

FOIA MARKER

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Folder Title:

China (September to October 1999, POTUS - Jiang Bilateral at APEC, New Zealand) [2]

Staff Office-Individual:

National Economic Council-Lee, Malcolm

Original OA/ID Number:

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23	5	6	1	v

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Response from Korean Minister for Trade Han Duck-soo. (15 pages)	09/02/1999	P1/b(1)
002. draft	Points to be made for Bilateral Meeting with President Jiang Zemin. (2 pages)	08/20/1999	P1/b(1)
003. draft	Duplicate of 002. (2 pages)	08/20/1999	P1/b(1)
004. draft	Duplicate of 002. (2 pages)	08/20/1999	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) [2]

2010-1024-F

vz1848

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)]

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China WTO Press Guidance
August 27, 1999

Why does the Administration plan to withhold an ITC report on a China WTO agreement?

- First. Neither we, nor USTR which requested the ITC report, have seen the report.
- Secondly, it is standard procedure, and in the national interest, to classify ITC reports concerning on-going negotiations. They tend to contain sensitive economic or national security information that could impact on-going negotiations.
- Third, the report will be made available to Members of Congress as soon as it is received by USTR.
- Finally, when USTR receives the report next week, it will review it to determine which portions of the report can be declassified without adversely impacting negotiations with China. (Normally, an initial determination regarding declassification is provided within 60 days).

Why did the Administration delay the ITC report analyzing a China WTO deal?

- There has been no delay. USTR requested a comprehensive analysis in December, 1998, when negotiations between the U.S. and China appeared to be advancing in earnest.
- As the negotiations progressed, and as some elements of a possible agreement became apparent, USTR provided such information to the ITC, and provided additional time required by the ITC for further evaluation.

Is the Administration trying to hide something?

- No. Any agreement this Administration concludes with China will be clearly in America's national interest. We will want Congress, and the American public, to have full information on such an agreement.
- But we do not yet have an agreement, and our interest and objective is to conclude the best agreement possible (not to adversely affect on going negotiations).

Q: Have the United States and China agreed to re-start negotiations for China's entry into the WTO this year?

- The United States is prepared to resume negotiations with China on reaching a bilateral accession accord.
- We believe China's entry into the WTO on strong commercial terms is in the long term interests of China, the United States, and the WTO itself.
- We do not at this time have a specific agreement with China on resuming our bilateral negotiations.

Q: Will there be a WTO announcement when Jiang and Clinton meet at APEC (on 11 September)?

- WTO will very likely be a topic of discussion.
- Too early to know just where we will be at that time on this issue.
- Would hope to resume at the earliest opportunity. The calendar for China's entry at the November WTO ministerial is already very tight.

Q: Is it true the Chinese do not want to resume talks until after the leaders meet?

- Again, we are prepared to resume negotiations. We believe it is in the interest of both nations. I would not characterize the Chinese position. Best ask them.

Q: Is USTR planning to travel to China for meetings?

- No meeting is scheduled. Currently USTR has no plans to travel to China.

CHINA GENERALECON POINTS FOR PRESS BRIEFING
(to be reviewed by Rob Wescott and integrated in broader APEC Points)

- President Clinton will meet with President Jiang on Saturday.
- Will discuss a full range of political, security and economic issues.
- On the economic side, I expect they will discuss improvement in the economic outlook for Asia, and the economic outlook for both China and the United States.
- China has played a constructive role in the Asia financial crisis, and still faces great challenges in its efforts to transform its economy. These reforms, and the health of the Chinese economy, are of importance to the United States, the region and the world.
- We also expect China's accession to the WTO to be a topic of discussion. This week we resumed expert level technical discussions in Beijing.
- Ambassador Barshefsky is in New Zealand for the APEC trade ministers meeting, and will meet with the Chinese in advance of the President's meeting with President Jiang.
- It is too early to predict the outcome of such discussions. We hope to resume negotiations as soon as possible.
- As we have said before, we believe China's entry into the WTO on strong commercial terms is in the long term interests of China, the United States, and the WTO itself.

**China WTO
Q&A**

September 7, 1999

Q: Can you confirm that Bob Cassidy has returned to Beijing to resume WTO accession talks with China?

A: Bob Cassidy returned to China over the weekend for a technical level review. After not meeting for five months, it was determined that a stock-taking would be useful.

Q: Do you consider this a resumption of the talks? Next steps?

A: This constitutes an initial re-engagement. Ambassador Barshefsky will have a bilateral meeting with China in Auckland.

Q: Will there be a WTO announcement when Jiang and Clinton meet at APEC (on 11 September)?

A: WTO will very likely be a topic of discussion, but cannot predict beyond that. It is our hope to move discussions forward. We would hope that we could agree on resumption of negotiations at that time.

If Asked:

Q: Do you think the Chinese will use the “stock taking” exercise as an opportunity to withdraw previously- agreed upon concessions from the table?

A: There has been no discussion of the withdrawal of commitments. As we have repeatedly indicated, we expect to proceed based on the market access commitments made by China last April.

Q: Do you expect a final package to be substantially better than what was offered in April?

A: Any final package will be based on commercially meaningful terms. We will not discuss the substance of the negotiations prior to concluding a deal with China.

ITC REPORT ON IMPACT OF CHINA WTO ACCESSION ON U.S. ECONOMY

(USTR is updating this to respond to substance of ITC report: Amy Stillwell is contact)

Why does the Administration plan to withhold an ITC report on a China WTO agreement?

- _ Ambassador Barshefsky has stated that she wants the report to be made public. USTR is reviewing to ensure that there is nothing in the report the disclosure of which would prejudice the U.S. negotiating position with the Chinese.

Background Talking Points

1. USTR received the report late Monday (8/31/99)
Direction to release the Executive Summary of the report was made last week (9/1/99) by letter from USTR General Counsel Robert Novick to the ITC.
2. The Executive Summary was made available from the ITC on 9/2/99. It is available on the ITC web site (www.usitc.gov).
3. Direction to release the balance of the report (w/ the exception of business proprietary information, or information which could prejudice the negotiations) will be made shortly.
4. The original Confidential report is available to all cleared advisors and Members of Congress.

Why was it classified in the first place?

- _ It is standard procedure, and in the national interest, to classify ITC reports concerning on-going negotiations. They tend to contain sensitive economic or national security information that could impact on-going negotiations.
- _ The report is available to Members of Congress.

Why did the Administration delay the ITC report analyzing a China WTO deal?

- _ There has been no delay. USTR requested a comprehensive analysis in December, 1998, when negotiations between the U.S. and China appeared to be advancing in earnest.

- _ As the negotiations progressed, and as some elements of a possible agreement became apparent, USTR provided such information to the ITC, and provided additional time required by the ITC for further evaluation.

- _ **Is the Administration trying to hide something?**

- _ No. Any agreement this Administration concludes with China will be clearly in America's national interest. We want Congress, and the American public, to have full information on such an agreement.
 - _ But we do not yet have an agreement, and our interest and objective is to conclude the best agreement possible (not to adversely affect on going negotiations).

Q&A For SRB Press Briefing on APEC Trip

China Bilat

What issues will be covered in the Clinton-Jiang bilat at APEC?

- Will have to see what Jiang chooses to raise. Safe to say that at least the following three issues will be on the agenda:
 1. Moving toward resumption of full array of activities in US-PRC relations. This would serve the interests of both sides.
 2. A US-PRC bilateral accession accord for the WTO. We want to see China enter the WTO this November on the basis of a strong commercial accession agreement.
 3. Cross-Strait relations. Recent developments require a discussion of our respective positions so as to prevent misunderstanding and maximize the chances of stability and progress.

Will the meeting reverse all the activities (mil-mil relations, human rights and non-proliferation dialogues, port calls in Hong Kong, etc.) suspended in the wake of the Belgrade bombing?

Some activities have already resumed, at least in part, but the bulk remain under suspension. These activities are important not only for our bilateral relations but also for regional and global concerns.

We want to move forward and will have some concrete suggestions.

Hope to see movement in the right direction here.

Will there be a WTO agreement with China announced at APEC?

- WTO will be discussed. We want to see China gain admission this year on a strong commercial basis.
- Do not know exactly where we will be at when the President meets Jiang but believe that there should be a renewal of negotiations if they have not formally resumed by then.

If an agreement is announced, will U.S. grant permanent NTR to China?

- Premature to judge whether or when an agreement might be reached, but if we attain a strong bilateral agreement on China's accession to WTO we will work with Congress to secure China's permanent NTR status.

Will the President press Jiang on Taiwan?

- Will discuss cross-Strait relations.
- U.S. policy on this is clear and consistent: we aim to reduce as much as possible the chances of conflict and to maximize the possibilities for stability, peace, and prosperity.
- Core of our policy is three pillars: one China, peaceful resolution, and cross-Strait dialogue to help achieve peaceful resolution. These three pillars apply to both sides of the Taiwan Strait.
- Clinton and Jiang discussing this face-to-face will help to clarify perspectives, reduce chance of misunderstanding.

Do you expect Jiang to ask that the U.S. reduce arms sales/preclude provision of TMD to Taiwan?

- Can't predict what Jiang will raise, but we will stress fundamental continuity in our policy.
- Three communiqués and TRA contain clear guidelines for our unofficial relations with Taiwan, including limited sales of defensive arms.
- As stipulated in these basic documents, future sales will reflect the security situation in the area.

We will continue to adhere to both the mandates and constraints in the documents that define the framework for our arms sales to Taiwan.

Any remaining issues from the Belgrade embassy bombing?

- Have made \$4.5 million humanitarian payment in late August. Now discussing potential property payments, both to them and to us. Have made progress in this discussion, and will meet again soon on it.

- Note that we have no legal obligation to make humanitarian and property payments, but we are doing so voluntarily.
- Other issues largely resolved, and don't see this as an obstacle to return to a more positive bilateral agenda.
- Will provide appropriate information on accountability when that process has reached a conclusion.

Will Falun Gong and other instances of repression be discussed?

- Part of return to full range of activities in our relationship includes discussion of human rights issues. Important that we have channels to discuss our differences as well as areas of common ground.

Any prospect of a positive development on Tibet?

- Up to the Chinese to answer that question, but no indication of a breakthrough.
- Establishment of dialogue between Chinese and Dalai Lama and/or his representative remains a high priority for us.

Any likelihood of movement on nonproliferation agenda?

- We would like to advance discussion of arms control and nonproliferation issues. Remains to be seen how far we can take that agenda item.

Will NMD be on the table?

- We want to initiate a comprehensive discussion of arms control and nonproliferation issues with China.
- We will be talking to China about our plans to develop a system to counter ballistic missile threats from rogue states. May not come up in the relatively brief session between the two Presidents, but will certainly be on the agenda for subsequent senior officials' exchanges.

NORTH KOREA

When is the Perry Report being released?

- Dr. Perry has transmitted his recommendations to the President. We expect in turn to provide them to the Hill next week.
- These recommendations follow the basic paths that we and Dr. Perry have discussed in public over the past months. I will not comment on specifics until the recommendations have gone to the Hill.

Will North Korea launch a missile?

- We have been working to point out a better future path to the North Koreans, and all other countries in the region have supported this approach. I hope North Korea will opt for a less confrontational, more hopeful set of relationships not only with us, but also with its neighbors.

Will North Korea be the main topic of the trilateral meeting with Japan and ROK?

- Certainly the situation in the Korean peninsula will be a topic of discussion but we will also cover a range of other issues.

VIETNAM

What is the status of negotiations with Vietnam on a trade agreement?

- We are still in discussions with the Vietnamese. The tone of our talks is positive and constructive.

Do you expect to sign an agreement at APEC?

- We are not setting an arbitrary deadline for concluding an agreement. We will continue discussions in an effort to finalize an agreement expeditiously.

APEC

What outcomes are you hoping for from APEC this year?

- APEC can show that it is a dynamic region committed to openness and reform as it produces results that promote opportunities in the region.
- We hope APEC will endorse a new WTO negotiating round, a broad-based but manageable three-year agenda focused on market access in agriculture, services and industrial products.
- We want APEC to push for concrete results in Seattle, including agreement on the Accelerated Tariff Liberalization initiative proposed by APEC, transparency in government procurement, and a permanent moratorium on e-commerce duties.
- We will also seek support for increased transparency within the WTO and recognition of the need to address developing country concerns in a new WTO round.

What did APEC do in terms of the economic crisis? Is APEC relevant to promoting economic recovery?

- APEC's work is important -- liberalizing trade and facilitating business create enormous opportunities for U.S. businesses. More business opportunities abroad generate economic growth at home, provide more high paying jobs for people in the US, and encourage technological innovation.
- However, the benefits of our engagement in APEC go beyond APEC's specific work. The 21 APEC Leaders meet as Leaders of over half of the world's population, and half its economic activity. Our active involvement in APEC bolsters our ability to achieve our broader foreign policy goals and advance a number of key objectives that incorporate our economic, political and security interests.

- APEC provided a common ground for decision-makers in the region to discuss issues and propose solutions. This included not only Finance Ministers and their deputies, but ultimately Leaders whose Kuala Lumpur Statement last year provided a comprehensive prescription for making needed economic and financial reforms in a spirit of cooperation. At a time when many were searching for who to blame, APEC helped deal with the problems and develop a strategy for recovery and sustained growth.
- Second, APEC worked to stem the tide of protectionism that always threatens when there is an economic crisis. Ministers and Leaders consistently and effectively worked to keep markets open as a fundamental requirement for the return to economic growth.
- Finally, APEC fosters economic reform both in terms of the financial market and in terms of the real economy. APEC's work on transparency, good government and strengthening markets provides the foundation for reducing the economic and financial impacts when downturns occur.

What is APEC doing to address the Y2K problem?

- Recognizing the need for cooperative efforts to address the issue of Y2K, APEC Leaders, in last year's Declaration, called for member economies to work together to look especially at cross border issues related to Y2K.
- Following a Y2K symposium in April, the United States, working with a consultant, prepared a tool kit that member economies are using to assess their Y2K vulnerability not only within their borders, but also across borders and across sectors. We presented the tool kit to national Y2K coordinators during their June United Nations Meeting and at subsequent APEC venues with positive responses. This tool kit will help Y2K managers in APEC economies review their preparations and shape contingency plans with key suppliers and trade partners. Over the next month, we will hold regional workshops in Thailand, Peru, and Korea to press cooperation on cross-border risks and vulnerabilities.
- Working together, APEC economies will be able to tackle Y2K issues in a way that maintains public confidence even if there are disruptions in some APEC members in some parts of their economy.

EAST TIMOR

What's your reaction to the announcement of the results of the vote in East Timor?

- This is a historic moment for the people of East Timor who have earned the respect and admiration of the world.
- They showed courage and faith in democracy by their overwhelming turnout on August 30 to cast votes either for or against autonomy within Indonesia.
- The successful ballot is an important step in determining East Timor's future. The results were clear with just under 80 percent of the people expressing their will for independence.
- The government of Indonesia deserves congratulations for its bold decision to allow the East Timorese to have a direct voice in determining their future and for their efforts to secure a successful vote.
- The UN and Portugal, which were parties to the agreement that led to the vote, also deserve congratulations for the successful vote.
- The President spoke with Portuguese Prime Minister Guterres on Saturday to express congratulations but also to review the current situation in East Timor and discuss next steps.

What happens next?

- The Indonesian government, and leaders of all major political parties, have indicated they will respect the will of the East Timorese people.
- The next step in East Timor's transition to full independence will be for the new Indonesian parliament -- to be seated in October -- to vote to formally abrogate East Timor's annexation.

What about reports of continued violence?

- Deeply concerned by continued violence.

- Responsibility rests with Indonesian authorities to maintain security.
- Immediate steps must be taken to improve security, control the militias responsible for most of the violence.

What about sending a peacekeeping force?

- The UNSC has already voted (last August 27) to enhance the UN presence during the post-ballot period.
- More civilian police and Military Liaison officers will be sent. US will contribute but exact levels not decided.
- Discussion is on-going in the UN and with the Indonesians on whether something of the nature of a peacekeeping type of UN presence might be needed in East Timor.
- But the fact remains, the Indonesians are responsible for security under the terms of their agreement with UN.

But the Indonesians are not maintaining security. Isn't a force needed now?

- The security situation in East Timor is very disturbing, and we are following it very closely.
- Believe the Indonesian forces can and should do more to rein in the militias.

What is being done to get Indonesia to do more?

- As you know, the President has written to President Habibie to urge him to take the necessary steps to protect East Timorese and to carry out a successful transition.
- Both State and Defense are delivering the message to Indonesia through diplomatic channels on the need to restore order. Refer you them for details.

What about the American with the UN who was shot? Any word?

- Yes and American citizen was injured.
- No confirmation as to exactly who was responsible or the circumstances.

Didn't the Government of Indonesia request a UN peacekeeping force?

BACKGROUND: Before a UN Chapter VI peacekeeping force can be deployed to any country, that country must consent to the presence of the force and to its mandate. The Government of Indonesia did not consent to a UN peacekeeping force for Phase 1 (pre-ballot) or Phase 2 (current phase) of the UN operations. They only agreed to an unarmed UN presence of civilian police officers and some military liaison officers, in addition to ballot monitors. That is why Indonesia has remained responsible for public security so far. Should there be a Phase 3 transition to independence, a peacekeeping force may be necessary to maintain security. Indonesian authorities have recently indicated their willingness to discuss a PKO to deploy after independence is granted by the new Parliament to be seated in October.

- The Indonesian authorities have indicated their support for a peacekeeping force after the Indonesian parliament grants independence to East Timor.
- We continue, of course, to monitor the situation carefully and are constantly evaluating options, including a PKO.
- Emphasize that at this point, responsibility for security rests with Indonesia.

Can people who want to leave get out?

- At this time, we believe that those foreigners who want to leave are able to do so within a short period of time.
- Understand militia is preventing some East Timorese from leaving.
- Again, essential that Indonesians establish security, including taking measures to allow for the orderly and safe departure of those who might wish to leave.

What about an evacuation? Is there planning being done?

- No need at this time but we continue to monitor the situation closely.
- Are coordinating closely with UN, other countries and Indonesia on protection of Americans and the international personnel; highest priority for us.

RUSSIA

Bank of New York Case

What can you say about the investigation on money laundering and the Bank of New York?

- Investigation is ongoing and facts are still being established.
- There has been extensive speculation about the amounts and sources of money involved, including possible diversion of IMF and U.S. assistance funds.
- We have been told by the Department of Justice and FBI that many of the allegations published in the press, including references to IMF or U.S. assistance funds, are based on speculation, outdated or are factually incorrect.
- We cannot comment further on an ongoing investigation

Were IMF funds laundered by the Bank of New York?

- At this time, we have not been given any information from U.S. law enforcement officials to substantiate media reports that IMF money was involved in the suspected money laundering.
- This case is in an early stage of development and the Justice Department will continue to investigate this matter. Our assessments regarding the IMF will, of course, be reviewed should we receive any new or different information from the Justice Department.

Any comment on reporting that Swiss authorities are investigating alleged payments made by Swiss firm Mabetex to Kremlin business manager Borodin, which allegedly went to Boris Yeltsin and his daughters?

- Have seen reports about this matter. Understand that President Yeltsin and his family have denied the allegations. Have no basis for further comment.

Why wasn't the foreign policy community briefed on the Bank of New York investigation?

- There is a longstanding understanding and practice between the foreign policy community and law enforcement officials, predating this Administration, that makes clear that law enforcement officials will determine when cases have national security implications and therefore require that foreign policy officials be briefed.
- The purpose of this understanding is to protect the integrity of investigations. On that basis, the Department of Justice had determined it was premature to brief foreign policy officials on the Bank of New York case.
- Information in the press on this case has been inconsistent and underscores the need for a full investigation.
- We are fully committed to getting to the bottom of these allegations, wherever the trail may lead, and we adhere to the principle that protecting the confidentiality and integrity of this investigation is the only way to ensure that.
- We have every confidence that the law enforcement community will continue to conduct this investigation in a thorough and professional manner consistent with established practices and principles.

Why did it take so long for officials to be briefed? Who's been briefed?

- It is important to remember that the Department of Justice determines when it is appropriate to brief foreign policy officials taking into account both national security implications and the need to protect the integrity of the investigation.
- I need to stress that the investigation is ongoing, the facts are being established, and public speculation could compromise the investigation.

URGENT FAX TRANSMISSION

OFFICE OF THE U.S. TRADE REPRESENTATIVE

600 17th Street, NW
Washington, DC 20508
Tel: (202) 395-6813
Fax: (202) 395-3512

To: Korea TPSC **Date:** September 2, 1999
Fax #: distribution **Pages:** 18, including this cover sheet.
From: Mary Latimer and Jennifer Rorke
Subject: Response from Minister Han to Ambassador Fisher's letters on Agriculture and Motor Vehicles, and response to U.S. steel subsidy list

<u>Name and Agency</u>	<u>Phone</u>	<u>Fax</u>
Linda Kotschwar ITP USDA	720-8631	690-1093
William Brant III U.S. Embassy	011-822-397-4297	011-822-738-7147
Mike Henney U.S. Embassy	011-822-397-4297	011-822-738-7147
Bill Golike Commerce	482-2523	482-3316
Andrea Gash Commerce	482-3865	482-3864
Carole Showers Commerce	482-3217	501-7952
Kelly Parkhill Commerce	482-1698	501-7952
Chris Dumlér Treasury	622-0335	622-1731
Lester Koransky Labor	219-6201 (x 107)	219-4896
David Boling Justice	616-5911	514-4508

Dennis Sequeira U.S. Customs Service	927-1480	927-6897
Ron Silberman Office of Management and Budget	5-4595	5-5770
Anne Galer State	647-4743	647-7388
Ruth Hall State	647-7718	647-7388
John Ries State	647-1825	647-6540
Malcolm Lee NEC	6-9299	6-9290

Comments: Attached is Minister Han's response to Ambassador Fisher's letters on Agriculture and Motor Vehicles, as well as the ROKG's response to our steel subsidy list.

We are aware that it has been a long time since we have held a TPSC meeting, and plan convene one in the near future. We will keep you posted.

Mary and Jennifer



MINISTER FOR TRADE
MINISTRY OF FOREIGN AFFAIRS AND TRADE
SEOUL, KOREA

August 31, 1999

The Honorable Richard W. Fisher
Deputy U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Fisher:

I am writing in response to your letters of June 21 on agricultural issues and July 9 on automobile. The position of the Korean Government concerning the "subsidy programs" listed in your July 9 letter on steel is also attached to this letter.

I hope the attached explanations will help clarify your concerns on these issues.

Sincerely yours.

A handwritten signature in black ink, appearing to read 'Han Duck-soo'.

Han Duck-soo

Enclosure : a/s

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9/8/99 11:00 am
Halperin

**PRESIDENT WILLIAM JEFFERSON CLINTON
POINTS FOR POOL SPRAY WITH PRESIDENT KIM AND PM OBUCHI
AUCKLAND, NEW ZEALAND
SEPTEMBER 12, 1999**

- Very pleased to see President Kim and PM Obuchi.
- Naturally we will want to discuss security issues; particularly want to advance our work to reduce tensions and bring lasting peace on Korean Peninsula.
- Also will address crisis in East Timor and the need to plan humanitarian assistance, stop the violence, and allow the people to move ahead on path of self-government..
- And want to find common ground on the vital work we will do at APEC.
- Greatly encouraged by positive signs of recovery in Japan, Korea, other Asian nations. It took a lot of hard work, and required smart choices, including decision by US and others to keep our markets open, to spur new growth.
- But as I said this morning, not a time to be complacent. Have to deepen reforms in global financial system. And, as we look to new global trade round, have to make trade more free and fair, so it will benefit all our countries and all our citizens.

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003. draft	Duplicate of 002. (2 pages)	08/20/1999	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) [2]

2010-1024-F
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 8, 1999

PRESS BRIEFING

BY

NATIONAL SECURITY ADVISOR SANDY BERGER
AND NATIONAL ECONOMIC ADVISOR GENE SPERLING

The Briefing Room

1:18 P.M. EDT

MR. HAMMER: Good afternoon, everyone. Today we have the National Security Advisor, Sandy Berger, and the National Economic Advisor, Gene Sperling, to brief you on the upcoming APEC trip.

MR. BERGER: We're back, it's time to leave town again. (Laughter.)

Let me give you an overview of the President's trip to New Zealand for the APEC summit. And Gene will then focus specifically on the APEC portion of the meetings.

This is the annual meeting, as you know, which is of Asian and Pacific leaders, which was started by President Clinton in 1993, in Seattle. It consists of leaders of over half the world's people and half its economic activity.

APEC met last year in the shadow of Asia's financial crisis. It will meet next week in the wake of a surprisingly strong recovery. The reasons are many, and each holds lessons. The U.S. economy remained open and vibrant, bolstering Asia and the world. Asian countries benefitted from timely interventions by the international community. And they began a process of restructuring and reform, helped by political changes in the key countries -- things that might have turned out a lot worse if Thais, Koreans and, ultimately, Indonesians had not had a peaceful outlet for the expression of their hopes and frustrations.

The good news makes it all the more important, yet also harder to avoid complacency. This will be an important part of the President's message at APEC. The work begun in crisis must be completed or Asia's bounce-back may yet be the prelude to another breakdown. Above all, we need to accelerate progress towards global economic liberalization and Gene will speak more about our goals there. Lasting economic recovery in Asia depends on more than open markets. It will also require continued stability in the region, which can never be taken for granted. This is where the United States play an especially vital role. And it will be an important part of our agenda at APEC, as the President's schedule will make clear.

The President will arrive -- we leave here Thursday evening. We arrive in Auckland on Saturday morning, losing a day to the International Date Line. That afternoon, he will meet with President Jiang, of China, the first meeting since we were in China last year. We will seek in that meeting to restore momentum to our relationship, to urge an easing of tensions between China and Taiwan and to resume discussion of China's accession to the WTO.

On Sunday morning, the President will lay out our goals for the APEC summit in a speech to the APEC Business Advisory Council, which consists of CEOs from APEC members. Later that day, the President will hold a trilateral meeting with South Korean President Kim Dae-jung, Japanese Prime Minister Obuchi to discuss security on the Korean Peninsula and other issues. We've worked particularly hard to maintain a concerted approach with the South Koreans and the Japanese seeking to deter and, if necessary, respond to another missile test by North Korea.

The President will also meet with Russian Prime Minister Putin, following up on the topics he covered with President Yeltsin in Cologne -- arms control, non-proliferation, economic reform -- which he just discussed with President Yeltsin on the phone earlier this morning, and stressing the importance of a concerted push against crime and corruption.

Monday is all APEC, a leaders retreat in the morning. Gene will amplify on this. On Tuesday, the President will travel to a resort in Queenstown, in the mountains on New

Zealand's south island for a day in which we can all seek to reset our body clocks.

On Wednesday, we will be in Christchurch. This southern city is a starting point for most American expeditions to the Antarctic. I hasten to say we are not, no plans, current plans to go to the Antarctic, no current intention. (Laughter.) And the President will deliver a speech there at Christchurch on the global environment strategy at what's called the Antarctic Center, which is a museum and a center of interactive research.

Prime Minister Shipley of New Zealand has invited the President to make a state visit to New Zealand. So on this day in Christchurch the President will meet with her, as well as with New Zealand's opposition leader, Helen Clarke. He will attend a state dinner before a daunting flight home. Before I turn to -- daunting only because of length, the plane has been fully checked out. (Laughter.)

Before I turn matters over to Gene, let me say something about another important regional issue that was not formally on the APEC agenda, but is very much on mine, as I'm certain it will be discussed at APEC, and that is the situation in East Timor.

The people of East Timor have voted overwhelmingly and bravely for independence. The Indonesian government deserves credit for holding the vote. It has said it would respect the outcome and now it must be respected. Meanwhile, Indonesia has a responsibility to protect the people of East Timor from violence. Indonesia cannot assert sovereignty in East Timor during this period while abdicating responsibility. We remain deeply disturbed by continuing reports of forced expulsions and attacks on innocent people.

The Indonesian government and, in light of martial law, the Indonesian military, is responsible for the safety of the East Timorese and the UN staff. We are working closely with Secretary General Annan, our regional partners -- including Australia -- and that's Annan calling right there on the phone -- (laughter) -- to press Indonesia to bring an end to the violence.

We will be looking to the report of the UN Security Council team that is now in Jakarta. The Indonesian

government has said that intends to address the situation on its own. But, to date, we have seen little evidence of this. And if this continues to be the case then it should invite the international community to assist in restoring order and security. Indonesia is the fourth largest country in the world. It is undergoing a fragile, but tremendously important political and economic transformation, which the United States strongly supports.

The resolution of this crisis matters not just for East Timor, but for Indonesia as a whole. It is a test as to whether Indonesia is genuinely moving towards democratic rule and political stability. How the Indonesian government deals with the challenges in East Timor will have implications for the capacity of the international community to support Indonesia's economic program. We will be working on this situation today, tomorrow and the coming hours and days. And it certainly will be a subject of discussion, I'm sure, at APEC, as well.

Now let me ask -- let's do this in an orderly fashion here. Let me have Mr. Sperling talk a little bit about the APEC part of this and then we can do questions on anything you want. MR. SPERLING: As Sandy mentioned, we meet for APEC this year in a far stronger economic situation than a year ago or two years ago. Let me mention three critical goals that we see for APEC.

First is the need for the APEC leaders -- the 21 APEC leaders -- to send a strong message of support for the launching of a new WTO round in Seattle. It is worth noting that we have come through what certainly we hope is the worst of the major financial crisis without the resort in any significant way to protectionism by any significant degree for dealing with a financial crisis.

This is an accomplishment that cannot be underappreciated. And it is crucial that we take this opportunity to reaffirm the importance of open markets and open trade going forward. The chances to, at this point, come together and have a significant launch of a new round in Seattle would be one of the most significant things that could be done worldwide for keeping up the benefits that come with open markets in terms of growth, innovation, competition and the free flow of ideas and freedoms.

The countries at APEC make up 45 percent, nearly half of the trade in the globe. The countries at APEC, therefore, constitute a critical mass for potential support for the launch of a new trade round in Seattle. And so a primary goal is to get support for a broad-based, yet manageable round that would focus on market access, expanding trade in agricultural services, high technology sectors, reduction of industrial tariffs, and that will deliver concrete benefits within three years. We also hope to make progress in other areas, from the extension of the moratorium in e-commerce and government procurement transparency.

A second major goal at APEC is to continue the global pressure and support for reforms over complacency. It is a striking issue that there is now concern in some parts of the world that recovery, having come faster than expected, may deter the progress for structural reforms in these countries. This would be a serious mistake. There is no question that those countries such as Korea and Thailand, who took the tough steps for reforms -- for fiscal reforms, steps that have led them to stabilize their currency -- have benefited the most. And the lesson should be the importance of further progress, not complacency.

If you look at Korea, you look at one of the most remarkable turnarounds one can imagine -- from 5.5 percent negative growth last year, to the IMF now projecting 6.5 percent growth one year later. That's a remarkable turnaround and it's due in no small part to the hard-headed economic leadership of President Kim. And the important part there as in other places is to continue the reforms in the conglomerates, the cables to no longer give way to the political pressures of propping up inefficient government-related activities.

The same story can be told in other countries, maybe not to the same degree. In Thailand, who had nearly 10 percent negative growth last year, now has projections by some experts of 2 to 3 percent growth this year. They also have taken substantial measures, but have substantial challenges, particularly in their banking institution.

And so I think this will be a primary subject and I think a major goal is to reaffirm the momentum for reform and to, in every way possible, use this international forum to empower those at the domestic level to go forward.

Finally, APEC is unique in its interaction with business leaders and there will be efforts made in several business, private sector government activities, from an initiative on natural gas infrastructure to further liberalization in aviation, to more open and efficient food system and to transparency in government procurement.

As Sandy touched on, there obviously will be critical economic issues in the bilaterals with, obviously, Russia, and trilateral with Korea and Japan. Certainly, with China, as Sandy said, we have long advocated that China's entry into the WTO on strong commercial terms is in the long-term interest of China, the United States and the global community. It has been our hope to resume negotiations as soon as possible. As some of you know, there have been some expert discussions in Beijing the last couple of days. Ambassador Barshefsky is on her way to New Zealand now for the APEC Trade Ministers meetings, where she certainly hopes to have discussions with her counterpart from China.

While it's too early to predict any outcomes, it is certainly our hope that the bilateral between President Clinton and President Jiang will lead to a resumption of momentum for a commercially viable WTO agreement with China.

With that, Sandy and I are both available for questions.

Q Sandy, why do you believe the Indonesian military is not stopping the violence in East Timor?

MR. BERGER: Whether it is a question of will or a question of capacity, or some combination of both, I think one can have different views on. I think what is important here is the fact, which is that there has not been, in an aggressive way, an effort on the part of the Indonesian military to stop the rampaging violence of these militia. And that has to happen very quickly in our judgment, or the Indonesian government should turn to the international community and seek its assistance.

I would say that we've had a number of contacts with Indonesian authorities over the past several days, at various levels -- including General Shelton to General

Wiranto, Ambassador Roy to senior officials in the government and in the opposition. There are a number of different statements being made by Indonesian authorities about their intent. I hope that they will quickly assert control. That obviously would be the quickest and most effective way of stopping the violence. But we need to see some evidence of that in the relatively near future.

Q Sandy, would the United States participate in an international force if one is needed, and in which way would it --

MR. BERGER: Well, if it were an international peacekeeping force it obviously would be at the request of the Indonesians and it would be led by the Asians. The Australians have indicated that they're prepared to take the lead with respect to such force. The President has indicated he's supportive of that. We have not made any decisions about the nature of our participation. If we could provide some material support in some fashion, that is something that we would consider. But this would not be essentially -- let me put it positively, this would be I think overwhelmingly Asian in character, as is appropriate.

Q What if the Indonesians simply do neither? What if neither takes steps to stop these rampaging militias? Or ask for international --

MR. BERGER: I'm not going to speculate on that. We've made it very clear what we think has to happen. Either they need to assert control or to ask the international community for assistance.

As I said to you before, there are a range of voices and views being expressed now in Indonesia about their intent. And I don't think it's useful for me to speculate on what might happen if neither of those scenarios comes to pass.

Q Would the U.S. consider economic sanctions to force Indonesia to make one of those choices?

MR. BERGER: Well, I think I said in my remarks earlier that, as a practical matter, the ability of the international community to continue to be of economic assistance to Indonesia will be affected by the stability in the country. And that, in turn, is in part a function

of their ability to get control of the situation of East Timor.

So it's not a question of making threats; it's a question of articulating, stating what is simply a practical fact of life, which is it would be very hard for the international community to continue to be of economic assistance if there is a chaotic situation in Timor.

Q Have we told that to Jakarta, that we would cut off aid and ask the international -- I mean, World Bank and so forth, IMF, to cut off aid?

MR. BERGER: Well, that's not exactly what I said. But we have made it very clear to -- listen, we care very much about not only the future of Timor and the people there, the roughly million Timorese, we care very much about the future of Indonesia. Indonesia is undergoing one of the most extraordinary transformations in the world, moving towards democracy, hopefully -- moving towards a more democratic form of democracy than has been used to. And we want Indonesia to succeed and we want this transition to succeed.

Now, for this transition to succeed, these things become inter-related, obviously. It's important that the authorities take charge of the situation in Timor and the authorities include the military, as well as the civilian authorities.

Q Secretary Cohen said that U.S. troops would not be involved in any international presence, that it's not our role to be the world's policeman. Yet, it's a role we only seemed too willing to accept in Kosovo. Why then and not now?

MR. BERGER: Well, I think that's a little bit of a -- as I read what Secretary Cohen said -- a little sharper reading of what he said. It is, as I said earlier, if there is going to be a security force that is invited in by the Indonesians, it should be led by the Asians, but we will -- the President has indicated that we would support it. And we are looking at ways in which we could provide material and support to such a force if that becomes necessary.

Q Sandy, why do you see Indonesia's consent as a necessary? Do you see it as a necessary condition for an international force being there? And, secondly, in what venues at APEC do you expect this to be discussed? Will President Clinton raise it directly with President Habibie?

MR. BERGER: The Australians, for one, have said that they would require -- that they would want Indonesian consent. Without Indonesian consent, this is a non-permissive environment, as we like to say in other contexts. And it's obviously a very different kettle of fish if you're talking about going into East Timor in combat with the Indonesian military.

I think our effort needs to be placed on -- for now, needs to be focused on the two things that I emphasized. One is using all of the influence that we have to convince the Indonesians -- and not only us, but others in the region and elsewhere -- that it is in the Indonesians' interests having been responsible for what is quite an extraordinary process by which the Timorese people have expressed their desire about the future to not squander the goodwill that that has brought them in the international community by saying in the aftermath of that a very bloody situation. In the absence of that, if they're not able to do that, then, in our judgment, they need to agree to an international peacekeeping force.

Q Can you imagine a scenario under which the United States would find it in its national security interest to intervene there?

MR. BERGER: Well, I don't want to -- again, I don't want to speculate about future scenarios. I think we are very much focused on the two objectives that I discussed. I think, as I said to you earlier, the Australians have made clear that they and the UN, I assume, would expect to see Indonesian support -- Indonesian agreement to an international force. So we're going to do everything we can to try to bring that about.

Q Sandy, could you elaborate on the Yeltsin phone call? What was that -- a little bit more detail? And, Gene, could you say, do you expect a Vietnam trade agreement to be signed by Barshefsky or Albright or somebody during this trip?

MR. BERGER: Let Gene go first while I drink a glass of water.

MR. SPERLING: The truth, Terry, is at this point I think we don't know. As you know, we initialed the agreement. There were still matters that were being worked out. Richard Fisher, from USTR, has been very actively involved. We are still hopeful, overall. But as to the timing and whether the timing will fit with APEC or not, I think at this point we just really don't know.

MR. BERGER: In terms of Yeltsin, President Yeltsin called the President, initiated the call. The call lasted about an hour, I guess. And it really reviewed a range of issues in the U.S.-Russian relationship. He noted that the President was going to see Prime Minister Putin in APEC. I think he wanted to talk with the President before that.

They talked about the cluster of issues involving START II, START III, national missile defense, ABM and, as you know, Secretary Talbott is in Moscow now discussing those issues. And there will be a Russian team coming here in mid-September.

They talked about the money laundering corruption issues. The President said it was very important, he thought, to deal with these on the merits and to cooperate. The Russians are sending a law enforcement team here next week to meet with our FBI and other law enforcement officials. And then there will be, in October, a larger meeting in Moscow, a G-8 meeting dealing with issues of rule of law and law enforcement.

The President raised the question of the money laundering legislation, in which he said he wished that President Yeltsin could sign. President Yeltsin said that he had had some difficulties with a particular legislation that the Duma passed with respect to their consistency with the constitution, but that he was prepared to sign a money laundering bill if an appropriate bill was passed by the Duma.

They talked about Dagestan and the difficulties that are presented there by virtue of the efforts by separatists and other militants to attack Russian forces. And President Yeltsin said that he expected and hoped that they

would be able to gain control of the situation, but it was a very difficult one.

Q On the issue of money laundering, if the NSC and the State Department found out about the investigation into that, the Soviet alleged money laundering, if they found out about it in March and the Treasury Department found out about it in April, why were the President and the Vice President not informed of this until last month? If that is, indeed, when they were informed.

MR. BERGER: Well, as I understand the chronology here, the first briefing that was received by the foreign policy community -- including senior NSC officials, State Department -- was soon after August 26th, when I believe the Attorney General first was briefed on this matter by the FBI -- which I think was soon after the New York Times stories appeared.

Now, there were two prior contacts -- two prior pieces of information with respect to the investigation. In March, a foreign government told the State Department that it was its understanding that there was an investigation of the Bank of New York involving Russian entities -- no indication that those involved either Russian government officials or foreign funds. We contacted the Justice Department at that time and said if there were matters here that we thought were -- that were pertinent to national security or foreign policy considerations, we would like to be briefed about them. The Justice Department did not feel that was either the case or appropriate at the time and did not brief us until, as I say, after August 22.

With respect to the Treasury Department, as I understand it, in April, through bank supervisory channels, the Treasury Department learned that there was an investigation of the Bank of New York involving Russian entities but, again, no suggestion of Russian -- of governmental involvement or Russian or the involvement of any kind of either American money or IMF money.

And in terms -- just to anticipate your next question --

Q Do you believe that that was a correct decision on the part of the Justice Department not to have briefed you earlier?

MR. BERGER: Well, it depends on what the facts are. And I think we'll have to -- we don't know yet what the -- what really are the facts of this -- that will evolve from this investigation. I always like to know things that affect national security as soon as those are in fact known to others. But I don't assume that the Justice Department at that point had reached the conclusion that there was a national security interest here. The way this process works, since they have the information, they generally make that judgment.

Q Sandy, again, the phone call, did the President say to Boris Yeltsin, look, what about these reports that Swiss authorities have receipts implicating you and your family?

MR. BERGER: Yes, and Yeltsin denied those reports.

Q Gene, you said you were hopeful that momentum toward a China WTO deal could be achieved at the summit. Does that mean that it's unlikely that a deal would be concluded at that summit and, if not then, when would you do it? The ministerial is in November and Congress still has to approve it. When is a better time?

MR. SPERLING: Well, our position has always been the same for quite some time. We've always thought that earlier was better than later and that we look forward to returning to the negotiating table and working out a strong, commercially viable agreement that could allow China to enter the WTO. At this point, I just can't try to predict what the pace of this will be.

Obviously, this was slowed down by the unfortunate accident concerning the bombing. And we've been looking forward to resumption. There clearly has been resumption of at least people sitting at the table together. Ambassador Barshefsky will be there. I think she's hopeful to have discussions with Minister Shirk there.

But what I can say is that we hope that we would at least -- that the bilateral between the two Presidents would at least lead to a resumption of negotiations and momentum, but I can't try to make a prediction. Our position is that we're -- we have been ready to engage for

some time. And we think a strong deal would be in everyone's interest.

Q Based on the technical discussions that have just gotten back underway, is there signs for optimism there -- a pace in a way that's encouraging to you?

MR. SPERLING: I can assure that over the next several day that no plans to either negotiate in public or discuss docs or anything in public. I think that those talks there were fairly designed to simply take stock of where were had been and to have some discussion. So I would not look for that one way or the other. But, again, we are hopeful that there will be a resumption of momentum coming out of the bilateral between the two Presidents.

Q Sandy, did the National Security Council, was it involved in the granting of clemency to the Puerto Ricans? Did the President discuss with you and the National Security Council?

MR. BERGER: As far as I know, Puerto Rico is still part of the United States.

Q I realize that.

MR. BERGER: We're making some efforts to bring it within the jurisdiction of the NAC, but -- (laughter.)

Q So are they. (Laughter.)

Q I thought national security -- is national security.

MR. BERGER: Let me say this, I'm aware of no such contacts. Mike?

MR. HAMMER: No.

MR. BERGER: Mr. Hammer -- that's the authoritative voice.

Q On East Timor, is there a clock ticking? Is there any kind of deadline approaching? How long can the United States and the rest of the world stand by and watch while the chaos and the killing continues?

MR. BERGER: Well, there is a UN mission that Secretary General Annan has sent to Jakarta; they arrive today. They are meeting with officials of the government -- I hope that they will meet with opposition figures, I hope that they will be able to go to East Timor. I believe they will report back to the Secretary General by Friday. So I don't know -- I think that the clock is very much affected by the situation on the ground. The situation on the ground is clearly not improving.

But the fastest way for order to be restored is for the Indonesian military to restore it. Even if you move to an international peacekeeping force there will be some time necessary to organize it, constitute it. So I don't think there is a deadline, but I think there is a sense of urgency.

Q Did Yeltsin deny any Russian government involvement in the money laundering during this phone call, by any chance?

MR. BERGER: He indicated that the government of Russia would cooperate with these investigations. I think he suggested that at least in part there may be some political motivations in his own country that affected these allegations. But he indicated that they would cooperate and that they were sending a team to the United States, I think on the 15th of September.

Q On Kosovo, I mean, I'm back to that Kosovo analogy. After Kosovo ended there were people in the White House talking about a Clinton doctrine about intervention in -- military intervention for humanitarian purposes. Why does that doctrine not apply in East Timor?

MR. BERGER: That is the most sweeping formulation of -- my daughter has a very messy apartment up in college, maybe I shouldn't intervene to have that cleaned up.

I don't think anybody ever articulated a doctrine which said that we ought to intervene wherever there's a humanitarian problem. That's not a doctrine, that's just a kind of prescription for America to be all over the world and ineffective.

I think that each of these situations is different. In Kosovo, you had a situation in the middle of Europe, on

the doorstep of NATO which clearly posed not only a compelling humanitarian imperative, but also had a strong security and strategic consequences.

I think the situation in Indonesia is a serious one and one that we cannot ignore. But there's not one prescription that fits -- because we bombed in Kosovo doesn't mean would should bomb Dili. I mean, I think that we have to recognize that Indonesia is in Asia; that the Indonesians will respond much better to a solution here that is dominated by the Asians and not dominated by the United States; and that in this situation our appropriate role is to be very active, but in a supportive role.

Q Sandy, the President continues to say that he wished he had acted more quickly in the Rwanda situation. I mean, if proximity is not the overarching determinate here -- which we would all hope it's not -- why would he say that about Rwanda? Why would we act in Kosovo and, yet, we will not commit troops to East Timor?

MR. BERGER: First of all, I don't know that anybody has articulated this doctrine that was expressed in the back of the room.

Q I'm not alluding to any doctrine. I'm just saying that he has expressed regret over Rwanda, which is one of the reasons why we acted in Kosovo.

MR. BERGER: As you go back over Rwanda -- I think every situation is different; and if they aren't different then you need not people with judgment in these positions, you need robots.

In Rwanda, I think as we look back over that situation the one thing the international community might have done differently, recognizing that Rwanda happened very quickly, was to move in with others and create some sort of a safe haven that would have been protective of some of the Rwandans. There are real questions of whether that was feasible.

I think each of these situations has to be taken on its own merits. And in Indonesia -- I believe Indonesia is a serious problem. I believe we want to do what is most effective in trying to prevent a very, very bad situation from evolving there. But you have to do that within the

context of Indonesia and in the context of Timor and in the context of Asia. And the United States has a role to play. But I think that we have to also recognize that the regional players here have the dominant role to play.

Q Sandy, on the Yeltsin phone call -- can you -- you've talked about all the things that they discussed during this phone call. Can you sort out for us why Yeltsin made the phone call? Was it in preparation for APEC? Or was it in response to all the publicity about money laundering? Was he concerned? What prompted him to make the call?

MR. BERGER: I'm, to some degree, surmising. I think this was in anticipation of APEC. I think the President -- obviously President Yeltsin is not going. Prime Minister Putin is going. Under other circumstances, President Yeltsin might be meeting with President Clinton at APEC. And I think that he was saying to the President, I'm very glad you're meeting with Prime Minister Putin. He had some very nice things to say about former National Security Advisor and now Prime Minister Putin.

Q Natural order of progression.

Q For how long? (Laughter.)

MR. BERGER: But I think it was more -- it was set in the context for the APEC discussion. But obviously in doing that, all of these issues came up.

Q -- is beginning to question the value of its alliance with the U.S., especially given the unwavering contributions Australia has made to many U.S. military operations. Two questions, does the U.S. value its relationship with Indonesia over the alliance --

MR. BERGER: Who is questioning?

Q The Australians, the Australian government. Does the U.S. value its relationship with Indonesia over its alliance with Australia? And do you acknowledge that U.S. support for a peacekeeping mission would give it much greater impetus and make a greater impact on the Indonesian authorities?

MR. BERGER: Well, number one, I don't know that Australia is reevaluating its relationship with that United States --

Q The value of it.

MR. BERGER: Well, Prime Minister Howard spoke to the President 24 hours ago, and there was not a hint of that whatsoever. Number two, of course we don't value our relationship with Indonesia over our relationship with Australia. Australia is an ally of the United States. We have deep and abiding ties to Australia. This is not a question of choosing one over the other. Number three, I've said several times that we -- if it comes to an international security presence, international peacekeeping presence, we are prepared to be supportive. So I think the premise is wrong.

Q Sandy, do you have a clear sense of what the Indonesian military is weighing in its decision as to whether to allow the Blue Helmets in? And, second, has the President contacted President Habibie in all this or are there plans for him to make a call over the next day or two?

MR. BERGER: The President has been in touch with President Habibie in the last week in two letters, which in the judgment of our folks was the best way to make the presentation.

What was the other part of your --

Q What the Indonesian military is weighing in deciding whether to allow the UN in?

MR. BERGER: I think that's a very confusing situation. I think that it's unclear what the real chain of authority is in Indonesia at this point. Indonesia itself is going through a political transition. There are obviously some forces within the Indonesian military that are at least sympathetic to the anti-independence forces. So I think it's a combination of many things.

Q So Habibie doesn't have control of the military?

MR. BERGER: Well, I don't want to speculate on who has control of whom. What's important to us at this point is what actually happens. And the Indonesian military -- either the Indonesian military taking control or the government of Indonesia calling on the international community to be of support.

Q Sandy, you said earlier that Yeltsin denied those reports that he or his family may have been involved in the money scandal. Did the President initiate that exchange or did Yeltsin bring it up spontaneously?

MR. BERGER: I don't remember, John, exactly how it came up. Yeltsin made a general lengthy presentation at the beginning of the conversation, which covered a lot of subjects, and dismissed those allegations as not being --

Q In the course of that lengthy -- because it's kind of an awkward subject to bring up between two heads of state, isn't it?

MR. BERGER: It's hardly awkward to bring it up and it seems to me -- let me put it this way, John. We have been raising issues of corruption with the Russians since 1993, since AID first instituted a rule of law program in Russia to deal with judges and to deal with law enforcement, all the way up through the President's last trips when -- some of you were with us -- the President spoke rather forcefully about corruption and rule of law. So this has been an element of our relationship, an element of our dialogue from the beginning.

Thank you.

Q Gene, can we do a quick APEC question? Can you just talk in general terms about how the administration responds to criticism that APEC has lost its focus, its mission. The -- report is out saying it's pretty much a glorified chat session.

MR. SPERLING: Well, I think that APEC has played a major role in the past on trade issues, certainly, the initial ITA agreement. I think even critics stress that that played a major role. It was the major force for going forward. And I think we should remember that this was a forum that provided discussions during the critical moments of the Asian financial crisis.

And I think right now shows why it does matter if you're going into what is the most important World Trade Agreement Round at least in this part of the decade, you have the opportunity now to provide a critical mass of 45 percent of -- of countries making up 45 percent of the global trade able to come together and at least have the potential to have an agreement going in.

So I think if you were to be able to forge this type of an agreement when you consider all the domestic pressures each of these countries faces against going forward in this type of trade liberalization round, I think it shows quite clearly that opportunity. And then again, even what we're seeing right now in East Timor does show that as issues come up, this can provide a forum even for things that are not on the agenda to be addressed in a serious way.

And I think if you look at discussions, bilateral with Russia, the meeting between President Jiang and President Clinton -- potential for that to be a source of discussion -- it shows that the forum itself also facilitates critical bilateral discussions.

I'll let Mr. Lockhart come on. Thanks.

Q Thank you.

END

2:10 P.M. EDT