Originally Processed With FOIA(s):
1998-0004-F[2]; 2000-0116-F

FOIA Number:
S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	Issues Files

OA/ID Number:	29144
Folder ID Number:	29144-003

Folder Title:
China MFN [Most Favored Nation] Status 1991 [1]

Stack:	Row:	Section:	Shelf:	Position:
G	15	24	7	3

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From Jim Schaefer to John Sununu Re: Chinese-American Students/Scholars/Leaders Who Support MFN for China (6 pp.)	6/4/91	~~P-5~~	
02. Memo	From Jim Dyer to John Sununu Re: MFN China (5 pp.)	6/3/91	~~P-5~~	
03. Memo	From Dan Rostenkowski to POTUS Re: China (1 pp.)	5/30/91	~~P-5~~	
04. Memo	From Roger Porter to John Sununu Re: China MFN (1 pp.)	5/24/91	~~(b)(1)~~	~~C~~
05. Memo	Re: Chinese Support for the U.S. in the UN (11 pp.)	5/21/91	(b)(1)	S
06. List	Possible China MFN Package (3 copies) (6 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Pinksheet Number: KO0862
OA/ID Number: 29144-003
Date Closed: 1/3/2005
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

American Paper Institute, Inc.
260 Madison Avenue, New York, N.Y. 10016-2499
(212) 340-0600 • FAX: (212) 689-2628
cable address: AMPAPINST New York

Office of the President

July 9, 1991

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The American Paper Institute is the national trade association whose member companies manufacture over 90 percent of the pulp, paper, and paperboard produced in the United States. Our industry supports your request to extend for one year Most Favored Nation (MFN) status for the People's Republic of China (PRC).

The PRC is a major export market for U.S. producers of several pulp and paper grades, and we, as an industry, feel that to extend MFN status with onerous preconditions could seriously limit the ability of American firms to continue to do business with China. Such a step, by inviting retaliation, would only weaken the position of U.S. companies in comparison with producers from other nations. The end result might well be to weaken the ability of the U.S. government to convince China to modify its domestic and international policies.

Please count on the strong support of the U.S. paper industry as this issue is considered by Congress in the coming weeks.

Sincerely,

Red Cavaney

RC/lm

7-3presi.ltr

bcc: The Hon. John Sununu

July 26, 1991

Dear ^F2^,

On behalf of President Bush, I would like to thank you very much for your support of the President's decision to extend MFN status to China without condition.

Your hard work and diligence in explaining the President's position on this important issue to the skeptics are commendable. Your help has been instrumental in solidifying the President's support in Congress.

Sincerely,

John H. Sununu
Chief of Staff

^F1^

Dr. Yan Chao
Department of Chemistry
Georgetown University
Washington, DC 20057^R
Dr. Chao^R
^E

Mr. Peng Fei
Student Center
1624 Larkin Street #5
San Francisco, California 94109^R
Mr. Fei^R
^E

Mr. Carl Hong
President
Association of Chinese-American Commerce
838 Grant Avenue^R
San Francisco, California 94108
Mr. Hong^R
^E

Dr. Jane Hu
9216 Falls Chapel Way
Potomac, Maryland 20854^R
Dr. Hu^R
^E

The Venerable Dharma Master Hsuan Hua
D.R. Buddhist University
Talmage, California 95481-0217^R
Sir^R
^E

Professor Hansheng Lin
The California State University, Sonoma
838 Grant Avenue
San Francisco, California 94108^R
Professor Lin^R
^E

Mr. Alfred Liu
AEPA Architecht Inc.
2421 Pennsylvania Avenue, N.W.
Washington, DC 20037^R
Mr. Liu^R
^E

Mr. Henli Ma
Post Office Box 8003
Azuma Pacific University
Azuma, California 91702^R
Mr. Ma^R
^E

Ms. Guo Ren
The Pacific Rim Affairs Council
1 Hillside Boulevard
Daly City, California 94014^R
Ms. Ren^R
^E

Dr. Grace Shu
1308 Colonial Court
Montoursville, Pennsylvania 17754^R
Dr. Shu^R
^E

Professor Chih Wang
Georgetown University
c/o Chinese Section
Library of Congress
Washington, DC 20540^R
Professor Wang^R
^E

Dr. Yan Xin
38930 Matson Place
Fremont, California 94536^R
Dr. Xin^R
^E

Professor Wu Xutian
2118 Orchard Down #201
Urbana, Illinois 61801^R
Professor Xutian^R
^E

Dr. Paul Yuen
2031 Haviland Avenue
Bronx, New York 10472^R
Dr. Yuen^R
^E

Coalition for U.S.-China Trade

Membership by Company

COMPANY	NAME	PHONE	FAX NO.
CBEMA	Bill Maxwell	626-5735	638-4922
CCIA	Ed Black	783-0070	783-0534
CPC International	Fred Meendsen	201-894-2637	201-894-2186
Caltex Petroleum	G.J. Camarata		214-830-1065
Caltex Petroleum Corp.	Paul T. Murphy	214-830-3707	214-830-1065
Cargill Inc.	Robbin S. Johnson	219-425-5405	219-425-5422
Caterpillar	Don Dasaro	879-3050	879-3060
Caterpillar	William Beddow	879-3050	879-3060
Chase Manhattan Bank NA	A. Wright Elliott	212-552-4501	212-223-5782
Chemical Bank	William S. McChesney	212-701-4532	212-509-2329
Chevron	Richard W. Lewis	457-5800	457-5845
Chevron Corp.	Charles G. Wootton	415-894-6642	
Chrysler Corporation	Lisa Learner	862-5400	862-5445
Chrysler Corporation	Robert Perkins	862-5400	862-5445
Chrysler Corporation	Donald P. Hilty	313-956-1675	313-956-3747
Citibank International	Peter Howell	212-559-1310	212-753-9895
Citibank/Citicorp.	Robert C. Wells	879-6855	783-4460
Citizens/A Sound Economy	Bryan Riley	202-488-8200	202-488-8282
Cleary, Gottlieb, Etal	Brenda Taylor	202/728-2700	202/728-2843
Coca-Cola Co.	William A. Kerske	404-676-4566	
ConAgra Inc.	Richard Gady	402-595-4015	402-595-4447
Consumers for World Trade	Doreen Brown	202-785-4835	202-833-1577
Continental Grain	Rebecca Frailey	331-1922	331-1872
Continental Grain Co.	Daryl NAtz	212-207-5578	212-207-5043
Control Data Corporation	James O'Connell	789-6526	789-6593
Coopers & Lybrand	Sue-Jean Lee	202/822-4000	202/296-8933
Corning Inc.	Donald Dicken	607-974-6602	607-974-8354
Coudert Brothers	Sherman Katz	775-5100	775-1168
Coudert Brothers	Lucille A. Barale	775-5100	775-1168
Deere & Co.	Neil Christenson	309-752-8000	309-765-4735
Digital Equipment Corp.	Maureen Flanagan	202/383-5691	202/383-5690
Dorsey & Whitney	Bruce Aitken	857-0700	857-0569
Dorsey & Whitney	Clindi Chen	857-0700	857-0569
Dow Corning	Ralph Schumack	785-0585	785-0421
Dow Corning	Cliff Giraw	785-0585	785-0421
Dow Corning	Clifford Graul	785-0585	785-0421
Dow Lohnes & Albertson	Mary Beth Dunkenberger	857-2500	857-2900
Dresser Industries	Ardon B. Judd	296-3070	296-3033
Dresser Industries	Diane Crawford Mand	296-3070	296-3033
Dresser Industries, Inc.	Robert Madad	296-3070	296-3033
ECAT	Calman Cohen	659-5147	659-1347
ECAT	Robert McNeill	659-5147	659-1347
EG&G	Lara Caplinger	887-5570	293-1172
Eastman Kodak Co.	Tom Hiatt	716-724-4788	716-781-5819
Eaton Corp.	Anne Marie Banner	955-6444	955-6449
Eaton Corporation	Anne Marie Banner	202/955-6444	202/955-6449
Electonics Indust. Assoc.	Kevin Shannon	457-4900	457-4985
Electronic Data Sys Corp.	Carla Dancy	637-6700	637-6753
Englehard Corp.	A.J. Tosques	201-321-5017	201-321-5420

Coalition for U.S.-China Trade

Membership by Company

COMPANY	NAME	PHONE	FAX NO.
Exxon Corporation	Guenther Wilhelm	202/862-0200	202/862-0269
FMC Corporation	Michael J. Johnson	956-5214	956-5235
Fluor Corporation	Tim Kernan	955-9300	833-1630
Footwear Dis/Ret of Amer.	Peter T. Mangione	737-5660	638-2615
GTE Service Corp.	Gary D. Krach	202/463-5200	202/463-5298
General Electric	Bob Barrie	637-4471	637-4006
General Electric Co.	John Wu	215-241-5295	215-241-5289
General Electric Co.	William W. Hamilton	203/373-2211	203/373-3087
General Electric Company	Patricia Sherman	637-4251	637-4300
General Electric Corp	Bill McManus	637-4421	637-4006
General Mills Inc.	Thomas Lee	612-540-2311	612-540-7343
General Motors	Carolyn Brehm	775-5098	775-5032
Gibson, Dunn & Crucher	Liu Chu	202/662-2650	202/662-2674
Goodwin & Soble	Robert C. Goodwin Jr.	202/223-8282	202/223-8560
Grumman Corporation	Richard V. Milburn	703-875-8400	703-875-8524
Halliburton	Larry G. Bowles	223-0820	223-2385
Harnischfeger Corp.	Joseph A. Devlin	202/342-0150	202/342-3836
Harris Corp.	Mike Riksen	703-548-9220	703-739-1946
Hewlett Packard Co.	Robbins Pancake	785-7926	785-7901
Hewlett Packard Company	Eben S. Tisdale	785-7924	785-7901
Hill & Knowlton	Paul Fekete	333-7400	333-1638
Hill & Knowlton	Ed Graves	944-1976	337-4230
Hill & Knowlton	Karna Small	333-7400	333-1638
Hogan & Hartson	Randy Miller	637-5600	637-5910
Hogan & Hartson	Samuel R. Berger	637-8622	637-5910
Hogan & Hartson	Margery B. Passett	637-6581	637-5910
Honeywell Corporation	Pamela K. Ernest	872-0495	223-5782
Honeywell Corporation	Jonathan Gaiser	872-0495	223-5782
IBERC	Walter Lenahan	955-6155	429-9367
IBM	Lennie Lauh	778-5061	778-5029
ITT Corp.	Wingate Lloyd	775-7378	296-3055
International Business	Nina Kogan	212-354-4855	212-575-0327
J.C. Penney Company	Russell H. Pearson		862-4864
Johnson & Johnson	John Hall	408-9482	408-9490
Jones, Day, Reavis, Poque	Mark Sobolewski	202/879-3939	202/737-2832
KPMG Peat Marwick	Kathy G. Houser	467-3800	822-8887
Laxalt-Wash.-Perito-Dubuc	Carroll Dubuc	202/857-4000	202/857-4410
League for Exp&Sec Assist	Henry Kenny	783-0051	737-4727
Lindsay, Hart, Neil	Thomas A. Bailey	393-4460	785-8676
M.W. Kellogg Company	James Andrews	639-8870	393-5408
Marine Midland Bank	Leslie Freed	212-658-5233	212-658-1840
Marine Midland Bank, N.A.	Andrew J. Maniglia	212-658-5353	212-658-1840
Martin Marietta Corp.	William Benso	897-6605	897-6083
Martin Marrietta Corp.	Malcolm Green	301-897-6605	301-897-6652
Matsushita Elec. Corp.	Mary K. Alexander	223-2575	223-2614
McCrory Stores	Ronnie Nass	717-757-8181	717-757-8178
McDermott Inc.	Bud Piland	296-0390	296-2868
McDermott/Babcock & Wilc.	Mark Miller	202/296-0390	202/296-2868
McDonnell Douglas	Mark E. Kronenberg	703-553-3849	703-553-3865

Coalition for U.S.-China Trade

Membership by Company

COMPANY	NAME	PHONE	FAX NO.
McDonnell Douglas Corp.	Mark H. Schlansky	553-3832	553-3865
Metzger, Gordon & Scully	John W. Barresford	202/289-4520	202/682-2127
Mitsubishi	Michael Call	638-1101	737-0938
Monsanto Company	David Brown	202/783-2460	202/783-2468
Montgomery Ward	Mark M. Ellison	783-7272	783-4345
Motorola	John Copeland	371-6922	842-3578
Mudge Rose	Martin Lewin	429-9355	429-9367
Mudge Rose Guthrie et al	Michael Daniels	429-9355	429-9367
NAEGA	Steve McCoy	682-4030	682-4033
NAEGA	Sherry Phillips	682-4030	682-4033
NAM	R.K. Morris	637-3143	637-3182
NAM	Uari Konoshima	637-3143	637-3182
NAM	Howard Lewis	637-3143	637-3182
NCR Corporation	Laura Moorhead	872-0717	296-4437
NFTC	Linda Storbeck	887-0278	457-8160
NFTC	Dan O'Flaherty	887-0278	452-8160
NIKE Co.	Grant Hanson	543-8500	546-1543
NMTBA	Amber Parson	703-893-2900	703-893-1151
NMTBA	Jim Mack	703-893-2900	703-893-1151
NYNEX Government Affairs	Cathy Slesinger	202/416-0100	202/955-1179
Nat. Assoc. of Stevedores	Mary A. Dyess	296-2810	331-7479
Nat. Corn Growers Assoc.	Keith Heard	546-7611	544-5142
Nat. Corn Growers Assoc.	Susan Keith	546-7611	544-5142
National Broiler Council	George Watts	202-296-2622	202-293-4005
Natl Apparel/Textile Assn			
Natl Forest Products Assn	Julie Miles	463-2700	463-2785
Natl Grain & Feed Assn	Matt Brockman	202-289-0873	202-289-5388
Natl. Assn./Wheat Growers	Carl Schwensen	547-7800	546-2638
Northern Telecom Inc.	Melanie Carter-Maguire	347-4610	508-3612
Northwest Airlines, Inc.	Yoshie Ogawa	202/887-5636	202/223-3628
Oracle	Kate McGee	429-6624	467-4924
PESA	Steve Larkin	713-932-0168	713-932-0497
Pfizer International	Michael L. Privitera	573-3272	
Phillipps Bros, Inc.	Les Shapiro	879-4141	879-4134
Phillips Petroleum Co.	Earl Davis	202/785-1380	202/785-0639
Pillsbury Madison & Sutro	Steve Levy	463-2395	296-7605
Pillsbury Madison & Sutro	Ann Morse	463-2340	296-7605
Pillsbury Madison & Sutro	Ann Morse	463-2340	296-7605
Pratt & Whitney	Susan Walsh	202-785-7443	202-785-7428
President	Frank D. Kittredge	887-0278	452-8160
Prime Computer, Inc.	James L. Novakoff	202/289-6183	202/289-4294
Procter & Gamble Co.	Jane Hoover	833-9555	833-3522
R. Duffy Wall & Assoc.	R.D. Folsom	737-0100	785-0421
RJR Nabisco	Marsha P. Lefkovitz	626-7222	626-7208
Ralston Purina	Claude Alexander	223-5302	293-0876
Rep. Toy Manuf. of Amer.	Brenda Jacobs	223-4433	659-3904
Rockwell International	Jim Lenehan	703-553-6681	703-553-6957
Rockwell International	Raymond Garcia	703-553-6638	703-553-6811
Rowland & Sellery	William C. Sellery, Jr.	202/289-1780	202/842-3275

Coalition for U.S.-China Trade

Membership by Company

COMPANY	NAME	PHONE	FAX NO.
S.C. Johnson & Son Inc.	William D. Perry	202/331-1186	202/659-2338
SAMA	Mike Duff	703-836-1360	703-836-6644
Samuels Int'l. & Assoc.	Andy Durant	223-7683	552-2595
Samuels Intl. Assn.	Julia Hathaway	223-7683	223-7687
Sea-Land Service, Inc.	Rebecca Berg	783-1117	783-5929
Sea-Land Service, Inc.	Peter J. Finnerty	783-1117	783-5929
Sharretts, Paley	Brenda Jacobs	223-4433	659-3904
Sharretts, Paley	Duncan Nixon	223-4433	659-3904
Southern Pacific	David Franasick	202-659-8201	202-659-5249
St. Maxens Co.	John Flynn	202-833-4466	202-833-2833
TRW Inc.	Peter F. Warker	703-276-5060	703-276-5057
Texaco Inc.	Michael Kostiw	331-1427	
Texaco Inc.	Daniel T. Hickey	914-253-6380	914-253-7895
Texas Instruments	Michael Baks	628-3133	628-2908
Texas Instruments	John Boidock	628-3133	628-2980
Texas Instruments	Elizabeth Wright	628-3133	628-2980
Textron Corp.	Harry Ewers	202/289-5800	202/289-3769
The Boeing Company	Jane H. Cicala	703-558-9605	703-558-9635
The Madison Hotel	Marshall Coyne	202/862-1600	202/862-1655
U. S. West, Inc.	Maureen O'Ryan	202/337-4364	202/337-5893
UNISYS	Elisabeth Hanlin	293-7720	293-7757
US Council for Int'l Bus.	Joseph G. Gavin, III	371-1316	789-1708
US Council for Intl Bus	Jonathan Huneke	212-354-4861	212-575-0327
US Council for Intl Bus	Bob Morris	371-1316	789-1708
US Wheat Assn		463-0999	
US-China Business Council	Martin Weil	429-0340	775-2476
US-China Business Council	Roger Sullivan	429-0340	775-2476
Unilever United States	David V. Lustig	212-418-8836	212-752-6365
Union Carbide	Jerry Kenney	872-8555	331-3211
United Technologies	Ellen Frost	785-7483	785-7428
Volume Shoe Corp.		301-770-5579	
W.R. Grace & Co.	Alan D. Fiers	452-6700	293-1597
W.R. Grace & Co.	Polly S. Hannas	642-4700	293-1597
Warner Lambert Intl.	Catherine Walker	862-3840	296-0623
Warner-Lambert	Jennifer Mann	862-3840	296-0623
Warner-Lambert Int'l	David Alton	201-540-4079	201-540-4563
Xerox Corporation	Mary Jean Duran	646-8291	646-8290
Xerox Corporation	Ken Klein	646-8287	646-8290

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	From Jim Schaefer to John Sununu Re: Chinese-American Students/Scholars/Leaders Who Support MFN for China (6 pp.)	6/4/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Open on Expiration of PRA
(Document Follows)
By MM (NLGB) on 10/28/2005

Date Closed:	1/3/2005	**OA/ID Number:**	29144-003
FOIA/SYS Case #:	1998-0004-F[2]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

THE WHITE HOUSE

WASHINGTON

THE CHIEF of STAFF
has seen

June 4, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

THROUGH: SICHAN SIV JS for S2

FROM: JIM SCHAEFER Jim

Please find attached lists of Chinese-American students who support MFN for China. Although I have been told they are supporters of the President's MFN position, some may be leaning towards the Pelosi conditions.

In addition to students, the attached lists include names of Chinese-American scholars and Chinese-American leaders who support the President's MFN position.

Let me know how you would like to proceed in arranging a meeting with these representatives.

THE WHITE HOUSE

WASHINGTON

CHINESE-AMERICAN STUDENTS WHO SUPPORT MFN FOR CHINA

UC Berkeley
Members of Chinese-American Students Association

Zhu Shu-lian

Qiu Juan Zhang

John Fu

Deng Pei

Liu Sao

Tao Jin

Haixiong Xu

Shen Yan

Zhou Gran Mang

Shu Lian Zhu

Fei Peng

Yin Chang

Harvard University
Members of Chinese Students Association

Zhao Hong Cheng

He Hong Te

Cao Qiuhua

UC San Francisco
Members of Chinese-American Student Association

Xiaoliang Han

Depei Liu

Chen Li

Wannian Wu

San Francisco State University
Members of Student Scholars Association

Zhang Qiu-juan

Cheng Wei

Zang De Qing

Yu Xui Xin

Daniel Wang

Gordon Sun

Wang Xiao Ming

Sun Kang

Hong Gai Gae

Edward Zhou

Xiang Huang

Guang Yuan Zou

Stevens Institute of Technology

Deng We

Li Chuensh

SUNY Binghamton

Lu Aigao

University of Dubuque

Guan Ningyu

Michigan State University

Shu Yuan

THE WHITE HOUSE

WASHINGTON

CHINESE-AMERICAN SCHOLARS WHO SUPPORT MFN FOR CHINA

Professor Taylor Wang, Vanderbilt University

Professor John Tsu, John F. Kennedy University

Professor I Tsao, State University of New York

Professor Winberg Chai, University of Wyoming

Professor Y.T. Lee, UC Berkeley

Professor Frederick Yu, Columbia University

Professor John Young, Seton Hall University

Professor Chi Wang, Georgetown University

Dr. Susan Tsu, UC Berkeley

THE WHITE HOUSE

WASHINGTON

CHINESE-AMERICAN COMMUNITY LEADERS WHO SUPPORT MFN FOR CHINA

Albert Chang
Former President
Chinese American Republican Club

Foster Shieh
President
Yan Wo Benevolent Association

Kwok Ying Tang
President
Kang Chow Association

Dr. John Tsu
Past Chairman
Chinese-American Republican National Federation

Wah Lee
President
Chinese Benevolent Association

Douglas Chan
Former President
Chinese-American Republican Club

T. Kong Lee
Publisher
China Times Daily Newspaper

Dr. Jun Hatoyama
National Co-Chair
Asian-American Republican Assembly

Patricia Gee
President
California Chinese-American Republican Association

Martin Eng
Former President
Chinese-American Republican Club

Paul Lee
President
Contra Costa County Chinese American Republican Association

Peter Fu
Chairman
Chinese Architecture Association

Florence Fong
Publisher
Independant Daily

James Fang
Publisher
Asian Week

Bok Pon
Director of Asian Outreach
California Republican Party

Benny Yee
Commissioner
California State Building Commission

Chang Jen-jun
President
All-Chinese University Alumni Association

Moy Ken
President
Chinese Welfare Association

THE WHITE HOUSE

WASHINGTON

Dear Mr. Liu:

Thank you for your recent letter concerning the United States relations with the People's Republic of China.

I have asked my staff to respond to this issue in more detail, but I did want you to know I read your letter and appreciated your sharing your views with me.

Best wishes.

Sincerely,

Mr. Dongzi Liu
Department of Physics
University of Maryland
College Park, Maryland 20742

29
smb-148

May 14, 1991

Dear Mr. President :

You must feel very happy because you are the leader of the strongest country and the people in America have the highest living standard in the world. As one of the world leader Do you think every Chinese people also deserves a better life ?

I am a Chinese student who came here under CUSPEA program in 1989. As a Chinese citizen, I really concern about our nation's MFN status.

You must have heard a lot from those "Democracy" or "Human Rights" fighters. I can hardly agree with them because they are spending my money to deny my motherland's MFN status. Would you mind hearing a few words from me ?

I also fought for democracy and spent several days and nights on Tiananmen Square. But now I think China need more smooth transition.

When you determine whether you are doing right thing for Chinese human rights, you have to ask majority of Chinese people: what do they need ? By denying the right of several people who want to bring China into chaos, we keep the right for most of the people to live a normal life and work for a better life.

When I went back this winter vacation, I found things were quite different from western reports. A lot of Chinese just don't like some bad guys' behavior in USA. I don't think these guys really care about China because they are not working hard in study and they probably care more about their "Green Card".

If you deny MFN for China, a lot of Chinese including my parents, my friends and relatives would be hurt seriously. So I hope you can extend MFN for China. Chinese people will thank you not for democracy, human right or an independent Tibet but for your helping them living a better life. Thank you for your attention.

Sincerely yours

Dongzi Liu

Dongzi Liu

National Association
of Manufacturers

JERRY J. JASINOWSKI
President

June 4, 1991

The Honorable George W. Bush
President of the United States
The White House
Washington, DC 20500

THE CHIEF of STAFF
has seen

Dear Mr. President:

We were pleased last week to hear of your decision to request extension of MFN status for China. The decision was an important one for the business community and the right one to help further economic development in the PRC.

We are disturbed, however, to learn that one line in your commencement speech at Yale concerning banning exports to Chinese companies violating rules on transfer of missile technologies may result in major, new restrictions on U.S. sales of computers and satellites to China. If true, this would be especially ironic in the case of computers since the background sheet issued by the White House emphasized the need to avoid jeopardizing important U.S. export sales to China and specifically noted $860 million in computer and electrical products.

With respect to computers, we are concerned about reports that such restrictions may be unilateral and set at a very low inflexible ceiling. Unilateral controls would do severe and lasting damage to U.S. computer companies in China, many of whom have been encouraged to develop their business by the U.S. government. Low and inflexible limits will unnecessarily penalize legitimate users in China who must have increased computer power in order to move their operations up to Western business standards.

Further restricting exports of U.S. satellites would also be harmful to American commercial interests. We would assume that concern for the long-term competitiveness of the U.S. satellite industry played some role in the Administration's 1989 decision to initiate a Super 301 case on satellite procurement policies in Japan. New restrictions on exports of U.S. satellites will inevitably result in tilting the scales of competitiveness in favor of their competitors.

Finally, we also want to express concern about the decisionmaking process that led to the proposal to implement these new restrictions. Other than the one sentence in your Yale speech, the business community has been given no information about this important policy matter. Furthermore, the proposal came two days after the wrap up of a year-long multilateral effort through COCOM to fix technology restrictions for countries such as the PRC. It came with no consultation with COCOM partners and could be misinterpreted by them as undercutting the COCOM process. We also understand that there was no interagency review prior to the announcement of the new restrictions, so government experts who have valuable information on technology and existing controls were not even consulted.

1331 Pennsylvania Avenue, NW
Suite 1500–North Lobby
Washington, DC 20004-1703
(202) 637-3106
Fax: (202) 637-3182

The stakes at issue are too high for hasty decisionmaking, both for U.S. industry and the U.S. government as it seeks to consolidate support for proliferation controls among countries that have a mutual interest in them. We hope that the Administration moves very cautiously in implementing any further restrictions on U.S. export sales to China so as not to jeopardize the substantial, long-term commitment many U.S. companies have made to the China market.

Sincerely,

Jerry J. Jasinowski
President
National Association of Manufacturers

cc: John Sununu, The White House
Brent Scowcroft, National Security Council
James Baker, Department of State
Robert Mosbacher, Department of Commerce

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	From Jim Dyer to John Sununu Re: MFN China (5 pp.)	6/3/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Open on Expiration of PRA
(Document Follows)
By MM (NLGB) on 10/28/2005

Date Closed:	1/3/2005	**OA/ID Number:**	29144-003
FOIA/SYS Case #:	1998-0004-F[2]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

AC/ER

THE WHITE HOUSE

WASHINGTON

June 3, 1991

THE CHIEF of STAFF has seen

MEMORANDUM TO GOVERNOR SUNUNU
THROUGH: Fred McClure fm
FROM: Jim Dyer JMD
RE: MFN China

This paper outlines a program to secure approval of the President's request for an extension of Most Favored Nation Status for China. Given strong opposition to this decision from Democrats and conservative Republicans alike, we will be forced into a veto strategy in the Senate. In pursuing this strategy, we assume that Hill Democrats will seek to force us to accept conditional MFN that threatens our relationship with the Chinese. They will also attempt to pass a resolution of disapproval of the President's request.

We must try to obtain 34 votes (probably all Republicans) to sustain a veto of both a simple MFN extension and a conditional MFN.

Congressional Procedures

The President's formal notification of intention to extend MFN was sent to Congress on May 28th. Congress now has 90 calendar days to pass a joint resolution of disapproval through both Houses. Should the President veto the resolution, Congress has 15 calendar days to override that veto.

Legislative Action - Senate

We propose a series of meetings with the President beginning on Tuesday. In the Senate, our goal is simply to get 34 votes. Given Majority Leader Mitchell's early opposition this will be a partisan, personal fight. Should Mitchell press hard on all 57 Democrats to support his MFN with strict conditions approach, we must avail ourselves of Republican reticence to take sides with Mitchell against the President.

Initially, we must welcome support from Bentsen, Baucus, et. al., but we should start with the assumption that we need 34 Republicans. The best barometer of our current position is last year's Senate vote on HR 2712, the Chinese Student Immigration Bill. The vote to sustain the President's veto was 62-37 with 8 Republicans joining all 54 Democrats opposing the President.

Of those 37 Republicans, we have lost Heinz (PA), McClure (ID) and Humphrey (NH). We have no chance of getting Heinz' successor. We must work hard to hold Humphrey's successor (R. Smith) and McClure's successor (Craig).

Of the eight Republicans lost, our best chances are to peel back their successors Brown and Seymour. Seymour is especially critical given his reelection needs and his large Asian population. Other Republicans in this category include Cohen, Gorton, Helms, Kasten and Pressler.

We have another category of Republicans who advised us "never again" after last years vote. They were with us, but reluctantly. Already, two of them, Wallop and D'Amato have cosponsored Mitchell's bill. Others in this category include Coats, Grassley, Symms, Mack and Lott.

When you fold these vulnerabilities into our vote analysis, we are much weaker this year than last. Indeed, we may have to add Packwood to this group despite his strong pro-export position.

We intend to bring all these Senators to meet with the President; we propose at least 2 meetings each week until all have been personally contacted. We Will include Republicans from the Finance Committee, Foreign Relations Committee, as well as Republicans who may have supported us before, but who are now wavering for political or ideological reasons.

Legislative Action - House

We are going to have to undertake a modest level of activity in the House, despite our reliance on a Senate veto strategy. The House has already begun hearings. There are Democrats and Republicans who want to help us. An overwhelming vote against a straight up extension damages us and heightens the political pressure on vulnerable Republican Senators who will feel less isolated if there are in excess of one hundred or so votes against blocking MFN. Because the bill that passes the House will probably be a GOP bill (Solomon NY), we must do all we can to lessen the pressure on wavering GOP Senators.

We are developing a series of legislative activities for the House and we will advise you of our plans in this regard as soon as possible.

Other Activities

Public Diplomacy

We will need a strong effort in public diplomacy at several fronts:
They include:
-- Mobilization of the business community behind MFN. A special attention will be paid to the defense and aerospace community to get them focused on the job losses inherent in this threat to our trade policies.
-- Mobilize activities in the Asian community. We need to dispel the notion that the Asian community does not support the President's policy.

-- Chinese students: our information is that many of them support MFN. Voicing that support publicly deflects criticism that we are insensitive to human rights.

Cabinet Activities

We will use Secretaries Baker, Mosbacher and Brady along with Ambassador Hills whenever possible. Their schedules are being cleared for individual briefings. The State Department will be the lead agency in this effort. We are assembling briefing teams at the subcabinet level to compliment Cabinet level activities. We need to provide information to the Hill and the media on a broad range of issues including nuclear proliferation, trade opportunities, human rights progress, textiles, slave labor, support for the Khmer Rouge in Cambodia and other areas.

Congressional Schedule

The Senate Foreign Relations Committee will be scheduling hearings as early as June 13th to review the President's request. House Ways and Means will hold its first hearing June 12th with Secretary Eagleburger testifying. Other hearings will follow as Finance, Ways and Means, Foreign Relations and Foreign Affairs Committees all assume some jurisdiction for any resolution of disapproval.

We are also exploring opportunities for special meetings with the Senate Steering Committee, Policy Committee and other venues.

We are establishing a working group within the White House including NSC, Legislative, Public Diplomacy and Cabinet Affairs to develop a more detailed plan which we will have for you shortly.

This week we will have sent information packages along with the President's speech at Yale to all 535 members of Congress. Our Subcabinet briefing teams will be in place this week. I am appending a calendar of suggested events aimed at getting us out of the box quickly on this issue. Our initial goal is to get our message out, to urge members to keep their powder dry and then to build hard veto strength in the Senate.

JUNE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
3	4 *POTUS MTG W/ SENATORS (BIPART)	5	6 *MEETING W/ BUSINESS GROUPS(T	7 *POTUS MEETING W/ HOUSE (BIPART)
10	11	*WAYS& MEANS COM (EAGLEBURGER) *9:15 POTUS W/ SENATE FINANCE *SFRC – GOP (TBD)	*MEETING W/ 13 ASIAN GROUPS(T) *HFAC HEARING (T) *FINANCE COMM HEARING (T)	14
17	18	19 *10:00 POTUS MTG W/ SELECTED REPUBLIC SENATORS	20 *MTG W/ AEROSPACE IND. GROUPS (T)	21
24	25 *10:00 POTUS MTG W/ SELECTED SENATE GOP MEMBERS	26	27 *POTUS MTG W/ SELE REPUBL. SENATORS *MTG W/ CHINESE STUDENT GROUPS	28
31				

JULY

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
1 SENATE – OUT --> HOUSE – OUT -->	2	3	4	5
8 HOUSE & SENATE RETURN	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	From Dan Rostenkowski to POTUS Re: China (1 pp.)	5/30/91	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Open on Expiration of PRA
(Document Follows)
By MM (NLGB) on 10/28/2005

Date Closed:	1/3/2005	**OA/ID Number:**	29144-003
FOIA/SYS Case #:	1998-0004-F[2]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

Thursday
May 30, 1991
4:10 P.M.

THE CHIEF of STAFF
has seen

INCOMING PHONE CALL FOR THE PRESIDENT

FROM: CONGRESSMAN DAN ROSTENKOWSKI

RE: CHINA

He's going to negotiate w/ PELOSI. POTUS told him not to give away the store. Rostenkowski replied that we have "no votes".

cc: John Sununu

Fred Mcclure

CC

GERALD B. SOLOMON
MEMBER OF CONGRESS
24TH DISTRICT, NEW YORK

ROOM 2265 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-5614

GASLIGHT SQUARE
SARATOGA SPRINGS, NY 12866
(518) 587-9800

MEMBER
HOUSE TASK FORCE ON AMERICAN
PRISONERS OF WAR AND
MISSING IN SOUTHEAST ASIA

Congress of the United States
House of Representatives
Washington, DC 20515

RULES COMMITTEE
RANKING REPUBLICAN

MEMBER
HOUSE TASK FORCE ON
CHILD CARE, DRUGS,
EDUCATION AND THE ELDERLY

ASSISTANT FLOOR WHIP

May 29, 1991

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

MFN

Dear Mr. President:

Even though we are on opposite sides of the China MFN issue, I wanted to call your attention to the hypocritical political posturing of Senate Majority Leader Mitchell.

I say hypocritical because last year after the Pease bill applying conditions and my motion to disapprove had both passed the House, Senator Mitchell refused to allow either to be considered on the Senate Floor, and he refused to even meet with a bipartisan group including Nancy Pelosi, Don Pease and myself to discuss the matter.

So when Senator Mitchell talks about "unwise Bush China Policy" that is "without any moral or logical basis," we know he speaks of himself as well, since that was his policy six months ago.

What caused him to change his mind? Politics of course.

At least you and I are consistent, Mr President...and I admire and respect you for it.

Sincerely,

GERALD B. SOLOMON
Member of Congress

GBS:tm

cc: John H Sununu, White House Chief of Staff
James A Baker, Secretary of State
Robert H Michel, Minority Leader
Newt Gingrich, Republican Whip

Congressman Jerry
Solomon
SERVING THE 24TH DISTRICT, NEW YORK
WASHINGTON OFFICE
2265 Rayburn Office Building House of Representatives Washington, D.C. 20515 Phone 202—225-5614

FOR IMMEDIATE RELEASE #29 Contact: Dan Amon
Congressman Jerry Solomon (202) 225-5614
May 28, 1991

NEWS RELEASE

SOLOMON WILL OPPOSE CHINA MFN, BUT BLASTS MITCHELL'S MOTIVES

WASHINGTON, D.C. -- When Congressman Jerry Solomon (R-New York) led House opposition in 1990 to the "Most Favored Nation" trading status for China, he said, Senate Majority Leader George Mitchell (D-Maine) was less than helpful.

That's why Solomon, now ranking Republican on the House Rules Committee, is sharply critical of Mitchell's "johnny-come-lately" opposition to renewing China's MFN status this year and why he suggested partisan motives may be involved.

Solomon recalled that when MFN status came before the House last October 18, the House passed his "resolution of disapproval" 247-174. The House also passed a resolution authored by two Democrats, Donald Pease of Ohio and Nancy Pelosi of California, which was conditional and milder than Solomon's resolution. Both the Solomon and Pease/Pelosi resolutions went to the Senate, which had ten days before adjournment to act on them. Mitchell, according to Solomon, "flatly refused" to move both resolutions.

Mitchell has been quoted as saying President Bush's policy was "without any moral or logical basis," a remark Solomon said "reeked with political hypocrisy."

"Quite frankly I don't think Senator Mitchell's as interested in China's human rights violations as he is in scoring political points against the president," Solomon said.

Notwithstanding his criticism of Mitchell, Solomon said the United States had litle to show for its past patience with China.

"I can think of no nation more indifferent to mere world opinion than China," Solomon said, "We need something more concrete. We need to put their feet to the fire and keep them there."

The seven-term legislator said his resolution does not apply positive sanctions as much as it reflects a desire not to reward China for its behavior.

-more-

As examples Solomon listed China's bloody massacre of students in Tienanmen Square, its continuing repression of Tibet, its use of slave and prison labor to produce goods, its missile sales to Syria, its help in building a nuclear reactor in Algeria, and its piracy of computer software from the United States.

"That doesn't exhaust the list by any means," Solomon said, "China has been as irresponsible in its foreign policy as it has been oppressive in its domestic policy, and we should stop rewarding them for being so contemptuous of American interests and values."

If Solomon's resolution passes, it will effectively kill MFN status for China for one year. Solomon said he was confident there were enough votes in both chambers to override any veto.

-30-

~~CONFIDENTIAL~~

AC/ER

THE WHITE HOUSE

WASHINGTON

May 24, 1991

MEMORANDUM FOR GOVERNOR SUNUNU
BRENT SCOWCROFT

FROM: ROGER B. PORTER RBP

SUBJECT: China MFN

THE CHIEF of STAFF
has seen

As part of the China MFN decision, we should consider using section 301 as a "rifle shot" against unfair Chinese trade barriers.

There is growing concern in the Congress and the business community about restrictive Chinese trade policies. As part of its effort to generate a trade surplus, the Chinese Government has used import licensing requirements to limit the entry of competing U.S. goods. U.S. exports to China fell by $1 billion in 1990, when our exports to the rest of the world were increasing. Our bilateral trade deficit with China rose sharply from $6.1 billion in 1989 to $10.3 billion in 1990, making it our second largest bilateral deficit after Japan.

By law, the President is authorized to self-initiate investigations under Section 301 of the Trade Act of 1974. In trade policy terms, self-initiation represents a dramatic and aggressive U.S. challenge to foreign trade barriers. There is already inter-agency agreement to begin negotiations with China to address our market access concerns. Section 301 would put a formal structure on the negotiations and provide additional leverage.

A self-initiated Section 301 would show that the Administration is prepared aggressively to challenge Chinese policies and defend U.S. economic interests. Section 301 has strong support among Congressional trade specialists, such as Rostenkowski and Bentsen, who also have reservations about revoking MFN. Finally, self-initiation would bolster the business community, which wants MFN extended, but is also concerned about proliferating Chinese trade barriers and intellectual property piracy.

~~CONFIDENTIAL~~

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Memo	Re: Chinese Support for the U.S. in the UN (11 pp.)	5/21/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Date Closed: 1/3/2005	**OA/ID Number:** 29144-003
FOIA/SYS Case #: 1998-0004-F[2] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

The Heritage Foundation Backgrounder UPDATE
214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202)546-4400
5/9/91 Number 160

THE CASE FOR RENEWING CHINA'S TRADE STATUS

(Updating Asian Studies Center *Backgrounder* No.104, "Washington's Agonizing Decision: To Extend or Revoke China's Most-Favored-Nation Status," May 8, 1990.)

The Washington-Beijing relationship is beset by problems. The People's Republic of China's 1990 trade surplus with the United States was $10.4 billion, up $4.2 billion from 1989, and could leap to $15 billion by the end of this year. This would make the U.S. deficit with China greater than with any country except Japan. The trouble with the mushrooming trade deficit with China is that there is a growing feeling that it is caused in part by Beijing's refusal to open China's markets fully to American goods. To make matters worse, the Chinese refuse to protect U.S. patents and copyrights, and apparently use prison labor to lower the price of their exports. Then there is significant evidence that the Chinese are peddling missiles and nuclear technology to Algeria, Pakistan and other Third World customers in defiance of multilateral efforts to ban such sales. And Beijing has yet to make a full accounting of what has happened to the pro-democracy demonstrators arrested after the 1989 Tiananmen Square massacre.

It is in this environment that George Bush will be challenged to decide by June 3 whether to renew China's most-favored-nation (MFN) trading status. Such status, granted to China in 1980 and approved annually since then, gives Chinese goods exported to the U.S. the same tariff treatment as that received by the some 180 other nations to which Washington accords MFN status, including Iraq and Syria and a host of other unpleasant regimes.

Equal Treatment. Although the expression "most-favored-nation" suggests that a country is accorded special trading privileges, the term actually means something quite different. Specifically, a country that receives MFN status merely is entitled to those trade benefits and concessions granted to any other MFN country. MFN thus confers no special trading status; it simply treats all MFN recipients equally.

Generally, MFN is a permanent status. The only exceptions are communist countries which, under the Trade Act of 1974, either annually or semi-annually must seek renewal. Specifically, Title 4 of the Act, known as the Jackson-Vanik Amendment, named after the late Senator Henry M. Jackson of Washington and former Representative Charles A. Vanik of Ohio, both Democrats, states that MFN status can be given to "non-market economies" if their countries permit substantially free emigration of their citizens. The law works like this: If the President wants to extend MFN status he must either certify to Congress that the country under consideration is not in violation of the Amendment's human rights criteria or waive the criteria for the country involved on an annual basis because such a move would "substantially promote the objectives" of Jackson-Vanik. Once George Bush certifies that China over the past year has allowed free emigration, Congress effectively has ninety days to approve or disapprove China's MFN status. Their vote is then subject to presidential veto.

America's problems with China thus fall into two categories — the economic and the political. Washington should deal with them accordingly: economic problems should be addressed with economic mechanisms; political problems with political ones.

Trade Retaliation. If Beijing refuses to assure copyright, patent and trademark protection to American business, for instance, then China should be identified under the 1988 Omnibus Trade and Competitiveness Act as a so-called "priority" country that has established "systematic" barriers to U.S. exports. This law sets procedures for dealing with unfair "priority" foreign trade practices through trade retaliation. The Bush Administration, in fact, on April 26 cited China as a "priority" nation for pirating U.S. copyrights and patents.

Conversely, the current political problems in the Sino-American relationship should be addressed through political mechanisms. China's continuing human rights abuses in Tibet, its likely use of some prison labor to manufacture goods for export and its sales of advanced weapons to dangerous nations should elicit vigorous condemnation from the highest levels of the U.S. government. Under Secretary Robert Kimmitt, the State Department's third-ranking official, traveled to China this week to convey U.S. dismay over Beijing's trade practices and human rights violations. Even tougher American political and diplomatic actions against China may be warranted by Beijing's transgressions.

What is not warranted is mixing the economic and political issues. China no more should be punished economically for its unacceptable political actions than Japan should be exempted for political reasons from economic punishment for its unacceptable economic actions against American products.

If Beijing violates the Jackson-Vanik amendment's "freedom-of-emigration" provision, then China's MFN status should be revoked. Otherwise, the issue should be subject to the same considerations by which Washington has deemed it proper to extend MFN to 180 other nations.

Other factors also argue against ending China's MFN status. To do so would:

- Dramatically raise duties on Chinese exports to America and thus hike the prices that working class and other Americans pay for these goods. Products from China now account for one-third of the American toy market, 10 percent of the American footwear market and 15 percent of the imported American apparel market.
- Cost the export industries of South China up to two million jobs. It is this area in which the free market and pro-democratic forces are strongest. Ending MFN thus would penalize those Chinese whom American policy ostensibly seeks to help.
- Reduce China's access to hard currency, further squeezing Beijing's ability to service its $45.8 billion international debt.
- Close Chinese markets to American exporters. Last year, U.S. exports to China totaled $4.8 billion. Among the biggest American losers would be wheat growers, whose 1990 sales approached $1 billion; commercial aircraft manufacturers, for whom China has become a dependable $500 million a year market; and phosphate fertilizer manufacturers, who consistently sell one-sixth of their entire annual output to China.
- Create enormous new problems for Hong Kong at a time when the colony can least afford anything that undermines confidence in its future. Some 70 percent of American imports from China are shipped through Hong Kong. As Hong Kong's largest foreign market and one of its principal investors, U.S. interests lie in a politically assured and economically healthy

Hong Kong. Uncertain about their future, 60,000 Hong Kong citizens leave the territory each year. Denying China MFN status may well speed the exodus.

- ♦ Increase Beijing's dependence on arms sales for cash. Cutting off American markets to Chinese goods could force Beijing to rely even more on the international weapons market for hard currency.

- ♦ Threaten to abandon the China market to the Japanese, the Europeans and others who automatically give China MFN status.

Almost two years after the violence in Beijing, Washington policy makers confront a recalcitrant, unapologetic and defiant China. A long and potent list of U.S. grievances daily increases. In such light, it is emotionally easy to make a case for punishing Beijing. If so, then appropriate punishment should be sought, and inflicted. Yet ending China's MFN status is not appropriate. If it is, then Washington must review the domestic political behavior of scores of other countries and prepare to revoke their U.S. MFN status. To end MFN for mainland China, moreover, barely will pinch Beijing's aging leaders who are the authors of the repression. Instead, it will hurt reformers in China, consumers in America and deal a heavy blow to Hong Kong.

Washington should recognize this. It should separate the economic and political issues at stake. And then it should conclude that there are no grounds for revoking U.S. MFN trade status for China.

Andrew B. Brick
Policy Analyst

The Heritage Foundation
Backgrounder UPDATE
214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202)546-4400
5/9/91 Number 160

THE CASE FOR RENEWING CHINA'S TRADE STATUS

(Updating Asian Studies Center *Backgrounder* No.104, "Washington's Agonizing Decision: To Extend or Revoke China's Most-Favored-Nation Status," May 8, 1990.)

The Washington-Beijing relationship is beset by problems. The People's Republic of China's 1990 trade surplus with the United States was $10.4 billion, up $4.2 billion from 1989, and could leap to $15 billion by the end of this year. This would make the U.S. deficit with China greater than with any country except Japan. The trouble with the mushrooming trade deficit with China is that there is a growing feeling that it is caused in part by Beijing's refusal to open China's markets fully to American goods. To make matters worse, the Chinese refuse to protect U.S. patents and copyrights, and apparently use prison labor to lower the price of their exports. Then there is significant evidence that the Chinese are peddling missiles and nuclear technology to Algeria, Pakistan and other Third World customers in defiance of multilateral efforts to ban such sales. And Beijing has yet to make a full accounting of what has happened to the pro-democracy demonstrators arrested after the 1989 Tiananmen Square massacre.

It is in this environment that George Bush will be challenged to decide by June 3 whether to renew China's most-favored-nation (MFN) trading status. Such status, granted to China in 1980 and approved annually since then, gives Chinese goods exported to the U.S. the same tariff treatment as that received by the some 180 other nations to which Washington accords MFN status, including Iraq and Syria and a host of other unpleasant regimes.

Equal Treatment. Although the expression "most-favored-nation" suggests that a country is accorded special trading privileges, the term actually means something quite different. Specifically, a country that receives MFN status merely is entitled to those trade benefits and concessions granted to any other MFN country. MFN thus confers no special trading status; it simply treats all MFN recipients equally.

Generally, MFN is a permanent status. The only exceptions are communist countries which, under the Trade Act of 1974, either annually or semi-annually must seek renewal. Specifically, Title 4 of the Act, known as the Jackson-Vanik Amendment, named after the late Senator Henry M. Jackson of Washington and former Representative Charles A. Vanik of Ohio, both Democrats, states that MFN status can be given to "non-market economies" if their countries permit substantially free emigration of their citizens. The law works like this: If the President wants to extend MFN status he must either certify to Congress that the country under consideration is not in violation of the Amendment's human rights criteria or waive the criteria for the country involved on an annual basis because such a move would "substantially promote the objectives" of Jackson-Vanik. Once George Bush certifies that China over the past year has allowed free emigration, Congress effectively has ninety days to approve or disapprove China's MFN status. Their vote is then subject to presidential veto.

America's problems with China thus fall into two categories – the economic and the political. Washington should deal with them accordingly: economic problems should be addressed with economic mechanisms; political problems with political ones.

Trade Retaliation. If Beijing refuses to assure copyright, patent and trademark protection to American business, for instance, then China should be identified under the 1988 Omnibus Trade and Competitiveness Act as a so-called "priority" country that has established "systematic" barriers to U.S. exports. This law sets procedures for dealing with unfair "priority" foreign trade practices through trade retaliation. The Bush Administration, in fact, on April 26 cited China as a "priority" nation for pirating U.S. copyrights and patents.

Conversely, the current political problems in the Sino-American relationship should be addressed through political mechanisms. China's continuing human rights abuses in Tibet, its likely use of some prison labor to manufacture goods for export and its sales of advanced weapons to dangerous nations should elicit vigorous condemnation from the highest levels of the U.S. government. Under Secretary Robert Kimmitt, the State Department's third-ranking official, traveled to China this week to convey U.S. dismay over Beijing's trade practices and human rights violations. Even tougher American political and diplomatic actions against China may be warranted by Beijing's transgressions.

What is not warranted is mixing the economic and political issues. China no more should be punished economically for its unacceptable political actions than Japan should be exempted for political reasons from economic punishment for its unacceptable economic actions against American products.

If Beijing violates the Jackson-Vanik amendment's "freedom-of-emigration" provision, then China's MFN status should be revoked. Otherwise, the issue should be subject to the same considerations by which Washington has deemed it proper to extend MFN to 180 other nations.

Other factors also argue against ending China's MFN status. To do so would:

- Dramatically raise duties on Chinese exports to America and thus hike the prices that working class and other Americans pay for these goods. Products from China now account for one-third of the American toy market, 10 percent of the American footwear market and 15 percent of the imported American apparel market.
- Cost the export industries of South China up to two million jobs. It is this area in which the free market and pro-democratic forces are strongest. Ending MFN thus would penalize those Chinese whom American policy ostensibly seeks to help.
- Reduce China's access to hard currency, further squeezing Beijing's ability to service its $45.8 billion international debt.
- Close Chinese markets to American exporters. Last year, U.S. exports to China totaled $4.8 billion. Among the biggest American losers would be wheat growers, whose 1990 sales approached $1 billion; commercial aircraft manufacturers, for whom China has become a dependable $500 million a year market; and phosphate fertilizer manufacturers, who consistently sell one-sixth of their entire annual output to China.
- Create enormous new problems for Hong Kong at a time when the colony can least afford anything that undermines confidence in its future. Some 70 percent of American imports from China are shipped through Hong Kong. As Hong Kong's largest foreign market and one of its principal investors, U.S. interests lie in a politically assured and economically healthy

Hong Kong. Uncertain about their future, 60,000 Hong Kong citizens leave the territory each year. Denying China MFN status may well speed the exodus.

- ♦ Increase Beijing's dependence on arms sales for cash. Cutting off American markets to Chinese goods could force Beijing to rely even more on the international weapons market for hard currency.

- ♦ Threaten to abandon the China market to the Japanese, the Europeans and others who automatically give China MFN status.

Almost two years after the violence in Beijing, Washington policy makers confront a recalcitrant, unapologetic and defiant China. A long and potent list of U.S. grievances daily increases. In such light, it is emotionally easy to make a case for punishing Beijing. If so, then appropriate punishment should be sought, and inflicted. Yet ending China's MFN status is not appropriate. If it is, then Washington must review the domestic political behavior of scores of other countries and prepare to revoke their U.S. MFN status. To end MFN for mainland China, moreover, barely will pinch Beijing's aging leaders who are the authors of the repression. Instead, it will hurt reformers in China, consumers in America and deal a heavy blow to Hong Kong.

Washington should recognize this. It should separate the economic and political issues at stake. And then it should conclude that there are no grounds for revoking U.S. MFN trade status for China.

Andrew B. Brick
Policy Analyst

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. List	Possible China MFN Package (3 copies) (6 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Sununu, John H.
Subseries: Issues Files
WHORM Cat.:
File Location: China MFN [Most Favored Nation] Status 1991 [1]

Open on Expiration of PRA
(Document Follows)
By MM (NLGB) on 10/28/2005

Date Closed:	1/3/2005	**OA/ID Number:**	29144-003
FOIA/SYS Case #:	1998-0004-F[2]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

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

POSSIBLE CHINA MFN PACKAGE

- There is a serious risk that Congress will pass a resolution disapproving extension of China MFN, or at a minimum enact separate legislation imposing conditions on MFN renewal for next year.

- In addition to Congress' human rights concerns, Congress is increasingly frustrated by our growing list of trade problems with the PRC:

  - A $10.4 billion trade deficit;

  - The systematic use of non-tariff barriers to curb U.S. imports, and subsidies to artificially spur exports;

  - Massive theft of U.S. intellectual property, which caused us last month to cite China under the Special 301 provision of the Trade Act; and

  - The use of prison labor to produce goods for export.

- If the President were to wrap MFN extension in an overall package encompassing China, Taiwan, and Hong Kong, we could increase Congressional support and promote important U.S. economic interests. Such a package could include the following elements:

- Extension of MFN, expressly stating that a failure to do so would:

  - Harm U.S. businesses, which have $4 billion invested in the PRC, and export more than $5 billion annually in goods and services to the PRC;

  - Harm U.S. consumers, who would have to pay 40% more in duties on Chinese toys, footwear and apparel; and

  - Harm Hong Kong, which, at a very sensitive time, could lose more than 40,000 jobs and 4% of GNP growth if the PRC is no longer accorded MFN status.

- Support for Taiwan GATT Accession, which would involve an announcement that the President is directing the USTR to explore the issue with key GATT members. This would:

  - Signal U.S. support in general for political and economic liberalization;

  - Bring our 5th largest trading partner into the GATT on a developed country basis, which would provide increased leverage for further opening the Korean and ASEAN markets;

- -- Gain the support of 32 Senators, who recently came out in support of Taiwan GATT accession, and give political cover to other Members who might want to be with us on MFN;

- -- Give Taiwan an incentive to award U.S. businesses a significant proportion of procurements under Taiwan's 6-year, $400 billion modernization plan, countering initiatives by the U.K., France, Italy, and Germany to gain the inside track; and

- -- Hold out to the Chinese the carrot of eventual U.S. support for PRC GATT accession, if and when they liberalize trade as the Taiwanese have done.

o <u>Demand for China to lower trade barriers</u> through intensive negotiations with the U.S., or face the prospect of:

- -- Sanctions under Special 301 for failure to adequately protect U.S. patents, trademarks and copyrights; and

- -- The initiation of 301 actions against other barriers to exports of U.S. goods and services.

o <u>Call for China to improve human rights</u>, with the Administration setting forth certain benchmarks against which progress would be judged.

- -- Benchmarks could be similar to those contained in the Pelosi bill, but would avoid an explicit precondition for MFN renewal.

o In sum, this is a coherent package, which demonstrates that the U.S. is acting to:

- -- Promote clear U.S. economic interests (through MFN extension);

- -- Reward trade liberalization (through support for Taiwan GATT accession);

- -- Reduce trade barriers (through the demand for intensive negotiations backed by the credible threat of sanctions); and

- -- Ensure respect for human rights (through the establishment of benchmarks of progress).

POSSIBLE CHINA MFN PACKAGE

- o There is a serious risk that Congress will pass a resolution disapproving extension of China MFN, or at a minimum enact separate legislation imposing conditions on MFN renewal for next year.

- o In addition to Congress' human rights concerns, Congress is increasingly frustrated by our growing list of trade problems with the PRC:

  - -- A $10.4 billion trade deficit;

  - -- The systematic use of non-tariff barriers to curb U.S. imports, and subsidies to artificially spur exports;

  - -- Massive theft of U.S. intellectual property, which caused us last month to cite China under the Special 301 provision of the Trade Act; and

  - -- The use of prison labor to produce goods for export.

- o If the President were to wrap MFN extension in an overall package encompassing China, Taiwan, and Hong Kong, we could increase Congressional support and promote important U.S. economic interests. Such a package could include the following elements:

- o <u>Extension of MFN</u>, expressly stating that a failure to do so would:

  - -- Harm U.S. businesses, which have $4 billion invested in the PRC, and export more than $5 billion annually in goods and services to the PRC;

  - -- Harm U.S. consumers, who would have to pay 40% more in duties on Chinese toys, footwear and apparel; and

  - -- Harm Hong Kong, which, at a very sensitive time, could lose more than 40,000 jobs and 4% of GNP growth if the PRC is no longer accorded MFN status.

- o <u>Support for Taiwan GATT Accession</u>, which would involve an announcement that the President is directing the USTR to explore the issue with key GATT members. This would:

  - -- Signal U.S. support in general for political and economic liberalization;

  - -- Bring our 5th largest trading partner into the GATT on a developed country basis, which would provide increased leverage for further opening the Korean and ASEAN markets;

- -- Gain the support of 32 Senators, who recently came out in support of Taiwan GATT accession, and give political cover to other Members who might want to be with us on MFN;

- -- Give Taiwan an incentive to award U.S. businesses a significant proportion of procurements under Taiwan's 6-year, $400 billion modernization plan, countering initiatives by the U.K., France, Italy, and Germany to gain the inside track; and

- -- Hold out to the Chinese the carrot of eventual U.S. support for PRC GATT accession, if and when they liberalize trade as the Taiwanese have done.

o <u>Demand for China to lower trade barriers</u> through intensive negotiations with the U.S., or face the prospect of:

- -- Sanctions under Special 301 for failure to adequately protect U.S. patents, trademarks and copyrights; and

- -- The initiation of 301 actions against other barriers to exports of U.S. goods and services.

o <u>Call for China to improve human rights</u>, with the Administration setting forth certain benchmarks against which progress would be judged.

- -- Benchmarks could be similar to those contained in the Pelosi bill, but would avoid an explicit precondition for MFN renewal.

o In sum, this is a coherent package, which demonstrates that the U.S. is acting to:

- -- Promote clear U.S. economic interests (through MFN extension);

- -- Reward trade liberalization (through support for Taiwan GATT accession);

- -- Reduce trade barriers (through the demand for intensive negotiations backed by the credible threat of sanctions); and

- -- Ensure respect for human rights (through the establishment of benchmarks of progress).

POSSIBLE CHINA MFN PACKAGE

- o There is a serious risk that Congress will pass a resolution disapproving extension of China MFN, or at a minimum enact separate legislation imposing conditions on MFN renewal for next year.

- o In addition to Congress' human rights concerns, Congress is increasingly frustrated by our growing list of trade problems with the PRC:

  - -- A $10.4 billion trade deficit;

  - -- The systematic use of non-tariff barriers to curb U.S. imports, and subsidies to artificially spur exports;

  - -- Massive theft of U.S. intellectual property, which caused us last month to cite China under the Special 301 provision of the Trade Act; and

  - -- The use of prison labor to produce goods for export.

- o If the President were to wrap MFN extension in an overall package encompassing China, Taiwan, and Hong Kong, we could increase Congressional support and promote important U.S. economic interests. Such a package could include the following elements:

- o <u>Extension of MFN</u>, expressly stating that a failure to do so would:

  - -- Harm U.S. businesses, which have $4 billion invested in the PRC, and export more than $5 billion annually in goods and services to the PRC;

  - -- Harm U.S. consumers, who would have to pay 40% more in duties on Chinese toys, footwear and apparel; and

  - -- Harm Hong Kong, which, at a very sensitive time, could lose more than 40,000 jobs and 4% of GNP growth if the PRC is no longer accorded MFN status.

- o <u>Support for Taiwan GATT Accession</u>, which would involve an announcement that the President is directing the USTR to explore the issue with key GATT members. This would:

  - -- Signal U.S. support in general for political and economic liberalization;

  - -- Bring our 5th largest trading partner into the GATT on a developed country basis, which would provide increased leverage for further opening the Korean and ASEAN markets;

-- Gain the support of 32 Senators, who recently came out in support of Taiwan GATT accession, and give political cover to other Members who might want to be with us on MFN;

-- Give Taiwan an incentive to award U.S. businesses a significant proportion of procurements under Taiwan's 6-year, $400 billion modernization plan, countering initiatives by the U.K., France, Italy, and Germany to gain the inside track; and

-- Hold out to the Chinese the carrot of eventual U.S. support for PRC GATT accession, if and when they liberalize trade as the Taiwanese have done.

o <u>Demand for China to lower trade barriers</u> through intensive negotiations with the U.S., or face the prospect of:

-- Sanctions under Special 301 for failure to adequately protect U.S. patents, trademarks and copyrights; and

-- The initiation of 301 actions against other barriers to exports of U.S. goods and services.

o <u>Call for China to improve human rights</u>, with the Administration setting forth certain benchmarks against which progress would be judged.

-- Benchmarks could be similar to those contained in the Pelosi bill, but would avoid an explicit precondition for MFN renewal.

o In sum, this is a coherent package, which demonstrates that the U.S. is acting to:

-- Promote clear U.S. economic interests (through MFN extension);

-- Reward trade liberalization (through support for Taiwan GATT accession);

-- Reduce trade barriers (through the demand for intensive negotiations backed by the credible threat of sanctions); and

-- Ensure respect for human rights (through the establishment of benchmarks of progress).