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Document ID: 9405154				
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UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9405154
RECEIVED: 24 JUN 94 18

TO: PETERSON, R

FROM: ITOH

DOC DATE: 29 JUN 94
SOURCE REF:

KEYWORDS: CHINA P R
LEGISLATIVE REFERRAL

MFN

PERSONS:

SUBJECT: STATE PROPOSED RPT RE HJR-372 DISAPPROVING EXTENSION OF MFN TO CHINA

ACTION: REED SGD MEMO

DUE DATE: 27 JUN 94 STATUS: C

STAFF OFFICER: ROTH

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
EXECSEC
ROTH

COMMENTS: _____

DISPATCHED BY MBN DATE 6/29/94 BY HAND W/ATTCH

OPENED BY: NSMBN

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DOC 3 OF 3

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ACTION DATA SUMMARY REPORT

RECORD ID: 9405154

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 ROTH
002 ITOH
003

Z 94062418 PREPARE MEMO ITOH TO PETERSON
Z 94062919 FOR SIGNATURE
X 94062919 REED SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

003 940629 PETERSON, R

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**National Security Council
The White House**

PROOFED BY: JM LOG # 5154
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT
 BYPASSED WW DESK: _____ DOCLOG JM A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Reed	<u>1</u>	<u>JWR</u>	
Kenney			
Itoh			
Soderberg			
Berger			
Lake			
Situation Room			
West Wing Desk	<u>2</u>	<u>JWR</u>	<u>D</u>
NSC Secretariat	<u>3</u>		<u>D</u>

A = Action	I = Information	D = Dispatch	R = Retain	N = No Further Action
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cc: VP McLarty Other _____

Should be seen by: _____
(Date/Time)

COMMENTS:

DISPATCH INSTRUCTIONS:
1

60 FEB 1962

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9405154
RECEIVED: 24 JUN 94 18

TO: ITOH

URGENT

FROM: PETERSON, R

DOC DATE: 23 JUN 94
SOURCE REF: I-3102

KEYWORDS: CHINA P R
LEGISLATIVE REFERRAL

MFN

PERSONS:

SUBJECT: STATE PROPOSED RPT RE HJR-372 DISAPPROVING THE EXTENSION OF MFN TO
CHINA

ACTION: PREPARE MEMO ITOH TO PETERSON

DUE DATE: 27 JUN 94 STATUS: S

STAFF OFFICER: ROTH

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
ROTH

FOR CONCURRENCE
FROMAN
HALPERIN
PUNKE
ROSNER
SCHWARTZ

FOR INFO
CLARKE
KRISTOFF
SUETTINGER

URGENT

COMMENTS: ***URGENT*** DUE AT 2:30 PM 27 JUN

*Action taken: Phoned in concurrence
with state memo. Danvers, Ricchetti approved in advance. Rtd*

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

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DOC 1 OF 1

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Steve

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5154

June 29, 1994

MEMORANDUM FOR RONALD PETERSON

FROM:

for WILLIAM ITOH *WIR*

SUBJECT:

State Proposed Report: HJR-372 Disapproving the Extension of
MFN to China.

Robert Suettinger phoned in concurrences on Legislative Referral Memorandum #I-3102 (at Tab A) to Annette Rooney, OMB Legislative Affairs. Bill Danvers and Steve Richhetti approved in advance.

Attachment

Tab A Legislative Referral Memorandum

CLASSIFICATION
Declassify on: OADR

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5154

JUNE 29, 1994

ACTION

MEMORANDUM FOR WILLIAM ITOH

FROM: STANLEY O. ROTH *SOR*
SUBJECT: Legislative Referral Memorandum #I-3102

Attached at Tab I is a memorandum for Ronald Peterson with NSC concurrence for HJR 372 for your signature.

RECOMMENDATION

That you sign the memorandum for Ronald Peterson at Tab I.

Approve *SOR* Disapprove _____

Attachment

Tab I Memorandum for Ronald Peterson
Tab A Legislative Referral Memorandum

CLASSIFICATION

Declassify on: OADR

URGENT

**KEC IV OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

June 24, 1994

5154
URGENT

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-3102

TO: Legislative Liaison Officer -

USTR - Fred Montgomery - (202)395-3475 - 223
NEC - Sonyia Matthews - (202)456-6722 - 429
NSC - William H. Itoh - (202)395-3723 - 249
AGRIC-CR - Vince Ancell (all testimony) - (202)720-7095 - 230
COMMERCE - Michael A. Levitt - (202)482-3151 - 324
LABOR - Robert A. Shapiro - (202)219-8201 - 330
TREASURY - Richard S. Carro - (202)622-1146 - 228
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217

**FROM: RONALD K. PETERSON (for) *Ronald K. Peterson*
Assistant Director for Legislative Reference**

**OMB CONTACT: Annette ROONEY (395-7300)
Secretary's line (for simple responses): 395-6194**

**SUBJECT: State Proposed Report RE: HJR 372,
Disapproving the Extension of MFN to China**

DEADLINE: 2:30, MONDAY June 27, 1994

**COMMENTS: The Trade subcommittee is marking up HJR 372 on
Wednesday. If you have not responded by the deadline, we will
presume your agency has no comment.**

**OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.**

**Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

CC:
K. Kizer
A. Stigile
J. Palmieri
G. ADAMS
P. DuSault
P. Griffin

5 pg



United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman,

The Administration strongly opposes H.J. Resolution 372, which would deny China most-favored nation (MFN) trade status in 1994. Such action would isolate China, set back U.S. interests and undermine U.S. goals, including in the human rights area.

China is a permanent member of the U.N. Security Council, a nuclear power and an influential member of the international community. It represents a huge potential market and is one of the world's major civilizations. China's cooperation is essential to dealing with the global challenges of the environment, population, refugees and narcotics traffic.

Withdrawal of MFN would harm the wrong people in China -- the entrepreneurs, businessmen, reformers and their political patrons -- the progressive forces we seek to nurture. Hong Kong, China's principal trade conduit and major foreign investor, would also be severely damaged. Our own \$9 billion in exports to China would be greatly reduced -- resulting in loss of American jobs -- through Chinese reprisals. Opportunities for American business and workers to increase their sales of goods and services to the growing Chinese market would be adversely affected -- meaning foregone growth in U.S. exports and employment.

The President decided to renew China's most-favored-nation (MFN) trade status because he concluded that this offers the best way to promote over the long term the full range of U.S. interests with China, including human rights, strategic and economic concerns.

The President's May 1993 Executive Order and intense human rights engagement over the past year did produce some positive results. China met the two mandatory conditions on emigration and compliance with the bilateral agreement on prison labor exports. China, however, did not make "overall, significant progress" in all the areas outlined in the Executive Order, although some progress was made. Secretary Christopher candidly made this point in his report to the President.

The Honorable

Sam M. Gibbons, Acting Chairman,
Committee on Ways and Means,
House of Representatives.

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In view of continuing human rights abuses--including a crackdown on free speech, restrictions on religious freedom, and religious and cultural repression in Tibet, the President extended sanctions imposed by the United States following the Tiananmen Square events. He also imposed a ban on imports of munitions from China, consisting principally of guns and ammunition that became effective May 28. These imports were projected to total approximately \$200 million in 1994.

We still have very serious concerns about human rights abuses in China. In considering whether to renew China's MFN status, the key question was how, in light of the fact that some progress was made but not all Executive Order's requirements were met, the United States could best advance human rights and other vital interests. Extending MFN will promote broad engagement between the U.S. and China, not only through economic contacts but through cultural, educational and other contacts. These contacts, combined with aggressive efforts to promote human rights, are more likely to encourage constructive change in China.

Linking MFN and human rights was the right policy last year and achieved some tangible results. We put the spotlight on human rights as never before. Taking into account these results and other vital U.S. interests, the President decided it was time to move on to a new phase in our human rights strategy. We will maintain human rights as an essential part of our engagement with China but in a broader context.

We will continue to pursue human rights as an important foreign policy objective and are planning new initiatives to strengthen the current focus. The annual review of China's emigration record, which is required by the Trade Act of 1974 (the Jackson-Vanik amendment) for China to retain its MFN trade status, will remain and will continue to provide an opportunity to review the overall relationship with China, including human rights. But we do not intend to link MFN renewal to human rights.

The Administration believes that the President's decision will allow us to build on the human rights progress already achieved, and advance other vital interests with China--cooperation on North Korea and regional security, non-proliferation, drugs, alien smuggling as well as opportunities to expand jobs and economic growth through increased trade. The President's decision on MFN reflects that concern for balance.

In the long run, sound U.S. - China relations are of vital importance not only for our mutual prosperity and welfare but for international peace and stability. By his decision President Clinton has placed America in the best possible position to move toward these goals.

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The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

I hope this information is useful to you. If you require any further assistance, please do not hesitate to contact me.

Sincerely,

Wendy E. Sherman
Assistant Secretary
Legislative Affairs