

Exchange Mail

DATE-TIME 12/7/99 12:47:16 PM
FROM Joshi, M. Kay (EXSEC)
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: Package 8818: Letter to U.S. Embassy Beijing on China WTO Support
[UNCLASSIFIED]
TO Bartlett, L. June (EXSEC)
Gray, Wendy E. (NSA)
Hilliard, Brenda I. (EXSEC)
Joshi, M. Kay (EXSEC)
Millison, Cathy L. (EXSEC)
Wasserman, Elaine P. (EXSEC)

CARBON_COPY

TEXT_BODY Edit made and on diskette.

-----Original Message-----

From: Lee,
Malcolm R. (NEC)
Sent: Tuesday, December 07, 1999 12:09 PM
To: Joshi,
M. Kay (EXSEC)
Cc: @INTECON - Economic Affairs; Lieberthal, Kenneth
G. (ASIA); Keith, James R. (ASIA)
Subject: Package 8818: Letter
to U.S. Embassy Beijing on China WTO Support [UNCLASSIFIED]

Letter great idea. Recommend one minor edit. Embassy staff at times feel we do not fully appreciate their substantive input, but take only their logistical support. Jim K, would it be possible to recommend to Larson or Pickering a State Dept. Superior Honor Award for those FSO's involved in the effort? ML

TRANSLATED_ATTACHMENT

8818letter_.doc

Dear Bill:

I want to thank both you and your Embassy staff for the extraordinary work you did in support of our WTO negotiations in November. China's entry into the World Trade Organization is a development of enormous long-term significance for their domestic and foreign policies.

Our negotiating team imposed significant burdens on your Embassy on very short notice as we brought the long-standing negotiations to a close. You and your team have provided invaluable counsel, and have been an integral part of the Administration's effort that resulted in this historic agreement. Charlene Barshefsky, Gene Sperling, and the entire team reported to me that you handled this situation in a way that reflected the very best traditions of the Foreign Service.

Please convey my sincere thanks to your entire staff for the outstanding manner that they accomplished this important job. I congratulate all of you for this signal achievement.

Sincerely,

Mr. William C. McCahill, Jr.
Charge d'Affairs ad interim
of the United States of America
Beijing

Exchange Mail

DATE-TIME 01/07/2000 8:11:04 PM
FROM Malinowski, Tomasz P. (SPCHW)
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: china-wto [UNCLASSIFIED]
TO Gobush, Matthew N. (PRESS)
Hammer, Michael A. (PRESS)
Hoelzer, Jennifer I. (PRESS/INTERN)
Huff, Lindsey E. (PRESS)
Leavy, David C. (PRESS)
Thinakaran, Prabhath (PRESS/INTERN)
Wozniak, Natalie S. (PRESS)

CARBON_COPY**TEXT_BODY**

fyi

-----Original Message-----

From: Malinowski, Tomasz P. (SPCHW)

Sent: Friday, January 07, 2000 19:38 PM

To: @NSA - Natl Security

Advisor

Cc: @SPEECH - NSC Speechwriters; @ASIA - Asian Affairs

Subject: china-wto

[UNCLASSIFIED]

For SRB/JBS

I am attaching two documents on China-WTO. The first is the President's departure statement on Monday, announcing the start of the effort to win Permanent NTR. Drafted by domestic with input from us, cleared by me and Ken Lieberthal.

The second is, get this, a long op-ed (more than 1,700 words) intended to go under the President's name to "The New Democrat", a publication of the DLC. Apparently, Podesta and Sperling promised this to them. It was originally drafted by the NEC staff and sent to me at the end of the process for NSC vetting. With Ken's help, we edited the economic section, and pretty much re-wrote the introduction and foreign

policy sections, borrowing liberally from the President's '99 China speech and a bit from yesterday's press club speech. I'm also sending you the original in case you want to see what we were dealing with.

NEC

says this must be placed by Sunday.

This whole exercise raises for me a concern about how we will be coordinating the message on this issue.

- Tom

TRANSLATED_ATTACHMENT

Doc21_.doc

A central challenge we will face in the new century is to help bring China into the global community as an open, prosperous and stable nation. The way the world's largest nation develops will have a profound impact on the future of the world. And China's destiny is far from foreordained.

If China is isolated and its people are denied the chance to pursue their legitimate aspirations, this emerging power could one day emerge as a military threat. If China stumbles on the path to economic and political reform, it could threaten us in a different way, by becoming a weaker country, beset by internal conflicts and social dislocation.

It is in our interest to see the emergence of a prosperous China with an economy that is open to American exports. A China whose people have access to ideas and information. A China that upholds the rule of law at home and that plays by global rules of the road on everything from nuclear non-proliferation to human rights to trade.

Bringing China into the WTO on the terms we have negotiated will advance all these goals. It will open a growing market to American workers, farmers, and businesses. And more than any other step we can take right now, it will

encourage China to choose reform, openness, and integration with the world. For these reasons, I will make it a top priority in the new year to seek Congressional support for Permanent Normal Trade Relations [NTR] with China, so that we can benefit when China joins the WTO.

A Good Deal for America

In terms of creating economic opportunities, the China WTO agreement is a "win-win" for both the United States and China. But when it comes to tariffs, it is China that makes one-way concessions to open its market to American goods and services. That's right. The United States makes no new market access commitments. We promise only to maintain the market access policies we already apply to China. China values its current access to our market and the promise of WTO membership so highly that it is willing to make significant market-opening concessions to us. And these commitments are enforceable in the WTO. If China is found to have violated them, we will have the right to take retaliatory trade steps against China.

This agreement will dramatically expand our access to a market of over 1.3 billion people. China's economy is already among the world's largest. Over the past 20 years, it has expanded at an extraordinary rate. During this period, U.S. exports to China have grown from negligible levels to over \$14 billion in goods and services each year and now support nearly 400,000 American jobs. These figures can grow substantially with the new access that the WTO agreement creates.

On key U.S. agricultural products, China's tariffs will drop from an average of 31.5% to 14.4% by January 2004. The deal will significantly expand export opportunities for bulk commodities such as wheat, corn and rice. Sales in the Chinese market will be a boon to American farmers, many of whom have struggled

through tough times recently.

Tariffs on U.S. industrial products will fall from an average of 24.6% in 1997 to an average of 9.4% by 2005. Our manufacturers, as well as our farmers, will gain the right to trade and distribute freely inside China, without going through state trading enterprises or middle men.

Tariffs on products such as computers, semiconductors, and all Internet-related equipment will shrink from an average of 13.3% to zero by 2005. Our information technology firms lead the world and stand to do very well in China's huge, expanding and information-hungry market.

The agreement also opens China's market for services, including distribution, insurance, telecommunications, banking and professional services. Here, too, American firms are world leaders and will find tremendous opportunity in China.

The agreement provides safeguards to prevent unfair competition that would harm American workers. It includes a "product-specific" safeguard that allows us to take trade measures focused on China in case of an import surge that threatens a particular U.S. industry. This protection remains in effect a full 12 years after China enters the WTO and is stronger and more targeted relief than is provided under current U.S. law.

The agreement also provides strong protections against "dumping," the sale of goods in our market below the producer's costs. We fought hard in negotiations and got China to agree that for fifteen years after its accession to the WTO, the United States may employ special methods, designed for non-market economies, to counteract dumping.

And under the agreement, we will have, for the first time, effective means to combat Chinese practices -- such as forced technology transfer and

local
content requirements -- that drain jobs, investment and technology
from the U.S.
Our businesses will be able to export to China from home, rather than
being
forced to set up factories in China in order to sell products there.

The agreement also increases our leverage with China in the event of
a future
trade dispute. As a member of the WTO, China must agree to submit
disputes to
that body for adjudication. China could ignore these decisions only by
thwarting
the collective will of the WTO's 135 members; an unwise course if
wants to reap
the benefits of global trade.

Under WTO rules, we can and we will - even when dealing with a
country that has
NTR status -- continue to block imports of goods made with prison
labor, maintain
our export control policies, enforce our trade laws, and, in a national
security
emergency, withdraw benefits, including NTR itself.

These measures take account of, and in many cases are based upon,
concerns raised
by American workers before and during the negotiations. As a result,
no
agreement on any nation's accession to the WTO has ever contained
tougher
measures to strengthen guarantees of fair trade.

A negative vote by the Congress would deny American firms the
ability to enter
the Chinese market under WTO rules. It might force American
farmers and
businesses to look on helplessly as European and Japanese
competitors stake out
privileged positions in one of the 21st century's biggest markets.

Promoting the Rule of Law, Economic Freedom, and Human Rights in China

The economic benefits of this deal to America are clear. But that is
not the end
of the argument. For there is no contradiction here between expanding
trade,
projecting our values, and protecting our security. On the contrary;

bringing
China into the WTO advances all three goals.

To understand why, we need to see China clearly - its progress and its problems,
its system and its strains, its policies and its perceptions of us, of itself
and
the world.

In the last 20 years, China has made incredible progress in building a new
economy, lifting more than 200 million people out of absolute poverty. But
China's working age population is increasing by more than 12 million people -
equal to the population of New England - every year. Tens of millions of
peasants are migrating from the countryside, where they see no future, to the
city, where only some find work. China's economic growth has slowed just when it
needs to be rising to create jobs for the unemployed and to maintain support for
economic reform.

I have met a number of times with Chinese President Jiang and with Prime Minister
Zhu, and I know they are working hard to reform China's banks and state
enterprises and to fight corruption. But China's progress is still held back by
resistance to political reforms vital to its long term stability. As I have argued to China's leaders many times, China will be less likely to succeed if its
people cannot exchange information freely; if it does not build the legal and
political foundation to compete for global capital; if its political system
doesn't gain the legitimacy that comes from democratic choice.

That is another reason why bringing China into the WTO is so important.

The agreement obligates China to deepen its market reforms, empowering leaders
who want their country to move further and faster toward economic freedom. It
will give Chinese as well as foreign businesses freedom to import and export on
their own, and to sell their products without going through

government
middle-men. It will open China's telecommunications market, giving
its people
greater access to uncensored information through satellites and the
Internet.

In the past, the Chinese state was employer, landlord, shopkeeper and
news-provider all rolled into one. This agreement will accelerate a
process that
is removing the government from vast areas of China's economic life.
China's
people will have greater scope to live their lives as they see fit. And as
they
become more mobile, more prosperous, more aware of alternative
ways of life, they
will seek greater say in the decisions that affect their lives.

The agreement also obliges the Chinese government to publish laws
and regulations
and subjects pertinent decisions to the review of an international body.
That
will strengthen the rule of law in China, and increase the likelihood
that it
will play by global rules as well. It will advance our larger interest in
bringing China into international agreements and institutions that can
make it a
more constructive player in the world, with a stake in preserving
peace and
stability, instead of reverting to the status of a brooding giant at the
edge of
the community of nations.

Many courageous proponents of change in China agree. Martin Lee,
the leader of
Hong Kong's Democratic party, says that without entry to the WTO,
"any hope for
the political and reform process would also recede." Chinese dissident
Ren
Wanding said upon the deal's completion: "Before, the sky was black;
now it is
light. This can be a new beginning."

Of course, this trade agreement alone cannot bring the change we all
seek. We
must and will continue to speak out on behalf of people in China who
are
persecuted for their political and religious beliefs; to press China to
respect
global norms on non-proliferation; to encourage China to be part of
the solution

to the problem of global climate change. And we will hold China to the obligations it is accepting by joining the WTO.

In short, we will protect our interests with firmness and candor. But we must do so without isolating China from the global forces empowering its people to build a better future. For that would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except for the most rigid, anti-democratic elements in China itself. Let's not give them a victory by locking China out of the WTO.

In sum, bringing China into the WTO will boost American exports and strengthen the American economy. And it is simply the most effective means we have to encourage China to choose deeper economic reform and respect for the rule of law; to choose to play by international rules instead of defying them; to choose integration with the world instead of self-isolation.

This deal advances our interests and our values. I am confident that after a vigorous debate, it will have the support of the Congress and the American people.

2

TRANSLATED_ATTACHMENT

wtolaunch.doc
Draft 01/07/00 7:00 pm
Heather Hurlburt

PRESIDENT WILLIAM J. CLINTON
DEPARTURE STATEMENT
THE WHITE HOUSE
WASHINGTON, DC
January 10, 2000

Good afternoon. I am very proud to introduce the people who will be leading our all-out effort to secure Permanent Normal Trade Relations status for China, to make sure the United States benefits when China enters the World Trade Organization.

This is vital for America's economy, and America's future; and it is important for the kind of China we want to see. That is why I have asked Secretary of Commerce Bill Daley and my deputy chief of staff Steve Ricchetti to lead the team, and why we have such broad participation from my Cabinet here today: Secretary of State Albright, Treasury Secretary Summers, Agriculture Secretary Glickman, USTR Barshefsky, my chief of staff John Podesta, National Security Adviser Sandy Berger, and head of the National Economic Council Gene Sperling.

They are meeting today to discuss the strategy for making our case to the American people. We are meeting with members of Congress, business and labor and others across this country, to talk about why this is the right thing for the United States, the right thing for workers and investors, and ultimately the right way to encourage more openness and reform in 21st century China.

This agreement is a home run for America. China gains no new market access to the United States, nothing beyond what they already have. In fact, we will gain tough new safeguards against the dumping of products and surges of imports that have hurt Americans in the past.

American products will gain better access to China's market in every sector from agriculture to telecommunications to automobiles. China's tariffs on U.S. goods will fall by half or more over the next five years. And by joining the WTO,

China agrees to play by the same trade rules we do. To provide fair conditions for businesses and investors. To enforce contracts, open up to outside information, and ensure greater respect for the rule of law.

This agreement is also a good deal for the people of China. They gain access to new goods and services. They gain more access to the outside world, from books and movies to computers and the Internet. And they gain access to new ideas and debates - about personal freedom and opportunity. About democracy and the role of the state. And about how China can look to the world not as an enemy but a partner for the century ahead.

Bringing China into the WTO will protect our prosperity and promote the right kind of change. It is good for our farmers, our manufacturers, our workers and our investors. And by encouraging China to play by international rules it is an important step toward a safer, saner world. We will be working hard over the coming weeks and months to make sure we don't let this opportunity pass America by. Thank you very much.

Exchange Mail

DATE-TIME 01/10/2000 9:40:29 AM
FROM Keith, James R. (ASIA)
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: china-wto [UNCLASSIFIED]
TO Lackey, Miles M. (LEGIS)
Shapiro, Daniel B. (LEGIS)

CARBON_COPY**TEXT_BODY**

in case you don't have already. tom's final point is key; we really need the structure that is about to be announced

-----Original

Message-----

From: Malinowski, Tomasz P. (SPCHW)

Sent: Friday,

January 07, 2000 7:38 PM

To: @NSA - Natl Security Advisor

Cc: @SPEECH

- NSC Speechwriters; @ASIA - Asian Affairs

Subject: china-wto [UNCLASSIFIED]

For

SRB/JBS

I am attaching two documents on China-WTO. The first is the President's departure statement on Monday, announcing the start of the effort to win Permanent NTR. Drafted by domestic with input from us, cleared by me and Ken Lieberthal.

The second is,

get this, a long op-ed (more than 1,700 words) intended to go under the President's name to "The New Democrat", a publication of the DLC. Apparently, Podesta and Sperling promised this to them. It was originally drafted by the NEC staff and sent to me at the end of the process for NSC vetting. With Ken's help, we edited the economic section, and pretty much re-wrote the introduction and foreign policy sections, borrowing liberally from the President's '99 China speech and a bit from yesterday's press club speech. I'm also sending you the original in case you want to see what we were dealing with.

NEC

says this must be placed by Sunday.

This whole exercise raises for me a concern about how we will be coordinating the message on this issue.

- Tom

TRANSLATED_ATTACHMENT

Doc21_.doc

A central challenge we will face in the new century is to help bring China into the global community as an open, prosperous and stable nation. The way the world's largest nation develops will have a profound impact on the future of the world. And China's destiny is far from foreordained.

If China is isolated and its people are denied the chance to pursue their legitimate aspirations, this emerging power could one day emerge as a military threat. If China stumbles on the path to economic and political reform, it could threaten us in a different way, by becoming a weaker country, beset by internal conflicts and social dislocation.

It is in our interest to see the emergence of a prosperous China with an economy that is open to American exports. A China whose people have access to ideas and information. A China that upholds the rule of law at home and that plays by global rules of the road on everything from nuclear non-proliferation to human rights to trade.

Bringing China into the WTO on the terms we have negotiated will advance all these goals. It will open a growing market to American workers, farmers, and businesses. And more than any other step we can take right now, it will encourage China to choose reform, openness, and integration with the world. For these reasons, I will make it a top priority in the new year to seek Congressional support for Permanent Normal Trade Relations [NTR] with China, so

that we can benefit when China joins the WTO.

A Good Deal for America

In terms of creating economic opportunities, the China WTO agreement is a "win-win" for both the United States and China. But when it comes to tariffs, it is China that makes one-way concessions to open its market to American goods and services. That's right. The United States makes no new market access commitments. We promise only to maintain the market access policies we already apply to China. China values its current access to our market and the promise of WTO membership so highly that it is willing to make significant market-opening concessions to us. And these commitments are enforceable in the WTO. If China is found to have violated them, we will have the right to take retaliatory trade steps against China.

This agreement will dramatically expand our access to a market of over 1.3 billion people. China's economy is already among the world's largest. Over the past 20 years, it has expanded at an extraordinary rate. During this period, U.S. exports to China have grown from negligible levels to over \$14 billion in goods and services each year and now support nearly 400,000 American jobs. These figures can grow substantially with the new access that the WTO agreement creates.

On key U.S. agricultural products, China's tariffs will drop from an average of 31.5% to 14.4% by January 2004. The deal will significantly expand export opportunities for bulk commodities such as wheat, corn and rice. Sales in the Chinese market will be a boon to American farmers, many of whom have struggled through tough times recently.

Tariffs on U.S. industrial products will fall from an average of 24.6% in 1997 to an average of 9.4% by 2005. Our manufacturers, as well as our

farmers, will gain
the right to trade and distribute freely inside China, without going
through
state trading enterprises or middle men.

Tariffs on products such as computers, semiconductors, and all
Internet-related
equipment will shrink from an average of 13.3% to zero by 2005. Our
information
technology firms lead the world and stand to do very well in China's
huge,
expanding and information-hungry market.

The agreement also opens China's market for services, including
distribution,
insurance, telecommunications, banking and professional services.
Here, too,
American firms are world leaders and will find tremendous
opportunity in China.

The agreement provides safeguards to prevent unfair competition that
would harm
American workers. It includes a "product-specific" safeguard that
allows us to
take trade measures focused on China in case of an import surge that
threatens a
particular U.S. industry. This protection remains in effect a full 12
years
after China enters the WTO and is stronger and more targeted relief
than is
provided under current U.S. law.

The agreement also provides strong protections against "dumping,"
the sale of
goods in our market below the producer's costs. We fought hard in
negotiations
and got China to agree that for fifteen years after its accession to the
WTO, the
United States may employ special methods, designed for non-market
economies, to
counteract dumping.

And under the agreement, we will have, for the first time, effective
means to
combat Chinese practices -- such as forced technology transfer and
local
content requirements -- that drain jobs, investment and technology
from the U.S.
Our businesses will be able to export to China from home, rather than
being

forced to set up factories in China in order to sell products there.

The agreement also increases our leverage with China in the event of a future trade dispute. As a member of the WTO, China must agree to submit disputes to that body for adjudication. China could ignore these decisions only by thwarting the collective will of the WTO's 135 members; an unwise course if wants to reap the benefits of global trade.

Under WTO rules, we can and we will - even when dealing with a country that has NTR status -- continue to block imports of goods made with prison labor, maintain our export control policies, enforce our trade laws, and, in a national security emergency, withdraw benefits, including NTR itself.

These measures take account of, and in many cases are based upon, concerns raised by American workers before and during the negotiations. As a result, no agreement on any nation's accession to the WTO has ever contained tougher measures to strengthen guarantees of fair trade.

A negative vote by the Congress would deny American firms the ability to enter the Chinese market under WTO rules. It might force American farmers and businesses to look on helplessly as European and Japanese competitors stake out privileged positions in one of the 21st century's biggest markets.

Promoting the Rule of Law, Economic Freedom, and Human Rights in China

The economic benefits of this deal to America are clear. But that is not the end of the argument. For there is no contradiction here between expanding trade, projecting our values, and protecting our security. On the contrary; bringing China into the WTO advances all three goals.

To understand why, we need to see China clearly - its progress and its problems,

its system and its strains, its policies and its perceptions of us, of itself and the world.

In the last 20 years, China has made incredible progress in building a new economy, lifting more than 200 million people out of absolute poverty. But China's working age population is increasing by more than 12 million people - equal to the population of New England - every year. Tens of millions of peasants are migrating from the countryside, where they see no future, to the city, where only some find work. China's economic growth has slowed just when it needs to be rising to create jobs for the unemployed and to maintain support for economic reform.

I have met a number of times with Chinese President Jiang and with Prime Minister Zhu, and I know they are working hard to reform China's banks and state enterprises and to fight corruption. But China's progress is still held back by resistance to political reforms vital to its long term stability. As I have argued to China's leaders many times, China will be less likely to succeed if its people cannot exchange information freely; if it does not build the legal and political foundation to compete for global capital; if its political system doesn't gain the legitimacy that comes from democratic choice.

That is another reason why bringing China into the WTO is so important.

The agreement obligates China to deepen its market reforms, empowering leaders who want their country to move further and faster toward economic freedom. It will give Chinese as well as foreign businesses freedom to import and export on their own, and to sell their products without going through government middle-men. It will open China's telecommunications market, giving its people greater access to uncensored information through satellites and the Internet.

In the past, the Chinese state was employer, landlord, shopkeeper and news-provider all rolled into one. This agreement will accelerate a process that is removing the government from vast areas of China's economic life. China's people will have greater scope to live their lives as they see fit. And as they become more mobile, more prosperous, more aware of alternative ways of life, they will seek greater say in the decisions that affect their lives.

The agreement also obliges the Chinese government to publish laws and regulations and subjects pertinent decisions to the review of an international body. That will strengthen the rule of law in China, and increase the likelihood that it will play by global rules as well. It will advance our larger interest in bringing China into international agreements and institutions that can make it a more constructive player in the world, with a stake in preserving peace and stability, instead of reverting to the status of a brooding giant at the edge of the community of nations.

Many courageous proponents of change in China agree. Martin Lee, the leader of Hong Kong's Democratic party, says that without entry to the WTO, "any hope for the political and reform process would also recede." Chinese dissident Ren Wanding said upon the deal's completion: "Before, the sky was black; now it is light. This can be a new beginning."

Of course, this trade agreement alone cannot bring the change we all seek. We must and will continue to speak out on behalf of people in China who are persecuted for their political and religious beliefs; to press China to respect global norms on non-proliferation; to encourage China to be part of the solution to the problem of global climate change. And we will hold China to the obligations it is accepting by joining the WTO.

In short, we will protect our interests with firmness and candor. But

we must do
so without isolating China from the global forces empowering its
people to build
a better future. For that would leave the Chinese people with less
access to
information, less contact with the democratic world, and more
resistance from
their government to outside influence and ideas. No one could
possibly benefit
from that except for the most rigid, anti-democratic elements in China
itself.
Let's not give them a victory by locking China out of the WTO.

In sum, bringing China into the WTO will boost American exports
and strengthen
the American economy. And it is simply the most effective means we
have to
encourage China to choose deeper economic reform and respect for
the rule of law;
to choose to play by international rules instead of defying them; to
choose
integration with the world instead of self-isolation.

This deal advances our interests and our values. I am confident that
after a
vigorous debate, it will have the support of the Congress and the
American
people.

2

TRANSLATED_ATTACHMENT wtolaunch.doc
Draft 01/07/00 7:00 pm
Heather Hurlburt

PRESIDENT WILLIAM J. CLINTON
DEPARTURE STATEMENT
THE WHITE HOUSE
WASHINGTON, DC
January 10, 2000

Good afternoon. I am very proud to introduce the people who will be
leading our
all-out effort to secure Permanent Normal Trade Relations status for

China, to
make sure the United States benefits when China enters the World
Trade
Organization.

This is vital for America's economy, and America's future; and it is
important
for the kind of China we want to see. That is why I have asked
Secretary of
Commerce Bill Daley and my deputy chief of staff Steve Ricchetti to
lead the
team, and why we have such broad participation from my Cabinet
here today:
Secretary of State Albright, Treasury Secretary Summers, Agriculture
Secretary
Glickman, USTR Barshefsky, my chief of staff John Podesta,
National Security
Adviser Sandy Berger, and head of the National Economic Council
Gene Sperling.

They are meeting today to discuss the strategy for making our case to
the
American people. We are meeting with members of Congress,
business and labor and
others across this country, to talk about why this is the right thing for
the
United States, the right thing for workers and investors, and ultimately
the
right way to encourage more openness and reform in 21st century
China.

This agreement is a home run for America. China gains no new
market access to
the United States, nothing beyond what they already have. In fact, we
will gain
tough new safeguards against the dumping of products and surges of
imports that
have hurt Americans in the past.

American products will gain better access to China's market in every
sector from
agriculture to telecommunications to automobiles. China's tariffs on
U.S. goods
will fall by half or more over the next five years. And by joining the
WTO,
China agrees to play by the same trade rules we do. To provide fair
conditions
for businesses and investors. To enforce contracts, open up to outside
information, and ensure greater respect for the rule of law.

This agreement is also a good deal for the people of China. They gain access to new goods and services. They gain more access to the outside world, from books and movies to computers and the Internet. And they gain access to new ideas and debates - about personal freedom and opportunity. About democracy and the role of the state. And about how China can look to the world not as an enemy but a partner for the century ahead.

Bringing China into the WTO will protect our prosperity and promote the right kind of change. It is good for our farmers, our manufacturers, our workers and our investors. And by encouraging China to play by international rules it is an important step toward a safer, saner world. We will be working hard over the coming weeks and months to make sure we don't let this opportunity pass America by. Thank you very much.

Exchange Mail

DATE-TIME 01/17/2000 10:29:35 AM
FROM Millison, Cathy L. (EXSEC)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: China WTO Meeting [UNCLASSIFIED]

TO Rudman, Mara E. (NSA)
Duncan, John D. (INTECON/DOS)
Hammonds, D. Holly (INTECON)
Hendricks, Lori A. (INTECON)
Lee, Malcolm R. (NEC)
Mitsler, Elaine M. (INTECON)
Samans, Richard (NEC)
Smith, Holly M. (INTECON/INTERN)
Barnett, Cheryl E. (RUE)
Huso, Ravic R. (ASIA)
Keith, James R. (ASIA)
Lieberthal, Kenneth G. (ASIA)
Pritchard, Charles (Jack) L. (ASIA)
Burrell, Christina L. (LEGIS)
Lackey, Miles M. (LEGIS)
Shapiro, Daniel B. (LEGIS)
Tavlarides, Mark J. (LEGIS)

CARBON_COPY Bartlett, L. June (EXSEC)
Bash, Brooks L. (EXSEC)
Bradtke, Robert A. (EXSEC)
Crocker, Bathsheba N. (NSA)
Gire, Cynthia L. (EXSEC)
Gray, Wendy E. (NSA)
Hilliard, Brenda I. (EXSEC)
Joshi, M. Kay (EXSEC)
Millison, Cathy L. (EXSEC)
Moretz, Sheila K. (NSA)
Patterson, Pamela L. (NSA)
Rudman, Mara E. (NSA)
Sargeant, Stephen T. (EXSEC)
Scott-Perez, Marilyn L. (NSA)
Storey, Sharon V. (NSA)
Sutphen, Mona K. (NSA)
Wasserman, Elaine P. (EXSEC)

TEXT_BODY The only information I have is pulled from Mr. Berger's schedule.
It indicates that the meeting will take place tomorrow at 9:00 a.m.

in the Roosevelt Room. Participants include:

Sperling
Summers
Ricchetti
Daley
Podesta
Albright
Barshefsky
Glickman
Cahill
Brain
Tramentano
Lane

-----Original Message-----

From: Rudman, Mara E. (NSA)
Sent: Monday,
January 17, 2000 10:25 AM
To: Millison, Cathy L. (EXSEC); @INTECON
- Economic Affairs; @ASIA - Asian Affairs; @LEGISLAT - Legislative
Affairs
Cc: @UP - APNSA Special Assistants
Subject: RE: China WTO
Meeting [UNCLASSIFIED]

@legislat is generally part of this loop
also.

Cathy, would help to know where meeting is and who participants
are, if we know. (Only because there are a # of different kind of
China WTO meetings and this could definitely affect what kind of
paper would be most useful.)

-----Original Message-----

From:
Millison, Cathy L. (EXSEC)
Sent: Monday, January 17, 2000 10:24
AM
To: @INTECON - Economic Affairs; @ASIA - Asian Affairs
Cc: @UP
- APNSA Special Assistants
Subject: China WTO Meeting [UNCLASSIFIED]

Will

someone be preparing a paper for Mr. Berger for tomorrow's WTO meeting.
Let me know ASAP, please. Thanks.

Exchange Mail

DATE-TIME 01/17/2000 10:32:43 AM
FROM Millison, Cathy L. (EXSEC)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: China WTO Meeting [UNCLASSIFIED]
TO Sutphen, Mona K. (NSA)

CARBON_COPY**TEXT_BODY**

Thanks, Mona.

-----Original Message-----

From: Sutphen, Mona
K. (NSA)

Sent: Monday, January 17, 2000 10:31 AM

To: Millison,

Cathy L. (EXSEC); Rudman, Mara E. (NSA); @INTECON - Economic Affairs;
@ASIA - Asian Affairs; @LEGISLAT - Legislative Affairs

Cc: @UP -

APNSA Special Assistants

Subject: RE: China WTO Meeting [UNCLASSIFIED]

these

are going to be weekly meetings, chaired by daley/ricchetti (i believe)
to track progress. since it's likely that jim keith will be the
lead nsc staffer, he'll probably start doing paper for these. that
said, tomorrow is the first one, so both @leg and @asia should contribute
something short. m

-----Original Message-----

From: Millison,

Cathy L. (EXSEC)

Sent: Monday, January 17, 2000 10:30 AM

To: Rudman,

Mara E. (NSA); @INTECON - Economic Affairs; @ASIA - Asian Affairs;
@LEGISLAT - Legislative Affairs

Cc: @UP - APNSA Special Assistants

Subject: RE:

China WTO Meeting [UNCLASSIFIED]

The only information I have is
pulled from Mr. Berger's schedule. It indicates that the meeting
will take place tomorrow at 9:00 a.m. in the Roosevelt Room. Participants
include:

Sperling
Summers
Ricchetti
Daley
Podesta
Albright
Barshefsky
Glickman
Cahill
Brain
Tramentano
Lane

-----Original Message-----

From: Rudman, Mara E. (NSA)
Sent: Monday,
January 17, 2000 10:25 AM
To: Millison, Cathy L. (EXSEC); @INTECON
- Economic Affairs; @ASIA - Asian Affairs; @LEGISLAT - Legislative
Affairs
Cc: @UP - APNSA Special Assistants
Subject: RE: China WTO
Meeting [UNCLASSIFIED]

@legislat is generally part of this loop
also.

Cathy, would help to know where meeting is and who participants
are, if we know. (Only because there are a # of different kind of
China WTO meetings and this could definitely affect what kind of
paper would be most useful.)

-----Original Message-----

From:
Millison, Cathy L. (EXSEC)
Sent: Monday, January 17, 2000 10:24
AM
To: @INTECON - Economic Affairs; @ASIA - Asian Affairs
Cc: @UP
- APNSA Special Assistants
Subject: China WTO Meeting [UNCLASSIFIED]

Will

someone be preparing a paper for Mr. Berger for tomorrow's WTO meeting.
Let me know ASAP, please. Thanks.

Exchange Mail

DATE-TIME 01/17/2000 11:34:44 AM
FROM Sutphen, Mona K. (NSA)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: China WTO Meeting [UNCLASSIFIED]
TO Keith, James R. (ASIA)

CARBON_COPY**TEXT_BODY**

ok. thx. m

-----Original Message-----

From: Keith, James R.
(ASIA)
Sent: Monday, January 17, 2000 11:32 AM
To: Sutphen, Mona
K. (NSA)
Subject: RE: China WTO Meeting [UNCLASSIFIED]

m: you'll
see separate input. pls let me know if anything more is needed.
jim

-----Original Message-----

From: Sutphen, Mona K. (NSA)

Sent: Monday, January 17, 2000 10:31 AM
To: Millison, Cathy L.
(EXSEC); Rudman, Mara E. (NSA); @INTECON - Economic Affairs; @ASIA
- Asian Affairs; @LEGISLAT - Legislative Affairs
Cc: @UP - APNSA
Special Assistants
Subject: RE: China WTO Meeting [UNCLASSIFIED]

these
are going to be weekly meetings, chaired by daley/ricchetti (i believe)
to track progress. since it's likely that jim keith will be the
lead nsc staffer, he'll probably start doing paper for these. that
said, tomorrow is the first one, so both @leg and @asia should contribute
something short. m

-----Original Message-----

From: Millison,
Cathy L. (EXSEC)

Sent: Monday, January 17, 2000 10:30 AM
To: Rudman,
Mara E. (NSA); @INTECON - Economic Affairs; @ASIA - Asian Affairs;
@LEGISLAT - Legislative Affairs
Cc: @UP - APNSA Special Assistants
Subject: RE:
China WTO Meeting [UNCLASSIFIED]

The only information I have is
pulled from Mr. Berger's schedule. It indicates that the meeting
will take place tomorrow at 9:00 a.m. in the Roosevelt Room. Participants
include:
Sperling
Summers
Ricchetti
Daley
Podesta
Albright
Barshefsky
Glickman
Cahill
Brain
Tramentano
Lane

-----Original Message-----

From: Rudman, Mara E. (NSA)
Sent: Monday,
January 17, 2000 10:25 AM
To: Millison, Cathy L. (EXSEC); @INTECON
- Economic Affairs; @ASIA - Asian Affairs; @LEGISLAT - Legislative
Affairs
Cc: @UP - APNSA Special Assistants
Subject: RE: China WTO
Meeting [UNCLASSIFIED]

@legislat is generally part of this loop
also.

Cathy, would help to know where meeting is and who participants
are, if we know. (Only because there are a # of different kind of
China WTO meetings and this could definitely affect what kind of
paper would be most useful.)

-----Original Message-----

From:
Millison, Cathy L. (EXSEC)
Sent: Monday, January 17, 2000 10:24
AM

To: @INTECON - Economic Affairs; @ASIA - Asian Affairs
Cc: @UP
- APNSA Special Assistants
Subject: China WTO Meeting [UNCLASSIFIED]

Will
someone be preparing a paper for Mr. Berger for tomorrow's WTO meeting.
Let me know ASAP, please. Thanks.

Exchange Mail

DATE-TIME 01/24/2000 9:12:08 AM
FROM Halperin, David E. (SPCHW)
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: china-wto [UNCLASSIFIED]
TO Halperin, David E. (SPCHW)
Malinowski, Tomasz P. (SPCHW)
Matthews, Sonya (SPCHW)
Orzulak, Paul K. (SPCHW)
Widmer, Edward L. (Ted) (SPCHW)

CARBON_COPY**TEXT_BODY**

This is the one I have.

-----Original Message-----

From: Malinowski,
Tomasz P. (SPCHW)
Sent: Friday, January 07, 2000 8:00 PM
To: @WHSR
- WH Situation Room; @COMM - WHSR Comm Officers
Cc: @SPEECH - NSC
Speechwriters
Subject: FW: china-wto [UNCLASSIFIED]

Sit room:

Please fax to Mr. Berger and Mr. Steinberg at home. Thanks.

-----Original
Message-----

From: Malinowski, Tomasz P. (SPCHW)
Sent: Friday,
January 07, 2000 19:38 PM
To: @NSA - Natl Security Advisor
Cc: @SPEECH
- NSC Speechwriters; @ASIA - Asian Affairs
Subject: china-wto [UNCLASSIFIED]

For
SRB/JBS

I am attaching two documents on China-WTO. The first is the President's departure statement on Monday, announcing the start of the effort to win Permanent NTR. Drafted by domestic with

input from us, cleared by me and Ken Lieberthal.

The second is, get this, a long op-ed (more than 1,700 words) intended to go under the President's name to "The New Democrat", a publication of the DLC. Apparently, Podesta and Sperling promised this to them. It was originally drafted by the NEC staff and sent to me at the end of the process for NSC vetting. With Ken's help, we edited the economic section, and pretty much re-wrote the introduction and foreign policy sections, borrowing liberally from the President's '99 China speech and a bit from yesterday's press club speech. I'm also sending you the original in case you want to see what we were dealing with.

NEC says this must be placed by Sunday.

This whole exercise raises for me a concern about how we will be coordinating the message on this issue.

- Tom

TRANSLATED_ATTACHMENT

Doc21_.doc

A central challenge we will face in the new century is to help bring China into the global community as an open, prosperous and stable nation. The way the world's largest nation develops will have a profound impact on the future of the world. And China's destiny is far from foreordained.

If China is isolated and its people are denied the chance to pursue their legitimate aspirations, this emerging power could one day emerge as a military threat. If China stumbles on the path to economic and political reform, it could threaten us in a different way, by becoming a weaker country, beset by internal conflicts and social dislocation.

It is in our interest to see the emergence of a prosperous China with an economy that is open to American exports. A China whose people have access to ideas and information. A China that upholds the rule of law at home and that plays by

global rules of the road on everything from nuclear non-proliferation to human rights to trade.

Bringing China into the WTO on the terms we have negotiated will advance all these goals. It will open a growing market to American workers, farmers, and businesses. And more than any other step we can take right now, it will encourage China to choose reform, openness, and integration with the world. For these reasons, I will make it a top priority in the new year to seek Congressional support for Permanent Normal Trade Relations [NTR] with China, so that we can benefit when China joins the WTO.

A Good Deal for America

In terms of creating economic opportunities, the China WTO agreement is a "win-win" for both the United States and China. But when it comes to tariffs, it is China that makes one-way concessions to open its market to American goods and services. That's right. The United States makes no new market access commitments. We promise only to maintain the market access policies we already apply to China. China values its current access to our market and the promise of WTO membership so highly that it is willing to make significant market-opening concessions to us. And these commitments are enforceable in the WTO. If China is found to have violated them, we will have the right to take retaliatory trade steps against China.

This agreement will dramatically expand our access to a market of over 1.3 billion people. China's economy is already among the world's largest. Over the past 20 years, it has expanded at an extraordinary rate. During this period, U.S. exports to China have grown from negligible levels to over \$14 billion in goods and services each year and now support nearly 400,000 American jobs. These figures can grow substantially with the new access that the WTO agreement

creates.

On key U.S. agricultural products, China's tariffs will drop from an average of 31.5% to 14.4% by January 2004. The deal will significantly expand export opportunities for bulk commodities such as wheat, corn and rice. Sales in the Chinese market will be a boon to American farmers, many of whom have struggled through tough times recently.

Tariffs on U.S. industrial products will fall from an average of 24.6% in 1997 to an average of 9.4% by 2005. Our manufacturers, as well as our farmers, will gain the right to trade and distribute freely inside China, without going through state trading enterprises or middle men.

Tariffs on products such as computers, semiconductors, and all Internet-related equipment will shrink from an average of 13.3% to zero by 2005. Our information technology firms lead the world and stand to do very well in China's huge, expanding and information-hungry market.

The agreement also opens China's market for services, including distribution, insurance, telecommunications, banking and professional services. Here, too, American firms are world leaders and will find tremendous opportunity in China.

The agreement provides safeguards to prevent unfair competition that would harm American workers. It includes a "product-specific" safeguard that allows us to take trade measures focused on China in case of an import surge that threatens a particular U.S. industry. This protection remains in effect a full 12 years after China enters the WTO and is stronger and more targeted relief than is provided under current U.S. law.

The agreement also provides strong protections against "dumping," the sale of goods in our market below the producer's costs. We fought hard in

negotiations
and got China to agree that for fifteen years after its accession to the
WTO, the
United States may employ special methods, designed for non-market
economies, to
counteract dumping.

And under the agreement, we will have, for the first time, effective
means to
combat Chinese practices -- such as forced technology transfer and
local
content requirements -- that drain jobs, investment and technology
from the U.S.
Our businesses will be able to export to China from home, rather than
being
forced to set up factories in China in order to sell products there.

The agreement also increases our leverage with China in the event of
a future
trade dispute. As a member of the WTO, China must agree to submit
disputes to
that body for adjudication. China could ignore these decisions only by
thwarting
the collective will of the WTO's 135 members; an unwise course if
wants to reap
the benefits of global trade.

Under WTO rules, we can and we will - even when dealing with a
country that has
NTR status -- continue to block imports of goods made with prison
labor, maintain
our export control policies, enforce our trade laws, and, in a national
security
emergency, withdraw benefits, including NTR itself.

These measures take account of, and in many cases are based upon,
concerns raised
by American workers before and during the negotiations. As a result,
no
agreement on any nation's accession to the WTO has ever contained
tougher
measures to strengthen guarantees of fair trade.

A negative vote by the Congress would deny American firms the
ability to enter
the Chinese market under WTO rules. It might force American
farmers and
businesses to look on helplessly as European and Japanese
competitors stake out
privileged positions in one of the 21st century's biggest markets.

Promoting the Rule of Law, Economic Freedom, and Human Rights in China

The economic benefits of this deal to America are clear. But that is not the end of the argument. For there is no contradiction here between expanding trade, projecting our values, and protecting our security. On the contrary; bringing China into the WTO advances all three goals.

To understand why, we need to see China clearly - its progress and its problems, its system and its strains, its policies and its perceptions of us, of itself and the world.

In the last 20 years, China has made incredible progress in building a new economy, lifting more than 200 million people out of absolute poverty. But China's working age population is increasing by more than 12 million people - equal to the population of New England - every year. Tens of millions of peasants are migrating from the countryside, where they see no future, to the city, where only some find work. China's economic growth has slowed just when it needs to be rising to create jobs for the unemployed and to maintain support for economic reform.

I have met a number of times with Chinese President Jiang and with Prime Minister Zhu, and I know they are working hard to reform China's banks and state enterprises and to fight corruption. But China's progress is still held back by resistance to political reforms vital to its long term stability. As I have argued to China's leaders many times, China will be less likely to succeed if its people cannot exchange information freely; if it does not build the legal and political foundation to compete for global capital; if its political system doesn't gain the legitimacy that comes from democratic choice.

That is another reason why bringing China into the WTO is so important.

The agreement obligates China to deepen its market reforms, empowering leaders who want their country to move further and faster toward economic freedom. It will give Chinese as well as foreign businesses freedom to import and export on their own, and to sell their products without going through government middle-men. It will open China's telecommunications market, giving its people greater access to uncensored information through satellites and the Internet.

In the past, the Chinese state was employer, landlord, shopkeeper and news-provider all rolled into one. This agreement will accelerate a process that is removing the government from vast areas of China's economic life. China's people will have greater scope to live their lives as they see fit. And as they become more mobile, more prosperous, more aware of alternative ways of life, they will seek greater say in the decisions that affect their lives.

The agreement also obliges the Chinese government to publish laws and regulations and subjects pertinent decisions to the review of an international body. That will strengthen the rule of law in China, and increase the likelihood that it will play by global rules as well. It will advance our larger interest in bringing China into international agreements and institutions that can make it a more constructive player in the world, with a stake in preserving peace and stability, instead of reverting to the status of a brooding giant at the edge of the community of nations.

Many courageous proponents of change in China agree. Martin Lee, the leader of Hong Kong's Democratic party, says that without entry to the WTO, "any hope for the political and reform process would also recede." Chinese dissident Ren Wanding said upon the deal's completion: "Before, the sky was black; now it is

light. This can be a new beginning."

Of course, this trade agreement alone cannot bring the change we all seek. We must and will continue to speak out on behalf of people in China who are persecuted for their political and religious beliefs; to press China to respect global norms on non-proliferation; to encourage China to be part of the solution to the problem of global climate change. And we will hold China to the obligations it is accepting by joining the WTO.

In short, we will protect our interests with firmness and candor. But we must do so without isolating China from the global forces empowering its people to build a better future. For that would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except for the most rigid, anti-democratic elements in China itself. Let's not give them a victory by locking China out of the WTO.

In sum, bringing China into the WTO will boost American exports and strengthen the American economy. And it is simply the most effective means we have to encourage China to choose deeper economic reform and respect for the rule of law; to choose to play by international rules instead of defying them; to choose integration with the world instead of self-isolation.

This deal advances our interests and our values. I am confident that after a vigorous debate, it will have the support of the Congress and the American people.

TRANSLATED_ATTACHMENT

wtolaunch.doc
Draft 01/07/00 7:00 pm
Heather Hurlburt

PRESIDENT WILLIAM J. CLINTON
DEPARTURE STATEMENT
THE WHITE HOUSE
WASHINGTON, DC
January 10, 2000

Good afternoon. I am very proud to introduce the people who will be leading our all-out effort to secure Permanent Normal Trade Relations status for China, to make sure the United States benefits when China enters the World Trade Organization.

This is vital for America's economy, and America's future; and it is important for the kind of China we want to see. That is why I have asked Secretary of Commerce Bill Daley and my deputy chief of staff Steve Ricchetti to lead the team, and why we have such broad participation from my Cabinet here today: Secretary of State Albright, Treasury Secretary Summers, Agriculture Secretary Glickman, USTR Barshefsky, my chief of staff John Podesta, National Security Adviser Sandy Berger, and head of the National Economic Council Gene Sperling.

They are meeting today to discuss the strategy for making our case to the American people. We are meeting with members of Congress, business and labor and others across this country, to talk about why this is the right thing for the United States, the right thing for workers and investors, and ultimately the right way to encourage more openness and reform in 21st century China.

This agreement is a home run for America. China gains no new market access to the United States, nothing beyond what they already have. In fact, we will gain

tough new safeguards against the dumping of products and surges of imports that have hurt Americans in the past.

American products will gain better access to China's market in every sector from agriculture to telecommunications to automobiles. China's tariffs on U.S. goods will fall by half or more over the next five years. And by joining the WTO, China agrees to play by the same trade rules we do. To provide fair conditions for businesses and investors. To enforce contracts, open up to outside information, and ensure greater respect for the rule of law.

This agreement is also a good deal for the people of China. They gain access to new goods and services. They gain more access to the outside world, from books and movies to computers and the Internet. And they gain access to new ideas and debates - about personal freedom and opportunity. About democracy and the role of the state. And about how China can look to the world not as an enemy but a partner for the century ahead.

Bringing China into the WTO will protect our prosperity and promote the right kind of change. It is good for our farmers, our manufacturers, our workers and our investors. And by encouraging China to play by international rules it is an important step toward a safer, saner world. We will be working hard over the coming weeks and months to make sure we don't let this opportunity pass America by. Thank you very much.