AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

GRANTING PERMANENT NORMAL TRADE RELATIONS (PNTR) STATUS TO CHINA: IS IT IN THE U.S. NATIONAL INTEREST?

HEARING

BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

WEDNESDAY, MAY 10, 2000

Serial No. 106–143

Printed for the use of the Committee on International Relations

Available via the World Wide Web: http://www.house.gov/international_relations

U.S. GOVERNMENT PRINTING OFFICE
66–818 CC WASHINGTON : 2000

COMMITTEE ON INTERNATIONAL RELATIONS

BENJAMIN A. GILMAN, New York, *Chairman*

WILLIAM F. GOODLING, Pennsylvania
JAMES A. LEACH, Iowa
HENRY J. HYDE, Illinois
DOUG BEREUTER, Nebraska
CHRISTOPHER H. SMITH, New Jersey
DAN BURTON, Indiana
ELTON GALLEGLY, California
ILEANA ROS-LEHTINEN, Florida
CASS BALLENGER, North Carolina
DANA ROHRABACHER, California
DONALD A. MANZULLO, Illinois
EDWARD R. ROYCE, California
PETER T. KING, New York
STEVE CHABOT, Ohio
MARSHALL "MARK" SANFORD, South Carolina
MATT SALMON, Arizona
AMO HOUGHTON, New York
TOM CAMPBELL, California
JOHN M. MCHUGH, New York
KEVIN BRADY, Texas
RICHARD BURR, North Carolina
PAUL E. GILLMOR, Ohio
GEORGE RADANOVICH, California
JOHN COOKSEY, Louisiana
THOMAS G. TANCREDO, Colorado

SAM GEJDENSON, Connecticut
TOM LANTOS, California
HOWARD L. BERMAN, California
GARY L. ACKERMAN, New York
ENI F.H. FALEOMAVAEGA, American Samoa
MATTHEW G. MARTINEZ, California
DONALD M. PAYNE, New Jersey
ROBERT MENENDEZ, New Jersey
SHERROD BROWN, Ohio
CYNTHIA A. MCKINNEY, Georgia
ALCEE L. HASTINGS, Florida
PAT DANNER, Missouri
EARL F. HILLIARD, Alabama
BRAD SHERMAN, California
ROBERT WEXLER, Florida
STEVEN R. ROTHMAN, New Jersey
JIM DAVIS, Florida
EARL POMEROY, North Dakota
WILLIAM D. DELAHUNT, Massachusetts
GREGORY W. MEEKS, New York
BARBARA LEE, California
JOSEPH CROWLEY, New York
JOSEPH M. HOEFFEL, Pennsylvania

RICHARD J. GARON, *Chief of Staff*
KATHLEEN BERTELSEN MOAZED, *Democratic Chief of Staff*
FRANCIS C. RECORD, *Senior Professional Staff Member*
MARILYN C. OWEN, *Staff Associate*

CONTENTS

WITNESSES

	Page
The Honorable Christopher Cox, a Representative in Congress from California	9
The Honorable Sander M. Levin, a Representative in Congress from Michigan	12
Wei Jingsheng, Former Prisoner of Conscience in China, Chinese Democracy Activist	30
Sandra J. Kristoff, Senior Vice President, New York Life International, Inc.	31
Mike Jendzejczyk, Washington Director, Human Rights Watch/Asia	33
Nicholas D. Giordano, International Trade Counsel, National Pork Producers Council, and on behalf of the National Association of Wheat Growers	35
Steve T. McFarland, Executive Director, U.S. Commission for International Religious Freedom	52
Rev. Daniel B. Su, Special Assistant to the President, China Outreach Ministries, Inc.	54

APPENDIX

Prepared Members' Statements:

The Honorable Benjamin A. Gilman, a Representative in Congress from New York and Chairman, Committee on International Relations	70
The Honorable Christopher Cox	73
The Honorable Sander M. Levin	76

Prepared Witness Statements:

Wei Jingsheng, Wei Jingsheng Foundation	80
Sandra J. Kristoff	82
Mike Jendrzejczyk	86
Nicholas D. Giordano	95
Steve T. McFarland	105
Rev. Daniel B. Su	113

Additional materials submitted for the record:

Testimony of The China/U.S. Trade Agreement on behalf of the National Association of Wheat Growers, Wheat Export Trade Education Committee and U.S. Wheat Associates (Exhibit A)	115
Statement of Paul J. Cassingham, President, American Chamber of Commerce in Taipei (Exhibit B)	119
Letter to Paul Cassingham from Chen Shui-Bian, President-Elect, Republic of China, dated May 4, 2000 (Exhibit C)	121
Letter from James P. Hoffa, General President, International Brotherhood of Teamsters, dated May 23, 2000 (Exhibit D)	122

GRANTING PERMANENT NORMAL TRADE RELATIONS (PNTR) STATUS TO CHINA: IS IT IN THE U.S. NATIONAL INTEREST?

Wednesday, May 10, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C.

The Committee met, pursuant to notice, at 10 a.m. in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The Committee will come to order. I am very pleased to welcome you to our hearing this morning on Chinese accession to the World Trade Organization and the related legislation extending trade relations to China on a permanent basis. Certainly I don't have to remind my colleagues this will be one of the most important trade votes in our 106th Congress. Our decision, pro or con, will send a powerful message determining China's role in the global economy and in the community of nations for years to come.

I take great pleasure in welcoming—about to arrive—Congressman Chris Cox, from the 47th District of California, and Sander Levin from the 12th District of Michigan, to our hearing this morning. While I remain skeptical of the merits of the PNTR arguments, in general, and the advantages of the so-called parallel legislation, in particular, I would like to pay tribute to their expertise on trade and security issues between our two nations and their tireless efforts to try to find common ground in a very polarized PNTR debate.

We are also joined this morning by several panels of outstanding witnesses from the business, trade, and human rights communities who can bring their personal and professional experiences to bear on granting normal trade relations to China.

I am concerned about China's poor track record of abiding by its existing agreements with us in a number of trade, prison labor and proliferation areas. We need enhanced monitoring of existing agreements, yet our agencies are currently underfunded and unequipped to meet the challenges of enforcing our current agreements with China.

In the area of proliferation, a recent report by the Council on Foreign Relations, National Defense University and the Institute for Defense Analyses, cautioned that China's continuing support to Pakistan's weapons program has fueled continuing concern, and its involvement in the effort to reverse North Korea's nuclear weapons program has been weak. Yet we are told by the Administration not

to be concerned, that their proliferation record will improve in time; but we are still waiting.

We are also told that by giving permanent normal trade relations to the People's Republic of China, we will be granting benefits to American businesses without giving away anything to China. I strongly disagree with that viewpoint. I believe that supporting PNTR will give China something it desperately wants: relief from the spotlight on its human rights record. Under the current arrangement, we in the Congress are able to open a door into the human rights situation in China every year. Along with our attention comes the attention of the world. Our hearings and debates focus the cameras and tape recorders and word processors of the news media. We have the bully pulpit on this issue, and I am very concerned that once we give it away, we may never get it back.

Are Chinese human rights and labor practices important to us? I believe that they are the most important in the world today. China has the world's largest population and one of the fastest growing economies. If China is allowed to trample on individual freedoms, then how can we tell Indonesia or Malaysia or Nigeria or Sudan or any other nation that they cannot do that?

The Beijing regime has fought a vigorous public relations battle to win this philosophical argument. They have manipulated prisoner releases, effectively blackmailed dozens of countries and nearly corrupted some of our very own American corporations with their efforts. We must not shrink away from this battle of values.

Public opinion polls show that many Americans have deep reservations about our policies toward China and the proposal to extend normal trade relations to that country. By granting PNTR to China, we will be sacrificing much of our ability to affect public opinion on Chinese human rights practices.

I would also note that the recent report of the United States Commission on International Religious Freedom included a recommendation by nine Commissioners that the Congress not grant PNTR to China until substantial improvements are made in respect for religious freedom in that nation.

While the nine voting members include strong free trade proponents and represent a wide diversity of opinion and religions, they are unanimous that China needs to take concrete steps to release all persons imprisoned for their religious beliefs, to ratify the International Covenant on Civil and Political Rights, and to take other measures to improve respect for religious freedom.

Metternich, the late Austrian Foreign Minister, said that "public opinion is one of the most powerful weapons which, like religion, penetrates the most hidden corners where administrative measures lose their influence; to despise public opinion is like despising moral principals." So I urge my colleagues to think long and hard before we dispose of that weapon.

Before I recognize our distinguished witnesses, I would like to recognize our Ranking Democratic Member, the gentleman from Connecticut Mr. Gejdenson, for any opening remarks he may have.

Mr. GEJDENSON. Thank you, Mr. Chairman. I would like to commend you for holding this hearing and particularly point out the hard work by Representative Levin in trying to bridge what are some considerable issues here. We are going to have to make a de-

cision on whether or not the advantages for market access and lower tariffs outweigh our concerns about general principles in our relationship with China and other countries on labor rights, environmental rights and human rights. We are going to have to decide whether, although the list of countries the Chairman and others listed are already members of the WTO and many do not respect human rights, whether China, being the significant player it is, a place we need to make our stand.

It is clear that in other trade agreements, the United States has long ignored human rights, the situation for labor and environmental standards. The question for us is how do we best move forward on those principles that are so central to this democratic society.

There are those in the Administration and in Congress who argue that simply by increased economic commerce, by increased economic activity, we will improve the situation in the lives of the average Chinese; that today, even with the Falun Gong crackdown, with the horrors at Tiananmen Square, that the average Chinese is freer to travel, freer to make decisions about where they live and where they work. But there is still a grave concern about a country in excess of a billion people where the order of the day deprives people of human rights, where workers have no say in their working conditions or their salaries, and where even groups without political agendas are often harassed by the government.

This Congress for many years refused to give the Soviet Union any kind of favorable trade treatment because of its treatment of Soviet Jews, small in number and even smaller in the number they imprisoned. Today we are being asked to give permanent status to China even though they imprison thousands of their own citizens, have very few freedoms for people, and continue to run an oppressive regime that is involved in proliferation.

There is not an easy answer. Human rights and the rights of working people are values that I think many of the Members in this Congress have a strong concern about. The question is, however, whether simply rejecting the President's proposal will improve their situation, whether we will have a better opportunity to move China in the right direction if we reject this PNTR today and try to get an agreement that does address some of those fundamentals, and whether that will be possible.

So I thank the Chairman for holding this hearing and look forward to hearing from my colleagues and other witnesses.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. I will be succinct because I want to hear from our two distinguished colleagues.

First, the most important fact is that the approval of PNTR is clearly in our national interest. That is the ultimate bottom line.

Second, PNTR makes it substantially less likely that American jobs are exported to China because of the WTO accession agreement. That is a secondary but very important element as well.

I would say that despite the inflammatory rhetoric we are going to hear over the next several weeks, some of it irrelevant, those are the considerations that are most important.

Finally, I want to state my firm belief that the approval of PNTR will advance human rights and democracy and the rule of law in the People's Republic of China. Thank you, Mr. Chairman.

Chairman GILMAN. Any other Members seeking recognition?

Mr. BROWN. Mr. Chairman?

Chairman GILMAN. Mr. Brown?

Mr. BROWN. Thank you, Mr. Chairman. This Committee is built upon the common desire to promote democratic ideals throughout the world. But as we strive to encourage democracy in developing nations, something is sorely amiss in our China policy. When the CEO's of multinational corporations lobby for increased trade with China, they talk about access to the 1.2 billion potential consumers in the People's Republic of China. What they don't say is their real interest is 1.2 billion workers in China, workers whom they pay 20 cents, 30 cents, 40 cents an hour. These CEO's will tell you that increasing trade with China, engaging with China will allow human rights to improve. Democracy, they say, flourishes with free trade. But as we engage with developing countries in trade and investment, democratic countries of the developing world are losing ground to authoritarian countries. Democratic nations such as India are losing out to more totalitarian governments such as China, where the people are not free and the workers do as they are told.

In the post-Cold War decade, the share of developing country exports to the U.S. for democratic nations fell from 53 percent in 1989 to 34 percent in 1998, a decrease of 18 percentage points. Corporate America wants to do business with countries with docile work forces that earn below-poverty wages and are not allowed to organize to bargain collectively. In manufacturing goods, developing democracies' share of developing country exports fell 21 percentage points, from 56 percent to 35 percent. Corporations are relocating their manufacturing businesses from democratic countries to more authoritarian governments where the workers don't talk back for fear of being punished. Western corporations want to invest in countries that have below-poverty wages, poor environmental standards, no worker benefits and no opportunities to bargain collectively. China is just perfect for that.

As developing countries make progress toward democracy, as they increase worker rights and create regulations to protect the environment, things that we applaud every day in this Committee, the American business community punishes them by pulling its trade and investment dollars and moving them toward totalitarian government.

Decisions about the economy are made in China by three groups of decisionmakers, the Chinese Communist Party, the People's Liberation Army, and Western investors. The People's Liberation Army, and Communist Party obviously control the country. The People's Liberation Army controls a significant amount of the businesses that export to the U.S., and Western investors clearly are making major economic decisions. Which of these three wants to empower workers? Does the Chinese Communist Party want the Chinese people to enjoy increased human rights? I don't think so. Does the People's Liberation Army want to close the labor camps that Wei Jingsheng and Harry Wu have talked about? I don't think

so. Do Western investors want Chinese workers to be able to organize and bargain collectively? I don't think so.

None of these three groups—the Communist Party of China, the People's Liberation Army, and Western investors—none of these three groups wants the current situation in China to improve; so when CEO's wandering the halls of Congress tell us that engagement with China will bring democracy to China, I think their real intentions are a bit suspect. I appreciate the efforts of my friend, Mr. Levin, and what he is trying to do, but the People's Republic of China has repeatedly ignored the United Nations High Commission for Human Rights. They ignore the U.S. Commission on International Religious Freedom. They ignore the State Department's country reports, and they have broken almost every agreement they have made with the United States. Why would the Chinese pay any attention to a congressional task force? Passing PNTR will only confirm that China's behavior will continue.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Brown.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman.

Mr. Chairman, seven years ago when President Clinton issued an Executive Order linking significant progress on human rights with the continuance of Most Favored Nation status (MFN) for China, giving them a probationary year to reform, this Republican Congressman had nothing but praise for the Administration. I believe as do, I think, many other Members of Congress that partisanship has no place in the struggle for equality, fairness, and the observance of human rights. Yet in 1994, when it became clear that human rights had actually deteriorated and suffered significant regression the President, sadly, delinked MFN trading privileges with human rights.

Looking back in hindsight is often 20–20—the more cynical take on that Executive Order was that, while we thought we had the votes in both the House and Senate to strip MFN from China, the preemptive, proactive action by the President—giving them one more year—rendered that action in the House and the Senate moot. When things regressed from no significant progress to significant regression, the President then tore up his own Executive Order.

Since then, as Chairman of the Subcommittee on International Operations and Human Rights, I have chaired 18 hearings and markups focused exclusively on Chinese human rights abuses, and several others where China's shameless record was a part, and led three congressional fact-finding missions to China. The president of the AFL–CIO, John Sweeney, the courageous Harry Wu, who spent 19 years in 12 different forced labor camps in China, and perhaps the most well-known political dissident of all who will testify again today, Wei Jingsheng, the leader of the Democracy Wall movement, and many others testified before our Subcommittee regarding the horrific human rights abuses in China.

Mr. Chairman, today egregious human rights abuses in China are commonplace, and that should inflame our conscience. With all due respect for my good friend from Nebraska, when we get impassioned about this issue, it is because people are being tortured each

and every day. It is a part of their way of repression. The police and the army and the military use torture in a commonplace, pervasive way.

Even the State Department's human rights reports make it clear China's religious, political, and labor violations have all increased with each passing year. Violations include, as I said, the pervasive use of torture by government thugs and an ongoing systematic crackdown on religious believers.

As Mr. Gilman, the Chairman, just pointed out, the U.S. Commission on International Religious Freedom, which is comprised of many free traders, said this is not the year to convey permanent NTR on China, at a time when they are cracking down on Falun Gong and many other religious believers, Catholic, Protestant, and the Buddhists in Tibet and elsewhere. Forced labor in "the Laogai," and coercive population control are getting worse, and there continues to be the stifling of all political dissent. You can add to that the exponential buildup of China's military war machine. It is not only in response to Taiwan, but to their own country as well.

Mr. Chairman, Chinese workers are denied freedom of association and the right to organize and bargain collectively. China labor activists are routinely imprisoned in concentration camps when they speak about working conditions, corruption, inadequate wages, or for even speaking to Western journalists. The dictatorship is especially cruel to those Chinese who advocate for independent trade unions.

Mr. Chairman, the deplorable state of workers' rights in China not only shows that Chinese men women and children are exploited, but that U.S. workers are severely hurt as well by the unfair advantage in trade by corporations who choose to benefit from heinous labor practices. Perhaps that is why the trade imbalance in China is a staggering $70 billion this year.

Let me be clear. Human rights violations in China are robbing Americans of their jobs and livelihoods, and I believe it must stop. Let's also be clear, I and my colleagues who want to continue the annual review of MFN, or NTR as it is now called, we don't advocate isolation. What we want, what we demand, is principled engagement, respect for workers' rights and human rights.

Let me just conclude by saying I respect those on the other side of this issue. I respect them deeply. They come to it from a different perspective. They think perhaps this may be a constructive way of trying to promote change. But I have to say in all candor I deeply resent comments made by the President of the United States in today's Washington Post where he says that lawmakers who oppose the measure are focusing on politics rather than its merits. That is an insult, I say, Mr. Chairman. Politics has nothing to do with this. This has everything to do with people who are suffering as a result of a dictatorship.

As the President went on to say, virtually 100 percent of the people at the other end of Pennsylvania Avenue know it is the right decision. No, it is not 100 percent, Mr. Chairman. There are many of us who believe strongly and passionately that human rights and now, increasingly, the security issues trump continuing the most favored nation status or permanent NTR for China this year.

Thank you, Mr. Chairman. I yield back.

Chairman GILMAN. Thank you, Mr. Smith.

Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

First of all, I would like to thank Chairman Gilman for the leadership that he has provided on this issue. He has been a steady hand, and he has been fair to both sides on this very volatile issue, and at the same time he has maintained his own moral and personal convictions. So I thank Chairman Gilman for the good job he has been doing.

I would also like to associate myself with Mr. Brown's statements. Mr. Brown, I didn't find anything I could disagree with at all. I thought your statement was exceptionally thoughtful.

Let me just say that permanent normal trade relations will not be any different, as far as I can see, than what we have had with most favored nations status over the years, just that we would be making it permanent, and most favored nation status that we had for over a decade has not been in America's interest. It has demonstratively been— undercutting America's interest.

Economically, what have we seen in this relationship with Communist China? We have seen the transfer of manufacturing capability; in other words, jobs going overseas under the guise of, we have to have this because we need it for American exports. We are not exporting American products over there. We have studied it now and know that is just not true. What is happening is the term "exports," American exports, is being used to cover the fact that we are setting up factories over there to take advantage of slave labor, of people who have no rights to quit their job or to ask for a raise or to ask for better living conditions.

Sending our manufacturing capabilities over to a country like that, is that good for the United States in the long run? Even in the short run it just helps some American billionaires, so that hasn't been good for us.

In terms of our national security, Congressman Cox will be testifying in a few moments, verifying that there has been a heinous transfer of technology, of weapons technology, to Communist China that now puts us in jeopardy. This has worked against our national security to have this kind of relationship with Communist China, and morally—Mr. Smith has outlined it very well—morally this has been a catastrophe for the United States of America. We have just thrown away the moral foundation that we have been so proud of here in the United States since our Founding Fathers established this country, a country supposedly based on liberty and justice for all. We just have cast that aside so a few billionaires could make a quick buck. This will turn around and hurt us in the long run.

If we continue just trying to let some very powerful interest groups in here, make a quick buck off just discarding all of the moral parts of the equation, that is not debatable. How many businessmen have to tell us that you don't mix business with moral decisions like human rights? We don't need to hear that, because the fact is that if we act immorally, it is going to hurt America in the long run, and it already has with this transferred technology and this transfer both of weapons technology and manufacturing technology. We have given leverage to this monstrous regime, the

world's worst human rights abuser, a belligerent, militaristic regime.

This is not with whom we should establish a permanent normal trade relationship, especially considering the past. It serves so much against the interest of our country and against the interest of human freedom.

Thank you very much.

Chairman GILMAN. Thank you, Mr. Rohrabacher.

Mr. Martinez, my colleague, our witnesses have other obligations and would want to be on their way shortly, so please be brief.

Mr. MARTINEZ. Thank you, Mr. Chairman. I will be as brief as possible, but I am a little appalled at some of the statements I have heard in this debate on permanent normal trade relations with China. We are appalled by the human rights. I think we have every right to be. They have not had an exemplary human rights record. But they are changing, and you know what I have always believed, and I have seen it in the past years. Communism has given way to capitalism, and to be engaged in China in an economic way is to further that capitalism growth and eventually have that conquering communism. We saw it in East and West Germany. We saw it in Communist Russia. If you look around the map, I remember a while back looking at a map that showed in red the colors of the Communist countries, and that has been reduced dramatically, especially even in our own Western hemisphere.

The fact is we talk about human rights. I wonder if people judging us on our human rights when we had slavery in this country would have given us any better record than these people are giving China today.

I was in China right after World War II for two and a half-years, and I saw the kinds of deprivation that the Chinese people suffered under the nationalist government which we recognized, and with whom we had great relations with and praised all the time. I think conditions have improved and will continue to improve.

I have a tape in my office that I will share with anyone. An American gentleman went over to China, and he is now franchising paint stores. Have you ever heard of such a thing in a Communist country, franchises? It is a little change.

Like I say, capitalism will conquer communism in the end. I think we ought to keep engaging these people. I am not absolutely certain we should give them permanent normal trading relations, but we have been doing it, like Dana Rohrabacher said, for the last ten years. It hasn't yet changed much, but I think it is just the beginning and you have to give things time. At this point in time I lean toward voting for it, because I think that the sooner that we fully engage the Chinese people, the sooner we will see communism give way to capitalism.

I think that we are divided in the House, and in Congress probably in both Houses, into two kinds of people: one part the Henny Penny, the sky is falling, the Chinese are going to take all our help and build missiles and then blow us up with them; and the other part who are very optimistic people, who can see only the bright future of full trading relations with China. I think somewhere along the line we have got to come back to reality and say what

is factual and what is fiction in our minds. Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Martinez. I understand that Mr. Levin has an appointment downtown. Would Mr. Cox agree to allow him to proceed?

Mr. COX. By all means.

Chairman GILMAN. I look forward to hearing from our colleagues from both California and Michigan: Mr. Cox, the distinguished Chairman of our Republican Policy Committee, the gentleman from California; and Mr. Levin, the gentleman from Michigan, Ways and Means Trade Subcommittee Ranking Member. Both gentlemen, feel free to summarize your statements, and we will make certain that your full statement will be entered into the record.

Mr. Levin?

Mr. LEVIN. Mr. Gilman, I know I will be available for questions, and Mr. Cox was going to go first, so I would like to respect that so he can proceed. I appreciate your courtesy.

Chairman GILMAN. Mr. Cox.

STATEMENT OF THE HON. CHRISTOPHER COX, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. COX. I have already offered to let Mr. Levin go first. He wishes for me to go first, and one of us has to start, so I will be pleased to do so.

I don't think there has been a stronger voice for PNTR with the People's Republic of China in the media, at least, than the *Wall Street Journal,* but in recent weeks the *Wall Street Journal* has also recounted on page one the extent of human rights abuse that is ongoing in the People's Republic of China. They describe how a 57-year-old mother was forced by the Government of the People's Republic of China to endure Communist reeducation because of her religious beliefs; how she was subjected to repeated shocks from a cattle prod and forced to endure barefoot marches through the snow; and how ultimately on February 21st of this year, Chen Zixiu died, while in custody, from a heart attack.

I don't think anyone here, whichever side of the PNTR debate you find yourself on, believes that it should not be our priority to promote freedom and human rights around the world, and specifically in the People's Republic of China. I am confident that this Congress will refuse to renounce its belief that human rights are a vital part of the American character and any conception of American foreign policy, whether Republican or Democrat. That is why we are having this hearing today, because the legislation that has been submitted by the President for Congress to vote on has a fatal flaw. It goes too far.

The President has told us that he is in favor of permanent normal trade relations (PNTR) with the People's Republic of China; that our annual review of those normal trade relations should be no more. There is a healthy debate about whether that is a good idea or not. But the present legislation does more than this. It not only ends the annual review of the trade status of the People's Republic of China, it not only establishes permanent normal trade relations, but it does something else separate, something else very different and something unsupportable. That is, it completely re-

peals all of the nontrade parts of the 25-year-old Jackson-Vanik law as they pertain to the People's Republic of China. There is no excuse for this, no justification for it. Indeed, I am quite sure most, if not essentially all, of the proponents of PNTR are unaware that the legislation was drafted in this way, that it contains this illegitimate rider.

The Jackson-Vanik law has served the United States well for a quarter century. It covers far more than tariff levels, although that has been the subject of the PNTR debate. If we were to vote for the President's bill without considering separate legislation in this Committee, as you are wisely doing today, then not only would we establish permanent normal trade relations with the People's Republic of China, but we would end the statutory annual Presidential review of human rights conditions in China. We would end the opportunity of this Congress to either concur or dissent in whole or in part with that assessment; and we would yank out the non-trade teeth contained in that legislation, specifically, a prohibition on U.S. credit facilities and U.S. subsidies for human rights abusers.

Those nontrade-related provisions—they are nontrade-related because no trading partner of ours or of any nation has a right to subsidies from its other trading partners—ought to be maintained. The annual human rights review—the routine regular human rights review—ought to be maintained in this Congress. The Presidential role ought to be maintained. The President of the United States has not advanced a single reason for us to repeal those things, and so we need to simply fill the void that we are creating unnecessarily with this legislation.

Wherever you stand in the debate on granting permanent normal trade relations, I hope that one principle that we can all agree on is that the protection of human rights is an essential element of America's foreign policy. That is why I am here today. I have proposed legislation that is appropriately not titled the Cox bill, not the Levin bill, not even the Gilman bill, Mr. Chairman, but Jackson-Vanik II, because it restores what we would otherwise negligently erase in current law. I have named it after these two Democratic ancestors of this Congress as well, to do them honor, because their legislative product has served our country so well for so long.

Under Jackson-Vanik II, we would actually step up the nontrade human rights role of the Congress and the President. Semiannually the President would report to the Congress, not just annually. And semiannually, the Congress would have the opportunity to consider that report and to vote up or down on it. If the President and the Congress did not give a clean human rights bill of health not just to the People's Republic of China, but all 15 of the countries covered by Jackson-Vanik currently, then those countries would be ineligible for foreign aid and subsidies, for affirmative U.S. taxpayer benefits. There is no reason in the world that this feature of existing law should be jettisoned. If the President sought to do so for national security reasons and for good human rights reasons because, despite the problems in a given country, he thought or she thought—whoever the future President might be—that human rights progress is being made, then the President could grant a

waiver. In fact, in Jackson-Vanik II, a modest change that is made, an improvement, is that the President can grant this waiver by Executive Order, but the Congress as under current Jackson-Vanik would have the opportunity to reconsider that and to overrule it by a joint resolution. As under current law, the President could then veto the joint resolution, and it would require two-thirds vote in the House and the Senate to ultimately prevail.

That is the existing system. We ought to retain it. There is no reason for us to dismantle the U.S. human rights review in current law. Some good reasons have been advanced, whether I or anyone on this panel agree with all of them or not, to have permanent normal trade relations with the People's Republic of China. Not a single good reason has been advanced to dismantle the annual human rights review in current law.

Seated to my right is the father of the Chinese democracy movement, Wei Jingsheng, who is well known certainly to all of the Members of this Committee and I daresay to many people throughout the United States of America. He served 18 years in prison for doing nothing more nor less, because it was extraordinarily important, than founding the Democracy Wall movement and advancing the cause of that modernization to add to Deng Xiaopeng's list. After serving 18 years in prison, in part because of the efforts of the U.S. Congress, but also in part because of the efforts of our counterparts all around the world, the Communist Government of the People's Republic of China finally agreed to release this man of courage from prison, but they didn't permit him to stop enduring punishment. Instead they send him into lifelong exile and so he is sitting next to me listening to our testimony today through a translator because he does not speak English. This is not his native country, and more than anything else he would like to be in China, but the latest gruesome punishment inflicted on this leader of the Chinese democracy movement is exile from his homeland of China.

If we believe in human rights, if we share his cause, we cannot in good conscious cast a vote on the floor of the House of Representatives to repeal the U.S. human rights review that is a part of Jackson-Vanik and that has been American Policy for 25 years. So I implore my colleagues whatever else you do with parallel legislation—my colleague, Mr. Bereuter, and my colleague, Mr. Levin, have proposed some very good ideas that I am looking forward to hearing more about this morning—at least retain the parts of Jackson-Vanik that deal with human rights review. Don't erase them.

One of the tragedies of where we find ourselves today is that we are on the precipice of taking yet another step away from U.S. support for human rights. President Clinton has already thoroughly delinked trade and human rights. There are intellectual arguments that have been made, I think very well, in support of that. But there is no argument in support of taking the next step, through negligence, of going beyond delinking trade and human rights to altogether erasing the nontrade human rights review. We can't do that. We can fix the PNTR legislation here so that those who believe in permanent normal trade relations might pursue their arguments, and those who are strongly opposed to those same trade changes can advance those arguments.

Jackson-Vanik II, were it enacted today, with or without the PNTR legislation, would improve the law, and so I would urge you to take up this legislation anyway regardless of whether PNTR advances. Most significantly, while the annual Jackson-Vanik debate has come to encompass a whole panoply of human rights covered by the universal declaration, the statute itself written a quarter century ago mentions only one such human right, emigration. We should codify our recent pattern of practice, and that is what this legislation does.

In conclusion, Mr. Chairman, I hope that everyone here will take seriously your responsibility, just as Members of the Ways and Means Committee have taken seriously their responsibility, to move legislation in real time so that we can have an honest debate on the merits when this issue comes to the floor in just a few weeks. I would urge you to mark up this legislation in Full Committee so that it is available for us to vote on in the House of Representatives at precisely the same time that we consider permanent normal trade relations. I thank you for your time.

Chairman GILMAN. Thank you, Mr. Cox.

[The prepared statement of Mr. Cox appears in the appendix.]

Chairman GILMAN. Mr. Levin.

STATEMENT OF HON. SANDER M. LEVIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. LEVIN. Thank you very much, Mr. Chairman, and to all of your colleagues whom I have had the privilege of knowing over, in most cases, a number of years and whom I deeply respect. Deeply respect.

The issue before us in this Congress, as we know, is not whether China is going to go into the WTO, because it is going to in almost all likelihood. The U.S. has no veto power over its admission into the WTO. I don't think the basic issue is over globalization. It is here to stay. It is here to grow. In my judgment, the issue is whether we are going to actively get involved in shaping globalization so that it widely benefits Americans and everyone else.

Let me say just a couple of words on the economic aspects, if I might, since they have been raised, just a few words. It may take me beyond five minutes. If we don't grant PNTR, the evidence is clear we are going to lose many of the benefits of what we negotiated, while our competitors will gain all the benefits. Also, we will not be able to enforce effectively what we negotiated. For example, Mr. Rohrabacher, the technology transfer provisions, they are much stronger in our agreement with China than we have with virtually any other country, and we will be able to use the dispute settlement mechanism if the Chinese—the WTO dispute mechanism, if the Chinese violate their promise, their commitment not to insist on any more technology transfers that I have been deeply worried about in the industrial sector.

There is also an antisurge provision in there. Mr. Bereuter and I issued a framework document yesterday that incorporates it, so for the next 12 years, if there is a surge in any product area that will adversely affect American workers and producers, there can be essentially an instantaneous response by the United States beyond

what is presently in place vis-a-vis any other nonmarket economy. So I think in many, many respects economically there are very valid arguments, provided we place in legislation the antisurge provision, and provided we put in place some strong compliance oversight mechanisms that Mr. Bereuter and I have contained in our proposal.

But if I might, let me talk about the third peg of what we have been working on with a number of you that Mr. Bereuter and I described yesterday, and that relates to human rights. It is a third and critical peg of this, and I deeply appreciate the chance to join you, Mr. Cox, and Mr. Wei Jingsheng. Welcome to this Committee, though I am not a member of it. I am glad you are here.

First of all, engagement, in my judgment, is an important aspect of the effort on human rights. I think we need to actively engage, vigorously engage in order to have some impact on the course of human rights in China. I also think, though, that we need to confront. I think that the challenge is whether we can combine engagement and confrontation with the Chinese.

In this respect, I don't think the status quo is working. I don't think that the annual review has worked effectively. It is a threat that hasn't been implemented in the past. I don't see any plan to use it in the future, and I think it is an instrument that is unlikely to be utilized barring a threat to national security. There is a WTO exception for our taking back our permanent NTR if there is a threat to national security.

So let me just focus, if I might, then, on our proposal in terms of human rights, and that is a Helsinki-type commission, a U.S. congressional executive commission that is familiar to many on this Committee.

Mr. Chairman and Mr. Gejdenson, you have my full testimony, and I assume it will be placed in the record.

Chairman GILMAN. Without objection, the full testimony will be made part of the record. Thank you, Mr. Levin.

Mr. LEVIN. The Helsinki Commission has demonstrated that benefits can be gained from bringing two branches of government together in a single institution to pursue a common, focused objective. Particularly in the area of human rights, the Commission's role has complemented that of the State Department, providing additional expertise, focused attention on priorities that reflect its unique institutional perspective. Its achievements include putting pressure on the former Soviet Union to release prisoners of conscience. I believe that a similar commission focused on China—and I agree so much with Mr. Cox, there must be no vacuum here—that a commission focused on China can achieve a comparable record of effective pressure. It would consist of Members of both houses of Congress and Presidential appointees. Its scope would have three pillars: human rights, labor market issues and the development of the rule of law. It would have a permanent professional staff with expertise in areas including law, workers' rights, economics, and Chinese politics and history, with a rich intelligence network that would be developed, including contacts with NGO's. It would report once a year to the President and Congress on developments in the areas within its jurisdictions, and importantly, it would make recommendations for congressional and/or executive

action that may enforce or help bring about positive changes. It would also maintain a list of persons subjected to human rights abuses and other abuses in China.

So it would be, first of all, a permanent concentrated spotlight on human rights. Second, it would serve as an effective base from which to mobilize bipartisan pressure on China in this vital area. Third, as people in China gain greater access to the Internet—when I was there in January for ten days, it was clear how dramatically that is growing—it would be an important point of contact between Chinese citizens. Also, you could provide recommendations for action by this Congress that were WTO-consistent.

Recommendations for action: As I said earlier, my ten days in China of person-to-person exchange with people from various walks of life in Beijing and Hong Kong demonstrated to me the change in China is irreversible, but its direction is not inevitable. We must persistently continue to strive to impact that change. In my judgment, there is no realistic choice but a step-by-step activist approach. I remember, in closing, the work of so many of us when it came to the former Soviet Union, our visits there, our efforts to pressure them, the work of the Helsinki Commission. I think it was a useful device and can well be here.

Chairman GILMAN. Permit me to interrupt the witness. We will continue right through the voting, so if you'd like to go over and vote and come right back, I welcome that.

Mr. LEVIN. In my last paragraph, Mr. Chairman, is a reference to President Carter's statement of yesterday, and I was in AID when Mr. Carter introduced human rights into foreign assistance. His record was way beyond anybody else's. China, he concluded in his statement yesterday, has still not measured up to the human rights and democracy standards and labor standards of America, but there is no doubt in my mind that a negative vote on this issue in the Congress will be a serious setback and impediment for the further democratization, freedom and human rights in China. That should be the major consideration for the nation and for the Congress.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Levin.

[The prepared statement of Mr. Levin appears in the appendix.]

Chairman GILMAN. Mr. Cox has gone over to vote and will be right back.

The so-called parallel legislation has drawn fire from those critics who argue that it would duplicate WTO procedures and lacks teeth in enforcement mechanisms. Is this a fair criticism?

Mr. LEVIN. No.

Chairman GILMAN. Can you tell us why not?

Mr. LEVIN. First of all, it has teeth. For example, on the antisurge provision, which is not right before you, it has very clear teeth. If there are imports that come into the United States that would injure our workers and producers, there could be a prompt and swift and meaningful action.

Second, in my judgment, the Helsinki Commission proposal has teeth. Indeed, I think it will end up having more of an impact than our present annual review that has essentially been perfunctory. It

will be a continuing, strong focus spotlight on human rights, including labor rights practices and malpractices within China with the power of making recommendations for action to this Congress. Those actions, if we so determine, would have teeth in them. They would have to be WTO-consistent and essentially nontrade-related. So this has teeth; indeed, I think it has more reality to it in terms of impact than the status quo.

Mr. LEVIN. How much time?

Chairman GILMAN. Seven minutes. I am reserving my time and yielding to Mr. Smith for questions.

Mr. SMITH. I appreciate that, Mr. Chairman, and I will be very brief and continue when we get back.

Mr. Levin, as you know, I chair the Helsinki Commission. I have been on the Helsinki Commission for nine of my ten terms in the U.S. House of Representatives. There are gaping differences between what you are proposing and what the Helsinki Final Act, signed in 1975, and the Helsinki Commission that was created by Congress in 1976 to monitor the three baskets of the Helsinki Final Act. One basic difference is that all of the countries that are part of the OSCE process have agreed to the human rights, the security, and the trade baskets and the documents that follow it.

I proposed way back in the 1980's that we consider such a thing for China. We did a report on it, the State Department did, and the bottom line was how do you get China to sign such a thing so that there is indeed access to prisoners, so that there is indeed a real transparency without which it is just us knocking on the door—the way the ICRC, the human rights organizations, and our own Congress does. You and I, if we had tried to get into a prison to visit Wei Jingsheng when he was in prison, would have been shown the door. I did try to visit him when he was in prison.

The other point is we already have Assistant Secretary of State Harold Koh of the Democracy, Human Rights and Labor Bureau, who does a magnificent job. The Country Reports on Human Rights Practices shows a very fair assessment of the abysmal state of human rights in China. This year's report is a good, accurate record of the state of affairs. I know your motives are pure and you want to do the right thing, but there will be some people who will use this creation of another watchdog Committee when we already have a number of such things as a cover, a fig leaf. That is one of the concerns I have.

Mr. LEVIN. Could I respond quickly, because I may not be able to come back unless the Chairman orders me because I am supposed to go elsewhere.

Chris, I have been so determined over these years that there is a vacuum, in that we handle in Congress these issues sporadically. There is an executive department, but it is out there. There is no high-level congressional executive commission that has as its sole responsibility to shine the spotlight, to go there on a regular basis, to interface with other countries—we do a poor job of this—that really makes it our first line of responsibility, that recommends concrete actions to the Congress of the United States. I want to tell you my deep faith that if we institutionalize this, if we concertize it, if we put a number of us on as our first line of responsibility to put the pressure on the Chinese, that combined with engage-

ment—and if we vote down PNTR, it is going to undermine our engagement with the Chinese—that we will make more progress on human rights and labor rights than what has become a perfunctory, and it isn't for you. You are out there all the time, but it has become a perfunctory exercise. What I want is an institution that has a clear charge, a clear responsibility, a clear obligation. I deeply believe that it will be a more effective step than we now have.

Mr. SMITH. Just very briefly, because I know we all have to vote. The Helsinki Final Act was agreed to by Russia, then the USSR, and the other Warsaw Pact countries. But even after they agreed to its provisions, we still denied most favored nation status to the USSR. The idea was that, until there was a demonstrable improvement, we don't reward them with significant trade.

Mr. LEVIN. But they granted it after that.

Mr. SMITH. Not for a very, very long time, as you know.

Mr. LEVIN. But they were granted it.

Mr. SMITH. But my deep concern, I say to my good friend and colleague, is that this will be seen as something in lieu of the annual review and the pressure that can accrue from that, rather than something that is stand-alone.

Mr. LEVIN. Let me just say I don't think the annual review is a useful pressure, and this will not be in lieu of. This will be a crystallization of what is badly needed on a day-to-day basis.

Mr. SMITH. Would it be your view that the Human Rights Bureau is not doing its job then?

Mr. LEVIN. It doesn't have the statute, the standing, the involvement of us, the resources. To do the job that we need to do, we need to combine engagement and confrontation, and I think this is the way to do it.

Chairman GILMAN. If I might interrupt, Mr. Cox is on his way back. I am going to ask Mr. Levin if he would be kind enough to return for just a few minutes of interrogation. I am going to ask Dr. Cooksey to take over. Mr. Cox is on his way back, and he can continue as soon as Mr. Cox comes back. The Committee stands in recess momentarily.

[Recess.]

Mr. BEREUTER. [Presiding.] The Committee will resume its sitting. Chairman Gilman asked me if we would start. Mr. Cox is here. Perhaps Mr. Levin is coming back shortly.

At this time we will recognize the gentleman from Louisiana, Dr. Cooksey for questions that he might have for Representative Cox. Dr. Cooksey.

Dr. COOKSEY. Congressman Cox, we welcome you to the International Relations Committee. We have a lot of fascinating debates here. We have passed great resolutions, and oftentimes they are ignored, but we are glad to have someone with your integrity and background in this area.

I have a question. I, too, am concerned about the human rights abuses not just in China, but everywhere. I agree that no matter where you fall on this issue, whether you are for PNTR or for admission of them and subsequent admission of China to the WTO. My question I have is that last week we voted on the African trade bill and the CBI, which I voted for and I think a big majority of the House voted for. We voted for this at a time that there is major

turmoil in Zimbabwe. They are shooting white farmers just because they are white and have land. In Sierra Leone the same people that were amputating the hands of children and adults with machetes a year or so ago are now shooting people in the streets. The very groups that are opposed to PNTR and the admission of China into the WTO labor unions, protectionists, isolationists, environmentalists, have not raised their voice about this issue. I used to work in east Africa. I was in Mozambique toward the end of that civil war, and I know that there were some atrocities over there. So why all of the very loud discussion about China, and everyone is ignoring the atrocities that we know are being committed in Africa right now, and we voted for that trade bill?

Mr. COX. I think some of the reason that so much trade attention is paid to the People's Republic of China amounts to the same reason that so much human rights attention is paid to it. It is the most populous nation on Earth. At the same time, I would agree with you that human rights are universal, and wise U.S. foreign policy would address itself to human rights in general and try to be evenhanded in our application of our policies.

Indeed, one of the reasons that Jackson-Vanik II is necessary is that if we were to vote on the PNTR legislation as it is drafted, not only would it do the one thing that everybody expects it to do, and that is establish permanent normal trade relations with the People's Republic of China, but it would do something else. It would establish a special carve-out from the nontrade parts, the human rights review of Jackson-Vanik. This would be done for only one of the 15 countries that is currently covered by Jackson-Vanik.

So you would have the irony of disparate treatment between the world's largest Communist country, the People's Republic of China on the one hand and a democracy like Ukraine, which would remain covered by Jackson-Vanik. You would be according special treatment where it is not deserved.

In order to maintain the consistency and coherence of our foreign policy and of the Jackson-Vanik statute that is already on the books, we need to be careful not to negligently erase the nontrade human rights review for the PRC.

Dr. COOKSEY. Let me ask you this: Would Jackson-Vanik II, as you have proposed, have any impact on similar trade reviews or human rights reviews for African countries, because we are now going to really enhance the trade with Africa?

Mr. COX. Jackson-Vanik, as it was written, encompasses what was a statutory euphemism for Communist countries: "nonmarket economies." Therefore, in the post-Soviet era Jackson-Vanik encompasses the following: the PRC, Russia, Armenia, Ukraine, Azerbaijan, Georgia, Kazakhstan, Belarus, Kyrgyzstan, Albania, Moldova, Tajikistan, Turkmenistan, Uzbekistan, and Vietnam. No African country is on that list, and our African human rights review, therefore, falls under a different rubric.

Dr. COOKSEY. I was in Mozambique in 1991 and 1992, and we were over there doing eye surgery at a hospital, and the Russian eye surgeons left the day before we got there because their contract ran out, and Mozambique was under a Communist government when I was there theoretically, the day before I got there. What is

the difference? These other countries have disavowed—some of the countries you mentioned have disavowed.

Mr. COX. Precisely. That is why I think there is this irony that we would take the world's largest Communist country, and have a special carve-out for it, while leaving newly mended democracies covered by Jackson-Vanik under stricter human rights review. Just a few weeks ago when I was in Russia, I met with the Foreign Minister of Russia, Igor Ivanov, who very pointedly in his opening comments to me—we met for an hour and a half, I think—laid out Russian complaints that they are still covered by Jackson-Vanik even though it was designed for the Soviet Union, even though they are no longer the Soviet Union, even though they are now a democracy, and even though 75 percent of the state-owned assets have been transferred into private hands. Now, with Chechnya ongoing, one wonders whether it would be viable to propose lifting Jackson-Vanik from Russia at this time, but surely any objective observer can see the strange message that we are sending when we excise the People's Republic of China from Jackson-Vanik coverage while leaving Russia, and certainly while leaving the Ukraine and other democracies covered by the law.

But I take your point. As you know, there are some Communist countries, such as Cuba, that were not on the list I just read you for Jackson-Vanik coverage not because nominally they aren't covered, but rather because they are covered by even stricter trade sanctions, such as a complete embargo with respect to Cuba, for example.

Dr. COOKSEY. Thank you very much.

Thank you, Mr. Chairman.

Chairman GILMAN. [Presiding.] Thank you, Dr. Cooksey.

Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

Mr. Cox, you have raised a real interesting issue of which I was totally unaware until I heard you talking about it a few days ago. I am curious about your use of the term "negligent." Is that based on your assumption that the Administration could never have intended to provide executive branch discretion regarding all the provisions of Jackson-Vanik, and, therefore, they must never have realized the bill that has been introduced went far beyond the trade issues, or is there some other reason why you refer to it as negligence?

Mr. COX. I am confident that it is at least negligent. If it is willful, I have much greater concern. The reason I am willing to extend the benefit of the doubt is that there has been no advertisement this is the purpose of the legislation. All of the debate, all of my meetings with my business constituents have been focused on normal trade relations with the People's Republic of China. No business has come to me, for example, and said they wish to have the nontrade parts of Jackson-Vanik repealed or that they wish to get rid of the annual human rights review. Likewise, there has been no intellectual argument advanced by the Administration in support of lifting the nontrade portions of Jackson-Vanik from the PRC.

Mr. BERMAN. Putting it aside, the issue whether negligence is a compliment compared to willful, it could well be that the business

community you have talked to hasn't even focused on the other implications of the bill the Administration has introduced, and it might be that the Administration hasn't addressed the substance of those issues because there has been no criticism of those issues until you came along.

Mr. COX. That is possible.

Mr. BERMAN. And that they might have a very coherent and rational explanation for doing that, or it could be negligence, I don't know. You are surmising at this point that it was not a conscious intent on their part.

Mr. COX. That is right. As a Member of the leadership in the Congress, I have been a participant in many discussions of this issue over many, many months, and I simply have not heard from the Administration that they are asking us to repeal not only the trade, but also the non-trade human rights review.

Mr. BERMAN. Have you ever asked them why they did this?

Mr. COX. I have not had that opportunity. But our consideration of this legislation has been like opening the toys at holiday time. If you ever tried to assemble a toy for your little kids, you know that when all else fails, you read the directions. Every once in a while after we debate a proposal around here long enough, we go and read the legislation, and that is what I did.

Mr. BERMAN. I am just getting to that point. Then we have plenty of time.

Mr. COX. It is not a long piece of legislation, by the way. It is very simple in its operation, but it has two very different impacts. One is to establish permanent normal trade relations. The other is an illegitimate rider. It repeals all the nontrade parts of Jackson-Vanik.

Mr. BERMAN. Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Berman.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. I want to thank both of our distinguished colleagues for their presentation. In particular, I appreciate the opportunity to work with my colleague from Michigan, Sandy Levin, on our proposed draft framework. He and I have both made it clear that we welcome constructive ideas, and this is a place for us to start on parallel legislation.

I know with respect to Mr. Cox, our distinguished colleague, his intent is to always be constructive as we look at various bills that relate to Asia. My comments will be directed to Mr. Cox because I have specific points of concern about his legislation. I must say that the questions are based upon draft legislation you were good enough to give me about eight or ten days ago. There may well have been changes of which I am unaware.

Mr. COX. Let me preempt at least one potential comment but saying that based on our discussions in our meeting, I did make changes to the legislation to simplify it. The legislation that is before the Committee at this point is, with respect to the nontrade sanctions, precisely the same as existing law, existing Jackson-Vanik. There is no other provision in the bill than that.

Mr. BEREUTER. Mr. Cox, I knew you were planning to do that so I hope my comments are based upon what you have actually presented. My basic conclusion is that your legislation loses U.S. votes

for PNTR, and, given how close the vote is expected to be, obviously I am not interested in seeing that happen. Here are the concerns I would specifically mention.

The certification standard in section 2 of the bill is much higher and more far-reaching than the current Jackson-Vanik freedom of immigration standard. Your certification, I believe, is a comprehensive human rights standard. Section 2 also requires biannual reports analyzing these wide-ranging human rights issues in comparison to the current Jackson-Vanik requirement for a biannual "determination of full compliance," with the freedom of the annual Presidential waiver of full compliance with Jackson-Vanik, as in the case of Belarus and China. This would result in two China debates per year, something our colleagues are not looking forward to, I would guess. The Cox certification would apply to all countries subject to Title 4 of the Trade Act of 1974 as of January 1, 2000. That would include countries like Kyrgyzstan, which were subject to the title on January 1st, but may not be at the time of the enactment of any bill here, that would occur because Kyrgyzstan and Albania are removed from Title 4 status and accorded full NTR in the Africa trade conference report.

Section 3 of your bill is designed to compel debate and action of the Senate regardless of whatever action may or may not be taken in the House. The sanctions required in section 4 are sanctions on all forms of bilateral/multilateral foreign aid—perhaps you can correct me if that has been changed—including development of systems, democracy and rule of law programs.

Mr. COX. That one was changed at your request.

Mr. BEREUTER. I appreciate your effort in that respect.

On a more positive side, section 5 provides a broad and fairly minimal presidential waiver standard that virtually any targeted country could meet.

Section 6 uses the current Jackson-Vanik procedures as a basis of the proposed Jackson-Vanik II resolution consideration process.

Those are my concerns. They form very important reasons why currently, as it's drafted, the bill loses U.S. votes. I am hoping if you can and if you care to, accommodate those concerns which you have not already taken into account.

Thank you for listening to this, Mr. Chairman.

Perhaps you might like to respond.

Mr. COX. I think I am with the gentleman in his narrative, but not in his conclusion. The narrative—I made quick notes—went as follows. First you mentioned that there is a higher standard for giving a country a human rights clean bill of health. That is an explicit point in the legislation that coincides with the pattern and practice over the last quarter century. The Jackson-Vanik debate, the annual debate is not just about emigration rights, so the bill, Jackson-Vanik II, enumerates human rights such as freedom of religion, freedom of the press and so on that are always the subject of our debate.

I certainly intended that. It is meant to be an explicit rendition of human rights, not drawn from one's left ear, but rather coinciding with the universal declaration of human rights. As you pointed out, we actually streamlined the waiver process. The President can waive these by Executive Order, and in that sense there

is a balance. While the existing standard, at least in statute, concerns only emigration, the PRC has never met the standard. So it has always required a waver making explicit the rest of the human rights statue doesn't really change pattern and practice. It has the same statute. It has the same debate that we have always had.

You mentioned, second, that there would be semiannual rather than annual debates. As I mentioned in my opening testimony, that is one of the upgrades in focusing on human rights. The reason that that is important is that we are admittedly and intentionally in the PNTR vote disconnecting trade from human rights. If there are no longer any trade sanctions, and all you have is the debate, then at least you ought to have a healthy and regular debate. But what we are doing in the PNTR legislation as written is erasing the debate, too. I think that is wholly legitimate and loses you votes. It certainly loses mine.

The third thing is that——

Mr. BEREUTER. Would the gentleman yield for a question?

Mr. COX. Sure.

Mr. BEREUTER. We have, as you know, very little foreign assistance to PRC. Generally, what we have now is aimed at human rights and democracy. I can't imagine us wanting to eliminate that small amount, but that seems to be the direction we are trying to push the Chinese. I would like to hear a response if you wish.

Mr. COX. There is no reason to maintain that. We have Jackson-Vanik now. We provide that aid. All I am saying is leave that statute alone if it doesn't involve trade. The argument has been made, and I think roundly, that trade sanctions are not helpful to the U.S. interests. Some—many people perhaps on this Committee disagree with that, but the debate is full; and on the other hand, no argument has been made that nontrade sanctions or a Presidential review of human rights or a congressional review of that Presidential review and a debate about it is illegitimate. That, in fact, is quite constructive, and it is probably right that Beijing doesn't like it. They probably would just as soon we stop talking about human rights. If we ask the Ambassador whether, after we get rid of all the trade sanctions, he would like us also to get rid of the human rights debate, he would probably say yes, but that is why we need to have it.

Chairman GILMAN. The gentleman's time has expired.

Mr. BEREUTER. He probably would. That is why the Levin-Bereuter proposal is there.

Mr. COX. We need to have it in Congress. I don't think we want to send the PRC a signal that we are repealing the existing procedures for monitoring human rights abuse.

Chairman GILMAN. Mr. Pomeroy.

Mr. POMEROY. I want to pursue the questions asked by Congressman Bereuter, and I want to begin by commending Congressman Bereuter and Congressman Levin for their bipartisan effort to articulate an ongoing concern of the United States on human rights and workers' rights even as we move PNTR forward.

We are very close to a vote, and the vote is going to be close, and I think that the proposal you have advanced, Mr. Cox, is quite interesting, but I worry just as a matter of almost process and politics if we start to have a mushrooming of these other alternatives

that address human rights even as we move PNTR forward, it is going to at least confuse and at worst divide the intention to address that concern in a manner that still captures support for PNTR.

Have you tried to work with Congressman Bereuter and Levin and meld your two proposals?

Mr. COX. Indeed, the reason that I am the lead-off witness at this hearing is I came to the Committee of jurisdiction as a Member of the leadership of the House with a proposal on which I had previously met with Chairman of the Subcommittee, Mr. Bereuter, and I fully intend to be constructive in doing so.

Wei Jingsheng, who is seated next to me, has written a letter, which I think now is public, that complained about the inadequacy of the brand new process, the completely alternative process that is being suggested in Levin-Bereuter. He said that a review outside of the Congress, outside of the current process of Jackson-Vanik, is not enough; and so I am here and he is here on this panel simply to ask us to do what a doctor would do—first do no harm. Our object is to enact permanent normal trade relations; let's do that. But let's not negligently, as I put it earlier, do more than that.

You have to remember that the very vote that we are being asked to cast on the bill, as reported from Ways and Means, will do two things: It will not only give us permanent normal trade relations, but it will also erase the nontrade parts of Jackson-Vanik. We don't have to do that. There is no reason to do that.

Mr. POMEROY. On that point, Mr. Cox, you would be more persuasive to me had you discussed with the Administration whether or not it was negligent omission or whether or not it was essentially tied to the——

Mr. COX. I don't think it much matters.

Mr. POMEROY [continuing]. The initiative. You indicated to us you have yet to have the dialogue with the Administration on the——

Mr. COX. The Administration has yet to advance a single argument in favor of repealing Jackson-Vanik. I think Mr. Berman put his finger on it. Even the business community hasn't focused on this. It may be that somebody is trying to pull a fast one here. I don't know. But in any case, there isn't a good reason for it. I don't think that Democrats or Republicans agree with it. As I said earlier, I don't have any objection to——

Mr. POMEROY. You have told us you haven't had the discussion, and so you assert that there is no good reason for it. You don't know. I mean, it seems to me that Jackson-Vanik, I would be the first to say I have but a layman's understanding of it. It was passed to basically address concern about the Soviet Union stopping emigration of Soviet Jews. That was the purpose for Jackson-Vanik. Now, the so-called Jackson-Vanik II idea that you are advancing, and I haven't seen the language—I guess the Minority staff got some language yesterday—does seem to be a brand new application. You are using an old name of two revered legislators, but a brand new application of something devised for quite a different purpose.

Mr. COX. I would point out to the gentleman that as a participant, as he has been, in the Jackson-Vanik debates on an annual

basis, he knows that in our pattern and practice in Congress over the last quarter century, the Jackson-Vanik debate has come to encompass human rights, all of them. If one reads the record of last year's debate, the year before and so on, you will see full discussion of freedom of religion, freedom to join a trade union, all of these things covered in our annual debate. All that we are doing in this legislation is codifying current practice.

If the Committee found that objectionable—this is a Committee of jurisdiction. I hope you mark up the legislation. If for some reason you wanted to leave it precisely the same as exists in Jackson-Vanik, and focus only on emigration, frankly that would be acceptable to me. I don't think that this represents the best work that Congress could do, because while you are at it, you might as well make it conform to what we know Congress is doing.

Mr. POMEROY. This looks—and I just basically offer this as an observation, I am going to vote for the PNTR proposition for China, but I am very supportive of the effort Congressman Bereuter and Levin to identify these other issues and constructively find a way to respond to them. I find that your initiative, while maybe—obviously well-intended, it occurs in a process that I think complicates the effort to achieve both ends, PNTR and codified means to effectively monitor human rights and worker rights issues in China.

Mr. COX. I have to say the gentleman must misunderstand the proposal because they are perfectly complementary. Indeed, Jackson-Vanik II is perfectly complementary to the Bereuter-Levin initiative. The only question is whether or not, if all you did were Bereuter-Levin, when would you be satisfied that you aren't worse off than you started. On the nontrade human rights side, I just want us to do no damage, no unnecessary injury to the Jackson-Vanik process.

Chairman GILMAN. The gentleman's time has expired.

Mr. Rohrabacher.

Mr. ROHRABACHER. First of all, I would like to congratulate Mr. Cox. For those who don't know, Chris worked for several years in the Reagan White House during the height of the Cold War and understands fully how different strategies have an impact on human freedom. The first question I would like to ask Mr. Cox, with your experience in the White House and since in Congress, was it the trade expansion that President Reagan focused on with the Soviet Union that helped bring down that tyranny and end that threat to the United States and the rest of the world, or did Ronald Reagan insist on Jackson-Vanik and other human rights measures and strategies in order to accomplish that great end that we enjoy today?

Mr. COX. I think the gentleman puts his finger on an important fact of history, and that is that we have a lot of experience with bringing down Communist governments through the use of sanctions and bringing down other noxious governments, such as the apartheid government in South Africa. We have no experience in the history of the 20th century ever bringing down a Communist government through trade.

It is not to say it cannot work, and indeed not every Communist government is the same. It is always pointed out early and often in this debate about the People's Republic of China that Chinese

communism or, as Jiang Zemin has wont to put it, "Socialism with Chinese characteristics," is different than the Russian variety of it that started in 1917. Our policies, certainly under President Reagan and under succeeding Presidents toward the Communist Government of the People's Republic of China, have been different than they were toward these other Communist governments.

Having set out in a direction, I think a lot of people want to see if we cannot make it work, but I wouldn't rely on some economic determinism here to guarantee our results. As President Reagan said in a different context, in this ideology of advancing democracy and political rights through advancing trade, we should trust, but we should also verify. We should have some other means; at a minimum we ought to talk about human rights.

What has pained me in watching the Clinton Administration implementation of our China policy is that while they have put a very healthy emphasis on trade, they have not put a concomitant emphasis on human rights. When the President took that extended visit to the People's Republic of China, the founders of the Chinese Democratic Party were not yet in prison. He could have met with them, as President Reagan certainly would have in the Soviet Union under similar circumstances. He did not do that.

Sometimes just talking about human rights when you have the world's media at your disposal or when you are in the Congress of the United States can accomplish a great deal, and I know that Wei Jingsheng, who is sitting next to me, is very grateful for the efforts of Democrats and Republicans in this Congress to attempt to secure his release through public diplomacy. Perhaps if he had not been nominated for the Nobel Peace Prize, perhaps if we had not kept such an intense glare of publicity on his imprisonment which caused the Communist government in Beijing to squirm, he might still be imprisoned. As it is, he is now in exile. That is somewhat better, but we would still like freedom for Wei Jingsheng.

Mr. ROHRABACHER. This proposal that if we keep expanding American economic trade and ties with Communist China, that it will result in greater freedom and respect for human rights, runs totally contrary to the strategy that Ronald Reagan used in order to bring about the greatest expansion of human freedom in the history of mankind.

Mr. COX. That is right, but it doesn't run totally contrary to the strategy that President Reagan used with the PRC. Since President Reagan is not here for us to inquire, the only thing—since you and I worked in the White House, we know a lot of people who made the policy—the only thing that we can ask is whether or not, with the collapse of the Soviet empire, we might have reoriented our China policy.

Mr. LEVIN. Would you give me 30 seconds?

Mr. ROHRABACHER. I will, but just let me make one point first, and that is having also worked with Ronald Reagan and written some of the speeches that he gave when he went to China, let me note that when President Reagan dealt with Communist China, there was an expanding democracy movement at that time, and that President Reagan was fully aware of that and fully aware that it was becoming—that there was an alternative building, and that China was going in the right direction, and while it was going in

the right direction, he had those policies. Yes, I would be happy to yield.

Mr. LEVIN. If I might, just give me 30 seconds or 45 seconds.

Chairman GILMAN. The gentleman's time has expired.

Mr. ROHRABACHER. I would ask unanimous consent for an additional one minute.

Chairman GILMAN. Without objection.

Mr. LEVIN. I appreciate it, Mr. Chairman.

I urge that we not put this in either/or frames of reference. It seems to me that expanded trade by itself is not a magic wand. I think it will need to be reinforced, to put it mildly, by pressures on China in terms of human rights and worker rights; but, a lot of leadership was at the White House yesterday, including some from the Reagan Administration, who do believe that economic freedom can have some impact, though I don't think by itself it is enough in terms of developing democratic freedoms. For example, the breakup of the state-owned enterprises in China, which I think is a good idea, there is a very good argument that as you break up the state-owned enterprises, that you are going to foster the opportunities for more freedom because the state-owned enterprises essentially are controlling the lives of people not only in terms of the factory, but in terms of housing, in terms of how they get help, and there is no chance for a free trade labor movement with state-owned enterprises. The more that changes, I do think it can help lead to democratic processes provided there are other important external pressures and internal pressures leading in that direction. It is not really either/or.

Chairman GILMAN. The gentleman's time has expired.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman.

I will be voting "no" on this agreement, and I am very concerned that those of us who are voting "no" are characterized as isolationists, as people who do not want to let the sun shine into China, and that simply is not true. As a matter of fact, it is the exact opposite of what is true. Trade with China is going to continue because the Chinese need it to continue. They send 42 percent of their exports to the United States. We send less than one percent of our exports to China. That is unlikely to change whether we vote for or against this agreement in any significant way. There may be some—if we vote against this agreement—some tiny, occasional interruptions in Chinese exports to the United States, but those exports will pretty much continue.

We do not wish to isolate China. There is not going to be an end of information exchange to China. Not a single Internet-capable computer will disappear from China if this agreement goes down, but if the agreement is accepted, then we lose any opportunity to have any economic effect on what China does either to open their markets, deal with nuclear proliferation, or deal with human rights.

We have talked about economic freedom, but the only economic freedom that this deal provides is it allows people to work in near slave conditions, free in the knowledge that their exports will come to the United States freely without the slightest risk of impedi-

ment. If that is economic freedom, then I think it is insufficient to bring political freedom to China.

Mr. Cox, I want to applaud you for going as far as you do in Jackson-Vanik II. When we dealt with the world's other great nonmarket economy, we insisted on human rights for a group of people. I am and was very concerned about the Soviet Jews. We should certainly not want to do less with regard to the Christians and Muslims of China, with regard to those who are struggling for autonomy in Tibet, et cetera. So for us to sweep aside any part of Jackson-Vanik as an undisclosed part of this trade agreement seems absurd.

But I would go further and say that while I agree with you that just talking about human rights itself is important, let's say China did something outrageous. Let's say 100,000 Buddhists monks and nuns were killed in Tibet or a crackdown that made Tiananmen—that exceeded Tiananmen Square. If we went with this deal, could the United States do anything that would cost the government in Beijing a penny in order to retaliate for such future outrages that might occur?

Mr. COX. I think the argument the gentleman is making is an argument in support of his vote against PNTR. The arguments on the other side, I am sure, the gentleman is very familiar with. I just wish to add that the reason I am here today is not that debate. That debate is taking place in this Committee and also in the Ways and Means Committee. I am here to focus attention on the other half of what this PNTR vote is doing, because I think most everybody is focused on the trade part, and they are not focused on the erasure of the annual human rights review.

Finally, I would say while supporters of PNTR ought to vote for this because they want to advance trade, but not retard human rights, opponents of PNTR should support this because if PNTR does not pass, Jackson-Vanik II will improve the existing process. First, it codifies the full panoply of human rights that are subject of our regular discussions in Congress, and second, it creates it a twice-a-year review.

Mr. LEVIN. Could I briefly respond?

Mr. SHERMAN. Briefly, because I have limited time.

Mr. LEVIN. First of all, in your comment about exports from China without the slightest risk, I just want to urge that there was negotiated an antisurge provision that is, as I said earlier, an extremely important one, which our proposal, Mr. Bereuter's and mine and others', would place into law so that if there were a threat of serious injury to any American worker/producer, we would have a mechanism considerably beyond anything available.

Second, in terms of whether there anything that we could do in a circumstance that you suggest, the answer is there are nontrade institutions through which China has now been receiving very considerable sums which would be subject to action by the United States and other countries.

Chairman GILMAN. The, gentleman's time has expired.

Mr. Ballenger.

Mr. BALLENGER. Thank you, Mr. Chairman.

Congressman Levin, just one question. You brought up the idea of the breakup of businesses in China. It has come to my attention,

and I don't know whether this is in the agreement, in the PNTR or the World Trade Organization, but that no sanctions are allowed in some agreement—which one I don't know—no sanctions are allowed in cases where businesses are owned or managed by governments. This has come to me from one of my companies back home that the basic idea is there is an opening about a mile wide in there, considering that substantial pockets of the Chinese economy are government-owned businesses. Am I mistaken in this, or do you have any knowledge about what I am speaking?

Mr. LEVIN. I don't think that is correct. The Chinese have made certain commitments, and those commitments are subject to the dispute settlement mechanism of the WTO, and I do not think there is a blanket exemption for anybody.

Mr. BALLENGER. That is a pretty broad statement. I just wondered if there is some exemption that you might——

Mr. LEVIN. I don't know of one. I would be glad to take a look at it, but I don't believe that that statement that you recited is correct.

Mr. BALLENGER. All I know is there was a commitment, a verbal commitment by a trade representative, that they would try to do something about this gaping hole in the agreement. So it appears to me there must be something there, and I would just——

Mr. LEVIN. I would be glad to follow that up and let you know.

Mr. BALLENGER. I appreciate it very much.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Ballenger.

Mr. Faleomavaega. This will be our last inquiry of the panel.

Mr. FALEOMAVAEGA. My personal welcome to the colleagues, Mr. Cox and Mr. Levin, for their presence on the Committee. I do want to commend Mr. Levin and Mr. Bereuter for sincerely trying to find a solution to this very serious problem in dealing with China, and probably no two Members can understand and appreciate more the concerns expressed by my good friend from California concerning the Jackson-Vanik provision as it is currently applied.

I would like to ask the gentleman from Nebraska and Mr. Levin from Michigan, in your packaging this proposal as it addresses the human rights theme, the labor problems and environmental issues, how did you address the Jackson-Vanik concerns as has been expressed by our good friend from California, Mr. Cox? I am sure that you have taken this into consideration. Are we kind of putting a double-barrel effort here? We have got the Jackson-Vanik to go with. Now you are adding these provisions—addressing these very serious issues that many Members have expressed concern about. I just wanted your response in dealing with the Jackson-Vanik provision that many Members are concerned about.

Mr. LEVIN. Yes. Thank you for your question. My strong view, and it is shared by a lot, is that the annual review mechanism has not been an effective instrumentality in terms of pressuring China in the area of human rights. I voted originally for a linkage proposal in the hopes that there might be some efficacy. In my judgment, it hasn't worked. It is a sporadic kind of attention to a very serious issue.

So what is proposed in the structure that Mr. Bereuter and I have presented and has a lot of support among Democrats and in-

creasingly among Republicans, is to have a continuing permanent institution on the highest level of Congress, and the executive whose single charge and responsibility would be to monitor human rights and worker rights and the rule of law within China; to increasingly be in contact with citizens within China; to increasingly use modern means of communication to determine what is happening; and to impact what is happening; and also then to make recommendations for specific actions to the Congress and the executive that are appropriate and WTO-consistent. Those actions would be placed within the laps—those proposed recommendations would be placed within the lap of the Congress and the executive for action.

It seems to me that that focused, sharp spotlight on a regular basis would be a more effective instrumentality to accomplish what we all believe than the once-a-year, now perfunctory debate—and I don't mean for us participants, but in terms of its impact, its being reported, where it stands in the spectrum of our activity, it would be more effective than the once-a-year discussion that we have that is attended, unfortunately, by few of us, and that I think is reported, unfortunately, by very few within the media.

Mr. FALEOMAVAEGA. Mr. Chairman, thank you.

Chairman GILMAN. Thank you, Mr. Faleomavaega.

Just one last question to both of our panelists. Are your plans consistent, and if you would please be brief since our time is running, with the rules of the World Trade Organization and the U.S.-China bilateral agreement? Are they strong enough to keep the pressure on Beijing to improve its policies on human rights, on labor rights, on religious freedom and proliferation of weapons of mass destruction?

Mr. Cox?

Mr. COX. Yes, Jackson-Vanik II is WTO-compliant. It retains the nontrade portions of existing Jackson-Vanik law and would be completely consistent with either the passage of PNTR or its defeat in the Congress. Second, I think it is vitally important at a minimum as an adjunct to what Mr. Bereuter and Mr. Levin are proposing, because while I agree with Mr. Levin that if the measure of our success is the human rights performance of the PRC, then nothing that we have done thus far has worked.

I would not infer from that that getting rid of the human rights focus that we presently have in the Congress and the executive branch is a good idea. I think that there is much merit in the proposal that they are advancing. It would probably augment what presently we are doing, but keep in mind that if we repeal the existing Jackson-Vanik annual review, if we repeal the Presidential reports to Congress and the opportunities for Congress to debate this, that our strongest voices in the Congress targeted on human rights abuse in the PRC would be silenced. Mr. Smith would have no more opportunity. Ms. Pelosi would have no more opportunity. Chairman Gilman, you would have no more opportunity. Mr. Gejdenson, you would have no more opportunity to speak on these things unless you were one of a tiny handful of people that might be appointed to this commission. But the whole U.S. Senate and the whole House of Representatives would be on the bench. I don't think that is a good idea.

Chairman GILMAN. Mr. Levin?

Mr. LEVIN. First, it would be consistent. Second, Mr. Chairman, and your colleagues, my colleagues, I don't think any instrumentality by itself is going to be enough. I think there is going to have to be a combination of pressure points, including a commission as we propose with its clear mandate. There is also going to have to be effective engagement. It is not going to be enough.

For my ten days by myself in China, talking to a wide variety of people, I became convinced that change is hatching, but we have to help shape it in the right direction, and my feeling is that simply saying no after we have negotiated an agreement with the Chinese is going to undermine our ability to effectively broadly engage. As well as pressuring, you need engagement and confrontation. One or the other isn't enough, and it will take time, but I think that we need to inject ourselves actively in the processes of time. Time by itself won't be enough. We need to be an active force in the processes of change and, by the way, try to be supportive of those that are on the side of change in China instead of those who want to stonewall and keep that present state that is under state control.

Chairman GILMAN. I want to thank our panelists, Mr. Cox, Mr. Levin, for your patience for being here and for your support of some very important resolutions. Thank you.

We will now move to the second panel. I would like to note we very much regret that we were unable to work out an arrangement with the Administration to testify on China PNTR issues today despite intensive bipartisan efforts to do so. I look forward to holding a future meeting of the Committee to ensure that the Administration will be able to provide testimony on this important issue.

Our second panel today is represented by members of the American international business community and international human rights organizations. It gives me great pleasure to introduce Sandra Kristoff, New York Life International senior vice president, is responsible for international government affairs and represents New York Life International in the Washington policymaking community. Ms. Kristoff has an extensive background in the Federal Government spanning a 22-year career that included serving as a special assistant to the President and Senior Director for Asian affairs at National Security Council. We welcome Ms. Kristoff.

Our second panel today also will open with the statement of our good and courageous friend Wei Jingsheng, who is known to us from previous appearances before our Committee. Mr. Wei Jingsheng is a former prisoner from China who is now in exile and exposing through his writings the failure of the Communist Party to bring forth changes that would lead to democracy and freedom for the people of China. We look forward to hearing your testimony today, Mr. Wei.

Mr. Wei Jingsheng must leave shortly for a meeting at the National Press Club and has agreed to join us on our second panel.

We also would like to welcome Mr. Mike Jendrzejczyk, Executive Director of Amnesty International, as our witness on this panel. Mike has been with Amnesty International since the mid-1980's, more recently has been associated with their international secretariat in London. Mike has appeared before this Committee on prior occasions due to his well-known expertise on World Bank and

trade policy issues, religious freedom and human rights in China and Asia generally. We are pleased that you are able to join us today.

Mr. Wei, would you begin your statement.

All of our witnesses, may submit their full statements for the record. If you would like to summarize, please do so.

STATEMENT OF WEI JINGSHENG, FORMER PRISONER OF CONSCIENCE IN CHINA, CHINESE DEMOCRACY ACTIVIST

Mr. WEI.

[The following testimony was delivered through an interpreter.] I am happy to see many people who really care about democracy in China, either for PNTR or against PNTR.

I have noticed Mr. Smith mentioned the fact that America Government's pressure does indeed directly affect the human rights condition within China. Yesterday former President Carter mentioned that there was a change within China, but which kind of condition made the change in China? I think Mr. Carter should know very well that at the time when they formed the diplomatic relationship with China, and that is also a way my friend in the democracy war and myself got arrested in China. In 1994 when Mr. Clinton, who disattached the human rights condition from the most favored nation status, that is the time I was sent to jail for the second time along with many of my friends. Those situations tells you clearly that international pressure, including the ones from America, do have a direct effect in the human rights condition in China.

Nowadays, the White House always emphasizes that a free economy in China would encourage progress of democracy in China. That is right, but it is only half right. We need other conditions to develop democracy in China.

In China we had 2000 years of free economy, but it never brought democracy. After long times of thinking, we realized that without human rights conditions guaranteed, we cannot get the law of democracy in China. So if we want to promote democracy in China, we have got to guarantee the human rights conditions in China, not just for Chinese Government, but for all the other dictatorship governments in this world that do not voluntarily respect the human rights. So we must meet internal and external pressure, both working together to improve the human rights record.

There are people who also claim that, we have been sanctioning China for all those years, but seems there wasn't too much good coming out of it. So Mr. Levin and Mr. Cox, they have all those proposals to increase—in Africa—to increase such effect.

But while we were thinking of how could we improve it, we should at least guarantee what we already have with the capacity we already have. As a matter of fact, the annual review in the Congress in the United States provides extremely good pressure to the Chinese Government. Because of such a pressure, our friends within China who work for democracy and freedom got a little bit of tolerance from the Chinese Government. If we provide PNTR to China, then we lose such a leverage, and then we also lose the protection to those people who fight for China.

This is kind of like a driver's license. It seems we always have everything in our pocket. It seems it doesn't really work. We could

think of some good ways to improve those people's driving records, but we should not let everyone get a permanent driver license. Otherwise, I am afraid that driving records will deteriorate instead of improve.

So while we try to improve—to have a moral means and the manner to improve the human rights condition in China, we should at least not give up the leverage and the means and the manners that we have to maintain the present records.

Finally I must provide one fact. It seems we spent a lot of time talking about whether we should isolate China or not; but as a matter of fact, it is now the Chinese Government's time in Africa to unite with the other dictatorships and Communist countries in Africa to isolate the Western countries, especially the United States.

As a matter of fact, the fight regarding human rights and democracy is not just a single fight between American Government and Chinese Government. It is a collective fight between the countries of democracy versus countries of dictatorship. In this regard America plays an extremely important role in this fight, and I hope it shall not retreat.

Thank you.

Chairman GILMAN. Thank you, Mr. Wei.

[The prepared statement of Mr. Wei appears in the appendix.]

Chairman GILMAN. Ms. Kristoff.

STATEMENT OF SANDRA KRISTOFF, SENIOR VICE PRESIDENT, NEW YORK LIFE INTERNATIONAL, INC.

Ms. KRISTOFF. Thank you, Mr. Chairman. I am here representing New York Life, but my perspective on this issue was really formed through more than 20 years as a civil servant in the Federal Government assigned to negotiating in the trenches on trade, political, military, and security issues, and it is that experience that leads to my assessment that the full range of U.S. national interests can best be served through the extension of PNTR to China.

First, it is profoundly in our national security interests. At the core of our national security is our deep and abiding interest in promoting peace and stability in the Asia Pacific. That is why we have committed to maintain forward-deployed troops of about 100,000. That is why we have nurtured five core bilateral security treaty alliances, a host of other informal political and military understandings with friends in the region, and that is why we are building a regional security architecture that aims to prevent an arms race, supports rules on nonproliferation, and rejects the use of military force to resolve disputes. Every ally and friend in the region, including Taiwan, has said publicly and repeatedly that a stable U.S.-China relationship is key to regional security.

Our approach toward China has to convince it that it is in its own national security interests to support a strong framework for regional stability. Every President for 30 years, every Congress for 30 years, has extended normal trade relations status annually precisely because it increases the probability of cooperation with China, the probability of a constructive, stable relationship, and the probability of China determining that it is in its own national

interests to help develop peace and cooperation with the United States.

The burden is on the opponents of PNTR to explain how denying that status will not isolate ourselves from China, will not remove our ability to influence Chinese decisionmakers, will not create the conditions for confrontation, will not strengthen the hands of hardliners in Beijing, will not jeopardize the security of our allies and friends, will not weaken the nascent international rules, rules-based regimes on nonproliferation missile—missile technology, control of other dangerous technologies, and will not deal a body blow to our national security.

Second, it is profoundly in our national values interest to extend PNTR to China. At the core of our American values is the belief that economic freedoms spark and nurture social and political freedoms. PNTR opens doors to China and expands the presence in China of American companies, NGO's and religious groups that support positive change and expanded freedom for the Chinese people.

I am not suggesting WTO or PNTR is a silver bullet which is going to overnight transform China into a Jeffersonian democracy, but the past 20 years of extending normal trade status annually have produced great changes within Chinese society. Twenty years ago there was no such thing as a private sector in China. There was no such thing as personal freedoms. Today Chinese people can travel within and outside the country, seek education abroad, select employment opportunities, vote in rural elections, earn higher wages, enjoy higher living standards, live in less poverty. They have increased access to information. They can begin to rely on the rule of law that is becoming an increasing part of the Chinese political and legal system.

That is why virtually every Chinese dissident and Tiananmen Square leader has spoken out in favor of PNTR. That is why Martin Lee in Hong Kong has spoken quite eloquently about the value of having China inside the rule of law system. That is why religious leaders like Billy Graham, Pat Robertson, the Christian Coalition, and NGO's like the International Republican Institute and the Carter Center all support PNTR for China as a means of advancing political and religious freedom.

The burden is on the opponents of PNTR to demonstrate how isolating ourselves from China will advance political, religious freedom or improve the life of even one Chinese citizen or worker. It is their burden to demonstrate how rejecting PNTR would not shut down lines of communication and would not undermine the important role that NGO's have played in promoting the rule of law. It is their burden to show that cutting off U.S.-China trade would not push Chinese reforms backward in time to the days when China was isolated, markets were closed, and the worst abuses in human rights took place.

Third, it is profoundly in our national economic interest. No one seriously argues against the merits of the U.S.-China WTO agreement. Occasionally people raise issues about jobs. I think that argument is somewhat disingenuous when one recognizes that we are operating practically at full employment, and none of the exports that China makes to this market are any longer produced in this

country. So I would argue that even in the economic area, it is the burden of the opponents of PNTR to explain how denying this status could possibly enhance America's competitive advantage in the global economy.

I would only wrap up by referring you to Steny Hoyer's recent speech, which I think was a revealing reflection of a personal struggle on whether to support this issue, and he based it on the confluence of national economic and national security interests and a recognition that 20 years of annual renewal and review of China has produced little, if any, evidence of improvement in human rights.

Chairman GILMAN. Thank you, Ms. Kristoff.

[The prepared statement of Ms. Kristoff appears in the appendix.]

Chairman GILMAN. Mr. Jendrzejczyk.

STATEMENT OF MIKE JENDRZEJCZYK, EXECUTIVE DIRECTOR, D.C. OFFICE, HUMAN RIGHTS WATCH ASIA

Mr. JENDRZEJCZJK. Thank you, Mr. Chairman. My name is Mike Jendrzejczyk. I am the Washington director of the Asia Division of Human Rights Watch. You are right, Mr. Chairman, I did work for Amnesty International up until 1990 when I took on this position for Human Rights Watch. Again, we appreciate the opportunity to appear before this Committee to discuss this very important issue.

My organization does not take a position on trade agreements per se, and we don't endorse any particular agreement, including the one negotiated between U.S. and China last November. However, we do believe that the WTO process should be used to press for human rights improvements. We think that trade can be consistent with advancing human rights, but only if it is combined with effective and sustained pressure.

Here I very much endorse Mr. Levin's comments that engagement and pressure go hand in hand. As a WTO member, China will commit itself to respecting global trading rules, and this is a step toward China's integration into the international system regulating not only trade relations, but also the government's treatment of its own citizens. Restructuring China's economy to fit WTO standards, I think, will give a boost to those within China who are arguing that it must open up not only economically, but also politically.

However, I don't think you can argue credibly that WTO membership will in itself automatically lead to political change. It could be an important catalyst over the long term, especially in the area of legal reform. It certainly will increase pressures and expectations inside and outside China for creation of an independent legal system, which now does not exist, and may, in fact, be years away.

Again, I want to stress that WTO membership will not in itself guarantee the rule of law, respect for worker rights or meaningful political reform, and, in fact, economic openness could be accompanied by tight restrictions on basic freedoms and an overall lack of government accountability. For example, the government might seek to build a rule of law in the economic sphere while simultaneously continuing to undermine the rule of law elsewhere.

I was in Beijing in March with the U.N. High Commissioner of Human Rights, Mary Robinson, and heard the Vice Premier Qian

Qichen lecture all of the delegates on the benefits of the rule of law, stressing, however, that it is up to each government to decide how the rule of law is to be maintained. As you know, China has justified locking up Falun Gong members and activists, saying it is simply maintaining and supporting the rule of law and doing this according to the law.

But it is, I think, crucial that the Administration and Congress look carefully at the question of permanent normal trade relations and how this can be used in the context of China's entry into the global economic system to exert significant leverage on human rights. We believe that Congress should set meaningful and realistic human rights conditions that China must meet before receiving permanent NTR. We think the President should be required to certify these conditions have been met before they get PNTR, and this could happen any time following China's succession to the WTO.

In my testimony I have recommended four areas where we think there is a realistic possibility China could make significant progress in exchange for getting PNTR: One, ratifying two important U.N. human rights treaties that China has signed, but yet to ratify; two, taking steps to begin dismantling the huge system of reeducation through labor which allows officials to sentence thousands of citizens to labor camps for up to three years every year without judicial review, and we could provide technical and legal assistance if the Chinese were to move in this direction; three, opening up Tibet and Xinjiang to regular, unhindered access by U.N. human rights and humanitarian agencies, foreign journalists and independent human rights monitors; and four, reviewing the sentences of some 2000 so-called counterrevolutionaries convicted under provisions of Chinese law that were repealed in March 1997.

Getting China to meet these conditions I don't think would be easy, but it would require the same kind of hard-nosed negotiating that the Administration committed itself to get the trade agreement last November.

Second, to replace the annual trade review, we would strongly support the creation of a new mechanism such as a special commission appointed jointly by Congress and the executive branch along the lines of Mr. Levin and Mr. Bereuter's proposal. I met with Mr. Levin in Seattle, in fact, just before the tear gas started flying, and several times with his staff, and we believe that this could play a very useful role.

My organization has worked closely with the CSCE both during and after the Cold War, and we have found it an effective and constructive mechanism. However, I think for this to be effective in the case of China, more is needed beyond the pro forma process and the issuing of a report on an annual basis. I think that the legislation establishing the commission should require a debate in both the House and Senate and a vote by a certain date each year on both the findings and the recommendations of the commission. This would accomplish, I would add, what Mr. Cox is looking for. It would guarantee that the commission not only is engaged throughout the year, but every single year, instead of the trade debate, we would have a debate and a vote in both the House and Senate on the findings and recommendations of this commission.

A second——

Chairman GILMAN. The gentleman's time has expired. Could you please——

Mr. JENDRZEJCZJK. I will wrap up, Mr. Chairman.

The second aspect of his proposal has to do with prison labor, and that, I think, would also be useful, especially if it entailed renegotiating the original prison labor MOU of 1992.

Finally, Mr. Chairman, we very much support the creation of a code of conduct for American companies in China. This was an idea first drafted as legislation in this body in 1991 and again in 1995. I think with the trade agreement implemented and China and its entry into the WTO, American businesses will have even greater incentive to be on the ground where I think they can play a positive role. We think a sense of Congress bill setting out a code of conduct for American companies with an annual report to the Secretary of State on how these principles are being adhered to would take at face value the claims and assertions by the American business community that their presence cannot only help liberalize China, but can also lead to the better treatment of Chinese workers.

Thank you, Mr. Chairman. I look forward to your questions.

Chairman GILMAN. Thank you, Mr. Jendrzejczyk.

[The prepared statement of Mr. Jendrzejczyk appears in the appendix.]

Chairman GILMAN. Now our fourth witness on this panel is Nicholas Giordano, speaking today on behalf of the U.S. Pork Producers. He is the international trade counsel for the National Pork Producers Council, a national association that represents 44 States and generates over $11 billion in sales. The National Pork Producers Council is the co-chair of the Agriculture Coalition for U.S.-China Trade, a group of over 80 organizations that represent farmers, ranchers, food and agriculture companies in all 50 States.

We welcome you here today, Mr. Giordano. You may summarize your statement or put the full statement in the record, whichever you may deem appropriate.

Mr. GIORDANO. Thank you, Mr. Chairman. I will summarize my statement, and I do ask that the entire statement be included in the record.

Chairman GILMAN. Without objection, your full statement will be made part of the record.

STATEMENT OF NICHOLAS D. GIORDANO, INTERNATIONAL TRADE COUNSEL, NATIONAL PORK PRODUCERS COUNCIL

Mr. GIORDANO. As you indicated, I am with the Pork Producers, but I am also here wearing two hats, as the Pork Producers are the co-chair of the Agriculture Coalition for U.S.-China Trade which, as you mentioned, is comprised of over 80 organizations really from farm to table, with all 50 States represented in our coalition.

Most sectors of U.S. agriculture have suffered from very low prices during the past few years. Indeed, pork producers just came through a period with the lowest prices ever in real terms. As President Clinton, Secretary Glickman and many Members of this body have pointed out, U.S. agriculture is missing out on the long-

est period of economic growth and prosperity in our Nation's history.

For U.S. agriculture, the importance of consummating this deal with China and getting China quickly into the WTO cannot be overstated. The United States Department of Agriculture estimates that the U.S.-China WTO accession agreement could add about 1.6 billion annually to U.S. agriculture exports of bulk commodities such as grains, oils, seeds and products, and cotton by the year 2005. U.S. export gains could approach two billion as the Chinese reduce their tariffs on high value-added products such as pork, poultry, beef, citrus and other fruits, vegetables, tree nuts, and forest and fish products. While the United States gains access to its growing market, China does not gain any greater access to the U.S. market under the WTO agreement, making it a win-win for American agriculture.

As part of its WTO negotiations with the United States, China agreed to slash tariffs on many food and agriculture products. Indeed, the tariffs agreed to by China for many of these products are much lower than the corresponding tariffs in countries such as Japan and Korea. The agreement also will obligate China to reform its monopoly state purchasing agencies, eliminate scientifically unjustified sanitary and phytosanitary barriers, and provide strong provisions against unfair trade and import surges. It requires China to stop the subsidization of exports, which is a huge concession given the vociferous opposition we face from the European Union when it comes to the elimination of agriculture export subsidies. Finally, WTO membership will require China to play by the same rules and disciplines of the multilateral trading system as the United States. The United States will have recourse to WTO dispute settlement mechanisms should China not live up to any of its obligations, an avenue of recourse we currently do not have.

With respect specifically to pork, the package negotiated by the United States with China has the potential, if fully and fairly implemented, to transform China into the single greatest export opportunity for U.S. pork producers. Currently China has a de facto ban on pork imports. China blocks pork imports through a system of high tariffs, restrictive import licensing and distribution practices, and complicated and arbitrary sanitary requirements. Under the terms of the U.S.-China WTO agreement, China will, upon WTO accession, phase out its restrictive import and distribution procedures, lower tariffs on pork, and cut subsidies. Under the terms of a separate bilateral sanitary agreement negotiated with the United States, the U.S.-China agriculture cooperation agreement, China agreed to accept pork from any USDA-approved packing plant, which again is a huge concession, particularly given the problems that we have had with the European Union on meat and poultry in getting them to extend equivalence to us and recognize our inspection system.

According to Professor Dermot Hayes, an Iowa State University economist, the Chinese market, if fully opened to U.S. pork variety meats, these are the variety meats, the parts that we don't eat too much in this country, the internal organs, if China fully opens its market to the variety meats as stipulated by the agreement, this would add about $5 per head—this isn't our number, this is an

Iowa State economist—about $5 per head to each of the hundred million hogs we slaughter each year.

Overall this agreement is comprehensive. It is enforceable, and it levels the playing field in our favor. In order to realize the benefits of this agreement, Congress must vote for permanent normal trade relations with China. If the United States fails to provide permanent normal trade status to China, which is not special treatment, but the same trade status that the U.S. provides to other WTO members, China would have a right to withhold the benefits of key WTO commitments from the United States. In such cases, the U.S. will be greatly disadvantaged as our trading partners enjoy the benefits of China's entry to the WTO while we are left on the outside looking in.

Chairman GILMAN. The gentleman's time has expired. Would you please sum up?

Mr. GIORDANO. Danish pork producers, Australian beef producers, Canadian wheat producers, French poultry producers, Brazilian soybean producers and Argentine corn producers ironically would reap the gains from America's leadership in negotiating strong commercial WTO accession terms.

Mr. Chairman, in conclusion, we won the Cold War. There is no Warsaw Pact. China wants to join the multilateral system that was largely designed by the United States. We think that is a good thing, and we ask that the Congress not block U.S. farmers and ranchers from benefiting from China's integration into the international system. We ask that Members of Congress please vote yes on PNTR for China.

Chairman GILMAN. Thank you, Mr. Giordano.

[The prepared statement of Mr. Giordano appears in the appendix.]

Chairman GILMAN. I thank all the panelists.

Mr. Wei, do you think the vote on PNTR would affect the way that Beijing acts toward Taiwan?

Mr. WEI. If we talk about this issue, we should see what kind of danger Taiwan is facing. Chinese Government has lots that must happen to solve the internal problems, so they would use typical strategy to transform those problems into a war against somewhere else. It has been a very hot debate within the Chinese leadership regarding whether they should have the war against Taiwan or not. We think China—the Chinese Government has to be successful in making everyone extremely call for patriotism and have nobody to say not to attack Taiwan. The only meaningful way out the Chinese Government can say is that they claim they don't have enough money to start a war. On one side they say, we don't have the money, and the other side they say, if the war starts, our economy will suffer.

The PNTR from America would virtually give them confidence in the trade and economy, and thus they are more likely to start such a war. I believe this war would not be just against Taiwan. It would also directly affect America.

Chairman GILMAN. Thank you, Mr. Wei.

To the panelists, are you confident that the U.S.-China agreement is enforceable, and are the so-called parallel legislative efforts needed to improve the prospects for its enforcement?

Ms. Kristoff.

Ms. KRISTOFF. If I could start, Mr. Chairman, I think that through the agreement we have access to the WTO dispute settlement mechanisms for the first time with China, and we can hold their feet to the WTO dispute settlement fire, if you will. We will also be able to draw upon all the other members of the WTO to create a bilateral pressure, a multilateral pressure on China to live up to its commitments.

I don't believe that China's record on enforcement on deals that it has negotiated with us in the trade area is any better or any worse than any other trading partner, and, frankly, if we trusted the Europeans on agriculture, as Nick intimated that we don't, or if we trusted Japan on anything on trade, we wouldn't need the WTO. I would expect us to have disputes with China, but I would expect us to be able to use what is already proven to be an effective system.

Chairman GILMAN. Mr. Jendrzejczyk.

Mr. JENDRZEJCZYK. I would just comment in two ways, Mr. Gilman. One is to allude to the fact that we have bilateral and multilateral agreements with China, some of which are trade-related and also have to do with human rights where their track record is very poor. One reason I suggested in my testimony that the MOU on prison labor allowing the Customs Service access to suspected prison labor sites negotiated in 1992, needs to be renegotiated, is that China continues to stonewall attempts by the Customs Service to conduct such investigations. We, in fact, made the same recommendation before this Committee in September 1993. According to the State Department, the most recent investigation allowed was in 1997. So I think, again, this points to the need for vigilant enforcement efforts to ensure that whatever agreements China makes in the context of WTO, there are mechanisms to verify and press for compliance.

Chairman GILMAN. Mr. Giordano.

Mr. GIORDANO. I would associate myself with Ms. Kristoff's comments. In addition, I would say our colleagues in agriculture, the cattlemen, have had very difficult experience with the European Union on the hormone issue. I think we would be hard-pressed to believe that we are going to have as difficult a time with the Chinese in enforcing agreements.

We don't know what the future holds. This is a fantastic agreement. What we do know is that the side agriculture agreement, which is a bilateral U.S.-China-only agreement that I alluded to in my statement, the Agriculture Cooperation Agreement, has been fully implemented, and that agreement covers meat and poultry, citrus and wheat, and all of the affected sectors are very pleased with China's implementation there, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Giordano.

Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman. It's a great panel that you have assembled.

Mr. Jendrzejczyk, I have some questions for you. I think almost all of us, if not all of us, are in accord with the goals and the outcome that you would like to see, whether or not this is the proper vehicle, or whether the WTO can effectively effectuate what we

would like to see accomplished in addition to the trade side of the issue. Do you think that if we insisted on these things that we could force China to go along with our program?

Mr. JENDRZEJCZYK. I want to understand what you are suggesting. Are you asking do I think that if Congress were to attach certain human rights preconditions, that China would meet those in order to get PNTR? Is that what you are asking?

Mr. ACKERMAN. That is my question.

Mr. JENDRZEJCZYK. I would answer this in two ways. One, Jiang Zemin, the President, has staked his political future in part on his relationship with the U.S.—continued access to the U.S. market and investment and American technology. Therefore, I think he has an enormous political incentive, given what he has invested, in getting this agreement signed to get it implemented. So I think, in fact, by the time a multilateral protocol is negotiated for WTO accession, it is possible that Jiang Zemin could be convinced to at least make progress on some of the specific areas I mentioned if it meant that he would get in the end what he wants most of all, which is PNTR.

Mr. ACKERMAN. Do you not think that if we do not give him PNTR—as you have appropriately stated, he has staked his political future on this—that those elements within Chinese society, such as people in the military who would like to see him not have much of a political future, would use this as an excuse to get rid of him?

Mr. JENDRZEJCZYK. There is a constant tension and struggle, as you know, going on within the leadership on a whole range of these issues. Much of the Chinese bureaucracy still isn't convince that the WTO membership is a good idea. I think the fact, however, that Zhu Rongji went home empty-handed last year when he came here to get an agreement did far more damage to those in the leadership who are trying to move toward greater economic openness, frankly, than anything Congress does this year on PNTR.

If PNTR isn't voted on this year, I should add, I would favor simply continuing the renewal process for another year. I bet you by next year the Europeans will finish their negotiations, we will have a multilateral protocol, and then we can revisit the issue of PNTR.

Mr. ACKERMAN. I would think everybody would be finished with theirs and have all the benefits of what we have negotiated with the exception of us.

I think I know your position on the death penalty, your former organization and yourself personally, and I think I know that that is probably the same position as a great many other Western and westernized democracies. Do you think that if any of those Western democracies or China or any other country would say to us that we have to give up the death penalty in this country because they believe it is the vilest abuse of human rights, otherwise they won't trade with us, do you think we would tell them to get lost, or do you think we would get rid of the death penalty? I know your view, but what do you think we would do?

Mr. JENDRZEJCZYK. I don't know what we would do. I would like to see pressure applied on the U.S.

Mr. ACKERMAN. Do you think it is possible that if Belgium said to us they won't trade with us unless we give up the death penalty, we give up the death penalty?

Mr. JENDRZEJCZYK. I don't, because despite the fact that——

Mr. ACKERMAN. If China said to us that we had to give up the death penalty, would we give it up?

Mr. JENDRZEJCZYK. Despite the fact that the U.S. is greatly out of step with democracies in Latin American, Western Europe and others on this issue, which is a still emerging international norm, there is a long-term interest that our European, Latin American and other allies have in trading with us that I think trumps their concern about the death penalty, strongly as they hold that concern.

Mr. ACKERMAN. But if they played that card and said to us that it would affect our trade relationship, what would we do?

Mr. JENDRZEJCZYK. I don't know. I hope we would reconsider the use of the death penalty, to be honest.

Mr. ACKERMAN. I know you do. I share your position on that, but that is not the question. The question is as a practical matter will China change its view because we are trying to push them around? Will we change our view in American society and do away with prison labor—you do know we have that here—because other countries find that an abomination?

Mr. JENDRZEJCZYK. I think it is much too complicated, to be honest, to answer in such a black and white way. There are growing constituencies within China for exactly the kind of economic and political changes that have been discussed here today. I think the question is how can we support, enable and empower those in Chinese society, even within the party, who want to move toward greater economic and ultimately, hopefully someday, political openness? That is the issue. I think, frankly, that is the only way to address this in an intelligent way.

Mr. ACKERMAN. You and I have no disagreement on these issues, but what you are suggesting is that these vehicles aren't effective in changing our way because nobody is using them, and they are looking for other vehicles to try to convince us as to what their view of morality is on other positions. Maybe I come to a different conclusion than you do because I am a politician, but I would certainly get my dander up, and almost everybody that I talk to would get their dander up, if somebody insisted that we release people from prison that we have convicted under our system because they don't like our system, or because we have prisoners who are working for 17 cents an hour and they think that is not enough, and they think we are executing people and that is an uncivilized thing to do. Even though I agree with you on the positions, that we should change them, I would be really peeved if some country said that to us, and I would think that that is the reaction of the Chinese.

Mr. JENDRZEJCZYK. All I can say, Mr. Ackerman, is that the reaction of every country. When we issue, the State Department that is, issues its annual human rights report, no government likes to be criticized. When our State Department has to go up to the U.N. to defend—it is a natural reaction. I don't think there is anything that would dissipate that.

Chairman GILMAN. The gentleman's time has expired.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

I want to thank the panel for the exceptional quality presentations they have made. I have found them very helpful and very positive.

It occurs to me, and perhaps Mr. Wei would agree with this, that the great majority of the 1.2 billion people in China have no particular political ideology. They are not particularly sympathetic to communism. They would just like to go on with their lives in as positive a fashion as possible. Our opening up China to trade to a greater extent will mean that those 1.2 billion people will benefit. The Chinese Government may continue to "buy China," as we have pressured to "buy America," but what we are interested in the vast number of people in China who have no particular political orientation. We hope to convince them to move toward—support moves toward democracy and human rights.

I also wanted to mention, since the subject has come up, that the dispute settlement mechanism for the WTO is one that the U.S. thus far has used far more than any other country. With a couple of recent exceptions, we have had a very favorable outcome from the use of those mechanisms.

I hope all of you do focus on the recently circulated proposed framework that Mr. Levin and I have distributed. The accession of Taiwan to WTO that Congresswoman Dunn and I have pushed would occur, we would hope, at the same meeting that China's accession to the WTO occurs. Tainwan, is our seventh or eighth largest trading partner. I would think, Mr. Giordano, that information would be particularly interesting to you to as well as to others representing the agriculture groups.

Mr. Jendrzejczyk and Dr. Kristoff, you noticed perhaps that we do have a push for an interagency task force on the subject of prison-produced goods and the labor conditions related to prison produced goods. In section 5 of our proposal, Mr. Levin and I significantly attempt to increase the resources available in our government to promote the rule of law and to monitor whether or not there is agreement with the trade agreement of the WTO and the U.S. accession agreement. We also pushed very hard for additional technical assistance for the Departments of Commerce, of Labor, and of State, which they support, for additional resources for dealing with labor market standards, commercial law, and rule of law. We also urge that additional resources be allowed for those purposes through the WTO, and the international financial institutions. I would welcome any comments any of the panel members might have, and I do thank you for your very specific suggestions, Mr. Jendrzejczyk.

Mr. JENDRZEJCZYK. Thank you, Mr. Bereuter. I would just quickly add we very much support the kind of technical rule of law programs both for reform and better enforcement of the Chinese labor laws as well as commercial law. As you know, Mr. Gejdenson had introduced separate legislation with much of the same impetus behind it. We have had a number of discussions, in fact, with the U.S. Labor Department about precisely how to go about doing this. As you know, the Chinese Labor Minister was here in March 1999,

invited Alexis Herman, our Secretary of Labor, to visit China, which we hope she will do relatively soon not only to begin a dialogue on worker rights and social safety nets, but also to begin putting in place precisely these kinds of programs.

Mr. BEREUTER. You are right to give Mr. Gejdenson credit. Mr. Levin and I drew heavily on his legislation for some sections.

Ms. KRISTOFF. Mr. Bereuter, I think the technical assistance on the development of rule and law and commercial labor markets in China is an excellent idea. The American business community has been involved in those kinds of technical assistance programs in the regulatory areas in China in the financial services area for some time, and I think it would be exceptionally helpful if this were a mandated program.

I think compliance by China is going to be the critical next question in the WTO. We have got to monitor its implementation of these very time-specific and very clearly drafted commitments that Charlene has negotiated, and I think the Commerce Department and USTR are going to need additional resources in order to be able to do that. So anything that you can do to create within the interagency structure and the executive branch and in cooperation with the Congress, a more focused view or more focused scrutiny of compliance by China with its obligations I think we would welcome.

Chairman GILMAN. Mr. Wei?

Mr. WEI. There are some good discussions regarding how to negotiate with the Chinese Government to improve the Chinese labor condition, et cetera. But I must remind everyone to negotiate, to bargain, you do not give the money to the person first, otherwise you lost all your possibility of negotiation. Every year we hold PNTR in our hands, and every year we give NTR. Now we have all the quality and leverage of the right person to negotiate, but otherwise we lose everything. Thank you.

Chairman GILMAN. Thank you, Mr. Wei.

Mr. GIORDANO. If I could comment?

Chairman GILMAN. Mr. Giordano.

Mr. GIORDANO. Thank you so much.

Mr. Bereuter, with respect to your proposal, Mr. Levin's proposal, we in agriculture don't have a formal position on this point, but I think you will find a lot of support out there, and we may be moving toward a formal position. I think as a political matter, anything that helps us to get to 218 we view as very positive. I think as a policy matter, anything which provides more of a basis for enforcement above and beyond the rights we already have is also very positive.

I also want to comment on the nontrade aspects of some of the things that are in your proposal and some of the other things that have been discussed here today. I want to underscore that people in American agriculture, farmers and ranchers, are not deaf to the concerns and to the pain that many feel in China. American agriculture represents mainstream American values. Many of our people are people of faith. There is great concern, but they have an underlying faith in our system and in free enterprise, and they believe that through trade and through engagement, through increasing incomes in China, China being integrated into the multilateral

trading system, that there will be greater respect for human rights, greater respect and religious tolerance, greater environmental protection, all the things that we believe in. So while we certainly have a very parochial interest in trading with China, in increasing our exports there, we very much believe that it is in our best national interest and are very much interested in promoting other American values in China as well. We think that your legislation does that.

Chairman GILMAN. The gentleman's time has expired. Thank you.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman.

Let me just ask a couple of questions. First of all to Mr. Wei Jingsheng; Bottom line, do you believe human rights will improve if PNTR is approved by Congress in the next couple of weeks?

The INTERPRETER. If PNTR is given to China?

Mr. SMITH. Is given to China. Will human rights improve?

Mr. WEI. I want to mention not only the human rights condition after the PNTR is given to China, but that the human rights condition will not be improved. As a matter of fact, it will deteriorate. The reasons are very simple. For a dictatorship government, they do not really want to respect human rights at all. They will only be forced to respond if there is any pressure, such as we would really like to have the trade conditions be granted to them so they figure out maybe they have to respect the human rights matter.

Mr. SMITH. Let me ask Ms. Kristoff, and perhaps Mr. Giordano might want to touch on this. In your view, especially now that we have had the MFN renewed annually under the Clinton Administration, has religious freedom gotten better?

Ms. KRISTOFF. I would say that over the course of the almost now 30 years that——

Mr. SMITH. Let me take the timeframe of the linking of MFN with human rights under the Clinton Administration. Since then has it gotten better, worse or stayed the same?

Ms. KRISTOFF. I think it has gotten better over both the last eight years and the 12 or 22 years before that, cumulatively. I believe that American missionaries, American religious leaders have spoken out in favor of continued engagement with China rather than to create a condition where they can't have access to that market. Ten years ago you couldn't find a Bible in China. Now they are everywhere. The estimates of the number of religious believers in China far understates the reality of the number of Buddhists, Muslims, Catholics, Protestants that worship in China, albeit not in sanctioned churches. This is vastly different than it was ten years ago, and I think the NGO's and the religious organizations that have made this happen deserve an awful lot of credit. I just don't think that the credit should go to the perceived leverage of the annual review, because, in fact, having given it every year for 30 years, it produces no reaction on the part of the Chinese.

Mr. GIORDANO. Mr. Smith, let me start by commending you and many others in this Congress who have really carried the banner on human rights issues, and as I previously said, this is something that our producers are very concerned about. I know that growing up, the picture that I had of China when President Nixon opened

the country right after the Great Leap Forward and the Culture Revolution was a very bleak time I think in China's history. What we saw on the television set were people in blue Mao uniforms, carrying red Mao books, riding on bicycles.

I can tell you that in the past four years I have been to China four times, most recently just a couple of weeks back, and the country is opening up. Is there religious persecution there? Absolutely. I would not be credible, and I would be misleading you, and you know better. It is certainly something our producers are concerned about.

As I said, we believe that China's integration into the world trading economy is something that ultimately will lead them to greater democracy and greater respect for human rights. It is a problem, and I believe—yes, I believe that the persecution is diminishing, and I think as we look out in time 20 years from now, after we have a successful vote and after China is integrated, that we will see perhaps as much or more difference than we see when we look back 20, 30 years ago to people in those blue Mao uniforms, carrying those red books.

Mr. SMITH. Obviously I am out of time again. That is one thing about my Subcommittee, we usually provide almost unlimited time, but let me make a couple of quick concluding points.

The United States Commission for International Religious Freedom will testify, as did their voluminous document, that there has been a sharp deterioration of freedom of religion in China during the last year. I myself visited with Bishop Su of Baoding, who, because he visited with a United States Congressman, was arrested or rearrested, having spent so many years in their prison camp, the Laogai. He is a full-fledged, bona-fide bishop with an allegiance to the Holy Father in Rome, and for that he was arrested and interrogated.

I met with Wei Jingsheng when he was briefly out in the mid-1990's, but he was rearrested after meeting with John Shattuck and myself at two different times, and was quizzed and told that we are members of the CIA, some fanciful idea by the public security police.

My point is that we are dealing with a dictatorship.

Mr. Jendrzejczyk talked about the MOU. I was actually in a prison camp, Beijing prison number 1. Forty Tiananmen Square prisoners were there. We couldn't meet with them individually. They were there because they carried signs and said, we want democracy.

It seems to me that it is at best premature to be giving permanent normal trading relationship to a government that is not normal in any sense of that word. We need to see some progress. I would respectfully submit—and I respect your opinions and I hope you respect mine—they are going in the wrong direction. The evidence from the U.S. Commission, from the Country Reports of Human Rights Practices and from a myriad of human rights organizations, including Mr. Jendrzejczyk's, Amnesty International and all the others, paints a voluminous, very incriminating picture of overlapping layers of repression.

My good friend Mr. Ackerman talked about the death penalty. I am against the death penalty, but there are no due process rights.

If Doug or I or my friend Dan Burton or any of us are not within the very tightly circumscribed circle of an official church—or are Falun Gong practioners, or Buddhists in Tibet, or we're Catholics aligned with Rome, or evangelical Protestants, you can forget it. We go to prison, we are interrogated. There are thousands of Falun Gong right in the face of this vote who are being arrested and interrogated.

It seems to me we do have some leverage, and I respectfully submit that not using it makes their lives that much worse. The Chinese will laugh and say they can have their cake and eat it, too. I say that with all due respect.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Smith.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman.

We are on the precipice here, about to give up any chance at all for having any way to respond if Beijing clamps down on human rights, at least any way to respond as the United States. Obviously if we could—if the clamp-down was so solid that the Europeans and Japanese were ready to give up money and trade, that would be a truly extreme circumstance.

Right now China has clamped down a little bit on dissenters and those who practice religion, but one can only imagine what they will do if they know that the worst that can happen to them from Washington is that they will get a strongly worded letter. Perhaps if Mr. Cox is successful, they would get a bad Jackson-Vanik II report.

But they wouldn't risk either a day without MFN or what I would like to see this House do, and that is have a graduation of MFN so that we are not in a situation where every year we just vote yes or no, but we are able to vote for a 10, 20, or 30 percent reduction in the MFN benefits so that if without MFN the tariff would be $10, and with MFN the tariff is $1, that we are able to vote for, in effect, a $2, $3, or $4 tariff on that particular item.

A lot has been said that supporters of human rights in China support this agreement. To me, the most courageous of those in China are those who have actually spent time in the Chinese gulag, in prison, and the people we need to listen to are those who are free to speak to us, not those who are still subject to additional imprisonment in China.

Mr. Wei, can you comment for those who have served time in Chinese prison because of their human rights activism who are now outside of China and free to speak their minds, what is the view of that group of people toward whether we should go along with this agreement?

Mr. WEI. I think that the attitude from those who could speak freely, their attitude is quite clear. I have received many inputs, including the inputs from China from those people who have had to spend lots of years in Chinese jails, and they are against the PNTR.

Also, we notice that there are a few people of a little bit of fame who seem to change their attitude in this regard, and I think they may not speak what is really in their heart. We must remember the pressure from the Chinese Communist is not necessarily just

within China—they have successfully spread overseas. So some people's attitudes may not reflect the people who have had to spend years in Chinese jails. They cannot—especially—they cannot represent on several thousands of people who are still spending their time in Chinese jails who are much less famous. Thank you.

Chairman GILMAN. The gentleman's time has expired.

Mr. Burton.

Mr. BURTON. We are a huge market for the Chinese, and I don't think they are going to jeopardize that market by starting to defer trade with us to some other country, because we are probably the biggest market they have in the world. I don't see anything wrong with renewing this on a yearly basis rather than giving them permanent trade status. Once we give them permanent trade status, we have no more leverage with them as far as trade is concerned.

I think one of the panelists said that our national security depends on this, and they also said we won the Cold War. I remember one of the generals recently said that—when we were talking about Taiwan and our possible defense of Taiwan, they said America won't defend Taiwan. They are more concerned about Los Angeles than they are Taipei. That was a direct threat, and it was recent. Our memory seems to be so short. We don't remember Tiananmen Square. We don't remember hearings we had in this Congress just a few months ago where we found out they are taking prisoners into prisons, who are alive, and if somebody from a foreign country needs a kidney, they take them and they remove one of their kidneys. They immediately transplant it into a recipient at a makeshift hospital or close hospital nearby, and sometimes they kill that prisoner to take their heart or another organ. That goes on right now.

They are selling organs of live prisoners. Many of these prisoners are political prisoners who committed no murder, nothing that would involve the death penalty. If you don't think taking someone's heart is the death penalty to give it to someone else who needs a new heart, then you and I don't have the same definition of a death penalty. That goes on today, right now.

People are being put in these gulags. They are slave laborers right now. They are living on very meager rations. Millions of them are in slave labor camps making products that we buy. We have a multibillion-dollar trade deficit with China right now. I think it is about $40 to $50 billion right now.

Mr. SHERMAN. Seventy.

Mr. BURTON. Seventy right now.

But the fact of the matter is the Chinese don't want to lose our market. We are the biggest market in the world. So this argument about if we don't go along with this, they are going to start trading with somebody else and hold our feet to the fire, why would they do that? Why would they want to risk losing our market? Why would they want to risk some reciprocity if they wanted to try to stop doing business with us?

I have a lot of agriculture in our district. I would like to see our farmers have access to that market. I think it would be great for us to get more trade with China, but not at the expense of people who are having their livers and their hearts and their lungs removed who are alive in prison camps, at the expense of millions of

people who are starving and dying in gulags and making products that we are buying here today, at the expense of kids who died in Tiananmen Square under tanks, who were squashed into dog meat, and to have the Chinese just recently say, hey, we don't worry about you guys because you are more concerned about Los Angeles than Taipei?

How about the espionage that took place just recently. The W–88 warhead that we couldn't even talk about because it was a security risk, that security risk is no longer a security risk because the Chinese have it. They stole it. We believe Wen Ho Lee. We are not sure who gave it to them, but all of your nuclear secrets, almost all of them have been given to the Chinese Communists. They can now make a mobile-launched vehicle they can put in a forest, they can launch it at America, and in orbit, when it gets into the outer atmosphere, it splits into ten warheads, can hit ten cities with pinpoint accuracy, and we have no defense for it.

You say there is no arms buildup? They are building the biggest military in the history of mankind. They are buying more ships, more technology all the time, at the same time that this Administration in our country is diminishing our military preparedness.

Now, let me just tell you MFN permanently right now, in my opinion, would be a mistake. I have no objection to doing it on an annual basis, but we ought to hold that carrot out there and say, when there is positive change, we will be more liberal with MFN here in America. They are not going to quit doing business with us as long as we are going to be a benefit to them, and we are right now. Once we give that up by giving them permanent trade status, the human rights aren't going to improve there. They haven't improved in Cuba, Vietnam, North Korea, and they aren't going to improve in China. They are Communists. They believe in a dictatorship and repression, and the only way they are going to change is from pressure, not from giving them everything they want.

Chairman GILMAN. Thank you, Mr. Burton.

Do we have any—Mr. Brady, I am sorry.

Mr. BRADY. Thank you, Mr. Chairman.

I think this is a wonderful debate Congress is having. We are debating the value of opening Chinese markets finally to American farmers, to American businesses. We are asking a simple economic question: Is it in America's best interests that American farmers, American businesses be treated as every other business in every other country in this world?

My answer clearly is yes. It is in our best interest, but we are also asking not if we should continue pressure on China to improve human rights, to improve religious freedoms, to stop the practice to force abortion, to rein in their military aggressiveness; the question isn't should we be doing it, it is how best we can do it.

I am convinced the answer is that it will take many efforts, opening markets, opening minds, opening information, exporting our strongest—one of our strongest freedoms. That is economic freedom. There is no question that it has helped.

There is no question we need to continue pressure on China to improve in so many ways, and one of them at the heart of this issue is can we best bring about lasting change from within China or from without, and the question is how best to do it. Character

is described as what you do when no one is looking. Human rights religious freedoms also occur when you change the hearts and minds of a country, and I am convinced that as we open markets, we help promote those freedoms.

I am also convinced we must have strong leverage and pressure on China. I am frustrated because the annual debate on MFN is not working. It is not bringing about those changes. But I do know that improved trade is opening doors for our missionaries and for our businesses. I know that we must have Congress and the President engaged on a daily basis on all the issues we have talked about. I know that economically if we reject PNTR, China will continue to have one of the fastest-growing economies in the world. They will continue to sell outside America. They will do business with everyone in the world except us. It has no impact on them. It is only economically that can we compete.

I guess my question to any of the panelists today is, isn't it going to take all of this to bring about change in China? Don't we need open markets, pressure at every point, an engaged President, an engaged Congress in our best efforts to change China from within to bring about the change that we desire? I would open it to any of the panelists.

Mr. JENDRZEJCZYK. I would just say briefly I agree change will come from both within and without, that we need carrot sticks. We need a process of engagement because it has got to be tough and consistent.

I very much agree that Congress and the President need to be involved in a consistent manner as well. One of our disappointments was that at last month's annual meeting of the U.N. Human Rights Commission, there was an attempt by the U.S., which this Administration should get enormous credit for putting forward, but there was little other support. I think, to be honest, that was in part because though the President was heavily involved in lobbying Members of Congress on PNTR, as far as I know, he was not involved at all in lobbying on this resolution in Geneva, which, again, is only a loss of face. It doesn't impose sanctions.

China, for months, has been lobbying governments all over the world just to keep this relatively mildly worded, innocuous resolution off the agenda. They won. I think that could have been prevented, and I know Members of Congress in this body and in the Senate were urging, in fact, the Administration and the President personally to play a much stronger role. Secretary Albright flew all the way to Geneva from India just to give a speech, for which, again, she should be given credit, as should Assistant Secretary Kott for his vigorous efforts; but absent Presidential leadership has been a consistent matter. The President can't just go to China in 1998, say a lot of very strong things about human rights in Tibet, and not follow them up throughout the year. I think that, in fact, undermines the Administration's own engagement policy.

Ms. KRISTOFF. I think Mike and I have worked for a number of years on China issues together. I think we share your goals. Mike and I sometimes have disagreements on the best means to get to them. I am always disturbed that during this debate every year, there seems to be posited this choice between trade and values, trade and things that make us Americans as we walk around, and

that somehow if you want to bring China into the international rules-based community and the WTO, that somehow that is a statement in favor of prison labor or human rights abuses.

I don't think engaging China in a clear-eyed, pragmatic, coordinated way among the agencies in the executive branch and with the U.S. Congress, involving deeply the other elements of the community here, the private sector, the NGO's, the religious leaders, that that kind of engagement is tantamount to endorsing some of the worst human rights abuses that have occurred. I think it is a false choice, false dichotomy, to have to choose between trade and values. I think we can walk and chew gum at the same time. I think, in fact, 30 years of Congress granting normal trade relation status annually says that it believes that that can happen, too.

What we have to do, I think, is have a continual debate on the best way in which to do this engagement with China, and it should be a public debate. It should involve the Administration. It should involve the Congress. It should involve those of us who are out here in the private sector. There are multiple tools available to all of us to achieve security goals, economic goals, values goals. We ought to use each and every one of those tools, but what we have found year in and year out, that the tool—the annual review of relations does not do anything. I think you have to question whether that lever is an effective lever or, in fact, if it is ever used and you yank it, it is going to break the relationship between the United States and China.

Chairman GILMAN. The gentleman's time has expired.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman, for yielding. I would just like to ask a followup to Ms. Kristoff.

Is there anything that the Chinese dictatorship can do that would lead to your saying that we ought to cutoff MFN? I say that because, again, the human rights abuses in every category have gotten worse over the last several years ever since the delinking of MFN with trade, the crackdown on religious freedom, the use of forced abortion. Our Subcommittee has had numerous hearings, one of which included a woman who ran a family planning program in Fujian Province, Mrs. Gao, whom Harry Wu helped to get out of China through a whole series of means. When she testified, she said, "By day I was a monster; by night I was a wife and mother," and said that the regime compels the family planning cadres right from the top—contrary to the myth that is promulgated by some in the population control community and UNFPA—to carry out forced abortions and to meet quotas.

In the area of the Laogai, we know that the amount of prison-made goods is high. Mr. Jendrzejczyk talked about the MOU. I fault, unfortunately, George Bush and equally President Clinton, for accepting a piece of paper that is as porous as Swiss cheese. It gives China advance notice, first of all, and we have to prove that there is an origin. You have got to have compelling proof, and then the Chinese Government reserves unto itself the right to investigate and report back to Customs as to whether or not in their view there is a problem. It is like the fox guarding the henhouse. Then added to that, once we want to have access to a suspected Laogai where prison-made goods are being made, 60 days or so

have to pass. That is like giving a drug pusher all kinds of weeks or months advance notice that the ATF or the FBI is going to do a raid. It becomes a Potemkin village and it is nonsensical to think we are going to find anything after that process has been exhausted. The MOU needs to be seen for the fraud that it is.

Mr. Chairman, as Chairman of the Helsinki Commission, I myself proposed in the 1980's that there be a Helsinki-type process for Asia, and I asked the State Department to study it, and I have pushed it many times. Regrettably you have got to get the countries themselves to be signatories to that. We now have the International Covenant on Civil and Political Rights that Jiang Zemin has milked for years in terms of their acceding to it. It has no enforcement mechanism. That has to be kept right front and center at all times, but it hasn't even been ratified. Countries like the Sudan and many other barbaric regimes routinely sign international covenants where there is no enforcement.

So I think we are on notice, Mr. Chairman. If there is going to be this overlay of a new Helsinki-type process, we at least have to have the countries signing and agreeing to access to their prisoners. You or I or any of us would love to go and visit. But even the International Committee for the Red Cross doesn't have access. I remember when that carrot was dangled in front of the international community when another MFN debate was coming up for vote, and China said, maybe we will let the Red Cross come up. As soon as the vote was over, they just ripped up that promissory note and said, there is no way they are coming in. We have no access to the prisoners. When I wanted to meet with Wei Jingsheng and others, there was no way, absolutely no way. As a matter of fact, people I met with who were out of prison were arrested afterward.

The point I am making is: Is there anything that this dictatorship can do that would lead to you say, time out, enough is enough? We did it with Russia. We did it because we cherished Soviet Jews and said that because of the grotesque treatment of Jews in the Soviet Union; that country would not get the trading benefit until it allowed the Jews to leave pursuant to Jackson-Vanik.

Now we have a situation where layer after layer of human rights abuse have piled on top of one another. The human rights organizations to a group, and the State Department as well, have said that what is really going on there says there is deterioration. As I mentioned before, the U.S. Commission's Rabbi Saperstein is a great and honorable man. The people that make up his board are free traders by and large. I don't know if all of them are, but many of them are. The collective wisdom that they have conveyed to the Congress is, "Don't grant MFN on a permanent basis.

My question, and I ask it with all sincerity, is: Is there anything they would do that would push you over the edge and say enough is enough? The crackdown on the Falun Gong, the Catholics, the Protestants? If my good friend Mr. Brady and I went over and met with Bible teachers that weren't part of the state-sanctioned church, they would be arrested. Minimally they would be interrogated. They probably would get a prison sentence.

Chairman GILMAN. The gentleman's time has expired.

Ms.KRISTOFF. I think Mike gave the answer to that a couple of minutes ago when he said that the only way to frame this debate

so that we have a chance to succeed is to say we would like to have China over a period of time embrace concepts of economic freedom, political freedom, global peace and security. What increases the likelihood and the chance that we will be able to push China in that direction, the direction that we want to evolve toward, I think, is our judgment and the judgment of many that bringing China into the world community, giving it a stake in the rules-based systems—not just on trade, but on human rights, on nonproliferation, et cetera, that that offers the best prospect of pushing China in the direction that we want it to go.

To frame the debate in any other terms, in terms of the death penalty or terms of a particular human rights abuse in a particularly narrow snapshot, is really to distort what has happened in China over the last 20 years and to distort the effectiveness of tools that we have in our arsenal now to affect China; and to deny PNTR, frankly, is not going to keep China from the WTO. They will join it. It is just the benefits will go elsewhere, and we will be cutoff from their market.

Chairman GILMAN. Mr. Sherman.

Mr. SHERMAN. Thank you for 30 seconds, Mr. Chairman.

We get the full benefits if China joins WTO without giving them permanent MFN under the 1979 treaty we have with China, but more to the point——

Ms. KRISTOFF. That is not accurate, Mr. Sherman.

Mr. SHERMAN. If I could continue. I have been given 30 seconds. If that isn't accurate, we can simply compel it by making it a contingent of our annual review of MFN for China. But more to the point, to say that the annual review has not protected people in China is to guess at what the future would be. We don't know whether there are 5,000 or 10,000 or 100,000 people the Chinese Government would have imprisoned or killed if they did not risk their $70 billion trade surplus with the United States.

If we go along with this agreement, there will be nothing the United States can do unilaterally that will cost Beijing a single penny, and then we will see whether they limit themselves to 5,000, or will it be 100,000 that they will kill? I don't know. But they will be able to kill and imprison all the way up to the level where the Europeans are unwilling to do business with them because they have gotten so egregious, and I don't want to know how large that level is.

Let's leave it so that the United States can deprive Beijing of at least a few dollars, because I don't think that roughly worded letters are sufficient to control and to limit their egregious abuses of human rights.

Chairman GILMAN. Thank you, Mr. Sherman.

I want to thank our panelists. We are about to go to the third panel. I thank Mr. Wei. I want to thank Ms. Kristoff, Mr. Jendrzejczyk, and Mr. Giordano for being patient. We really overextended our time, but, again, we thank you for your expert opinions.

We will now proceed to the third panel, and we welcome Steven McFarland, who is Executive Director of the U.S. Commission on International Religious Freedom, a Federal legislative agency created by the International Freedom Act of 1998 which is charged

with the responsibility of advising the President, the Congress, and Secretary of State on conditions of international religious freedoms. Mr. McFarland has been a leader of a number of broad-based religious coalitions and helped to shepherd the Religious Freedom Restoration Act to passage in 1993, and the Religious Liberty Protection Act on which we worked here in our Congress with the leadership of Mr. Smith in 1999.

We look forward to hearing your testimony today, Mr. McFarland.

Our other witness today is Reverend Daniel Su. He was born in China and is now an ordained minister working as a special assistant to the president of China Outreach Ministries, an evangelistic Christian organization committed to reaching graduate students from China currently studying on U.S. campuses. Reverend Su is a frequent speaker among American Christian groups. We welcome you here today.

Gentlemen, you may summarize your statement. Your full statements will be put in the record, and we welcome your proceeding.

Before you do so, I would like to ask unanimous consent that the record be kept open for five legislative days to allow statements from the U.S. Chamber of Commerce in Taiwan and the International Brotherhood of Teamsters.

[The information referred to appears in the appendix.]

Chairman GILMAN. I would also ask that Mr. Smith conduct this panel since I have to go on to another meeting.

We thank you gentlemen for being here.

STATEMENT OF STEVEN T. McFARLAND, EXECUTIVE DIRECTOR, COMMISSION FOR INTERNATIONAL RELIGIOUS FREEDOM

Mr. MCFARLAND. Thank you, Mr. Chairman. It is a particular honor to testify before this Committee whose Chair, Ranking Member and so many of its Members have been leaders in promoting human rights as an integral part of U.S. foreign policy. So thank you on behalf of the U.S. Commission on International Religious Freedom, which, as you know, is a bipartisan legislative agency independently created by a unanimous act of this Congress in 1998 to advise the President, the Secretary of State and this Congress on conditions of international religious freedom and what the United States can and should do to promote it.

Our first annual report came out, as the Chairman mentioned and Mr. Smith mentioned, just last week, focusing on three countries, of which China was one. The Commission's nine voting members come from both political parties and from a wide spectrum of religious diversity. A number of them support free trade. Yet the Commissioners were unanimous, unanimous, in their report in asking that Congress not grant PNTR to China until substantial improvements are made in respect for religious freedom.

The Commission's reasoning is stated in its report, and let me provide a short excerpt. "The Commission believes that in many countries, including some of China's neighbors, free trade has been the basis for rapid economic growth, which in turn has been central to the development of a more open society and political system. A grant of PNTR and Chinese membership in the World Trade Orga-

nization may, by locking China into a network of international obligations, help advance the rule of law there in the economic sector at first, but then more broadly over time.

"Nevertheless, given the sharp deterioration in freedom of religion in China during the last year, the Commission believes that an unconditional grant of PNTR at this moment may be taken as a signal of American indifference to religious freedom. The Government of China attaches great symbolic importance to steps such as the granting of PNTR and presents them to the Chinese people as proof of international acceptance and approval. A grant of PNTR at this juncture could be seen by Chinese people struggling for religious freedom as an abandonment of their cause at a moment of great difficulty. The Commission, therefore, believes that Congress should not approve PNTR for China until China makes substantial improvements in respect for religious freedom."

Then the Commission unanimously offered five standards for Congress to measure whether China is making that kind of substantial improvement in this fundamental human right: First, whether China agrees to establish high-level and ongoing dialogue with the U.S. Government on religious freedom matters; second, whether China agrees to ratify the International Covenant on Civil and Political Rights, which it signed in 1998; third, whether China agrees to permit unhindered access to religious prisoners by the Commission; fourth, whether China discloses the condition and whereabouts of persons imprisoned for reasons of religion or belief; and finally, whether China releases from prison all persons incarcerated for religious reasons.

Let me note that the Commission does not nominate these as preconditions for the granting of PNTR, but rather as standards or plumb lines. The Commission unanimously recommends that PNTR be considered only if and when China agrees to a number of these measures. Rather than proposing a strict formula, the Commissioners leave up to the Congress how much progress China must agree to on some or all of these five standards before PNTR is granted. That China should make substantial improvement in religious freedom before being awarded PNTR, is the Commission's recommendation. Whether progress is sufficiently substantial would be left up to the Congress.

The Commission concluded that these are significant yet, frankly, doable requests to make of China. They are not pie in the sky. The Chinese Government tomorrow could announce that it intends to ratify the ICCPR, that it intends to commence high-level talks on religious freedom, that it will invite this Commission to visit incarcerated religious leaders, and that it is going to begin a release of all religious prisoners, or at least start with the elderly, the ill and those who are children. They could announce that tomorrow. The vote of this Congress on PNTR would not even have to be delayed.

What happened in China to lead the Commission to this unanimous recommendation? Over the last several months, the Commission has conducted research and held a hearing on limits to religious freedom in China. We heard from Mr. Wei, Harry Wu, a number of other experts both from the mainland as well as Hong Kong, as well as experts from this country. The Commissioners

found that violation of religious freedom in China is egregious, it is ongoing, and it is systematic. In fact, conditions are worsening as the Chinese Communist Party and government leaders promulgate new laws and policies to eliminate religious activities that are beyond their direct control.

What little religious freedom China enjoyed in the past is being constricted. Protestant house churches, the underground Catholic Church, Tibetan Buddhists, Uighur Muslims and Falun Gong practitioners are all feeling the squeeze. This past year we saw the continued prohibition of religious belief for large sectors of the population, not to mention the 60 million members of the party, the three million members of the army and the hundreds of millions of minors under 18, all of whom are prohibited from receiving religious education. We saw the increase in the number of sects that are branded "heretical cults" and, therefore, their followers are subject to immediate arrest without due process; the continued use of notorious extra judicial summary trials and the sentencing to a "re-education through labor" camps for the so-called crime associated with religion; and we also saw credible reports of torture of religious prisoners.

In conclusion, let me reiterate the Commission's unanimous conclusion that an unconditional grant of PNTR at this moment may be taken as a signal of American indifference to religious freedom. A grant of PNTR at this juncture could be seen by the Chinese people struggling for religious freedom as an abandonment of their cause at a moment of great difficulty. The Commission, therefore, believes that Congress should not approve PNTR for China until China makes substantial improvements in respect for religious freedom.

Mr. Chairman, Mr. Smith, on behalf of the Members of the U.S. Commission on International Religious Freedom, we thank you for the privilege of appearing before the Committee today. With your permission I would ask that the chapter on China in both the Commission's report as well as the staff memorandum that accompanied it be included in the hearing record with my testimony.

Mr. SMITH. [Presiding.] Without objection, that request will be honored.

[The prepared statement of Mr. McFarland appears in the appendix.]

Mr. SMITH. I do want to thank you for your excellent testimony and your very thorough work and that of the Commission on behalf of religious freedom around the world. I read the report and staff memorandum cover to cover. It was very disturbing, but well-documented and very enlightening. I think every Member of the House and Senate and every member of the media should read that before they make up their minds on this issue and others that are similar to this. So thank you very much, Mr. McFarland.

Reverend Su.

STATEMENT OF REV. DANIEL B. SU, ASSISTANT TO THE PRESIDENT, CHINA OUTREACH MINISTRIES (COM)

Reverend SU. Thank you, Congressman Smith and other Members of the Committee, for giving me this opportunity to testify here regarding the trade status with China. As a newly naturalized

American citizen, I think it is an honor for me, and service to the country as well, to participate in this public debate.

When the White House called asking for my view on the issue two weeks ago, I commended the President for his vision to integrate China into the world community. Despite my honest disagreement with the President on many issues, I do strongly agree with him that granting PNTR to China is vital to the U.S. moral interests as well as economic and geopolitical interests. I believe there are compelling reasons to support China's PNTR and the WTO membership.

First, as a clergyman concerned about religious freedom and human rights, I am particularly excited that the WTO agreement will initiate a dynamic process of change in China with far-reaching consequences. It will greatly contribute to creating a conducive environment for promoting international norms, the rule of law and individual rights and freedom.

The WTO agreement obligates China to play by the rules. In the process China will need to strengthen its legal institutions, train more legal professionals, learn to follow international legal procedures, and educate people about the concept of rights, law and international norms. This process in itself is a breakthrough with important philosophical implications for China as a nation.

When a Chinese citizen realizes that he has certain rights as a businessman that government should not violate, then more likely he will also realize he has other rights as a human being. By submitting itself to the WTO's norms, the Beijing government is openly acknowledging the authority and legitimacy of international norms in a very unprecedented manner. When China learns to abide by the WTO rules, then it will more likely learn to abide by other international norms as there in the Universal Declaration of Human Rights.

Second, the WTO agreement will accelerate China's economic reform, especially its privatization process. It will set more people freer from government intrusion into their lives and enable them to live as freer men and women. It will speed up the free flow of information and expose the Chinese people to more ideas and values which we cherish and could be potentially revolutionary.

In its last annual report on human rights, the State Department takes note of the increase in personal freedoms in China. Some China trade critics are quick to argue that the increase in freedoms is not intended by the Beijing government, and it shouldn't get the credit. I cannot agree more. That argument proves precisely the need to do more trade with China. It proves the dynamics of the free market in creating personal freedoms, even freedoms unintended by the government.

How can the same critics then in the name of human rights use the same argument against free trade with China? Why kill the process that is already creating freedoms for the people we say we care about?

Finally, to grant PNTR to China is to strengthen the reformers there. Reformers in China had fought hard to commit Beijing to the WTO agreement. China's current reform has its limits and has reached a critical stage where it is confronted with daunting challenges such as massive unemployment and labor unrest. Besides,

there are strong forces in China trying to derail the reform process. To grant PNTR to China and to bring it into WTO is to provide the cover and momentum the reformers need to jump-start their reform and to bring it to a successful completion. To deny China PNTR is to abandon China's reformers in this critical battle. To do that is to unwittingly play into the hands of hard-line Communists. That would be a major setback for China's reform, and it is bad news for America.

Despite my arguments for granting PNTR to China, I want to acknowledge that PNTR is not a magic weapon that will somehow bring democracy to China. There are no such magic weapons, and it will likely take a long process for China to become democratic. So let us have no illusions as to what PNTR can do.

In considering the PNTR vote, these are some good questions to ask. If we grant PNTR to China, does that help it get onto the right track toward a rule of law and improvements of human rights? Will the Chinese and American people be better off as a result? Will it help China play a more responsible role in the international community? I believe the answer is a resounding yes.

I share the deep frustrations you feel about China's human rights situation. I personally have friends in China who are in prison today for human rights reasons. Religious people and political dissidents still find their basic rights limited and violated in various ways. With or without PNTR for China, we should always continue to work hard to address these concerns, but it is counterproductive to deny China's PNTR because of its human rights reasons.

I myself feel the urge to seize every conceivable opportunity to send China a message. It would make me feel good, but what good does it do for the people in China? When we send a message, we need to also ask: "At what cost?" Is it worth it if it causes a major setback in China's reform process? Is it worth it if it costs us this strategic opportunity to move China in the right direction? I don't believe it is, especially when there are other existing channels to send a message to China that is not counterproductive. We can always create new channels to address our concerns.

Which direction do we want China to go? That is what is at stake in this vote. There is no guarantee China will go in the direction we desire, but it is my conviction that granting PNTR to China and its WTO membership give us the best hope that China may become a more humane and responsible country. I am hopeful and my prayers are with you as you consider this very important vote. Thank you very much.

Mr. SMITH. Thank you very much, Reverend Su.

[The prepared statement of Reverend Su appears in the appendix.]

Mr. SMITH. Let me just ask a few questions. Reverend Su, do you agree or disagree with the U.S. Commission's conclusion that there has been a "sharp deterioration in freedom of religion in China during the last year?"

Reverend SU. I believe so.

Mr. SMITH. It has gotten worse, in your view? You agree with that?

Reverend SU. Yes, sir.

Mr. SMITH. You mentioned the issue of international norms. I am sure you are aware that the WTO agreement actually further isolates noncommercial human rights issues from being considered with regard to trade.

Reverend SU. I am sorry, I don't understand that.

Mr. SMITH. One of the more perverse outcomes of China joining the WTO and the U.S. acceding to that by giving permanent normal trading relations is that if we were to impose upon imported Chinese goods some kind of tariff or some kind of blockage because they were gulag-made, Laogai-made goods or were child-labor-made goods, or produced in some other way that violated our social conscience under the World Trade Organization's protocol, China would be in a position to bring us to court. It would be an actionable offense in Geneva; they could say we have violated the spirit and the letter of WTO rules. The only things that are protected under the World Trade Organization, from my understanding—and we have had two hearings on this which further illuminated this—are commercial interests, against intellectual property rights infringements, for example. But if the labor force is exploited ad nauseam, by child labor, for example, and we said no, we put up a red flag or stop sign and said, "that is not coming into the United States," they could bring us before a WTO tribunal and bring an action against us. That is the perverse outcome of this. So human rights are further isolated from trade if WTO and PNTR are agreed to.

Reverend SU. I want to confess that I am not a trade expert in those fields, and I don't want to speculate, but I do understand that we do have current laws against prison labor and child labor products being brought into the United States. So I don't know how that interacts with the WTO rules concerning these two issues.

Mr. SMITH. Based on the best available information that I have seen, and we are looking into this further, that would be actionable on the part of the Beijing dictatorship because human rights aren't on the table. They are off the table now, and countries that unilaterally engage in that kind of selective ban based on means of production—and even saying we don't want those kind of goods coming in—could be held to account. That is one of the perverse outcomes, in my view, of the WTO ascension.

You mentioned that some of your friends are in prison, which obviously is a very heavy burden. If you yourself wanted to visit those friends and make representation for them—and I don't know if you want to put their names on the record or not, it might be better not to—would the Chinese leadership allow you to do so?

Reverend SU. I don't assume so.

Mr. SMITH. In terms of the trend line of where the dictatorship is going, Wei Jingsheng has mentioned previously that he feels that it is bad and getting worse, that the hard-liners are in ascendancy, not the other way around. Matter of fact, he even points to the bombing in Belgrade when NATO inadvertently or unwittingly bombed the Chinese Embassy, which was used by Jiang Zemin as a pretext to strengthen the more hard-line view within his own ruling circle. I don't know if you agree or disagree with that—perhaps, Mr. McFarland, you might want to speak on this. The ship is moving in one direction, getting more hard-line in its foreign policy vis-

a-vis other countries, especially Taiwan—which they don't consider a foreign policy issue, but it is a security issue for sure and there is a crackdown which is as plain as the nose on my face against the Falun Gong, Tibetan Buddhists, and other religious believers. We thought it couldn't get any worse, but it is getting worse based on reliable evidence that we have. Why, when things are moving in the wrong direction in a systematic way, do you have any hope that just trading a little more with them is somehow going to bring them out of that nose-dive?

Reverend SU. I don't think there is cause and effect of the two. By cutting off trade with China, I don't think we are advancing any human rights concerns that we care about.

Mr. SMITH. Where do you think they would find markets for the $70 billion of trade deficit and the technological transfer that they are reaping from the United States? Where would they find that goody, for want of a better word, that they desperately want? They are not going to find it in Europe or Asia or anywhere else. That is why we think we have some leverage to say, "Our markets are open. Just reform".

Reverend SU. I think it is an issue that they had to consider. If they lose the U.S. market, they have to gradually expand trade with Europe and Japan, and, of course, I don't think they can overcome the loss overnight. But if they continue to do that gradually, they will recover the loss they will lose because of the U.S. sanction.

I think aside from considering what damage we can do on China, we need to also consider how by doing that are we advancing the moral concerns that we do have on the table.

Mr. SMITH. With all due respect, our point of view on that very simply is that if you have a dictatorship that shows total malevolence toward those who dissent or exercise their religious belief to the point that they routinely torture and incarcerate, that would seem to be a group we would want to engage in a principled way, but not by providing technological transfers and access to our markets. We do have leverage that, if unused, means they look at us and say, "Profits trump human rights. All the Americans care about is profit."

Mr. McFarland.

Mr. MCFARLAND. Representative Smith, the U.S. Commission considered the concern that Reverend Su raised as his third point, what would strengthen the hand of reformers, and respectfully reached an opposite conclusion, that the message that would be sent by giving China the biggest plum they seek economically would be that business as usual is just fine; the Congress and Administration are indifferent to; that marked deterioration in religious freedom and human rights; so those hard-liners who have been ostensibly getting their way in the social and human rights field—their hand will be strengthened.

The reformers will not be strengthened by giving China the biggest plum or the pearl that China is looking for. It would simply reward and send, in the Commission's opinion, all the wrong messages about the importance or unimportance of religious freedom to the American people.

Mr. SMITH. Let me yield to my friend Mr. Sherman.

Mr. SHERMAN. I want to trade with China, but I think we need to trade from strength. Much has been talked about the reformers in China, but we are blurring together two groups. One group of reformers is in prison. They were not consulted by the Chinese Government as to whether to enter this deal. The other group of so-called reformers are the members of the Central Committee of the Communist Party of China, and they are in favor of this deal; but to call them reformers is to confuse the people in prison fighting for human rights with members of the Central Committee of the Communist Party who may believe in certain economic reforms.

This deal has been put before us by China because the overwhelming majority of the Central Committee of the Communist Chinese Party is for the deal, and there is only one thing that I am absolutely sure applies to every member of that Central Committee. They are 100 percent dedicated as their primary goal to maintaining a total monopoly on power with the Communist Party.

Mr. Chairman, I have been a politician for awhile and have learned something about politicians. They know their districts. Lots of other people like to think they know what it takes to be successful in politics, but a politician knows what it takes to stay in office or stay in power, and the overwhelming majority of those dedicated to the continued monopoly of power by the Chinese Communist Party have brought us this agreement, and they are counting on us to adopt it; and they are so confident that they are cracking down. You gentlemen have illustrated to us that they, just on the eve of this vote, are cracking down because they are counting on corporate power in America. They may have read too many Marxist books. They are counting on corporate power in America to deliver this for them.

Mr. Chairman, I am a little bit embarrassed as someone who cared and worked for Soviet Jews. You know that I am Jewish, and that is my own community, and when they were imperiled by what was then the world's superpower-controlled market, we stood up to the plate and we said, yeah, trade with Russia, trade with the Soviet Union, fine; but human rights. Now we are faced with a directly analogous situation. China is now the other superpower. China is now the large, controlled nonmarket economy, and we ought to be as dedicated to the Buddhists and Christians and Muslims in China as we were to the Jews of the Soviet Union.

Mr. Chairman, there is a linkage between human rights, the trade deficit, and the government's control in China over what goods actually get in, and I would like to illustrate that we are running a $70 billion trade deficit with China. That is a human rights harm to Americans. We have full employment, near full employment in this country, but we have got a lot of $6-an-hour jobs. If we didn't have that $70 billion trade deficit because we could be selling $70 billion worth of goods to China that we are not now, those same people would be working at $20- and $30-an-hour jobs, and that is a big difference.

So why is China not buying from us? China needs the very capital goods that the United States is expert in creating. Why are they not buying from us? It is because the United States stands up for human rights. It is because every time Nancy Pelosi or Chris Smith gives a speech, there is another reason for the Chinese Com-

munist Party to decide to buy the French goods or the German goods or the Japanese goods; and if we pass this deal, there will be nothing we can do about it. That trade deficit will remain enormous. Those U.S. workers will remain at $6-an-hour jobs, and what will get worse? When a Taiwan vote comes up, when a human rights vote comes up, people in this House will hear from employers in their district, and they will whisper in my ear, Brad, we have a chance of getting a contract in China, and we won't get it if the Congress votes for human rights. Then they will go buy from someone else. We will be not only deprived of any dollar way, any economic way to respond to human rights problems in China, but we will be deprived of our voice as well. Or I will go back to my district, and people will say, you cost us a contract; why did you vote that way?

Notice that under the present circumstance, if China were to dare get that blatant, they might impair their MFN status. Maybe we would do something in Congress for a change, but if instead the word gets out, unofficially, of course, only orally, not in writing, that continued American pressure for Taiwan, Tibet and human rights will mean that U.S. companies will be disfavored by Chinese decisionmakers, then the corporate pressure that has come to Congress this last couple of weeks to tell us to give China what it wants, otherwise they will lose their contracts; they will be here saying, give China more of what it wants. Don't vote on human rights. Don't cost us a contract.

There should be no doubt that the Chinese Government in Beijing does not need tariffs and quotas to prevent American goods from getting in. First, the vast majority of importers are actually owned by the government, those that would buy the big capital goods. We are not going to sell tennis shoes to China. We are going to sell, if we are allowed to sell, telecommunications systems. Do you think you would sell a telecommunications system for a whole city in China without the approval of the Communist Party? I don't think so. But even if it was an independent business, would you like to be an independent businessman or woman and get a call from the Chinese Communist Party suggesting that maybe you ought to buy the French goods or Japanese goods because they are ticked off by what Chris Smith said on the Floor?

I don't think there are many business people with the courage of some of the religious leaders that were in prison, than some of Reverend Su's friends. I don't think they are going to say, oh, I am going to buy the American goods anyway because they are 10 percent better, 10 percent less expensive.

The Communist Party of China will continue to control which U.S. exports get into China and which don't. They will do it orally. Oral statements are not subject to World Trade Organization review; and so the more we speak out on human rights for the people of China, the more we will deprive our workers of the human right to get those $20- and $30-an-hour export jobs instead of the $6-an-hour jobs.

We need to be in a position where we can actually do something, and that would be if we vote every year, and if we have hopefully not an all-or-nothing vote—I talked to Chris about this before—but instead have an opportunity to vote for 90, 80, or 60 percent of

MFN for China instead of now granting them 100 percent every year almost like clockwork. Just in case you haven't realized it, we will be voting against this deal. Thank you.

Mr. SMITH. Thank you very much.

Mr. Brady.

Mr. BRADY. Thank you, Mr. Chairman.

First I want to thank you for all that you have done for so many years on behalf of human rights all throughout this year, and all of our efforts pale next to yours, and I want to thank you for your leadership.

Let me second correct the isolationist view of my good colleague Mr. Sherman regarding the trade deficit. We run a trade deficit with China because we have one of the strongest economies we have ever had, and we are buying more products, good-quality products, good-price products from everywhere around this world because, in fact, our economy allows that.

Second, we have a trade deficit specifically because China is blocking our goods. If we do not pass PNTR, and China enters WTO, they will continue to sell to America. We will continue to buy from them, and the only difference is our American farmers, our American ranchers, our American small businesses our high-tech companies will still be blocked from markets in China. It will not strengthen our American interests, our economies, our jobs unless we open those markets to American competition and we can compete.

But let me tell you what is encouraging about the sketch we heard from Reverend Su and Mr. McFarland is with Reverend Su what we know clearly, just like good-hearted Americans debating this issue strenuously, it is clear that dissidents in China and from China such as Harry Wu and Wei Jingsheng believe that we should not do this. Yet leading dissidents like yourself, Reverend Su; Wang Dang, the leader of the demonstration at Tiananmen Square; Wang Jen Tou, sentenced to 13 years in prison, believe that open trade and open access will bring about these reforms. It is encouraging that both Mr. McFarland and Reverend Su have talked about how trade can bring about a more open society and political system, as you did in your report, and that China's entrance to WTO may very well advance the rule of law, which has good implications. The only difference was what signal does this send?

That was the honest disagreement, and my question to you, because I really do have a question, is whether this is not a multiple-question approach for America, where we can either trade, or keep pressure on human rights, or have Congress engage in religious freedoms, or ending forced abortion and military aggressiveness, or the President being engaged. Isn't the answer all of the above? Open markets with open access, continued higher congressional pressure for change in China, more engagement by the President and the Cabinet on this, more international consensus in making these changes within China rather than from outside China where results have been limited at best; isn't the real answer we have to do all of that to bring about this change? I open it to both panelists.

Mr. MCFARLAND. I think, Representative Brady, you have spoken a lot of truth on that score. I think, speaking on behalf of the Commission, that its opinion is that the PNTR would have some bene-

fits to the promotion of human rights. However, we, the United States, would be squandering a profound opportunity to leverage some very important progress, progress that we haven't seen, progress that is going actually in the wrong direction. So the calculation that the Commission made was that the benefits of PNTR unconditionally at this time, given what we see on this issue in the last year to two years, are outweighed by the progress that could be extracted by demanding that there be some substantial progress as determined by the Congress in this fundamental freedom that is supposed to be of equal weight to our economic interests.

Mr. BRADY. Mr. McFarland, if our annual debate on this issue is producing deteriorating conditions, why would continuing that same debate reverse that?

Mr. MCFARLAND. I think that is an indictment of the fact that MFN has been rubber-stamped on a regular basis to the detriment of human rights, which has been sending the wrong message for the last number of years.

Mr. BRADY. The Congress is strongly in support of annual MFN. Do you see any reason that is changing?

Mr. MCFARLAND. Do I see any reason that Congress' opinion would change? I am really not the right person to ask to do some fortune-telling in that regard. I am sure that given the track record, there may very well be a good argument that there will be continued granting of MFN on an annual basis; but we know that the message we will send to the Chinese leadership is they never will be held accountable on an annual basis, and they know that we never will get to first base in Geneva, either. So why relinquish any leverage whatsoever when this is a plum they really want?

Mr. BRADY. Actually I wish we did know, because here we have two very good knowledgeable people with honest disagreements, and then people like Chairman Smith and myself with honest disagreements on what signal this will send. I wish I had a crystal ball, and it certainty would sure make this easier.

Reverend Su?

Reverend SU. First I want to say good people can disagree, and we all have good intention of trying to bring about the improvement to human rights in China. But I agree with Congressman Brady that it takes more than one vote. It takes more than one way to really accomplish the goals that we want, and I don't think it is right to turn our current debate into a referendum to say we don't know if we care for human rights in China. I think that is a very narrow interpretation of the debate. Our debate today has a lot more to do with China as a whole society rather than just the referendum on the human rights issue.

So I would like to encourage us all to take a look at the whole picture. To say that our vote for PNTR is to send a message to Chinese people that we don't care about human rights, I think, is just too simplistic. I think it sends so many messages. I don't think any one message alone is enough to communicate what this vote is all about. It is a message to encourage the reform process in China, and I think we all agree the current economic reform is China is good for the Chinese people. So I think it is so many multiple messages being sent to China that it is just too simplistic to say that this means that we don't care about human rights in China. I think

American people have legitimate concerns to ask about the economic world, because we are living in a very competitive world market, and I think all these concerns are legitimate.

Even though I come from a religious background, I wouldn't want to define this debate as if it is all about the religious freedom issue, and I think we all need to take a look at the whole picture. I do believe that those of us who are concerned about losing some leverage because we are not having this annual debate with China in this way, I need to find good alternatives.

The current debate, the annual debate on the normal trade relationship with China, is no longer a useful tool at all. I had hoped for it to become a useful tool, but it is not effective anymore. Just like if I am driving a car, and it is always causing me problems. Instead of fixing it and spending thousands of dollars, why not invest in getting a better car? I think this is what we are facing, too. Instead of trying to beat up this bill into something else, why not us invest in creating something good, effective and productive to accomplish the human rights goals that we want.

The PNTR is mostly a trade issue. It is designed as a trade bill. To try to beat it up, reshape it to turn it into a human rights weapon, it is just at best awkward. It is just like you cannot shape a baseball bat into a fishing pole. It is just like—you cannot go fishing with a baseball bat. So this is what I am saying. We are right in having concerns about human rights, but let us find effective channels that do not have the counterproductive effects on the Chinese people, on the American people, on the American economy, and let's find a good tool to do the things that we all agree that we want to accomplish.

I don't understand why we need to disagree over this issue. It is far bigger, far broader than one single issue, and I think some—I guess some viewers may be wondering why we are debating about this, making a very complicated issue into a single issue.

Mr. BRADY. Reverend and Mr. McFarland, I want to thank you both for your informed views because they are very helpful, and, we cannot give up on this issue, on human rights. We are going to have to find and create better, more concerted efforts, and we are going to be leaning on leaders like yourself to help shape those as well. So thank you.

Mr. SMITH. Let me make one final comment and ask one very short question. I think human rights is not some single issue. How well or poorly a country treats its own people is obviously a measure of its fairness, humanity, and generosity. But labor rights certainly have an absolute connection to trade. I don't think it could be argued in any way, shape, or form that this is somehow unconnected since labor produces the goods that are eventually shipped or exported. There are no labor rights in China. If you or I wanted to establish a free trade union, we would be on the quick road to prison and we would be punished severely for it.

Let me also say that WTO ironically does punish for violations of certain types of rights, but only commercial rights, intellectual property rights, and a host of other similar rights. If a country violates those rights—pirates CD's or video cassettes—the full weight of the WTO will come down against them. Why is that? I find it hard to justify that it is OK for a country to bring an action be-

cause intellectual property rights have been violated, but not when the work force that produces those items have no rights. The individuals should matter more than pirated disks.

That is a major flaw, in my view and perhaps others, with regard to the WTO. Human rights aren't even a side-bar. They are nowhere to be found when it comes to trade or commerce between nations. It would seem to me that there should be some connection—otherwise just roll back the clock. Why not deal with the Nazis? You might encourage them coming out of the debacle of World War I to be more productive and more this and more that, but we all know that they had very despotic tendencies, and Hitler did terrible things to his people, especially the Jews.

We now have a record that is indisputable that the repression is getting worse, and that is why I find it so incredible that when we have at least one small opportunity to admonish a dictatorship that it won't be business as usual, that we don't grab it and say, we are not going to give a permanent NTR, we are going to have an annual review.

Let me also just make the point—and perhaps, Mr. McFarland, you might want to answer this, I think you would be the right person—the Commission suggested that it would be very helpful for the Congress to invite His Holiness the Dalai Lama to speak to a joint session of Congress, which I fully support. How did that come to be, and what are your thoughts on that?

Mr. MCFARLAND. He is perhaps the world's greatest single figure in personifying both religious freedom and passivism in pursuit of human rights and a Nobel Peace Laureate. So it was the Commission's opinion that while Beijing might not appreciate the invitation, that this individual should address a joint session of Congress. It would send the right message to the Chinese people that, first, the atrocities going on in Tibet by the Chinese Government are not forgotten; second that it is worth Congress's time to hear from a person of his stature, knowing that his message will be that business as usual is not acceptable. I think it would send all the right messages—the Commission believes it would send all the right messages to both Beijing as well as the displaced government of Tibet to invite His Holiness to address the Congress.

ReverendSU. May I have some comments on some good issues you brought up? On the issue of labor rights—and I agree with you that the Chinese workers today cannot set up their trade union overnight, but that is not the issue we are concerned. We are concerned about the long-term improvements of human rights situations there, and I don't know whether you get a chance to talk with the average Chinese workers in China. I am from the city of Xiamen. I have talked with people who work with different international investment, work for Hong Kong investment company, companies set up by Americans, Japanese, those from Taiwan and other European countries, and they all told me the same conclusion, that workers working for American companies are better treated than workers working for any other companies run by any other countries.

So I don't think it is right for some people to say the labor—the slave labor situation in China, and I think the way to improve the labor situation in China is to bring in the highest standards that

American companies are practicing. The Chinese people are smart. They can see the difference, and that puts a lot of pressure on other companies to come up with competitive labor standard measures, and I think that is a very productive way to promote the improvements in the labor—in companies for workers where you introduce the high standards and create contrasts so that those companies that have lousy standards may really come up with something to compete with the high standards in the American companies.

When I visited China, people told me the same thing, either in my home town in Beijing or elsewhere, and I don't think by withdrawing American company we're going to help the labor situation in China.

Mr. SMITH. Can I just offer one response? There is no doubt the Chinese dictatorship has taken the measure of Congress. They can count votes, and can count on an Administration that has been ready to give them MFN without strings. Matter of fact, I went over to Beijing midway through the time when the linkage was in effect, when they were on probation. Virtually every Chinese leader I met with said, "We are getting MFN. This Administration will just give it to us." There will be no strings at the end of that so-called review period." I didn't meet a single Chinese leader who suggested anything other than that profits would trump everything else.

I say that because we haven't really had a test to see whether or not the economic leverage will work. We need 290 votes in the House and 67 votes in the Senate, a super majority, to overcome a Presidential veto when it comes to MFN renewal on an annual basis. Those votes are nowhere to be had. They are not even close.

So we are in a different situation this year with permanent MFN where one chamber, Senate or House, can stop this from going forward, so this really is a real test. In the past it has been a bogus test, and, again, the only time we came even close to having what we thought was going to be a victory on this post-Tiananmen Square was when the President was saying all the right things, such as that he was for getting rid of MFN. The House and Senate were poised to do just that, and in came his Executive Order which rendered that moot.

So the Chinese Government may be a horrific dictatorship, but they are not stupid. They have known ever since then, we never had the two-thirds requisite number of votes to overcome a Presidential veto, which we would have gotten had we passed in both houses a denial of the MFN. So this has not been tested.

Hopefully PNTR gives us a new first-time test as to whether or not we really mean business, and that is why this is such an important vote. Again, even the annual MFN, they will get it. We can't stop that. It will be renewed for another year under this Administration, which unfortunately caved seven years ago.

Reverend SU. I have to say I don't think this is a test to see whether or not we care about human rights situation in China.

Mr. SMITH. Could I ask you one thing? I am sorry for interrupting you, but if my family and extended family and Kevin Brady's and yours were all being tortured today, would we want MFN again? That is the everyday experience of many within the

PRC, the Country Reports make it very clear. Amnesty this week has called for an end to torture in China, made a broad-based appeal to the dictatorship in Beijing. Would we still say, yeah, let's just trade; maybe someday my kids and my wife and Kevin's and yours will all be let out of prison.

There is an urgency that is lacking. If we wait a decade or two and say, "Over time this will evolve", those who are being tortured will have lost their lives, and there are thousands of political prisoners and religious prisoners being tortured.

Reverend SU. I would agree with you about the urgency. I feel the PNTR is not an effective channel to promote those concerns that we are discussing now, and we need to move on and create new and effective channels to deal with the concerns that we are talking about.

If you are talking about those suffering for human rights violation, religious freedom in China, in fact I talked to many people in prison in China for their religious faith. They don't want their persecution to become an issue in American politics. They don't want to become the political football between the two countries. It is not good for them. It is not good for the church in China. Christians in China live in China, not in the U.S., and I think we need to be more sensitive in suggesting that they are for removing the trade with China, and I don't think that is an accurate view of a lot of people that are suffering for religious persecution.

Mr. SMITH. Regrettably Wei Jingsheng is not here to rebut that, but at our hearing he testified and said precisely the opposite, that it is only when there is a realistic threat, a credible threat, that they stand to lose something, and that there is a significant economic benefit at risk, that the bully boys in the prisons and working right up to the top will ameliorate some of their brutality to the prisoners. When it is business as usual, they have a free hand, he testified, to do as they will with impunity, and prisoners are told, "You are forgotten". So we have a difference of agreement on that.

Mr. MCFARLAND. Mr. Wei so testified in Los Angeles on March 15 before the U.S. Commission, as did Harry Wu, and they were quite clear, "read our lips" an answer on PNTR; this will not work to the benefit of the religious adherents that are in prison or even to those who would perhaps suffer worse. They believe in Mr. Wu's opinion and Mr. Wei's opinion that it is worth the cost. So it is certainly at best a mixed question, and there is no unanimity on that.

Reverend SU. I want to say I respect the views of Wei Jingsheng. My wife and I prayed for him many times when he was in jail and even after he was released. But I have to say I don't think it is accurate to say all Chinese political dissidents are for the rejection of the PNTR vote. There are a lot of good people speaking out of their own conviction rather than under the pressure of Beijing government, as some suggested. They truly believe in their hearts that granting PNTR to China is good for the cause of human rights and democracy in China.

Another very respected human rights leader stayed in prison for many years as well. She shared our view that granting PNTR to China is better for the human rights situation in China.

So I think good people can disagree over this issue rather than say Chinese political dissidents all agree that to call off trade with China is the best.

Mr. SMITH. With all due respect, I didn't say that, and I don't think anybody has ever said that.

Reverend SU. Another quote by Dai Quing, a Chinese environmentalist and also a political human rights activist; he was also in prison in China, and he said this: "I believe that permanent normal trade status with its implication of openness and fairness is among the most powerful means of promoting freedom in China". I respect that view as well.

Mr. SMITH. Let me thank our third panel, our two very distinguished witnesses, for their testimony and your patience. This has been a very long day, but very, very enlightening and helpful. The hearing is adjourned.

[Whereupon, at 2:16 p.m., the Committee was adjourned.]

A P P E N D I X

MAY 10, 2000

Remarks for Chairman Benjamin A. Gilman
"Granting Permanent Normal Trade Relations to China:
Is It in the U.S. National Interest?"
May 10, 2000

I am very pleased to welcome you to our hearing this morning on China's Accession to the World Trade Organization and the related legislation extending "normal trade relations" to China on a permanent basis. I certainly don't have to remind my colleagues that this will be one of the most important trade votes in the 106th Congress: our decision - pro or con - will send a powerful message determining China's role in the global economy and in the community of nations for years to come.

I take great pleasure in welcoming Representatives Chris Cox, from the 47th District of California, and Sander Levin, from the 12th District of Michigan, to our hearing this morning. While I remain skeptical of the merits of the PNTR arguments in general and the advantages of so-called parallel legislation in particular, I would like to pay tribute to their expertise on trade and security issues between our two countries, and their tireless efforts to try to find common ground in a very polarized PNTR debate.

We are also joined this morning by several panels of outstanding witnesses from the business, trade and human rights communities, who can bring their personal and professional experiences to bear on granting normal trade relations to China.

I am concerned about China's poor track record of abiding by its existing agreements with us in a number of trade, prison labor and proliferation areas.
We need enhanced monitoring of existing agreements; yet our agencies are currently underfunded and unequipped to meet the challenges of enforcing our current agreements with China.

In the area of proliferation, a recent report by the Council on Foreign Relations, National Defense University and the Institute for Defense Analyses cautioned that China's continuing support to Pakistan's weapons programs has fueled continuing concern, and its involvement in the effort to reverse North Korea's nuclear weapons program has been weak. Yet we are told by the Administration not to worry that their proliferation record will improve in time, but we are still waiting.

We are also told that by giving Permanent Normal Trade Relations to the People's Republic of China, we will be granting benefits to American businesses without giving away anything to China.

I must strongly disagree with this viewpoint. I believe that supporting PNTR will give China something it desperately wants: relief from the spotlight on its human rights record. Under the current arrangement, we in Congress are able to open a door into the human rights situation in China every year.

Along with our attention comes the attention of the world. Our hearings and debates focus the cameras and tape recorders and word processors of the news media. We have the bully pulpit on this issue, and I am very concerned that once we give it away, we will never get it back.

Are Chinese human rights and labor practices important? I believe that they are the most important in the world today. China has the world's largest population, and one of the fasted growing economies. If China is allowed to trample on individual freedoms, then how can we tell Indonesia or Malaysia or Nigeria or Sudan any other nation that they cannot?

The Beijing regime has fought a vigorous public relations battle to win this philosophical argument. They have manipulated prisoner releases, effectively black mailed dozens of countries and nearly corrupted some of our very own American corporations with their efforts. We cannot shrink from this battle of values.

Public opinion polls show that many Americans have deep reservations about our policies toward China and the proposal to extend normal trade relations to that country.

By granting PNTR to China, we will sacrifice much of our ability to affect public opinion on Chinese human rights practices. I would also note that the recent report of the United States Commission on International Religious Freedom included a recommendation by all nine commissioners that the Congress not grant PNTR to China until substantial improvements are made in respect for religious freedom in that country.

While the nine voting members include strong free trade proponents and represent a wide diversity of opinion and religions, they are unanimous that China needs to take concrete steps to release all persons imprisoned for their religious beliefs, to ratify the International Covenant on Civil and Political Rights and to take other measures to improve respect for religious freedom.

Metternich, the Austrian Foreign Minister, said that "Public opinion is one of the most powerful weapons, which like religion penetrates the most hidden corners where administrative measures lose their influence; to despise public opinion is like despising moral principles." Let us think long and hard before we dispose of this weapon.

Before I recognize our distinguished witnesses, I would like to recognize our Ranking Democratic Member, Mr. Gejdenson, for any opening remarks he may have.

Mr. Gejdenson.

I look forward to hearing first from our colleagues from California and Michigan, Mr. Cox and Mr. Levin. The floor is yours gentlemen, feel free to summarize your statements and we will ensure that they entered in their entirety in the hearing record.

Our second panel today is represented by members of the American international business community and an international human rights organization. First, it gives me great pleasure to introduce Sandra Kristoff, New York Life International's Senior Vice President, who is responsible for International Government Affairs and represents New York Life International in the Washington policy-making community. Ms. Kristoff has an extensive background in the Federal government, spanning a 22-year career that included serving as Special Assistant to the President and Senior Director for Asian Affairs at the National Security Council. We welcome you, Ms. Kristoff. Please begin your statement.

We would like to welcome Mr. Mike Jendrzejczyk, of Amnesty International as our next witness. Mike has been with Amnesty International since the mid-1980's, and more recently has been associated with their International Secretariat in London. Mike has appeared before this Committee on previous occasions, due to his well-known expertise on World Bank and trade policy issues, religious freedom and human rights in China and in Asia generally. We are pleased that you could join us again today, Mike. Please begin your statement.

Our third witness, Mr. Nicholas Giordano, is appearing here today on behalf of U. S. pork producers. He is International Trade Counsel for the National Pork Producers Council, a national association representing 44 affiliated states that annually generate approximately $11 billion in farm gate sales. The National Pork Producers Council is the co-chair of the Agriculture Coalition for U.S.-China Trade, a group of over 80 organizations that represent farmers and ranchers, food and agriculture companies in all 50 states. We welcome you here today, Mr. Giordano, and look forward to hearing your statement. Please begin.

Our third panel today opens with the statement of our good and courageous friend, Wei Jingsheng, who is known to us from previous appearances before the Committee. Mr. Jingsheng is a former prisoner from China who is now in exile for exposing, through his writings, the failures of the Chinese Communist Party to bring forth changes that would lead to democracy and freedom for the people of China. We look forward to hearing your testimony today, Mr. Jingsheng.

Mr. Steven McFarland, our next witness, is Executive Director of the U. S. Commission on International Religious Freedom, a federal legislative agency created by the International Freedom Act of 1998, which is charged with the responsibility of advising the President, the Congress and the Secretary of State on conditions of international religious freedom. Mr. McFarland has been a leader of a number of broad-based religious coalitions, and helped to shepherd the Religious Freedom Restoration Act to passage in 1993, and the Religious Liberty Protection Act, in 1999. We look forward to hearing your testimony today, Mr. McFarland.

Our final witness today is the Reverend Daniel Su, who was born in China and who is now an ordained minister working as a special assistant to the President of China Outreach Ministries, an evangelistic Christian organization committed to reaching graduate students from China currently studying on U.S. campuses. Daniel is a frequent speaker among American Christian groups going ministry among the Chinese, and we welcome you here today. Please begin your statement.

Rep. Christopher Cox
Prepared Statement for the
House Committee on International Relations
May 10, 2000

Thank you Chairman Gilman and Members of the committee for giving me the opportunity to testify today on the repeal of Jackson-Vanik for the People's Republic of China.

No matter where you stand on granting permanent normal trade relations to the PRC, one thing on which we can all agree is that the protection of human rights is an essential element of U.S. foreign policy. For the last twenty-five years, the Jackson-Vanik amendment has been an effective tool for promoting human rights abroad by requiring that non-market economies meet minimal human rights standards in order to trade with the United States.

I'm here today because the Clinton-Gore administration's legislation throws out the human rights baby with the trade sanctions bath water. The administration's legislation, which contains only one substantive paragraph, repeals Jackson-Vanik in its entirety for the PRC, far exceeding the U.S. commitment to the Communist Chinese government to establish normal trade relations. The administration's legislation removes our primary mechanism for reviewing human rights in non-market economies.

When I traveled to Moscow several weeks ago, I met one-on-one for two hours with the Russian Foreign Minister, Igor Ivanov. During his opening remarks—before I even said one word—Ivanov pointedly stated that President Clinton's proposal would exempt the world's largest Communist country from human rights review, while leaving under scrutiny a dozen countries that are making the transition to democracy and free markets. He raises a valid point.

Congress must correct the administration's oversight in repealing the entirety of Jackson-Vanik and instead take care to remove only those portions that are related to trade. I would propose that Jackson-Vanik II does just that. It affirms our commitment to human rights while decoupling the review from trade sanctions that might violate WTO rules. I'll briefly summarize the major provisions of Jackson-Vanik II, which updates Jackson-Vanik to reflect today's challenges to human rights.

The centerpiece of Jackson-Vanik II is a semi-annual report by the President on the human rights practices of the world's remaining non-market economies. It is little known that the only human right that is specifically covered by Jackson-Vanik is the right to emigrate. Jackson-Vanik II enumerates 20 broad rights drawn from the Universal Declaration on Human Rights that cover the full range of challenges facing oppressed peoples today. In effect Jackson-Vanik II codifies what has been the practice of Jackson-Vanik these past 25 years.

I think it is important to pause here to note that Jackson-Vanik II keeps the responsibility for monitoring human rights in the hands our foreign policy makers where such responsibility belongs. We shouldn't downgrade the importance of human rights by delegating responsibility for them to another un-elected bureaucracy. If we persist in treating human rights as an appendage to our foreign policy and not an integral part, we frustrate our common goals of peace, freedom, and prosperity around the globe.

Once the President reports to Congress, Congress is then given the opportunity to agree or to disagree with the President's assessment, based in large part on the knowledge and expertise held by the Members of this Committee. Unless the Congress and the President agree that a country does not violate such fundamental human rights as freedom of religion and freedom of speech, then that country becomes ineligible for U.S. subsidies and export credits, as under current law. It's often overlooked, but Jackson-Vanik currently pertains not only to trade but also to access to U.S. credit facilities like OPIC and the Ex-Im Bank. The President is authorized to waive that ineligibility and just as under Jackson-Vanik Congress is given the opportunity to overrule that waiver.

By maintaining presidential involvement in Jackson-Vanik II, we reaffirm our government's commitment to human rights and by increasing the frequency of Congressional review we strengthen the hands of those who like Wei Jingsheng, who has joined me today at the witness table, struggle every day to promote freedom around the world.

And never before has there been a greater need for this legislation. From the 1998 imprisonment of three leaders of the China Democracy Party, to the persecution of the Uighurs in Xinjiang, to the long-standing repression of Tibet, recent years have seen the most ruthless suppression of dissent in China since the crackdown on the 1989 Democracy Movement.

Perhaps nothing has been more emblematic of the deterioration of human rights in China than the crackdown on what's popularly known as the Falun Gong movement. Since their peaceful mass demonstration in Beijing last spring, Falun Gong has been banned by the Communist Chinese government and its adherents have been subjected to arrest and indefinite detention. Li Chang, one organizer of the movement and formerly an official in the Public Security ministry, was sentenced to 18 years in prison for doing nothing more than having the temerity to have faith.

I'll conclude with just one example of the lengths to which the PRC government goes to stamp out freedom. On February 21, 2000, a 57-year-old mother died in government custody of a heart attack after having endured two days of what the PRC government described as a "helpful education." Chen Zixiu suffered repeated shocks from a cattle prod and barefoot marches through the snow in her last days. What crime had she committed? She refused to renounce her beliefs.

I am confident that this Congress will refuse to renounce its belief that human

rights are a vital part of the American character and of any conception of American foreign policy, Republican or democrat. Whatever differences we may have on trade, surely we can all agree on the importance of these basic human rights. Jackson-Vanik II is the reaffirmation of our beliefs.

Thank you Mr. Chairman.

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON TRADE
SUBCOMMITTEE ON SOCIAL SECURITY

Sander M. Levin
Congress of the United States
12th District, Michigan

WASHINGTON OFFICE:
2268 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4961
TOLL FREE: 1-888-810-3880

DISTRICT OFFICE:
ROOM 130
2107 E. 14 MILE ROAD
STERLING HEIGHTS, MI 48310
(810) 268-4444

Testimony of the Honorable Sander M. Levin
Before the Committee on International Relations
May 10, 2000 Hearing on China

It is appropriate that Congress and the American public use the debate over China's integration into the world trading system to shine a spotlight on China, its future, as well as our future economic, political and strategic relationship with this increasing important nation.

China presents both tremendous challenges and important opportunities.

The agreement negotiated with China would open to the U.S. one of the fastest growing markets for American goods and services. It would draw China, with its weak rule of law, into an international rules-based system.

But, it is clearly not that simple.

China is the world's largest state-controlled economy, where free markets and the rule of law are still in the rudimentary stages of development. During a ten day trip to Beijing and Hong Kong in January, I saw graphically that change is irreversible, but its direction is not inevitable.

There is certainly more economic freedom, but Chinese leaders still describe their course as "market socialism." And while there is more political freedom than twenty years ago, there remains tight one-Party control. China's contradictions are manifested in this last decade that started with the violent crackdown in Tiananmen Square and ended with what is likely a futile effort to control the Internet for over 5 million and growing users. As stated in this year's State Department Human Rights Report, the "Government's poor human rights record deteriorated throughout the year [1999], as the Government intensified efforts to suppress dissent, particularly organized dissent."

As the President said in the State of the Union address: "[W]e need to know we did everything we possibly could to maximize the chance that China will choose the right future."

RECYCLED PAPER

Maintaining the status quo does not effectively meet this call. It has the major disadvantage of foregoing potential economic benefits negotiated in the WTO accession agreement with China, while allowing our competitors to receive these benefits, in order to retain through annual review the threat of withdrawing MFN. It is a threat that has never been used in relation to China since we re-opened trade in 1979, without a plan for its use; an instrument unlikely ever to be used, barring a threat to national security (in which case, WTO rules permit withdrawal of MFN).

I believe we can do better than the annual review; we can find concrete mechanisms, multiple points of pressure, to move China in the right direction.

Over the last months, the questions have come into sharper focus. The United States cannot block China's entry into the World Trade Organization. The United States cannot receive the full benefits of the agreement without granting PNTR.

We cannot simply say no.

At the same time, just increasing trade does not adequately address the complex challenges presented by China. We cannot rely on economic contact and exchange alone to lead automatically to more democracy, greater freedom, and greater respect for human rights and enforcement of core worker rights.

We cannot simply say yes.

In my judgment, the only course is to actively shape globalization. We cannot escape it, nor can we ignore it. We must engage with China and we must confront it.

We should consider PNTR within a framework that has the following three goals:

(1) Maximize the benefits to U.S. businesses, workers, and farmers from China's accession to the World Trade Organization;

(2) Minimize the potential downside from growing and more intense competition with a country where free markets and the rule of law are still in the early stages of development; and

(3) Keep the heat on China when it comes to human rights and other dimensions of the U.S.-China relationship.

I have been working closely with the Chairman of the Subcommittee on Asia and the Pacific, Congressman Doug Bereuter, and other Members to develop a bipartisan framework of proposals that complements the extension of PNTR to China.

That framework has three legs: First, the creation of a U.S. Congressional-Executive Commission on China to monitor and report on human rights, labor market issues, and rule of law in China; second, enactment of legislation implementing the anti-import surge safeguard provision that the U.S. Trade Representative negotiated in the November 1999 U.S.-China Agreement; and third, a series of provisions designed to closely monitor and enforce China's compliance with its trade-related obligations.

Today, I would like to focus on the first leg of the framework—a special U.S. Congressional-Executive Commission on China. The Commission is designed to address the goal of keeping pressure on China in the areas of human rights, worker rights, and rule of law. It is modeled on the Helsinki Commission—a U.S. congressional-executive commission that is familiar to many on this Committee.

The Helsinki Commission has demonstrated that benefits can be gained from bringing two branches of government together in a single institution to pursue a common, focused objective. That Commission was born after conclusion of the Final Act of the Conference on Security and Cooperation in Europe in 1975. Over the past 25 years, it has played a significant role in U.S. participation in the CSCE process.

Notably, the Helsinki Commission has worked closely with the State Department and other executive branch agencies in preparing for and participating in international CSCE meetings. Particularly in the area of human rights, the Commission's role has complemented that of the State Department. It has provided additional expertise, focused attention on priorities that reflect its unique institutional perspective, and provided a forum for legislators and executive branch representatives to work together on issues of mutual concern.

The Commission's achievements include putting pressure on the former Soviet Union to release prisoners of conscience and (more recently) putting pressure on the newly democratic Eastern European countries to adopt citizenship laws that respect the rights of ethnic minorities.

I believe that a similar commission focused on China can achieve a comparable record of effective pressure. Like the Helsinki Commission, the China Commission will consist of Members of both Houses of Congress and Presidential appointees representing the executive branch.

The scope of the China Commission will consist of three "pillars": (1) human rights; (2) labor market issues; and (3) development of the rule of law.

The Commission will have a permanent, professional staff with expertise in areas including law, worker rights, economics, and Chinese politics and history. It will develop a rich intelligence network, including contacts with non-governmental organizations and, to the extent possible, persons in China. In this way, it will accumulate an institutional memory that will inform its analysis and recommendations.

The Commission will report once a year to the President and Congress on developments in the areas within its jurisdiction. It also will make recommendations for congressional and/or executive action that may reenforce or help to bring about positive changes in these areas.

Following the successful example of the Helsinki Commission and various NGOs, the China Commission also will maintain lists of persons subjected to human rights abuses and other abuses in China. The Helsinki Commission used this device through the darkest days of the cold war to draw attention to repression of outspoken dissidents, including Elena Bonner and Vaclav Havel. The Helsinki Commission regularly brought its lists to the attention of Soviet Bloc governments and, by the Vienna meeting of the CSCE in 1989, numerous cases raised had been resolved.

As I see it, a commission of the sort I have described has four strengths:

- First, it will put a permanent, concentrated spotlight on human rights, worker rights, and rule of law in China. This is in stark contrast to the sporadic and diffuse attention paid to these issues during the annual review of China's NTR status.

- Second, the Commission will serve as an effective base from which to mobilize bipartisan pressure on China for improvements in particular policies and practices. And the priorities that the Commission identifies should capture the attention of officials in China, as they will represent the concerns of both the legislative and executive branches of the U.S. government.

- Third, as people in China gain greater access to the Internet and other modes of communication, the Commission will be an important point of contact between Chinese citizens, on the one hand, and the U.S. Government and public, on the other.

- Fourth, the Commission will be an important contact point between the Administration and Congress. It will be a forum in which congressional representatives will be able to highlight for the Administration issues of particular concern in U.S.-China relations.

I have no illusions that establishing a special Congressional-Executive Commission will transform China overnight. But it will place an ongoing and focused spotlight on China, rather than the temporary and diffuse spotlight of an annual review and help to reenforce the evolution of China's economic, social and political institutions in a positive direction.

As I said earlier, my ten days in January of person to person interchange with people from various walks of life in Beijing and Hong Kong, demonstrated to me that change is irreversible, but its direction is not inevitable. We must persistently and continuously strive to impact that change. There is no realistic choice but a step by step activist approach. This type of reenforcement is not only in China's interest, it is in our vital economic and national security interest as well.

Wei Jingsheng Foundation

Statement on the Occasion of the US House International Relations Committee Hearing on the PNTR
May 10, 2000

The basic principles against PNTR are simple:

1. Since the fall of the Soviet Union, Communist China has become democracy's most formidable adversary. The United States should recognize this fact.

2. The world's remaining tyrannies have no difficulty understanding democracy as an enemy. Yet, the United States is unwilling to fully comprehend tyranny, and thereby fails in its leadership to build an effective coalition to contest democracy's enemies. In contrast, Communist China has been very effective in splintering the Western democracies and dividing American society.

3. The preservation of peace and freedom hinges on comprehending democracy's greatest enemy, and countering it effectively. If the United States will not fight the world's largest tyranny politically and economically, then inevitably it will have to fight it militarily.

Framing the debate on WTO and PNTR as "keeping the door open" is misleading. America' s door is open. The door to China is only half-open. However, the Chinese people have learned enough to know that they lack the rights other people enjoy. Moreover, the Chinese people could see for themselves the vast differences between democratic societies and tyrannical societies. If this were not so, the enormous uprising in hundreds of Chinese cities known as the 1989 Tiananmen movement would never have happened. Yet the door to China remains and will remain half-closed. The Chinese people are still deprived of information and freedom, because that is the way to retain power under tyranny.

If the US Congress give China PNTR now, it will not open the rest of the door to China, but legitimize this half-open/half-closed status as the way things are and should be. To certify Communist China as "normal" in its currently abnormal state would deprive reformers within the government of needed pressure to push for more changes.

The claim that PNTR will give American access to the "vast Chinese market" is specious. Any businessman can tell you that the "vast Chinese market" does not exist. Simply put, the "vast Chinese market" cannot be constructed without first the rule-of-law being instituted fairly and consistently, as President Lincoln put it, "by a government of the people, by the people, and for the people."

In fact, the multinational business community is making an unholy alliance with Chinese tyranny. The Communist government uses brutality to subjugate Chinese workers while U.S. corporations

use the threat of moving their businesses to countries similar to China to undercut American workers' demand for higher wages. Businesses in China's peripheral territories -- Japan, South Korea, Thailand, Taiwan, and Hong Kong -- will not hesitate to use slave labor in China to flood the vast U.S. market with goods. In fact, the PNTR is a loss-loss proposition for the vast majority of workers everywhere, and especially for China's. Nevertheless, the multinational business community should not be so complacent, because Chinese tyranny has no love for business either. The Communist tyrants will redirect Chinese people' s anger against them towards outsiders, as the Manchus had done with the Boxer Rebellion at the end of the Qing Dynasty one hundred years ago.

The assertion that not granting PNTR will undermine peace and create an enemy of China is baseless, because the opposite is true. The current U.S.Administration may wish to indulge in wishful thinking, but the tyrants in Beijing have not been shy in fanning anti-Americanism. The reality is that it takes two to forge a friendship, but only one to create enmity.

Neville Chamberlain's claim of "peace in our time" reverberates, but history has taught us that the sacrifice of Czechoslovakia to appease Hitler did not preserve the peace; it only whetted Hitler's appetite. Likewise, appeasing Communist China will not save Taiwan, but will endanger the whole region: Beijing currently lacks the capital needed to carry out their explicit threats to invade Taiwan, but PNTR will give them the capital, and more. The claim that trade deters war is simply wrong: The 19th century was full of wars fueled by trade. Yet if we fight the tyrants in Beijing politically and economically, we may avert a full-scale war, as we did in the case with the former USSR.

At this point, what the Chinese people needs most is help from foreign friends in pressuring the Chinese government to provide better protection of human rights and the environment. Many say such "open pressure" does not work, but this claim is false. South Africa, Taiwan, South Korea, and the former USSR are but a few examples of what open pressure can achieve.

If we were to dissipate the pressure inherent within WTO and PNTR, then the free market desired by the United States and China, and other WTO countries, would never be achieved. A "chaotic market" would be, however, from which few, beside the Chinese Communist tyranny, would reap any benefits.

Wei Jingsheng has spent 18 years in prison for insisting on speaking the truth to power.

Contact: Tel: 202 547-7833 Fax: 202 543-4443 Cell: 202 246-8854

TESTIMONY OF
SANDRA J. KRISTOFF
SENIOR VICE PRESIDENT
NEW YORK LIFE INTERNATIONAL, INC.

BEFORE THE
HOUSE INTERNATIONAL RELATIONS COMMITTEE
MAY 10, 2000

"PNTR FOR CHINA: IS IT IN THE U.S. NATIONAL INTEREST?"

Thank you, Mr. Chairman.

I am here, on behalf of New York Life International, to speak in favor of China's accession to the World Trade Organization and Congress's related step of extending "normal trade relations" status to China on a permanent basis. Unlike many from the business community who have appeared before you at other times, I don't intend to delve into the significant economic benefits that will accrue to the United States once PNTR status has been extended. We've all been reviewing the substance of the trade agreement for months. There is simply no debate that our agreement with China will open up important new markets for U.S. farmers, workers and businesses in virtually all sectors of the economy, including the insurance and financial services sector of primary concern to New York Life.

Today, I would like to tell you, from my perspective as one who has been engaged in geopolitical security issues for the past two decades, why extending PNTR to China is, in fact, in the national security interests of the United States.

Prior to joining New York Life, I served as a civil servant in the trenches managing trade and national security negotiations covering a range of sensitive policy issues. During my 23-year career with the Federal Government, I served at the Commerce Department, the U.S. Trade Representative's Office, the State Department, as Ambassador to APEC, at the National Economic Council, and most recently, at the National Security Council as Special Assistant to the President and Senior Director of Asia-Pacific Affairs. Mr. Chairman, through my work at each of these posts I have seen first hand the important role liberalizing trade can play in advancing a full array of U.S. national security interests.

Nowhere more so has this proved true than in Asia, where I would argue we have the most to gain -- as well as the most to lose -- as we seek to develop policies that will ensure the future stability of this important region. As national security advisor Sandy Berger recently said, the United States is a Pacific nation and our future is tied to Asia. Political, economic and military stability in the Asia Pacific is critical to securing our long-term global foreign policy objectives. America's considerable security interests in the Asia Pacific are very much affected by China's policies. Our objectives simply cannot be achieved without also maintaining a constructive policy of engagement with respect to China. Or more simply put, a stable China is in our national interest, a stable U.S.-China relationship is in the security interests of ourselves and of our allies in the region and the chances for this stability increase as China is firmly anchored in international rules-based regimes on trade, nonproliferation, and human rights. That's why every ally in the region - Japan, Korea, the ASEAN countries - all support PNTR for China. That is why Taiwan's new president has publicly stated he would welcome normalized U.S.-China relations.

By moving forward on WTO membership, China also is signaling it is prepared to integrate itself into the world economy. It must do this in order to attract the capital needed to create private sector businesses and jobs. It will not succeed in this task of generating domestic growth and jobs unless it is ready to cooperate with it major trading partners. The more China is drawn into the international trade rules system, the higher the cost to China of breaking its WTO promises and turning its back on cooperation with its trading partners.

China's WTO bid suggests as well that a stable economic relationship between our two countries will yield a more constructive relationship on non-economic issues. As a standing member of the UN Security Council and a major player in other multilateral fora, China will no doubt seek a leading role in the WTO, forcing it to take on all the responsibilities that this entails. The more China has a stake in the success of the international trading system, the more China will have a stake in playing a responsible role in the Asia Pacific and globally, not just on trade issues, but on a full range of other issues, including those of primary concern to U.S. national security.

China's WTO membership will increase the cost to China of breaking the rules of the international system in areas such as nonproliferation and arms control. To reiterate, China views

WTO membership as an acknowledgment of its status as a leading economic power. I'm convinced that, as China feels itself recognized as a part of a global community of nations, its perceived need to demonstrate its power through aggressive rhetoric and behavior will diminish.

Of course Mr. Chairman, I am not about to argue that China's mere presence in the WTO, and our country's extension of PNTR, will bring immediate solution to what is an extraordinarily thorny set of strategic challenges. But, the issues facing the region -- a troubled Korean peninsula, competing claims in the South China Sea, the fight against narcotics, terrorism, environmental degradation -- cannot be answered by the United States acting alone, at least not successfully. I am confident our national interest in addressing these and other problems will be best served by supporting the reformist impulse that has been embodied in China's long march towards WTO membership.

As President Clinton and many others have noted, China's presence in the WTO will represent a reinforcement of the rule of law in that country. Through its WTO-related commitments, China's leaders are signaling an acceptance that rules matter, and that China is willing to play by those rules. The implications of this extend far beyond the nuts and bolts of trade policy. The application of the rule of law in the economic sphere will have a ripple effect throughout Chinese society, including in matters of civil rights and international behavior.

The advancement of rule of law in China will accelerate a process we are already seeing -- a reduction in the government's role in the economy. The agreement the United States negotiated with China is replete with commitments to reduce regulation, increase the transparency of remaining regulations, and allow competitive forces to work in the Chinese marketplace. In my view, that document is a clear statement of the determination of China's reform-minded leaders to cement into place market-oriented policies. To the extent that civil freedom flows from economic freedom -- and I'm convinced it does -- the implications of a more open Chinese economy are clear.

Again, none of these positive effects of WTO membership represent quick fixes. But I believe the best course for the United States is to engage China as a responsible member of the world trading system. The details of China's WTO-related trade agreements make it clear the Chinese leadership is convinced that WTO membership will move the country towards a stable and

prosperous economic future. In my way of thinking, stability and prosperity create the right environment for social development and the expansion of civil liberties, which are at the heart of U.S. national interests in China.

I am equally certain the rejection of PNTR will isolate America from China, will undermine the economic reformers in Beijing, will setback progress toward rule of law and open society, will lessen the security of our allies, and will make confrontation in the U.S.-China relationship all but certain.

In closing, I urge you to seize this opportunity to further normalize our trade relationship with China. In so doing, you not only will be advancing U.S. economic interests, but also will be laying the ground work for a new, more successful approach to addressing the more difficult aspects of our complex relationship with China. In 10 to 15 years, we all hope to be living in a world in which China has firmly embraced concepts of economic freedom, political openness and global peace and security. I am convinced a "yes" vote on PNTR will increase the likelihood we will achieve these objectives. To answer the question of the day then -- PNTR is in the national interest of the United States, and now is the time to make it a reality.

Thank you.

HUMAN RIGHTS WATCH
1630 Connecticut Avenue NW Suite 500
Washington, DC 20009
Telephone: 202 612 4338
Facsimile: 202 612 4333
E-mail: hrwayc@hrw.org
Website: http://www.hrw.org

ASIA DIVISION
Sidney Jones
Executive Director
Mike Jendrzejczyk
Washington Director
Patricia Gossman
Senior Researcher
Jeannine Guthrie
NGO Liaison
Sara Colm
Smita Narula
Gary Risser
Researchers
Mickey Spiegel
Consultant
Adam Bassine
Elizabeth Weiss
Associates
ADVISORY COMMITTEE
Andrew J. Nathan
Chair
Orville Schell
Ko-Yung Tung
Vice Chairs
Maureen Aung-Thwin
Edward J. Baker
Harry Barnes
Robert L. Bernstein
Jagdish Bhagwati
Gregory Carr
Jerome Cohen
Clarence Dias
Dolores A. Donovan
Frances FitzGerald
Adrienne Germain
Merle Goldman
Deborah M. Greenberg
Jack Greenberg
Paul Hoffman
Sharon Hom
Rounaq Jahan
Virginia Leary
Daniel Lev
Perry Link
Rt. Rev. Paul Moore, Jr.
Yuri Orlov
Victoria Riskin
Sheila Rothman
Barnett Rubin
James Scott
Steven Shapiro
Eric Stover
Maya Wiley
HUMAN RIGHTS WATCH
Kenneth Roth
Executive Director
Michele Alexander
Development Director
Carroll Bogart
Communications Director
Reed Brody
Advocacy Director
Cynthia Brown
Program Director
Barbara Guglielmo
Finance & Admin. Director
Susan Osnos
Associate Director
Maria Pignataro Nielsen
Human Resources Director
Wilder Tayler
General Counsel
Lotte Leicht
Brussels Office Director
Joanna Weschler
U. N. Representative
Jonathan Fanton
Chair

Granting Permanent Normal Trade Relations to China and Human Rights
Statement by Mike Jendrzejczyk, Washington Director
House Committee on International Relations
May 10, 2000

We appreciate the opportunity to appear before the Committee today as you assess the implications for human rights of China's accession to the World Trade Organization (WTO), and consider whether to grant China Permanent Normal Trade Relations (PNTR) status at this time.

Human Rights Watch does not take a position on trade agreements *per se*, and does not endorse any particular trade agreement, including the one signed by the U.S. and China last November. However, we believe that the WTO process should be used to push for human rights improvements. Broader trade with China can be consistent with advancing human rights, but only if it is combined with effective, sustained pressure on China to respect basic civil and political rights.

In my testimony today, I would like to describe the recent deterioration of human rights conditions in China, examine the possible long-term impact of WTO membership on China's human rights performance, and present our recommendations to Congress on the PNTR issue and the broader policy implications of this important decision.

The WTO and China:

As a WTO member, China will commit itself to respecting global trading rules. This is a step towards China's integration into the international system regulating not only trade relations but also governments' treatment of their own citizens. Restructuring China's economy to fit WTO standards will give a boost to those within China arguing that it must further open up both politically and economically if it is to be a respected member of the international community.

But WTO membership will not itself lead to political changes. It could be an important catalyst for change over the long run *if* combined with consistent pressure from outside China. For instance, greater transparency in economic matters could increase demands and expectations from within China for more openness in other areas.

China is a long way from having a legal and court system that functions independently of the Party and the State. Demands to modernize China's legal system to handle commercial disputes, protect contracts and combat corruption could help lay the groundwork for an independent judiciary and the rule of law that might extend to the political and security realms. As the World Bank has pointed out, "economic reforms have made legal rules matter" in China.

The closing of thousands of state-run enterprises -- there are currently about 300,000, nearly half of them industrial -- could push workers to insist on greater collective decision-making on workplace issues and the need for a social safety net. They may increasingly insist on exercising the worker rights guaranteed in the U.N. International Covenant on Economic, Social and Cultural Rights. (China signed this treaty in October 1997, but has not yet ratified it.) The official national employment rate is about eight percent, and in some rural areas it's much higher. A rise in the unemployment rate may create more instability in the short run, with the authorities clamping down on attempts by workers to organize. But eventually the government may be forced to create channels for workers to negotiate over their grievances. The alternative to allowing greater freedom of association is to risk disaffected workers turning against the state.

But I must emphasize that WTO membership in itself will not guarantee the rule of law, respect for worker rights, or meaningful political reform. Economic openness could be accompanied by tight restrictions on basic freedoms and a lack of governmental accountability. The Chinese government might seek to build the rule of law in the economic sphere while simultaneously continuing to pervert and undermine the rule of law elsewhere. For example, Chinese authorities claim to be upholding the "rule of law" by arresting and throwing in jail pro-democracy activists, and the nationwide crackdown on the Falun Gong movement has been cloaked in rhetoric about the "rule of law."

We believe the U.S. and China's other major trading partners *must* increase pressure on Beijing for significant improvements in human rights. It makes little sense to bring China into the WTO and expect it to abide by global trading rules when Beijing flaunts international rules of human rights with impunity. China must be moved to go beyond opening its markets to opening its jails, easing restrictions on the press and the Internet, and protecting the rights of workers, Tibetans, Uighurs and other ethnic minorities.

Human Rights Developments in China:

There has been a clear deterioration of human rights conditions in China. A tightening of controls on basic freedoms began in late 1998, escalated throughout 1999, and has continued into 2000. During her visit to Beijing this past March, Mary Robinson, the U.N. High Commissioner on Human Rights, publicly condemned the crackdown on free expression, freedom of religion and association. The range of the crackdown suggests that a nationally coordinated campaign is underway to shut down all peaceful opposition in the name of maintaining "social stability." The annual "Strike Hard" anti-crime campaign, launched just last week, will reportedly target both common criminals and suspected dissidents.

Among the elements of the crackdown are:

-- an intensified attack on all organizations that the Chinese Communist Party perceives as a threat to its rule;

-- a series of regulations that constrain free association, assembly and religious expression;

-- the ongoing arrest of Tibet "splittists" and tightened secular control of Tibetan Buddhism;

-- the stepped up pace of arrests and executions of activists in Xinjiang. Even a prominent Uighur businesswoman, Ms. Rebiya Kadeer, was detained last August and given an eight year prison sentence by the Urumqi Intermediate Court on March 10, 2000. She was convicted of "revealing state intelligence" abroad because she tried to send copies of news articles on repression in Xinjiang to her husband, who broadcasts from the U.S. on Radio Free Asia; court documents also say she had planned to give a list of political prisoners to a visiting Congressional staff delegation. Her case has been highlighted by the Congressional Human Rights Caucus and by Rep. Nethercutt and Rep. Porter in their concurrent resolution calling for her immediate release, which was adopted on May 2 in the Senate by unanimous consent;

-- the purge of four leading academics from the Chinese Academy of Social Sciences last month, including the dismissal of its retired vice president, Li Shenzhi, who wrote an essay critical of the Chinese Communist Party, plus two economists who have urged more rapid economic reform, and a political science professor, Liu Junning, who has called for a modern political system;

-- ongoing attempts to interfere with the free flow of information at home and abroad, through new restrictions on the Internet and threats against academic research in open sources. We welcomed the release of the respected scholar, Song Yongyi, but his arbitrary arrest and detention are a clear reminder of the capriciousness of the "rule of law" in China and the dangers of conducting research into sensitive subjects.

I would like to provide the Committee with a few examples to illustrate the depth and breadth of the current crackdown.

On November 23, 1998, former premier Li Peng issued a statement that effectively banned opposition political parties. The following month, the courts gave heavy sentences to three leading members of the China Democracy Party (CDP), an open, peaceful opposition Party that had announced its formation prior to President Clinton's visit to China in June 1998. Veteran dissident Xu Wenli in Beijing, Qin Yongmin in Hubei province, and Wang Youcai in Zhejiang were sentenced to thirteen, twelve and eleven years respectively for "conspiring to subvert state power." The government's largely successful attempts to destroy the CDP have resulted in long prison sentences for its members in Beijing, Shanghai, and at least eight other provinces. In all, some twenty-five China Democracy Party members have been sentenced since December 1998 after trials lacking adequate procedural safeguards and closed in all but name. Others have been tried but not yet

sentenced; at least a dozen more are still in detention. The most recent CDP member sentenced was Zhu Zhengming, given a 10 year prison term on charges of subversion in Hangzhou, in the province of Zhejiang, on May 1. Zhu was an engineer at a chemical plant and an activist in the China Democracy Party.

Other attempts to organize groups outside official control have also been stifled. In November 1999, Aun Jun, an attorney who formed an organization called "Corruption Watch" to expose local corruption, was put on trial. On April 19, 2000 -- the day after the vote in Geneva on a U.S.-sponsored resolution on China at the U.N. Commission on Human Rights -- the court announced that he had been given a four year sentence on charges of subversion. Aun Jun had attempted to legally register the organization with the Ministry of Civil Affairs, but it was banned.

Throughout China, leaders of worker and peasant protests calling for workers rights have been detained. Also, those trying to organize workers, or protesting against exorbitant fees and taxes, corruption, or fixed local elections have been arrested and given sentences of up to ten years. The Party controls the country's only officially recognized workers' organization, the All China Federation of Trade Unions. Anyone trying to organize an independent union is routinely arrested. For example, Li Jinghua and Yan Jinhong were sentenced in January 1999 to reeducation through labor for leading steelworkers in 1998 to protest unpaid wages by blocking a railway line. Zhang Shanguang founded the Association to Protect the Rights and Interests of Laid Off Workers; he got a ten year sentence in December 1998 after telling a Radio Free Asia reporter about workers protests in Hunan province. But protests by workers continue almost daily. One indication of the high degree of unrest was a huge protest of some 20,000 mineworkers in Yangjiazhangzi, northeast China in February. Angered by the loss of jobs and corruption, they reportedly burned cars, smashed windows, and blocked streets for three days; the People's Liberation Army was finally dispatched to put down the rebellion, arresting miners on charges of destroying public property.

It's worth noting that China has not ratified key ILO (International Labor Organization) conventions protecting the rights of free association (87), the right to organize and bargain collectively (98), or on the abolition of forced labor (105). Of these, I might add that the U.S. has only ratified the ILO convention on forced labor.

Restrictions on religious freedom have increased. The crackdown on Falun Gong clearly violates China's commitments to respect internationally-guaranteed rights of freedom of belief, expression, association and assembly. Members of Falun Gong were briefly detained by the thousands for "reeducation" after the group was officially banned on July 22, 1999, though most have since been released. Millions of Falun Gong books were confiscated and destroyed. According to official statistics released by the New China News Agency on April 20, 2000, there have been 2,591 cases of Falun Gong members or supporters taken up by the courts, resulting in ninety-nine convictions and eight-four prison sentences thus far. The actual numbers may be higher. Sentences officially confirmed have ranged from three to eighteen years. Also, in recent weeks there have been reports of three more imprisoned Falun Gong members dying due to beatings or hunger strikes; the total number of deaths is impossible to confirm. President Jiang has made it clear that the suppression

of the Falun Gong remains a high priority as part of the government's broader effort to control all organizations. The number of Falun Gong members -- between two and seventy million in China -- their ability to organize, and their use of modern tools of communication have made the Falun Gong movement especially threatening. Yet last month, authorities admitted that the massive crackdown has failed to suppress the movement, and protests by Falun Gong members in Tiananmen Square continue on a regular basis.

In early January 2000, Premier Zhu Rongji and State Councillor Ismail Amat gave speeches stressing the importance of control of religion to the stability of the state, and resistance to "hostile foreign forces" which they say use religion to undermine China's solidarity. Throughout the past year, there have been sporadic reports of arrests and detentions of Catholics and Protestants. Campaigns to register Catholic congregations in Hebei and Zhejiang provinces forced many worshipers into hiding. In an attempt to reaffirm the independence from the papacy of the official Catholic Church in China, the government's Religious Affairs Bureau and the Bishops' Conference of the Catholic Church in China arranged the ordination of five bishops in March, without seeking papal approval. During Easter Week last month, there were reports of harassment of members of the Catholic underground church in Wenzhou diocese, where a campaign has been underway by local officials since last year to force church members to join the official Catholic Patriotic Association.

At least ninety-five Protestant house church leaders were detained early in 1999. A Protestant house-church group in Anhui province called the Full Circle Church was singled out for harassment last month. According to official press reports, forty-seven members of the group were detained by police on April 9; six of the organizers face criminal charges for establishing an "illegal sect" and for organizing "illegal gatherings." Eight others are likely to be given administrative punishments.

Those released from prison still risk official harassment and intimidation. On March 29, 2000 Bao Tong, the former Chinese Central Committee member and senior aide to Zhao Ziyang, released a letter to the Chinese authorities protesting increased monitoring and harassment since the beginning of this year. Bao was released from prison in 1996, after being imprisoned during the student protests in 1989, and was then kept under house arrest for one year. When his political rights were finally restored in May 1998, Bao Tong began speaking out against government and Communist Party policies. In his recent letter, he declares: "My personal freedom has been limited and violated. Day and night, whenever I step out of my home, there are always six people closely following me." He also complains that reporters interviewing him have been warned they would be punished, and that his phone service has been cut at the time of important political anniversaries. His treatment violates guarantees of free expression contained in the Chinese constitution.

Controls on the Internet:

The government's attempts to control the Internet have ominous implications for U.S. businesses seeking to expand operations in China under the terms of the new U.S.-China trade agreement. In January 1999, new regulations were issued requiring bars and cafes with Internet access to register

and inform the police about their customers. By May, the Ministry of State Security was able to track individual E-mail accounts through monitoring devices on Internet Service Providers. Internet bulletin boards were subject to round-the-clock monitoring; several were closed for hosting political discussions or postings critical of government policies.

The government of Shanghai took the lead requiring corporate Internet users to register with the police, or face a fine. On January 26, 2000 new regulations retroactive to January 1 prohibited the transmittal of state secrets on the Web or through E-mail. The restrictions make both users and Web site owners liable for infractions. The broad language of the state secrets law invites selective application against anyone out of favor with the government. In addition, new regulations prohibit websites from independently compiling news or interviewing reporters; instead, they can only carry news already compiled by domestic newspapers.

I should add that the publishing and print media have also been more tightly supervised. Last fall, local newspapers and magazines were put under Communist Party control. And the State Press and Publications Administration banned foreign investment in wholesale book publication and distribution, and limited the right to distribute textbooks, political documents, and the writing of China's leaders to a handful of enterprises.

Foreign journalists and the local media in Hong Kong are facing tightened controls. Chinese officials have stopped issuing tourist visas for foreign reporters in Hong Kong going into mainland China for personal visits, and instead require them to join official tour groups. The recent warning by a senior Chinese official that the Hong Kong press should be careful how they report on Taiwan issues sparked protests by Hong Kong legislators and the Hong Kong Journalists Association.

Recommendations to Congress and the Administration:

We urge the Congress and the Administration to couple efforts to make China a more reliable trading partner with serious parallel pressure on China to comply with its international human rights obligations. The WTO process itself can be a useful source of leverage, along with other channels of pressure.

1) Permanent NTR:

China has lobbied for several years for an end to the annual review of its trade status under the Jackson-Vanik amendment of the Trade Act of 1974, and as part of the WTO deal President Clinton has pledged to give China permanent Normal Trade Relations status. We believe that in exchange for PNTR, Congress should insist on reciprocal concrete steps on human rights by China.

Congress should set concrete, meaningful and realistic human rights conditions that China must meet before receiving permanent NTR. The president should be required to certify that these conditions have been met, and this could happen any time following China's accession to the WTO. For example, China should be required to:

-- ratify the two United Nations human rights treaties it has signed: the International Covenant on Civil and Political Rights, signed in October 1998, and the International Covenant on Economic, Social and Cultural Rights;

-- take steps to begin dismantling the huge system of "reeducation through labor," which allows officials to sentence thousands of citizens to labor camps each year for up to three years without judicial review. A commission could be established for this purpose, and the U.S. and the U.N. could offer to provide support with technical assistance and rule of law programs;

-- open up Tibet and Xinjiang to regular, unhindered access by U.N. human rights and humanitarian agencies, foreign journalists, and independent monitors;

-- review the sentences of more than 2,000 "counter-revolutionaries" convicted under provisions of the Chinese law repealed in March 1997, with a view towards releasing most of them.

Getting China to meet these conditions is possible, if the Administration engages in the kind of intensive, high level negotiations with Beijing it conducted to finalize the trade agreement last November. In light of the failure of the U.N. in Geneva to censure China, it is even more imperative that Congress and the Administration agree on meaningful human rights conditions on PNTR as one of the few remaining sources of serious leverage.

To replace the annual trade status review, we would strongly support creation of a new mechanism, such as a special commission appointed jointly by Congress and the executive branch along the lines of what Rep. Sandy Levin has proposed. This commission should have staff based in China as well as in the U.S. It should issue a report annually on China's compliance with international human rights and labor rights norms. But this should be more than a *pro forma* process, or it will have no real credibility. Legislation establishing the commission should require a debate, in both houses of Congress, each year by a certain date, and a vote by Congress on the commission's findings and recommendations for U.S. bilateral and multilateral policy initiatives. These initiatives should be wide-ranging and include, as appropriate, both economic and diplomatic tools.

2) U.N. Commission on Human Rights:

We applauded the Administration's decision in January to sponsor a critical resolution on China at this year's annual meeting of the United Nations Commission on Human Rights in Geneva. In announcing this decision, the State Department correctly noted that "China's human rights record has continued to deteriorate . . . Our goal in sponsoring a China resolution is to foster increased respect for human rights in China."

Indeed, when confronted with a credible threat of a debate and vote in Geneva in the past, China has taken limited but important positive steps on human rights. It has also expended major effort worldwide to keep any critical resolution off the Commission's agenda -- including by threatening to cut off trade deals or investment opportunities to governments that might support action. This

effort has been stepped up since 1995, when a China resolution came within only one vote of being adopted.

Far in advance of this year's Commission meeting, it was clear that in order to have any chance at getting a debate and vote, the Administration needed to engage in high level lobbying of other Commission members and potential cosponsors, in Europe, Central and Latin America, and elsewhere. For months, we urged President Clinton to match his commitment to WTO, and his intensive personal lobbying of Congress on PNTR, with a similar commitment to wage an effective campaign in Geneva. Members of Congress also made appeals to the White House. Both Secretary of State Albright and Assistant Secretary Harold Koh were energetically involved in pushing the resolution -- the Secretary of State even flew to Geneva from India to speak to the Commission. We hope this Committee will congratulate them for their efforts. However, we unaware of any presidential involvement in the campaign.

On April 18, the Commission adopted a procedural motion by China to keep the U.S.-sponsored resolution off the agenda: the vote was 22 to 18, with 12 abstentions; Romania was absent when the vote was taken. This decision gave the wrong signal to Beijing's leaders, and by refusing to even debate China's human rights record, seriously damaged the credibility of the Commission itself. Most importantly, it represented a dismal failure of political will on the part of many governments -- including members of the European Union (EU), Japan, Canada, and Australia -- that claimed to be concerned about human rights in China, but declined to cosponsor the resolution or to lobby vigorously against the no-action motion.

After the vote, the EU tried to justify its lack of action with a weak statement of concern, basically hiding behind its human rights dialogue with China. The EU admitted that except for some limited improvements in the legal system, "little progress (on human rights) has been achieved on the ground." But it went on to "attach great importance to the EU/China human rights dialogue" while expressing the vague hope that this dialogue will be "translated into concrete actions."

Mr. Chairman, dialogue must be accompanied by pressure. What incentive will Beijing now have, following its victory in Geneva, to go beyond dialogue to make serious improvements in its human rights practices? In fact, the U.N. Special Rapporteur on torture, Nigel Rodley, recently announced that his planned visit to China next month was on hold because Beijing would not agree to the U.N.'s criteria. These criteria include unrestricted access to detention centers and police stations as well as the ability to interview detainees confidentially.

Meanwhile, following the Geneva vote, China offered to resume the bilateral dialogue on human rights with the U.S. that it suspended after last spring's accidental bombing of the Chinese embassy in Belgrade. The Administration should not even consider agreeing to the dialogue if this would entail a commitment to abandon any future attempts to censure China at the Commission.

3) Code of Conduct for Companies:

China's entry into the WTO, and the implementation of the new bilateral agreement with the U.S., will lead to greater American private investment in China. We urge Congress to enact legislation originally introduced as early as 1991, and most recently in the House in 1995, outlining principles for a "code of conduct" for U.S. companies operating in China.

The legislation should express the sense of Congress that U.S. companies should, among other things, prohibit the use of forced labor in their factories or by their subcontractors in China, prohibit a police or military presence in the workplace, protect workers' rights of free association, assembly and religion, discourage compulsory political indoctrination, and promote freedom of expression by workers including their freedom to seek and receive information of all kinds through any media -- in writing, orally, or through the Internet. The "code of conduct" bill should contain a registration and reporting procedure, and require an annual report to Congress and the Organization for Economic Cooperation and Development (OECD) on the level of adherence to the principles by U.S. companies.

4) Labor Secretary to China:

U.S. Secretary of Labor Alexis Herman was invited to visit China by her counterpart, the Chinese labor minister, when he came to Washington, D.C., in March, 1999. We hope the Committee will urge her to travel to China as soon as possible in order to conduct a high-level dialogue on China's labor practices, including protection of key worker rights, the cases of detained workers and labor organizers, and the creation of social safety nets. She would be the first U.S. labor secretary ever to visit China. Members of the Committee might also offer to accompany Secretary Herman on the trip. Such a visit could also be used to explore how the U.S. could assist with training and technical assistance to strengthen the protection and independent monitoring of internationally-recognized labor rights.

National Pork Producers Council®
Washington Office
122 C Street, N.W., Suite 875
Washington, D.C., 20001
(202) 347-3600
FAX (202) 347-5265

Testimony of Nicholas D. Giordano
International Trade Counsel
National Pork Producers Council

Before

The House International Relations Committee

On

GRANTING PERMANENT NORMAL TRADE RELATIONS (NTR) STATUS TO CHINA: IS IT IN THE U.S. NATIONAL INTEREST?

May 10, 2000

National Headquarters
P.O. Box 10383 • Des Moines, Iowa 50306 USA • (515) 223-2600 • FAX (515) 223-2646

The Other White Meat.

Mr. Chairman and Members of the Committee:

I am Nicholas D. Giordano, International Trade Counsel for the National Pork Producers Council. I very much appreciate the opportunity to appear here on behalf of U.S. pork producers to express our views on granting permanent normal trade relations (PNTR) to China.

The National Pork Producers Council is a national association representing 44 affiliated states that annually generate approximately $11 billion in farm gate sales (although farm gate sales were reduced to $8.6 billion in 1999 as a result of record low hog prices). According to an Iowa State study conducted by Otto and Lawrence, the U.S. pork industry supports an estimated 600,000 domestic jobs and generates more than $64 billion annually in total economic activity. With 10,988,850 litters being fed out annually, U.S. pork producers consume 1.065 billion bushels of corn valued at $2.558 billion. Feed supplements and additives represent another $2.522 billion of purchased inputs from U.S. suppliers which help support U.S. soybean prices, the U.S. soybean processing industry, local elevators and transportation services based in rural areas.

The National Pork Producers Council is the co-chair of the Agriculture Coalition for U.S.-China Trade. This coalition of over 80 organizations is comprised of organizations that represent farmers and ranchers, food and agriculture companies, and producers of the tools of agricultural production, in all 50 states (List of Coalition: Attachment I).

U.S. Agriculture Strongly Supports China's Accession to the WTO

The concessions made by China to the United States in its quest to become a member of the World Trade Organization are sensational news for U.S. farmers and ranchers. We commend Ambassador Barshefsky and Secretary Glickman, and their hard-working staffs. We also acknowledge the efforts of many members of this subcommittee. Together, you have hit a grand slam home run giving U.S. agriculture access to an enormous market. This agreement means larger profits for U.S. farmers and ranchers and stronger rural economies in the United States.

Most sectors of U.S. agriculture have suffered from very low prices during the past few years. Pork producers just came through a period with the lowest hog prices ever in real terms. As President Clinton, Secretary Glickman, and many members of Congress have pointed out, U.S. agriculture is missing out on the longest period of economic growth and prosperity in our nation's history. For U.S. agriculture, the importance of consummating this deal with China and getting China quickly into the WTO cannot be overstated.

The United States Department of Agriculture estimates that the U.S.-China WTO accession agreement could add about $1.6 billion annually to U.S. agricultural exports of bulk commodities such as grains, oilseeds and products, and cotton by 2005. U.S. export gains could approach $2 billion as the Chinese reduce their tariffs on high value-added products, such as poultry, pork, beef, citrus and other fruits, vegetables, tree nuts, and forest and fish products. While the United States gains access to its growing market, China does not gain any greater access to the U.S. market under the negotiated agreement, making it a win-win for American agriculture. As

discussed in more detail below, even now, China is implementing the 1999 Agreement on U.S.-China Agricultural Cooperation, and bringing U.S. meat, wheat, and citrus products into China.

As part of it WTO negotiations with the United States, China agreed to slash tariffs on many food and agricultural products, as well as for the tools of agricultural production. Indeed, the tariffs agreed to by China for many of these products are much lower than the corresponding tariffs in countries such as Japan and Korea. The agreement also will obligate China to reform its monopoly state purchasing agencies, eliminate scientifically unjustified sanitary and phytosanitary barriers, and provide strong provisions against unfair trade and import surges. It requires China to stop the subsidization of exports, which is a huge concession given the vociferous opposition we face from the European Union when it comes to the elimination of agricultural export subsidies. Finally, WTO membership will require China to play by the same rules and disciplines of the multilateral trading system as the United States. The United States will have recourse to WTO dispute settlement mechanisms should China not live up to any of its obligations, an avenue of recourse we currently do not have.

Tariffs

China's agricultural tariffs will fall from an average of 31% to 14% for our priority items. All cuts occur over a maximum of four years, and will be bound at the applied levels. To cite a few examples:

	Current Level	Under the Agreement
Beef	45%	12%
Pork	20%	12%
Poultry	20%	10%
Citrus	40%	12%
Grapes	40%	13%
Apples	30%	10%
Cheese	50%	12%
Crayfish	30%	15%
Lobster	30%	15%
Wine	65%	20%
Beer	70%	0%

Tariff-rate quotas (TRQs) -- China will liberalize its purchase of key bulk agricultural commodities like wheat, corn, rice, cotton and soybean oil, through tariff-rate quotas - that is, application of very low tariffs (1% for bulk commodities) on a set volume of commodities. Included in this portion of the agreement were provisions to maximize the likelihood that these TRQs are filled. In particular, a portion of each TRQ is reserved for importation through private traders, and TRQs which have not been filled by a set date will be redistributed to other end-users with an interest in importing on a first-come, first-served basis.

Export Subsidies -- -- China will eliminate agricultural export subsidies. This is an important achievement in its own right, and a step toward our goal of totally eliminating export subsidies worldwide.

Domestic Support -- China has committed to cap and reduce trade-distorting domestic subsidies. China also committed to provide greater transparency to make its domestic support measures more predictable.

Sanitary & Phytosanitary Standards -- China will agree to apply sanitary and phytosanitary standards based on science. Among other things, this will give us additional means of enforcing the Agreement on Agricultural Cooperation and its commitment to lift longstanding bans on American meats, citrus fruit and Pacific Northwest wheat.

Overall, this agreement is comprehensive, it is enforceable and it levels the playing field in our favor. In order to realize the benefits of this agreement, the Congress must vote for permanent normal trade relations for China. If the United States fails to provide permanent normal trade status to China – which is not special treatment but the same status that the U.S. provides to other WTO members -- China would have a right to withhold the benefits of key WTO commitments from the United States. In such case the U.S. will be greatly disadvantaged as our trading partners enjoy the benefits of China's entry to the WTO while we are left on the outside looking in. Danish pork producers, Australian beef producers, Canadian wheat producers, French poultry producers, Brazilian soybean producers, and Argentine corn producers ironically would reap the gains from America's leadership in negotiating strong commercial WTO accession terms.

China Presents Great Opportunity for U.S. Pork Producers

The pork package negotiated by the United States with China has the potential, if fully and fairly implemented, to transform China into the single greatest export opportunity for U.S. pork producers. Currently, China has a de facto ban on pork imports. China blocks pork imports through a system of high tariffs, restrictive import licensing and distribution practices, and complicated and arbitrary sanitary requirements.

Under the terms of the U.S. – China WTO agreement, China will, upon WTO accession, phase out its restrictive import and distribution procedures, lower tariffs on pork, and cut subsidies. Under the terms of a separate bilateral sanitary agreement negotiated with the U.S., the U.S.-China Agriculture Cooperation Agreement, China agreed to accept pork from any Food Safety and Inspection Service (FSIS) approved packing plant. Indeed, after China published rules concerning the Cooperation Agreement in late March 2000, a Shanghai retailer in early April imported the first "official" shipment of pork from the U.S. pursuant to the Cooperation agreement. While the recent shipment of pork to the Shanghai retailer is significant, China must join the WTO and Congress must provide China the same status provided to other WTO members – permanent normal trade relations -- in order to create opportunity for significant volumes of U.S. pork to move to China.

China has an extraordinary per capita consumption of pork given its level of per capita of income. Simply put, people in China love to consume pork. One of the most striking things

about Chinese consumption habits is that the parts of the animal least favored by U.S. consumers are those which are most in demand by Chinese consumers. The internal and reproductive organs of pigs, what we refer to as "offals" or "variety meats," sell for more than the muscle meat cuts that we consume in large quantities here such as the loin and the ham. This is why most of the pork imports smuggled into China today are feet, stomachs, kidneys, hearts, tongues, ears, and bungs. The important point here is that the U.S. can add value to existing animal carcasses without increasing muscle meat prices for the U.S. consumer. According to Professor Dermot Hayes, an Iowa State economist, the Chinese market, if fully opened to U.S. pork variety meats, would add about $5 per head to each of the 100 million hogs that we slaughter each year.

Over time, China also will become a significant pork muscle meat importing country. U.S. exports of hams, shoulders, ribs, and bellies will become more competitive as muscle meat prices in China begin to rise. Muscle meat prices will rise as backyard farmers migrate to higher paying jobs and as feed grain prices in China increase.

While China is the world's largest producer of pork, 85 percent of its pork comes from backyard producers. As incomes continue to rise and consumers demand higher quality pork and more of it, as well as more beef, poultry, dairy and alcohol products, commercial production of pork in China will become increasingly costly. This is because China must achieve this growth in consumption with only 9 percent of the world's arable land. According to FAO data, China must feed 13.0 people for each hectare of arable land, whereas Europe must feed 4.1 people, and the United States must feed only 1.4 people.

China is moving from having mid-western U.S. type corn prices to having Taiwanese and Japanese type corn prices. An important choice must be made, China must either import feed grains or livestock products to achieve consumer diets similar to those of the developed world. China is making the right choice in opening its market to meat imports. Meat should be produced in grain surplus countries not in grain deficit countries. Countries that import feed grains must pay a premium over world market prices and feed grains constitute over 60 percent of the cost of raising hogs. Pork producers in Japan and Taiwan pay approximately double the amount paid for feed by a Nebraska pork producer. Thus, China apparently wants to avoid the mistakes made by Japan, South Korea, and Taiwan.

The cost of producing pork in commercial enterprises in China currently is higher than the cost of producing pork in the United States. By virtue of the subsidies provided to its pork industry, China has been able to suppress the demand for imported pork smuggled into the country and maintain its ability to export pork. If China were to continue to block pork imports and, instead tried to keep pace with expanding domestic demand through domestic production, Chinese pork prices would be much higher than would otherwise be the case. Further, Chinese subsidies and investment in agriculture would keep capital from flowing to more efficient and remunerative uses. The costs of this misallocation would increase over time as China tried to extract more and more pork from a limited source of supply. In time, China, like Japan and Korea, would be forced to import pork to reduce prices.

China Has Implemented the Bilateral Agriculture Cooperation Agreement

In 1999, the U.S. and China signed a bilateral agreement concerning meat and poultry, wheat, and citrus. The agreement addresses important sanitary and phytosanitary issues. U.S. agriculture strongly supports the agreement.

Pork

The bilateral Agriculture Cooperation agreement provides that Chinese importers can import pork, beef, and poultry from any federally inspected U.S. pork plant. This is an extremely important agreement for the U.S. meat and poultry industries. While most of our trading partners accept the USDA inspection certificate as the gold standard, which it is, some countries, such as the European Union, do not accept the USDA certification. Safe, high-quality U.S. pork is virtually barred from the European Union due to bogus sanitary barriers and the refusal of the EU to provide equivalence to our exports and our inspection system.

Most of the U.S. pork that enters China continues to move through the black market. However, some official trade is taking place and, in keeping with its commitments under the bilateral Cooperation Agreement, China is honoring the U.S. export certificates.

Wheat

With respect to wheat, the National Association of Wheat Growers, the Wheat Export Trade Education Committee, and US Wheat Associates make the following joint statement:

> In April of 1999, Prime Minister Zhu Rongji announced China's intention to lift its long-standing restrictions on the export of U.S. wheat from areas where TCK is known to occur. This agreement allows U.S. wheat to be exported from any state or any U.S. port to any Chinese port as long as these imports do not exceed a tolerance level of 30,000 TCK spores per 50-gram sample. This level can easily be met by U.S. wheat exporters while acknowledging China's concerns about this disease.
>
> Through the encouragement of the Congress, the Administration and the U.S. wheat industry the Chinese have now fully implemented this agreement, which represents a sign of good faith towards their WTO commitments. As a further sign of China's willingness to resolve any concerns over their desire to implement the agreements a purchase of 50,000 tons of U.S. wheat comprising of several different wheat classes is scheduled to be shipped from the Pacific Northwest this month.

The complete statement of the U.S. wheat industry is attached to this statement (Attachment II).

Representatives of the U.S. beef, poultry and citrus industries also have indicated to me that the agreement is working for their industries.

Establishing Permanent Normal Trade Relations Will Give The United States A Powerful New Tool For Enforcing U.S. Trade Rights Against China – Binding WTO Dispute Settlement Rules

In the context of China's accession to the WTO, questions have been raised about the effectiveness of the WTO dispute resolution mechanism, given the European Union's failure to implement the WTO's decisions in the U.S. beef and banana cases. Regardless of the EU's actions, the United States has been very successful in the dispute resolution process, winning 23 of the 25 complaints that have been filed with the WTO.

Although the WTO's dispute resolution process is not perfect, it is a significant improvement over its predecessor in the GATT. Prior to the establishment of the WTO, it often took decades to resolve a dispute because in the GATT the losing party could block trade retaliation indefinitely. When the U.S. beef industry took their complaint about the EU to the GATT, their action was blocked. This problem does not exist in the WTO. Despite European efforts to stall U.S. trade sanctions in the beef and bananas disputes, the WTO authorized the U.S. to impose sanctions in a timely, effective manner. The traditional stalling tactics that were used in the GATT did not work. The USTR has imposed $166.8 million of sanctions in the beef case and $191.4 million in the bananas case. The U.S. government will continue to impose retaliatory sanctions against the EU until they come into compliance with the WTO decision.

Charles Schroeder, the CEO of the National Cattlemen's Beef Association recently gave the following testimony about this very issue before the House Ways and Means Committee:

> NCBA strongly supports continued United States participation in the WTO. Based on our experience, among the strengths of the current WTO system is the well-defined process for initiating a dispute case and for determining the final ruling/settlement. The current system is much improved over its GATT predecessor in this respect. The strict science-based rules established for resolving these issues is another major strength of the current dispute settlement process.
>
> On the other hand, the existing system can be further improved. The primary weakness of the current system is the absence of an enforcement mechanism to assure compliance once a ruling is handed down.

As Mr. Schroeder recognizes, no system is perfect. However, this system is a vast improvement over previous dispute settlement processes, and it will continue to improve through the experiences of its members. It is far better for American agriculture if China is a part of the WTO and is subject to these processes, than if the US government is forced to take unilateral action against the Chinese.

The Uruguay Round constrained the scope for unilateral action under Section 301. A recent WTO ruling further limits its usefulness by requiring the USTR to administer Section 301 in a manner consistent with WTO rules, timetables, and procedures. Section 301 has been used most effectively against small countries that rely on close trade or security ties with the United States and that were not in a position to counter-retaliate. China would likely be in a position to

counter-retaliate against the United States and therefore less affected by a Section 301 action. However, it would be extremely difficult for China to counter-retaliate against all 135 members of the WTO. A multilateral dispute resolution system is more likely to be effective in the event of a trade dispute with China, than the existing unilateral options.

The U.S.-China WTO Agreement Will Facilitate U.S. Agricultural Exports Which Contribute to a Positive Trade Balance

The rise in the trade deficit is caused by a combination of strong demand from U.S. consumers and businesses for imports, weak economies abroad, large sums of capital flowing into the U.S. economy, and U.S. trade policy. This suggests that the rise in the trade deficit reflects U.S. prosperity and an attractive investment climate for institutions and individuals. In the short term, this is good for Americans.

The best way to deal with the trade deficit while minimizing capital implications is to lower barriers to foreign markets for American agricultural products, goods and services. The agricultural trade liberalization engendered by the Uruguay Round resulted in increased agricultural exports. The U.S. pork industry has been a huge beneficiary of trade liberalization. Since 1995, when the Uruguay Round Agreement went into effect, U.S. pork exports to the world have increased by approximately 78 percent in volume terms and 76 percent in value terms from 1994 levels.

This year, the most significant step Congress can take to reduce our trade deficit is to provide permanent normal trade relations for China. China has agreed to substantially lower its trade barriers, while the United States gives up nothing. This increased level of market access will allow American farmers and ranchers to access China's 1.25 billion consumers.

China's market opening agreement to join the WTO will result in additional U.S. exports to China, not the other way around. The United States does not have to open its market any further to Chinese imports. China's total agricultural exports (including fish and forestry) to the United States reached $1.8 billion in fiscal year 1999 while our exports to China amounted to $1.1 billion. This agricultural trade deficit will be significantly reduced if China joins the WTO and Congress provides PNTR for China. Indeed, the USDA export projections, discussed in the first section of this statement, suggest that the trade deficit with China in agricultural products will be erased.

Rule Making In China Will Become More Democratic and Transparent As the Rule of Law Takes Hold in China

The Committee has asked me to comment on the use of administrative guidance and generally on the rule making process in China. The U.S. pork industry has no definitive proof of the use of administrative guidance in China. However, as in other Asian countries, the use of administrative guidance is believed to be common. It is the opinion of the U.S. pork industry that the use of administrative guidance concerning meat imports in China would likely be no more pervasive than that of other Asian countries such as Korea, Japan, the Philippines, Indonesia and Thailand.

Transparency of import regulations is an issue in China for the pork industry. We were never able to obtain (and still don't have) written import regulations for meat imports. For example, MOFTEC always stated that pork was not a banned import item but we knew from verbal discussions with the China Inspection and Quarantine Agency (CIQ) that pork could only be imported officially for hotel and processing use (and hotel imports were discouraged through administrative guidance). As far as we know, CIQ has never published its import regulations. Recently, things have improved somewhat as we were able to obtain a copy of the pork import application form directly from CIQ.

Rule making in China is still opaque and conducted with little public input. However, as China continues to dismantle unprofitable state enterprises and continues its transformation to a market economy, the rule making process should improve. China already has a nascent but prosperous litigation industry with most claims dealing with financial matters. China's leaders generally sympathize with those that can make money legally and hold on to it. Entrepreneurs are viewed as a benefit to the economic and social stability of the country. As trade increases, the U.S. pork industry expects the opinions of traders and other market players to be increasingly solicited.

All indications are that China is making a serious effort to comply with WTO obligations. The Chinese leadership views WTO as a way to advance key domestic objectives - restructuring failing state-owned enterprises and accelerating long-term economic growth. It recognizes WTO will require major systemic reforms - that's why it wants to join.

Conclusion

If China joins the WTO and PNTR is not approved, the rest of the world will gain access to the Chinese market but the U.S. will be on the outside looking in. In effect, sanctions will be placed on U.S. agricultural products that could be sold into the Chinese market.

Congress has approved NTR in recent years with increasingly wider margins. The annual NTR votes permitted China to maintain access to our market. Now, we have an opportunity to gain meaningful access to China's vast market. U.S. agriculture must be given the chance to exploit this opportunity. A vote against PNTR is a vote against U.S. agriculture.

Agriculture Coalition for U.S. - China Trade

Ag Processing Inc.
Agribrands International, Inc.
Agricultural Retailers Association
American Crop Protection Association
American Farm Bureau Federation
American Feed Industry Association
American Forest and Paper Association
American Frozen Food Institute
American Meat Institute
American Seed Trade Association
American Soybean Association
American Sugar Alliance
American Vintners Association
Animal Health Institute
Archer Daniels Midland
Biotechnology Industry Organization
Blue Diamond Growers
Bunge Corporation
Cargill, Inc.
Cenex Harvest States
Central Soya Company, Inc.
Cerestar USA
Chocolate Manufacturers Association
CoBank
ConAgra, Inc.
ContiGroup Companies, Inc.
Corn Refiners Association, Inc.
Distilled Spirits Council of the United States
Elanco Animal Health
Farmland Industries, Inc.
Florida Citrus Mutual
Food Distributors International
Grocery Manufacturers of America
IMC Global Inc.
Independent Community Bankers of America
International Dairy Foods Association
Kraft Foods
Land O'Lakes
Louis Dreyfus Corporation
Mid-America International Agri-Trade Council
Miller Brewing Company
Monsanto Company
National Association of Animal Breeders
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Corn Growers Association
National Council of Farmer Cooperatives
National Food Processors Association
National Grain & Feed Association
National Grain Sorghum Producers
National Grain Trade Council
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Renderers Association
National Sunflower Association
National Turkey Federation
North American Export Grain Association
North American Millers' Association
Northwest Horticultural Council
Philip Morris International
Pioneer Hi-Bred International
Snack Food Association
Sunkist Growers
United Egg Association
United Egg Producers
United Fresh Fruit and Vegetable Association
USA Poultry & Egg Export Council
USA Rice Federation
U.S. Apple Association
U.S. Canola Association
U.S. Dairy Export Council
U.S. Grains Council
U.S. Meat Export Federation
U.S. Wheat Associates
Wheat Export Trade Education Committee
Wine Institute

UNITED STATES COMMISSION ON
INTERNATIONAL RELIGIOUS FREEDOM

Testimony Of Steven T. McFarland
on behalf of
The U.S. Commission On International Religious Freedom

Before the Committee On International Relations
Of The United States House Of Representatives

May 10, 2000

Mr. Chairman and members of the Committee, thank you for inviting the U.S. Commission on International Religious Freedom to testify concerning the condition of religious freedom in China as you deliberate the important question of whether or not to grant Permanent Normal Trade Relations to the People's Republic of China. My name is Steven McFarland and I have the privilege of serving the Commission as its Executive Director.

It is a particular honor to testify before this committee, whose chair, ranking member, and so many of whose members have lead the Congress in elevating human rights as a primary consideration of U.S. foreign policy.

As you know, the U.S. Commission on International Religious Freedom is a federal legislative agency that was created by the International Religious Freedom Act of 1998, 22 U.S.C. 6401 (note), Pub. L. 105-292, as amended by Pub. L. 106-55. This bipartisan Commission is charged with the responsibility of advising the President, the Congress, and the Secretary of State on conditions of international religious freedom and what the United States can and should do to promote it. Our first annual report, published last week on May 1, focuses primarily on three specific countries--Sudan, China, and Russia.

The Commission's Recommendation on PNTR For China

The Commission's nine voting members come from both political parties and a diversity of religions, and a number of them strongly support free trade. Yet the Commissioners were unanimous in their report in asking that the Congress not grant PNTR to China until substantial improvements are made in respect for religious freedom. The Commission's reasoning is stated in its Report:

Rabbi David Saperstein, *Chair* ▪ Dean Michael K. Young, *Vice Chair* ▪ Hon. Elliott Abrams ▪ Laila Al-Marayati, M.D.
Hon. John R. Bolton ▪ Firuz Kazemzadeh ▪ Archbishop Theodore E. McCarrick ▪ Nina Shea
Justice Charles Z. Smith ▪ Ambassador Robert A. Seiple, *Ex-Officio* ▪ Steven T. McFarland, *Executive Director*

800 NORTH CAPITOL STREET, NW, SUITE 790 ¦ WASHINGTON, DC 20002 ¦ 202-523-3240 ¦ 202-523-5020 (FAX)

> The Commission believes that in many countries, including some of China's neighbors, free trade has been the basis for rapid economic growth, which in turn has been central to the development of a more open society and political system. This belief has been a major factor for the annual decision, by presidents and congressional majorities of both parties, to grant "most favored nation" (MFN) trade relations to China each year over the past two decades. Moreover, a grant of PNTR and Chinese membership in the World Trade Organization may, by locking China into a network of international obligations, help advance the rule of law there in the economic sector at first, but then more broadly over time.
>
> Nevertheless, given the sharp deterioration in freedom of religion in China during the last year, the Commission believes that an unconditional grant of PNTR at this moment may be taken as a signal of American indifference to religious freedom. The government of China attaches great symbolic importance to steps such as the grant of PNTR, and presents them to the Chinese people as proof of international acceptance and approval. A grant of PNTR at this juncture could be seen by Chinese people struggling for religious freedom as an abandonment of their cause at a moment of great difficulty. The Commission therefore believes that Congress should not approve PNTR for China until China makes substantial improvements in respect for religious freedom . . . ."

The Commission offers five standards for Congress to measure whether China is making substantial improvement in this fundamental human right:

a. China agrees to establish high-level and ongoing dialogue with the U.S. government on religious-freedom matters;

b. China agrees to ratify the International Covenant On Civil and Political Rights, which it signed in 1997;

c. China agrees to permit unhindered access to religious prisoners by the Commission;

d. China discloses the condition and whereabouts of persons imprisoned for reasons of religion or belief;

e. China releases from prison all persons incarcerated for religious reasons.

The Commission does not nominate these as *preconditions* for PNTR, but as standards or plumblines. The Commission unanimously recommends that PNTR be considered only if and when China agrees to a number of these measures. And rather than proposing a strict formula, the Commissioners leave up to the Congress how much progress China must agree to on some or all of these five standards before PNTR is granted. That China should make substantial improvement in religious freedom before being awarded PNTR is the Commission's recommendation; whether progress is sufficiently "substantial" would be left up to the Congress.

The Commission concluded that these are significant yet "doable" requests to make of China. The Chinese government could announce tomorrow that it intends to: ratify the ICCPR, commence high-

level talks on religious freedom, invite the Commission to visit incarcerated religious leaders, and release all religious prisoners who are elderly, ill, or children. If it did so, this Congress might well conclude that such intentions demonstrated sufficient improvement in respect for religious freedom to proceed with granting of PNTR. Indeed, the vote on PNTR could take place as scheduled in several weeks.

The Commission's Findings

What happened in China to lead the Commission to this unanimous recommendation?

Over the last several months, the Commission has conducted research and held hearings on limits to religious freedom in China. The commissioners found that violation of religious freedom in China is egregious, ongoing, and systematic. In fact, conditions are worsening, as the Chinese Communist Party and government leaders promulgate new laws and policies to eliminate religious activity beyond their direct control.

What little religious freedom Chinese enjoyed in the past is being constricted. Protestant house-churches, the underground Catholic church, Tibetan Buddhists, Uighur Muslims and Falun Gong practitioners are all feeling the squeeze.

This past year saw: the continued prohibition of religious belief for large sectors of the population; the ongoing harassment of unregistered churches; the assertion of state control over authorized religions; an increase in the number of sects branded "heretical cults"; the continued use of notorious extrajudicial summary trials and the sentencing to reeducation through-labor camps for so-called "crimes" associated with religion; and credible reports of torture of religious prisoners.

1. Continued ban on religious belief for large sectors of the population

The right to freedom of belief is explicitly denied to the 60 million members of the Chinese Communist Party, the 3 million members of the Chinese military and hundreds of millions of citizens under the age of 18. Several campaigns to purge the Party and military of believers have been waged over the last five years. The state has reasserted its monopoly over the spiritual education of minors, thus making participation by children in any religious activity subject to discipline.

2. Assertion of state control of authorized religions

Regulations in the PRC now require that all religious groups register with local units of the Religious Affairs Bureau (RAB) in the Ministry of Civil Affairs and that they affiliate with one of the five authorized religions: Buddhists, Taoists, Muslims, Protestants and Catholics. Churches are required to be self-supporting, locally led, and self-propagating. It is in this narrow officially sanctioned space that

people of faith may exercise their religious beliefs--to use a Chinese metaphor, the "cage" in which the bird of religious liberty will be allowed to fly.

While in theory registration requirements need not be onerous, and in fact many congregations operate under RAB auspices with little interference, serious restrictions on freedom of religious expression have been reported in recent years. Many of the limits imposed on registered churches are in violation of accepted international standards of free exercise of religion.

Human Rights Watch reports that registration oversight of these authorized religious groups entails official scrutiny of membership; allowing censorship of religious materials and interference with doctrinal thought; ceding some control over selection of clergy; opening financial records to government scrutiny; restricting contacts with other religious institutions; accepting limits on some activities, such as youth or social welfare programs, or building projects; eschewing evangelism; and limiting religious activities to religious sites.[1] The state requires that political indoctrination be an important component of religious training for recognized religious groups. This often comes at the expense of religious education as is the case with a recent movement to "reduce the number of years of seminary training of Catholic priests from the normal five to six years to two."[2]

Authorities limit the building of mosques, monasteries, and churches even for approved groups. They restrict the numbers of students in Christian seminaries, Buddhist monasteries, and Islamic schools. They proscribe the teaching of certain doctrines and labeled heretical practices such as exorcism and healing.

Chinese authorities remain deeply suspicious of the involvement of "hostile foreign elements" in Chinese congregations and severely limit association between Chinese and foreign religious groups.

3. Ongoing harassment of unregistered churches

The Chinese strategy is to manage religious affairs within a legal and bureaucratic framework that places responsibility for developing religious policy on the United Front Work Department of the Communist Party and the management of religious issues under the direction of the government's Religious Affairs Bureau. All religious groups are now required to register with local RAB officials. The Protestant house-church movement and Catholics loyal to the Vatican are among those groups that have resisted registration on principle or been denied permission to register. While in many areas officials have allowed the unregistered groups to continue without harassment, in others, officials have been zealous to the point of abuse in their campaign to force the registration of places of worship.

---

[1] Mickey Spiegel, "China: Religion in the Service of the State," testimony at the USCIRF Hearing on Religious Freedom in China, March 16, 2000, Los Angeles, California

[2] Human Rights Watch *Continuing Religious Repression in China*, 1993

Human rights groups report Chinese authorities detained 40 Protestant worshipers in Wugang in October of 1998, at least 70 worshipers in Nanyang in November, and 48 Christians, including Catholics, in Henan in January of 1999. Authorities detained, beat, and fined an unknown number of underground Catholics in Baoding, Hebei in the same month. In April of last year, Public Security personnel raided a house church service in Henan. Twenty-five Christians were detained. Seventy-one members of the Disciples Sect were detained in Changying in April.[3] In November of 1999, six leaders of Protestant groups in Henan were sentenced to re-education through labor.[4] Just this week, a reliable Hong Kong source reported that Chinese police have detained 47 Protestants in Anhui province and criminally charged six of their leaders for organizing an illegal sect and illegal gatherings.[5] Similarly, leaders of large Protestant house-church networks who, in 1998, challenged the government to a dialogue, have been targeted for arrest. Unauthorized Protestant places of worship have also been destroyed.

Some observers report a concerted effort to "eliminate underground bishops and bring them under the authority of the Chinese Catholic Patriotic Association."[6] This patriotic association is being introduced into areas in which it never existed before. It is pressing underground bishops for obedience, not just cooperation. Without consultation of church leaders, dioceses are being re-organized: Some recently divided dioceses are being re-united and others have been abolished. On January 6 of this year, the Chinese Catholic Patriotic Association ordained five bishops without Vatican approval and over the objections of many in the Chinese Catholic church.

There are reports of many detentions of Catholic clergy loyal to the Vatican in recent months in an apparent attempt to force their allegiance to the official church. One, the young Father Weiping, was detained in May of 1999 while performing an unauthorized mass. He was found dead on a Beijing street shortly after being released from detention. An autopsy was not conducted and the cause of death is unknown.[7] The Vatican reports that five churches built without authorization had been razed. Thirteen were destroyed in the Fuzhou diocese in Fujian.[8]

4. Repression in Xinjiang and Tibet

Some of the most egregious violations of religious freedom occur in Tibet and Xinjiang, where ethnic, political, and economic factors complicate the relationship between the atheist state and large

---

[3] State Department Annual Report, International Religious Freedom, 1999

[4] Associated Press, "Sect Followers Said Tried in Secret," December 30, 1999

[5] Newsroom, "China Detains 47 Members of Protestant Group," May 7, 2000.

[6] Rev. Drew Christiansen, S. J. "Policy Responses to the Denial and Restriction of Religious Liberty in the People's Republic of China," testimony before the USCIRF Hearing on Religious Freedom in China, March 16, 2000, Los Angeles, California

[7] State Department Annual Report on International Religious Freedom, 1999

[8] State Department Annual Report on International Religious Freedom, 1999

communities of Tibetan Buddhists and Uighur Muslims. In these areas Chinese controls on information are especially tight.

In these sensitive regions, authorities seeking to crush separatist activities infiltrate and attempt to dominate religious institutions which they fear foment opposition to continued Chinese control. Religious freedoms are curtailed and in response, resistance intensifies.

Amnesty International reports that authorities in the Xinjinag Uighur Autonomous Region have closed mosques and Koranic schools, halted the construction of unauthorized mosques, prohibited the use of Arabic script, more tightly controlled Islamic clergy, and required Muslims who are Party members or who work in government offices to abandon the practice of Islam or lose their positions. The Chinese press reported that "rampant activities by splittists" justified the closure of 10 unauthorized mosques, and the arrest of mullahs who it said had preached "illegally" outside their mosques. It further related that public security personnel raided 56 mosques.

While allowing some Muslims to make a religious journey to Mecca, authorities deny that experience to hundreds of Uighurs desiring to do so.[9]

In Tibet, where Chinese authorities fear growing Tibetan nationalism and the political and organizational power of the monasteries, religious institutions are likewise tightly controlled.

In an action denounced by the Dalai Lama, authorities of the Tibet Autonomous Region and the RAB in Beijing approved the selection of a boy as the reincarnation of the sixth Reting Lama. This is the latest in a campaign to control the future leadership of Tibetan Buddhism. In 1995, the Dalai Lama identified a young boy, Gendun Choekyi Nyima, as the reincarnate Panchen Lama. The Chinese immediately denounced the Dalai Lama's choice, detained the boy and his family, and pushed the acceptance of their choice, Gyaltsen Norbu. Chinese authorities continue to hold the Panchen Lama at an undisclosed location and refuse all requests to visit him put forward by official and unofficial foreign delegations.

Each of Tibet's major monasteries is overseen by a Democratic Management Committee, members of which are vetted by authorities for their political reliability. The Committee regulates religious affairs, finances (90 percent of which come from private donations), security, and training. It enforces limits on the number of monks and nuns within monasteries and conducts invasive "patriotic" education campaigns that force monks and nuns to denounce the Dalai Lama and accept the Chinese-selected Panchen Lama.

Authorities limit the religious festivals Tibetans are allowed to observe, the rituals monks are allowed to perform, and the courses of study that monasteries are allowed to teach. In 1995, Chinese authorities

---

[9]Uighur witness testimony before the USCIRF Hearing on Religious Freedom in China, March 16, 2000, Los Angeles, California

asserted that a sufficient number of monasteries, monks and nuns now exist to satisfy the daily religious needs of the masses. The Party Secretariat of the Lhasa City Administration announced that it would not allow more monasteries to be built and that monasteries constructed without permission would be destroyed.

5. Increase in the number of sects branded "heretical cults" and banned

Article 300 of the Criminal Law, as amended in 1997, and as interpreted by the People's Supreme Court and the National People's Congress, stipulates that central authorities have the right to delegitimize any belief system they deem to be superstitious or a so-called "evil religious organization." Leaders of these so-called cults are subject to "resolute punishment." In the absence of a clear definition of terms, Chinese authorities have wide latitude for using the designation "cult." Even private religious practice is forbidden to members of groups declared by Chinese authorities to be "evil cults."

Falun Gong, a syncretic meditation movement whose spiritual teachings draw on Taoist and Buddhist belief systems, has been the target of a virulent anti cult campaign. On April 25, 1999, 10,000 practitioners staged a peaceful demonstration outside the residential compound for top Party officials in central Beijing. The gathering was prompted by reports of police violence against fellow practitioners in Tianjin and by an official ban on publishing Falun Gong materials. In the months that followed, the group was declared an "evil cult" and by year's end the government acknowledged having detained more than 35,000 adherents. Some detainees were tortured. Zhao Jinhua was reportedly beaten and killed while in Shandong jail.[10] Others have been held in mental institutions for "re-education."[11] In closed trials Falun Gong leaders received prison sentences of 6 to 18 years. Many of those who have told their stories to outside media have been severely punished.

The law has been used against a number of other religious groups. In January of this year, Zhong Gong, a meditation and exercise sect claiming 20 million practitioners, was added to the list. Also banned are a sect with Buddhist origins, Yi Guan Dao, and at least 10 evangelical Protestant groups including the China Evangelistic Fellowship in Henan province.[12]

Conclusion

For these reasons, the Commission unanimously concludes that

"an unconditional grant of PNTR at this moment may be taken as a signal of American

---

[10] AP 12/13/1999

[11] Lu Siqing, Director of the Information Center for Human Rights and Democratic Movements, Hong Kong, Testimony before the USCIRF, Los Angeles, California, March 16,2000

[12] The conditions have been reported in detail by the State Department, by human rights organizations, and in the Staff Memorandum For The Chairman that accompanies the Commission's May 1 Report (the latter two documents may be found on the Commission's Web site, www.uscirf.gov).

> indifference to religious freedom. . . A grant of PNTR at this juncture could be seen by Chinese people struggling for religious freedom as an abandonment of their cause at a moment of great difficulty. The Commission therefore believes that Congress should not approve PNTR for China until China makes substantial improvements in respect for religious freedom . . "

Mr. Chairman, on behalf of the members of the U.S. Commission On International Religious Freedom, thank you for the privilege of appearing before this Committee today. With your permission, I would ask that the chapter on China in both the Commission's Report and the Staff Memorandum that accompanied it be included in the hearing record with my testimony.

Thank you.

Rev. Daniel B. Su
Special Assistant to the President
China Outreach Ministries, Inc.
May 10, 2000
House Committee on International Relations

Mr. Chairman and members of the Committee, thank you for the opportunity to testify here regarding granting Permanent Normal Trade Relations (PNTR) to China.

When the White House called asking for my view on the issue about two weeks ago, I commended the President for his vision to integrate China into the world community. Despite my honest disagreement with the President on many issues, I do strongly agree with him that granting PNTR to China is vital to the US moral interest as well as economic and geopolitical interests. I believe there are compelling reasons to support China's PNTR and WTO membership.

First, as a clergyman concerned about religious freedom and human rights, I am particularly excited that the WTO agreement will initiate a dynamic process of change in China with far reaching consequences. It will greatly contribute to creating a conducive environment for promoting international norms, the rule of law and individual rights and freedom.

The WTO agreement obligates China to play by the rules. In the process, China will need to strengthen its legal institutions, train more legal professionals, learn to follow international legal procedures, and educate its people about the concept of rights, law and international norms. This process in itself is a breakthrough with important philosophical implications for China as a nation.

When a Chinese realizes that he has certain rights as a businessman that government should not violate, then more likely he will also realize that he has other rights as a human being. In following the WTO norms, Beijing government is openly acknowledging the authority and legitimacy of international norms rather than accusing the United States for "interfering with China's internal affairs." If China learns to abide by the WTO rules, then it will more likely learn to abide by other international norms as in the "Universal Declaration of Human Rights."

Second, the WTO agreement will accelerate China's economic reform, especially its privatization process. It will set more people free from government intrusion into their lives and enable them to live as freer men and women. It will speed up the free flow of information and expose the Chinese people to more ideas and values, which could be potentially revolutionary.

In its last annual report on human rights, the State Department takes note of the increase in personal freedoms in China. Some China trade critics are quick to argue that the increase in freedoms is not intended by Beijing government and it shouldn't get the credit. I cannot agree more! That argument proves precisely the need to do more trade with China; it proves the dynamics of the free market in creating freedoms--even freedoms unintended by government. How can the same critics, then, in the name of human rights, use the same argument against free trade with China? Why kill the process that's already creating freedoms for the people we say we care about?

Finally, to grant PNTR to China is to strengthen the reformers there. Reformers in China had fought hard to commit Beijing to the WTO agreement. China's current reform has its limits and has reached a critical stage where it's confronted with daunting challenges such as massive unemployment and labor unrest. Besides, there are strong forces in China trying to derail the reform process. To grant PNTR to China and to bring it into WTO is to provide the cover and momentum the reformers need to jump start their reform and bring it to a successful completion. To deny China's PNTR is to abandon China's reformers in this critical battle; to do that is to unwittingly play into the hands of the hard-line communists. That would be a major setback for China's reform and is bad news for America.

Despite my arguments for granting PNTR to China, I want to acknowledge that PNTR is not the magic weapon that will somehow bring democracy to China. There are no such magic weapons. It will likely take a long process for China to become democratic.

In considering the PNTR vote, these are some good questions to ask. If we grant PNTR to China, does that help it get on the right track toward the rule of law and improvement of human rights? Will the Chinese and American people be better off as a result? Will it help China play a more responsible role in the international community? I believe the answer is a resounding yes.

I share the deep frustrations you feel about China's human rights situation. I personally have friends in China who are in prison for human rights reason. Religious people and political dissidents still find their basic rights limited and violated in various ways. With or without PNTR for China, we should always continue to work hard to address these concerns. But it is counterproductive to deny China's PNTR because it has poor human rights record; that would be like denying food to a child because he is too weak and skinny.

I myself feel the urge to want to seize every conceivable opportunity to send China a message. It would make me feel good, but what good does it accomplish for people in China? When we send a message, we also need to ask: At what cost? Is it worth it if it costs a major setback in China's reform process? Is it worth it if it costs us this strategic opportunity to move China in the right direction? I don't believe it is, especially when we know there are other existing channels to send a message to China that's not counterproductive--and we can always create new, effective channels.

Which direction do we want China to go? That's what's at stake in this PNTR vote. There is no guarantee that China will go the direction we desire, but it's my conviction that granting PNTR to China and its WTO membership gives us the best hope that China may become a more humane and responsible country. I'm hopeful and my prayers are with you as you consider this very important vote. Thank you.

Exhibit A

TESTIMONY OF

THE CHINA/US TRADE AGREEMENT

BEFORE

THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON INTERNATIONAL RELATIONS

ON BEHALF OF

NATIONAL ASSOCIATION OF WHEAT GROWERS,
WHEAT EXPORT TRADE EDUCATION COMMITTEE AND
US WHEAT ASSOCIATES

MAY 10, 2000

Wheat producers across the United States strongly support China's entry into the World Trade Organization (WTO) and the immediate approval of permanent normal trade relations (PNTR) status for China.

The Chinese market holds great potential for all U.S. wheat producers. The wheat industry in the U.S. has transportation, quality and variety advantages over many of our foreign competitors.

However, we do not expect to be able to see a long term advantage in this market unless China is granted permanent normal trade relations status by the United States as it comes under the WTO rules based system.

As you are aware, China is potentially the world's largest wheat market. Unfortunately, it has maintained a non-tariff trade barrier on U.S. wheat exported from Pacific Northwest ports since 1972, and from Gulf ports since June of 1996, due to the perceived threat of Tilletia Controvera Kuhn (TCK), a wheat fungus known as TCK smut. This barrier to the Chinese market has had a very negative economic impact on all U.S. wheat producers.

In April of 1999, Prime Minister Zhu Rongji announced China's intention to lift its long-standing restrictions on the export of U.S. wheat from areas where TCK is known to occur. This agreement allows U.S. wheat to be exported from any state or any U.S. port to any Chinese port as long as these imports do not exceed a tolerance level of 30,000 TCK spores per 50-gram sample. This level can easily be met by U.S. wheat exporters while acknowledging China's concerns about this disease.

While the market access agreement is not tied to China's entry into the World Trade Organization, the Chinese unilaterally decided to link it to U.S. support for their WTO entry that has now been agreed upon. We had expected China to implement the TCK agreement immediately upon signing.

Through the encouragement of the Congress, the Administration and the U.S. wheat industry the Chinese have now fully implemented this agreement, which represents a sign of good faith towards their WTO commitments. As a further sign of China's willingness to resolve any concerns over their desire to implement the agreements a purchase of 50,000 tons of U.S. wheat comprising of several different wheat classes is scheduled to be shipped from the Pacific Northwest this month.

The TCK announcement followed more than 20 years of extensive - at times frustrating - discussions between the U.S. and China to resolve this issue. TCK restrictions were instituted due to China's concerns that its own wheat crop could become infected with TCK. It is significant that this longstanding dispute over TCK smut was resolved based on a framework that is consistent with the objectives of the Uruguay Round Agreement on Sanitary/Phytosanitary Measures (SPS). The SPS agreement is the heart of settling disputes of this type in the WTO, as it requires that sound science, not political or other issues, determine whether products are safe to trade. Together, the U. S. and China agreed to let science, rather than political or other considerations, determine the terms of trade between our two countries.

Likewise in November of 1999, the U. S. and China completed negotiations on China's entry into the WTO. The WTO commitment agreement was formalized when the Chinese language version of

the agreement was signed in Seattle last December. Without China in the WTO we will have no formal way for resolving future phytosanitary disputes.

In accordance with this agreement, China will liberalize its purchase of bulk agricultural commodities like wheat, corn, soybeans, rice and cotton. China will adopt tariff-rate quotas - that is, very low tariffs on a set volume of these bulk commodities. The wheat TRQ, for example, begins at 7.3 million tons and rises to 9.3 million tons by 2004. (Present import levels are below 2 million metric tons.) Out of tariff quotas will be reduced from 114 percent to 65 percent. In all commodity TRQs, private traders will be guaranteed a share of the TRQ and a right to import using the portions of the share given to state trading companies that are not used by the state agencies. This will help establish legitimate private-sector trade in China. Taken together, the TCK resolution and the U.S.-Chinese trade agreement, represent an important new commercial opportunity for U.S. wheat producers at a critical time in the economic health of the industry.

China is the world's largest wheat producing and largest wheat consuming nation. The U.S. is the world's largest wheat exporter. U.S. wheat exports to China have varied over the years, contingent upon Chinese wheat production levels and those of other wheat suppliers. Throughout the early 1990s, China imported from one million metric tons to 5.6 million metric tons of U.S. wheat each year. In recent marketing years, Chinese imports of U.S. wheat have declined significantly due to major increases in China's own production and the stringent enforcement of the TCK zero tolerance restriction.

Nevertheless, we expect China to once again become a major importer of U.S. wheat. We base our expectations on economic developments and production constraints in China. China has a huge and growing population, burgeoning coastal cities, growing demand, declining stocks, stagnant acreage and reduced domestic price supports. We anticipate that over a period of a few years, increased China trade would have a significant impact on the world supply and demand situation that should be positive for prices.

To put it plainly, nothing else on the horizon could have such a big impact in the short term on U.S. wheat exports and the economic stability of wheat producers or hold such potential for expanded growth in the future.

USDA's baseline projection puts China's wheat imports at 4.2 mmt in five years. By U.S. Wheat Associates estimates, the U.S. market share could be one third to one half of total Chinese imports.

The U.S. now holds very high market shares in a number of neighboring countries and we believe that our market share with China has greater potential than most estimates. This is based on work by U.S. Wheat Associates personnel located in China who believes that China's wheat imports have focused on the need for "quality" wheat. The import demand is projected to focus on wheat with qualities needed for better consumer products that are not produced in large quantities in China.

In order for U.S. wheat producers to realize the full potential of the Chinese market, it is absolutely critical that Congress approves legislation to grant China PNTR as soon as possible.

As Ambassador Barshefsky said in her testimony before the House Ways and Means Committee there is "no option" to addressing PNTR now. There is no option for U. S. wheat producers but to have the opportunity to participate in the Chinese market. If we are to achieve the benefits of this long sought agreement and give producers the opportunity to market into this huge economy, China must be brought under the rules based system of the WTO. We have that opportunity with the agreements delivered in April.

By granting permanent normal trade relations for China Congress will be giving nothing away to China, our market is already open. However, you will be fulfilling one of the "unmet promises" of the 1996 Freedom To Farm Bill, that of continuing to provide export markets for U.S. farmers and ranchers. We believe that every farmer would rather have open fair markets than receive payments from the government. Farmers want to add to the balance of payments by exporting our products.

This point is especially timely and crucial as the U.S. trade deficit reaches its all-time high. Our trade deficit with China has ballooned to $68.67 billion in 1999 as reported by the U.S. Department of Commerce. For Agricultural, Fish and Forestry products 1999 began an alarming turnaround that appears to be worsening in 2000. In 1999, for the first time historical memory imports of these products outpaced exports by nearly $3.5 billion. Agriculture, generally counted on to contribute positively towards the trade deficit, reduced exports in 1999 from $61.8 billion in 1998 to $57.5 billion in 1999, and for the first time in our history agriculture experienced a negative trade balance. The only way to counter this trend is to open markets throughout the world and facilitate the exportation of U.S. products. Bulk commodities such as wheat can have a substantial positive impact on the trade balance as demand for high quality foods continues to rise. The Chinese economy is poised to reach new heights and as their middle class swells it is imperative for U.S. producers to have fair and unfettered access to this market.

Various people, including Ambassador Barshefsky, have stated that it would indeed be ironic if the United States after over 14 years of negotiations to include China in a rules based world trading system would decide not to grant them PNTR. By doing so we would be allowing our competitors to have the benefits of China opening its market---the most dynamic and rapidly growing in the world. The U.S. leverage and any means of influencing China under the WTO rules system would be lost and the United States would yield its leadership in the trade arena. This would amount to another self-imposed unilateral sanction, cutting the agriculture community out of another major world market to the benefit of our competitors.

We look forward to working with you and others in the Congress to make permanent normal trade relations for China happen this year. The wheat industry has worked tirelessly to mobilize grassroots support, and we very much appreciate the work done by our supporters in Congress, but it is necessary for proponents in Congress and the Administration to exhibit strong leadership and cooperation in order to deliver a positive vote for America's farmers, laborers and industries. This is an opportunity that we can not afford to let slip away.

Thank you again for the opportunity to comment on this very important issue.

I look forward to responding to your questions at the appropriate time.

Exhibit B

HOUSE INTERNATIONAL RELATIONS COMMITTEE

HEARING ON PERMANENT NORMAL TRADING RELATIONS FOR THE PEOPLE'S REPUBLIC OF CHINA

May 10, 2000

Statement by Paul J. Cassingham,
President, American Chamber of Commerce in Taipei

Mr. Chairman and distinguished members of the Committee:

Thank you for this opportunity to testify in favor of permanent normal trading relations for the People's Republic of China.

My name is Paul Cassingham. I serve as President of the American Chamber of Commerce in Taipei. The Chamber is the oldest and largest organization representing American investment interests in Taiwan. It was established in 1951 and has over 900 members, including the vast majority of U.S. businesses with investments on the ground in Taiwan.

The Chamber believes that Congress should approve PNTR for China because it represents the best practical opportunity for the United States to reap the benefits of PRC and Taiwan membership in the WTO. Several speakers have already testified to the significant economic benefits the United States will enjoy from the accessions of the PRC and Taiwan, including Robert Kapp of the US-China Business Council and David Laux of the US-Taiwan Business Forum. These economic benefits are colossal, and they are real. In the case of Taiwan, the full benefits will take effect immediately upon its accession to the WTO. In the case of the PRC, most of these benefits will phase in over a period of years. Full implementation of their WTO commitments will not be problem-free, but the Chamber's members, living and managing U.S. investments in Asia, believe that WTO membership for the PRC and Taiwan will spur significant economic growth on both sides of the Taiwan Strait. We want our companies to take full advantage of that growth.

Taiwan has already implemented many of its WTO commitments voluntarily. U.S. agricultural and manufactured goods have become more readily available in Taiwan as tariff rates have fallen. Major service markets have opened in telecoms, banking, insurance, transportation and other areas. These developments have helped Taiwan's economy to thrive over the past decade, despite the Chinese missile tests, despite the Asian financial crisis and despite last year's earthquake. They also have helped

Taiwan's business culture to evolve, bringing increased *local* pressure for transparency in government procedures and an end to government preferences and corruption. The Chamber expects these developments to continue in Taiwan, and they serve as a model for the potential long-term impact of WTO membership on the PRC economy, as well.

At the same time, it is important to recognize that the economies of the PRC and Taiwan have become increasingly integrated. Despite the difficulties of political dialogue, a parallel economic dialogue has flourished in recent years. Taiwan has become one of the largest investors in the PRC and *the* major support of local economies in many towns and villages. Taiwan companies now coordinate their production from plants on both sides of the strait. Thus, synergies have developed between economic growth in Taiwan and economic growth in the PRC, and each side's membership in the WTO will bring major new opportunities to the other. The United States should support and participate fully in these developments.

The issue of PNTR is not a subject of controversy in Taiwan. I have attached to my testimony a letter I have recently received from President-Elect Chen Shui-bian. In it he states, "[M]y new Administration strongly supports WTO membership for both the Republic of China and the People's Republic of China. WTO membership would encourage economic growth and prosperity in Asia. It also would foster better understanding and cooperation across the Taiwan Strait, and would contribute to peace and stability in this region." In Taiwan, there is no suggestion that other countries show support for Taiwan by isolating the PRC. A political rivalry may continue, but an economic zero-sum game does not.

Finally, it is critical that short-term politics not undermine long-term development. In the weeks since President-Elect Chen was elected, he has shown tact and consideration in his approach to the PRC. Nonetheless, if a misunderstanding develops, Taiwan's admission to the WTO could be further delayed. It is essential that Taiwan be admitted to the WTO immediately following the PRC. This will encourage Beijing and Taipei to focus on economic subjects, matters in which they have a strong common interest and about which they often agree. Any delay creates a major risk, not only for economic growth, but for peace and stability in the region. Commentators have suggested that the WTO Council could vote on the PRC's admission, adjourn for coffee, then reconvene to vote on Taiwan's admission. We believe that is OK -- except for the coffee break.

Thank you.

Exhibit C

TEL:886-2-2709-4989 FAX:886-2-2709-4909

Office of The President-Elect
Chen Shui-bian
5F, NO. 331, Sec 1, Tunhua South Rd. Taipei, Taiwan, R.O.C.

OFFICE OF THE PRESIDENT-ELECT
CHEN SHUI-BIAN

May 4, 2000

Mr. Paul J. Cassingham
President
American Chamber of Commerce in Taipei
Room N-1012, Chia Hsin Building Annex
96 Chung Shan N. Road, Sec.2
Taipei 10419, Taiwan
Republic of China

Dear Mr. Cassingham,

I wish the American Chamber every success in its meetings in Washington next week. As you know, my new Administration strongly supports WTO membership for both the Republic of China and the People's Republic of China. WTO membership would encourage economic growth and prosperity in Asia. It also would foster better understanding and cooperation across the Taiwan Strait, and would contribute to peace and stability in this region.

I hope that both the Republic of China and the People's Republic of China will join the WTO this year. The Republic of China looks forward to both the responsibilities and the benefits of WTO membership at the first opportunity.

Sincerely yours,

Chen Shui-bian
President-Elect
Republic of China

Exhibit D

INTERNATIONAL
BROTHERHOOD OF TEAMSTERS
AFL-CIO

OFFICE OF
JAMES P. HOFFA
GENERAL PRESIDENT

May 23, 2000

Dear Representative:

On behalf of the 1.5 million members of the International Brotherhood of Teamsters, I strongly urge you to vote NO to H.R. 4444, legislation that would grant Permanent Normal Trade Relations (PNTR) status to China.

This legislation will open up the door for multi-national corporations to ship good-paying American jobs to China, where they will be able to exploit workers who enjoy no labor rights and get paid as little as 13 cents a day. Moreover, it sends a message that is contrary to every principle and ideal upon which our nation was founded, by rewarding a brutal Communist dictatorship with the United States' most coveted trading designation.

Finally, in addition to assisting our most strident enemies in acquiring weapons of mass destruction in the past, the Chinese regime at this very moment continues to threaten military action against the peaceful citizens of its Democratic neighbor, Taiwan.

None of these facts will be changed by the toothless proposal offered by Representatives Sander Levin and Doug Bereuter. First, their legislation contains no enforcement mechanism that even remotely carries the leverage of the current annual review of China's Normal Trade Relations status. Second, it simply creates yet another commission charged with cataloging the Chinese regime's already well-documented record of oppressing its citizens, quashing labor rights, and violating every trade agreement ever signed with the United States. Third, the Levin-Bereuter proposal is purposefully inadequate and, as such, provides no legitimate rationale for Members of Congress who vote in favor of China PNTR.

25 LOUISIANA AVENUE, N.W. • WASHINGTON, D.C. 20001-2198 • (202) 624-6800

May 23, 2000
Page 2

Over the past few days, I have found it impossible to read a press account of the PNTR debate without coming across the word "legacy." I hope that – in finally deciding how to vote on this historic legislation – you will take a moment to consider the impact of this vote on *your* legacy.

I hope that *your* legacy will be one which placed the jobs of American working men and women above the profits of multi-national corporations. I hope that *your* legacy will be one which ensured that those Chinese workers who are to be influenced by the "American way of life" through this trade bill do not continue to suffer slave wages, horrible working conditions, and brutal crackdowns for attempting to organize or demand labor rights. I hope that *your* legacy will be one which held our national security paramount, by taking the time to ensure that profits reaped by Chinese government-owned companies will not be used to purchase weapons that may threaten the United States, our servicemen and women, or the people of Taiwan.

Finally, I hope *your* legacy will be one which recognized that the right set of circumstances and common sense should determine when – or if – we grant PNTR to China and not the desires of big business or the political considerations of any one man.

Sincerely,

James P. Hoffa

James P. Hoffa
General President

JPH/bhk