

1 EXECUTIVE COMMITTEE MEETING TO VOTE ON EXTENSION OF  
2 PERMANENT NORMAL TRADING RELATIONS TO CHINA; AND THE  
3 NOMINATION OF MICHELLE SMITH TO BE ASSISTANT SECRETARY  
4 FOR PUBLIC AFFAIRS AT THE DEPARTMENT OF TREASURY  
5 WEDNESDAY, MAY 17, 2000

6 U.S. Senate,  
7 Committee on Finance,  
8 Washington, DC.

9 The meeting was convened, pursuant to notice, at  
10 10:02 a.m., Hon. William V. Roth, Jr. (chairman of the  
11 committee) presiding.

12 Present: Senators Grassley, Hatch, Nickles, Gramm,  
13 Lott, Jeffords, Mack, Thompson, Coverdell, Moynihan,  
14 Baucus, Rockefeller, Breaux, Conrad, Graham, Bryan,  
15 Kerrey, and Robb.

16 Also present: Franklin G. Polk, Staff Director and  
17 Chief Counsel; David Podoff, Minority Staff Director and  
18 Chief Economist.

19 Also present: Grant D. Aldonas, Chief International  
20 Trade Counsel, Committee on Finance; Faryar Shirzad,  
21 Trade Counsel, Committee on Finance; Robert Novick,  
22 General Counsel, Office of the U.S. Trade Representative.

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1 OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S.  
2 SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The committee will please be in  
5 order.

6 Senator Moynihan. Mr. Chairman, before we do, may I  
7 express the general view of the entire committee how much  
8 we welcome you back and how splendid you look, and how  
9 handsomely you are going to carry the day?

10 The Chairman. You can carry on forward, if you want  
11 to, Pat. [Laughter]. I would say it is good to be back,  
12 but last night we had so many votes, I began to wonder.  
13 But it is a pleasure to be back, and I appreciate those  
14 gracious words.

15 We have some very important legislation before us.  
16 It represents, in my view, not only the single most  
17 important bill this committee will take up in this  
18 Congress, but it is a defining moment in our relationship  
19 with China. In my judgment, it is certainly one of the  
20 most important pieces of legislation that we shall face,  
21 or have faced, in the past decade.

22 The committee's action on permanently normalizing our  
23 trade relations with China will, first and foremost,  
24 measure our commitment to breaking down barriers to  
25 American exports for the benefit of American farmers,

1 American workers, and American industry.

2 But the committee's action will, at the same time,  
3 definitively shape the role that the United States will  
4 play in the process of economic and political  
5 transportation under way in China today.

6 In terms of our commitment to breaking down barriers  
7 to American goods and services, let me underscore again  
8 what the bill will not do. This legislation will not  
9 determine whether China will enter the World Trade  
10 Organization.

11 China will enter the WTO regardless of whether the  
12 Congress passes this bill. What this bill will decide,  
13 is whether American firms will have equal access to  
14 China's market when China joins the WTO.

15 China's accession to the WTO has been the subject of  
16 intense negotiations for the past 13 years. The  
17 bilateral market access package the U.S. Representative  
18 reached this past November represents a remarkable  
19 achievement, Mr. Novick.

20 From the point of view of every sector of the United  
21 States' economy and from the perspective of any U.S.  
22 enterprise, no matter how big or how small, the agreement  
23 holds the promise of new markets and future sales.

24 What that ultimately means is expanded economic  
25 opportunity--more jobs, higher wages for American

1 workers--in the export sector of our economy.

2 The simple question before us is this: are we willing  
3 to take the single step necessary to ensure that American  
4 farmers, firms, and workers will be able to pursue those  
5 opportunities on equal terms with their counterparts  
6 around the world or will we choose, instead, to hobble  
7 their efforts and cede the Chinese market and the fruits  
8 of this agreement reached this past November to their  
9 competitors?

10 I think the answer is clear, we should support our  
11 farmers, our workers, our firms, by giving them a fair  
12 chance to compete in China, and that means a vote in  
13 favor of the bill before us.

14 While my support for the legislation before us is  
15 based on what it does for Americans, especially citizens  
16 of my State of Delaware, the opportunity to influence our  
17 relations with China in a positive way reinforces my  
18 choice.

19 Through the hours of hearings we held before the  
20 Finance Committee, I return to the same thought. To the  
21 extent we are able, we should offer the Chinese people  
22 the opportunity to shape their own destiny.

23 The single most important step we can take here in  
24 the Finance Committee towards that end is to cast our  
25 votes in favor of greater freedom in China. That is what

1 China's participation in the WTO and our vote on  
2 permanent normal trade relations ultimately means.

3 The opponents of reform in China recognize the  
4 dangers posed by economic freedom of the sort the Chinese  
5 people will enjoy as a result of China's entry into the  
6 WTO.

7 That's why the opponents of reform fear the presence  
8 of American firms in China that would result from the WTO  
9 agreement and why they hope that Congress ultimately  
10 rejects PNTR.

11 Indeed, if Congress were to reject PNTR, we would  
12 condemn the Chinese people to continue to labor for the  
13 state-owned firms that critics of this legislation have  
14 claimed deny their basic human rights.

15 America stands at the threshold with China, just  
16 assuredly as it did over a quarter century ago. Until  
17 now, the door of this threshold has remained closed,  
18 closed to American products, closed to American ideas.  
19 It is up to this committee, and ultimately Congress, to  
20 decide if that door will be opened.

21 The legislation before us today represents the key to  
22 that door. If we throw away the key to prosperity for  
23 both nations, we are not only locking American firms,  
24 farmers, and workers out, we are locking the Chinese  
25 people in, and that is something we must not do.

1           So I hope the committee's action today will be  
2 unequivocal, and I urge my colleagues to support passage  
3 of the legislation before us without amendment.

4           With that, it is my great pleasure to call on Senator  
5 Moynihan.

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1 OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S.  
2 SENATOR FROM NEW YORK

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4 Senator Moynihan. Sir, the pleasure, first, of  
5 welcoming you back, thanking you for the way you have  
6 managed the discussion of this legislation for almost a  
7 year now.

8 If I may just make two comments. The last witness we  
9 had, Senator Grassley will recall, on April 6, 2000, Ira  
10 Shapiro, who is our former Chief Negotiator at the USTR  
11 for Japan and Canada, closed his testimony thus: "This  
12 vote," he said, "is one of an historic handful of  
13 congressional votes since the end of World War II.  
14 Nothing that members of Congress do this year, or any  
15 other year, could be more important."

16 In complete accord with what you have said, I look  
17 forward to hearing what our colleagues say.

18 The Chairman. Thank you, Senator Moynihan.

19 Senator Grassley?

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1 OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S.  
2 SENATOR FROM IOWA

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4 Senator Grassley. Well, repeating the obvious, that  
5 this vote is important and historic. It is historic  
6 because we are nearing the point where China will finally  
7 surpass the previous high point of its economic  
8 engagement with the rest of the world, and that occurred  
9 at about 1946.

10 It was in September of 1946 when the United States  
11 helped establish the preparatory committee on the Havana  
12 Charter, which was supposed to then set up the  
13 International Trade Organization. China, along with the  
14 United States, was a member of that preparatory  
15 committee.

16 The International Trade Organization was never  
17 established, partly because of opposition by this  
18 committee. So, instead, everybody knows that the General  
19 Agreement on Tariffs and Trade was set up. China joined  
20 that organization, but withdrew in 1950. So, China is  
21 closer today to rejoining the world trade community than  
22 it has been in over 50 years.

23 Today's vote is also important because we are paving  
24 the way for China's accession to the WTO. This is a  
25 development that will have enormous benefits for my State



1 of Iowa, and certainly for all of the United States.

2 I would just give you one example. Dr. Hayes, a  
3 distinguished agri-business economist at Iowa State  
4 University, testified before this committee about one  
5 month ago on the effects of China's bilateral market  
6 access deal with the United States.

7 Dr. Hayes stated, "I have calculated that the Chinese  
8 market, if fully opened to U.S. pork-variety meats, would  
9 add about \$5 per head to each 100 million hogs that we  
10 slaughter each year."

11 This is tremendous news for Iowa's hog producers, who  
12 have suffered through historically low prices in 1998 and  
13 1999. Moreover, if China accedes to the WTO, we may soon  
14 see the day when China becomes one of the world's biggest  
15 importers of farm products.

16 Just look at China's history, past and recent. China  
17 has long been a rice-oriented culture, but in the 1990s  
18 rising incomes in China have boosted meat consumption by  
19 as much as 5 million tons per year. Dairy product  
20 consumption has also doubled. Western fast-food  
21 restaurants are flourishing all over Shanghai, China's  
22 most trade-oriented city.

23 But China has historically had a difficult time  
24 meeting demand for these value-added farm products. In  
25 fact, China's past food problems are legendary. It has

1     reportedly suffered through more than 1,000 famines over  
2     the last 2,000 years. So, there is enormous opportunity  
3     in China for American producers of food, as well as all  
4     other products.

5             Mr. Chairman, I would make one last point about the  
6     importance--I spoke about the history, but the  
7     importance--of encouraging China to become a more  
8     integral part of the world economy.

9             I do not believe that it was a coincidence that China  
10    withdrew from the GATT in 1950 just as it began a long  
11    period of isolation from the west. This was a period of  
12    heightened tension, and even warfare, as our American  
13    troops met Chinese troops in Korea.

14            I do not believe it is a coincidence now that, just  
15    as China seeks to join the World Trade Organization and  
16    seeks greater engagement with the world, that China is  
17    engaging in the most economic and political reforms since  
18    its revolution.

19            Clearly, conditions in China are not perfect, as we  
20    see them. Are these conditions where we would like to  
21    see them? No. But there is movement. We have a  
22    challenging, and sometimes difficult, relationship with  
23    China. It is a complicated relationship that has several  
24    dimensions, not just the economic issues of trade.

25            It is up to us to manage that relationship with these

1 various dimensions in a way that serves our best  
2 interests, understanding that nobody else is going to  
3 look out for America's interests if we elected officials  
4 do not.

5 But I believe that anchoring China more formally in  
6 the world community and exporting our values, as well as  
7 our goods and services, is a very good thing and will  
8 bring many benefits, including the greatest benefit of  
9 all, mutual understanding and the enhancement of world  
10 peace.

11 I thank you.

12 The Chairman. Thank you, Senator Grassley.

13 Now it is my pleasure to call on Senator Baucus.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM  
2 MONTANA

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4 Senator Baucus. Thank you very much, Mr. Chairman.  
5 I join Senator Moynihan and all the rest of us in  
6 welcoming you back. You look splendid, and we are very  
7 pleased.

8 Mr. Chairman, I am very pleased also that we are  
9 marking up PNTR in the Finance Committee today. This is  
10 a good opportunity for us to seize momentum. If we pass  
11 this bill out, as I know we will, favorably, I think it  
12 will help create even more legislation to pass the  
13 legislation.

14 We, therefore, are making PNTR one step closer to  
15 reality. I think that is quite good because it will  
16 benefit American workers, benefit American farmers and  
17 business, reduce tension across the strait, maximize the  
18 opportunity for the PRC and Taiwan to work out their  
19 differences peacefully.

20 The economic benefits for the United States are  
21 unarguable, with an unprecedented opening of China for  
22 American agricultural products, manufactured goods, and  
23 services. If we do not grant PNTR, then our Japanese and  
24 European competitors could well take advantage of the  
25 opening, while American farmers, ranchers, workers, and

1 businesses will be left behind.

2 Opponents of PNTR claim that our leverage over China  
3 will disappear without the annual NTR debate. But  
4 denying PNTR in no way helps us promote change in China's  
5 domestic and regional behavior.

6 Look at human rights. John Kam runs the Dwee Hwa  
7 Foundation, and is one of the most effective Americans in  
8 promoting human rights in China. In Ways and Means  
9 recently, John said that, "One of the worst things this  
10 country can do regarding human rights in China would be  
11 to terminate or curtail trade relations."

12 Opponents of PNTR must explain how rejecting PNTR  
13 will help John Kam and his efforts to promote improved  
14 human rights in China, account for political prisoners,  
15 and free political and religious prisoners. I have seen  
16 no explanation.

17 The same is true for the efforts of Martin Lee, head  
18 of the Democratic Party of Hong Kong, who works to  
19 promote respect for Democratic principles in Hong Kong  
20 and in China.

21 Taiwan President-elect Chun Zhway Bien, who cares  
22 more than anyone about stability across the Taiwan  
23 Strait, has said, "We would welcome the normalization of  
24 U.S.-China trade relations."

25 He recognizes that PNTR is necessary to ensure peace

1 and stability in the region, and prosperity and democracy  
2 in Taiwan. No one can explain how rejection of PNTR will  
3 help Martin Lee or Chun Zhway Bien attain these goals,  
4 all of which we share.

5 I need to mention the proposal of Congressman Sandy  
6 Levin and Doug Bereuter to set up a framework for  
7 monitoring progress and developments in China in human  
8 rights and in trade compliance.

9 Senator Hatch and I sent a letter to all of our  
10 colleagues yesterday outlining this proposal and asking  
11 for their support when it comes to the Senate. I am  
12 working with other Finance Committee members to beef up  
13 monitoring activities of China's WTO commitments by the  
14 General Accounting Office and by the 1,000 private sector  
15 members of the Trade Advisory Committees. We need good  
16 information. Without it, we cannot make good decisions.

17 Granting China PNTR is the right decision for the  
18 United States. It does not prevent us from pursuing  
19 issues of vital importance to our country such as  
20 objectional Chinese practices on human rights, weapons  
21 proliferation, Taiwan and Tibet religious minorities.

22 It gives up no leverage, since that leverage was  
23 never there in the first place. Rejection of PNTR would  
24 undercut the reform elements in China, empowering  
25 reactionary forces that would slow down, and perhaps

1 reverse, change in China. I urge my colleagues to  
2 support PNTR for China.

3 The Chairman. Thank you, Senator Baucus.

4 [The prepared statement of Senator Baucus appears in  
5 the appendix.]

6 The Chairman. The next two will be my good friend  
7 Senator Gramm from Texas, and then Senator Thompson.

8 Senator Gramm?

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1 OPENING STATEMENT OF HON. PHIL GRAMM, A U.S. SENATOR FROM  
2 TEXAS

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4 Senator Gramm. Mr. Chairman, let me join everybody  
5 else in welcoming you back. I want to thank you, Pat,  
6 for your strong leadership and support for free trade.  
7 It is something that, on a bipartisan basis in the post-  
8 war period, has been a foundation of our prosperity that  
9 helped us win the Cold War and changed the world, and I  
10 wanted to especially thank you.

11 Senator Grassley has already noted something that  
12 many of us have forgotten, and that is that China was a  
13 founding member of GATT. The problem was, in 1949, with  
14 the Communist takeover, China turned to the dark side and  
15 achieved, for a short period of time, the Marxist dream  
16 of equality for workers, only it was equality in poverty  
17 and in hopelessness.

18 But the human spirit is stronger than Communism.  
19 Beginning in the 1970s, things started to change in  
20 China. We are on the verge today of seeing China come  
21 back from the dark side, reverse the decision that it  
22 made in 1949, and literally knock on the door asking to  
23 come back in to the civilized world.

24 The question we are answering is, are we going to  
25 open the door or bar it? I want it pretty clear, I want



1 to see the door opened. I hear criticisms of China and  
2 of this agreement, and the criticisms are valid. The  
3 Chinese basically do not understand religious freedom  
4 and, by and large, do not practice it.

5 Workers have limited rights when they work for the  
6 government, but should we be surprised at that? Finally,  
7 no under-developed country protects its environment the  
8 way we would like it to, or the way we would given our  
9 level of prosperity.

10 But the telling point is that there can be no  
11 rationale dispute about the fact that, in each and every  
12 one of these areas, if we pass this bill and reestablish  
13 our normal permanent trade relations with China, every  
14 one of the things that the critics of the bill complain  
15 about will get better, and if we reject it, every single  
16 one of them will get worse.

17 So I think this is a historic vote. You go to a lot  
18 of trouble to get elected to the Senate, you spend a  
19 lifetime doing things, kissing babies, shaking hands,  
20 dealing with issues that bore you to tears, and every  
21 once in a while you get to do something very important.

22 My guess is that, 20 years from now as people look  
23 back at the Clinton era, that there will be two votes in  
24 Congress that will be remembered. One will be the basic  
25 decision not to adopt a sweeping government take-over of

1 health care, and the other, hopefully, will be our  
2 decision to approve Chinese's accession to the World  
3 Trade Organization and to establish permanent normal  
4 trade relations with China.

5 I think this is a very important vote, and I would  
6 like to see us in the Senate, Mr. Chairman, beginning  
7 here today in this committee, give it a resounding vote  
8 of approval.

9 The Chairman. I could not agree more with those  
10 sentiments, Senator Gramm.

11 Next, we will have Senator Thompson, then he will be  
12 followed by Senator Graham of Florida, please.

13 Senator Thompson.

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1 OPENING STATEMENT OF HON. FRED THOMPSON, A U.S. SENATOR  
2 FROM TENNESSEE

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4 Senator Thompson. Thank you very much, Mr.  
5 Chairman. Welcome back. Good to see you in such good  
6 health.

7 Mr. Chairman, I do not disagree with anything that  
8 has been said this morning, but I would like to maybe  
9 offer another consideration while we are considering this  
10 because I do not think that, under the current  
11 circumstances, can consider this solely as just a trade  
12 issue.

13 I will vote for it today; it does not bind me on the  
14 floor later. But I certainly buy into all of the  
15 arguments for free trade, what it has meant for this  
16 country, what it has meant for my State, and the  
17 importance of it both in terms of economics and in terms  
18 of promoting democracy around the world.

19 I suppose I am a little more skeptical than some that  
20 this is pretty much of a one-sided deal, kind of where  
21 the camel has got their nose under the tent; the Chinese  
22 do not really realize it, but democracy is going to  
23 flourish in short order; they really do not understand  
24 what they have done here. I cannot say that I buy into  
25 that at all, or that necessarily they are going to change

1 their patterns and do what they agree to do here.

2 They are going to put more and more people out of  
3 work at a time when they are rioting over there now. A  
4 lot of these bureaucrats are going to be dispossessed,  
5 and all that. It may happen. It is worth an opportunity  
6 to see whether or not it can happen. But I think it is  
7 probably going to be a little rougher going and a little  
8 slower going than most of us realize.

9 Having said that, I think it is still something that,  
10 from an economic standpoint, it makes an awful lot of  
11 sense, especially for those of us who are such committed  
12 free traders.

13 But, in looking at it with a bit of skepticism, I  
14 must note that last week the Chinese public security  
15 officers kidnapped a member of the China Democracy Party  
16 and a Shanghai dissident right in front of the U.S.  
17 Consulate General's office.

18 We see China's increasing hostility toward Taiwan.  
19 Beijing continues to threaten us, remind us of their  
20 ballistic missile capabilities. They are supplying  
21 Milosovich with hundreds of millions of dollars as we  
22 speak. All of those things are going on. Perhaps most  
23 of these things will improve.

24 I even buy into the notion that, in large part, many  
25 of these things can improve over time. But there is one

1 area that I do not see that this trade deal will affect  
2 one way or the other, and that is one having to do with  
3 the proliferation of weapons of mass destruction.

4 In the last few months alone, it was reported that  
5 China transferred missile technology to Libya, provided  
6 missile-related goods to North Korea, and may still be  
7 providing secret technical assistance to Pakistan's  
8 nuclear program.

9 We all know that Pakistan would have nothing without  
10 Chinese assistance. They continue to supply rogue states  
11 such as North Korea and Iran. The CIA, in its biennial  
12 assessment estimate, again, told us in January before the  
13 Government Affairs Committee that China continues to  
14 substantially assist these rogue nations.

15 I think that this probably is an historic vote in  
16 many respects, but I hope it does not go down in history  
17 in another respect. That is, the supreme irony of us  
18 coming together, it seems, on a bipartisan basis, for the  
19 most part, in our support for a need for a national  
20 missile defense system when at the same time we are  
21 granting permanent normal trade relations with a country  
22 that, in large part, is the cause of our need for a  
23 national missile defense system without addressing it.

24 Again, that does not mean that we ought to cut off  
25 trade or not do this deal, but to do it without

1 addressing the fact that they are supplying the very  
2 rogue nations that cause us to go to the extreme of  
3 having to go to Russia, for example, and our European  
4 allies and try to convince them that we perceive this  
5 dire threat to ourselves without even addressing the  
6 major country that is supplying these nations that  
7 provide the threat.

8 I find that extremely ironic and troublesome. I do  
9 not think that, therefore, we can treat this simply as a  
10 trade issue. We have turned a blind eye to many of these  
11 proliferation activities over a period of time.

12 The administration now talks in terms of a rejection  
13 of this treaty as being a negative national security  
14 matter. I think our treatment with regard to these  
15 proliferation activities is a national security  
16 detriment.

17 It seems to me that the only negative consequence  
18 that could come from approval of the trade agreement  
19 would be the sending of a message--a continued message--  
20 to China that, despite the fact of our concern over the  
21 rogue nations we really do not look at their activities  
22 as being of very much importance in their supplying of  
23 these nations.

24 We do not need to send that signal to China, and we  
25 do not need to send that signal to our allies when they

1 seem to be so skeptical of our need for a national  
2 missile defense system.

3 So I plan to introduce legislation in conjunction  
4 with the PNTR legislation that will impose non-trade  
5 related penalties in response to Chinese proliferation.

6 Under this legislation, if any company or person  
7 violates international proliferation treaties or U.S.  
8 export control laws in ways that contribute to  
9 proliferation, the President will be required to impose  
10 sanctions, both on the proliferator and on the PRC.

11 The proliferator will face an immediate cut-off of  
12 any exports from the United States of sensitive  
13 technology controlled by the Commerce control list or the  
14 U.S. munitions list.

15 The President will be required also to choose a  
16 sanction to impose on the PRC from a list of escalating  
17 sanctions, with these measures increasing both in degree  
18 and number over time if proliferation is not stopped.

19 The legislation is designed to be flexible, but  
20 tough. If the President tries to avoid imposing  
21 necessary sanctions, Congress will have an expedited  
22 review procedure that will allow any member to introduce  
23 legislation calling on the President to impose an  
24 appropriate sanction under the Act.

25 Mr. Chairman, I believe this legislation will send

1 the proper signal to our allies that we are serious about  
2 proliferation. Our policy of engagement must continue,  
3 and I hope that it will bring about changes to China to  
4 lead to a closer, more positive relationship between our  
5 two nations.

6 But we must also pursue a policy that gives China a  
7 clear incentive to halt its proliferation activities that  
8 are posing a serious threat to our national security.  
9 This balance of engagement and consequences creates  
10 leverage, and we cannot pursue one policy without the  
11 other because our national security is involved.

12 I would just, finally, point out Senator Baucus'  
13 point in his statement. He said, "This does not prevent  
14 us from pursuing issues of vital importance to our  
15 country such as objectionable Chinese policy on human  
16 rights, weapons proliferation, Taiwan, and so forth. I  
17 could not agree more.

18 I think this is an appropriate response, not to stop  
19 trade, not to cut off trade, not necessarily to reject  
20 this agreement, but to contemporaneously with that make  
21 it perfectly clear to the world that we, in pursuit of  
22 economic benefit, are not willing to trade off vital  
23 national security concerns. That would be extremely  
24 detrimental to this country, I think, in the long run.

25 Thank you very much.



1           The Chairman.    Thank you, Senator Thompson.

2           Senator Graham had to leave temporarily for another  
3 meeting, so I will call on Senator Conrad, and then it  
4 will be Senator Jeffords.

5           Senator Conrad?

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1 OPENING STATEMENT OF HON. KENT CONRAD, A U.S. SENATOR  
2 FROM NORTH DAKOTA

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4 Senator Conrad. I thank the Chairman, and welcome  
5 back. It is good to see you in fine fettle.

6 Senator Moynihan, thank you for what I think has been  
7 really visionary leadership on this issue. I believe  
8 this is a profoundly important vote, and I think anybody  
9 that has read the long sweep of Chinese history  
10 recognizes the importance of what we do here today.

11 I strongly support permanent normal trade relations  
12 for China because I believe it is in American's interest,  
13 it is certainly in my State's interest.

14 If we look to the trade benefits alone, it is  
15 undeniable that China has made the concessions. We have  
16 given up nothing. On agriculture, the average tariffs  
17 dropped from 31 percent in China applied to our goods to  
18 14 percent.

19 On bulk commodities like wheat--my State is a major  
20 producer--the average tariff on the first 7 million  
21 metric tons will only be 1 percent, a dramatic change and  
22 a dramatic improvement.

23 On manufactured goods, average tariffs dropped from  
24 25 percent to 9 percent. On services, China has agreed  
25 to phase out the restrictions that have prevented our

1 companies from competing in what is the most populous  
2 nation in the world. China is the most populous nation.  
3 It is important that they are part of a rules-based,  
4 international system of trade.

5 On the question of human rights, I believe anybody  
6 that has studied Chinese history can only conclude that  
7 China is most repressive when they are closed off to  
8 outside influence.

9 If you go to China in those areas that have had the  
10 earliest opening, had the most movement towards a market  
11 system, that is where you find the earliest moves towards  
12 democratization, greater freedom, and a reduction in  
13 repression. I think the record is absolutely clear.

14 For those who believe this is a test on human rights,  
15 I would suggest to them, the real test for human rights  
16 is to promote openness with China, interaction with  
17 China. That is the best way to secure improvement in  
18 human rights for China.

19 I think we see in the dissidents themselves in China,  
20 those who are fighting for reform, those who are  
21 sacrificing for reform, those who are fighting for  
22 freedom, they say to us, approve PNTR with China.

23 In *The Washington Post* just last week, they talked  
24 about an interview with one of China's most prominent  
25 dissidents who endured tapped phones, police

1 surveillance, and restrictions on everyday freedoms. His  
2 name, Bao Dong, could be expected to urge a hard line  
3 against the government in Beijing.

4 But instead, he says pass permanent normal trade  
5 relations with China. Do not use it as a lever to try to  
6 improve China's human rights situation. Hasten China's  
7 entry into the World Trade Organization. Pull China, as  
8 much as possible, into international regimes that, over  
9 time, will force it to adhere to standards that it has  
10 long finessed by arguing that China is exceptional.

11 It is not just that reformer, that person who is  
12 fighting for freedom who sends us that message, it is  
13 dissident after dissident in China who delivers us the  
14 message: if you want to help us, if you want to promote  
15 human rights, if you want to promote democracy and  
16 freedom, support normal trade relations for China.

17 Finally, Mr. Chairman, I would say on the question of  
18 national security, history teaches us, clearly, that  
19 conflicts among trading partners are less likely than  
20 conflicts between countries that do not engage.

21 I believe the record is clear and the case is  
22 overpowering and compelling, and that we should support  
23 normal trade relations with China. I think it is one of  
24 those votes that we will look back on, perhaps 10 years  
25 from now, perhaps 20 years from now, and see even more

1 clearly how right this course is for American.

2 I thank the Chairman.

3 The Chairman. Thank you very much, Senator Conrad.

4 Next will be Senator Jeffords, to be followed by

5 Senator Breaux, then Senator Bryan.

6 Senator Jeffords?

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1 OPENING STATEMENT OF HON. JAMES M. JEFFORDS, A U.S.  
2 SENATOR FROM VERMONT

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4 Senator Jeffords. It is with great reluctance that  
5 I must raise this to the attention of my members, and it  
6 is because I have been personally involved in this case.  
7 And it is so egregious, so un-understandable, that I  
8 cannot help but alert you to the realities of some of the  
9 inhuman and egregious treatment in China.

10 I am talking about a case involving a Fulbright  
11 scholar who was in Vermont, in Middlebury College, Noan  
12 Shopel, who left Middlebury a very popular young man,  
13 returned to China. He borrowed a video camera to go  
14 through China on his way to Tibet, and he was arrested  
15 and sentence to 18 years in jail. But that is not the  
16 whole story, or the worst part of it.

17 His mother, Sunong Decki, came to me, came to our  
18 delegation in Vermont, with tears in her eyes, an elderly  
19 lady, a frail lady. She is presently residing on the  
20 streets of India on the border to China, wanting to go,  
21 as she is allowed to under Chinese law, to visit her son.

22 I have talked to the highest levels I could reach, and  
23 had higher levels in our government talk to the highest  
24 levels in their government, to raise the plight of this  
25 family. Yet, nothing has occurred. No answer has given

1 me any kind of feeling that there is hope.

2 She stays there now, frail, probably weakening as  
3 time goes on. Money has been provided, and I have worked  
4 to provide money for her to be able to travel to China to  
5 see her son. It is one thing to have arguments with them  
6 about the 18-year sentence for whatever this young man  
7 was doing, where you can see there might be two sides to  
8 the story.

9 But when the Chinese law is very clear that a  
10 relative--in particular, a mother--has a right to visit  
11 her son, and when everything has been done to provide the  
12 wherewithal for her to do that, and I have twice visited  
13 with the Chinese ambassador, related this and gotten nice  
14 replies, and we will look into it, but as of today she is  
15 still sitting there waiting, her life wasting away.

16 I have listened, and I know all the advantages. But  
17 I cannot, with this personal knowledge and understanding  
18 of the way the inhumane system within China is, for no  
19 reason, not even obeying their own laws relative to a  
20 mother to see her son, to say there is any reason why I  
21 should, with that knowledge, have any confidence that  
22 they can treat or will change their style to meet what is  
23 generally accepted practice in all humane nations.  
24 Therefore, Mr. Chairman, I will vote no.

25 The Chairman. Next, we have Senator Breaux, then

1     Senator Bryan, then Senator Mack.  
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1 OPENING STATEMENT OF HON. JOHN BREAUX, A U.S. SENATOR  
2 FROM LOUISIANA

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4 Senator BreauX. Thank you very much, Mr. Chairman.  
5 Let me join with my other colleagues in welcoming you  
6 back. We are glad you are here with us, and thank you  
7 for your leadership in bringing this to the committee,  
8 along with our senior Democratic member, Senator  
9 Moynihan, for the good work that has been done.

10 I think the Senate Finance Committee today, and later  
11 the full Senate, has the opportunity to do something that  
12 we do not do enough of around here, and that is, to rise  
13 above politics and do what is right, even though there is  
14 a certain degree of political consequences in doing so  
15 for practically everybody in the Senate, and certainly  
16 for those in the House.

17 But I think we do have that opportunity, and I think  
18 in adopting this legislation we will have proven that we  
19 can function and do so in a bipartisan fashion, which is  
20 so very, very important.

21 Just a couple of comments. I mean, I think it is  
22 important for all of us to realize that China already has  
23 full access to all of our markets, but we do not have  
24 access to theirs.

25 In so many cases, I think, as Senator Conrad pointed

1 out, we are restricted from doing any business in their  
2 country, yet we have allowed them to do whatever they  
3 want to do in terms of business practices and selling  
4 products in this country. So, to correct that situation,  
5 I think it is incredibly important that PNTR be adopted.

6 Let me just give you one example. Louisiana is  
7 arguably the largest producer of bulk nitrogen fertilizer  
8 in the country. It is a \$2 billion industry in my State.  
9 It has over 2,000 people that work in it.

10 China is the largest consumer of nitrogen fertilizer  
11 products in the world. Yet, in 1997, they continued to  
12 ban imports from the United States. They continued to  
13 sell all of their products over here.

14 They are the largest consumer of something that we  
15 are one of the largest producers of, and they just shut  
16 the door down and said, do not even apply, we are not  
17 going to buy it from your country. Yet, they continue to  
18 export products over here.

19 Well, thanks the very good work of USTR, and Charlene  
20 Barshefsky in particular, this agreement has brought  
21 about a major change in that area. We have worked out a  
22 market access agreement with them so that we will be able  
23 to deal with them on a more level playing field.

24 The other point, is that people point out the  
25 problems with environmental and human rights. Of course,

1 it is not a question of, do we have problems with China.  
2 The answer is, yes, we do. It is not a question if we  
3 have political differences with China. The answer is  
4 clear: yes, we do.

5 But the real question, I think, is whether we are  
6 better off in dealing with these problems with them on  
7 the inside or are we better off in dealing with them when  
8 they stay on the outside.

9 I think the answer is very, very clear. You have a  
10 great deal more leverage, a great more ability to  
11 influence a nation's behavior by having them inside the  
12 negotiating room than standing on the outside and not  
13 participating. This agreement, I think, brings them  
14 inside.

15 Thank you.

16 The Chairman. Thank you.

17 Next, we have Senator Bryan, then Senator Mack, and  
18 Senator Rockefeller.

19 Senator Bryan?

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1 OPENING STATEMENT OF HON. ROBERT H. BRYAN, A U.S. SENATOR  
2 FROM NEVADA

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4 Senator Bryan. Mr. Chairman, let me join my  
5 colleagues in welcoming you back. It is good to have you  
6 with us. Also, to commend you and our Ranking Member,  
7 Senator Moynihan, for the bipartisan leadership that you  
8 have provided for us on this very important issue.

9 This morning the committee is presented with an  
10 historic opportunity, an opportunity to provide enhanced  
11 access to what is potentially the world's largest market.  
12 One out of every five human beings on the face of this  
13 earth live in China.

14 So, to me the fundamental question is, should we be  
15 players in that market, giving our industries, our  
16 people, opportunity for jobs and economic opportunity, to  
17 extend the 111 months of economic expansion that has been  
18 unprecedented in our Nation's history, or should we yield  
19 that market to our competitors in Europe, the Far East,  
20 and other places around the world?

21 I asked myself, how can it be in our best interests  
22 to do that? I think the answer is, clearly, it is not,  
23 because I think this legislation is a win-win proposition  
24 for us in America.

25 In contrast to the broad range of commitments made by

1 China under the bilateral agreement, the U.S. commitment  
2 is merely to continue our present trade policies. The  
3 legislation before us today makes no changes in our  
4 current market access policies, preserves our right to  
5 withdraw market access for China in the event of a  
6 national security emergency, requires no changes in our  
7 laws controlling the export of sensitive technologies,  
8 and amends none of our trade laws.

9 Our only obligation under the agreement is to grant  
10 China permanent normal trade relations which, in effect,  
11 has been our policy towards China for the past 20 years,  
12 since we normalized diplomatic relations with China in  
13 1979.

14 Now, having said that, I fully acknowledge the  
15 criticism that some of our colleagues have offered with  
16 respect to Chinese conduct and behavior. Their conduct  
17 with respect to their neighbor in Taiwan is unacceptable.  
18 Their human rights and civil rights policies are  
19 deplorable. Their proliferation violations are of major  
20 concern. But it strikes me that those are issues that we  
21 ought to pursue in other venues. That is not mutually  
22 exclusive from adopting this legislation.

23 So, Mr. Chairman, for me, it is clear that it is in  
24 our best interests for America's industry and America's  
25 workers to provided these expanded opportunities to an

1 economy that requires all of the goods and services that  
2 American industry and American workers produce, and I  
3 will vote for the legislation.

4 The Chairman. Thank you, Senator Bryan.

5 Senator Mack?

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1 OPENING STATEMENT OF HON. CONNIE MACK, A U.S. SENATOR  
2 FROM FLORIDA

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4 Senator Mack. Thank you, Mr. Chairman. I, too,  
5 welcome you back. You look great.

6 To Senator Moynihan, I want to express the same  
7 feelings that Senator Gramm mentioned earlier. You have  
8 been a tremendous leader with respect to the importance  
9 of open trade, and I think, again, the prosperity that  
10 this Nation has enjoyed for the past 50 years has been  
11 because of our commitment--and fortunately bipartisan  
12 commitment--to free trade and opening markets. So,  
13 again, I commend you for your leadership.

14 I was moved by my colleague, Jim Jeffords, a moment  
15 ago when he spoke of the personal experience that he has  
16 had. I suspect that everyone who is about to vote on  
17 this has had some opportunity over the years to deal  
18 firsthand with some of the human rights abuses that we  
19 know about with respect to China.

20 I think one of the more eloquent spokesmen for the  
21 struggle for freedom has been Weijing Sheng, who has  
22 reminded us, saying that those of you who live in the  
23 luxury of freedom, do not forget those who are still  
24 struggling for liberty and freedom.

25 Because of those very strong conflicting views, the

1 importance of open and free trade on one hand and the  
2 importance of human dignity and the pursuit of freedom,  
3 this has been a difficult choice for me to make. But,  
4 after giving it due consideration, I come down on the  
5 side that is saying that moving towards open and free  
6 markets is the right way to go.

7 Exposing the Chinese people, leaders, and its  
8 business to competition and what happens in a free and  
9 democratic society will benefit. The reason I am willing  
10 to embrace it as much has to do with the kinds of changes  
11 that we have seen take place in China over the years. If  
12 they were still committed to the ideology of the 1950s  
13 and 1960s, I do not think we would be here today. We  
14 have not changed, they have changed.

15 So I think it is time for us to respond to that  
16 change by saying we want to be engaged in free trade and  
17 competition with you. I think, in the end, humanity will  
18 benefit. So, I will cast a vote in favor of this  
19 legislation.

20 The Chairman. Thank you very much, Senator Mack.

21 Next, it is my pleasure to call upon Senator  
22 Rockefeller, to be followed by Senator Robb, then Senator  
23 Nickles.

24 Senator Rockefeller?

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1 OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV, A U.S.  
2 SENATOR FROM WEST VIRGINIA

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4 Senator Rockefeller. Thank you, Mr. Chairman. I,  
5 as if it had not been said before, welcome you back, with  
6 your vigor and your bipartisan instincts.

7 Senator Moynihan, I also feel very strongly that, on  
8 many issues but particularly on this issue, you have been  
9 sort of an over-arching philosophical, historical, and  
10 very present influence on the discussion and on the tenor  
11 of the way that we approach things.

12 The Chairman knows very well that this has been a  
13 very difficult decision for me, and it has been one which  
14 has caused me to talk to our people a lot, and try to  
15 figure out what is in the best interests of my State, as  
16 well as my country.

17 One of the things that I have concluded, is that our  
18 current system of trade laws have not worked for my  
19 State, in any event. They have not worked. We have lost  
20 jobs over the last 20, 25 years at a continuing rate.  
21 That may or may not continue, but it has been because we  
22 have been unable to really deal with effectively with the  
23 trade laws that we have, much less that they are not good  
24 enough.

25 So I do not think that we are getting a fair deal. I

1 am, therefore, not prepared to vote for the status quo,  
2 because I think to vote against PNTR is to vote for the  
3 status quo in terms of our own country and the way we  
4 conduct our economic and, in my case particularly with  
5 emphasis on trading, relations. It has been bad for our  
6 workers, it has been bad for our country, for our  
7 companies, that is, the status quo.

8 So why would I cast a vote that would continue that?  
9 Why would I not go into an area where there are no  
10 certainties--and I agree with what Senator Thompson has  
11 said. I think that those who say that change will come  
12 rapidly may misjudge.

13 In 5,000 years of Chinese history, there have been  
14 dynasties or periods where human rights have been  
15 relatively better treated than in others, but basically,  
16 by and large, this is not something which has been part  
17 of the Chinese historic experience.

18 So, I think change will come slowly. It will come  
19 slowly in the environment, it will come slowly in human  
20 rights, come slowly on a variety of other things.

21 I abhor the human rights treatment, but I also agree  
22 with what Kent Conrad said, that if you want to do  
23 better, then engage, be part of the circle, be in the  
24 circle with China. China is enormous in its effect on  
25 the future of the world.

1           This vote is not just enormous because of its  
2 historic consequence, but it is enormous because China  
3 and its potential, for good or for bad, for participatory  
4 behavior in the world or not, is equally enormous.

5           There are some that say, well, we should review this  
6 on an annual basis. I am not persuaded by that argument.  
7 I do not know what our annual review has done that has  
8 improved anything in China. I think we rubber stamp it.  
9 I do not think we think about it, particularly.

10          I am not even sure that we have discussed it at great  
11 length. So that the annual review process, I do not  
12 think, either helps West Virginia in terms of jobs or  
13 helps China in terms of the environment. I think the  
14 environment is going to be a long struggle in China.

15          I have often said that I think that the Japanese are  
16 the ones who are going to have to help the most, because  
17 all of those new coal-fired power plants that they are  
18 going to build, westerly winds are going to carry that  
19 acid rain right across the four islands of Japan. I  
20 think you are going to see an enormous foreign aid  
21 program on the part of Japan aimed at scrubbers on  
22 proliferating power plants. That is, obviously, just  
23 speculative.

24          So by rejecting PNTR, it seems to me we also reject  
25 all of the advantages that accrue to us from the very

1 good work that has been done by our negotiators.  
2 Virtually all of its clauses are to our advantage and not  
3 to theirs. As has been said, we give up nothing, they  
4 give up a great deal.

5 So I think this is an opportunity, Mr. Chairman, for  
6 West Virginia and for America. I think we have to watch  
7 China closely. I am willing to do that. I am willing to  
8 fight for making sure that they do their part. I will,  
9 therefore, support this measure.

10 I thank the Chairman.

11 The Chairman. Thank you, Senator Rockefeller.

12 Next, is Senator Robb, to be followed by Senator  
13 Nickles, then Senator Hatch.

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1 OPENING STATEMENT OF HON. CHARLES S. ROBB, A U.S. SENATOR  
2 FROM VIRGINIA

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4 Senator Robb. Thank you, Mr. Chairman. I join our  
5 colleagues in welcoming you back. I thank you and our  
6 distinguished Ranking Member and former chairman for your  
7 continued leadership in this particular arena. I will  
8 not expound at length on my views; they are well-known to  
9 the committee in this area.

10 I do not think there is a great deal of suspense left  
11 as to how the vote is going to come out, at least not in  
12 this committee. The only suspense may be whether we are  
13 actually going to vote this morning or not, or whether we  
14 are all going to have an opportunity to talk.

15 But it is an extremely important vote, and I agree  
16 with virtually everything that has been said, and  
17 certainly the conclusion that has been reached by all but  
18 one of our colleagues in this particular instance.

19 I believe that this is good for America, it is good  
20 for American farmers, good for American workers, good for  
21 American business, good for the American economy. I  
22 agree that we have serious to-be-resolved problems in the  
23 areas of cross-strait relations, certainly in the human  
24 rights area, in the proliferation area of the weapons of  
25 mass destruction, environment, and many other areas.

1           But this is not the appropriate venue, and there are  
2           some real advantages here, including the concept of  
3           bringing China under international rules. This is a tool  
4           that we have not yet had to bring to bear on the  
5           equation, and I think it will be very beneficial.

6           I think that the continued expansion of our Internet  
7           service providers to provide access to all of what we  
8           know about the world, but many of the people in the  
9           People's Republic of China yet do not and do not have  
10          aspirations to attain, will make a difference.

11          But I agree very much with Senator Thompson's  
12          observation that we should not be overly optimistic about  
13          the prospect of rapid or dramatic change. I suspect,  
14          just as Senator Thompson suggested, it will be slow,  
15          incremental, and frustrating. But it is, nonetheless,  
16          going to be, over the long haul, far better than the  
17          alternative.

18          To reject the permanent normal trade relations for  
19          China at this point, I think, would have very serious  
20          consequences, and those consequences would be immediate,  
21          whereas the good that will flow from this accession to  
22          the international community on trade and international  
23          relationships will be more gradual, but I believe will in  
24          the long run be positive.

25          I am delighted to add my voice to those who are

1 planning to vote for permanent normal trade relations  
2 with China.

3 I thank you, Mr. Chairman.

4 The Chairman. Thank you, Senator Robb.

5 Next, is Senator Nickles.

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1 OPENING STATEMENT OF HON, DON NICKLES, A U.S. SENATOR  
2 FROM OKLAHOMA

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4 Senator Nickles. Mr. Chairman, thank you very much.  
5 I want to compliment you and Senator Moynihan for your  
6 leadership. I just commented to Senator Gramm a moment  
7 ago, this is a great committee to serve on. It is,  
8 because we have a lot of good work and members.

9 I think, probably, it is the best committee in the  
10 Congress. We have outstanding members and, frankly,  
11 Senator Kerrey, Senator Bryan, and Senator Moynihan  
12 leaving this committee, they will be missed. They have  
13 added a lot of positive things in many areas,  
14 international trade being one. So, I compliment the  
15 leaders----

16 The Chairman. What about Senator Mack?

17 Senator Nickles. Well, he may be leaving too, I  
18 guess. [Laughter].

19 Senator Nickles. We may have to convince him of  
20 something else.

21 Also, to follow, I remember that I mentioned to  
22 Senator Moynihan that when we passed the African  
23 Trade/Caribbean Basin, I said this is the first trade  
24 bill in five years, and I think he came back and said,  
25 no, it was six. Well, that was small compared to the



1 bill that we are debating today that has very  
2 significant, and I think positive, long-term  
3 significance, both for the United States, for China, and  
4 for the free world.

5 I happen to believe very, very strongly that the  
6 expansion of economic freedom will also lead to an  
7 expansion of personal freedom, religious freedom,  
8 political freedom, and that will be very much to the  
9 benefit of the people in China who have been repressed.

10 I share some of the concerns that Senator Jeffords  
11 raised. I am familiar with a couple of cases and with  
12 some religious persecution that is very, very troubling  
13 to me. It is one of the reasons why we passed the  
14 International Religious Freedom Act, which incidentally,  
15 I might mention, the commission recommended against this.  
16 I happen to disagree with the commission's  
17 recommendation.

18 I do think that this is a step in the right  
19 direction, it will lead to greater economic and religious  
20 freedom, personal freedom in China, and I think that is  
21 positive. So, I am happy to support it and I compliment  
22 the leadership of Senator Roth and Senator Moynihan to  
23 make this happen.

24 The Chairman. Thank you, Senator Nickles.

25 Next, Senator Hatch, to be followed by Senator

1 Kerrey, Senator Lott, and finally, Senator Graham.  
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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A. U.S. SENATOR  
2 FROM UTAH

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4 Senator Hatch. Well, thank you, Mr. Chairman. I  
5 want to compliment both you and the Ranking Member for  
6 the great leadership you provide for this committee. I  
7 am very proud of the leadership of this committee, and  
8 especially on this issue.

9 The PNTR vote will be one of the most significant  
10 foreign policy votes of this Congress, and perhaps of the  
11 Congress for the next 20 years. I intend to support  
12 PNTR, but I want to caution that this vote is so  
13 important that we cannot afford not to get it right.

14 Finance eschews commingling trade and foreign policy,  
15 but it is unavoidable. This vote is as much about our  
16 national security and foreign policy as it is with trade.

17 At stake are such issues as China's relations with  
18 Taiwan, treatment of dissidents and other human rights  
19 issues, formation of the most fundamental domestic and  
20 international rule of law structures, stability on the  
21 Korean peninsula, and proliferation of nuclear arms, and  
22 the entire matter of regional stability.

23 We have moved to a new plateau in trade policy  
24 development. Whether we like it or not, our trade  
25 policies will increasingly be hybrids. By that, I mean

1 agreements embracing other major foreign policy issues as  
2 well as trade.

3 NAFTA, for instance, was never intended to ignore the  
4 social consequences of developing prosperity at our  
5 southern border. Prosperity stabilizes Mexico's  
6 democracy by giving its people a stake; look at the new  
7 importance that democratic elections have at this very  
8 moment in Mexico.

9 The African trade bill passed just last week is still  
10 another hybrid. There is only a negligible chance in the  
11 near- and mid-term, 5 to 10 years, that the sub-Saharan  
12 African states will become major consumer markets for the  
13 U.S. There are some exceptions, of course, like South  
14 Africa.

15 The reality is, our national strategy toward Africa,  
16 like the Caribbean Basin, is heavily oriented to using  
17 trade as one of our several foreign policy mechanisms for  
18 economic development, economic assistance, and political  
19 and social stabilization.

20 In sum, PNTR promotes internal Chinese reforms,  
21 regional stability, and American national security and  
22 other foreign policy goals through WTO membership, along  
23 with a bilateral trade agreement with China that compels  
24 their country to choose.

25 It must slip into the global mainstream as a

1 responsible and accountable player or it can be held  
2 itself aloof and risk stagnancy, or even diminished  
3 economic growth, and the social and political  
4 consequences that will result.

5 Now, I am very interested in the bipartisan group in  
6 the House, including House Speaker Denny Hastert. They  
7 seem to be supporting parallel legislation that will  
8 create a legislative executive commission to report on  
9 Chinese human rights and other mechanisms to ensure fair  
10 labor practices, ban use of prison labor, and ensure an  
11 annual review of China's compliance, with its WTO  
12 intellectual property and other obligations, something  
13 that I have taken a major interest in as well.

14 It seems to me that the House measure will also lower  
15 the injury threshold that triggers most import  
16 restrictions on products such as steel. Utah benefits  
17 from a good relationship with China; right now it is  
18 about \$26 million annually.

19 But the real boost is going to come in technology,  
20 which is one of Utah's fastest-growing sectors, as  
21 tariffs are eliminated, aiding Utah companies already in  
22 China and those seeking markets there to grow the  
23 country's e-commerce and Internet base.

24 Now, I also appreciate the possibilities for Utahans  
25 and others' agricultural sectors, which will see tariffs

1 on meat products fall between 40 and 80 percent, cherries  
2 and apples by 60 percent, and dairy products by 50  
3 percent.

4 Other dramatic tariff reductions will occur in the  
5 pharmaceuticals, chemical, fertilizer, plastic, steel,  
6 and electronic sectors.

7 So this is something that is extremely important for  
8 our country, extremely important for the United States  
9 Senate and the Congress as a whole, and I for one am very  
10 pleased that we have leaders such as the two of you and  
11 others on this committee who are doing the job on this,  
12 and doing it day in and day out.

13 Thank you, Mr. Chairman.

14 The Chairman. Thank you, Senator Hatch.

15 Now, Senator Kerrey.

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1 OPENING STATEMENT OF HON. J. ROBERT KERREY, A U.S.  
2 SENATOR FROM NEBRASKA

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4 Senator Kerrey. Mr. Chairman, welcome back to the  
5 committee. I hope you will put the name of your doctor  
6 in the public record; he apparently did a good job. It  
7 is nice to have you back. And both you and Senator  
8 Moynihan, thank you for your leadership on this issue.

9 Simply put, I will vote enthusiastically and without  
10 reservation for permanent normal trade status. To me,  
11 the intellectual argument is solidly in favor of a vote  
12 aye, a vote that hopefully will lead to China's accession  
13 into the WTO.

14 As to whether or not it is going to improve our  
15 balance of payments deficit, or whether it is going to  
16 improve human rights, or improve the environment, the  
17 jury is out. The only promise I would make to people in  
18 Nebraska, is that we will have an opportunity to resolve  
19 conflicts in a multinational organization that we  
20 currently do not have. Currently, we have only bilateral  
21 leverage, and oftentimes that produces changes in Chinese  
22 behavior that gives our competitors the opportunity to go  
23 to that market, not us.

24 So the only promise that I will make is that it moves  
25 them into a multinational organization and allows us to

1 file complaints--we have filed most of them, and we have  
2 had the most resolved in our favor--that we currently  
3 cannot do.

4 In that light, Mr. Chairman, I hope that this  
5 committee has the opportunity to have some hearings and  
6 have some discussions, at least, about the WTO itself,  
7 where is it going, what kind of changes could be made to  
8 the WTO.

9 It is a brand-new organization. It has a smaller  
10 number of staff than the World Wildlife Federation. It  
11 is seen as sort of a big bogeyman, but it is a relatively  
12 small and relatively new group.

13 I think it would be very helpful, since more and more  
14 questions involving our jobs and our way of life are  
15 going to be resolved there, if this committee would  
16 perhaps hold some hearings on it.

17 The Chairman. Thank you very much, Senator Kerrey.

18 Now it is my pleasure to call on the Majority Leader,  
19 Senator Lott.

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1 OPENING STATEMENT OF HON. TRENT LOTT, A U.S. SENATOR FROM  
2 MISSISSIPPI

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4 Senator Lott. Thank you very much, Mr. Chairman.

5 I think probably every good thing that could be said  
6 has probably already been said, but I do want to welcome  
7 you back to the chairmanship and thank you and our  
8 Ranking Member for the way you work together and the  
9 great job that you do, and for the leadership that you  
10 have provided on this China permanent normal trade  
11 relations issue.

12 I want to express my gratification for your  
13 persistence and doggedness also on the Africa CBI trade  
14 bill. We talked about it, bragged on each other last  
15 week, but it would not have happened without the  
16 persistence of the two of you.

17 Senator Moynihan, I know you even worked on our  
18 colleagues during lunch on many occasions, and I think it  
19 was a positive step forward. I am glad we made that  
20 accomplishment possible.

21 I think this committee has also done good ground work  
22 with the hearings that have been held examining China's  
23 potential accession to WTO and its bilateral market  
24 access, so I think we have got a good record on which to  
25 vote here.

1           I think this is one of the most important issues we  
2 will consider this year, as has been said by others. It  
3 is not a totally easy vote. China's past behavior  
4 certainly is not what we would like for it to be. Their  
5 record on human rights, religious persecution, and  
6 violation of the way they act on trade agreements, and  
7 nuclear proliferation, I mean, there is a long list of  
8 things that you could say, well, they are not doing the  
9 right thing and could possibly justify a vote against it.

10           But I think you have got to look at the benefits for  
11 this country in terms of economic benefits, foreign  
12 relations, our standard of living, what it will do in  
13 China itself.

14           I think when you look at all the issues, pro and con,  
15 clearly this is in our best interests and we should pass  
16 it out of this committee, and hopefully pass it though  
17 the Senate by an overwhelming vote.

18           I do not think any member's vote should be taken for  
19 granted. I am a little nervous that that is happening,  
20 that all of the focus is on the House and everybody is  
21 assuming everything is just hunkey-dory in the Senate.  
22 There may be a little bit more of a hidden problem out  
23 there than we now recognize.

24           I think, also, China has to demonstrate through its  
25 behavior that it recognizes that this is in their best

1 interests also.

2 I hope that we will keep the bill clean. If we start  
3 loading it up with side issues, that could be a major  
4 problem. I assume this committee is going to keep it  
5 clean, as the Chairman and Ranking Member have asked us  
6 to.

7 As to how we deal with what the House does, I think  
8 we should not jump to conclusions until we see what they  
9 do. Then if there is some side legislation that they  
10 pass, we could look at it and make a decision.

11 But, overall, I think this committee has done a good  
12 job in reaching this point. I certainly will support the  
13 legislation, and I do think that it is in the best  
14 interests of our country to pass this permanent trade  
15 legislation.

16 I thank you, Mr. Chairman.

17 The Chairman. Thank you, Senator Lott.

18 Now we come to the final speaker, shall we say,  
19 Senator Graham.

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1 OPENING STATEMENT OF HON. BOB GRAHAM, A U.S. SENATOR FROM  
2 FLORIDA

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4 Senator Graham. Thank you, Mr. Chairman. I, too,  
5 wish to welcome you back. Congratulations on how well  
6 you look, and the vigor with which you will be leading  
7 this committee for the balance of this session.

8 Mr. Chairman, I had my first visit to China on the  
9 same occasion that you also participated in in March of  
10 last year, and I recall as we were on our final approach  
11 to the Beijing airport, looking down through the smog, at  
12 the enormous spread of people.

13 As far as you could see, all you could see were  
14 people. The thought that came to my mind was, we had  
15 better figure out how we can live in peace with these  
16 people, because there are so many of them.

17 One hundred years ago, the Europeans did not learn  
18 how to live at peace with their neighbors, and the result  
19 was two bloody World Wars. I think we have the  
20 opportunity to avoid that lesson in the 21st century, and  
21 this is certainly one of the countries that poses the  
22 greatest threat of a repetition of armed conflict in this  
23 new century.

24 So I am going to strongly support the legislation  
25 that is before us. I think that foreign policy is not

1 like judicial precedence, where every case has to be  
2 followed based on its consistency with prior cases. This  
3 is politics at its highest level.

4 Sometimes you accomplish your objective through  
5 isolation. I believe that part of the reason that we are  
6 here today is because we did isolate China for such a  
7 long period of time, and the inadequacies of their  
8 insular system became so apparent that the people of  
9 China turned on their socialistic institutions in a move  
10 towards liberalization economically, and we hope, soon,  
11 politically. But today the strategy for China is  
12 engagement, and we will benefit by that engagement.

13 Speaking for my own State, I am particularly pleased  
14 at the opportunities that are going to be available for  
15 expanded trade in agriculture and other areas with China  
16 as a result of the adoption of this permanent normal  
17 trading relations enactment.

18 I would like to ask, Mr. Chairman, if, at the  
19 conclusion of my remarks, I could insert into the record  
20 a statement issued by FACT, which is a group of  
21 agricultural States--New Mexico, Florida, Arizona,  
22 California, and Texas--in support of this legislation and  
23 its positive effects on American agriculture.

24 Thank you.

25 The Chairman. Without objection.

1           [The letter appears in the appendix.]

2           [The prepared statement of Senator Graham appears in  
3 the appendix.]

4           The Chairman.    I believe that brings us to  
5 completion of the opening statements.

6           We are going to have two votes, so I urge everybody  
7 to stay here.  We do have a confirmation that we want to  
8 make sure is completed today as well.

9           But now that all members have had an opportunity to  
10 speak and a quorum is present, I move to report S. 2277  
11 to the Senate.

12          The Clerk will call the roll.  All those in favor  
13 vote aye, those opposed, vote nay.

14          The Clerk.    Mr. Grassley?

15          Senator Grassley.    Aye.

16          The Clerk.    Mr. Hatch?

17          Senator Hatch.    Aye.

18          The Clerk.    Mr. Murkowski?

19          The Chairman.    Aye, by proxy.

20          The Clerk.    Mr. Nickles?

21          Senator Nickles.    Aye.

22          The Clerk.    Mr. Gramm, of Texas?

23          Senator Gramm.    Aye.

24          The Clerk.    Mr. Lott?

25          Senator Lott.    Aye.

1           The Clerk.    Mr. Jeffords?  
2           Senator Jeffords.   No.  
3           The Clerk.    Mr. Mack?  
4           Senator Mack.    Aye.  
5           The Clerk.    Mr. Thompson?  
6           Senator Thompson.   Aye.  
7           The Clerk.    Mr. Coverdell?  
8           Senator Coverdell.   Aye.  
9           The Clerk.    Mr. Moynihan?  
10          Senator Moynihan.   Aye.  
11          The Clerk.    Mr. Baucus?  
12          Senator Baucus.    Aye.  
13          The Clerk.    Mr. Rockefeller?  
14          Senator Rockefeller.   Aye.  
15          The Clerk.    Mr. Breaux?  
16          Senator Breaux.    Aye.  
17          The Clerk.    Mr. Conrad?  
18          Senator Conrad.    Aye.  
19          The Clerk.    Mr. Graham, of Florida?  
20          Senator Graham.    Aye.  
21          The Clerk.    Mr. Bryan?  
22          Senator Bryan.    Aye.  
23          The Clerk.    Mr. Kerrey?  
24          Senator Kerrey.    Aye.  
25          The Clerk.    Mr. Robb?

1 Senator Robb. Aye.

2 The Clerk. Mr. Chairman?

3 The Chairman. Aye.

4 The Clerk. Mr. Chairman, we have 18 ayes and 1 nay.

5 The Chairman. The bill S. 2277 is hereby ordered  
6 reported to the Senate.

7 Let me thank and congratulate each of you for your  
8 excellent statements. I think that this has been a  
9 valued discussion of a very important issue, and I look  
10 forward to working with you as this matter goes to the  
11 floor of the Senate.

12 Now, before we proceed with the nomination of  
13 Michelle Smith to be Assistant Secretary for Public  
14 Affairs at the Department of Treasury, I would like to  
15 report that I have received responses from the majority  
16 of you regarding your views on Medicare reform.

17 I thank you for those who have responded, and  
18 strongly encourage members who have not thus far  
19 submitted their views to do so as quickly as possible.  
20 These should be sent to the Majority Staff Director Frank  
21 Polk in Dirksen 209.

22 As I said in my letter to each of you asking for your  
23 views, it is my intention to hold member meetings soon.  
24 In order to work inclusively, it is necessary to know  
25 what your concerns and priorities are in regards to



1 reforming Medicare.

2 So we will now proceed to the next matter. We have a  
3 quorum present. I now move that the committee favorably  
4 report the nomination--I understand, if you would stay,  
5 Mr. Novick, that Senator Grassley has some questions.

6 Senator Moynihan. We will have a voice vote on  
7 this, sir?

8 The Chairman. Yes, that is correct. We will have a  
9 voice vote on the nomination of Michelle A. Smith to be  
10 Assistant Secretary for Public Affairs at the Department  
11 of Treasury. All in favor, signify by saying aye.

12 [A chorus of ayes]

13 The Chairman. Those opposed, signify by saying nay.

14 [No response]

15 The Chairman. The ayes have it. The nominee is  
16 unanimously ordered reported by voice vote.

17 Senator Jeffords. Mr. Chairman, I ask unanimous  
18 consent that my entire statement on China trade be  
19 inserted in the record.

20 The Chairman. Without objection.

21 [The prepared statement of Senator Jeffords appears  
22 in the appendix.]

23 Senator Rockefeller. As do I, Mr. Chairman.

24 The Chairman. Without objection.

25 [The prepared statement of Senator Rockefeller

1 appears in the appendix.]

2 The Chairman. Again, thank you for your  
3 cooperation.

4 Senator Moynihan. Well done, sir.

5 The Chairman. The committee is in recess.

6 [The prepared statements of Senator Murkowski and  
7 Senator Coverdell appear in the appendix.]

8 [Whereupon, at 11:18 a.m., the meeting was  
9 concluded.]

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**UNITED STATES SENATE  
COMMITTEE ON FINANCE**

**Wednesday, May 17, 2000  
10:00 a.m.  
215 Dirksen Senate Office Building**

**OPEN EXECUTIVE SESSION**

**AGENDA**

- (1) Extension of Permanent Normal Trading Relations to China
- (2) Nomination of Michelle Smith to be Assistant Secretary for Public Affairs at the Department of Treasury

## **Staff Document**

### **Chairman's Proposal**

#### **Termination of the Application of Title IV of the Trade Act of 1974 with Respect to the People's Republic of China**

**Prepared by the Staff of the  
Senate Committee on Finance  
May 12, 2000**

#### *Present law*

At present, the People's Republic of China (China) has a trade status that is subject to the Jackson-Vanik amendment to title IV of the Trade Act of 1974 (P.L. 93-618), the provision of law governing the extension of normal trade relations (NTR) to nonmarket economy countries ineligible for such status as of the enactment of the Trade Act. A country subject to this provision may gain NTR, including NTR tariff treatment, only by satisfying the freedom-of-emigration provisions under the Trade Act and by concluding a bilateral commercial agreement with the United States providing for reciprocal nondiscriminatory treatment. The extension of NTR is also subject to congressional approval. The Trade Act authorizes the President to waive the requirements for full compliance with respect to a particular country if he determines that such a waiver will substantially promote the freedom-of-emigration provisions, and if he has received assurances that the emigration practices of the country will lead substantially to the achievement of those objectives.

#### *Explanation of provision*

This provision would authorize the President to determine that title IV of the Trade Act of 1974 should no longer apply with respect to China, and afterward to proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of China. Prior to making that determination, the President must submit a report to Congress certifying that the terms and conditions for China's accession to the WTO are at least equivalent to those agreed between the United States and China on November 15, 1999. The extension of NTR shall be effective no earlier than the effective date of China's accession to the World Trade Organization. On or after the effective date of the extension of nondiscriminatory treatment to the products of China, the provision legislatively removes application of title IV from that country.

106TH CONGRESS  
2D SESSION

# S. 2277

To terminate the application of title IV of the Trade Act of 1974 with respect to the People's Republic of China.

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IN THE SENATE OF THE UNITED STATES

MARCH 23, 2000

Mr. ROTH (for himself and Mr. MDYNIHAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To terminate the application of title IV of the Trade Act of 1974 with respect to the People's Republic of China.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TERMINATION OF APPLICATION OF TITLE IV**  
4 **OF THE TRADE ACT OF 1974 TO THE PEOPLE'S**  
5 **REPUBLIC OF CHINA (CHINA).**

6 (a) PRESIDENTIAL DETERMINATIONS AND EXTEN-  
7 SION OF NONDISCRIMINATORY TREATMENT. Notwith-  
8 standing any provision of title IV of the Trade Act of 1974  
9 (19 U.S.C. 2431 et seq.), the President may

1 (1) determine that such title should no longer  
2 apply to China; and

3 (2) after making a determination under para-  
4 graph (1) with respect to China, proclaim the exten-  
5 sion of nondiscriminatory treatment (normal trade  
6 relations treatment) to the products of that country.

7 (b) CHINA'S ACCESSION TO THE WORLD TRADE OR-  
8 GANIZATION ("WTO"). Prior to making the determina-  
9 tion provided for in subsection (a)(1) and pursuant to the  
10 provisions of section 122 of the Uruguay Round Agree-  
11 ments Act (19 U.S.C. 3532), the President shall transmit  
12 a report to Congress certifying that the terms and condi-  
13 tions for China's accession to the WTO are at least equiva-  
14 lent to those agreed between the United States and China  
15 on November 15, 1999.

16 **SEC. 2. EFFECTIVE DATES.**

17 (a) The extension of nondiscriminatory treatment  
18 pursuant to section 1(a)(1) shall be effective no earlier  
19 than the effective date of China's accession to the WTO.

20 (b) On and after the effective date under subsection  
21 (a) of the extension of nondiscriminatory treatment to the  
22 products of China, title IV of the Trade Act of 1974 shall  
23 cease to apply to that country.



**Statement by Senator Paul Coverdell**  
**Senate Finance Committee**  
**May 17, 2000**

Mr. Chairman, I commend you for holding this markup today on S.2277, legislation that will make normal trade relations with China permanent when China accedes to the World Trade Organization (WTO).

As has been mentioned repeatedly, this bill does not determine whether China will enter the WTO or not. China will enter the WTO regardless of Congressional action with respect to Permanent Normal Trade Relations (PNTR). But, if Congress does not grant China PNTR status, we cannot reap the full benefits of our November bilateral agreement. I should also mention that, by approving this legislation, we are simply granting to China what has been approved by Congress every year for almost 20 years.

Our November trade agreement, and China's accession to the WTO, is a clear economic win for America as well as for the people of Georgia. China's accession to the WTO requires that nation to make unilateral concessions which will open the world's largest emerging market to American goods and services. The U.S. would simply maintain the market access policies that we already apply to China. The agreement negotiated with the Chinese will provide for lower tariffs and expanded access to the Chinese market, increasing opportunities for our nation's exporters and allowing them to do business on a more level playing field. In the state of Georgia, exports of merchandise to China totaled \$149 million in 1998. I have no doubt that under this agreement, that dollar amount will continue to grow.

Mr. Chairman, expanded trade with China also represents an important component of our overall policy toward this country. Including China in an important international trade organization will help pressure that country toward an expanded free market economy and, in addition, can help promote the openness and accountability of the Chinese regime.

However, trade alone will not bring about democratic change and respect for the rule of law in China. And trade alone will not ensure U.S. national security interests. A trade policy is not a substitute for a strong foreign policy. It is only one component of a policy that should be pushing China to embrace the rule of law and democratic principles. Increased trade with China should not prevent us from pursuing other strategic interests with this country, such as promoting human rights, curbing the proliferation and transfer of nuclear technology, and supporting the continued economic and democratic progress of Taiwan.

While engaging China economically, we must at the same time pursue policies that will contain their recklessly aggressive policies at home and abroad. We must make it clear that China will pay a price, economically and strategically, for pursuing policies that are antithetical to our own interests. Among other things, we should find new avenues in which to address human rights concerns, issues of religious persecution, and the very legitimate national security concerns that

exist. We must draw a firm and clear line in the sand that the U.S. will not simply turn the other way if China continues its ambitious hegemonic designs in the Pacific and continues to proliferate nuclear weapons.

I should also say that I don't believe this legislation will hinder our ability to protect our security interests and promote democratic reform in China. But we must be sure not to place our trade relationships above the need to ensure U.S. national security interests.

Mr. Chairman, thank you again for your leadership on this important matter.

Statement by  
Senator James M. Jeffords  
Senate Finance Committee  
May 17, 2000

The decision on whether to support permanent normal trade relations (PNTR) for China is a difficult one for me. I have supported normal trade relations and earlier, most favored nation status (MFN) for China, in prior years, including the difficult years following the Tiananmen Square uprising. I believed then, and still believe in engagement with the Chinese regime. The presence of American businessmen and U.S. non-governmental organizations in China serves a very useful role in opening up the country to Western

ideas and values, and in providing more political “space” for expression of opinions at odds with official policies.

I have been very disappointed, however, in China’s progress. Ten years after Tiananmen, and after years of patience by the U.S. Government, anxious for an improvement in China’s human rights record, I have seen too little progress. Indeed, the State Department’s latest report on the Chinese human rights record again indicates further deterioration. Change is slow and painful in coming.

I would like to share with the committee a particular case that is close to my heart. I have been

intimately engaged in the case of a Tibetan musicologist who won a highly competitive Fulbright scholarship to study at Middlebury College in 1993. Ngawang Choepel, who spent two years in Vermont and made many friends there, returned to India. He then borrowed a video camera from American friends to record Tibetan song and dance on a visit to China. Choepel's friends and relatives were shocked to learn that this apolitical, gentle young man had been seized by the Chinese police and summarily sentenced to 18 years in prison for espionage.

None of us can understand the reason for this injustice. Whether Beijing wished to send a message to Tibetans who might be tempted to

engage in political activity, or work to preserve Tibetan culture, is not our primary concern. Those who knew Choepel are outraged by the charges and by the lack of due process in the case, as well as by China's refusal to follow its own laws and international commitments. But what bears most directly upon our discussion today is the case of Choepel's mother, Sonam Dekyi, and her request to visit him in prison. Under Chinese law, all prisoners are allowed visits from their immediate family. Ms. Dekyi, a frail, impoverished Tibetan refugee living on the streets of New Delhi, has asked repeatedly to visit her son. Distraught about the fate of her son, she receives virtually no information about his condition, though we have reason to believe that his health is deteriorating. Concerned Vermonters have

provided funds for her travel.

Along with the entire Vermont delegation, I have worked tirelessly on this case for the past four years. I have written letters to Chinese President Jiang, the State Department, and the White House to urge them to work for Choepel's release. I have met twice with the Chinese Ambassador to Washington. I have worked quietly with the National Security Council and with our Embassy in Beijing. At times it seemed that Sonam Dekyi was close to receiving the necessary permissions, but in the end nothing happened.

I know that there are many human rights problems in China and that they cannot be solved

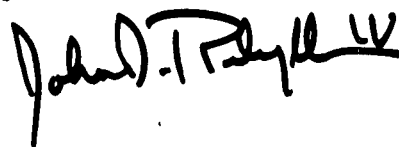
overnight. I am aware of Beijing's internal security concerns, and that the Chinese government is responsible for meeting the growing material expectations of a huge and restless populace. But granting a visa and a prison visit to a distraught mother is neither destabilizing nor disruptive. This is merely allowing her the right she is guaranteed under Chinese law. It is not losing face. It is respecting Chinese law. There is absolutely no reason why she should not be able to visit her son.

And that is the crux of the problem. If China cannot obey its own laws in this case, how can we expect it to follow the far more burdensome rules of the World Trade Organization, which will entail wrenching economic changes and hardship?



We are now being asked to give up our annual review of Chinese compliance with internationally accepted human rights standards and rule of law. Unless I see a resolution of this case, I am reluctant to give up this leverage on the Chinese. I see the Ngawang Choepel case as indicative of whether the Chinese government will abide by the rule of law, both internally and internationally.

Statement of Senator Jay Rockefeller (D-WV)  
Senate Finance Committee  
May 17, 2000



Mr. Chairman:

Many of us have struggled for months to decide what is the right vote on China PNTR --- the right vote for our individual states, the right vote for the Nation. I certainly have, as I have tried to grasp what effect PNTR with China might have on my state of West Virginia.

Over the last few months I've taken some time to listen and to talk with people in my state, to review where we are in West Virginia under the current trading system. I've tried to assess if West Virginia will be helped or disadvantaged if the Congress rejects PNTR. That is what I care about more than anything.

It is well known that West Virginia is a long way from enjoying the full benefits of the economic boom that we hear so much about. Unemployment remains over 6%, stuck stubbornly far above the national average. Our per capita income is \$19,362, 49<sup>th</sup> among the states. Far too many of our working poor require food stamps, and far too many remain uninsured. And while I will fight every day to bring more and better jobs to West Virginia, the fact remains that we are a long way from providing the economic opportunities for the thousands of West Virginians who want to improve their lives, or are just struggling to survive from day to day.

There are many complex reasons that my state lags behind the nation economically. But one significant reason — which I believe with all of my heart and which I can not ignore — is the simple fact that our current international trading system is simply not working for the people of West Virginia. The status quo is not working for West Virginia, neither for its workers nor for its industries.

We are just not being fairly treated under the current rules. Witness the struggle we have faced to protect our critical steel industry. Cheap and illegal imports began flooding the U.S. market in late 1997. A full two years passed before the first trade cases were resolved and the domestic industry got any relief and remedy. In those two years, six steel producers went bankrupt. Thousands were laid off. The impact on those companies, their employees, and the steel communities was devastating. And that is why I introduced fair trade legislation that would give our steel industry a fairer chance to prevent illegal steel dumping in the future. The status quo, our current unfair trade laws, were not working for West Virginia.

We in West Virginia are not being protected by the current trading rules, they are causing us to lose ground, lose jobs, and lose industries. I love my state too much to allow this to continue without fighting in every way I know to make it better. I will not vote to continue the current rules. I will not vote to maintain the status quo.

So I say, Mr. Chairman, the STATUS QUO is not working for West Virginia, and that is why I will vote today to approve Permanent Normal Trade Relations with China.

To be clear, the vote we take today is not about China entering the WTO. Others have said this, but it bears repeating over and over. The American people must understand this: CHINA WILL ENTER THE WTO NO MATTER WHAT THE CONGRESS DOES.

So, the sole question we must answer is, what will the impact be if the Congress rejects PNTR? Has this annual review of our trading relationship with China had the impact we had hoped it would, and what will be the effect of rejecting PNTR on West Virginia and all the United States.

First, as to the impact on China.

I do not accept, indeed, I abhor, the unfair and sometimes inhumane conditions faced by the people of that largest of the world's countries. I have spent a considerable amount of time in that part of the world and I know conditions there are unacceptable. All people who love freedom decry the violations of people's rights in China. As the leader of the free world, America must acknowledge its responsibility to do all in our power to better China's treatment of its people.

At the same time, I cannot say that the Congress's annual review of China has had any significant impact on China — and we are just kidding ourselves if we think denying China PNTR now will improve labor or human rights. The annual PNTR review was supposed to provide us with some leverage to improve the conditions in China. But in reality, it has become mostly a feel-good, rubber stamp process here in the Congress that has no impact. Neither wages nor working conditions nor environmental safeguards have been advanced because we go through the annual charade of PNTR. I wish this were not true; the world experience says it is.

What will improve labor and human rights in China, in my view, is our working to bring China into a world living under law, acting to bring China into a fairer trading system without its restrictive tariffs and other barriers, fighting to force China to deal in the world of nations under fairer rules, not just its own rules. Fighting to make China play by the rules --- that's a fight I'm willing to make!

So I turn then to my second question: Will our country and my state be disadvantaged if we reject PNTR?

To that there is only one answer — I am convinced we, my state, my country, will be harmed if PNTR is rejected. No one else.

Remember, China will enter the WTO no matter how the Congress votes on PNTR. When that happens, and if we reject PNTR, all other WTO nations will have the upper hand, and all of our trading partners will benefit from lower tariffs and greater access to the world's largest

market. Other nations will have all of the advantages in doing business there. Our workers, our industries, our farmers — all will have lost this new opportunity to gain fairer access to the largest of the world's untapped economies. Why would we want to squander that opportunity?

Rejecting PNTR means we lose — America loses — the many important concessions that were won last year in our government's negotiations with China. All will be lost, including unprecedented concessions that will give U.S. industries the upper hand in cases where the fairness of China's trading practices is in question. The bilateral agreement provides a twelve year product specific safeguard which ensures that the U.S. can take action on China if imports from that country cause market disruptions here in America. China has also agreed to grant U.S. industries the right to apply non-market methodology in anti-dumping cases for the next 15 years. This is a major boon for U.S. industries suffering from injury caused by unfair and illegal imports. China makes other concessions as well, which make it easier for businesses in this country to prove countervailing duty cases against China.

These provisions improve the status quo. They are stronger than our current unfair trade laws. Under the new agreement, China will finally be required to greatly lower its barriers to our trade there. China makes all the concessions. We have nothing to gain — and everything to lose --- by rejecting PNTR.

Mr. Chairman, of course we need to be vigilant and tough with China as we take advantage of this new economic opportunity. I realize all too well that China has generally gone about its trading business however it saw fit, doing whatever it wanted and barring most competition. That cannot continue, and that is exactly why I believe we must bring China into and under the scrutiny of the WTO. We must make China play by a fairer set of rules, which means bringing them into a trading system governed by rules that we have helped create. And rules that we can enforce.

Mr. Chairman, this is an opportunity for America that I am willing to fight for.

# United States Senate

WASHINGTON, DC 20510-0903

**Opening Statement of U.S. Senator Bob Graham  
for Finance Committee mark up of S. 2277,  
Legislation Extending Permanent Normal Trading Relations to China  
May 17, 2000, 10:00AM**

Mr. Chairman, I strongly support the extension of permanent normal trade relations with the People's Republic of China. As we enter the new millennium, I can think of no better way to demonstrate America's leadership in the global economy than by advancing and expanding our trade and investment policies with the world's most populous nation.

At the outset, I would like to recognize the enormous cooperative efforts of the President, the agriculture community, and many segments of the business community in supporting this measure. Given our recent stagnation in the advancement of trade policy, particularly with regard to the lack of Fast-Track trade negotiation authority, their joint efforts to pass this important legislation—as well as the recent passage of the Africa/CBI Trade Bill—have once again demonstrated the United States' strong commitment to the principles of free and fair trade.

Let me first describe, in very simple terms, the substance of this legislation. By granting China PNTR status, we will fulfill our commitments under the World Trade Organization (WTO), and—once China becomes a WTO member—we will be able to take advantage of the special concessions which were obtained in the bilateral agreement negotiated by the Administration.

However, if we fail to grant China PNTR status, and China is granted membership in the WTO, every other WTO member country in the world will be able to take advantage of the range of benefits that we negotiated for ourselves, EXCEPT US.

With that brief description in mind, it is important to clearly outline the issues that will not be affected by this vote:

First, we are not voting on whether or not we agree with, like, or trust the Chinese Communist government. We are simply voting on a change—and in my view, an enhancement—to our 21 year-old economic relationship with China.

Second, we are not voting on whether or not to allow China to enter the WTO; this will take place regardless of what action the Senate takes on permanent NTR status.

Third, we are not voting on the bilateral WTO-accession agreement between China and the U.S. That agreement has been signed and will not be changed or renegotiated.

With the final passage of this legislation, and China's accession to the WTO, the United States stands to reap enormous benefits. My home state of Florida provides many excellent examples of this potential windfall.

**In 1998, China was Florida's 11<sup>th</sup> largest export market. Under the negotiated accession agreement, China will reduce tariffs on fresh citrus by 70% (from 40% to 12%), on vegetables by up to 60%, and on poultry by 50% (from 20% to 10%).**

**In addition, China will substantially reduce tariffs on value-added wood products, and will eliminate tariffs on a wide variety of information technology products and civil aircraft materials, all of which are important industries in Florida.**

**China's accession to the WTO promises enormous benefits for U.S. agriculture. Under the bilateral accession agreement, China has committed to: (1) eliminate export subsidies; (2) improve market access by significantly cutting tariffs and establishing a tariff-rate quota system for imports of bulk commodities; (3) provide the right to import and distribute products without going through state-trading enterprises; (4) eliminate sanitary and phytosanitary trade barriers not based on sound science; and (5) cap and reduce trade-distorting domestic supports.**

**USDA estimates that by 2005, the negotiated bilateral agreement could grow U.S. agricultural exports to \$2 billion annually due to tariff reductions in poultry, pork, beef, citrus, other fruits, vegetables, tree nuts, and forest and fish products.**

We must ask ourselves, what will happen if we grant China Permanent NTR status. Remember that China will become a WTO member whether or not we grant PNTR, and they will be required to live up to the commitments of all of the bilateral agreements that they have signed as preconditions to their admittance to the WTO.

By refusing to grant China PNTR status, we only deny benefits to ourselves. In fact, if we fail to give them PNTR status, every other WTO member country in the world will be able to take advantage of the benefits that we negotiated for ourselves, EXCEPT US.

Opposing this measure does not deny anything to China, but it will put all of U.S. industry at a severe disadvantage in relation to our competitors around the world. Furthermore, China will enjoy all of the benefits of WTO membership, and they will still have the same access to the U.S. market that they have had for the past 21 years.

Like many Americans, I have been concerned about China's compliance with trade agreements. In the past, it has taken intensive work to ensure that the Chinese fully comply to the provisions of trade agreements that we have negotiated with them. I am sure that compliance will continue to be an issue that will require close monitoring and considerable effort.

**It is important to note that thus far, China has lived up to the concessions the U.S. gained as a result of the April 1999 Agricultural Cooperation Agreement. For the first time in over two decades, the Chinese have opened their market to wheat from the Pacific Northwest, and has already purchased 50,000 metric tons this product. And in an important breakthrough for the Florida citrus industry, the first shipment of fresh citrus from Florida was shipped to China during the last week in March.**

Mr. Chairman, the historical importance and gravity of this vote cannot be overstated. We stand on the threshold of a new and substantially improved economic relationship with the People's Republic of China. By approving this measure, we will re-affirm the leadership of the U.S. in matters of trade and global economic expansion.

**New Mexico • Florida • Arizona • California • Texas**

1220 "N" Street, Suite 409, Sacramento, California 95814

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**N**  
New Mexico  
Dept. of Agriculture  
Frank A. DuBois, Secretary  
MSC 3189, Box 30005  
Las Cruces, NM 88003-8005  
Telephone: (505) 646-3007  
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May 15, 2000

The Honorable Bob Graham, Senator  
United States Senate  
SH-524 Hart Senate Office Building  
Washington, D.C. 20510-0903

**F**  
Florida  
Dept. of Agriculture  
and Consumer Affairs  
Bob Crawford, Commissioner  
The Capitol PL 10  
Tallahassee, FL 32399-0810  
Telephone: (850) 488-3022  
Facsimile: (850) 488-7585  
[crawfob@doacs.state.fl.us](mailto:crawfob@doacs.state.fl.us)

Dear Senator Graham:

We are writing to you about an issue critical to the agricultural industries of our collective states. You and your colleagues in the U.S. Senate and House of Representatives will soon have an opportunity to vote on permanent normal trade relations (PNTR) for China. This vote is required to secure unprecedented access to China's markets for American agriculture as part of the U.S.-China bilateral World Trade Organization (WTO) accession agreement.

**A**  
Arizona  
Dept. of Agriculture  
Sheldon R. Jones, Director  
1688 West Adams  
Phoenix, AZ 85007  
Telephone: (602) 542-0998  
Facsimile: (602) 542-5420  
[sjones@agrie.state.az.us](mailto:sjones@agrie.state.az.us)

China is by far the world's largest and most important emerging market. Unlike most other trade agreements that require both sides to make concessions, China must unilaterally open its markets as the price of its admission to the WTO. China has agreed to significantly reduce tariffs, remove sanitary and phytosanitary barriers, and introduce other measures that will greatly increase market access for U.S. agricultural products and services. Furthermore, accession to the WTO means that China must comply with the enforceable rules of the international trading system. Any bilateral trade disagreement will be subject to the WTO's dispute resolution mechanism. In order to reap the benefits of China's unilateral concessions, the United State must only grant China PNTR – something all WTO members must extend to each other as a condition of membership in the organization.

**C**  
California  
Dept. of Food and Agriculture  
William (Bill) J. Lyons, Jr.  
Secretary  
1220 N Street, Suite 409  
Sacramento, CA 95814  
Telephone: (916) 654-0433  
Facsimile: (916) 653-4723  
[sheswing@cdfa.ca.gov](mailto:sheswing@cdfa.ca.gov)

Our specialty crop and livestock industries rely on international trade and expansion of markets for our goods and services. We believe that China's entry into the WTO would be extremely positive for the NFACT states. We strongly urge you to vote in favor of PNTR status for China.

**T**  
Texas  
Dept. of Agriculture  
Susan Combs, Commissioner  
Capitol Station  
P.O. Box 12847  
Telephone: (512) 463-7476  
Facsimile: (512) 463-1104  
[scombs@agr.state.tx.us](mailto:scombs@agr.state.tx.us)



The Honorable Bob Graham  
May 15, 2000  
Page 2

Thank you for your careful consideration and attention to this matter. If you or your staff has questions, please contact us at our respective state departments of agriculture or at (916) 654-0433.

Sincerely,



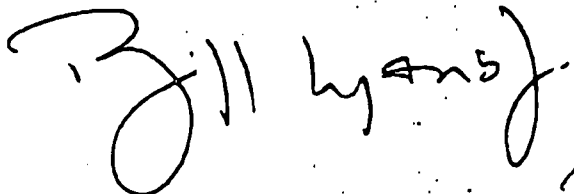
Frank DuBois  
Secretary  
New Mexico



Bob Crawford  
Commissioner  
Florida



Sheldon R. Jones  
Director  
Arizona



William (Bill) J. Lyons, Jr.  
Secretary  
California



Susan Combs  
Commissioner  
Texas

cc: NFACT Congressional Delegation

VA

# United States Senate

WASHINGTON, DC 20510-2602

INTERNET:  
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<http://www.senate.gov/~baucus>

Senator Max Baucus  
Hearing to Mark Up a Bill to Grant Permanent  
Normal Trade Relations (PNTR) Status to China  
Senate Finance Committee  
May 17, 2000

Today's mark up in the Finance Committee is the first formal step in the process of Congressional approval of extending to China Permanent Normal Trade Relations status, PNTR. I have always believed that it was a vital national interest of the United States to incorporate China into the world community. That is why I worked so hard every year over the last decade to ensure the annual extension of MFN status to China without conditions.

With today's vote in the Finance Committee, which I expect to be overwhelming in its support of PNTR, we will be closer to the end of this process of annual debates on MFN which has served no one. This afternoon, the House Ways and Means Committee will follow the Finance Committee with its own mark up. Next week, the House will vote, and that will be followed quickly in early June by the Senate. I encourage all supporters of PNTR to continue their work in convincing those House members who are still undecided just how important PNTR is to America. I am convinced that when the full House votes, a majority will support PNTR, and we will follow suit on the Senate floor.

The benefits on the trade side are unarguable. China has committed to an unprecedented opening of its markets to American and other foreign agricultural products, manufactured goods, and services. We must grant China PNTR in order to take advantage of this opening. If we don't, then our Japanese and European competitors will be active in China's market, while American farmers, ranchers, workers, and businesses will be left behind.

Much of the argument against granting China PNTR focuses on non-trade issues. Opponents have two major themes. One is that, by granting PNTR, we will no longer have the annual NTR debate and, therefore, our leverage to influence Chinese behavior in non-trade areas will disappear. Another theme, perhaps less clearly articulated, but underlying many arguments, is simply that China is a bad actor on the world scene and a vote against PNTR says that the US rejects China's behavior.

I would like to focus on how we can help influence change in China, that is, how we can promote change for the good in China's domestic and regional behavior. Let me briefly address four issues, and do so in a very pragmatic way.

First, human rights. Many Americans have toiled for years to improve human rights conditions in China. Our nation was founded on certain principles about basic human rights, and those Americans who have worked so hard to promote these principles in China deserve the gratitude

of our nation. John Kamm, who runs the Dui Hua Foundation, has probably been the single most effective American in promoting the release of political prisoners, garnering invitations to China by human rights groups, and uncovering the names of previously unknown prisoners. In testimony before the House Ways and Means Committee two weeks ago, John said that "one of the worst things this country could do regarding human rights in China would be to terminate or curtail trade relations."

Those who oppose PNTR have an obligation to explain to the Congress and to the American people precisely how the rejection of PNTR will help John Kamm in his efforts to promote improved human rights in China, account for political prisoners, and free political and religious prisoners. I have seen no such explanation.

Second, democracy. It would be hard to find anyone more committed to democratic principles than Martin Lee, head of the Democratic Party of Hong Kong. Lee was recently in Washington speaking in favor of PNTR as a way to bolster those in China who understand the need to embrace the rule of law.

Those who oppose PNTR have an obligation to explain to the Congress and to the American people precisely how the rejection of PNTR will help Martin Lee in his efforts to promote respect for democratic principles and democracy in Hong Kong and China. I have seen no such explanation.

Third, labor. Leonard Woodcock spent decades as a labor organizer, fighting for the rights of American workers and for workers throughout the world. His experience as President of the United Auto Workers and, later, as the U.S. Ambassador to China, makes him unique in understanding how China's entry into the world trading system will affect both American and Chinese workers. Woodcock believes that PNTR and improved access by American firms to China will eventually improve conditions for Chinese workers. And he argues persuasively that American workers will benefit both from the strengthened protection against surges in imports from China, as well as China's increased openness to US exports.

Those who oppose PNTR have an obligation to explain to the Congress and to the American people precisely how the rejection of PNTR will help promote respect for core internationally recognized worker rights and how the rejection of PNTR will help American workers. I have seen no such explanation.

Fourth, Taiwan, one of the three potential flashpoints in Asia, along with the Korean Peninsula and the Indo-Pakistani border. There are few people in the world who want to see peace and stability across the Taiwan Strait more than President-elect Chen Shui-bian. Chen has said that "We would welcome the normalization of US-China trade relations." He recognizes that PNTR is the sine qua non for a US-Taiwan-PRC trilateral relationship that will help ensure peace and stability in the region and prosperity and democracy in Taiwan.

Those who oppose PNTR have an obligation to explain to the Congress and to the American public precisely how the rejection of PNTR will help Chen Shui-bian attain these goals, all of which we share. I have seen no such explanation.

There is one area in our trade relationship with China that troubles me, and that is compliance with trade agreements. Frankly, the challenge in ensuring that China complies with its commitments is part of a much larger problem. Our trade agencies negotiate agreements, generally good agreements. But, when it comes time to enforce them, an interagency process takes over. Foreign policy interests then often overpower economic interests. The result is minimalist efforts at enforcement.

The American Chamber of Commerce in Japan has pointed out how ineffective the US-Japan trade agreements of the last twenty years have been. The General Accounting Office has told us there is no central repository for trade agreements. How can we be sure monitoring and compliance is effective if our Executive Branch does not know what agreements to monitor? We in the Congress need to address the problem of utterly inadequate enforcement of trade agreements. This is a priority of mine.

Part of the challenge is that we seem to have forgotten that Congress has a Constitutional responsibility for trade. We have delegated too much of that authority to the Executive Branch, and it is time to bring some of it back here. There is a case before the Supreme Court, *Browner v. American Trucking Association*, which deals with the issue of whether the Congress has violated the Constitution by over-delegating power to the Executive. No matter what the Court decides in this environmental case, we must address the over-delegation issue in the context of trade policy and, in particular, trade agreement compliance.

In this vein, I support the proposal put together by Congressmen Sandy Levin and Doug Bereuter. They propose a joint Congressional-Executive Commission to monitor human rights in China, much like the Helsinki Commission did for the Soviet Union and Soviet-dominated Eastern Europe a quarter of a century ago. Their proposal also requires beefed up monitoring by the Administration, incorporation into US law of agreed changes to the product-specific safeguard with China, a task force to deal with the prohibition on imports produced by forced or prison labor, and help in developing the legal infrastructure to comply with WTO commitments.

Yesterday, Senator Hatch and I sent a letter to all our Senate colleagues, encouraging them to support the Levin/Bereuter proposal when it comes up in the Senate. It deserves the support of all of us, and I congratulate them for their work on these ideas.

In addition to these ideas, I have proposed several other monitoring activities. The General Accounting Office would annually survey American companies doing business with China and report the results directly to Congress. The one thousand private sector members of our trade advisory committees would act on their responsibility to provide information about compliance with trade agreements. Without good information, we cannot make good decisions. I hope

members of this Committee will join in supporting these requests to the GAO, the Secretary of Commerce, and the U. S. Trade Representative.

To conclude, granting China PNTR is a good decision for the United States. It does not prevent us from pursuing issues of vital importance to our country, such as objectionable Chinese policies on human rights, weapons proliferation, Taiwan, Tibet, religious minorities. It gives up no leverage, since that leverage was never there in the first place. Rejection of PNTR would undercut the reform elements in China, empowering reactionary forces that would slow down and, perhaps, reverse change in China. I urge my colleagues to support PNTR for China.



**STATEMENT BY SENATOR FRANK MURKOWSKI**  
**FINANCE COMMITTEE MARK-UP OF S. 2277**  
May 17, 2000

Mr. Charman, at long last, we are voting on an issue on which many of us would have been pleased to vote over a year ago, when Chinese Premier Zhu Rongji offered a trade deal which in many respects was superior to that on which we vote today. That said, I am pleased to finally have the opportunity to formally endorse the bi-lateral trade agreement on China's accession to the World Trade Organization which was ultimately worked out by Ambassador Charlene Barshefsky and her able team at USTR.

In many ways, the critical test of whether Permanent Normal Trade Relations with China is successful as a policy is not simply whether U.S. exports more beef to Beijing, shaving cream to Shanghai or Grapefruits to Guangzhou. The critical issue is whether China, unlike some of our other trading partners in the past, will stand solidly behind this agreement.

The prospects for Chinese compliance with this agreement are greatly enhanced by the fact that accession to the WTO demands adherence to a uniform set of rules. China will not, after joining the WTO, be able to play one trading partner off another. China will not,

after joining the WTO, be able to use trade as a tool of either political favor or punishment.

China, like many of our trading partners, has been vocal in expressing its commitment to trade liberalization. However, mere lip service paid to open markets will not take the place of true market reform. We have seen in the past that the economies of those who have committed in theory to reform, but have clung to protectionism in practice, have not fared as well as those who have embraced true liberalization.

The temptation to maintain the ways of the past is great, as is the political pressure of those who fear change. So it will be in China. As this agreement proceeds, and as China joins the WTO, we must take great care that such voices of stagnation do not drown out the voices of progress. We must be vigilant that China, as well as other of our trading partners, complies with the letter and spirit of their commitments.

**SENATE FINANCE COMMITTEE  
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

The Committee requests the nominee provide the following information in a single written statement by typing each question in full followed by the nominee's response. Please provide **three** copies of your typed statement to Jane Butterfield, Chief Clerk, 219 Dirksen Senate Office Building, Washington, D.C. 20510.

**A. BIOGRAPHICAL INFORMATION**

1. Name: Elizabeth Michelle Andrews; Elizabeth Michelle Andrews Smith
2. Position to which nominated: Assistant Secretary of the Treasury for Public Affairs
3. Date of nomination:
4. Address: (List current residence, office, and mailing addresses.)

Home Address:  
6416 Carolyn Drive  
Falls Church, Virginia 22044  
(703) 532-6572

Office Address: Ofc of the DAS/Public Affairs  
Department of the Treasury  
1500 Pennsylvania Avenue, NW #3442  
Washington, DC 20220  
(202) 622-2920

5. Date and place of birth: December 9, 1968; Dallas, TX
6. Marital status: Married 01/25/92; Robert Blake Smith
7. Names and ages of children: Daughter, Madeleine Blake Smith 9/10/97
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

High School: Tyler Street Christian Academy -- Diploma 1986  
College: Baylor University -- B.A. Journalism/ Business 1990  
Graduate: Baylor University -- Master's of International Journalism 1991  
Additional: Monterrey Institute of Technology (Monterrey, Mexico) Fall, 1991



9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work; and dates of employment.)

From August 1998 to the present, I have served as Deputy Assistant Secretary of the Treasury Department for Public Affairs. In this capacity I have been responsible for all media relations for then-Deputy Secretary and now current Treasury Secretary Summers. I have advised the Secretary and other senior Treasury officials on long-range and daily press issues. I have coordinated with the White House Press Office, the National Economic Council, other Cabinet agencies and Treasury 11 bureaus and managed a staff of 20. I served as director of Treasury's Office of Public Affairs from 1997-1998, and as deputy director of the Office from 1994-1997. I was a press officer, responsible for international and other press issues from 1993-1994 in that office.

Prior to joining Treasury, I served in 1992 as deputy press secretary for Senator Lloyd Bentsen (D-TX).

I held several part-time professional jobs during college and graduate school. I was a graduate assistant in the Baylor University Journalism Department in 1991, and also worked as a public relations assistant in the Office of the Vice President for Communications. I was an editorial assistant for Dentist and RDH magazines at Stevens Publishing Corp. in Waco, Texas, from 1989-1990. (Detailed resume attached.)

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

None.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

None.

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Member of Columbia Baptist Church. (From 1992)  
Member of Kappa Delta Sorority. (Beginning 1987)

13. Political affiliations and activities: Democrat

a. List all public offices for which you have been a candidate.

None.

b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

None

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

I was awarded a full scholarship plus a stipend for graduate studies in international journalism at Baylor University (Waco, Texas) in 1990.

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

None.

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)

None.

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

My background and work experience have well-qualified me to assume the responsibilities of Assistant Secretary (Public Affairs) at the Treasury Department. From August 1998 to the present, I have served as Deputy Assistant Secretary of the Treasury Department for Public Affairs. In this capacity I have been responsible for all media relations for then-Deputy

Secretary and now current Treasury Secretary Summers. I have advised the Secretary and other senior Treasury officials on long-range and daily press issues. I have coordinated with the White House press office, the National Economic Council, other Cabinet agencies and Treasury 11 bureaus and managed a staff of 20. I served as director of Treasury's Office of Public Affairs from 1997-1998, and as deputy director of the Office from 1994-1997. I was a press officer, responsible for international and other press issues from 1993-1994 in that Office. Prior to joining Treasury, I served in 1992 as deputy press secretary for Senator Lloyd Bentsen (D-TX.) I held several part-time professional jobs during college and graduate school. I was a graduate assistant in the Baylor University Journalism Department in 1991, and also worked as a public relations assistant in the Office of the Vice President for Communications. I was an editorial assistant for Dentist and RDH magazines at Stevens Publishing Corp. in Waco, Texas, from 1989-1990.

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

If confirmed, I will continue to be an employee of the Treasury Department.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

No.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

No.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes.

**C. POTENTIAL CONFLICTS OF INTEREST**

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

None.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)

I am unaware that any of my responses to the items in this questionnaire raises conflict of interest concerns. However, following my appointment as Assistant Secretary, should I become aware of the potential for a conflict to arise in connection with the performance of my official duties, I will promptly consult with Treasury's ethics counsel.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

**D. LEGAL AND OTHER MATTERS**

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

**E. TESTIFYING BEFORE CONGRESS**

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.