

# FOIA MARKER

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**Folder Title:**

China (September to October 1999, POTUS - Jiang Bilateral at APEC, New Zealand) [10]

**Staff Office-Individual:**

National Economic Council-Lee, Malcolm

**Original OA/ID Number:**

CF 1177

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

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. agenda	China WTO Small Group. (2 pages)	10/13/1999	P1/b(1)
002. paper	Package for Concluding a Bilateral WTO Package. (2 pages)	10/28/1999	P1/b(1)
003. agenda	China WTO Small Group. (1 page)	10/04/1999	P1/b(1)
004. agenda	Duplicate of 001. (2 pages)	10/13/1999	P1/b(1)
005. agenda	China WTO (4 pages)	09/06/1999	P1/b(1)
006. note	China WTO (2 pages)	c. 10/1999	P1/b(1)
007. agenda	China WTO Deputies Rump Group (3 pages)	02/09/1999	P1/b(1)
008. draft	WTO Talking Points for Meeting with Premier Zhu Rongji. (3 pages)	10/21/1999	P1/b(1)
009. memo	For the President from Lawrence Summers. Subject: Readout on China. (2 pages)	10/25/1999	P1/b(1)
010. email	Maureen Tucker to James Keith, Gary Samore, and Malcolm Lee. Subject: Re: Sentence for Pickering to Use in Meeting with PRC. (1 page)	10/27/1999	P1/b(1)
011. note	Zhu Requests. (1 page)	10/1999	P1/b(1)
012. draft	Letter from Charlene Barshefsky to the President. (1 page)	10/28/1999	P1/b(1)

**COLLECTION:**

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

**FOLDER TITLE:**

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [10]

2010-1024-F

vz1856

**RESTRICTION CODES**

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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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.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013. list	China Timeline. (1 page)	10/1999	P1/b(1)
014. schedule	Secretary Summers' Trip to China, October 23-26, 1999. [partial] (11 pages)	10/19/1999	b(7)(C), b(7)(E), b(7)(F)
015. note	China WTO Accession (3 pages)	10/1999	P1/b(1)
016. email	Unknown to Malcolm Lee. Subject: RE: China WTO: Readout of China-EU Talks. (1 page)	10/12/1999	P1/b(1)
017. email	Malcolm Lee to Mona Sutphen. Subject: RE: China WTO: Readout of China-Eu Talks. (1 page)	10/13/1999	P1/b(1)
018. agenda	Duplicate of 001. (2 pages)	10/13/1999	P1/b(1)

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RECEPTION OK

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CONNECTION ID

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RESULT OK

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002. paper	Package for Concluding a Bilateral WTO Package. (2 pages)	10/28/1999	P1/b(1)

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003. agenda	China WTO Small Group. (1 page)	10/04/1999	P1/b(1)

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Close Hold

October 28, 1999

To: Madeleine Albright  
Sandy Berger  
Gene Sperling  
Karen Tramontano  
Bob Novick

Fr: Todd Stern ~~701~~

Attached please find a draft letter from Secretary Summers to Premier Zhu Rhongji on WTO. I would appreciate it if you could please have any comments or edits relayed back to me. Thanks very much.

October 28, 1999

Dear Premier Zhu:

I want to thank you for graciously arranging our meeting Sunday in Lanzhou and for the generosity with which you hosted our delegation. We appreciated the opportunity to visit a provincial capital and to learn about the challenges China faces in its efforts both to repair the environment of Gansu province and to extend the increasing prosperity of the coastal regions to the northwest and other parts of the interior.

I also appreciated the full, cordial and candid conversation we had on the matter of China's accession to the WTO. I found it to be a very useful exchange of views and one that I hope can point the way to a result that will serve the interests of both our great nations.

You raised three broad concerns that you felt needed to be addressed at a political level, as distinguished from the specifics of the negotiations: permanent Normal Trade Relations status for China; the removal of our demand for a general safeguard; and a relaxation of restrictions on high-tech exports.

I have reported back to President Clinton and other key members of the Administration on our conversation generally and, in particular, on the three broad matters you raised. We understand your concerns and believe we will be able to respond appropriately to all three of them. I do want to reiterate, however, that, in our view, the last of your three points has no connection to the WTO and must be handled separately from WTO negotiations.

President Clinton will be sending you a letter on Monday that will address your three points, together with a WTO offer for you to transmit to President Jiang when he returns to China. It is my hope that this package will serve as the basis for positive progress so that we can resolve the important matter of China's WTO accession in a mutually satisfactory manner.

I look forward to continuing our dialogue on the broad range of economic and financial challenges facing China and the United States at the dawn of a new century.

Sincerely,

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006. note	China WTO (2 pages)	c. 10/1999	P1/b(1)

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007. agenda	China WTO Deputies Rump Group (3 pages)	02/09/1999	P1/b(1)

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CHINA WTO

October 21, 1999

TO: John Podesta  
Sandy Berger  
Gene Sperling

FROM: Charlene Barshefsky

Attached are the draft talking points for Secretary Summers' meeting with Premier Zhu that we discussed at yesterday's meeting. Please provide your comments to Bob Novick. His office number is 395-9663 or he can be reached through WH Signal.

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008. draft	WTO Talking Points for Meeting with Premier Zhu Rongji. (3 pages)	10/21/1999	P1/b(1)

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010. email	Maureen Tucker to James Keith, Gary Samore, and Malcolm Lee. Subject: Re: Sentence for Pickering to Use in Meeting with PRC. (1 page)	10/27/1999	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) [10]

2010-1024-F

vz1856

### RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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# Withdrawal/Redaction Marker

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011. note	Zhu Requests. (1 page)	10/1999	P1/b(1)

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## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012. draft	Letter from Charlene Barshefsky to the President. (1 page)	10/28/1999	P1/b(1)

### COLLECTION:

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

### FOLDER TITLE:

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2010-1024-F  
vz1856

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## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013. list	China Timeline. (1 page)	10/1999	P1/b(1)

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

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**FOLDER TITLE:**

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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
014. schedule	Secretary Summers' Trip to China, October 23-26, 1999. [partial] (11 pages)	10/19/1999	b(7)(C), b(7)(E), b(7)(F)

### 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) [10]

2010-1024-F  
vz1856

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Secretary Summers' Trip to China  
October 23-26, 1999  
(as of 6:10 pm on 10/19/99)

Friday, October 22, 1999

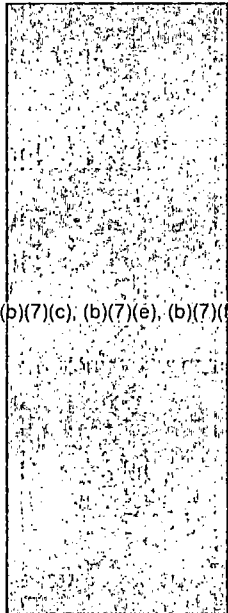
*FYI – all staff travel separately to National airport.*

12:10 pm Secretary Summers departs for National Airport

12:50 pm Depart National Airport  
NW # 231 to Detroit

2:26 pm Arrive Detroit

3:55 pm Depart Detroit en route Beijing  
NW 87



(b)(7)(c), (b)(7)(e), (b)(7)(f)

[014]

Saturday, October 23, 1999

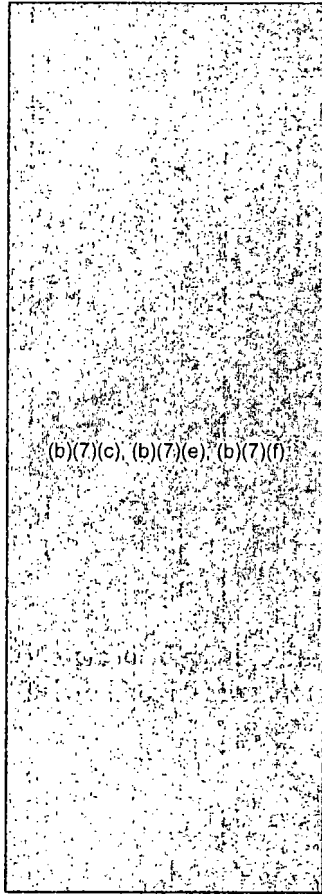
5:35 pm Arrive Beijing

Greeters: ?

*(Interpreter should meet at airport if there are greeters).*

5:50 pm

Motorcade departs Beijing International Airport  
Drive time: 30 minutes (est.)

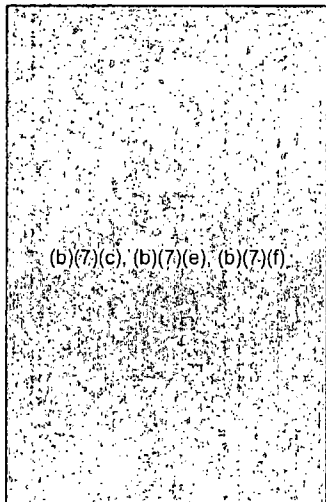


[014]

6:20 pm Arrive China World Hotel

6:20 pm- DOWN TIME  
7:20 pm

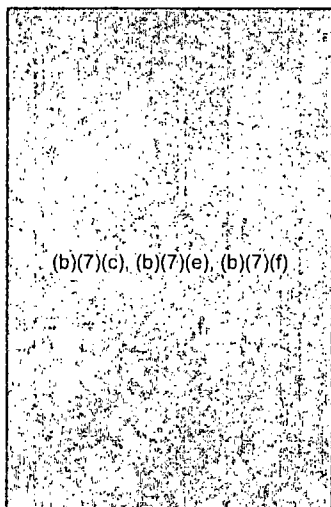
7:20 pm Depart for US Embassy



[014]

7:30 pm Country Team Briefing  
Location: US Embassy  
Participants: Summers, Sandberg, Truman, Stern, Meyer, Lieberthal, Shirk, Crane

8:00 pm Depart for DCM's Residence -



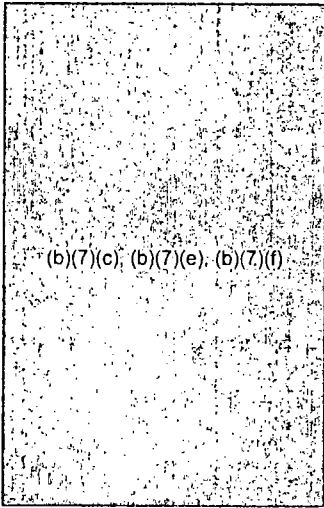
[014]

8:05 pm Arrive DCM's Residence

8:05 pm- **Dinner with Chinese Social Scientists**  
9:30 pm Location: DCM's Residence  
Closed Press

US Participants: Summers, Truman, Meyer, Stern, Lieberthal, Shirk, Crane, DCM

9:45 pm Depart for China World



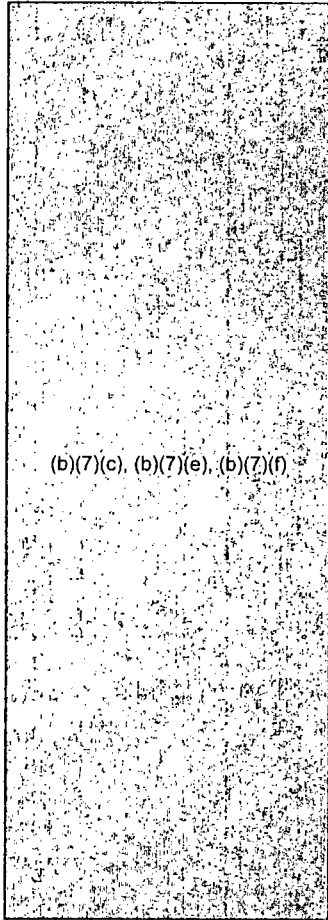
[014]

9:55 pm Arrive China World Hotel

RON China World Hotel

Sunday, October 24, 1999

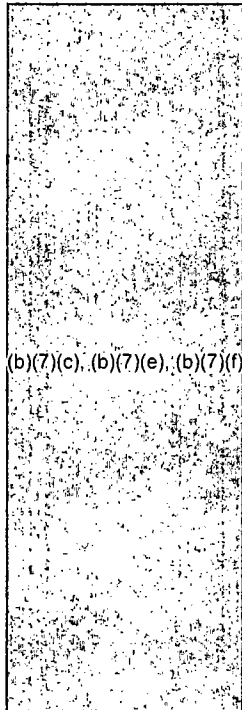
7:30 am Depart China World Hotel



[014]

(b)(7)(c), (b)(7)(e), (b)(7)(f)

8:00 am Wheels Up en route Lanzhou, Gansu  
Flight Time: est. 2 hours



[014]

(b)(7)(c), (b)(7)(e), (b)(7)(f)

- 10:00 am Arrive Lanzhou Airport
- 10:05 am Motorcade Departs en route Site TBD
- 11:00 am Arrival Site TBD
- Photo Op with Premier**
- 11:00 am- Meeting with Zhu Rhongi  
12:00 pm Location: TBD

US	China
Summers	Zhu
Truman	Dai
Meyer	
Sandberg	
Stern	
Lieberthal	
Shirk	
Novick	
Lundsager	
Crane	
DCM	
Interpreter	

- 12:10 pm- Delegation Lunch with Zhu Rhongi  
1:30 pm Location: TBD

1:45 pm- Meeting with Central Bank Governor Dai  
2:45 pm Location: TBD

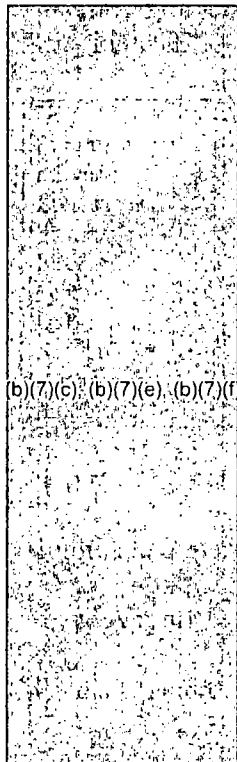
US	China
Summers	Dai
Meyer	
Lundsager	
Sandberg	
Fischer	
Quinn	
DCM	
Novick	
Ahearne	
Interpreter	

2:50 pm Depart for Open Air Market Tour?

3:40 pm Motorcade Departs for Airport

4:20 pm Arrive Airport

4:30 pm Wheels Up en route Beijing



[014]

6:30 pm Arrive Beijing

6:30 pm Depart Beijing Airport en route China World

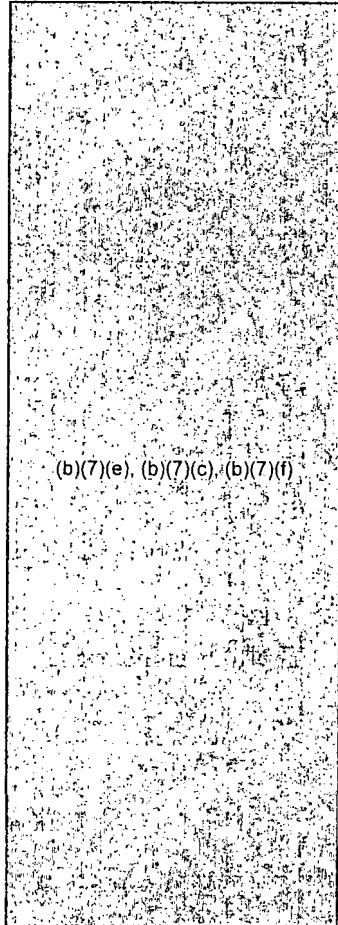
7:00 pm Arrive China World Hotel

8:00 pm Dinner with?

TBD Time with Traveling Press

Monday, October 25, 1999

8:30 am Depart China World Hotel



[014]

9:00 am Arrive Diaoyutai

Photo Op with Minister Xiang

9:10 am **Opening Plenary of the JEC**

10:10 am Location: Diaoyutai State Guest House Building #17  
Pool Spray at the top

10:10 am (T) *Simultaneous Working Meetings Begin*

10:15 am **Bilateral Meeting with Minister Xiang**  
 10:55 am Location: Diaoyutai Building 17

US Summers Truman Lundsager Stern Crane Fischer DCM Novick Interpreter	China Xiang
---	----------------

11:00 am Depart Diaoyuti en route place tbd

11:20 am **Bilat TBD**  
 11:50 am

12:45 pm **Lunch with Economists**  
 1:45 pm Location: DCM's Residence  
 Participants: Summers, Truman, Meyer, DCM

2:00 pm (?) *Working Groups Resume*

1:45 pm Motorcade Departs DCM's Residence

2:10 pm Arrival

2:15 - **Speech - Qinghua University School of Business**  
 3:30 pm "Economic Issues and US China Relations"  
 Location:  
 Open Press

3:40 pm - **Roundtable Discussion with Hi-Tech Entrepreneurs**  
 4:25 pm Location: Room TBD  
 Press?

4:30 pm Depart Qinghua University en route Diaoyutai

4:50 pm Arrive Diaoyutai Building 17

5:00 pm **Closing Session of the JEC**  
 5:30 pm Diaoyutai State Guest House – Building 17 Conference Hall

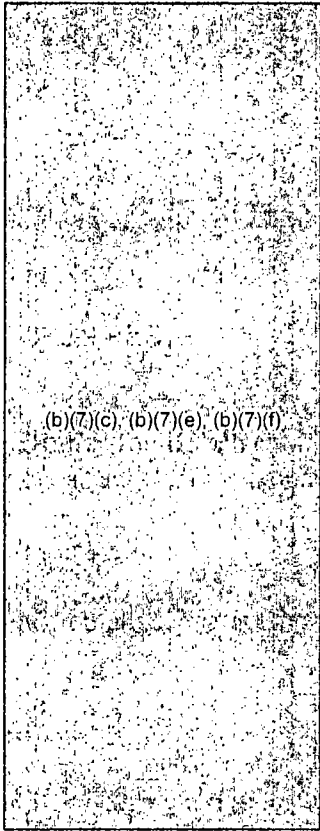
5:40 pm **Joint Press Conference with Minister Xiang**  
 6:15 pm Location:

OPEN PRESS

6:30 pm- Dinner for US Delegation hosted by Minister Xiang  
8:00 pm Location: Banquet Room

Toasts

8:00 pm Motorcade Departs Diaoyutai en route China World



[014]

8:30 pm Arrive China World Hotel

TBD Time with Reporters

RON China World Hotel

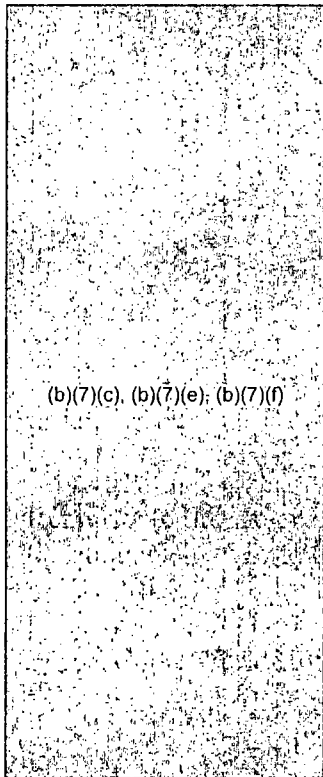


Tuesday, October 26, 1999

7:30 am - **Remarks to the American Business Community**

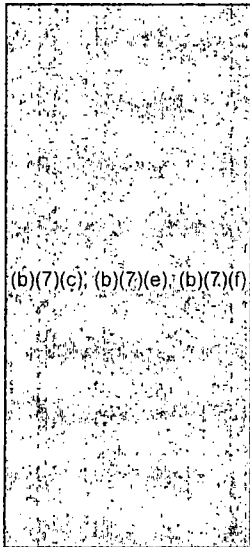
9:00 am Location: China World Hotel – Room TBD  
OPEN PRESS

9:15 am Depart China World Hotel



[014]

10:55 am Depart Beijing on NW 88



[014]

11:40 am Arrive Detroit  
1:40 pm Depart Detroit on NW 241  
3:08 pm Arrive National Airport

# Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
015. note	China WTO Accession (3 pages)	10/1999	P1/b(1)

### COLLECTION:

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

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vz1856

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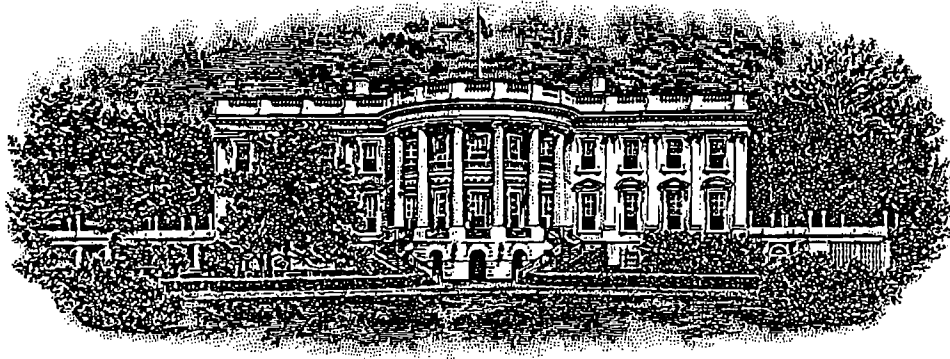
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THE WHITE HOUSE

ROBERT WESCOTT  
SPECIAL ASSISTANT TO THE PRESIDENT  
NATIONAL ECONOMIC COUNCIL

202-456-5905 (ph)

202-456-2223 (fax)

TO: MALCOLM LEE

PHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

DATE: \_\_\_\_\_

PAGES TO FOLLOW: \_\_\_\_\_

COMMENTS: From Treasury.

RL

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9/30/99

## China Economic Assessment

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**Economic Prospects:** While China has so far avoided the worst effects of the Asian financial crisis, weak external and domestic demand pose significant downside risks to economic growth. The GOC is aiming for GDP growth of 7% in 1999, similar to Consensus Forecasts. First half economic results were disappointing. GDP growth slowed to 7.1% y/y in the second quarter of 1999 (1.1% q/q <sup>1</sup>), from 8.3% y/y in the first quarter (2.2% q/q <sup>1</sup>), as the government's public investment program failed to kick-start private investment or consumption. Price deflation has persisted (RPI inflation rate of -3.0% y/y in January/August 1999), though there has been some improvement in recent months. Exports declined 4.6% y/y in the first half, mainly on weak demand in Asia, but have performed strongly in July (up 7.5% y/y) and August (up 17.8 % y/y), indicating that the worst may be over.

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

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

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

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<sup>1</sup> Federal Reserve estimate.

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

**External Sector:** The IMF projects the current account surplus to decline to 1% of GDP in 1999 (from 3.4% in 1998). In January/August 1999, imports surged by 17.5% y/y while exports remained flat (up 0.2% y/y). Import growth is attributed to an increase in recorded imports due to an anti-smuggling campaign as well as increased demand from infrastructure investment. Sluggish exports, particularly in H1/99, reflected weakness in Asian demand, especially Hong Kong. A recent pick-up in exports to Japan and South Korea has contributed to strong export performance in July and August. Actual FDI fell 9.7% y/y in January/August (though the decline moderated 8.3% y/y in August) and contracted FDI fell 20% y/y in the period. Foreign exchange reserves remained flat for much of 1998, as a significant deterioration in the capital account offset China's large current account surplus, prompting the authorities to tighten foreign exchange controls in September 1998. Foreign currency reserves inched up about \$2 billion during H1/99, and climbed another \$3 billion in July and August to reach \$150.4 billion.

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

**Financial Sector:** China has undertaken several important initial steps in financial sector restructuring, but a large, difficult unfinished agenda remains. Recent progress includes the establishment of an RTC-style asset management company (Cinda AMC) to dispose of pre-1996 non-performing loans at the China Construction Bank. AMCs will be established at the other three large state commercial banks by the end of 1999. The AMC's will rely on securitization of debt and debt-equity swaps for large debts, and auctions for smaller debts. Cinda AMC began signing debt-equity swaps in early September. Underdeveloped capital markets and a weak legal framework characterized by ill-defined ownership rights are key constraints facing the operation of the AMCs. The GOC has recently indicated plans to diversify the ownership structure of the banking sector by permitting banks to issue shares on the stock exchange. Another notable step forward was the re-organization of the People's Bank of China (central bank) into nine multi-province districts to insulate it better from local political pressures.

Other reforms which have been announced, though are not yet fully implemented, include: instructions to banks to begin lending only on commercial grounds; orders to adopt western-

style accounting and classification systems; and the partial decontrol of interest rates to allow banks to charge risk-adjusted rates to the non-state small enterprise sector. The shortage of banking expertise makes true commercialization a daunting challenge, however. Rather than lending on commercial grounds, which bank staff is ill-prepared to do, banks have relied on purchases of low-risk government bonds. In addition, in the face of slowing growth, banks were instructed last year to increase lending, especially for flood-related reconstruction and infrastructure investment.

**SOE Reform:** The Chinese leadership has reaffirmed a commitment to resolve the problem of loss-making SOEs by the end of 2000, but the potentially destabilizing impact of rising unemployment has kept SOE reform on a cautious path. In recent speeches, President Jiang has highlighted the role of asset restructuring and expansion of the shareholding system to reform the SOEs, but emphasizes that the state should retain a "dominant role in important sectors." A recent Communist Party plenum on SOE reform failed to generate any bold new initiatives.

China's SOEs constitute a large financial burden: they absorb 86% of bank loans (while contributing less than 30% of industrial output); 40% of them operate at a loss; their reported profits fell by 20% in 1998 (though results in the first half of 1999 have shown an improvement); and an estimated 1/3 of their output merely contributes to inventory accumulation. Progress toward the GOC's goal of restructuring larger, more profitable SOEs while "letting go" (selling off) of smaller, less profitable ones has stalled over GOC concerns about possible implications for unemployment. In addition, the GOC has been re-appraising plans which had originally centered on the construction of *chaebol*-like conglomerates. On the positive side, there have been notable achievements in restructuring and reducing employment in the textile and coal sectors.

#### **Bilateral Issues and Relations:**

- U.S. Bank Exposure to China: Total U.S. bank outstanding exposure stood at \$1.8 billion as of end-1998 (down from \$3.1 billion a year earlier). While U.S. bank exposure to the non-bank Itic sector is relatively modest (i.e. included in the \$1.8 billion), U.S. bankers remain seriously concerned that Itic loans may not be fully repaid.
- Trade Balance: The U.S. trade deficit with China, second in magnitude only to Japan, grew 14.5% to reach \$56.7 billion in 1998. According to U.S. data, the trade deficit for January/July 1999 climbed 17% y/y to \$35.6 billion.
- U.S. FDI in China: At the end of 1998, U.S. direct investment in China totaled \$6.3 billion.
- Financial Services Presence: Six U.S. banks have a total of 13 branches in China. Only two -- Citibank's branches in Pudong and Shenzhen -- are permitted to conduct business in local currency. Citibank was recently given access to medium term (more than one year) RMB funding in the interbank market.
- Tax Treaty: The U.S. and China have a tax treaty in force.

## CHINA

### Summary Statistics

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

Population Growth Rate: 1.5%  
Fiscal Year: Calendar

<b>GROSS DOMESTIC PRODUCT</b>	1994	1995	1996	1997	1998	1999e
GDP (\$ bn)	540.5	704.6	817.0	900.0	961	
Real GDP Growth	12.6%	10.5%	9.6%	8.8%	7.8%	6.6%
Gross Domestic Investment (%)	41.2%	40.8%	39.2%	38.1%	37.6%	39.3%
Gross National Savings (% of G)	42.5%	41.1%	40.0%	41.9%	41.2%	40.4%

<b>GOVERNMENT BUDGET (% of GDP)</b>	1994	1995	1996	1997	1998	1999e
Expenditure (incl. net lending)	14.8%	13.3%	12.9%	13.9%	15.8%	16.8%
Overall Balance (official)	-2.7%	-2.1%	-1.7%	-1.8%	-3.0%	-3.4%

<b>INFLATION/MONEY</b>	1994	1995	1996	1997	1998	1999e
Consumer Prices (period averag)	24.3%	16.7%	8.4%	2.8%	-0.8%	-1.5%
Money Supply Growth (M3)	34.5%	29.5%	25.3%	17.3%	15.3%	15.0%
One Year Time Deposit Rate	11.0%	11.0%	7.5%	5.7%	3.8%	2.3% <sup>1</sup>

<b>EXCHANGE RATE</b>	1994	1995	1996	1997	1998	1999e
Nominal (RMB/US\$)	8.5	8.3	8.3	8.3	8.3	8.3
Real Effective (Index 1990=100)	75.6	83.5	90.1	95.9	100	93.8

<b>BALANCE OF PAYMENTS (\$ bn)</b>	1994	1995	1996	1997	1998	1999e
Exports	102.6	128.1	151.2	182.7	183.5	180.8
(% Change)	33.1%	24.9%	18.0%	20.8%	0.4%	-1.5%
Imports	95.3	110.1	131.5	136.5	136.9	154.7
(% Change)	12.2%	15.5%	19.4%	3.8%	0.3%	13.0%
Trade Balance	7.3	18.1	19.5	46.2	46.6	26.1
Current Account Balance	6.9	1.6	7.3	34.7	32.7	10.2
(% of GDP)	1.3%	0.2%	0.9%	3.9%	3.4%	1.0%
Overall Balance of Payments	30.4	22.5	31.7	35.7	6.4	-6.8

<b>INTERNATIONAL RESERVES</b>	1994	1995	1996	1997	1998	1999e
Gross Reserves (\$ bn)	53.5	76.0	107.7	143.4	149.8	143
Months of Imports (G&NFS)	5.8	6.7	8.4	10.3	10.8	9.2

<b>EXTERNAL DEBT</b>	1994	1995	1996	1997	1998	1999e
Total Debt (\$ bn)	95.4	106.6	116.3	132.1	146	154
(% of GDP)	17.7%	15.1%	14.2%	14.7%	15.2%	
of which: short-term (\$ bn)	10.9	11.9	14.1	18.1	17.3	18.3
Debt Service Ratio (%X G&NFS)	11.1%	10.6%	10.5%	6.1%	7.5%	8.2%

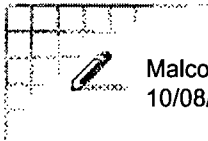
<b>CREDIT RATING</b>	July
Standard & Poor's	BBB
Moody's	A3

Sources: IMF and Treasury Department Data; Consensus Forecasts

OASIA/DCrane  
September 22, 1999

<sup>1</sup> Data for 1999: since June 10, 1999

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



Malcolm R. Lee  
10/08/99 12:45:18 PM

*MC*  
*cf's discuss*  
*OS*

Record Type: Record

To: Lael Brainard/OPD/EOP@EOP, Sharon H. Yuan/OPD/EOP@EOP, Melissa G. Green/OPD/EOP@EOP  
cc:  
Subject: Summers to Beijing Oct 25 - Other U.S.--China Trips/Meetings

*10/14/99*

**Sensitive/Not for Distribution**

Chinese agreed to Joint Economic Committee Meeting vernight last night. Larry is also doing an Asia Society speech on Tuesday, which he has decided to turn into a China speech. I have provided all China guidance to Meg Lundsager, and she has general NTR fact sheets as well. We will see draft. If we want to send any message, this is an opportunity. Meg will discuss with Novick and us. Not much we can say on trade and WTO beyond our guidance and the overall benefits of accession. Larry should frame speech much more broadly than WTO: importance of economic and financial reform, China's role in world and regional economy, etc.

I am compiling with State an upcoming events list, including the following. My notations are for your information only..

- Oct -10 ASEM Meeting (Asia/EU trade ministers) in Berlin
- Oct.11-15 Minister Shi to UK
- Oct. 12 Summers Speech Asia Society
- October 18-  
Nov. 3 Jiang to travel to UK, France, Portugal, Morocco, Saudi Arabia
- Oct. 25 Joint Economic Committee Meeting in Beijing (Summers to Beijing)
- Oct. 28 State U/S Political Affairs Pickering to Beijing (**close hold, not public**)
- Oct. 29 EU-China Summit
- Nov.1-2 Minister of Construction visit to Washington, Hosted by Cuomo
- Nov. OPM Director LaChance to Beijing. Looking at Nov. Chinese have not agreed.
- Nov. 30-  
Dec 3 WTO Ministerial Conference of the WTO, Seattle
- Dec 6-10 Possible trip by State U/S for Global Affairs Loy for Climate Change

*LaMi*

Talks.

**Dec** **Possible Talbott Trip to Beijing (notional and sensitive)**

early December Joint Committee on Commerce and Trade, Beijing  
Daley to lead U.S. Del - agreed in principle, date not set

December CEA-SOPC Dialogue: Chinese replied to Yellen invitation to come  
Washington, suggesting late in year. Bally has offered to travel to China.

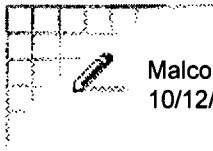
December 20 Handover of Macao (State/NSC believe if convenient, Daley could  
attend)

January OSTP Director Lane wants to co-host ministerial level session of  
Environment and Development Forum. Chinese have agreed, looking at  
January.

early 1999 Labor Ministers Dialogue (China is willing to do this year, but Labor told  
them next year better)

Secretary Richardson to Beijing. Timing uncertain.

Seems to me may make sense to do overarching China meeting with all of upcoming trips. ML



Malcolm R. Lee  
10/12/99 12:26:06 PM

Record Type: Record

To: Lael Brainard/OPD/EOP@EOP, Melissa G. Green/OPD/EOP@EOP, Sharon H. Yuan/OPD/EOP@EOP

cc:

Subject: Re: China WTO: What Next

Where do we go from here?

- POTUS Call to Prodi?: I would strongly recommend against any POTUS call at this stage. Our message has been sent, and we do not want to appear too worried. May need the call later before U.S. EU summit.
- Dry Offer?: On whether we table a dry offer. Cassidy feels strongly we cannot do more than we gave them in Auckland. The Chinese are certainly not going to show any flexibility before they meet with the Europeans in late October. They simply want both the Europeans and U.S. to whittle down our own offers. Bottom line: sit tight and ride it out for now. I concur fully. USTR should be working, however on something to hold for the right moment. Now is not the time.
- Keep working with the Europeans: We do have a convergence of interest. Should continue to work closely together. Would it make sense for our negotiators to meet somewhere quietly?
- No Permanent NTR this year: Most likely outcome, given congressional calendar. We should continue to seek bilateral agreement before Seattle, but prepare for no permanent NTR. Unclear work in Geneva could be completed before Seattle ministerial even if we reached agreement by mid November. Possible but tough.

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016. email	Unknown to Malcolm Lee. Subject: RE: China WTO: Readout of China-EU Talks. (1 page)	10/12/1999	P1/b(1)

### COLLECTION:

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### FOLDER TITLE:

China (September to October 1999 - Jiang Bilateral at APEC, New Zealand) [10]

2010-1024-F  
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- P1 National Security Classified Information [(a)(1) of the PRA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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017. email	Malcolm Lee to Mona Sutphen. Subject: RE: China WTO: Readout of China-Eu Talks. (1 page)	10/13/1999	P1/b(1)

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018. agenda	Duplicate of 001. (2 pages)	10/13/1999	P1/b(1)

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