Case Number: 2010-1024-F

FOIA MARKER

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Folder Title: China (September to October 1999, POTUS - Jiang Bilateral at APEC, New Zealand) [3]				
Staff Office-Individual: National Economic Council-Lee, Malcolm				
Original OA/ID Number: CF 1177				
Row: 23	Section: 5	Shelf: 6	Position: 1	Stack: V

Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	Memorandum for Samuel Berger, Gene Sperling, Jim Steinberg et al from Malcolm Lee. Subject: China WTO Points for Bilat (2 pages)	n.d.	P1/b(1)
002. report	Page 2 and 3 from U.S. Government Report (2 pages)	10/22/1999	P1/b(1)
003. cable	re: Comments (4 pages)	10/21/1999	P1/b(1)
004. cable	re: Comments on Organization Policy (3 pages)	10/20/1999	P1/b(1)
005. email	James Keith to Malcolm Lee. Subject: Premier Zhu. (4 pages)	10/05/1999	P1/b(1)
006. draft	Briefing Paper: Bilateral Meeting with Chinese President Jiang Zemin. [Liberthal Draft, OK by M. Lee] (10 pages)	10/1999	P1/b(1)
007. paper	Non-Paper on Services. (2 pages)	10/1999	P1/b(1)
008. draft	Points to be Made for Bilateral Meeting with Chinese President Jiang. (6 pages)	10/1999	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) [3]

2010-1024-F
vz1849

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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NATIONAL SECURITY COUNCIL

FAX COVER SHEET

NATIONAL SECURITY COUNCIL	**From:** Asian Affairs
	To: Malcolm Lee
	Agency:
	Fax Number: 3 - 3502
17th & Penn, N.W. Washington, D.C. 20504	**Date/Time:**
	No. of pages to follow:
Did you get a complete, clear transmission? If not, please call: (202) 456-9251	**Message:** Malcolm – still in draft so pls don't circulate. JK

9/8/99 8:00 pm
Halperin

PRESIDENT WILLIAM JEFFERSON CLINTON
REMARKS AT APEC CEO BREAKFAST
AUCKLAND, NEW ZEALAND
SEPTEMBER 12, 1999

Acknowledgments: New Zealand Amb. to US and former PM Jim Bolger [BOWL-jur]; PM Jenny Shipley; [Sec. Daley, Charlene Barshefsky, Sandy Berger, Gene Sperling] and other members of my team; Jack Smith and all the business and government leaders here:

I am delighted to be in New Zealand and back at APEC. This will be the last gathering of Asia-Pacific leaders in the 20th century. And the work we do here will be critical to building prosperity in the new century.

It is remarkable how far we have come since the last APEC meeting. Economies that then seemed almost on the verge of breakdown are now on the road of recovery. Production is increasing, workers are going back to work, and prosperity is again within reach. To give just one example, South Korea's growth is now projected to be as high as 6 ½ percent this year -- amazing given the situation a year ago.

Many in this room can be justly proud of your contributions to this recovery. Businesses tightened their belts but pressed ahead. Governments pursued vital reforms, helped along by the deepening of democracy in key countries. The IMF and other institutions mobilized resources and took wise action. And the United States and other countries resisted protectionism and kept their markets open; this was crucial to getting ailing economies back on their feet.

But far too many lost their jobs, their businesses, their dreams before the crisis eased. We are still feeling the effects of the downturn. This is not a time for complacency. The hard work is not yet done. Just as we are acting together now to avoid Y2K disruptions when we turn the corner on a new millennium in just 110 days, we have to fix underlying structural problems so we will be ready to respond to the next potential crisis. It will come at a time and place none of us can predict with confidence today.

George Bernard Shaw said, "If all economists were laid end to end, they would not reach a conclusion." But when it comes to building lasting prosperity in this region, I believe our APEC nations have reached a strong general consensus on what needs to be done.

First, we must continue the work of reforming the global financial architecture to enhance stability and growth. Second, we must maintain the momentum for growth by putting APEC's considerable weight behind our shared goal of making trade more free and fair -- sending a strong message as we launch a new trade round in Seattle two months from now. And third, we must join together to promote peace and stability, so our citizens can build better lives out of the shadow of violence. I want to discuss each challenge in turn.

First, the global architecture. The crisis demonstrated how closely connected our economies have become. It underscored the tremendous stake the United States has in the stability and success of the Asia-Pacific region. As the crisis progressed, and overseas markets weakened, U.S. companies and banks, workers and farmers, all felt the tremors.

We all now realize that the sheer volume and pace of activity in the new economy creates extraordinary benefits but also tremendous risks. Every day half a million airline travelers, 1.4 billion e-mail messages, and 1.5 trillion dollars move across national borders. This crisis came as large amounts of capital, often highly leveraged, flowed quickly into companies or banks without adequate risk assessment. When investment was withdrawn at an equally rapid pace, we saw mounting debt, devaluation, and dislocation -- and great suffering.

We need lasting changes to tame these cycles of boom and bust, to strengthen safety nets and protect the most vulnerable, to spur broader opportunity and growth.

Working together, we are making real progress. We have created new mechanisms like the G-22 and the Financial Stability Forum -- to ensure that developing nations have a seat at the table.

Emerging economies are working to restructure financial systems, strengthen corporate governance, encourage greater direct investment, and reduce reliance on short-term borrowing. The major creditor nations have agreed to strengthen financial supervision and regulation, so investors will assess risks more carefully and banks will lend more wisely.

We have expanded the resources of the IMF and are developing new tools to stop financial crises before they start -- and to persuade countries and investors to pursue sound strategies.

In addition, with the World Bank and IMF, we are making efforts to strengthen social safety nets, so people out of work have unemployment insurance and job training, so the most vulnerable do not become the first and the hardest-hit victims of downturn. Putting a human face on the global economy-- with stronger safety nets and sustained investment in people -- is not charity. It is not disruptive to the market. It is essential to its success.

Also essential is an active but wise role for government: Not to restrain competition but to ensure a level playing field. Not to dictate the flow of investments but to require transparency, fair dealing, and responsible standards. New Zealand is helping lead the way, stressing that we should work to make domestic markets work better for all. The United States has been collaborating across the region with the private sector to remove barriers to investment, competition and growth, in key sectors like civil aviation, natural gas, and electronic commerce.

We are also developing strong standards for disclosure by governments and institutions. President Estrada made the best case for it; speaking of the consensus for greater transparency, he said, "When Alan Greenspan and the common people have the same view, we should listen." More openness means greater honesty and responsibility -- and better economic results.

We all benefit when people have confidence that their governments are accountable. I believe that in the new century the countries that will have the best chance for sustained prosperity will be those that realize that economic openness goes hand-in-hand with political openness -- that freedom is a vital pillar of a strong global economic architecture.

Weathering economic storms can require tough fiscal policies -- and hard sacrifices. People are showing they are much more willing to sacrifice where the government is one they have chosen and one that earns their trust. People see that they cannot reap the full benefits of the technology revolution if their countries curb free speech, free movement, the free flow of information.

Surely one lesson of the crisis is that expressed dissent is far less dangerous than repressed dissent. Asia's recovery is much more likely to endure if governments heed the call of their people to be more responsive, to govern without favoritism -- just as in my own country, increasing prosperity and deepening freedom have long been two sides of the same coin.

Investors and entrepreneurs will, more and more, turn away from nations where the most lucrative deals are made in secret, where contracts are not honored, courts are seen as unfair, and worker grievances mount. They will move in the direction of fairness, openness ... and freedom. The old ways of doing business -- which helped produce the crisis -- will no longer work.

Just as essential as building a new global architecture, we must continue the hard work of making the world trading system more free and fair.

As the United States began to grasp the dimensions of the crisis in Asia, we made a decision to do everything possible to keep our markets open, though we knew it would increase our trade deficit. We remembered that the Great Depression of the 1930's got much worse when countries responded by increasing trade barriers. In the recent crisis, the strong fiscal discipline we have maintained over 6 ½ years, and the prosperity we have achieved, allowed us to use our open markets to spur global growth -- contributing more than any other country to global demand.

Now our nations can do even more to expand prosperity through expanded trade. The single most important thing we can do at APEC, looking toward Seattle, is to lock in our shared commitment to rapid, broad-ranging market opening. Let's stand together against protectionism and for a common future of prosperity.

With APEC economies accounting for 45 percent of global trade, we have the collective strength to prevail if we join for a stronger trade system. We need a new trade round for a new economy, to make the benefits of trade even more broadly-shared, both within countries and among them.

APEC can lead the way, just as we did with the Information Technology Agreement three years ago. I am very pleased that our APEC ministers have backed a common plan for the new round. It is an ambitious agenda but one that I believe can be achieved. Now it's time for the APEC leaders to act. Let us commit to pursuing this broad agenda at Seattle.

Some parts of it can be achieved right away. We can keep the information superhighway free of tolls by obtaining a permanent moratorium on duties for electronic commerce. We can improve transparency in government procurement. We can obtain accelerated liberalization of tariffs in all key sectors.

As we proceed in the trade round, let's press to keep the agenda focused on market access in agriculture, services and industrial goods, not weighed down by peripheral matters. In this tough time for ranchers and farmers, let us advance their interests by eliminating export subsidies and bringing down agricultural tariffs. Let's finally open up our dynamic services sectors and remove barriers in our industrial sectors. Let's make the WTO open and accountable, so it reflects the interests of civil society and commands the confidence of our citizens. And let's complete the whole round within three years -- because our companies and citizens shouldn't have to wait any longer for governments to get the job done. Let's make APEC's agenda the world's agenda.

Over time, we will be fortunate to have the leadership at the WTO of two very capable public servants from this region, Mike Moore and then Deputy Prime Minister Supachai.

A strong world trading system is good for all the nations of the region. That certainly includes the United States. We have only 4 ½ % of the world's population and 22 percent of its income. Our prosperity depends on expanding trade with other countries. Over 1/3 of our agricultural production is exported. Almost 10% percent of U.S. jobs now depend on our ability to export. Millions more American jobs depend on our ability to import goods from overseas. And our businesses and consumers, and those around the world, benefit from the lower prices that greater competition brings. We will continue to enforce our trade laws at home -- to ensure fair competition. And we will continue to lead in the effort to make trade more fair and open for all.

Yesterday I had a good meeting with President Jiang. I told him that I share his goal of seeing China join the World Trade Organization. China's entry into the WTO, on viable commercial terms, will not be a favor to China or any other country. It is a means of opening and reforming China's markets and holding China to the rules of the global trading system. It will benefit all of our economies. [I hope we can make it happen by the time we reach Seattle.]

I firmly believe in the power of open markets to enhance our prosperity. To do this, we need a trading system that honors our values. We must address -- in the context of trade -- commitments that all our APEC nations share: to decent working conditions and to the health of our global environment. Addressing these values is not about erecting new barriers; it is about lifting the lives for our people so we can further open our economies and spur even greater growth. I am very pleased that government, labor and business delegates came together at the International Labor Organization to adopt unanimously the convention banning the worst forms of child labor. I am heartened by our common commitment to address the challenge of global warming. With new clean technologies, we can grow the economy and preserve the environment.

We may not reach agreement this year or even next that these important values should be addressed in the trade context. But I believe the day will come soon.

Finally, let me briefly address security, very much on our minds right now with the crisis in East Timor. In the five decades since our countries emerged from the chaos of world war, the United States has worked with determination to help bring greater peace and stability to the whole region. We cannot sustain prosperity and better lives if security threats put our future in doubt.

[placeholder: The economic crisis in Indonesia undermined confidence in the old order and led to free elections and the promise of a new beginning. But of course the transition has not been without violence, including now the bloodshed in East Timor. The people there turned out in overwhelming numbers to vote, and 78 percent supported independence. Opponents of independence must now respect the result, and Indonesia's government, which did the right thing in supporting the referendum, must now do all it can to halt the violence. The people of East Timor deserve a democratic future, without fear. Working with Australia and the United Nations, the United States will strongly support the effort to restore order and bring a peaceful transition to self-government.]

We also want to promote peace and reconciliation on the Korean peninsula, as President Kim, Prime Minister Obuchi, and I reaffirmed yesterday. The people of North Korea need food and opportunities, engagement with the South, the chance for a better future. They do not need new weaponry that threatens the security of the region.

And yesterday I again expressed to President Jiang my strong support for an enhanced dialogue and peaceful resolution of issues between China and Taiwan, so people on both sides of the straits can pursue better lives.

The United States will continue to do all it can to promote peace and security in the Asia-Pacific region. It is very important to the safety and prosperity of the American people. On security matters, as with economics, our nations' futures are interlinked. We must never take stability for granted. The United States will work with our partners across the region to address brewing conflicts, to protect fundamental rights, to solve difficult problems before they get far worse.

In all of the tasks I have outlined -- on architecture, on trade, on security -- the private sector has an important role to play, in addition to creating jobs and wealth. We need your leadership for worker training, health care and good workplace conditions to ensure a strong, adaptable labor force ... your support for emerging markets ... your creativity in facing the challenges of change.

The extraordinary economic gains in this region, in this generation, have been called a miracle. But if it was a miracle, it sprung from the genius, the skill, and the toil of millions of people. I thank you for all you have done and all you are doing to promote prosperity and help our citizens fulfill their dreams. But I call on you to do even more, to help bring about new miracles in the new century -- so the future will be even better for all our countries and all our children.

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Draft APEC Departure Statement

Good evening. Before I leave, I want to say a few words about the goals of the trip.

We first started holding these APEC summits when I invited the leaders of the Asia-Pacific region to Seattle in 1993. They bring together the leaders of more than half the world's people and half its economic activity. What we do there will help decide whether the global economy continues to move in the direction of greater openness, equity and growth into the next century.

During the global financial crisis of the last two years, the United States kept its markets open, bolstering Asia and the world. The lesson is clear: Open trade, which some thought was a cause of the crisis, in fact turned out to be part of the solution. So this year at APEC, my most important goal is to lock in the commitment of our Asian-Pacific partners to rapid, wide ranging market opening so we can launch a new trade round at the WTO Ministerial this November in Seattle. It is to stand together against protectionism and for a common future of prosperity.

I will also have an opportunity to try to restore some momentum to our relationship with China when I meet with President Jiang in Auckland, to discuss our concerns about North Korea with Prime Minister Obuchi and President Kim, and to meet with Russian Prime Minister Putin.

I am also very much aware that we are meeting following a very difficult period in Asia. And while there are many encouraging signs of recovery, from South Korea to Thailand to Japan, there are also many unanswered questions about the region's stability and many longstanding tensions, caused by everything from economic distress to the neglect of human rights. Nowhere are those questions more pressing than in Indonesia.

Indonesia is the world's fourth largest country, and its largest Islamic country. It has been undergoing a tremendously important democratic transformation. It has the capacity to lift its entire region if it succeeds, and swamp its neighbors in a sea of disorder if it fails.

It is precisely because Indonesia future is important that we are so gravely troubled by the failure of its military to halt the grave abuses going on in East Timor right now. At stake are the lives of many innocent people. But also at stake is Indonesia's transition to civilian, democratic rule. At issue is whether the democratically expressed will of a people can be overturned by violence and intimidation. For these reasons, we will not break faith with the people of East Timor.

The Indonesian government and military are responsible for the safety of the East Timorese and of the UN mission there. If it does not end the violence, it must invite the international community in to assist in restoring security. It must create conditions that will allow international relief agencies to help people on the ground. And it must move forward with the transition to independence. The overwhelming weight of international opinion, from Asia to Africa to Europe to North America, supports this view.

Right now, Indonesia is not receiving significant financial support from the international financial institutions. Our capacity to support further assistance will depend very strongly on the way it handles this situation. Its actions in East Timor have already affected our relationship. Today, the United States suspended its last remaining program of military cooperation with Indonesia. Our military leaders have made clear to senior military officials in Indonesia what they must do to restore our confidence.

In the past few days, I have been in close personal touch with our partners in the region and with Secretary-General Annan. I applaud the efforts of Australia to mobilize a multinational force that would help provide security in East Timor, and I thank all the countries that have already pledged to participate. The United States is prepared to provide material support to this Australian-led effort. Although we've made no final decisions, we are consulting with the Congress on the best way to support the mission should it go forward.

This issue will obviously be an important part of our discussions in New Zealand, and I look forward to getting under way.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 9, 1999

OFFICIAL DELEGATION TO NEW ZEALAND

Official Delegation

The President
Josiah Horton Beeman, U.S. Ambassador to New Zealand
Madeleine Albright, Secretary of State
William Daley, Secretary of Commerce
Charlene Barshefsky, United States Trade Representative
Doug Sosnik, Senior Advisor to the President for Policy and Strategy
Samuel Berger, Assistant to the President for National Security Affairs
Gene Sperling, Assistant to the President for Economic Policy
Joe Lockhart, Assistant to the President and Press Secretary
Richard Fisher, Deputy United States Trade Representative
Susan Esserman, Deputy United States Trade Representative
Elaine Shocas, Chief of Staff to the Secretary of State
Wendy Sherman, Counselor, Department of State
Steven Sestanovich, Ambassador at Large
Mary Mel French, Chief of Protocol
Stanley Roth, Assistant Secretary of State for East Asian and Pacific Affairs
Edwin Truman, Assistant Secretary of the Treasury for International Affairs
Richard Boucher, Coordinator for APEC
Capricia Marshall, Deputy Assistant to the President and Social Secretary
Jake Siewert, Deputy Assistant to the President and Deputy Press Secretary
Alan Larson, Acting Under Secretary of State for Economic and Business Affairs
Robert Bradtke, Executive Secretary, National Security Council
Lieutenant General Donald Kerrick, Senior Military Advisor to the Secretary of State
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Kirk Hanlin, Special Assistant to the President and Trip Director
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Ian Bowles, Senior Director for Environmental Affairs, National Security Council
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Michael Hammer, Assistant Press Secretary for Foreign Affairs, and Director, Public Affairs, National Security Council
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Andrew Weiss, Director, Russian/Ukraine/Eurasian Affairs, National Security Council
Mark Bernstein, Director Press Pool Operations
Betty Currie, Personal Secretary to the President
John Duncan, State Department Liaison to the National Security Council for the APEC/WTO Task Force
Kris Engskov, President's Aide
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Dori Salcido, Deputy Director of Press Advance
Mona Sutphen, Executive Assistant to the Assistant to the President for National Security Affairs

###

F A X   C O V E R   S H E E T

DATE: September 10, 1999   **TIME:** 6:50 AM

TO: *Mr Berger, Mr Sperling, Mr Steinberg*
Ms Hammonds, Mr Lieberthal, Mr Wescott AF-1
Ms Brainard (Wash DC)

From: Malcolm Lee
NEC/NSC

PHONE: [*Your phone number*]
FAX: [*Your fax number*]
NSC OFFICE AUCKLAND

RE: China WTO

Number of pages including cover sheet: 5

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. email	James Keith to Malcolm Lee. Subject: Premier Zhu. (4 pages)	10/05/1999	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) [3]

2010-1024-F
vz1849

RESTRICTION CODES

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FACSIMILE COVER SHEET

THE UNITED STATES TRADE REPRESENTATIVE
Office of the General Counsel

Executive Office of the President
Washington, D.C. 20508

9/24/99 Date
2 Number of Pages Excluding Cover
Time Sent

TO:

NAME:	AGENCY:	PHONE #:	FAX #:
Marc Koumins	STATE/EB	647-6798	647-6820
David Ackerman	STATE	647-2690	647-6540
Erica Young	DOC/ITC	482-3917	482-2925
Whit Warthin	Treas.	622-1733	622-
Lynn Alfalla	USDA	720-1519	690-1093

FROM: Catherine Field

PHONE: 395-9621

FAX #: (202) 395-3639

CONTACT: If you have any problems with this document, please contact 202-395-3150.

SUBJECT: letter to GAO on China Report

COMMENTS: FYI - please call before 4:00 if you have problems with this

Sorry for the quick turn around.

Cath

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

Mr. Benjamin F. Nelson
Director
International Relations and Trade Issues
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Nelson:

Thank you for the opportunity to provide comments on the General Accounting Office (GAO) report on the status of the negotiations on China's accession to the World Trade Organization (WTO). While we have provided GAO staff with detailed comments on the draft report on an informal basis, this letter is the formal response to your request for comments from each of the agencies that have received the Report.

The GAO's report presents a detailed and comprehensive review of the many issues that have arisen in these negotiations over the past five years and their status as of September 1999. The complexity and duration of these accession negotiations are without precedent and your staff has done a commendable job of distilling information to make it useful to Members of Congress in assessing the status of the WTO accession negotiations.

Generally, we have the following observations to make about the Report. In our view, the Report does not adequately reflect the evolving nature of the WTO Agreements, e.g., the addition of new agreements and obligations, and China's economic and trade policies. These types of changes in objectives and priorities should have been better factored into the analysis. Second, providing additional information on interim liberalization steps on services would provide a better picture of China's market access commitments and the immediate benefits that will result. By its nature, the analysis in the Report is subjective and your conclusions on some of the details certainly differ from that of the negotiators. In some instances, we differ with the Report's conclusions on the importance of unresolved issues and on the value of a particular commitment.

Our interagency negotiating team has worked closely with your staff to provide the information and background materials that are the principal basis for this Report. We appreciate the GAO's recognition of the special sensitivities and care required in treating information in an ongoing negotiation. The majority of the material contained in the Report is derived from national security classified information. The Report includes detailed commentary on U.S. negotiating objectives and strategies, as well as views on the positions and interests of other WTO Members. The Report also analyzes and characterizes whether U.S. objectives are appropriate, in terms of

Mr. Benjamin Nelson
Page Two

U.S. interests and the basic obligations of the WTO, and the extent to which U.S. negotiators have achieved those objectives. Release of the information in the Report would clearly have a prejudicial effect on these ongoing negotiations and U.S. economic interests. Moreover, release of information concerning other governments' views and objectives would have an adverse effect on their willingness to cooperate in these and future negotiations. Thus, the Report should remain classified at this time to protect U.S. economic and foreign policy interests. Upon the conclusion of the accession negotiations, we will review the Report with a view to declassifying it to the extent possible without adversely affecting U.S. interests.

Thank you for your agency's cooperation and a job well done.

Sincerely,

Robert T. Novick
General Counsel

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. draft	Briefing Paper: Bilateral Meeting with Chinese President Jiang Zemin. [Liberthal Draft, OK by M. Lee] (10 pages)	10/1999	P1/b(1)

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Communications Strategy for Your Trip to New Zealand for the APEC Leaders' Meeting and State Visit, September 9-15, 1999

Background

You travel to New Zealand for your sixth Asian-Pacific Economic Cooperation (APEC) Leaders' Meeting at a pivotal time. An unexpectedly strong recovery is lifting economies throughout the region and raising expectations for November's World Trade Organization (WTO) Ministerial in Seattle. But boom could turn to bust if APEC's leaders grow complacent and abandon economic liberalization and restructuring efforts. And persistent security tensions over Taiwan and North Korea could undermine confidence in the region's recovery. Continued American leadership, as the lynchpin of the region's prosperity and the cornerstone of its security, is vital to sustaining Asia's recovery and promoting our interests in this increasingly important region.

Generating media interest and positive coverage of APEC is a perennial challenge, made more difficult this year by the dearth of headline-grabbing Summit deliverables and extended travel times. In this news environment, the keys to making this trip a media success are positive results from the China bilateral meeting (most notably a successful WTO accession agreement), and your ability to convince Asia's leaders that their financial prospects are inextricably linked to the success of the WTO Ministerial.

Objectives

Your public affairs objectives for the APEC Summit and New Zealand State Visit are sixfold:

- Highlight Asia's successful recovery and ensure that the region's leaders draw the proper lessons from the past year's events;

cc: Vice President
Chief of Staff

- Caution that complacency may be the biggest obstacle to a sustained recovery and press for continued economic reform and restructuring;
- Underscore the region's increasing importance to the world trading system and the need for a strong endorsement of our Seattle WTO goals;
- Frame our Seattle WTO goals by calling not only for up-front results, but also for a broad-based manageable Round that can be concluded in three years;
- Regain the public initiative on U.S.-China relations by reasserting U.S. national interests in constructive engagement with China and in preserving regional stability; and
- Reinforce the strong U.S.-New Zealand bond by focusing on our vital trade relationship and our close cooperation in areas of common interest (such as the environment), and by transcending lingering disputes over lamb imports and nuclear policy.

Discussion

Asia's recovery vindicates the global economy strategy you have championed. The economic reform measures you have consistently advocated - tightened monetary policy, increased liberalization, enhanced transparency, reduced trade barriers, and good governance - have reaped rewards for the countries that have adopted them. International financial institutions that you have supported, such as the IMF, have also grown in stature as a result of Asia's rebound, playing a critical role in mitigating the currency crises that rocked Thailand, Indonesia and South Korea last year.

New Zealand, the Summit host, epitomizes this success. By reversing its protectionist trade policies, inviting foreign investment, and rising to international competition, New Zealand has maintained its economic strength in adverse economic times. Showcasing the host nation's success in eschewing protectionism and embracing free trade will not only inspire neighboring economies, but also ease tensions between our two countries on trade and security policy.

Although Asia's rebound is undeniable, the reasons for the turnaround are still in dispute. Effective monetary policies have yielded quick results, but may be masking the need for fundamental restructuring. Malaysia's policy of capital controls presents an alternative vision that directly challenges ours.

And the notion of "Asian values" continues to command a following. Ensuring that the proper lessons are learned from this experience is critical to securing recent gains and sustaining growth.

Economic challenges persist. Atrophied banking structures, lingering corruption, and stagnant business cultures are obstacles to recovery. Shedding light on these challenges and encouraging your Asian peers to overcome them through comprehensive reform is a principal objective of your trip.

Doing so requires that you press for accelerating the economic liberalization and restructuring efforts underway in the recovering economies. Increased transparency and good governance free of corruption is essential. Strengthening social safety nets, including labor laws and environmental protections, is also crucial to consolidating gains and building public support for free trade and open markets.

The summit's deliverables respond to these challenges. Financial and corporate restructuring initiatives, capital market reform, new regulations designed to strengthen competition, and support for employment insurance plans provide substance to your message.

The most important outcome of the trip, however, will be a strong APEC Leaders' statement calling for up-front results at the November Seattle WTO Ministerial and a potential breakthrough on Chinese WTO accession talks. The promise of an early harvest on government procurement transparency, e-commerce duties, and WTO institutional improvements will ensure the November's trade talks enjoy a strong start. And Keeping the Seattle WTO Round focused on market access and manageable within a three year timeframe will also lend purpose and promise to the upcoming negotiations.

U.S.-China relations will dominate the first day's coverage. By reaffirming the basic tenets of our One China policy, you will appear both firm and fair - steadfast in your determination to prevent military confrontation in the Taiwan Straits and to discourage both sides from taking provocative actions. Highlighting the economic and security benefits all sides - the PRC, Taiwan and the United States - have gained from this policy will remind both Americans and the world of its fundamental wisdom.

Although much of your trip will be devoted to economic matters, security issues threaten to intrude, including increased tensions in Taiwan and North Korea, and uncertainty over Russia's future. Your early meetings with Jiang, Putin, Obuchi and Kim are designed to address these concerns. Managing threat perceptions and projecting resolve are critical to preserving the summit's optimism and ensuring favorable media coverage.

Public Events

As designed, your public schedule for the trip is front-loaded, allowing you to neutralize controversial bilateral issues early and turn to more positive economic matters during the APEC Leaders' Meeting. We anticipate press interest to taper off as the trip proceeds.

Your trip as planned offers six principal message opportunities:

Pool Spray with President Jiang Zemin of China
(Saturday, September 11)

Your press availability with Jiang following your bilateral meeting promises to command intense media interest. Your objectives will be to show progress by easing tensions over Taiwan, pressing forward on China's accession to the WTO, and restoring the U.S.-China relationship to the scope and vitality it had before the Belgrade bombing. This is the first time you have appeared with Jiang since your trip to China last year.

Speech at Asian Business Advisory Council CEO Breakfast
(Sunday, September 12)

Your remarks to APEC business leaders will serves as the public centerpiece of your trip and your best opportunity to amplify the themes of the Summit. Your central message will be the need to avoid complacency and to press ahead with needed economic reforms. You can also stress the our commitment to support Asia's recovery by keeping U.S. markets open, while reasserting our determination to enforce our trade laws as we work towards making the rules of the international trading system more fair for all at the Seattle WTO Round.

Pool Spray preceding Japan-South Korea Trilateral Meeting
(Sunday, September 12)

A united front in dealing with North Korea and with key economic issues facing APEC and the WTO will strengthen our hand in each of these areas.

Remarks at U.S.-Vietnam Trade Agreement Signing Ceremony
(Tentatively Monday, September 13)

Should we finalize the text of our Bilateral Trade Agreement with the Vietnamese prior to the APEC summit, your participation in the signing ceremony would showcase your leadership in repairing

U.S.-Vietnam relations while also providing you the opportunity to reassert U.S. national interests in strengthening economic ties with out former adversary. This event would follow Secretary Albright's successful trip to Vietnam, offering a compelling storyline for the press on the progress achieved toward overcoming past animosities.

Remarks to the People of New Zealand on the Environment
(Wednesday, September 15)

The only true crowd event of the trip, your remarks to the people of New Zealand will focus on environmental protection and scientific research in Antarctica, areas in which our two countries have cooperated extensively and in which the people of New Zealand are greatly interested.

Joint Press Statement with Prime Minister Shipley of New Zealand
(Monday, September 1)

This press availability allows you the opportunity to address bilateral issues and summarize the entire trip. You can expect to be pressed on the lamb dispute in the questions following your statement.

9/7/99 – (10:35 a.m.)

China WTO Guidance

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, at a minimum, 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

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.

<u>Background Talking Points</u>

1. USTR received the report late Monday (8/31/99)
2. 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).

9/3/99; 2:30 p.m.

Status of U.S.-Vietnam Trade Agreement

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

A: We are still in discussions with the Vietnamese. The tenor of our discussion is positive and constructive. We have exchanged views on how to bring the negotiations to conclusion.

Q: Press reports out of Hanoi indicate that Vietnam has approved the agreement text. Can you confirm this?

A: To the best of our knowledge, that is not the case. We are still in discussions with the Vietnamese with a view toward finalizing the agreement as expeditiously as possible.

Q: Do you expect to sign an agreement at APEC?

A: We do not set arbitrary deadlines for the conclusion of trade negotiations. We will conclude an agreement with Vietnam when we have reached final agreement on the terms.

Drafted by: A. Stilwell

Cleared by: R. Fisher
T. Tripp

- Let me give you an overview of the President's trip to New Zealand for the APEC summit, beginning with the context:

- APEC last met in the shadows of Asia's financial crisis. It will meet next week in the wake of a surprisingly strong recovery. The South Korean and Thai economies have bounced back from negative to positive growth this year, and ~~even Indonesia is seeing signs of a rebound~~growth throughout the region is generally exceeding expectations.

- The reasons for recovery are many -- and each holds lessons for APEC: The US economy remained open and vibrant, bolstering Asia and the world. In that sense, globalization helped to mitigate the crisis far more than it ever exacerbated it. Asian countries also benefited from timely interventions by the IMF, the World Bank, Japan and the United States. And they began a process of restructuring and reform, a process helped along by political change in the key countries. Things might have turned out a lot worse if Thais, Koreans, and ultimately Indonesians had not had a peaceful outlet for expressing their hopes and frustrations.

- The good news makes it all the more important, yet also harder, to avoid complacency. This will be the President's main message at APEC. The work begun during the crisis must be completed, or Asia's bounce-back may yet be the prelude to another breakdown. To put it another way, it's not enough simply to get the Asian Tigers roaring for another fleeting moment. We need a framework that allows them to go on purring for a very long time.

- Lasting recovery will require deeper economic reform, greater transparency and good government, stronger banking and bankruptcy systems, better use of natural resources – all the things we have been talking about for the last two years. We expect that the APEC summit's initiatives will respond to many of these challenges.

- Lasting recovery will also require steady progress toward global economic liberalization. We would like the APEC leaders to endorse our goals for the November WTO ministerial in Seattle, including a new trade round. Gene will cover this in greater detail.

- Finally, lasting recovery will require continued stability and security in the region. This is where the United States plays an especially vital role, and it will be an important focus of the President's time in New Zealand.

- The President will arrive in Auckland on Saturday morning and meet that afternoon with President Jiang of China – their first meeting since we were in China last year. We will have an opportunity to restore some momentum to our relationship, to urge an easing of tensions between China and Taiwan, and to press ahead on China's accession to the WTO.

- On Sunday morning, the President will lay out our goals for the APEC summit in an address to the APEC Business Advisory Council, which consists of CEO's from the APEC member countries. Later that day, he'll hold a trilateral meeting with South Korean President Kim Dae-Jung and Japanese Prime Minister Obuchi to discuss our concerns about security on the Korean Peninsula and other regional and global issues. He will also meet with Russian

Prime Minister Putin. The APEC conference itself begins that day with a dialogue with business leaders and a dinner.

- Monday is all APEC: a leaders only retreat in the morning, a leaders lunch, followed by another meeting in the afternoon and the issuance of a declaration.

- On Tuesday, the President will travel to a resort in Queenstown, in the mountains on New Zealand's South Island, for a down day.

- On Wednesday, we'll be in Christchurch. Christchurch is the starting point for most American expeditions to the Antarctic, and the President will deliver a speech on our global environmental agenda at the Antarctica Center, a museum and center of interactive research.

- Prime Minster Shipley has invited the president to make a state visit to New Zealand. He'll meet with her and with New Zealand's opposition leader Helen Clarke, and attend a state dinner before heading home.

- [Before I turn matters over to Gene, let me say something about another important regional issue that is not formally on the APEC agenda, but that is very much on our minds today, the situation in East Timor].

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007. paper	Non-Paper on Services. (2 pages)	10/1999	P1/b(1)

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Office of Japan

Office of the U.S. Trade Representative
Executive Office of the President

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Rob Wescott FAX 65812

Facsimile Transmittal

To:	Jack Pritchard, 456-9250
	Malcolm Lee, 456-9290
From:	Wendy Cutler
Re:	Briefing Paper
Date:	August 25, 1999
Pages:	3 page(s) total, including this cover shee

Attached are trade points for the New Zealand trilateral with Japan and Korea. We have tried to work with State's material to the maximum degree possible. Paper for contingency bilateral with Japan to follow tomorrow.

Talking Points
APEC Leaders: Trilateral with Prime Minister Kim Dae-Jung and President Obuchi

WTO

- Urge you to support a strong common APEC position on a manageable three-year agenda for the next Round and agreement in Seattle on transparency in government procurement, Accelerated Tariff Liberalization and electronic commerce.

- It is important that the next WTO Round produce concrete results to help maintain public support for an open global trading system. We need to work together to achieve this goal.

- Agriculture will be a difficult issue for all of us in the new Round, but we need to move forward on agricultural reform.

- We consider antidumping policies to be legitimate trade remedy tools that should not be opened up in the new Round.

APEC

- Need to avoid complacency and commit to put in place long-term policies to make our economies more resilient in the face of volatility.

- New Zealand has wisely identified "strengthening markets" as a key theme this year. APEC should implement initiatives that strengthen markets, improve corporate governance, promote transparency and make a difference to our private sectors.

Steel

- Recovery in the U.S. steel market from last year's import surge has been painfully slow. We need to see reduced steel imports from both Japan and Korea and look forward to cooperation with your governments on our bilateral and multilateral steel initiatives.

- *(If Needed: Wire Rod 201 Case)* I will make a decision on this case by the end of September; I will look at the merits of the case and keep in mind the interests of both U.S. producers and U.S. users. Our approach to steel will continue to be balanced and WTO-consistent.

BACKGROUND

WTO: While supportive of a new Round and positive toward a broad APEC position toward the WTO, Japan and, to a lesser extent, Korea are reluctant to prejudice their own negotiating positions by supporting a strong common APEC position. The US would like APEC to endorse a firm commitment to a manageable agenda three years in length, including early agreement at Seattle on transparency in government procurement, the Accelerated Tariff Liberalization (ATL) initiative, and a standstill on electronic commerce duties. Japan has expressed opposition to liberalizing fish and forestry products, two of the eight priority sectors under ATL. You should urge Korea and Japan to back a strong APEC position on ATL. The desire of Japan and Korea to open up WTO rules on antidumping also needs to be rebuffed. Finally, it is important to explicitly mention the importance of the WTO agriculture negotiations. Otherwise, Japan and Korea will assume that agriculture is a low priority for us.

APEC: In APEC, we are working to strengthen commitments to liberalization and reform to ensure economic recovery is sustainable and growth is durable. Part of our efforts focus on New Zealand's theme of "strengthening markets," where we see potential for promoting transparency, improved corporate governance, and tangible outcomes that benefit business.

Steel: Administration defeat of the steel quota bill has received international praise and demonstrated our balanced, WTO-consistent approach. The August Steel Initiative envisages, *inter alia*, bilateral initiatives and a global conference on steel. Talks with Korea are ongoing and Japan has agreed to a bilateral dialogue on steel. Your decision in a safeguards (Section 201) case on steel wire rod imports is due by September 27. Japan is the second largest supplier, but U.S. producers have proposed exclusion of most of the products shipped by Japan due to their specialized nature and U.S. consumer needs.

USTR

Contingency Talking Points
APEC Leaders: POTUS-Obuchi

Market Access

- I am troubled that the mid-year bilateral trade deficit was the highest in history. These numbers make it imperative that we make progress under our bilateral trade agreements, especially flat glass, insurance, and auto/auto parts, as well as achieve concrete results under our deregulation initiative this year.

Steel

- The U.S. steel import crisis is not over yet. I hope further progress can be made on steel issues through our bilateral dialogue.

APEC

- A strong APEC Leaders statement on the WTO is very important to the United States and to me personally. I urge you to support Prime Minister Shipley's well-balanced statement on the WTO, which focuses on the need for improved market access in the industrial, agricultural and services sectors, the elimination of export subsidies, and the achievement of concrete results at Seattle.

WTO

- It is important for our two governments to work together closely in the lead-up to the Seattle WTO Ministerial. It would be unfortunate if Japan let conflict over antidumping dampen prospects for U.S.-Japanese cooperation on a range of WTO issues, including electronic commerce.

- For the WTO to remain a credible force for multilateral trade liberalization, it is essential that we maintain public support for the institution.

- Agriculture will be a hard issue for all of us in the new Round, but we need to move forward on agricultural reform.

BACKGROUND

Market Access: The United States ran a $33.6 billion trade deficit with Japan through June 1999, an 8.8% increase over the 1998 figure and the largest mid-year bilateral trade deficit in history. While we have achieved some progress under our 38 trade agreements with Japan, we continue to be concerned with Japan's implementation of our flat glass, insurance, and auto/auto parts agreements.

Steel: Administration defeat of the steel quota bill has received international praise and demonstrated our balanced, WTO-consistent approach. The August Steel Initiative included a call for the initiation of a dialogue on steel with Japan, to which Japan agreed. We are now working out details so that the first meeting can take place in the early fall.

APEC: While positive toward a *broad* APEC statement supporting the next WTO Round, Japan is reluctant to prejudice its own negotiating positions by agreeing to language on specific issues for negotiation in the Round. We would like APEC to endorse a firm commitment to a manageable agenda three years in length for the WTO Round, including early agreement at Seattle on transparency in government procurement, Accelerated Tariff Liberalization, and a standstill on electronic commerce duties. Although supportive in substance of the e-commerce initiative, Japan has expressed opposition to liberalizing fish and forestry products, two of the eight priority sectors under the Accelerated Tariff Liberalization initiative. The talking point assumes that, as we expect, New Zealand's Prime Minister pushes for the kind of APEC statement we desire.

WTO: Although Japan's interests in the WTO diverge from ours, we are working to develop common ground with them on a number of issues, including electronic commerce, government procurement, and services. We are also trying to impress on Japan the critical importance of maintaining public support for the multilateral trading system, which is the most compelling reason to adopt institutional reforms at the WTO. Japan's desire to open up WTO rules on antidumping needs to be rebuffed, and an explicit mention of the importance of the WTO agriculture negotiations would be extremely useful given Japan's reluctance to move forward in this sector.

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008. draft	Points to be Made for Bilateral Meeting with Chinese President Jiang. (6 pages)	10/1999	P1/b(1)

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National Economic Council
Malcolm Lee
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China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [3]

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