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China - MFN [Most Favored Nation]

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CHINA MFN

--BRIEFING--

May 8, 1996

I. OVERVIEW

- o Strategic Analysis
 - '96 will be toughest vote yet.
 - Hill pro-MFN R's will not actively engage until POTUS announces renewal.
 - MFN friendly D's and R's urge Administration articulation of broad China policy.
 - Vote difficulty increases the longer IPR and 825 issues remain unresolved.
 - Although pro-MFN is stronger in Senate than House, a perceived "loss" in House could jeopardize Senate: we must pursue dual wins.
 - Hill opposition has not yet coalesced around a conditional approach; "Stop MFN" Coalition (Reps. Smith and Hunter) focus is human rights. Labor will "oppose," but not inclined to fight (AFL E-Board meets 5/8).
 - Dole: Thursday speech.
 - Because of summer political schedules, an earlier (eg-late June) vote on MFN resolutions is preferable.
- o Operational Effort
 - Detailed game plan with assignments distributed.
 - Daily working group meetings commenced.
 - House and Senate whip meetings begin Thursday.

II. POTUS ANNOUNCEMENT/LEAD UP TO ANNOUNCEMENT

- Goal:** set debate on our terms and at optimal time.
- o Announcement must be after 825/IPR decisions and articulation of broader China policy; but as soon as possible thereafter.
 - o Target: POTUS May 20 P.B.E.C. Address
 - o Lead up:
 - IPR announcement (5/15; advance press this week)
 - 825 announcement (when possible)
 - Secy. Christopher China Speech (5/17)
 - POTUS P.B.E.C. speech: announce MFN (5/20)
 - Tony Lake speech (5/24)
 - o Roll out: Administration and outside validators.
 - o Anticipate Chinese response to IPR and 825 decisions.

III. PRE-ANNOUNCEMENT HILL OPERATION

- Goal:** Be fully prepared for MFN resolution(s) to be taken up soon after Presidential announcement.
- o Commence whip meetings this week.
 - o House whip-business meetings commence next week.

- o Briefings with Members by Administration officials and outside validators, as recommended.
- o Commence daily "Dear Colleague" process--R/D/Bipart.
- o Agency Hill calls (assignment list has been distributed to each agency); data base maintained at State by Julie/Cynthia (647-4463).
- o Opposition watch.
- o Gephardt call.
- o Dole watch/react.
- o POTUS Meeting with Hill targets (tentative).

IV. COMMUNICATIONS AND PRESS OPERATION

- Goal:** Mobilize elite opinion; apply targeted pressure.
- o Weekly interagency communications meetings commenced.
 - o Talking points; Qs and As; fact sheets completed.
 - o Informally signal that POTUS will seek unconditional renewal of MFN by backgrounding press and Hill.
 - o Editorial Boards; selected reporter/columnist tongs; op-ed pieces: assign Administration talkers and outside validators; prepare for announcement roll-out.
 - o Speeches (see above; also, Tyson--Chicago World Economic Forum, 5/12; POTUS Coast Guard Commencement, 5/22; possible Perry speech).
 - o Create pro-MFN archive; opposition research.
 - o Gather success stories (environment; etc.)
 - o Stop off-message blind quotes in the press.
 - o Note: Pres. Lee inagural address is 5/20 (5/19 U.S.).

V. OUTSIDE VALIDATORS/BUSINESS COMMUNITY EFFORT

- Goal:** Raise the stakes; apply targeted pressure.
- o Obtain endorsements of former Presidents; Secretaries of State, Defense, Treasury, Commerce; former NSCs and USTRs (each agency responsible for own).
 - o Prepare letters from each set of formers for Press and Hill circulation.
 - o Identify and recruit other opinion leader/validators.
 - o Business Community:
 - Weekly meetings established.
 - Commence Hill whip process (next week).
 - Engage sectors not yet activated (Ag; Finance; High-tech and Entertainment)
 - Targeted grass roots efforts.
 - Prepare for targeted media campaign, if needed.
 - o Think Tanks: Heritage Foundation; PPI; Citizens for Sound Economy; Brookings; AEI; Others?
 - o Taiwan and Hong Kong interests
 - Chris Patton visit (this week).
 - o Human Rights Groups/Dissidents
 - o Labor--monitor intensity of opposition effort.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

20-May-1996 12:26pm

TO: (See Below)

FROM: Angus S. King
 Office of the Chief of Staff

SUBJECT: MFN talking points

President Clinton is Fighting for American Interests
and American jobs: Extending China's MFN Status
May 20, 1996

Preserving America's long-term interests through engagement. President Clinton's vision is clear: U.S. interests are best served by a stable, open and prosperous China -- but also by a China that increasingly embraces international proliferation and trade rules, cooperates in regional and global peacekeeping and security initiatives and expands the rule of law and respect for the basic rights of the Chinese people. These interests are best promoted by renewing Most Favored Nation (MFN) status for China.

MFN is NOT special treatment. The phrase "Most Favored Nation" is often misconstrued. MFN means a normal trading relationship and ordinary tariff treatment -- it is not a privileged status. America has the same relationship with virtually every country in the world.

Renewal of MFN is the right approach. Engagement, aided by targeted sanctions when necessary, is the best means to achieve our policy goals with China. The President has not hesitated to use the other tools at his disposal to promote America's interests:

- * Protecting U.S. Intellectual Property. On May 15, the Clinton Administration announced a preliminary list of \$3 billion worth of Chinese exports that may be subject to retaliation if China does not implement the 1995 IPR agreement.
- * Deterring Dangerous Proliferation. The Clinton Administration successfully used the threat of economic sanctions in the ring magnets case to secure a commitment by China not to assist unsafeguarded nuclear facilities.
- * Pressing for Human Rights Progress. The Clinton Administration has led international efforts to
 keep the spotlight on China's human rights record and to keep faith with those in China who are working to promote human rights and democracy.

Revoking MFN is the wrong approach. Continued economic engagement with China, including through renewal of MFN, is a major engine of change in China, exposing the country to our political process, economics and personal freedoms. Revoking MFN would undermine America's best long-term interests.

- * **Keeping American Jobs.** Revocation almost certainly would result in Chinese retaliation against America's \$12 billion in annual exports to China, jeopardizing the 170,000 U.S. jobs dependent on these exports. This could reverse important export progress made in recent years. In 1995 alone, U.S. exports to China increased by nearly 27 percent, to more than double the 1990 level.
- * **Preserving Other Critical U.S. Interests.** Revocation would undermine other key U.S. interests with China on issues such as human rights, nonproliferation, drug interdiction, anti-terrorism, Taiwan, Hong Kong and others. Chinese cooperation already has resulted in significant progress in key areas: banning the export of ballistic missiles; stopping North Korea's nuclear program and preventing North Korea from destabilizing the Korean Peninsula; stopping aid to the Khmer Rouge; arresting narcotics traffickers; and repatriating illegal aliens trying to reach our shores. Initiatives like these could be jeopardized if MFN was revoked.

Renewal of MFN is widely supported. MFN has been supported by every President (both Republican and Democratic) who has confronted the issue. It is supported throughout Asia, including by Japan, Korea, and ASEAN. Revocation would be a serious blow to Hong Kong and Taiwan.

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