New Zealand National Maritime Museum via motorcade en route Stamford Plaza Hotel
[drive time: 5 minutes]

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

11:05	am	THE PRESIDENT arrives Stamford Plaza Hotel
11:05	am-	BRIEFING/DOWN TIME
11:40	am	ROOM 1028 Stamford Plaza Hotel Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
11:45	am-	TRILAT WITH SOUTH KOREAN PRESIDENT KIM DAE-JUNG
12:45	pm	AND JAPANESE PRIME MINISTER OBUCHI STAMFORD BALLROOM Stamford Plaza Hotel Remarks: David Halperin Staff Contact: Samuel Berger Event Coordinator: Julie Eddy Interpretation: Simultaneous POOL SPRAY (AT THE TOP)
Note: Leaders plus 8.		
12:50	pm-	BRIEFING
1:10	pm	STAMFORD BALLROOM SECTION ONE Stamford Plaza Hotel Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
1:15	pm-	BILAT WITH RUSSIAN PRIME MINISTER PUTIN
1:45	pm	MERLION ROOM Stamford Plaza Hotel Staff Contact: Samuel Berger Event Coordinator: Julie Eddy Interpretation: Whisper ARRIVAL GREETING PHOTO ONLY
Note: Leaders plus 7.		
1:45	pm-	DOWN TIME
2:20	pm	STAMFORD PLAZA HOTEL
2:25	pm	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route Carlton Hotel [drive time: 5 minutes]

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

2:30 pm **THE PRESIDENT** arrives Carlton Hotel

Greeters: Prime Minister Jenny Shipley

Note: There will be pool press upon arrival.

2:35 pm- **MEET AND GREET WITH LEADERS**

2:50 pm **COROMANDEL ROOM**

Carlton Hotel

Staff Contact: Samuel Berger, Gene Sperling

Event Coordinator: Julie Eddy

CLOSED PRESS

Note: Leaders only.

2:50 pm- **APEC CONFERENCE - OFFICIAL WELCOME "POWHIRI"**

3:15 pm **SECOND FLOOR LOBBY**

Carlton Hotel

Staff Contact: Gene Sperling

Event Coordinator: Julie Eddy

Interpretation: Consecutive

POOL PRESS

Note: Leaders only.

3:30 pm- **APEC CONFERENCE - LEADERS AGENDA BRIEFING**

4:20 pm **TASMAN TWO**

Carlton Hotel

Staff Contact: Gene Sperling

Event Coordinator: Julie Eddy

Interpretation: Whisper

CLOSED PRESS

Note: Leaders only.

Note: Prime Minister Jenny Shipley will moderate discussion.

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

4:30	pm-	APEC CONFERENCE - LEADERS DIALOGUE WITH ABAC
5:45	pm	BALLROOM Carlton Hotel Remarks: Staff Contact: Gene Sperling Event Coordinator: Julie Eddy Interpretation: Simultaneous POOL SPRAY (AT THE TOP)
 Note: Leaders only.		
6:00	pm	THE PRESIDENT departs Carlton Hotel via motorcade en route Stamford Plaza Hotel [drive time: 5 minutes]
6:05	pm	THE PRESIDENT arrives Stamford Plaza Hotel
6:10	pm-	DOWN TIME
7:25	pm	STAMFORD PLAZA HOTEL
7:30	pm	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route Town Hall [drive time: 5 minutes]
7:35	pm	THE PRESIDENT arrives Town Hall
 Greeters: Tia Barrett, Head of Protocol, APEC (outside)		
 Greeters: Prime Minister Jenny Shipley (inside) Mr. Burton Shipley		
 Note: There will be pool press upon arrival.		
7:40	pm-	MEET AND GREET WITH LEADERS
8:00	pm	LEADERS LOUNGE Town Hall Staff Contact: Samuel Berger, Gene Sperling Event Coordinator: Julie Eddy POOL PRESS
 Note: Leaders only.		

September 3, 1999 (4:43 PM)

Sunday, September 12, 1999

**8:00 pm-
10:10 pm**

**APEC DINNER
GREAT HALL
Town Hall
Staff Contact: Gene Sperling
Event Coordinator: Julie Eddy
POOL SPRAY (AT THE TOP)**

**Note: Black-tie attire.
Note: Leader plus 10.**

10:15 pm

THE PRESIDENT departs Town Hall via motorcade en route Stamford Plaza Hotel
[drive time: 5 minutes]

10:20 pm

THE PRESIDENT arrives Stamford Plaza Hotel

BC RON

**STAMFORD PLAZA HOTEL
AUCKLAND, NEW ZEALAND**

HRC RON

TBD

September 3, 1999 (4:43 PM)

Monday, September 13, 1999

**SCHEDULE OF THE PRESIDENT
FOR
MONDAY, SEPTEMBER 13, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

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DORI SALCIDO

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OFFICE: 202-456-5771

WHCA PAGER: 4844

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

AUCKLAND, NEW ZEALAND

September 3, 1999 (4:43 PM)

Monday, September 13, 1999

**SCHEDULE OF THE PRESIDENT
FOR
MONDAY, SEPTEMBER 13, 1999
*Draft Schedule***

8:00	am-	BRIEFING
8:15	am	ROOM 1028 Stamford Plaza Hotel Staff Contact: Doug Sosnik Event Coordinator: Julie Eddy
8:20	am	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route Auckland Museum [drive time: 10 minutes]
8:30	am	THE PRESIDENT arrives Auckland Museum Greeters: Tia Barrett, Head of Protocol, APEC (outside) Greeters: Prime Minister Jenny Shipley (inside) Note: There will be pool press upon arrival.
8:35	am-	MEET AND GREET WITH LEADERS
8:55	am	MAURI COURT Auckland Museum Staff Contact: Gene Sperling Event Coordinator: Julie Eddy CLOSED PRESS Note: Leaders only.
9:00	am-	LEADERS RETREAT - SESSION ONE
11:45	am	LEADERS MEETING ROOM Auckland Museum Staff Contact: Gene Sperling Event Coordinator: Julie Eddy Interpretation: Simultaneous POOL SPRAY (AT THE TOP) Note: Leaders only. Note: Prime Minister Jenny Shipley will moderate discussion.

September 3, 1999 (4:43 PM)

Monday, September 13, 1999

12:00 pm-
12:15 pm

CLASS PHOTO
LAWN
Auckland Museum
Staff Contact: Gene Sperling
Event Coordinator: Julie Eddy
OPEN PRESS

Note: There will be pre-positioned pool on the walk to Winter Garden Pavilion.

12:30 pm-
2:00 pm

LEADERS LUNCH
WINTER GARDEN PAVILION
Auckland Museum
Staff Contact: Gene Sperling
Event Coordinator: Julie Eddy
Interpretation: Whisper
PRESS TBD

Note: Leaders only.

Note: Pull-aside with Phillipines and Thailand.

2:30 pm-
3:45 pm

LEADERS RETREAT - SESSION TWO
LEADERS MEETING ROOM
Auckland Museum
Staff Contact: Gene Sperling
Event Coordinator: Julie Eddy
Interpretation: Simultaneous
CLOSED PRESS

Note: Leaders only.

Note: Prime Minister Jenny Shipley will moderate discussion.

4:00 pm-
4:20 pm

READING OF THE DECLARATION
MUSEUM STEPS
Auckland Museum
Staff Contact: Gene Sperling
Event Coordinator: Julie Eddy
OPEN PRESS

4:30 pm

THE PRESIDENT departs Auckland Museum via motorcade en route Aotea Centre
[drive time: 10 minutes]

4:40 pm

THE PRESIDENT arrives Aotea Centre

September 3, 1999 (4:43 PM)

Monday, September 13, 1999

4:45	pm-		BRIEFING/DOWN TIME
6:10	pm		ROOM 13 Aotea Centre Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
6:15	pm-	(T)	SIGNING WITH VIETNAMESE PRIME MINISTER KHAI
6:45	pm		ASB THEATRE Aotea Centre Remarks: Ted Widmer Staff Contact: Samuel Berger, Gene Sperling Event Coordinator: Julie Eddy OPEN PRESS
6:50	pm		THE PRESIDENT departs Aotea Centre via motorcade en route Stamford Plaza Hotel [drive time: 10 minutes]
7:00	pm		THE PRESIDENT arrives Stamford Plaza Hotel

DOWN FOR THE EVENING

BC RON	STAMFORD PLAZA HOTEL AUCKLAND, NEW ZEALAND
HRC RON	TBD

September 3, 1999 (4:43 PM)

Tuesday, September 14, 1999

**SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, SEPTEMBER 14, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

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OFFICE: 202-456-2823

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OFFICE: 202-456-5771

WHCA PAGER: 4844

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

AUCKLAND, NEW ZEALAND

September 3, 1999 (4:43 PM)

Tuesday, September 14, 1999

**SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, SEPTEMBER 14, 1999
*Draft Schedule***

8:00	am	THE PRESIDENT departs Stamford Plaza Hotel via motorcade en route Auckland International Airport, Auckland, New Zealand [drive time: 25 minutes]
8:25	am	THE PRESIDENT arrives Auckland International Airport
8:40	am	THE PRESIDENT departs Auckland International Airport via Air Force One en route Queenstown Airport TBD, Queenstown, New Zealand [flight time: 2 hours, 15 minutes WITH INTERCHANGE]
10:55	am	THE PRESIDENT arrives Queenstown Airport TBD
11:10	am	THE PRESIDENT departs Queenstown Airport TBD via motorcade en route Millbrook Resort [drive time: tbd]
11:25	am	THE PRESIDENT arrives Millbrook Resort

DOWN FOR THE DAY AND EVENING

BC RON	MILLBROOK RESORT QUEENSTOWN, NEW ZEALAND
HRC RON	TBD

September 3, 1999 (4:43 PM)

Wednesday, September 15, 1999

**SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, SEPTEMBER 15, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4824

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WHCA PAGER: 4844

TRIP COORDINATOR:

JULIE EDDY

HOME: 202-546-3838

OFFICE: 202-456-5330

WHCA PAGER: 4560

WEATHER:

QUEENSTOWN, NEW ZEALAND

CHRISTCHURCH, NEW ZEALAND

HICKAM AIR FORCE BASE, HAWAII

September 3, 1999 (4:43 PM)

Wednesday, September 15, 1999

**SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, SEPTEMBER 15, 1999
*Draft Schedule***

8:15	am	THE PRESIDENT departs Millbrook Resort via motorcade en route Queenstown Airport TBD, Queenstown, New Zealand [drive time: tbd]
8:30	am	THE PRESIDENT arrives Queenstown Airport TBD
8:45	am	THE PRESIDENT departs Queenstown Airport TBD via Air Force One en route Christchurch International Airport, Christchurch, New Zealand [flight time: 1 hours, 25 minutes WITH INTERCHANGE]
10:10	am	THE PRESIDENT arrives Christchurch International Airport
10:25	am	THE PRESIDENT departs Christchurch International Airport via motorcade en route Antarctica Center [drive time: tbd]
10:40	am	THE PRESIDENT arrives Antarctica Center
10:45 11:00	am- am	BRIEFING ROOM TBD Antarctica Center Staff Contact: Samuel Berger Event Coordinator: Julie Eddy PRESS TBD
11:00 11:15	am- am	TOUR OF ANTARCTICA CENTER ROOM TBD Antarctica Center Staff Contact: Samuel Berger Event Coordinator: Julie Eddy CLOSED PRESS

September 3, 1999 (4:43 PM)

Wednesday, September 15, 1999

11:30	am-	REMARKS TO PEOPLE OF NEW ZEALAND ROOM TBD Antarctica Center Remarks: Paul Orzulak Staff Contact: Samuel Berger Event Coordinator: Julie Eddy OPEN PRESS
12:30	pm	
 Note: There will be approximately tbd guests in attendance.		
12:45	pm	THE PRESIDENT departs Antarctic Centre via motorcade en route Sign of the Takahe [drive time: tbd minutes]
1:00	pm	THE PRESIDENT arrives Sign of the Takahe
1:00	pm-	BRIEFING ROOM TBD Sign of the Takahe Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
1:30	pm	
1:30	pm-	BILAT WITH PRIME MINISTER SHIPLEY OF NEW ZEALAND ROOM TBD Sign of the Takahe Staff Contact: Samuel Berger Event Coordinator: Julie Eddy CLOSED PRESS
2:00	pm	
2:00	pm-	BRIEFING ROOM TBD Sign of the Takahe Staff Contact: Samuel Berger Event Coordinator: Julie Eddy
2:30	pm	
2:30	pm-	(T) POSSIBLE JOINT PRESS STATEMENT ROOM TBD Sign of the Takahe Remarks: David Halperin Staff Contact: Samuel Berger Event Coordinator: Julie Eddy PRESS TBD
3:00	pm	

September 3, 1999 (4:43 PM)

Wednesday, September 15, 1999

3:25	pm	THE PRESIDENT departs Sign of the Takehe via motorcade en route Millennium Hotel [drive time: 15 minutes]
3:40	pm	THE PRESIDENT arrives Millennium Hotel
4:00	pm-	MEETING WITH OPPOSITION LEADER CLARKE
4:30	pm	ROOM TBD Millennium Hotel Remarks: Staff Contact: Samuel Berger Event Coordinator: Julie Eddy PRESS TBD
4:30	pm-	DOWN TIME
7:15	pm	MILLENNIUM HOTEL
7:15	pm	THE PRESIDENT departs Millennium Hotel via motorcade en route Wigram Air Museum [drive time: 20 minutes]
7:30	pm	THE PRESIDENT arrives Wigram Air Museum
7:40	pm-	GALA DINNER WITH PRIME MINISTER SHIPLEY OF NEW ZEALAND
10:00	pm	ROOM TBD Wigram Air Museum Remarks: Paul Orzulak Staff Contact: Samuel Berger Event Coordinator: Julie Eddy PRESS TBD
		Note: This is a black tie event.
		Note: There will be approximately 300 guests in attendance.
10:00	pm	THE PRESIDENT departs Wigram Air Museum via motorcade en route Christchurch International Airport [drive time: 10 minutes]
10:10	pm	THE PRESIDENT arrives Christchurch International Airport

September 3, 1999 (4:43 PM)

Wednesday, September 15, 1999

10:25	pm (NZT)	THE PRESIDENT departs Christchurch International Airport via Air Force One en route Hickam Air Force Base, Hawaii [flight time: 8 hours, 50 minutes] [time change: -22 hours]
9:15	am (PST)	THE PRESIDENT arrives Hickam Air Force Base
9:25 5:00	am- pm	REFUEL/DOWN TIME
5:15	pm	THE PRESIDENT departs Hickam Air Force Base via Air Force One en route Andrews Air Force Base [flight time: 8 hours, 45 minutes] [time change: +6 hours]
BC RON		AIR FORCE ONE
HRC RON		TBD

September 3, 1999 (4:43 PM)

Thursday, September 16, 1999

**SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, SEPTEMBER 16, 1999**

Draft Schedule

SCHEDULING DIRECTOR:

STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

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WEATHER:

WASHINGTON, D.C.

September 3, 1999 (4:43 PM)

Thursday, September 16, 1999

**SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, SEPTEMBER 16, 1999
*Draft Schedule***

9:45	am	THE PRESIDENT arrives Andrews Air Force Base
	(EST)	
10:00	am	THE PRESIDENT departs Andrews Air Force Base via Marine One en route The White House [flight time: 10 minutes]
10:10	am	THE PRESIDENT arrives The White House

DOWN FOR THE DAY AND EVENING

BC RON	THE WHITE HOUSE WASHINGTON, D.C.
HRC RON	TBD

September 3, 1999 (4:43 PM)

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. agenda	WTO Small Group Meeting (1 page)	10/04/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [1]

2010-1024-F
vz1847

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
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b(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

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	Malcolm Lee to Lael Brainard, Melissa Green, and Sharon Yuan. Subject: China WTO. (1 page)	10/07/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	White House Situation Room to Johannes Binnedijk, Anthony Blinken, Leslie Davidson et al. Subject: Secretary's October (2 pages)	10/07/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [1]

2010-1024-F
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004. email	Malcolm Lee to Lael Brainard, Melissa Green, and Sharon Yuan. Subject: China WTO: Powell (1 page)	10/07/1999	P1/b(1)

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National Economic Council
Malcolm Lee
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CHINA BACKGROUND

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: Oct 1, 1999TO: Malcolm Lee

FAX: _____

PHONE: _____

FROM: EAP/CM: Jonathan Fritz

FAX: 202-647-6820

PHONE: 202-647-7628NUMBER OF PAGES INCLUDING COVER SHEET: 2 tranches of 9 each
TRANCHE IREMARKS:

Malcolm - These are briefing papers for Admiral
Prueher's upcoming confirmation hearings.
Please let me know (647-7628) if you
have any comments by noon next Wednesday.
Thanks,

UNCLASSIFIED

Jonathan

AGRICULTURE

Must Say/Do

- China an increasingly important destination for U.S. products with \$2.9 billion exported there and to Hong Kong (for onward export to China) in 1998.
- U.S.-China Agreement on Agriculture Cooperation will remove PRC sanitary and phytosanitary restrictions on citrus, Pacific Northwest wheat and meat exports to China. Represent potential billions of dollars in sales.
- Will work to further reduce barriers to U.S. agricultural exports to China; WTO will be key to market access.

Talking Points

- A modernizing China, with higher personal disposable incomes, represents a real target of opportunity for American farmers.
- China, including Hong Kong is America's fourth largest agricultural market; U.S. exports there of \$2.9 billion.
- Expect PRC agricultural barriers will continue to drop over the years, especially as China implements the April 1999 U.S.-China Agricultural Agreement and as it phases in commitments on reducing tariffs and eliminating non-tariff measures as part of its WTO accession.
- This Agreement will provide opportunities for the export of tens of millions of dollars of U.S. citrus, wheat from the Pacific Northwest and meat.
- Our goal is to open China wider for U.S. farmers. WTO agreement will mean that agricultural tariffs will be reduced to 15 percent or less on average; in addition, China will have to provide sound scientific justification for any restrictions based on sanitary or phytosanitary concerns. The WTO will bring new patterns of agricultural production in China and, with them, new opportunities for American producers.
- Committed to working with U.S. agricultural providers to export more to China; exports will help in creation of more farm-related jobs.

Background

Since 1979, China's policy reform and opening has virtually revolutionized the countryside, returning land to the small farmer. The upside initially was the dramatic increase in the amount of grain produced and the development of truck farming. Fruits and vegetables and dairy products that once were available seasonally (or in some instances not at all) in the large cities are now prevalent throughout the year. The downside in the years since 1985 has been a decline in efficiency and economies of scale. In addition, the prosperity of the countryside has not kept pace with urban good times, with city workers' wages often multiples of those of their rural brethren. Overall, agriculture and rural industrial performance has weakened; the latter surpassed the former in terms of output in 1987.

Because of the importance of social stability in the countryside, the Chinese leadership has also sought to protect farmers from competition from abroad through licenses and quotas, control of agricultural import/export corporations and subsidies. The economic cost of protectionism has been considerable, especially in terms of lost opportunities for investment in other rural projects; important reforms in marketing and distribution of agricultural goods remain to be undertaken.

In recent years, China has reduced government expenditures in agriculture and expanded the role of market forces in the rural economy. This should spur consumer demand for better quality food and food products. American bulk and processed food producers view China as a target of opportunity; the inroads they have made there as well as in Hong Kong have been considerable, especially in terms of soybeans, soybean oil and meal, cotton, corn, and poultry. In addition, the USG has been working to open the China market further by engaging the Chinese in a dialogue on unscientific barriers to trade and on reductions of tariffs and non-tariff barriers in the WTO.

The American agricultural community has been among the most vocal proponents of a WTO agreement. 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.

Civil Aviation

Must Do/Say:

- April 1999 Agreement brings significant liberalization: doubles U.S.-China flights, adds a new carrier into the market, adds service to more cities, and commits us to further consultations.

Talking Points:

- We significantly expanded out bilateral aviation relationship last April.
- The April agreement doubles the number of scheduled flights between the U.S. and China. The flights are phased in during the three-year course of the agreement.
- Under the agreement, one new carrier from each side will enter the market (to be designated on April 1, 2001).
- The U.S. and China agreed to further consultations to address additional market entrants, codesharing, U.S. airline ticket offices in China and charter operations.
- We remain committed to working with the Chinese to achieve even greater liberalization in the near future.

overall, our carriers have accepted agreement.

Background:

During Premier Zhu's visit in April 1999, U.S. and China expanded the bilateral Civil Air Transport Agreement. The new agreement expands opportunities for commercial air services. The 27 weekly flights increase to 35 immediately; to 44 on April 1, 2000; and to 54 on April 1, 2001 (when the new carrier is named). Currently, three airlines from each side may serve the market. (United, Northwest and FedEx are designated by the U.S.; Air China, China Eastern and China Southern are designated by China).

Additional agreement provisions include: China may select two more points in the U.S. to be served by Chinese combination flights operating from China (currently Anchorage, Atlanta, Chicago, Fairbanks, Honolulu, Los Angeles, New York, Portland, San Francisco, and Seattle are available). By April 1, 2002, U.S. airlines will be able to serve 20 other Chinese cities through code-sharing

arrangements with Chinese carriers. Similarly, Chinese carriers will be able to serve 30 other U.S. cities through code sharing with U.S. partners.

The designated carriers, which will obtain additional flights, welcomed the new agreement. Other carriers (i.e. those who do not currently fly to China: American, Continental, Delta, Polar Air Cargo and most notably United Parcel Service - "UPS") were less supportive. UPS in particular thought the U.S. should not sign any agreement that did not immediately grant new carriers the right to enter the market.

Attachment: April 1999 Aviation Agreement

Clearances:

EB:JXBemis } ok
EB:TXWhite }
E:DXNorland ok

Intellectual Property Rights (IPR)

Must Do/Say:

- We have serious concerns about continuing IPR violations in China.
- We will continue to pursue vigorously the problems in this area.
- China must do more to ensure their laws are enforced.

Talking Points:

-- Have made considerable progress on IPR issues, negotiating bilateral agreement on intellectual property; decline in CD & VCD piracy in China with seizures of illegitimate production lines. Problems remain widespread, particularly in terms of software and audio-visual piracy, however, and we are trying to address them.

-- Our bilateral agreement calls for regular monitoring and consultations at the request of either party. China's IPR regime is also reviewed under Section 306 of the Trade Act, which allows us to investigate China's IPR regime if problems reach a critical mass. It is the USG's continued intention to pursue vigorously the rights of U.S. IPR holders, who employ countless Americans and who have invested billions of dollars in their products and services.

-- We will continue to press China to do more to enforce its laws strictly and uniformly.

Background:

Over the last few years, we have had mixed success with China on intellectual property rights issues. The U.S. and China have negotiated a series of bilateral agreements on intellectual property, and production of pirated material has moved from the mainland to Hong Kong and Macau. Problems remain, however.

The structure of IPR administration and enforcement in China remains opaque. During the reorganization last summer, the Chinese dissolved the office responsible for coordinating the special Working Conference, which

administers the 1995 bilateral agreement. The State Intellectual Property Office (SIPO), has recently consolidated duties held by other Chinese agencies. We are concerned, however, that SIPO does not have an adequate mandate from the State Council to carry out its duties.

The production of pirated copyrighted CD's has dropped dramatically, but American companies have complained of widespread retail piracy and counterfeit consumer products (e.g. clothes, shoes) in China. These goods are often exported to other countries; according to the Customs Service, China remains the number one source of seizures of infringing products. The China Anti-Counterfeiting Coalition, whose members include most of the large U.S. consumer products companies, has recently started working with SIPO to improve trademark protection.

Enforcement at the provincial level is sporadic and dependent on the initiative of local officials. Corruption is widespread and convictions rarely result in jail time. Some law enforcement officials are said to see raids as a moneymaking opportunity.

The Chinese are in the process of revising their copyright, patent, and trademark laws. We have asked the PRC for draft copies of these laws, but the Chinese have repeatedly refused. If we were able to review a draft copy, we could work to eliminate any shortcomings before the laws were finalized.

In 1995, the U.S. Patent & Trademark Office (which is under the Dept. of Commerce) signed an MOU with the Chinese to provide patent data from the USPTO database. After the agreement was signed, the U.S. Congress included in USPTO's 1997 budget authorization a provision that specified that no funds be expended to provide the Chinese with the data. Since then, Commerce has not allowed USPTO to fulfill its obligations under the agreement, and the Chinese continue to raise the issue at every opportunity. We are exploring ways to resolve this problem.

Clearances:

EB: SXCronin

E: DXNorlandOK

~~PRCA~~ INVESTMENT ISSUES

Must Do/Say

- U.S.-invested companies have been good corporate citizens in China; consistently ranked as the best in terms of management, training and localization.
- Foreign-invested enterprises in China are most efficient part of the PRC economy. Major sources of tax revenue for Chinese government.
- Concerned about U.S. firms' problems: transparency of laws and regulations, legal protections, costs of doing business, customs and export procedures, local protectionism and foreign exchange regulations.
- Committed to ensuring fairness for U.S.-invested companies as they plead cases before Chinese courts or in arbitration.

Talking Points

-- U.S. companies are invested in China for the long-term; their presence provides export opportunities for U.S. firms and jobs for American citizens.

-- Most U.S. companies in China import more - especially equipment and component parts -- than they export - they are not contributing to America's trade deficit with China.

-- Our companies have also been good corporate citizens in China, with quality goods and services and modern management techniques in their enterprises. They adhere to international standards on worker rights and other labor issues.

-- U.S. companies have been frustrated with many of aspects of the business environment in the PRC, including failure of Chinese JV partners to live up to contractual obligations, transparency of laws and regulations, absence of legal protections and local protectionism.

-- Committed to working with U.S. companies which encounter problems in the PRC to ensure that they have fair access to Chinese courts and opportunity to seek redress through domestic or international arbitration, if necessary.

Background

Since 1979, foreign investment in China has amounted to \$267 billion. However, this figure does not take into account depreciation, disinvestment or current value. A more realistic FDI figure is approximately \$154 billion by the end of 1998.

About 250,000 foreign-invested enterprises (FIEs) are currently operating in China, employing over 18 million people or the equivalent of about 11 percent of China's non-agricultural population. In 1998, FIEs paid nearly \$15 billion in taxes, accounting for 14 percent of China's tax revenues from industry and commerce. The industrial output of FIEs reached \$188 billion, or roughly 27 percent of China's total industrial output.

During the past 20 years, about 26,000 investment projects in China have been U.S. in origin, with actual utilized FDI of about \$21 billion. In 1998, the United States was second to Hong Kong in terms of new contracts and utilized FDI, picking up some of the decline in investments from Asia and elsewhere. Among the largest U.S. investors in China: General Motors (\$1.35 billion); Motorola (\$1.2 billion); Coca Cola (\$1.1 billion); Kodak (\$1 billion); ARCO (\$700 million); Ford (\$365 million); Amoco (\$350 million); United Technologies (\$300 million); Pepsi (\$228 million); Hewlett-Packard (\$200 million); General Electric (\$165 million); Lucent Technologies, IBM and Proctor and Gamble, all with about \$150 million.

Largest foreign direct investors in China are from Hong Kong, Taiwan and Macao; some of that money actually represents investment by mainland Chinese companies via subsidiaries in Hong Kong and Macao. . Most Fortune 500 companies have invested in China, but in a small way, given concerns about doing business in the PRC generally. China has been taking steps to improve the investment climate by setting up new regulations which will open service sectors (banking, insurance, accounting and distribution) for investment; permit retail JVs, and expand the geographic scope of JVs and wholly-foreign owned enterprises. A number of these openings in support of foreign investment likely are being taken as China considers ways to conform WTO obligations/responsibilities it will undertake in the future. However, with improved opportunities elsewhere in the region and China's economy not performing as well as in

the past, utilized foreign direct investment flows have declined by 10 percent in the first ten months of 1999.

U.S. companies, like most other foreign firms, do have investment problems in China, not the least of which are PRC failure to follow-through on contractual promises, the inability to distribute nation-wide, lack of foreign service providers in the PRC with which FIEs normally do business, and concerns about the overall transparency of rules and regulations and legal protections. Attached is a copy of the report the Embassy does annually listing significant investment disputes.

Maritime

Must Do/Say:

- Concerned about the lack of reciprocity, and possible new Chinese regulations.
- Hope to reach new agreement to grant U.S. carriers the access they deserve.

Talking Points:

-- I am greatly concerned about the lack of reciprocity in our bilateral maritime relationship. Our interests need to be better balanced. Chinese carriers operate relatively freely in the U.S. market, whereas the Chinese government strictly limits the services U.S. carriers provide in China.

-- The two sides are currently negotiating a new bilateral maritime agreement to replace the one that expired in September 1998. We need a new agreement to get the U.S. carriers the access to the Chinese market that they deserve.

-- Also concerned about Chinese draft maritime regulations which would give Chinese authorities broad new powers and which could further reduce the competitiveness of U.S. carriers. The regulations run counter to the worldwide trend of promoting market-based competition, deregulating shipping services and reducing the role of government intervention in the international shipping market. The regulations also run counter to Chinese efforts in other sectors to reap the economic benefits of competition and deregulation.

-- The Federal Maritime Commission has opened an inquiry into Chinese practices. As an independent agency, FMC will closely monitor market access opportunities in China for U.S. carriers.

Background:

The U.S. has a number of long-standing concerns about our unbalanced maritime relationship with China. The most recent bilateral maritime agreement lapsed in 1998 (amid

claims from U.S. carriers of Chinese violations), and the U.S. has opted not to renew it.

The U.S. sees an absence of reciprocity: Chinese carriers have virtually unfettered access to the U.S. market while U.S. carriers are frustrated by a variety of obstacles, licenses, and limitations in China. The Federal Maritime Commission (FMC), an independent agency, is empowered to impose sanctions if it finds conditions "unfavorable to the U.S." and has opened a case on China. At its most recent meeting, the FMC Commissioners ordered FMC staff to prepare a list of possible sanctions.

China tends to view the situation differently. While Chinese carriers in the U.S. are subject to the Controlled Carrier Act (which restricts state-owned carriers from quickly dropping rates), China has granted U.S. carriers, but not those of other nations, special access and privileges. China prefers to have a "Most Favored Nation" approach - which would enable it to keep its carriers protected from competition while obtaining greater access to the U.S.

Maritime negotiations, the first in 13 months, began September 21. We expect several rounds of talks before we conclude an agreement.

The negotiators for the U.S. are the Department of Transportation's Maritime Administration ("Marad"). State has been following the issue closely, and has suggested the two sides accept a gradual lifting of Chinese restrictions (similar to aviation and WTO agreements), phased in over several years. Within State the Economic Bureau (EB) tends to believe that the threat of sanctions could be a useful negotiating tool (the carriers concur). EAP/CM believes that an explicit sanctions threat at the outset of talks is likely to begin a spiral of Chinese counteractions, making progress even more difficult to achieve.

Clearances:

EB/TRA/MA:EXFox

EB/TRA/MA:SXMiller

E:DXNorlandOK

U.S. CHINA TRADE RELATIONS

Must Do/Say

- A \$50 billion or more trade deficit with China is not sustainable, economically or politically.
- Deficit will not be turned around overnight.
- Let's not close our markets; instead, let's increase market access for U.S. business in China through negotiating a good WTO accession package.
- In addition, China should be held fully accountable to obligations undertaken in all trade areas, including the 1992 Memorandum of Understanding on Market Access and the 1995 Bilateral Agreement on Intellectual Property Rights.

Talking Points

-- Concerned about the level of bilateral deficit with China; it is not sustainable economically or politically.

-- American goods and services are competitive with those of any country in the world. If given the opportunity, our business people can increase their market access and market share in China. Urge China to ensure fairness in procurement practices, end indirect subsidies, and apply same standards and testing requirements to foreign and domestic products.

-- Best way to ensure increased access is through a commercially-meaningful, fair, transparent WTO accession. Strongly support completion of a bilateral WTO agreement with China.

-- A good agreement will help reduce the trade deficit. But not overnight. It will take persistence on the part of our business people and improved understanding of changing market opportunities in PRC.

-- We will also ensure China honors commitments it has made in the 1992 Memorandum of Understanding on Market Access and the 1995 Agreement on Intellectual Property Rights. These undertakings are integral to our overall efforts to broaden our business presence in the PRC.

Background

Our bilateral trade deficit with China has increased dramatically during the past ten years. Last year it was nearly \$59 billion; this year it could exceed \$60 billion. Some economists believe that China's deficit will be larger than Japan's by the middle of the first decade of the 21st century, at the latest.

The trade deficit is, in part, a structural problem; the Chinese simply have more goods that we want than we have to sell them. China can absorb a finite number of planes, computers and high technology while our appetite for Chinese textiles and processed goods seems limitless. The deficit is also, in part, a market access problem; Chinese restrictions of U.S. goods and services, especially the latter, have held back U.S. commercial expansion in the PRC market. We do not accept - and you should reject - Chinese arguments that if the U.S. were to lift restrictions on exports of high technology goods, we would reduce our deficit dramatically. Economists have estimated that ending the Tiananmen sanctions would generate no more than 1-2 percent additional trade.

In the past, when the WTO talks were either on hold or progressing slowly, we sought to open the China market by negotiating a bilateral Memorandum of Understanding on Market Access (1992) or through agreements to protect U.S. IPR interests (1995 and 1996). However bilateral agreements have led to bilateral disagreements and bilateral frictions. Instead, we want a multilateral process to compel China to open markets wider. In addition, China has a better record of complying with global norms than with bilateral demands.

While no listing of our bilateral trade problems can be exhaustive, the following are some matters which may crop up in the course of your hearings:

-- Pharmaceutical price controls. Caps on profit margins, especially for foreign manufacturers, are usually presented as efforts to contain health care costs. However, they usually ignore research outlays as well as other overhead which far exceeds the return which China would allow for new medicines. This issue has come up a number of times in our bilateral discussions on IPR.

-- Administrative protection for pharmaceuticals and other goods. China's Ministry of Public Health granted a Chinese company the right to manufacture a pharmaceutical product while an American company was waiting action on its application for administrative protection of that product. Secretary Daley wrote Shi Guangsheng, the Chinese Minister of Foreign Trade and Economic Cooperation about this subject on September 21.

-- Government procurement. Majority of PRC government contracts are handled through domestic tenders or direct negotiations with select suppliers. Foreign suppliers are routinely discriminated against in areas where domestic suppliers exist.

-- Indirect Export subsidies. Although China abolished direct subsidies for exports in 1991, it continues to provide indirect subsidies through guaranteed provision of energy, raw materials and labor as well as VAT rebates for certain kinds of exports.

-- Limitations on the provision of CDMA cell phone services and the end of the China/China-Foreign Joint Venture in telecommunications. The Chinese told Commerce Secretary Daley this past April that U.S. provider CDMA services would be extended nationwide; they continue to limit the provision of these services to the Shanghai area. In addition, U.S. companies which had invested in Chinese telecom JVs with UNICOM, the competitor to China Telecom (which is essentially a creature of the Ministry of Information Technologies) are being forced to divest and will not likely receive compensation for the total investment made. Secretary Daley has written to Chinese Vice Premier Wu Bangguo protesting the treatment of U.S. telecom firms.

WTO

CHINA'S ACCESSION TO THE WORLD TRADE ORGANIZATIONMust Do/Say

- China's accession to the WTO is a "win-win" for the companies, farmers and consumers of the U.S. and China.
- The Administration is committed to a "commercially-meaningful" agreement which opens China's markets to U.S. goods and services.
- President is prepared to work with Congress to provide Permanent Normal Trade Relation (NTR) status to China once agreement is reached.

Talking Points

- Negotiations on China's accession to the WTO resumed after meetings of two Presidents in Auckland, New Zealand.
- The two Presidents instructed their negotiators to begin identifying outstanding issues and underscored the importance of working towards an agreement in time to allow the possibility of China entering the WTO this year.
- Since then we have had several rounds of useful discussions, including on September 27 in Washington.
- Any bilateral agreement must expand market access in China for U.S. companies. Chinese concessions will lower immediately tariffs, eliminate non-tariff barriers, increase opportunities for U.S. service providers and ensure that our dealings with one another will be fair, competitive and transparent.
- With the conclusion of a commercially-meaningful protocol of accession, the Administration is committed to consulting closely with the Congress on the extension of permanent Normal Trade Relations status for China.
- Hope we can bring this process to a close in a way that serves our mutual interests.
- **If raised:** Every expectation China will honor obligations undertaken as part of its WTO participation. If not, U.S. has recourse under dispute resolution settlement.

Background

China first applied for contracting party status in the General Agreement on Trade and Tariffs 13 years ago (the World Trade Organization is the GATT's successor). The U.S. and China nearly signed a bilateral agreement in June 1989, but the Tiananmen Massacre halted all talks. Since then discussions have been intermittent except for a brief period in 1993 when China was intent on being a founding member of the WTO. However, China was unable to present a meaningful, comprehensive offer.

Despite the opportunities presented by the exchange of visits between our two Presidents in October 1997 and June 1998, we were unable to close. Discussions picked up in February 1999 because the Chinese were:

- Concerned about the prospects for Taiwan's accession in the wake of a U.S.-Taiwan bilateral agreement. China maintains that it must accede before Taiwan and that an agreement in Geneva in 1992 stipulates that members of the China working party group agree to the order of accession.

- Interested in obtaining full contracting party status for the upcoming WTO Ministerial in Seattle in November/December. China wants to have a formal seat at the table to discuss key issues of agriculture and services; it does not want to sit silently by as an observer.

- Recognized the desirability of using WTO disciplines, phase-ins, and end points as tools for enhancing the performance and competitiveness of China's economy.

The U.S. and China came very close to final agreement during Premier Zhu Rongji's visit in April. Sticking points were banking (particularly auto finance), securities and audio-visuals. (We signed an agreement on agriculture which established sanitary and phytosanitary standards for the export of citrus, TCK wheat and meat to China; it has yet to be implemented.) Chinese expressed concern about textile quotas, anti-dumping language and safeguards. An additional round of bilateral talks was held in Beijing in mid-April, before the bombing of China's Embassy in Belgrade brought negotiations to a halt. They were not resumed again until a few days before the Clinton-Jiang meeting on September 11. Meetings between USTR Barshersky and Trade Minister Shi in Washington September 27 were not productive.

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



Date: 9/30/99

To: Malcolm Lee

Fax: 456-9290

From: Deborah Crane, China/Hong Kong Desk

Phone: 202-622-0748

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5 page(s)

China Econ Assessment, as requested.

Tab A
9/17/99China
Economic Assessment

Economic Prospects: While China has so far avoided the worst effects of the Asian financial crisis, weak external and domestic demand pose significant downside risks to economic growth this year. The GOC is aiming for GDP growth of 7% in 1999, similar to Consensus Forecasts. First half economic results were disappointing. GDP growth slowed to 7.1% y/y in the second quarter of 1999 (1.1% q/q sa¹), from 8.3% y/y in the first quarter (2.2% q/q sa), as the government's public investment program failed to kick-start private investment or consumption. Price deflation has persisted (RPI inflation rate of -3.0% y/y in January/August 1999), though there has been some improvement in recent months. Exports declined 4.6% y/y in the first half, mainly on weak demand in Asia, but have performed strongly in July (up 7.5% y/y) and August (up 17.8 % y/y), indicating that the worst may be over.

Fiscal Policy: The GOC has relied heavily on fiscal policy in its effort to counter slowing GDP growth. A mid-1998 stimulus package fueled GDP growth in Q4/98 and Q1/99, but dissipated by mid-1999 as it failed to spur private consumption and investment. The GOC is now undertaking a series of additional fiscal measures, including a special bond issued to the state commercial banks (equal to about 0.7% of GDP) to finance further public infrastructure investment and guarantee loans for technology upgrades. Half the bonds will be issued on behalf of local governments. Quasi-fiscal spending consisting of state commercial bank lending to these projects will increase the total fiscal stimulus. To address lagging private consumption, the GOC is implementing an increase in salary and social welfare payments (about 1.2% of GDP), aimed primarily at the urban poor, part of which will be borne by local governments. Payments to laid-off state workers, low-income urban residents, and civil servants will rise 30% while pension arrears will be reduced and pension benefits increased by 15%. In addition, a program of VAT rebates for exporters is being expanded. A new 20% flat tax on interest is intended to encourage private spending. The GOC has also offered tax relief and priority in issuing shares to high technology companies.

Higher than expected tax revenue in H1/99 has provided the GOC with some leeway for expanding fiscal spending. General tax revenues rose nearly 20% in the first half of 1999 (versus a planned increase of 10% for the year), due partly to a recent crackdown on smuggling. While the GOC may use some of the increased revenues to finance fiscal stimulus, slowing GDP growth and increased VAT rebates to exporters are expected to trim revenue growth in the second half of 1999.

Monetary Policy: It has taken time for GOC policy makers, accustomed to fighting inflation, to shift their thinking and policies to address deflation. As GDP growth slowed last year, the PBOC lowered the reserve requirement and undertook a series of nominal interest rate cuts, but these had little impact, as deepening deflation kept real interest rates high (on the order of 8% for one-year working capital loans). By mid-1999, GOC policy makers began acknowledging the seriousness of deflationary pressures and in June the GOC undertook a much larger interest rate cut, reducing savings rates by an average of one percentage point and lending rates by an average of 75 bp. The GOC has been wary of loosening interest rates too much, due to concerns over capital outflows

¹ Federal Reserve estimate.

(e.g. to Hong Kong, where rates are already higher), and made the June move only after they were satisfied with earlier efforts to tighten capital controls.

External Sector: The IMF projects the current account surplus to decline to 1% of GDP in 1999 (from 3.4% in 1998). In January/August 1999, imports surged by 17.5% y/y while exports remained flat (up 0.2% y/y). Import growth is attributed to an increase in recorded imports due to an anti-smuggling campaign as well as increased demand from infrastructure investment. Sluggish exports, particularly in H1/99, reflected weakness in Asian demand, especially Hong Kong. A recent pick-up in exports to Japan and South Korea has contributed to strong export performance in July and August. Foreign exchange reserves remained flat for much of 1998, as a significant deterioration in the capital account offset China's large current account surplus, prompting the authorities to tighten foreign exchange controls in September 1998. Foreign currency reserves inched up about \$2 billion during H1/99, and climbed another \$3 billion in July and August to reach \$150.4 billion.

China's weakening economy, along with increasing stabilization in the Asia region, has led to speculation about China's exchange rate policy. Devaluation fears were heightened this summer following disappointing H1/99 economic performance, a July statement by Central Bank Governor Dai that the value of the RMB is market determined, and an August People's Daily article noting that China's balance of payments should determine exchange rate policy. Recent strengthening of export performance and increase in foreign exchange reserves have reduced expectations for an imminent devaluation (implied devaluation from the 6-month non-deliverable forward fell to under 4% in mid-September from over 7% in mid-August) though many observers still believe a modest devaluation is likely in the first half of 2000. In addition, there has been public discussion among Chinese and international analysts of a possible move to a more flexible exchange rate regime. During its July Article IV review, IMF staff encouraged the GOC to consider moving to a more flexible system over time, and the U.S. Board statement supported this view.

Financial Sector: China has undertaken several important initial steps in financial sector restructuring, but a large, difficult unfinished agenda remains. Recent progress includes the establishment of an RTC-style asset management company (Cinda AMC) to dispose of pre-1996 non-performing loans at the China Construction Bank. AMCs will be established at the other three large state commercial banks by the end of 1999. The AMC's will rely on securitization of debt and debt-equity swaps for large debts, and auctions for smaller debts. Cinda AMC signed its first two debt-equity swaps in early September: a deal with Beijing Cement involving \$108 million in debt (and a controlling stake in the firm) and a deal with Shanghai Coking Company involving \$126 million in debt. Underdeveloped capital markets and a weak legal framework characterized by ill-defined ownership rights are key constraints facing the operation of the AMCs. Another important reform was the recent re-organization of the People's Bank of China (central bank) into nine multi-province districts to insulate it better from local political pressures.

Other reforms which have been announced, though are not yet fully implemented, include: instructions to banks to begin lending only on commercial grounds; orders to adopt western-style accounting and classification systems; and the partial decontrol of interest rates to allow banks to charge risk-adjusted rates to the non-state small enterprise sector. The shortage of banking expertise makes true commercialization a daunting challenge, however. Rather than lending on commercial grounds, which bank staff is ill-prepared to do, banks have relied on purchases of low-risk government bonds. In addition, in the face of slowing growth, banks

were instructed last year to increase lending, especially for flood-related reconstruction and infrastructure investment.

SOE Reform: The Chinese leadership has reaffirmed 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 operate at a loss; their reported profits fell by 20% in 1998 (though results in the first half of 1999 have shown an improvement); and an estimated 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, restructure/privatize or liquidate) has stalled over GOC concerns about possible implications for unemployment. In addition, the GOC has been re-appraising plans which had originally centered on the construction of *chaebol*-like conglomerates. In recent speeches, President Jiang has highlighted the role of asset restructuring and expansion of the shareholding system to reform the SOEs, but emphasizes that the state should retain a "dominant role in important sectors." While progress on SOE reform has been slow, there have been notable achievements in restructuring and reducing employment in the textile and coal sectors. The GOC recently announced that a four-day plenum of the Communist party central committee in mid-September will focus on SOE reform.

Bilateral Issues and Relations:

- U.S. Bank Exposure to China: Total U.S. bank outstanding exposure stood at \$1.8 billion as of end-1998 (down from \$3.1 billion a year earlier). While U.S. bank exposure to the non-bank Itic sector is relatively modest (i.e. included in the \$1.8 billion), U.S. bankers remain seriously concerned that Itic loans may not be fully repaid.
- Trade Balance: The U.S. trade deficit with China, second in magnitude only to Japan, grew 14.5% to reach \$56.7 billion in 1998. According to U.S. data, the trade deficit for January/June 1999 is \$29.3 billion.
- U.S. FDI in China: At the end of 1998, U.S. direct investment in China totaled \$6.2 billion.
- Financial Services Presence: Six U.S. banks have a total of 13 branches in China. Only two -- Citibank's branches in Pudong and Shenzhen -- are permitted to conduct business in local currency. Citibank was recently given permission to borrow RMB on the inter-bank market for up to one year (previously limited to very short-term).
- Tax Treaty: The U.S. and China have a tax treaty in force.

CHINA

Summary Statistics

Population: 1.25 billion (1997)
Per Capita Income: \$ 769 (1998)

Population Growth Rate: 1.5%
Fiscal Year: Calendar

GROSS DOMESTIC PRODUCT	1994	1995	1996	1997	1998	1999e
GDP (\$ bn)	540.5	704.6	817.0	900.0	961	
Real GDP Growth	12.6%	10.5%	9.6%	8.8%	7.8%	6.6%
Gross Domestic Investment (% of GDP)	41.2%	40.8%	39.2%	38.1%	37.8%	39.3%
Gross National Savings (% of GDP)	42.5%	41.1%	40.0%	41.9%	41.2%	40.4%

GOVERNMENT BUDGET (% of GDP)						
Expenditure (incl. net lending)	14.6%	13.3%	12.9%	13.9%	15.8%	16.8%
Overall Balance (official)	-2.7%	-2.1%	-1.7%	-1.8%	-3.0%	-3.4%

INFLATION/MONEY						
Consumer Prices (period average)	24.3%	16.7%	8.4%	2.8%	-0.8%	-1.5%
Money Supply Growth (M3)	34.5%	29.5%	25.3%	17.3%	15.3%	15.0%
One Year Time Deposit Rate	11.0%	11.0%	7.5%	5.7%	3.8%	2.3% ¹

EXCHANGE RATE						
Nominal (RMB/US\$)	8.5	8.3	8.3	8.3	8.3	8.3
Real Effective (Index 1990=100)	75.6	83.5	90.1	95.9	100	93.8

BALANCE OF PAYMENTS (\$ bn)						
Exports	102.6	128.1	151.2	182.7	183.5	180.8
(% Change)	33.1%	24.9%	18.0%	20.8%	0.4%	-1.5%
Imports	95.3	110.1	131.5	136.5	136.9	154.7
(% Change)	12.2%	15.5%	19.4%	3.8%	0.3%	13.0%
Trade Balance	7.3	18.1	19.5	46.2	46.6	26.1
Current Account Balance	6.9	1.6	7.3	34.7	32.7	10.2
(% of GDP)	1.3%	0.2%	0.9%	3.9%	3.4%	1.0%
Overall Balance of Payments	30.4	22.5	31.7	35.7	6.4	-6.8

INTERNATIONAL RESERVES						
Gross Reserves (\$ bn)	53.5	76.0	107.7	143.4	149.8	143
Months of Imports (G&NFS)	5.8	6.7	8.4	10.3	10.8	9.2

EXTERNAL DEBT						
Total Debt (\$ bn)	95.4	106.6	116.3	132.1	146	154
(% of GDP)	17.7%	15.1%	14.2%	14.7%	15.2%	
of which: short-term (\$ bn)	10.9	11.9	14.1	18.1	17.3	18.3
Debt Service Ratio (%X G&NFS)	11.1%	10.6%	10.5%	6.1%	7.5%	8.2%

CREDIT RATING	July
Standard & Poor's	BBB
Moody's	A3

Sources: IMF and Treasury Department Data; Consensus Forecasts

OASIA/DCrane
September 22, 1999

¹ Data for 1999: since June 10, 1999

² IMF data based on revised weights; Annual averages (1990=100); Data for 1999 are estimates for April.



OFFICE OF THE GOVERNOR

Ken —

I hope you're well —

Don't know how AB 214
will turn out ... well right?

Say hello to all the
good USTR folks —

See ya —

D —

PD — Attached, for laughs —

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. email	Malcolm Lee to Record. Subject: Readout on Barshefsky Dinner with Shi. (1 page)	09/28/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [1]

2010-1024-F
vz1847

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]
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P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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b(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]



STILWELL_AMY@ustr.gov
09/28/99 09:54:00 AM

Record Type: Record

To: Patrick M. Dorton@eop, Lael Brainard@eop, Malcolm R. Lee@eop

cc:

Subject: China guidance

Malcom/Patrick: this was current as of 7:00 p.m last evening.

Monday, 09/27/99, 6:05 p.m. EDT
USTR Talking Points on China WTO talks

Ambassador Barshefsky and Minister Shi today continued the discussions begun in Auckland.

We are pleased that Minister Shi led a delegation that included representatives from various ministries. Experts met with their counterparts from the ministries to review the necessary components of a commercially meaningful agreement. The discussions were useful.

The timing and logistics for the next meeting have not yet been set.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. draft	Memorandum of Conversation between President Clinton, Prime Minister Obuchi, and President Kim. (5 pages)	09/12/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1177

FOLDER TITLE:

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