

EXECUTIVE SESSION

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TUESDAY, DECEMBER 18, 1979

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United States Senate,
Committee on Finance,
Washington, D. C.

The Committee met, pursuant to notice, at 2:10 p.m. in room S-206, The Capitol, Hon. Russell B. Long, Chairman of the Committee, presiding.

Present: Senators Long, Ribicoff, Gravel, Matsunaga, Moynihan, Packwood, Roth, Danforth, Chafee and Heinz.

The Chairman. I think we are adequately represented here today.

Abe, tell us what this thing is all about?

Senator Ribicoff: Gentlemen, we have before us the necessity to approve the trade agreement between the United States and the People's Republic of China. Under the Trade Act of 1974 to become effective, it becomes affirmative, a concurrent resolution approving the agreement passed by both houses.

The Committee has 45 working days while the Senate is in session to consider the approval of the resolution. If we do not approve it within the 45 days, then we are automatically discharged. I do not like to see the Finance Committee put in

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1 that position, and not having taken action.

2 With the calendar running out, as it is, and Senator Byrd
3 talking about pro forma sessions, the 45 days will probably run
4 out in early January, when the Senate is in recess.
5 Consequently, I thought that the Committee should take this up
6 to see if it wants to vote a favorably report.

7 Are there not 15 legislative days after we return for the
8 Senate to take action?

9 Mr. Foster: That is right. Fifteen days after the Senate
10 is in session.

11 Senator Ribicoff: Mr. Chairman, we held a hearing well
12 attended, especially as it had to do with the Jackson-Vanik
13 amendment. We were somewhat dissatisfied with the information
14 that Secretary Christopher had given to the Committee. We
15 asked him to come back again to give us more information about
16 what the understandings and agreements were between the United
17 States and the People's Republic of China.

18 That meeting was well-attended by members of the
19 Committee. Of course, you have a closed society there. There
20 is so much you do not know about what is going on in China, but
21 my personal feeling is that, in America's overall interest, it
22 behooves us to vote for this agreement, that the United States
23 runs third in the amount of business it does with the People's
24 Republic of China. It is anticipated that there will be more
25 business done. However, we have to recognized the fact that

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1 the People's Republic of China is woefully capital short and
2 their only hope to do a substantial amount of business is to
3 bring in oil.

4 There is a great exploration of oil going on offshore in
5 China. Many American companies are involved. It is my
6 recommendation that we vote in favor of this proposal.

7 The Chairman: Any objection?

8 Any further discussion?

9 Yes, sir.

10 Senator Gravel: I have one question. Was there
11 consideration given to the inequity that exists between two
12 major Communist nations of the world, that by giving most
13 favored nation status to China, of course we have been denying
14 it, invoking the Jackson-Vanik amendment on the Soviet Union.
15 Is this going to cause problems?

16 Senator Ribicoff: Yes, it will. I think this is a
17 problem I brought out in the questioning.

18 I personally feel that the Soviet Union should get MFN as
19 well as China, but with the heated atmosphere between the
20 United States and China on many issues, with questions still on
21 emigration, the problems of SALT, the administration was
22 unwilling to take this up. They did not figure the atmosphere
23 was ripe to bring it up at the present time.

24 Senator Gravel: Do they feel it would be desirable to
25 approve them both at the same time?

1 Senator Ribicoff: No, I do not think so. I think that
2 they would have liked to have this done. My personal
3 preference would have been to have had it done.

4 However, the fact that we do not do it with the Soviet
5 Union, my personal feeling is that we do have a developing
6 relationship with the People's Republic of China and that we
7 should put this through and not just wait until we are able to
8 act on the Soviet Union.

9 The Chairman: Yes, sir?

10 Senator Moynihan: Mr. Chairman, I would like to support
11 Senator Ribicoff in this matter and make the point that is
12 perhaps relevant.

13 By the standards of the present law, the PRC is not
14 egregiously notoriously in violation. If it were not for the
15 case of the Soviet Union, we probably would not be particularly
16 troubled in the least by the evidence we have, such as this,
17 about the PRC.

18 The case has to stand on its own. We have no illusions
19 about the extent of freedoms in that society, but they have
20 done one thing which is really of palpable value to the United
21 States, that they appear to have opened Chinese borders to
22 visits from American citizens of Chinese ancestry, that
23 apparently now there is free access.

24 That, in ways is a more important aspect of American
25 interests in these matters.

1 Under the circumstances, I think Senator Ribicoff has made
2 the wise judgment, and I certainly support him.

3 Senator Matsunaga: Mr. Chairman?

4 The Chairman: Senator Matsunaga?

5 Senator Matsunaga: Abe, how will this affect our
6 relations with Taiwan?

7 Senator Ribicoff: Well, I would assume that the
8 Taiwanese have reconciled themselves that we are going to have
9 full relations with the People's Republic. As far as Taiwan is
10 concerned, Taiwan is today probably one of the biggest
11 exporters to the United States. The balance of trade is
12 favorable.

13 I do not see how you can establish the type of overall
14 relations with the People's Republic of China, a nation that
15 huge and that large, and still fail to grant them MFN.

16 It is a Communist country. The freedom of emigration of
17 Jackson-Vanik -- I would say their emigration to the United
18 States has increased substantially in the year. It will
19 increase more, but under American emigration policy, which has
20 stopped issuing visas, there are about 5,000 Chinese waiting to
21 get into the United States who have emigration visas but under
22 American laws, we have are 5,000 short.

23 So they have satisfied the Jackson-Vanik requirements on
24 emigration.

25 My feeling is that I think we've made that step in this

1 country with the relationship with the People's Republic of
2 China, I think, and the type of world we have, that is
3 worthwhile developing and a failure to grant them MFN would be
4 a fantastic blow and a repudiation of what we have been trying
5 to achieve.

6 The Chairman: Is there further discussion?

7 All in favor, say aye.

8 (A chorus of ayes)

9 The Chairman: Opposed?

10 (No response)

11 The Chairman: The ayes have it.

12 That takes care of that.

13 (Thereupon, at 2:15 p.m. the Committee recessed, to
14 reconvene at the call of the Chair.)

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