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*CHINA AND THE 105TH CONGRESS: POLICY ISSUES
AND LEGISLATION, 1997-1998*

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Updated October 21, 1999

Abstract. The 105th Congress was especially active on issues involving China. This report tracks trends in and legislation considered by the 105th Congress including the following issues: prison conditions in China and prison labor exports; coercive abortion practices; China's policies toward religion, and more general human rights issues; Taiwan's entry into the World Trade Organization; the U.S. role in helping Taiwan with a theater missile defense system; China's missile proliferation activities; Radio Free Asia broadcasting to China; China's participation in multilateral institutions; and the activities of China's military and intelligence services. Finally, the report discusses multiple-issue bills, such as the Foreign Relation Authorization Act, the China Policy Act, and the U.S.-China Relations Act, which combine some, or even most, of these issues..

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China and the 105th Congress: Policy Issues and Legislation, 1997-1998

October 21, 1999

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ABSTRACT

The 105th Congress was especially active on issues involving China. This report tracks trends in and legislation considered by the 105th Congress, including the following issues: prison conditions in China and prison labor exports (H.R. 2195, H.R. 2358); coercive abortion practices (H.R. 2570); China's policies toward religion (H.R. 967, H.R. 2431); and more general human rights issues (H.R. 2095). Other bills concerned Taiwan — in particular, Taiwan's entry into the World Trade Organization (H.Res. 190) and the U.S. role in helping Taiwan with a theater missile defense system (H.R. 2386). Also, the report covers legislation on China's missile proliferation activities (H.Res. 188), Radio Free Asia broadcasting to China (H.R. 2232), China's participation in multilateral institutions (H.R. 1712, H.R. 2605), and the activities of China's military and intelligence services (H.R. 2647, H.R. 2190). Finally, the report discusses multiple-issue bills, such as the Foreign Relations Authorization Act (H.R. 1757), the China Policy Act (S. 1164), and the U.S.-China Relations Act (S. 1303), which combine some, or even most, of these issues. This report supercedes CRS Report 97-933 F. It will not be regularly updated.

China and the 105th Congress: Policy Issues and Legislation, 1997-1998

Summary

Congressional interest in China increased in intensity during the 105th Congress, beginning in mid-1997. Much of this activity occurred in the House, which early in November 1997 passed a package of China-related bills by a wide margin. Some of these provisions were also included in Senate bills, and eventually were enacted into law. The Clinton Administration opposed many of these measures, not only for policy reasons, but because Administration was planning the resumption of U.S.-China summitry late in 1997. In October 1997, President Jiang Zemin became the first Chinese leader to visit Washington since 1985; in June 1998, President Clinton became the first Democratic U.S. President to visit China.

The number and diversity of China-related bills in the 105th Congress suggested that significant divisions remained both within the Congress and between Congress and the Administration about the direction of U.S. China policy. In addition, the stage was set for further consideration of China issues early in the 106th Congress with the passage of H.Res. 463, which created a Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China. The Select Committee's initial mission was to investigate allegations that a U.S. company, Loral Space and Communications, may have provided China with sensitive information in 1996 capable of improving China's missile launch capabilities. Later, the Select Committee expanded its inquiries to include allegations of long-term Chinese espionage at U.S. nuclear science labs. The Select Committee released a declassified version of its findings in February 1999.

As in past Congresses, Members offered legislation protesting aspects of China's human rights record, including bills dealing with prison labor exports; coercive abortion practices; and religious intolerance. Congress also considered bills relating to Taiwan — in particular, about Taiwan's entry into the World Trade Organization (WTO) and about the U.S. role in helping Taiwan in its national defense — and relating to China's missile proliferation activities, technology transfer issues, Radio Free Asia broadcasting to China, and U.S. support for multilateral development bank loans to China. Several multiple-issue bills, such as the Foreign Relations and Defense Authorization Acts, combined some, or even most, of these issues. Finally, Congress again considered joint resolutions to disapprove China's most-favored-nation or "normal" trading status (MFN/NTR), ultimately rejecting the measures in both sessions.

In general, the legislation the 105th Congress considered on China offered one of two approaches: either an assertive, sanction-oriented approach to China requiring punitive U.S. actions; or a less punitive approach that, while targeting many of the same issues, leaned more heavily on sense-of-Congress language. In the House, many harsher measures were toned down in committee consideration, while new, punitive measures were sometimes introduced to replace them. In addition, the Senate attached some of the language contained in the House bills to more comprehensive authorizations and appropriations bills.

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China and the 105th Congress: Policy Issues and Legislation, 1997-1998

Introduction¹

For a host of assorted reasons, and despite extensive investment and trade linkages, U.S.-China relations have remained troubled in the 1990s. To a great extent, the stage for bilateral tensions was set by the 1989 Tiananmen Square crackdown, from which China has never been rehabilitated in American eyes. Against this backdrop, U.S. and Chinese policymakers have clashed repeatedly over human rights violations, non-proliferation questions, and economic issues. Relations reached one low point in 1995-96 when Taiwan — a problem long thought to have been resolved by a 1982 U.S.-China communique — reemerged as a major bilateral issue. The swiftness and severity of that crisis, which included live-fire Chinese missile tests in the Taiwan Strait and the deployment of two American carrier battle groups to the area, appeared to take policymakers in both capitals by surprise.

In response to the Taiwan crisis, both governments undertook policy reassessments in efforts to put the relationship back on track. As part of that effort, presidential summitry resumed, having been effectively suspended since President Bush's trip to China in 1989. In October 1997, President Jiang Zemin became the first Chinese leader to visit Washington since 1985; in June 1998, President Clinton became the first Democratic U.S. President to visit China. At the same time, the relationship was beset by new troubles. A specially formed Select Committee in Congress spent much of 1997-1998 investigating allegations that China had conducted espionage at U.S. nuclear science labs, and had acquired illegally from U.S. companies sensitive information capable of improving Chinese missile-launch capabilities.²

¹For additional background on issues in U.S.-China relations, see the following: *China-U.S. Relations*, CRS Issue Brief 98018; *Taiwan: Current Developments and U.S. Policy Choices*, CRS Issue Brief 98034; *China and Congress in 1992*, CRS Report 93-894 F; and *Hong Kong: Issues for U.S. Policy*, CRS Issue Brief 95119, all by Kerry Dumbaugh; *China: U.S. Economic Sanctions*, CRS Report 96-272 F, by Dianne Rennack; *Chinese proliferation of weapons of mass destruction: current policy issues*, IB92056; *China: suspected acquisition of U.S. nuclear weapon data*, RL30143; *China's technology acquisitions: Cox Committee's report--findings, issues and recommendations*, RL30220, all by Shirley Kan.

²The Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China (known informally as the "Cox Committee" because of Rep. Chris Cox's chairmanship) was created by H. Res. 463, passed in June 1998. The Select Committee issued a declassified version of its findings in February 1999.

Tensions in U.S.-China relations have been paralleled by tensions within U.S. policy circles, both within the Executive Branch and between Members of Congress and the White House, over the direction of U.S. policy toward China. While there has been general agreement in U.S. policy circles that Washington should use its influence to have Beijing conform to international norms and to foster political and economic change in China, there has been little agreement in Washington on how the United States should achieve these objectives. Both the Bush and Clinton Administrations have stressed policies of “engagement” with China, and congressional critics of this approach have sought consistently to pressure the White House to take a firmer, more sanctions-oriented approach. Initially, in 1990, Congress brought this pressure to bear largely through the vehicle of annual renewal of China’s most-favored-nation (MFN) treatment, either by voting to withdraw China’s MFN status or by placing further conditions on it.³ In subsequent years, Members placed increasing emphasis on diverse and separate initiatives that have implications for U.S.-China relations, including initiatives on human rights, non-proliferation, trade, Taiwan, and others. Many of these initiatives resurfaced in the 105th Congress, either as renewed attempts to enact past measures or as refinements of previously enacted ones. In addition, the 105th Congress considered several new initiatives.

In general, American policymakers continued to use a combination of three approaches to influence U.S. China policy, with little indication as to which approach will ultimately prevail. First is a moderate, “engaged,” and less confrontational posture toward China, favored by many in the Clinton Administration, Congress, and elsewhere. Some favoring this approach are impressed with China’s growing economic and national strength and the opportunities this provides for the United States. They promote U.S. engagement with China as the most appropriate way to guide the newly emerging power into international activities compatible with U.S. interests. Underlying this approach generally is a belief that trends in China are moving inexorably in the “right” direction. That is, China is becoming increasingly interdependent economically with its neighbors and the developed countries of the West, and is increasingly unlikely to take disruptive action that would upset these advantageous international economic relationships. Therefore, according to this view, U.S. policy should emphasize working more closely with China in order to encourage what are seen as positive long-term trends.

A second approach encourages U.S. leaders to be less accommodating. According to this approach, rather than trying to persuade Beijing of the advantages of international cooperation, the United States should keep military forces as a counterweight to rising Chinese power in Asia; deal firmly with economic, arms proliferation, and other disputes with China; and work closely with traditional U.S. allies and friends along China’s periphery in order to deal with assertiveness or

³On July 9, 1998, Congress cleared for the President's signature H.R. 2676, the Internal Revenue Service Restructuring and Reform Act (H.Rept. 105-599). That Act contained a provision replacing the term "most-favored-nation" status (MFN) with the term "normal trade relations" (NTR). The intent of the provision, (enacted as P.L. 105-206) was to reinforce that this trade status was not a special or preferential trade status, but simply the normal status that the United States gives to all but a handful of its trading partners.

disruption from Beijing. Proponents of this approach stress that Beijing officials still view the world as a state-centered, competitive environment where interdependence counts for little. China's leaders are seen as determined to use all available means to increase China's wealth and power, conforming to many international norms as China builds economic strength. Once China succeeds with economic modernization, according to this perspective, Chinese leaders will be disinclined to sacrifice national ambitions to international interdependence or other concerns.

A third approach is based on the premise that the political system in China needs to be changed before the United States has any real hope of reaching a constructive relationship with China. Proponents of this approach believe Beijing's communist leaders are inherently incapable of long-term positive ties with the United States. U.S. policy should focus on mechanisms to change China from within while maintaining a vigilant posture to deal with disruptive Chinese foreign policy actions in Asian and world affairs. While the Clinton Administration has favored the "engaged" approach, all three approaches have their advocates within the U.S. policy community. In the 105th Congress of 1997-1998, debate over the appropriate policy approach resulted in a proliferation of legislation relating to China, some of which were enacted into law. Many believe that this more legislatively active trend on China issues is likely to continue into the 106th Congress and beyond.

Policy Trends and Legislative Initiatives

Several broad and overlapping trends affected the U.S. policy process on China during the 105th Congress in 1997-1998. These trends illustrated that, despite a number of efforts to bring improvements to bilateral relations, the process of making U.S. policy decisions involving China is still characterized by incongruity and disagreement.

In retrospect, much about the U.S.-China relationship at the beginning of 1997 seemed destined to improve its prospects. The congressional debate over China's most-favored-nation (MFN) status appeared likely to be minimal and relatively congenial, as it had been in 1996. American policymakers spent the first half of 1997 focusing on Hong Kong's reversion to China, which occurred smoothly on July 1, 1997, easing U.S. and international fears about China's potential intervention in Hong Kong in the future. The death of China's paramount leader, Deng Xiaoping, in April 1997 was uneventful, contrary to some expectations that it would result in destabilizing political infighting. China's decision not to devalue its own currency as the Asian financial crisis unfolded was viewed as a helpful and responsible act, and was welcomed by the United States.

Throughout 1997, Administration officials appeared increasingly convinced that China had assigned a high priority to good relations with the United States. U.S. officials also believed that China had made important shifts in its willingness to abide by international agreements, such as deciding to minimize its nuclear cooperation with Iran. Consequently, when Chinese President Jiang Zemin came to Washington for the first U.S.-China summit in ten years, on October 27, 1997, President Clinton announced that he was prepared to move forward on a range of bilateral issues in the coming months, including initiating U.S. nuclear energy cooperation with China under the terms of a never-implemented 1985 bilateral agreement.

Nevertheless, having finally begun to move forward with a more comprehensive China policy, the Clinton Administration in 1997 found its effectiveness in pursuing that policy hampered by a number of domestic controversies that surfaced in 1997 and intensified into 1998. The State Department report on human rights that was released January 30, 1997, accused China of silencing virtually all public dissent in 1996 through intimidation, exile, imposition of prison terms, administrative detention, or house arrest. In the face of this report, some Members of Congress were unimpressed by China's October 1997 summit decision to sign the U.N. International Covenant on Economic, Social, and Cultural Rights — something Administration officials considered a sign of China's improved commitment to human rights issues.

In February 1997, U.S. news sources began reporting that officials of the Chinese government — and in particular Chinese military officials — had made illegal contributions to U.S. political campaigns in the 1996 elections. Congress began investigating these allegations, and later expanded that investigation to include whether any such campaign contributions, if they occurred, had influenced decisions the Clinton Administration made about China. Pressure on the Administration increased in April 1998, when it was revealed that Space Systems Loral, a U.S. aerospace company, may have illegally transferred sensitive information to China in

1996 concerning missile guidance and control systems. Additional pressure came from critics who believed that Chinese assistance was a key factor in Pakistan's sudden emergence as a confirmed nuclear power.⁴ Because of these continuing controversies, the House late in 1997 passed a series of China-related bills unrelated to MFN status, and congressional critics continued to target the Clinton Administration's policy of engagement with China, pressuring the White House to take a firmer, more sanctions-oriented approach.

It was in this atmosphere of controversy that the President made his planned summit visit to China from June 25-July 3, 1998. The summit got mixed reviews. Members of Congress criticized the President for agreeing to be received in Tiananmen Square, the site of China's 1989 bloody military crackdown, for the official welcoming ceremony. Some criticized the summit as lacking in substance. Others were pleased by the unprecedented live coverage that Chinese television and radio gave to several presidential appearances, including a joint press conference between Clinton and Chinese leader Jiang Zemin, where the President was able to speak directly to the Chinese people about U.S. human rights concerns.

The most controversial moment of the 1998 summit came at a roundtable discussion in Shanghai, when the President made a statement about U.S. policy toward Taiwan: that the United States did not support independence for Taiwan; did not support a two-China policy; and did not believe Taiwan should be a member of international organizations where statehood is a prerequisite. The statement was criticized by some in the United States as a significant departure from past policy.⁵ As a result, legislation involving Taiwan and U.S. policy became features of activity late in the 105th Congress.

In both 1997 and 1998, the annual divisive congressional debate over extending China's MFN status ended as it had in previous years. Joint resolutions that would have ended China's MFN status, (H.J.Res. 79 and H.J.Res. 121, respectively) were defeated in the House by wide margins, making Senate consideration moot. Also as in past years, critics of China's human rights and proliferation policies turned to alternatives to MFN, introducing measures that would have more selectively targeted sanctions and other punitive policies.

Several new factors also characterized the debate on China in the 105th Congress. First, significant emphasis was placed on China's intolerance for many religious practices. Supported by several conservative religious groups, the concern about religious freedom led to several free-standing bills dealing with this aspect of Chinese policy alone. Second, sharp differences occurred within each party on many major policy issues, leading to differing approaches toward China among Members seeking

⁴In response to nuclear tests by India earlier in the month, Pakistan detonated 5 nuclear devices on May 28, 1998. For years, China had been suspected of clandestinely helping Pakistan in its nuclear weapons program.

⁵The text of the Shanghai roundtable discussion of June 30, 1998, can be found at <http://www.whitehouse.gov/WH/New/China/speeches.html> For additional information on the so-called "one-China policy," see CRS Report RL30341, *China/Taiwan: Evolution of the "One-China" Policy*, by Shirley Kan.

legislative alternatives to the MFN vehicle. And third, congressional attention during the second session focused on allegations involving compromises in U.S. national security. One of these involved charges that two U.S. aerospace companies had transferred sensitive technologies to China in the course of their commercial activities there, and that U.S. national security had been damaged both by these transfers and by U.S. government decisions to loosen high-tech export restrictions. A second involved allegations of Chinese espionage in U.S. nuclear science labs.

Among the China-related measures introduced in the 105th Congress was a package of 9 bills — all critical of China — which the House considered under one rule (H.Res. 302) beginning on November 5, 1997. These measures, as well as others, are described below. The public law number is indicated for those measures that were enacted.

Human Rights Measures

China's human rights abuses have been among the most visible and constant points of contention in U.S.-China relations since the 1989 Tiananmen Square crackdown. Early in his term, President Clinton had supported linking China's most-favored-nation (MFN) status with its human rights performance, and in a 1993 Executive Order spelled out the human rights conditions China would have to meet. By May 26, 1994, the President had decided to "de-link" human rights from China's MFN status, saying that the United States had "reached the end of the usefulness of that policy." China's human rights record since then has presented a mixed picture, with both setbacks and minor improvements providing plenty of ammunition for policy debate.

S.Res. 187/H.Res. 364, The U.N. Commission on Human Rights. Early in 1998, U.S. officials let it be known that the United States would not introduce a resolution critical of China's human rights practices at the annual Geneva meeting of the U.N. Commission on Human Rights, even though the United States had introduced such a resolution in previous years. As a result, on March 3, 1998, Senator Connie Mack introduced S.Res. 187, a measure urging the United States to introduce a human rights resolution at the annual U.N. meeting in 1998. The Senate Foreign Relations Committee ordered S. Res. 187 to be reported favorably and without amendment on March 11, 1998. On March 12, 1998, the Senate passed the resolution by a vote of 95-5. A similar resolution, H.Res. 364, was introduced in the House by Representative Chris Smith on February 12, 1998. The House measure was marked up by the Subcommittee on International Operations on February 25, and by the Subcommittee on Asia/Pacific Affairs on March 5. The full House International Relations Committee held hearings on March 10, and the House passed the measure on March 17, 1998, by a vote of 397-0.

Prison Labor/Prison Conditions. Prisons in China are widely criticized for their conditions and their treatment of prisoners. In addition, the requirement that prisoners work is perhaps the central feature of the Chinese prison system. From the standpoint of U.S. policy, the key issue has been the extent to which products made by Chinese prisoners may be exported to the U.S. market. Long-standing U.S. law

prohibits and provides penalties for the import of products made with convict labor.⁶ Because of concerns involving prison labor exports by China, the United States signed a Memorandum-of-Understanding (MOU) with China on the subject in 1992. Since then, there have been repeated allegations that China is failing to adhere to its agreement.⁷ The 105th Congress considered two bills designed to reinforce the U.S. ban on prison labor imports, both of which provided for increased funding for monitoring of prison labor and prison abuses in China.

H.R. 2195, Slave Labor Products Act [P.L. 105-261]. As originally introduced by Representative Chris Smith on July 17, 1997, H.R. 2195 dealt exclusively with China. In addition to a series of findings about Chinese prison labor exports, the version originally introduced authorized \$2 million in FY1999 to improve State Department and Customs Service monitoring of Chinese violations, and required the Administration to issue a report on Chinese prison labor exports one year after enactment. But in a Ways and Means Committee markup on October 1, 1997, Reps. Archer and Matsui offered substitute language that stripped all but one reference to China while leaving the increased funding and reporting provisions intact. The effect of the substitute was to increase funding for enforcement of the U.S. prohibition on import of products made by prison labor from all countries. The Ways and Means Committee reported the bill on October 31, 1997 (H.Rept. 105-366, pt. 1). The House International Relations Committee waived jurisdiction, and the bill was brought to the House floor on November 5, 1997, under a rule (H. Res. 302) making nine China-related bills in order. After a motion to recommit with instructions was ruled non-germane, the House passed H.R. 2195 on November 5 by a vote of 419-2. The bill was referred to the Senate Finance Committee on November 6, 1997.

The Senate did not act on H.R. 2195. But on May 14, 1998, the Senate adopted by voice vote an amendment (Hutchinson/Abraham) to S. 2057, the Defense Authorization bill (S.Rept. 105-189), the provisions of which were similar to H.R. 2195. The Senate passed S. 2057, amended, on June 25, 1998, by a vote of 88-4, having first substituted its text for that of H.R. 3616. Both House and Senate insisted on their respective versions of H.R. 3616, and insisted on a conference. On September 22, 1998, the conference report, H.Rept. 105-736, was filed, and both houses passed it — the House on September 24 (373-50) and the Senate on October 1 (96-2). Title 37 of the enacted bill makes provisions for increased monitoring of imports for products made with prison labor. The bill became P.L. 105-261 on October 17, 1998.

H.R. 2358, Political Freedom in China Act. The bill, introduced by Representative Ros-Lehtinen, authorized \$2.2 million in FY1998 and \$2.2 million in FY1999 to provide the U.S. Embassy and consulates in China with increased personnel to monitor prison abuses and political repression in China. The bill was reported by the full House International Relations Committee on September 29, 1997 (H.Rept. 105-305), and was considered by the full House on November 5, 1997.

⁶Prison labor imports have been a violation of U.S. customs law since 1890 under the McKinley Tariff Act [19 U.S.C., section 1307]; criminal penalties also apply under 18 U.S.C., section 1761 and 1762.

⁷See *China-U.S. Trade Issues*, CRS Issue Brief 91121, by Wayne Morrison.

Under the rule (H.Res. 302), adoption of the rule meant adoption of a package of House International Relations Committee amendments to H.R. 2358. Among other things, these amendments condemned China's alleged sale for transplant of human organs harvested from executed prisoners (Rep. Linda Smith); authorized \$5 million for the National Endowment for Democracy in each of fiscal years FY1998 and FY1999 to promote rule of law and civil society in China (Reps. Porter/Dreier/Matsui); and drew attention to the plight of Tibetan prisoners (Rep. Abercrombie).

In addition, the House passed by a vote of 394-29 the Gilman/Markey amendment, which amended the original 1985 U.S.-China nuclear cooperation agreement in two ways: by extending from 30 days to 120 days the time Congress has to consider a proposed nuclear cooperation agreement; and by establishing expedited procedures for congressional consideration of a resolution of disapproval for a proposed nuclear sale. The House passed the final amended bill on November 5 by a vote of 416-5. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997. On June 18, 1998, the Subcommittee on East Asian and Pacific Affairs held hearings. No further action occurred.

Forced Abortion. Bitter controversies in U.S. population planning assistance have erupted over abortion, and the degree to which coercive abortions occur in China has been a recurring issue in these debates. Chinese officials have routinely denied that coercion is an authorized part of Chinese family planning programs, but they have acknowledged that some provincial and local officials have pursued coercive policies. U.S. funding for coercive family planning practices is already prohibited in provisions of several U.S. laws, including prohibitions on indirect support for coercive family planning, specifically in China.⁸

H.R. 2570, *Coercive Abortion Practices.* Representative Fowler's bill required the United States to deny visas to any Chinese national or Chinese government official who can be credibly determined to have been involved in either establishing or enforcing population policies resulting in forced sterilization or forced abortion. The bill was similar to Section 101(5) of S. 1164, the China Policy Act of 1997, introduced on Sept. 11, 1997, by Senator Abraham (see below). The House took up H.R. 2570 on November 6 under the rule, H.Res. 302. Adoption of the rule meant simultaneous adoption of an amendment by Rep. Hamilton that exempted the head of state, head of government, and cabinet level officials from the visa prohibition, and that provided the President with authority to waive the visa prohibition if he determined it in the national interest to do so. The House passed the amended H.R. 2570 by a vote of 415-1. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997. On June 18, 1998, the Senate Subcommittee on East Asian and Pacific Affairs held hearings. No further action occurred.

⁸See *Population Assistance and Family Planning Programs: Issues for Congress*, CRS Issue Brief 96026, by Larry Nowels and Kerry Dumbaugh.

Religious Freedom.⁹ Although membership data on religious organizations in China suggest that the practice of religion continues to increase, China's decision in 1994 to tighten restrictions on religious practices has generated increased American criticism. Among other things, new restrictions prohibit evangelical activities and require all religious groups to register with the Religious Affairs Bureau (RAB). Registration requires that religious groups reveal the names and addresses of members, their contacts in China and abroad, and details about leadership activities and finances. The RAB, charged with policing and regulating religious activities, is part of China's State Council and reports to the Communist Party's United Front Work Department.

H.R. 967, *Free the Clergy Act.* As originally introduced, Representative Gilman's bill, H.R. 967, would have required the United States to deny visas to members of eight official religious organizations in China and to Chinese officials involved in promoting or enforcing policies hindering religious practices. It also would have prohibited any U.S. funds from being used to pay for travel expenses for these officials to attend international conferences or exchange programs. Amendment in markup removed the visa prohibition, leaving only the funding prohibition in place. The bill was similar to Section 101(3) and (4) of S. 1164, the China Policy Act of 1997, introduced on Sept. 11, 1997, by Sen. Abraham (see below). The House International Relations Committee reported the bill to the House on October 6, 1997 (H.Rept. 105-309, Pt. 1). With the Judiciary Committee having waived jurisdiction, the bill was taken up by the House on November 6, 1997, as part of a package of nine China-related bills made in order by one rule, H.Res. 302. The House passed the bill on November 6, 1997, by a vote of 366-54. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997. On June 18, 1998, the Subcommittee on East Asian and Pacific Affairs held hearings. No further action occurred.

H.R. 2431, *Freedom From Religious Persecution Act of 1998 [P.L. 105-292].* Originally introduced as H.R. 1685 on May 20, 1997, Representative Wolf's bill established the U.S. Office of Religious Persecution Monitoring and imposed sanctions against countries engaged in religious persecution. The bill was reintroduced on Sept. 8, 1997, with limited but important changes — notably, the deletion of a provision linking a country's religious tolerance with U.S. support for its WTO membership. A companion bill, S. 772, was introduced on May 21, 1997 by Senator Specter; no further action has occurred on it. On March 24, the House Judiciary Committee's Subcommittee on Immigration held hearings about the immigration portions of the bill.

On March 25, the House International Relations committee held a markup on H.R. 2431. The Committee adopted an amendment in the nature of a substitute, offered by Chairman Gilman, which struck all after the enacting clause and substituted a new set of provisions. The Committee reported the bill to the House (H.Rept. 105-480) on April 1, 1998. The amended version of H.R. 2431 added language about the Xinjiang Autonomous Region in China, which is the home of large numbers of

⁹See *China's Treatment of Religious Practices*, CRS Report 97-882 F, by Kerry Dumbaugh and Deborah Johnson.

Muslim Uighurs;¹⁰ established definitions and separate remedies for “Category 1” persecution (officially sanctioned or conducted by the government), and “Category 2” persecution (not officially sanctioned); and softened the presidential waiver authority restrictions. The House adopted amendments to the bill, and passed it on May 14, 1998, by a vote of 375-41. On July 6, 1998, the bill was placed on the Senate legislative calendar for the first time. On July 7, 1998, the bill was placed on the Senate legislative calendar for the second time, under General Orders.

The Senate passed the bill, amended, on October 9, 1998, by a vote of 98-0. The following day, on October 10, 1998, the House acceded to the Senate amendment. The President signed the bill on October 27, 1998, and it became P.L. 105-292.

Issues Relating to Taiwan

In order to normalize relations with the People’s Republic of China in 1978, the United States had to break off official contacts with Taiwan, whose government claimed that there was only one China and that the government on Taiwan was its legitimate government. U.S. policy toward and arms sales to Taiwan since then have been governed by the Taiwan Relations Act (P.L. 96-8), with other U.S. policy statements on Taiwan contained in three U.S.-China communiqués signed since 1972. Taiwan undoubtedly remains the most sensitive issue in U.S.-China relations, with the key point being the issue of Taiwan’s status as part of China. China has not foresworn the use of force should Taiwan declare its independence from China. In the past, Chinese officials have insisted on clarification and restatement of the U.S. position that the United States does not recognize “two China’s.”¹¹

Controversy arose anew over Taiwan in the 105th Congress when President Clinton, during his June 1998 summit visit to China, made a public statement about U.S. policy toward Taiwan which some congressional observers thought contradicted long-time U.S. policy pronouncements. According to a White House transcript of his remarks during a roundtable discussion in Shanghai on June 30, 1998, President Clinton said in response to a question about Taiwan:

I had a chance to reiterate our Taiwan policy, which is that we don’t support independence for Taiwan, or two Chinas, or one Taiwan-one China. And we don’t believe that Taiwan should be a member in any organization for which statehood is a requirement. So I think we have a consistent policy.

¹⁰In the past, this region of China has also been known as Chinese Turkestan or East Turkestan. Since the name “East Turkestan” has been associated with independence advocates in this region, China strongly objects to any reference to such an entity.

¹¹For past U.S. policy statements on Taiwan’s status, see *Taiwan: Texts of the Taiwan Relations Act and the U.S.-China Communiqués*, CRS Report 96-246 F, by Kerry Dumbaugh; and *China/Taiwan: Evolution of the “One China” Policy*, CRS Report RL30341, by Shirley Kan.

The President's remarks prompted several weeks of debate in the United States over whether the United States was maintaining a consistent policy — the position strongly defended by the Administration — or whether it had changed.

H.R. 2386, U.S.-Taiwan Anti-Ballistic Missile Defense Cooperation Act. As introduced, Representative Hunter's bill, H.R. 2386 (H. Rept. 105-308), required the United States to develop plans for a theater missile defense system for Taiwan, and called on the President to make such items available for sale to Taiwan. These provisions were kept in the final markup version, although the final bill was amended by deletion of Section 3, which declared that the defense provisions in the Taiwan Relations Act superseded the three U.S.-China communiqués. That provision, which has been introduced in other legislation in the past, is particularly controversial to the Administration and to China, which maintains that U.S. commitments in the three bilateral communiqués outweigh the TRA (U.S. domestic law) in governing U.S.-China relations. With the House National Security Committee having waived jurisdiction, the House took up consideration of the bill on November 6, 1997. By adopting the rule, H. Res. 302, the House simultaneously adopted amendments to H.R. 2386 which 1) clarified the future status of Taiwan, differentiating Taiwan's status particularly from that of Hong Kong (Rep. Deutch), and which 2) clarified Taiwan's current missile defense capabilities, noting in particular that Taiwan would be protected more completely if a missile defense system were expanded to include the Taichung region, Kaohsiung, the Penghu Islands, Kinmen (Quemoy), and Matsu (Reps. Frost/Hunter). The House passed the bill on November 6 by a vote of 301-116. On November 7, 1997, the bill was referred to the Senate Foreign Relations Committee. On June 18, 1998, the Subcommittee on East Asian and Pacific Affairs held hearings. No further action occurred.

H.Res. 190, Taiwan Membership the World Trade Organization (WTO). As other issues involving Taiwan and U.S.-China relations, Taiwan's application for membership in the WTO is a sensitive one. Both China and Taiwan have applied for membership, and China has insisted that the memberships be linked, or that China be admitted first. Representative Cox' bill, H.Res. 190, expressed the sense of Congress that Taiwan should be admitted to the WTO without its admission being made conditional upon China's membership.¹² The bill was referred to the House Ways and Means Committee on July 17, 1997, and to the Subcommittee on Trade on July 24, 1997; no further action has occurred on it. Other language relating to Taiwan's membership in the WTO was included in Section 1722 of the House-passed version of H.R. 1757, the Foreign Relations Authorization Act, and in H.R. 4328, the Omnibus Appropriations Act, which became P.L. 105-277. (See below.)

S.Con.Res. 107/H.Con.Res. 301, Reaffirming U.S. Commitments under the Taiwan Relations Act (P.L. 96-8). Senator Trent Lott introduced the Senate resolution on July 7, 1998, in response to the comments President Clinton made about Taiwan at a roundtable discussion in Shanghai on June 30, 1998, during his summit visit to China. In China, the President stated that the United States did not support independence for Taiwan, did not support a two-China policy, and did not believe that

¹²See *China and the World Trade Organization*, CRS Report RS20139, by Wayne Morrison and Lenore Sek.

Taiwan should be a member of international financial institutions where statehood was a prerequisite. The Lott resolution reaffirmed U.S. policy positions in the Taiwan Relations Act, including commitments on arms sales to Taiwan and to U.S. interest in a peaceful resolution on the question of Taiwan's future. The Senate passed the measure, amended, on July 10, 1998, by a vote of 92-0. The House resolution, H. Con. Res. 301, was introduced in the House on July 17, 1998, by Representatives Delay, Solomon, and Snowbarger. The measure was referred to the House International Relations Committee. On July 20, 1998, the House passed the measure by a vote of 390-1.

S.Con.Res. 30, Taiwan's International Status. On May 23, 1997, Senator Helms introduced this resolution expressing the sense of Congress that Taiwan should be permitted to join the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). The Senate Foreign Relations Committee reported the measure to the Senate on May 20, 1998, without written report. The Senate considered it on July 10, 1998, amended it, and passed it by unanimous consent. As amended, the measure expressed the sense of the Senate that it should be U.S. policy to support the admission of Taiwan to international economic organizations for which it is qualified, including the IMF and the IBRD. The measure was referred to the House Banking Committee on July 14, 1998, and was referred to the Subcommittee on Domestic and International Monetary Policy on July 31, 1998. No further action occurred.

H.Con.Res. 270, Affirming America's Support for Taiwan. Representative Solomon introduced this measure on April 30, 1998. It was referred to the Committee on International Relations the same day, and to the Subcommittee on Asia/Pacific on May 11, 1998. The Subcommittee completed consideration on May 21, 1998, and forwarded the measure to the full Committee, which marked up and voted on the measure on June 5, 1998. As passed by the House passed on June 9, 1998, (by a vote of 411-0), the resolution expressed the sense of Congress that the United States abides by its previous understandings of a "one China" policy, and that the President should seek from China a public renunciation of any use of force against Taiwan. After House passage, the bill was referred to the Senate Foreign Relations Committee on June 10, 1998. No further action occurred.

The Missile Proliferation Issue

Another ongoing issue in U.S.-China relations involves China's alleged proliferation of weapons. For years China has been charged with selling weapons of mass destruction and medium-range ballistic missiles in the international market, primarily to Pakistan and to Middle East countries. Iran has been a steady customer of Chinese weapons, making such purchases as small numbers of SA-2 surface-to-air missiles, F-7 combat aircraft, fast-attack patrol boats, and C-802 anti-ship cruise missiles. Some Members of Congress have questioned whether Iran's possession of C-802's violates the Iran-Iraq Arms Non-Proliferation Act of 1992 (50 U.S.C. 1701), which requires sanctions on countries that sell destabilizing weapons to Iran or Iraq.

(The Administration has testified that the transfers so far are not destabilizing enough to warrant U.S. sanctions under the Act).¹³

H.Res. 188, Cruise Missile Proliferation. Representative Gilman’s resolution found the delivery of Chinese C-802 cruise missiles to Iran to be destabilizing and therefore a violation of the Iran-Iraq Non-Proliferation Act (“the Act”) of 1992. The House International Relations Committee reported the bill to the House on October 6, 1997 (H.Rept. 105-304). As reported, the resolution urged the Administration to enforce the provisions of the Act with respect to Chinese missile sales to Iran. During floor consideration, the effect of adopting the rule (H.Res. 302) was to simultaneously adopt a package of House International Relations Committee amendments which did two things: 1) recommended that the United States not issue any visa to Chinese nationals involved in weapons proliferation (Reps. Porter/Dreier/Matsui); and 2) expressed the sense of the House on Russian provisions of missile technology and assistance to Iran (Rep. Harman). The House passed the amended H.Res. 188 on November 6 by a vote of 414-8.

Radio Free Asia

The issue of establishing a surrogate radio broadcasting system for China, similar to Radio Free Europe and Radio Liberty, originated in 1991. In 1991 and 1992, three separate commissions made recommendations concerning the establishment of such a system. In its FY1994 budget request, the Clinton Administration requested \$30 million to create a surrogate system, called Radio Free Asia (RFA). Congress authorized its creation in the Foreign Relations Authorization Act for FY1994-1995 (P.L. 103-226). The service was incorporated on March 11, 1996, and began broadcasting 5 hours a day in Mandarin Chinese and 2 hours a day in Tibetan.¹⁴ During RFA’s first year of broadcasting, Congress continued to express concerns that the new service was not following a clear plan of action, and that it was not coordinating its broadcasting activities closely enough with the Voice of America.

H.R. 2232, Radio Free Asia Act of 1997 [see P.L. 105-261]. As introduced, Representative Royce’s bill would have authorized an additional \$46.9 million for FY1998 and an additional \$31.2 million for FY1999, to be made available only for broadcasting to China. The introduced version would have accommodated round-the-clock broadcasts to China in Mandarin, Cantonese, and Tibetan, as well as in other major Chinese dialects. In addition, the original version would have earmarked funds for building new transmitters in the Marshall Islands and for staffing a Cantonese language service. In markup on September 30, 1997, the House International Relations Committee removed several earmarks, including one for the Cantonese language services, and kept the overall funding levels lower (\$30 million and \$22 million, respectively) in accordance with agreements reached in conference on the Foreign Relations Authorization Act (H.R. 1757 — see below). Under the rule, H.Res. 302, the House took up H.R. 2232 on November 9, 1997, passing it by

¹³See *Iran: Arms and Technology Acquisitions*, CRS Report 97-474 F, by Ken Katzman; and *Chinese Proliferation of Weapons of Mass Destruction: Current Policy Issues*, CRS IB 92056, by Shirley Kan.

¹⁴See *Radio Free Asia*, CRS Report 97-52F, by Susan Epstein.

a vote of 401-21. The bill was referred to the Senate Foreign Relations Committee on November 13, 1997. On May 19, 1998, the Committee ordered the bill to be reported favorably, with an amendment in the nature of a substitute (no written report). On May 27, 1998, the bill was placed on the Senate calendar.

Although the full Senate did not take up H.R. 2232, on June 25, 1998, the Senate did adopt virtually identical language as an amendment to S. 2057, the Defense Authorization bill (Sec. 3903). On June 25, 1998, the Senate passed the language of S. 2057 as an amendment to H.R. 3616, by a vote of 88-4. That bill became P.L. 105-261.

Security Issues

In recent years, Congress has become concerned over activities in the United States by China's military and intelligence communities. This concern has been prompted by a number of cases, including: Chinese military enterprises associated with, or controlled by, the People's Liberation Army (PLA); accusations of illegal Chinese contributions to U.S. political campaigns in an efforts to gain political influence; reports that U.S. companies may have illegally transferred sensitive missile launch technology to China; and alleged Chinese espionage activities at U.S. nuclear science labs.¹⁵ In 1996, 2,000 AK-47 assault rifles were smuggled from China into the U.S. port of Oakland. Two Chinese companies investigated for the smuggling, including Poly Technologies, were owned or controlled by the PLA. Another case involves a proposal by the Port of Long Beach to lease terminal facilities to the China Ocean Shipping Company (COSCO). Although COSCO is not run by the Chinese military, critics have charged that COSCO has ties to PLA companies, citing the case of the AK-47 assault rifles (which were transported in a COSCO-owned ship) as one example. In another case involving allegations of Chinese efforts to gain political influence in the United States, Mr. Wang Jun, Chairman of Poly Technologies, attended a White House reception on February 6, 1996.¹⁶

H.R. 2190, Report on PRC Intelligence Activities [see P.L. 105-107].

Representative McCollum's bill, introduced on July 17, 1997, required the Directors of the CIA and the FBI to submit annual reports in both classified and unclassified versions concerning: Chinese political, military, and economic espionage; intelligence activities designed to gain political influence; efforts to gain direct or indirect influence through intermediaries; and Chinese disinformation and press manipulation. Similar language introduced by Reps. McCollum and Cox was passed by voice vote on July 9, 1997, in an amendment to the Intelligence Authorization Act (H.R. 1775). Although the Senate version of this bill (S. 308) contained no similar provision, the reporting requirement was included as Section 308 of the Conference Report (H.Rept. 105-350), filed in the House on October 28, 1997. The Senate passed the conference

¹⁵Although concern about Chinese espionage at U.S. nuclear science labs gained heightened prominence in 1999, after the 105th Congress adjourned, similar cases were reported in the press as early as 1990, and the FBI had reportedly been investigating alleged Chinese espionage activities as early as 1986.

¹⁶See *Long Beach: Proposed Lease by China Ocean Shipping Company (COSCO)*, CRS Report 97-476F, by Shirley Kan.

report on November 6, 1997 by unanimous consent; the House passed it the following day by a vote of 385-36. The President signed the bill on November 7, 1997, and it became P.L. 105-107.

H.R. 2647, PLA Monitoring Legislation [see P.L. 105-261]. Representative Fowler's bill would have authorized the President to exercise his authority under the International Emergency Economic Powers Act (50 U.S.C. 1702(a)) over any commercial activity in the United States carried out by a Chinese military enterprise. Originally introduced as H.R. 2188, that version of the bill would have denied MFN treatment to products produced, manufactured, or exported by the PLA. A second version, introduced on September 30, 1997, eliminated the MFN provision; H.R. 2647, the third version of the bill, is the same as its predecessor but for one additional provision exempting "authorities relating to importation" from the bill's coverage. The effect of both the changes from the original legislation was to obviate Ways and Means Committee consideration. Under the rule, H.Res. 302, the House took up H.R. 2647 on November 7, 1997, passing it by a vote of 408-10. The bill was referred to the Senate Banking Committee on November 8, 1997.

Although the Senate did not take up H.R. 2647, on May 14, 1998, the Senate adopted an amendment (Hutchinson/Abraham) to S. 2057, the Defense Authorization Act, which imposed similar requirements to those imposed by H.R. 2647. The Senate passed the text of S. 2057, as an amendment to H.R. 3616, on June 25, 1998, by a vote of 88-4. By unanimous consent, Senate Report 105-189 was deemed to be the accompanying committee report. That bill became P.L. 105-261.

H.R. 3616 (Spence)/S. 2057 (Thurmond), The Defense Authorization Act [P.L. 105-261]. Representative Spence's bill authorizes appropriations for the Department of Defense for FY1999. The bill was introduced on April 1, 1998, and referred to the House National Security Committee, which held a mark-up on May 6, 1998. When the Committee reported the bill out on May 12, 1998 (H.Rept. 105-532), it included minimal provisions relating to China: (Section 2822 would eliminate the President's ability to waive prohibitions against sale or lease of the former Naval Station at Long Beach, California, to China.) However, in light of revelations that U.S. corporations may have illegally conveyed sensitive satellite and missile technology information to China in 1996, a number of amendments to H.R. 3616 were submitted to the House Rules Committee for consideration on May 19, 1998; 12 of these related to China, and 2 related to Hong Kong. When the Committee reported a rule later the same day, it allowed for an additional 2 hours of general debate on U.S. policy toward China, and made in order 6 of the proposed amendments.

When the House debated H.R. 3616 on May 20-21, 1998, it passed all 6 of the amendments: Spence/Gilman — expressing the sense of Congress that U.S. business interests should not be placed above U.S. national security interests, and that the United States should not enter into new agreements with China involving space or missile-related technology (by a vote of 417-4); Bereuter — prohibiting U.S. participation in any investigation of a launch failure of a U.S. satellite in China (by a vote of 414-7); Hefley — prohibiting the transfer of U.S. missile equipment or missile-related technology to China (by a vote of 412-6); Hunter — prohibiting export or re-export of any U.S. satellites to China (by a vote of 364-54); and also, placing

U.S. satellites on the U.S. Munitions List and making their export subject to Arms Export Control Act licensing requirements (part of an en bloc amendment that passed by voice vote); and Gilman — establishing requirements for nuclear energy-related exports, including provision for joint resolutions of disapproval in Congress for related export licenses (by a vote of 405-9). The House passed H.R. 3616, as amended, on May 21, 1998, by a vote of 357-60. On June 25, 1998, the Senate struck all after the enacting clause of H.R. 3616 and substituted the text of S. 2057.

On May 7, 1998, the Senate Armed Services Committee ordered to be reported an original measure, formally introduced as S. 2057 on May 11, 1998. The Senate began consideration of S. 2057 on May 14, 1998, adopting several amendments relating to China. These included an amendment (Hutchinson/Abraham) requiring the Secretary of Defense to compile a list of Chinese military companies operating in the United States, and authorizing the President to use his International Emergency Economic Powers Act (IEEPA) authority (50 U.S.C. 1702(a)) with respect to any U.S. commercial activity by these entities (the Senate agreed to the amendment by voice vote, after having earlier rejected a motion to table by a vote of 24-76). This amendment (Section 3601 of S. 2057) imposed the same requirements as did H.R. 2647, which passed the House on November 7, 1997, by a vote of 409-10. The Senate also adopted an amendment (Hutchinson/Abraham) strengthening the U.S. ability to monitor whether China is illegally exporting to the United States products made with prison-labor (as amended by a Harkin amendment to include "child labor" into the definition of forced labor in U.S. law. This amendment (Section 3702-3704 of S. 2057) was similar to H.R. 2195, which the House passed in November 1997 by a vote of 419-2. The Senate passed both of the above amendments by voice vote.

The Senate resumed consideration of S. 2057 on June 19, 1998, and from June 22-25, 1998, finally passing the bill on June 25, 1998, by a vote of 88-4. In addition to the above amendments, the Senate on June 25 adopted another Hutchinson amendment (as Section 3903 of S. 2057) that was virtually identical to H.R. 2232, the Radio Free Asia Act of 1997, which the House passed on November 9, 1997, by a vote of 401-21. The Senate passed S. 2057, amended, on June 25, 1998, by a vote of 88-4, having first substituted its text for that of H.R. 3616.

Senator Hutchinson had offered other China-related amendments to S. 2057, most of which were similar to bills the House passed in November 1997. (See the *Congressional Record* of June 22, 1998, p. S6740.) They included measures concerning forced abortion (similar to H.R. 2570), multilateral development bank funding (similar to H.R. 2605), visas for certain Chinese officials (similar to H.R. 967), and satellite controls under the U.S. munitions list. Senator Warner offered the Hutchinson package through the vehicle of a motion to recommit S. 2057. Two tabling motions to the motion to recommit were defeated overwhelmingly, and may not have been an effective measure of Senate views on the China-related amendments. Ultimately, Senator Warner withdrew his motion to recommit and the amendments attached to it, and so the four amendments were not included in the final Senate-passed version of the bill (H.R. 3616).

Both House and Senate insisted on their respective versions of H.R. 3616, and insisted on a conference. On September 22, 1998, the conference report, H.Rept. 105-736, was filed, and both houses passed it — the House on September 24 (373-

50) and the Senate on October 1 (96-2). The bill became P.L. 105-261 on October 17, 1998. As enacted, the public law contains provisions concerning U.S. commercial activity by Chinese military companies (Sec. 1207); provisions concerning controls on satellite exports (Sec. 1511-1516); provisions for enhanced monitoring of imports made by prison labor (Sec. 3701-3703); and provisions concerning Radio Free Asia (Sec. 3901-3903).

H.Res. 463, Select Committee on U.S. National Security and Military/Commercial Concerns With the People's Republic of China. On June 9, 1998, Representative Solomon introduced this resolution to create a special select committee to investigate ongoing accusations involving China and U.S. national security. The resolution gave the select committee broad jurisdiction to investigate technology transfer issues; the conduct and decision making processes of the Executive Branch; the conduct of U.S. defense contractors, satellite manufacturers, and weapons manufacturers; and allegations of Chinese influence-buying and illegal campaign contributions. The resolution called for the select committee to have 8 members, to be appointed by the Speaker. The measure was referred to the House Rules Committee, which reported it out on June 16, 1998 (H.Rept. 105-582). The House passed it on June 18, 1998, by a vote of 409-10. On June 22, 1998, the Speaker appointed the following 8 Members to the Select Committee chaired by Representative Cox: Goss, Bereuter, Hansen, Weldon, Dicks, Spratt, Roybal-Allard, and Scott. On December 30, 1998, the Select Committee announced that the conclusions of its classified report were that U.S. national security had been harmed.

Economic Issues

Economic issues — particularly trade issues, China's accession to the World Trade Organization (WTO), and the annual review of China's MFN/NTR (normal trade relations) status — have often been the source of tensions in U.S.-China relations. In addition to the expected resolution to disapprove most-favored-nation status for China, several of the bills still pending on the congressional calendar have implications for U.S. trade with China and for China's ability to borrow at current levels from multilateral development banks. China is the principal borrower from world financial institutions, such as the World Bank, to which the United States makes annual contributions. In the aftermath of the Tiananmen Square crackdown of 1989, the United States and the Group of Seven (G-7) countries — together the major stockholders in the international development banks — agreed to support limited loans to China as long as loans were targeted to projects meeting basic human needs. The United States continues to support limited loans to China based on these restrictions.¹⁷

H.R. 1712, China Market Access and Export Opportunities Act of 1997. Representative Bereuter introduced his bill on May 22, 1997. The bill addressed China's WTO accession and the annual U.S. review of China's MFN status.

¹⁷See *China and the Multilateral Development Banks*, CRS Report 97-518 F, by Jonathan Sanford; *China's Economic Development: An Overview*, CRS Report 97-932 E, by Wayne Morrison; and *Most-Favored-Nation Status of the People's Republic of China*, CRS Report RL30225, by Vladimir Pregelj.

According to the bill's statement of purpose, it offered an incentive for China to join the WTO by providing China with permanent MFN status upon its accession. (The bill would do this by removing China from the annual MFN review process under Title IV of the Trade Act of 1974.) Prior to China's accession to the WTO (and while China still enjoyed MFN status), the bill authorized the President to raise tariffs on Chinese imports if he determined that China was 1.) not providing adequate trade benefits for the United States, or; 2.) not taking the necessary steps to become a full WTO member. The bill was referred to the House Ways and Means Committee on May 22, 1997, and to the Trade Subcommittee on June 3, 1997. (See S. 1303, below.)

H.R. 2605, Communist China Subsidy Reduction Act. Representative Solomon's bill directed U.S. representatives at multilateral development banks to oppose concessional loans to any entity in China. The original version of this bill, H.R. 2196, would have reduced the U.S. contribution to any international financial institution by the proportional amount that could be determined would have gone to the PRC. The reintroduced version of the bill, H.R. 2605, moderated this provision. H.R. 2605 was introduced on October 2, 1997, and was referred to the House Banking Committee. The bill was taken up by the House on November 6, under rule H. Res. 302. By adopting the rule, the House simultaneously adopted several amendments by Reps. Porter/Dreier/Matsui which 1) created a voluntary codes of conduct for U.S. businesses operating in China, stating that U.S. companies adopting the principles would be given preferential participation in trade missions to China; and 2) encouraged U.S. government agencies to initiate or expand cultural, scientific, agricultural, military, legal, and other ties with China. The House passed the amended bill on November 6 by a vote of 354-59. The bill was referred to the Senate Foreign Relations Committee on November 7, 1997, and was referred to the Subcommittee on East Asian and Pacific Affairs on June 18, 1998. No further action occurred.

H.J.Res. 121, Disapproving the Extension of Most-Favored-Nation Status (MFN). Representative Solomon introduced this joint resolution on June 4, 1998, the day after President Clinton issued his annual recommendation that China's eligibility for MFN status be extended. Congress had 90 days from that date in which to act to pass this joint resolution in order to disapprove the President's recommendation. Such joint resolutions must be approved by both houses and signed by the President in order to become law. H.J.Res. 121 was referred to the House Ways and Means Committee, which reported it out adversely (voice vote) on June 25, 1998. The House rejected the measure on July 22, 1998, by a vote of 166-264, making Senate consideration moot.¹⁸

Multiple-Issue Legislation

Apart from the single-issue, stand-alone bills described above, the 105th Congress considered several other major bills which contained one or more China-related provisions.

¹⁸For a history of congressional action on MFN since 1989, see CRS Report 98-603, *China's MFN Status: Congressional Consideration, 1989-1998*, by Kerry Dumbaugh.

H.R. 1757, Foreign Relations Authorization Act, FY1998-FY1999. The bill, introduced by Representative Gilman, authorized appropriations for State Department activities and consolidated foreign affairs agencies of the United States. The House International Relations Committee had marked up an earlier version of the bill (H.R. 1486, the Foreign Policy Reform Act), before H.R. 1757 was introduced on June 3, 1997. The House amended the bill and passed it on June 11, 1997, by voice vote. On June 17, 1997, the Senate struck all after the Enacting Clause and substituted the language of S. 903, as amended, passing that bill the same day by a vote of 90-5. As approved by the House, Section 1305 of the bill would have created a Special Envoy for Tibet, with the rank of ambassador and charged with promoting negotiations between the Dalai Lama and China; Section 1523 would have prohibited the United Nations Population Fund (UNFPA) from using U.S. funds for population programs in China; Section 1713 of the bill would have expressed the sense of Congress that Hong Kong's reversion to China should be peaceful, and that basic freedoms and rule of law should be respected; Section 1722 declared that Congress favors public U.S. support for Taiwan's accession to the WTO.

As passed by the full Senate, the bill imposed a requirement similar to that in the House bill for a Special Envoy to Tibet, and contained sense of the Senate language on a range of U.S. policy issues with respect to China, including limiting visas to Chinese officials involved in restricting religious practices or in China's coercive abortion programs; limiting U.S. contributions to the multilateral development banks; imposing targeted sanctions on certain Chinese PLA enterprises; and increasing U.S. funding for Radio Free Asia. On June 19, 1997, a message on the Senate action was sent to the House.

On March 10, 1997, the conference report was filed (H.Rept. 105-432), with a number of changes in the China-related provisions. Deleted from the conference report was any mention of a Special Envoy for Tibet, which had been included in both House and Senate versions of the bill. The conference report also dropped several of the sense-of-Senate language provisions on China, including: language limiting visas to Chinese officials; limiting U.S. contributions to multilateral development banks; targeting sanctions on certain Chinese military enterprises; and increasing funds and expanding broadcasting hours for Radio Free Asia. Section 1808 of the conference report declared that Congress favored public U.S. support for Taiwan's accession to the WTO; section 1816 prohibited UNFPA from receiving U.S. funds unless the President certified either that UNFPA had ended all its population activities in China and would have no activities during the fiscal year the money was authorized, or that there had been no coercive abortions in China during the previous 12 months.

The House agreed to the Conference Report by voice vote on March 26, 1998, having first agreed to the rule (H.Res. 385) by a vote of 234-172. The Senate passed the Conference Report on April 28, 1998, by a vote of 51-49, and cleared it for the White House. Although the bill was cleared for the White House on April 18, 1998, it was not presented for his signature until October 21, 1998. The President, who had promised to veto the bill, did so on that day.

H.R. 2095, China Human Rights and Democracy Act of 1997. This bill, introduced by Reps. Porter and Dreier, reportedly was developed after then Speaker-of-the-House Newt Gingrich asked the two Members to review alternatives to

withdrawing China's MFN status.¹⁹ Among other things, the bill included funding for Radio Free Asia, expressed the sense of Congress that there should be round-the-clock broadcasting in Asia in multiple languages, including Chinese, Tibetan, Cantonese, and Uighur; required annual reports from the Secretary of State about human rights violations in China, including religious persecution, development of democratic institutions, and rule of law; expressed the sense of Congress that U.S. businesses operating in China should adhere to a code of conduct; and prohibited the issuance of visas to any Chinese national involved in proliferation activities or human rights violations. The bill was introduced on June 26, 1997, and received no further action. Attention instead shifted to an alternative — the so-called "Cox package" of legislation discussed elsewhere in this report.

S. 1164, The China Policy Act of 1997. Senator Abraham's bill, introduced on September 11, 1997, set forth a fairly comprehensive U.S. China policy approach and included provisions similar to those in other pending China bills. Among its provisions, the legislation included a title delineating new sanctions on China — including denial of visas, instruction that U.S. representatives to the MDBs vote against assistance to China, sanctions on PLA enterprises, limited funding for Radio Free Asia, annual reports on PRC intelligence activities in the United States, and an assessment of a theater ballistic missile defense system for Taiwan. The Senate Foreign Relations Committee held hearings on the bill on September 17, 1997. No further action occurred.

S. 1303, The U.S.-China Relations Act of 1997. Senator Lieberman's bill, introduced on October 21, 1997, took a moderate and fairly conciliatory approach to U.S.-China relations. It stated that its fundamental purpose was the integration of China into the world community. S. 1303 required an annual accounting of U.S. economic relations with China and encouraged China's integration into multilateral economic organizations — including a requirement that the President develop criteria for China's participation in Organization for Economic Cooperation and Development (OECD) and G-7 meetings. The bill gave China permanent MFN upon accession to the WTO; required greater information on energy and national security issues; established a commission to promote the rule of law, respect for human rights, religious tolerance, and civil society in China; and called for the formation of a commission to prepare a profile of China province-by-province to serve as a basis for permitting the Overseas Private Investment Corporation (OPIC) to invest in certain provinces. S. 1303 incorporated H.R. 1712, a bill introduced in May, 1997 by Rep. Bereuter. In his floor statement introducing the bill, Sen. Lieberman referred to the "flurry of bills" introduced in Congress to oppose China's policies, and declared it "unfortunate that Congress is sending mixed messages about this very important bilateral relationship." The bill was referred to the Senate Finance Committee on October 21, 1997. No further action occurred.

¹⁹Cited in *The Congressional Quarterly*, June 14, 1997, p. 1390.

China-related Provisions in Other Enacted Legislation

H.R. 1119, Military Construction Authorizations [P.L. 105-85]. Included in this enacted legislation was a provision requiring a report on the military capabilities of the United States, and a provision stating that the annual report of the threat to the United States from ballistic missiles must include an assessment of the probability of Russia and China joining the Missile Technology Control Regime (MTCR). The bill was enacted as P.L. 105-85 on November 18, 1997.

H.R. 2159, Foreign Operations Appropriations [P.L. 105-118]. Legislation making appropriations for foreign operations, export financing, and other programs was enacted with several provisions relating to China. One of these provisions limited U.S. funding for the United Nations Population Fund (UNFPA) to \$25 million and prohibited any of these funds from being used for programs in China. In addition, the enacted language prohibited U.S. funds from being obligated to indirectly finance any assistance to China. The bill became P.L. 105-118 on November 26, 1997.

H.R. 4103, DOD Appropriations [P.L. 105-262]. Section 8120 of the FY1999 DOD Appropriations conference report (H.Rept. 105-746) provided that no funds can be used to enter into or renew a contract with a PRC-owned company or a Chinese military-owned company. The President signed H.R. 4103 into law on October 17, 1998, and it became P.L. 105-262.

H.R. 4328, Omnibus Appropriations [P.L. 105-277]. A number of provisions relating to China were included in the massive omnibus appropriations bill enacted on October 21, 1998. Among these were a requirement that Congress be notified 15 days in advance before any funds can be spent for processing licenses for U.S. satellite exports to China; a provision allowing "Economic Support Fund" monies to be provided to non-governmental organizations outside China whose primary purpose is to foster democracy in China (such activities to include dissident and opposition programs, legislative reforms, and democratic reform of village committee elections, but specifically **not** to include support for the China Rule of Law program); a provision setting aside \$150,000 in the FY99 budget for the U.S. Information Agency for Inter-Parliamentary Exchanges with China and Korea; a statement that Congress favors public support by U.S. State Department officials for Taiwan's entry to the World Trade Organization; and a provision exempting inertial reference units, components in manned civilian aircraft, and spare parts for civilian aircraft from the certification requirements that Section 1512 of the Defense Authorization Act of FY1999 specifies for exports of missile equipment or technology to China.

S. 858, Intelligence Authorization [P.L. 105-107]. Legislation to authorize appropriations for intelligence activities of the United States was enacted with a House-passed provision, similar to that in H.R. 2190, directing the Directors of the CIA and the FBI to prepare and transmit to Congress a report on China's intelligence activities directed against or affecting U.S. interests. (S.Rept. 105-24). The provision was enacted as P.L. 105-107 on November 20, 1997.

S. 1026, Export-Import Bank Reauthorization [P.L. 105-121]. Introduced on July 17, 1997, legislation to reauthorize the Exim Bank was enacted with a provision

that allows the President to direct the Exim Bank Board to deny credits and other assistance to Russia if he determines that Russia has transferred to China an SS-N-22 missile system that represents a significant and imminent threat to the security of the United States (H.Rept. 105-76). The bill became P.L. 105-121 on November 26, 1997.