Case Number: 2010-1024-F

FOIA MARKER

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Folder Title:
China (November 1999 Negotiation) [2]

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. paper	U.S. Response to China's Proposal. (3 pages)	11/13/1999	P1/b(1)
002. paper	Outstanding Service Issues. (11 pages)	04/24/1999	P1/b(1)
003. draft	Duplicate of 001. (3 pages)	11/13/1999	P1/b(1)

COLLECTION:

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

FOLDER TITLE:

China (November 1999 Negotiations) [2]

2010-1024-F
vz1860

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

November 14, 1999
10:30 AM

China WTO Agreement
April Comparison

In April, we were unable to conclude agreement because there remained a number of significant unresolved issues in our bilateral negotiations with China on its accession to the WTO. These included financial services, audio-visual services and important issues relating to rules governing dumped products and import surges from China ("protocol issues").

Needs to be more positive

in all ~~of these~~ areas of primary importance to U.S. commercial interests, while respecting the most legitimate areas of China's sensitivities

~~In some of these areas~~ we achieved clear gains, ~~in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.~~

Progress Since April

not finalized

- ***Import Surge Mechanism***: ~~No~~ agreement ~~in~~ April. China has now agreed to a safeguard mechanism for **X** years following accession that can be used to address rapid increases in imports from China. Permits us to take unilateral action solely against imports from China based upon a lower threshold of injury and causation than under our general import surge law, Section 201. ~~Our existing~~ The Section 201 safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. ~~This special safeguard allows parties to seek import relief against Chinese imports alone.~~ (redundant)

- ***Antidumping***: ~~No~~ agreement not finalized in April. The provision protects ~~permits us to continue application of~~ our current non-market economy methodology in antidumping cases from being challenged in the WTO for **X** years. After that date, we will continue to apply the non-market economy methodology, as our statute directs, but will not be immune from a WTO challenge. Key issue for a broad range of constituencies including steel, agriculture, and labor.

- ***Motion Pictures:*** In April, China made no commitments to import foreign films on a revenue sharing basis. China has now agreed to import on a revenue sharing basis 20 foreign films each year. ✓

- ***Internet Access:*** China has now agreed China's telecom services commitments now clearly include internet services and internet telephony. ~~The Agreement confirms~~ that this rapidly growing market for internet services will be liberalized at the same rate as other key telecommunications services of interest to our providers. ? unclear

What about April? What's new?

- ***Satellites:*** China has clarified that it will permit provision of telecommunications services via satellite. Commitments were unclear in April.

- ***Auto Financing:*** China made no commitments for non-bank financing of auto purchases in April, but has now agreed to permit [non-bank foreign financial service

November 14, 1999
5:45 AM

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In some of these areas we achieved clear gains, in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.

Progress Since April

12

- *Import Surge Mechanism*: No final agreement in April. China has agreed to a safeguard mechanism for **X** years following accession that can be used to address ~~rapidc~~ increases in imports from China. Permits us to take unilateral action solely against imports from China based upon a lower threshold of injury and causation than under our general import surge law, Section 201. Our existing safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. This special safeguard allows parties to seek import relief against Chinese imports alone.

- *Antidumping*: No final agreement in April. The provision ~~permits~~ ensures, but we can continue ~~us to continue~~ appli~~cation~~ ~~of~~ our current non-market economy methodology in antidumping cases — to China for **X** years, without the risk of a ~~[illegible]~~ legal challenge. Key issue for a broad range of constituencies including steel, agriculture, and labor.

- *Motion Pictures:* In April, China made no commitments ~~to~~ import foreign films on a revenue sharing basis. China has agreed to import 20 films on a ~~on a~~ revenue sharing basis ~~15~~ in each of the 3 years after China's accession ~~films during the first year after accession, 17 in year two, 20 in year three.~~

- *Internet Access:* China's telecom services commitments now clearly include internet services and internet telephony. The Agreement confirms that this rapidly growing market for internet services will be liberalized at the same rate as other key telecommunications services of interest to our providers.

- *Satellites:* China has clarified that it will permit provision of telecommunications services via satellite. Commitments were unclear in April.

- *Auto Financing:* China has now made ~~no~~ commitments we sought in April to allow ~~for non-bank financing of auto purchases in April, but has now agreed to permit~~ [non-bank foreign financial ~~service~~ institutions

~~suppliers~~] to provide auto financing upon accession. Under this agreement, foreign companies can now sell, distribute, finance, maintain and repair automobiles.

- ***Securities***: Affirmed April tentative commitment that minority foreign-owned joint ventures can engage in fund management on the same terms as Chinese firms. As the scope of business expands for Chinese firms, foreign joint ventures will enjoy the same expansion in scope of business. Minority joint ventures will also be allowed to underwrite domestic securities issuance and underwrite and trade in foreign currency denominated securities (debt and equity).

- ***Capital Markets Dialogue***: ~~Secretary Summers and Finance Minister Xiang~~ China and the U.S. recently announced a bilateral dialogue on financial and capital markets development. With the high priority placed on reforming the state owned enterprise sector and expanding the availability of private sector finance, China and the United States will focus attention on deepening the securities and banking sectors, including the role of foreign financial services firms in their markets.

Adjustments The United States and China agreed to accelerated tariff reduction in exchange for a slightly longer phase-in period. The effect of this agreement is not

- *[Auto Tariffs*: ~~In April, China had agreed to reduce its auto tariffs to 25% in 2005.~~ China will ~~now~~ reduce automobile tariffs from the current 80-100% levels to 25% in 2006, but with tariff reduction frontloaded to expand market access beyond the April commitments in the near term. With China's commitments to allow auto repair and maintenance, foreign companies can now sell, distribute, finance, maintain and repair automobiles.]

- *[Auto Parts*: China will ~~reduce auto part~~ tariffs ~~to~~ an average of 10% by July, 2006,] on a frontloaded basis.

- *[*Telecom: In April China agreed to phase out geographic restrictions on paging and value added services in 4 years. China has now agreed to phase out such restrictions in 2 years. In investment, in April, China agreed to allow 35% foreign ownership for value added and paging services two years after accession. Now they have agreed to allow a 49% foreign ownership ~~with operational and management control~~. Within one year following accession.*]* + 50% 4 yrs 10 cities

- *[Insurance:* China will allow [50%] foreign equity share with management control rather than the 51% equity share. China ~~also~~ now ~~excludes brokerage~~.*]* permits reinsurance and agreed to 2 broaden geographic coverage than in April.

- *[Distribution of Software Entertainment, Video and Sound Recordings* – In April, China only allowed joint ventures. China will now permit foreign majority ownership in 3 years.] KC JU

Held Harmless (FYI for Background)

- ***Auto Repair and Maintenance Services:*** Foreign investors will be able to establish independent establishments and service all autos. Currently, companies can only service what they manufacture.

- ***Banking (this is the same as April – gain is auto finance):*** Currently foreign banks are not permitted to do local currency business with Chinese clients (a few can engage in local currency business with their foreign clients). China imposes severe geographic restrictions on the establishment of foreign banks.

    - China has committed to full market access in five years for U.S. banks.
    - Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
    - Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
    - Foreign banks will have the same rights (national treatment) as Chinese banks within designated geographic areas.
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DRAFT

Statement by the President
U.S.-China Bilateral WTO Accession Agreement

I am very pleased that the United States and the People's Republic of China have concluded a strong bilateral WTO Accession Agreement that constitutes a major step toward bringing China into the World Trade Organization.

This agreement is good for America, good for China and good for the world economy The agreement will create unprecedented opportunities for American farmers, workers and companies to compete successfully in China's enormous market. The agreement reached today will bolster China's economic reforms and support the rule of law. . President Jiang Zemin and Premier Zhu Rongji have shown genuine leadership in committing China to open its markets and abide by global rules of fair trade. China's commitments also will strengthen the WTO and the global consensus for an open, rule-based international economy.

~~It's obvious that~~ This is more than just an ordinary trade agreement. By agreeing to have China ~~join the~~ WTO on strong, commercially viable terms, ~~By putting our highly complementary economies on a foundation of fairness and international rules, we not only will enhance our economic cooperation but~~ also create a standard for our cooperation on the many other areas where we must cooperate, such as nonproliferation, regional security, environmental protection, and human rights. As a result, the overall relationship between our countries is bound to be strengthened.

agree to commit itself ~~on strong, commercially viable terms~~ to join the ~~integrated~~ global-rule based trading system, we

On the basis of this excellent agreement, I will work hard with other countries to gain China's entry into the World Trade Organization and mobilize my Administration to undertake an all-out effort to work with Congress to secure permanent Normal Trade Relations for China.

This agreement represents a profound and historic step forward in the longterm relationship of the United States and the ~~peo~~ People's Republic of China. Today the ~~largest~~ ~~the strongest market economy in the history of the world and the most populous nation ... what once was the most largest, a most populous~~ communist country ~~the world join~~ in a historic agreement to ~~...~~ open its doors ~~to global rules of the marketplace~~ United States, and the world's ~~strongest~~ market economy in the ~~history of the~~ world and China's ~~former communist~~ formerly its most populous communist adversary join in a historic pact to ~~open its markets, its~~ increase the openness of its markets and its

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It's obvious that this is more than just an ordinary trade agreement. By putting our highly complementary economies on a foundation of fairness and international rules, we not only will enhance our economic cooperation but also ~~create a standard for our~~ promote cooperation on the many other areas where we ~~must~~ want to cooperate, such as nonproliferation, regional security, and environmental protection ~~and human rights~~. As a result, the overall relationship between our countries is bound to be strengthened. STET

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between ~~of~~ The United States and The People's Republic of China. Today, China formerly the most populist communist adversary of The United States, commits to open ~~its~~ its ~~markets~~ ~~now~~ vastly emerging market economy to ~~to The ideas, information, innovation and goods, services and agriculture products of~~ competition, innovation and flow of ideas That come ~~from opening tearing down to trade barriers~~ from ~~opening its markets to~~

from The United States and all other free nations in The world. This is another step in a historic transformation That will help define whether China will define its destiny in terms of peace, ~~freedom~~ cooperation and open ~~competition~~, markets and ideas.

China's WTO Accession -- Market Opening Commitments

SECTOR	PRE-WTO BARRIERS	WTO BENEFITS
Agriculture	22.1% overall tariff; 31% priority tariff	Average tariff cut to 17%; Overall average tariff cut to 14.5% in U.S. priority sectors
	Beef 45%	12%
	Pork 20%	12%
	Poultry 20%	10%
	Citrus 40%	12%
	Grapes 40%	13%
	Apples, Pears, Cherries and Peaches 30%	10%
	Almonds 30%	10%
	Wine and Liquor (Except Gin and Geneva) 65%	20%
	Frozen French Fries 25%	15%
	Frozen Hash Browns 25%	13%
	Ginseng 40%	10%
	Yellow Grease 40%	10%
	Barley Malt 30%	10%
	Cheese 50%	12%
	Ice Cream 45%	19%
Tariff Cuts in Priority Areas	Information Technology 13.3%	to 0%
	Wood 12-18%	5 - 7.5%
	Paper 15-25%	5 - 7.5%
	Fish 20%	to 10% on products of importance to United States
	Distilled Spirits 61%	to 10%
	Chemicals: up to 35%	Between 5.5% and 6.5% for 70% of chemicals
Import Quotas	Restrictive quotas for automobiles, fertilizer, medical equipment, textile machinery, and a wide range of other products	China will eliminate existing quotas for top U.S. priorities such as fertilizer and fiber optic cable. The remainder will be phased-out by 2002 or 2005
Trading Rights	China strictly limited the number and kinds of companies allowed to conduct import and export business	China will progressively phase-in the right to import and export products throughout the country so that at the end of three years, all Chinese and foreign firms and foreign individuals will be able to do this
Distribution Rights	Distribution rights for products made in China only	Distribution rights in all sectors within five years
	No right to own or manage distribution networks	Permit 100% foreign ownership for most within 2-3 years, maximum 5 years
Grandfathering	China has allowed the establishment of foreign ventures with the approval of local authorities, but without action by the central government, thus jeopardizing the companies' continued operation	China will grandfather all existing current market access and activities in all service sectors

Telecom	Sales of telecom services restricted	Phase-out of geographic restrictions for paging and value-added services within 2 years
	Investment in telecom services restricted	
		Phase-out of geographic restrictions on mobile/cellular services within 5 years
		Phase-out of geographic restrictions on domestic wireline services within 6 years
		Minority foreign ownership allowed for value-added and paging services within one year of accession
		The internet services market will be liberalized at the same pace as other key telecommunications services
		China will permit provision of telecommunications services via satellite

Automobiles		Foreign entities will have right to sell, distribute, finance, maintain and repair automobiles
Auto Tariffs	Range from 80%-100%	Front loaded tariff cuts to 25% by 2006
Auto Financing	Only Chinese banks permitted to offer consumer auto financing	China will permit non-bank foreign financial service institutions to provide auto financing upon accession
Auto Repair and Maintenance Services	Currently, companies can only service what they manufacture	Foreign investors will be able to establish independent establishements and service all autos

Banking	Foreign Banks not permitted to conduct local currency business with Chinese clients	Market access and national treatment for U.S. banks in five years
		Foreign banks will be able to conduct local currency business with Chinese enterprises starting two years after accession
		Foreign banks will beable to conduct local currency business with Chinese individuals from 5 years after accession
		Both geographic and customer restrictions will be removed in 5 years

Securities	Only one minority foreign-owned joint venture has limited operations as an investment bank	Minority foreign-owned joint ventures can engage in fund management on the same terms as Chinese firms
		Minority foreign-owned joint ventures will be allowed to underwrite domestic securities issues and underwrite and trade in foreign currency denominated securities (debt and equity)

Insurance	Foreign companies limited in number and restricted to Shanghai and Guangzhou	China will eliminate all geographic restrictions within five years, and open up Beijing upon accession
		All qualified insurers will be issued licenses
		China will allow reinsurance and insurance of large scale commercial risk

		China will allow 50% foreign equity share with management control

Audio Visual	Distribution of sound recordings, videos, movies, books, and magazines restricted	China will allow 49% foreign participation for the distribution of video and sound recordings
	No commitments on number of revenue-sharing films imported	China agreed to import on a revenue sharing basis 20 films per year for three years
		China will allow **majority** foreign ownership in 3 years for construction, renovation, ownership and operation of cinemas

Travel & Tourism	Foreign firms subject to geographic limitations and cannot establish travel agencies	China will allow full market access to the Chinese market for certain hotel operators within 3 years
		Foreign travel operators can provide full range of travel agency services

Protocol Commitments		Establishes rules and principles for China's trade regime
	Antidumping	Permits the United States tp continue to apply special rules on unfair trade practices
	Import Surge Mechanism (Product Specific Safeguard)	Ensures that U.S. domestic firms will have stronger protection against rapid increases in iimports
	Investment and Technology Transfer	Ensures fair treatment for U.S. exports and U.S. investors, including the right to import U.S.-made parts into China, elimination of local content requirements, and elimination of or non-enforcement of contracts imposing trade and foreign exchange balancing requirements, offsets, and performance requirements
	State-Owned and State-Invested Enterprises	China will ensure that state-owned and state invested enterprises will make purchases solely on commercial considerations and provide U.S. firms with the opportunity to compete on nondiscriminatory terms and conditions; clarifies their status under the subsidies agreement
Tariff Rate Quotas	Wheat, corn, rice, cotton, barley and vegetable oil were subject to state trading and restrictive quotas	
	Soy Oil	Elimination of state trading, 9 percent duty
	Wheat: 7.3 million metric tons	9.6 million metric tons, 10 percent private share
	Corn: 4.5 million metric tons	7.2 million metric tons, 25% - 40% private share
	Short and Medium Grained Rice: 1.3 million metric tons	2.6 million metric tons, 50% private share
	Long Grained Rice: 1.3 million metric tons	2.6 million metric tons, 10% private share
	Cotton: 743,000 million metric tons	894,000 million metric tons, 67% private share
	Barley:	Elimination of state trading, 9 percent duty
	Minor Vegetable Oils:	No Tariff Rate Quota, 10% duty only
		Elimination of Export Subsidies

will

Coupled with new distribution and servicing commitments (?),

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auto

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made in April

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permitted ~~unclear~~

Is this nat'l treatment?

While not directly related to the WTO accession package,

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strengthening

each other's

~~Related to WTO accession?~~

This looks gratuitous.

Adjustments

greater

in the early years. This will ensure greater

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automobile

be able to

April?

- *[Auto Parts*: China will reduce auto part tariffs ~~in~~ to an average of 10% by July, 2006.]

over (?)

- *[*Telecom: In April China agreed to phase out geographic restrictions on paging and value added services ~~in~~ 4 years. China has now agreed to phase out such restrictions ~~in~~ 2 years. In ~~investment, in~~ April, China agreed to allow 35% foreign ownership for value added and paging services two years after accession. Now they have agreed to allow a 49% foreign ownership with operational and management control. Within one year following accession.*]*

over

April?

- *[Insurance:* China will allow [50%] foreign equity share with management control rather than the 51% equity share. China also now excludes brokerage.*]*

Is this a loss?

- *[Distribution of Software Entertainment, Video and Sound Recordings* – In April, China only allowed joint ventures. China will now permit foreign majority ownership in 3 years.]

Held Harmless (FYI for Background)

April commitment?

- ***Auto Repair and Maintenance Services:*** Foreign investors will be able to establish independent establishments and service all autos. Currently, companies can only service what they manufacture.

We maintained the same strong banking package that we had in April.

- ***Banking (this is the same as April – gain is auto finance)*:** Currently foreign banks are not permitted to do local currency business with Chinese clients (a few can engage in local currency business with their foreign clients). China imposes severe geographic restrictions on the establishment of foreign banks.

  - China has committed to full market access in five years for U.S. banks.
  - Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
  - Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
  - Foreign banks will have the same rights (national treatment) as Chinese banks within designated geographic areas.
  - Both geographic and customer restrictions will be removed in five years.

November 14, 1999

China's WTO Accession -- Key Market Opening Commitments*

SECTOR	PRE-WTO BARRIERS	WTO BENEFITS
Agriculture	22.1% overall tariff; 31% priority tariff	Average tariff cut to 17%; Overall average tariff cut to 14.5% in U.S. priority sectors
	Beef 45%	12%
	Pork 20%	12%
	Poultry 20%	10%
	Citrus 40%	12%
	Grapes 40%	13%
	Apples, Pears, Cherries and Peaches 30%	10%
	Almonds 30%	10%
	Wine and Liquor (Except Gin and Geneva) 65%	20%
	Frozen French Fries 25%	15%
	Frozen Hash Browns 25%	13%
	Ginseng 40%	10%
	Yellow Grease 40%	10%
	Barley Malt 30%	10%
	Cheese 50%	12%
	Ice Cream 45%	19%
Tariff Cuts in Priority Areas	**Information Technology** 13.3%	to 0%
	Wood 12-18%	5 - 7.5%
	Paper 15-25%	5 - 7.5%
	Fish 20%	to 10% on products of importance to United States
	Distilled Spirits 61%	to 10%
	Chemicals: up to 35%	Between 5.5% and 6.5% for 70% of chemicals
Import Quotas	Restrictive quotas for automobiles, fertilizer, medical equipment, textile machinery, and a wide range of other products	China will eliminate existing quotas for top U.S. priorities such as fertilizer and fiber optic cable. The remainder will be phased-out by 2002 or 2005
Trading Rights	China strictly limited the number and kinds of companies allowed to conduct import and export business.	China will progressively phase-in the right to import and export products throughout the country so that at the end of three years, all Chinese and foreign firms and foreign individuals will be able to do this
Distribution Rights	Distribution rights for products made in China only	Distribution rights in all sectors within five years
	No right to own or manage distribution networks	Permit 100% foreign ownership for most within 2-3 years, maximum 5 years

Grandfathering	China has allowed the establishment of foreign ventures with the approval of local authorities, but without action by the central government, thus jeopardizing the companies' continued operation	China will grandfather all existing current market access and activities in all service sectors
Telecom	Sales of telecom services restricted	Phase-out of geographic restrictions for **paging** and **value-added** services within **2** years
	Investment in telecom services restricted	
		Phase-out of geographic restrictions on **mobile/cellular** services within 5 years
		Phase-out of geographic restrictions on **domestic wireline** services within **6** years
		X% foreign ownership allowed for value-added and **paging** services within **one** year of accession
		The **internet services market** will be liberalized at the same pace as other key telecommunications services
		China will permit provision of telecommunications services via **satellite**
Automobiles		Foreign entities will have right to sell, distribute, finance, maintain and repair automobiles
Auto Tariffs	Range from 80%-100%	Front loaded tariff cuts to 25% by 2006
Auto Financing	Only Chinese banks permitted to offer consumer auto financing	China will permit non-bank foreign financial service institutions to provide auto financing upon accession
Auto Repair and Maintenance Services	Currently, companies can only service what they manufacture	Foreign investors will be able to establish independent establishements and service all autos
Banking	Foreign Banks not permitted to conduct local currency business with Chinese clients	Market access and national treatment for U.S. banks in five years
		Foreign banks will be able to conduct local currency business with Chinese enterprises starting two years after accession
		Foreign banks will beable to conduct local currency business with Chinese individuals from 5 years after accession
		Both geographic and customer restrictions will be removed in 5 years
Securities	Only one minority foreign-owned joint venture has limited operations as an investment bank	Minority foreign-owned joint ventures can engage in fund management on the same terms as Chinese firms
		Minority foreign-owned joint ventures will be allowed to underwrite domestic securities issues and underwrite and trade in foreign currency denominated securities (debt and equity)

Insurance	Foreign companies limited in number and restricted to Shanghai and Guangzhou	China will eliminate all geographic restrictions within **three** years, and open up Beijing upon accession
		All qualified insurers will be issued licenses
		China will allow reinsurance and insurance of large scale commercial risk
		China will allow 50% foreign equity share with management control

Audio Visual	Distribution of sound recordings, videos, movies, books, and magazines restricted	China will allow 49% foreign participation for the distribution of video and sound recordings
	No commitments on number of revenue-sharing films imported	China agreed to import on a revenue sharing basis 20 films per year for three years
		China will allow **majority** foreign ownership in 3 years for construction, renovation, ownership and operation of cinemas

Travel & Tourism	Foreign firms subject to geographic limitations and cannot establish travel agencies	China will allow full market access to the Chinese market for certain hotel operators within 3 years
		Foreign travel operators can provide full range of travel agency services

Protocol Commitments		Establishes rules and principles for China's trade regime
	Antidumping	Permits the United States to continue to apply its current non-market methodology in antidumping cases to China for **X** years without risk of a legal challenge
	Import Surge Mechanism (Product Specific Safeguard)	Ensures that U.S. domestic firms will have stronger protection against rapid increases in iimports
	Investment and Technology Transfer	Ensures fair treatment for U.S. exports and U.S. investors, including the right to import U.S.-made parts into China, elimination of local content requirements, and elimination of or non-enforcement of contracts imposing trade and foreign exchange balancing requirements, offsets, and performance requirements
	State-Owned and State-Invested Enterprises	China will ensure that state-owned and state invested enterprises will make purchases solely on commercial considerations and provide U.S. firms with the opportunity to compete on nondiscriminatory terms and conditions; clarifies their status under the subsidies agreement
Tariff Rate Quotas	Wheat, corn, rice, cotton, barley and vegetable oil were subject to state trading and restrictive quotas	
	Soy Oil	Elimination of state trading, 9 percent duty
	Wheat: 7.3 million metric tons	9.6 million metric tons, 10 percent private share
	Corn: 4.5 million metric tons	7.2 million metric tons, 25% - 40% private share

	Short and Medium Grained Rice: 1.3 million metric tons	2.6 million metric tons, 50% private share
	Long Grained Rice: 1.3 million metric tons	2.6 million metric tons, 10% private share
	Cotton: 743,000 million metric tons	894,000 million metric tons, 67% private share
	Barley:	Elimination of state trading, 9 percent duty
	Minor Vegetable Oils:	No Tariff Rate Quota, 10% duty only
		Elimination of Export Subsidies
** This is not a comprehensive list of points negotiated under the U.S. - China bilateral accession agreement*		

China's WTO Accession -- Market Opening Commitments

SECTOR	PRE-WTO BARRIERS	WTO BENEFITS
Agriculture	22.1% overall tariff; 31% priority tariff	Average tariff cut to 17%; Overall average tariff cut to 14.5%
	Beef 46%	12%
	Pork 20%	12%
	Poultry 20%	10%
	Citrus 40%	12%
	Grapes 40%	13%
	Apples, Pears, Cherries and Peaches 30%	10%
	Almonds 30%	10%
	Wine and Liquor (Except Gin and Geneva) 65%	20%
	Frozen French Fries 25%	15%
	Frozen Hash Browns 25%	13%
	Ginseng 40%	10%
	Yellow Grease 40%	10%
	Barley Malt 30%	10%
	Cheese 50%	12%
	Ice Cream 45%	19%

Tariff Rate Quotas		
	Wheat, corn, rice, cotton, barley and vegetable oil were subject to state trading and restrictive quotas	
	Soy Oil	Elimination of state trading, 9 percent duty
	Wheat: 7.3 million metric tons	9.6 million metric tons, 10 percent private share
	Corn: 4.5 million metric tons	7.2 million metric tons, 25% - 40% private share
	Short and Medium Grained Rice: 1.3 million metric tons	2.6 million metric tons, 50% private share
	Long Grained Rice: 1.3 million metric tons	2.6 million metric tons, 10% private share
	Cotton: 743,000 million metric tons	894,000 million metric tons, 67% private share
	Barley:	Elimination of state trading, 9 percent duty
	Minor Vegetable Oils:	No Tariff Rate Quota, 10% duty only
		Elimination of Export Subsidies

High Technology	Information Technology 13.3%	0%
Import Quotas	Restrictive quotas for automobiles, medical equipment, textile machinery and a wide range of other products. .	China will eliminate existing quotas for top U.S. priorities such as fertilizer. The remainder will be phased-out by 2005
Grandfathering	China has allowed the establishment of foreign ventures with the approval of local authorities, but without action by the central government, thus jeopardizing the companies' continued operation	China will grandfather all existing current market access and activities in all service sectors

	China's WTO Accession -- Market Opening Commitments	
SECTOR	**PRE-WTO BARRIERS**	**WTO BENEFITS**
Agriculture		Average tariff cut to 17%, for US priority products average tariff cut to 14.5%
	Examples:	yr?
Beef	45%	12%
Pork	20%	12%
Poultry	20%	10%
Citrus	40%	12%
Grapes	40%	13%
Apples	30%	10%
Almonds	30%	10%
Wine	65%	20%
Cheese	50%	12%
Ice Cream	45%	19%
IT Products	13.3% tariff	0% tariff
Automobiles	100%tariff	Front loaded tariff cuts to 25% by xxxx
Import Quotas	Restrictive quotas for automobiles, textiles, medical equipment, textile machinery and a wide range of other products.	China will eliminate existing quotas for top U.S. priorities such as fertlizer. The remainder will be phased-out by 2005
Grandfathering	? unclear China has allowed the establishment of foreign ventures where investment is jeopardized because it is inconsistent with central government regulations	China will grandfather all existing current market access and activities in all service sectors
Trading Rights	China prohibits foreign-owned companies from importing products and prohibits individuals from importing or exporting to China, unless approved by the government	China will progressively phase-in full?? trading rights over three years.
Distribution Rights	Distribution rights for products made in China only.	Distribution Rights in all sectors within five years
	No right to own or manage distribution networks	Permit 100% foreign ownership within 3-4 years
Telecom	Sales of telecom services restricted	Phase-out of geographic restrictions for paging, value added and closed user groups
	Investment in telecom services restricted	within 4 years ?
		Phase-out of geographic restrictions on mobile/cellular services within 5 years
		Phase-out of geographic restrictions on domestic wireline services within 6 years

Some foreign ventures have local ~~but~~ approval but lack ~~cas~~ required central gov't approval

		49% foreign ownership allowed for value added and paging services with operational management control within one year of accession
~~Auto Sector~~ Autos		
Auto Financing	Only Chinese banks permitted to offer consumer auto financing	China will permit non-bank foreign financial service providers to provide auto financing upon accession
Auto Distribution	? market	Foreign entities will have right to sell, distribute, finance, maintain and repair automobiles need specific conduct
Auto Tariffs		
Auto ~~Repair~~ maintenance ~~Autos~~ Repair Securities	Only one minority foreign-owned joint venture has limited operations as an investment bank	China will permit minority foreign-owned joint ventures to engage in fund management on the same terms as Chinese firms
Banking	Foreign Banks not permitted to conduct local currency business with Chinese clients	Full market access (national treatment) for U.S. banks in five years
Insurance	Foreign companies are limited in number and restricted to Shanghai and Guangzhou	China will eliminate all geographic restrictions within five years
		All qualified insurers will be issued liscenses
		China will allow 50% foreign equity share with management control
Audio Visual	Distribution of sound recordings, videos, movies, books and magazines restricted	China will allow 49% foreign participation for the distribution of video and sound recordings
		China agreed to import on a revenue sharing basis 15 films during the first year after accession, 17 films in year two and 20 films in year three
		China will allow majority ownership in 3 years for construction, renovation, ownership and operation of cinemas
Travel & Tourism	Foreign firms subject to geographic limitations and cannot establish travel agencies	China will allow full market access to the Chinese market for certain hotel operators within 3 years
		Foreign travel operators can provide full range of travel agency services

		49% foreign ownership allowed for value added and paging services with operational management control within one year of accession
Auto ~~Sector~~ Autos		
Auto Financing	Only Chinese banks permitted to offer consumer auto financing	China will permit non-bank foreign financial service providers to provide auto financing upon accession
Auto Distribution	? market	Foreign entities will have right to sell, distribute, finance, maintain and repair automobiles need specific [illegible]
Auto Tariffs	maintenance	
Auto ~~Parts~~ ~~Autos~~ Repair Securities	Only one minority foreign-owned joint venture has limited operations as an investment bank	China will permit minority foreign-owned joint ventures to engage in fund management on the same terms as Chinese firms
Banking	Foreign Banks not permitted to conduct local currency business with Chinese clients	Full market access (national treatment) for U.S. banks in five years
Insurance	Foreign companies ~~are~~ limited in number and restricted to Shanghai and Guangzhou	China will eliminate all geographic restrictions within five years
		All qualified insurers will be issued liscenses
		China will allow 50% foreign equity share with management control
Audio Visual	Distribution of sound recordings, videos, movies, books and magazines restricted	China will allow 49% foreign participation for the distribution of video and sound recordings
		China agreed to import on a revenue sharing basis 15 films during the first year after accession, 17 films in year two and 20 films in year three
		China will allow majority ownership in 3 years for construction, renovation, ownership and operation of cinemas
Travel & Tourism	Foreign firms subject to geographic limitations and cannot establish travel agencies	China will allow full market access to the Chinese market for certain hotel operators within 3 years
		Foreign travel operators can provide full range of travel agency services

Import Surge Mechanism		Ensures that U.S. domestic firms will have strong protection against unprecendented surges of imports.
Investment and Technology Transfer		Ensures fair treatment for U.S. businesses operating in China, including the right to import U.S.-made parts, elimination of local content requirements, elimination of
ANTIDUMPING		see April comparison Doc't

Minority JV security compani will be ~~[illegible]~~ permitted to underwrite debt + equity issues. ~~[illegible]~~ and engage in listed securities trading.

		49% foreign ownership allowed for value added and paging services with operational management control within one year of accession
Auto Financing	Only Chinese banks permitted to offer consumer auto financing	China will permit non-bank foreign financial service providers to provide auto financing upon accession
Auto Distribution	?	Foreign entities will have right to sell, distribute, finance, maintain and repair automobiles
Securities	Only one minority foreign-owned joint venture has limited operations as an investment bank	China will permit minority foreign-owned joint ventures to engage in fund management on the same terms as Chinese firms
Banking	Foreign Banks not permitted to conduct local currency business with Chinese clients	Full market access (national treatment) for U.S. banks in five years
Insurance	Foreign companies are limited in number and restricted to Shanghai and Guangzhou	China will eliminate all geographic restrictions within five years
		All qualified insurers will be issued liscenses
		China will allow 50% foreign equity share with management control
Audio Visual	Distribution of sound recordings, videos, movies, books and magazines restricted	China will allow 49% foreign participation for the distribution of video and sound recordings
		China agreed to import on a revenue sharing basis 15 films during the first year after accession, 17 films in year two and 20 films in year three
		China will alllow majority ownership in 3 years for construction, renovation, ownership and operation of cinemas
Travel & Tourism	Foreign firms subject to geographic limitations and cannot establish travel agencies	China will allow full market access to the Chinese market for certain hotel operators within 3 years
		Foreign travel operators can provide full range of travel agency services
Protocol Commitments	None	Establishes rights and obligations enforceable through WTO dispute settlement procedures
Includes:		
Antidumping		Guarantees the United States will have strong protection against unfair trade prctices, including dumping and subsidies

November 14, 1999
10:30 AM

China WTO Agreement
April Comparison

In April, we were unable to conclude agreement because there remained a number of significant unresolved issues in our bilateral negotiations with China on its accession to the WTO. These included financial services, audio-visual services and important issues relating to rules governing dumped products and import surges from China ("protocol issues").

In some of these areas we achieved clear gains, in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.

Progress Since April

- ***Import Surge Mechanism***: No agreement in April. China has agreed to a safeguard mechanism for **X** years following accession that can be used to address rapid increases in imports from China. Permits us to take unilateral action solely against imports from China based upon a lower threshold of injury and causation than under our general import surge law, Section 201. Our existing safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. This special safeguard allows parties to seek import relief against Chinese imports alone.

- ***Antidumping***: No agreement in April. The provision permits us to continue application of our current non-market economy methodology in antidumping cases for **X** years. Key issue for a broad range of constituencies including steel, agriculture, and labor.

- ***Motion Pictures:*** In April, China made no commitments to import foreign films on a revenue sharing basis. China has agreed to import on a revenue sharing 20 foreign films each year.

- ***Internet Access:*** China's telecom services commitments now clearly include internet services and internet telephony. The Agreement confirms that this rapidly growing market for internet services will be liberalized at the same rate as other key telecommunications services of interest to our providers.

- ***Satellites:*** China has clarified that it will permit provision of telecommunications services via satellite. Commitments were unclear in April.

- ***Auto Financing:*** China made no commitments for non-bank financing of auto purchases in April, but has now agreed to permit [non-bank foreign financial service suppliers] to provide auto financing upon accession. Under this agreement, foreign companies can now sell, distribute, finance, maintain and repair automobiles.

- ***Securities***: Affirmed April tentative commitment that minority foreign-owned joint ventures can engage in fund management on the same terms as Chinese firms. As the scope of business expands for Chinese firms, foreign joint ventures will enjoy the same expansion in scope of business. Minority joint ventures will also be allowed to underwrite domestic securities issues and underwrite and trade in foreign currency denominated securities (debt and equity).

- ***Capital Markets Dialogue***: Secretary Summers and Finance Minister Xiang recently announced a bilateral dialogue on financial and capital markets development. With the high priority placed on reforming the state owned enterprise sector and expanding the availability of private sector finance, China and the United States will focus attention on deepening the securities and banking sectors, including the role of foreign financial services firms in their markets.

Adjustments

- *[Auto Tariffs*: In April, China had agreed to reduce its auto tariffs to 25% in 2005. China will now reduce automobile tariffs from the current 80-100% levels to 25% in 2006, but with tariff reduction frontloaded to expand market access beyond the April commitments in the near term. With China's commitments to allow auto repair and maintenance, foreign companies can now sell, distribute, finance, maintain and repair automobiles.]

- *[Auto Parts*: China will reduce auto part tariffs in to an average of 10% by July, 2006.]

- *[*Telecom: In April China agreed to phase out geographic restrictions on paging and value added services in 4 years. China has now agreed to phase out such restrictions in 2 years. In investment, in April, China agreed to allow 35% foreign ownership for value added and paging services two years after accession. Now they have agreed to allow a 49% foreign ownership with operational and management control. Within one year following accession.*]*

- *[Insurance:* China will allow [50%] foreign equity share with management control rather than the 51% equity share. China also now excludes brokerage.*]*

- *[Distribution of Software Entertainment, Video and Sound Recordings* – In April, China only allowed joint ventures. China will now permit foreign majority ownership in 3 years.]

Held Harmless (FYI for Background)

- ***Auto Repair and Maintenance Services:*** Foreign investors will be able to establish independent establishments and service all autos. Currently, companies can only service what they manufacture.

- ***Banking (this is the same as April – gain is auto finance)*:** Currently foreign banks are not permitted to do local currency business with Chinese clients (a few can engage in local currency business with their foreign clients). China imposes severe geographic restrictions on the establishment of foreign banks.

  - China has committed to full market access in five years for U.S. banks.
  - Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
  - Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
  - Foreign banks will have the same rights (national treatment) as Chinese banks within designated geographic areas.
  - Both geographic and customer restrictions will be removed in five years.

November 14, 1999
10:30 AM

China WTO Agreement
April Comparison

In April, we were unable to conclude agreement because there remained a number of significant unresolved issues in our bilateral negotiations with China on its accession to the WTO. These included financial services, audio-visual services and important issues relating to rules governing dumped products and import surges from China ("protocol issues").

In some of these areas we achieved clear gains, in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.

Progress Since April

- ***Import Surge Mechanism***: No final agreement in April. China has agreed to a safeguard mechanism for 12 years following accession that can be used to address increases in imports from China. Permits us to take unilateral action solely against imports from China based upon a lower threshold of injury and causation than under our general import surge law, Section 201. Our existing safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. This special safeguard allows parties to seek import relief against Chinese imports alone.

- ***Antidumping***: No final agreement in April. The provision ensures that we can continue to apply our current our current non-market economy methodology in antidumping cases to China for **X** years without the risk of a legal challenge . Key issue for a broad range of constituencies including steel, agriculture, and labor.

- ***Motion Pictures:*** In April, China made no commitments to import foreign films on a revenue sharing basis. China has agreed to import 20 films on a revenue sharing basis in each of the three years after China's accession.

- ***Internet Access:*** China's telecom services commitments now clearly include internet services and internet telephony. The Agreement confirms that this rapidly growing market for internet services will be liberalized at the same rate as other key telecommunications services of interest to our providers.

- ***Satellites:*** China has clarified that it will permit provision of telecommunications services via satellite. Commitments were unclear in April.

- ***Auto Financing:*** China has now made commitments we sought in April to non-bank foreign financial institutions to provide auto financing upon accession. Under this

agreement, foreign companies can now sell, distribute, finance, maintain and repair automobiles.

- ***Securities***: Affirmed April tentative commitment that minority foreign-owned joint ventures can engage in fund management on the same terms as Chinese firms. As the scope of business expands for Chinese firms, foreign joint ventures will enjoy the same expansion in scope of business. Minority joint ventures will also be allowed to underwrite domestic securities issues and underwrite and trade in foreign currency denominated securities (debt and equity).

- ***Capital Markets Dialogue***: China and the U.S. recently announced a bilateral dialogue on financial and capital markets development. With the high priority placed on reforming the state owned enterprise sector and expanding the availability of private sector finance, China and the United States will focus attention on deepening the securities and banking sectors, including the role of foreign financial services firms in their markets.

Adjustments

- *[Auto Tariffs*: In April, China had agreed to reduce its auto tariffs to 25% in 2005. China will now reduce automobile tariffs from the current 80-100% levels to 25% in 2006, but with tariff reduction frontloaded to expand market access beyond the April commitments in the near term. With China's commitments to allow auto repair and maintenance, foreign companies can now sell, distribute, finance, maintain and repair automobiles.]

- *[Auto Parts*: China will reduce auto part tariffs in to an average of 10% by July, 2006.]

- *[*Telecom: In April China agreed to phase out geographic restrictions on paging and value added services in 4 years. China has now agreed to phase out such restrictions in 2 years. In investment, in April, China agreed to allow 35% foreign ownership for value added and paging services two years after accession. Now they have agreed to allow a 49% foreign ownership with operational and management control. Within one year following accession.*]*

- *[Insurance:* China will allow [50%] foreign equity share with management control rather than the 51% equity share. China also now excludes brokerage.*]*

- *[Distribution of Software Entertainment, Video and Sound Recordings* – In April, China only allowed joint ventures. China will now permit foreign majority ownership in 3 years.]

Held Harmless (FYI for Background)

- ***Auto Repair and Maintenance Services:*** Foreign investors will be able to establish independent establishments and service all autos. Currently, companies can only service what they manufacture.

- ***Banking (this is the same as April – gain is auto finance*)**: Currently foreign banks are not permitted to do local currency business with Chinese clients (a few can engage in local currency business with their foreign clients). China imposes severe geographic restrictions on the establishment of foreign banks.

  - China has committed to full market access in five years for U.S. banks.
  - Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
  - Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
  - Foreign banks will have the same rights (national treatment) as Chinese banks within designated geographic areas.
  - Both geographic and customer restrictions will be removed in five years.

Do you want to change

to UA

arr. LA around 8:00 AM?

Yes ☐ No. ☐

they can even upgrade to 1st class.

Telefacsimile Transmission

From: Jason Hafemeister
USTR -- Office of Agricultural Affairs
Phone: 202.395.5124
Fax: 202.395.4579
E-mail: jhafemeister@ustr.gov

12 November 1999
19 pages

TO: Teresa Howes
Tom Tripp

Agriculture information requested by Teresa Howes.

Jh

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China (November 1999 Negotiations) [2]

2010-1024-F
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RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

- safeguard! ~~which will last until~~ in accordance of [illegible] will last an [illegible] [illegible] [illegible] accession of [illegible] [illegible]

[illegible] -50-

[illegible] -50-

China WTO Agreement
April Comparison

In April, we were unable to conclude agreement because there remained a number of significant unresolved issues in our bilateral negotiations with China on its accession to the WTO. These included financial services, audio-visual services and important issues relating to rules governing ~~dumped products~~ antidumping and import surges from China ("protocol issues").

In some of these areas we ~~achieved~~ made clear gains, in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.

Progress Since April

- ***Product Specific Safeguard***: Unresolved in April. China has agreed to a safeguard mechanism until **20__** that can be directed exclusively at imports from China that cause or threaten to cause market disruption to domestic producers of like products. Our existing Section 201 safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. This special safeguard allows parties to seek import relief against Chinese imports alone~~,~~ using ~~a slightly looser injury standard~~ ("market disruption") than the "serious injury~~" standard of Section 20~~1.

- ***Antidumping***: Duration unresolved in April. China sought short sunset. China has agreed to allow the continued use of non-market economy dumping methodolgy for **X** years.

- MOTION PICTURES ***Audio~~visual~~:*** China has committed to import a ~~minimum~~ number of foreign films on a revenue sharing basis: 15 in year one, 17 in year two, 20 in year three. China made no such commitments in April. No other country has ever made such a commitment.

- ***Internet Access:*** Access for internet services and internet telephony was unclear. The agreement confirms that this rapidly growing market for internet services will be liberalized at the same rate as other key telecommunications services of interest to our providers.

- ***Satellites:*** China has clarified that it will permit provision of telecommunications services via satellite. Commitments were unclear in April.

- ***Auto Financing:*** China made no commitments for nonbank financing of auto purchases in April, but has now agreed to permit [non-bank ~~foreign~~ financial ~~service suppliers~~ institutions] to provide auto financing upon accession. Under this agreement, foreign companies can now sell, distribute, finance, maintain and repair automobiles.

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Adjustments

- *Auto Tariffs*: In April, China had agreed to reduce its auto tariffs to 25% in 2005. China will now reduce automobile tariffs from the current 80-100% levels to 25% in 2006, but with accelerated tariff reduction to expand market access beyond the April commitments in the near term.

REST OF DOCUMENT NEEDS REVISION

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Currently foreign banks are not permitted to do local currency business with Chinese clients (a few can engage in local currency business with their foreign clients). China imposes severe geographic restrictions on the establishment of foreign banks.

- China has committed to full market access in five years for U.S. banks.
  - Foreign banks will be able to conduct local currency business with Chinese enterprises starting 2 years after accession.
  - Foreign banks will be able to conduct local currency business with Chinese individuals from 5 years after accession.
- Foreign banks will have the same rights as Chinese banks within designated geographic areas.
- Both geographic and customer restrictions will be removed in five years.

DRAFT

Statement by the President
U.S.-China Bilateral WTO Accession Agreement

I am very pleased that the United States and the People's Republic of China have reached a strong bilateral WTO Accession Agreement that constitutes a major step toward bringing China into the World Trade Organization.

President Jiang Zemin and Premier Zhu Rongji have shown genuine leadership in committing China to open its markets and abide by global rules of fair trade. The agreement reached today will strengthen China's economic reforms and support the rule of law, while creating unprecedented opportunities for American farmers, workers and companies to compete successfully in China's enormous market. This agreement is good for America, good for China and good for the world economy.

On the basis of this agreement, I will work hard with other countries to gain China's entry into the World Trade Organization, and I will exert maximum effort with Congress to secure permanent Normal Trade Relations for China.

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. paper	Outstanding Service Issues. (11 pages)	04/24/1999	P1/b(1)

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

FOLDER TITLE:
China (November 1999 Negotiations) [2]

2010-1024-F
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. draft	Duplicate of 001. (3 pages)	11/13/1999	P1/b(1)

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National Economic Council
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China WTO Agreement
April Comparison

In April, we were unable to conclude agreement because there remained a number of significant unresolved issues in our bilateral negotiations with China on its accession to the WTO. These included financial services, audio-visual services and important issues relating to rules governing dumped products and import surges from China ("protocol issues").

In some of these areas we achieved clear gains, in other areas we responded to Chinese concerns but were able to find other ways to strengthen the commitment.

Progress Since April

- ***Product Specific Safeguard***: Unresolved in April. China has agreed to a safeguard mechanism until **20__** that can be directed exclusively at imports from China that cause or threaten to cause market disruption to domestic producers of like products. Our existing Section 201 safeguard law permits domestic industries and workers to seek temporary import relief from imports from all foreign sources, but not from a single foreign source. This special safeguard allows parties to seek import relief against Chinese imports alone, using a slightly looser injury standard ("market disruption") than the "serious injury" standard of Section 201.

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