

NOTE: The President spoke at 12:19 p.m. in the courtyard. In his remarks, he referred to Edward G. Rendell, Mayor of Philadelphia, and Rosemary Greco, president and CEO, CoreStates Bank.

Statement on Most-Favored-Nation Trade Status for China *May 28, 1993*

Yesterday the American people won a tremendous victory as a majority of the House of Representatives joined me in adopting our plan to revitalize America's economic future.

Today Members of Congress have joined me to announce a new chapter in United States policy toward China.

China occupies an important place in our Nation's foreign policy. It is the world's most populous state, its fastest growing major economy, and a permanent member of the United Nations Security Council. Its future will do much to shape the future of Asia, our security and trade relations in the Pacific, and a host of global issues from the environment to weapons proliferation. In short, our relationship with China is of very great importance.

Unfortunately, over the past 4 years our Nation spoke with a divided voice when it came to China. Americans were outraged by the killing of prodemocracy demonstrators at Tiananmen Square in June of 1989. Congress was determined to have our Nation's stance toward China reflect our outrage. Yet twice after Congress voted to place conditions on our favorable trade rules toward China, so-called most-favored-nation status, those conditions were vetoed. The annual battles between Congress and the Executive divided our foreign policy and weakened our approach over China.

It is time that a unified American policy recognize both the value of China and the values of America. Starting today, the United States will speak with one voice on China policy. We no longer have an executive branch policy and a congressional policy. We have an American policy.

I am happy to have with me today key congressional leaders on this issue. I am also honored to be joined by representatives of the business community and several distinguished Chinese student leaders. Their presence here is a tangible symbol of the unity of our purpose. I particularly want to recognize Senate Majority

Leader George Mitchell of Maine and Congresswoman Nancy Pelosi of California. Their tireless dedication to the cause of freedom in China has given voice to our collective concerns. I intend to continue working closely with Congress as we pursue our China policy.

We are here today because the American people continue to harbor profound concerns about a range of practices by China's Communist leaders. We are concerned that many activists and prodemocracy leaders, including some from Tiananmen Square, continue to languish behind prison bars in China for no crime other than exercising their consciences. We are concerned about international access to their prisons. And we are concerned by the Dalai Lama's reports of Chinese abuses against the people and culture of Tibet.

We must also address China's role in the proliferation of dangerous weapons. The Gulf war proved the danger of irresponsible sales of technologies related to weapons of mass destruction. While the world is newly determined to address the danger of such missiles, we have reason to worry that China continues to sell them.

Finally, we have concerns about our terms of trade with China. China runs an \$18 billion trade surplus with the U.S., second only to Japan. In the face of this deficit, China continues practices that block American goods.

I have said before that we do not want to isolate China, given its growing importance in the global community. China today is a nation of nearly 1.2 billion people, home to 1 of every 5 people in the world. By sheer size alone, China has an important impact on the world's economy, environment, and politics. The future of China and Hong Kong is of great importance to the region and to the people of America.

We take some encouragement from the economic reforms in China, reforms that by some measures place China's economy as the third largest in the world, after the United States and Japan. China's coastal provinces are an en-

gine for reform throughout the country. The residents of Shanghai and Guangzhou are far more motivated by markets than by Marx or Mao.

We are hopeful that China's process of development and economic reform will be accompanied by greater political freedom. In some ways, this process has begun. An emerging Chinese middle class points the antennae of new televisions towards Hong Kong to pick up broadcasts of CNN. Cellular phones and fax machines carry implicit notions of freer communications. Hong Kong itself is a catalyst of democratic values, and we strongly support Governor Patten's efforts to broaden democratic rights.

The question we face today is how best to cultivate these hopeful seeds of change in China while expressing our clear disapproval of its repressive policies.

The core of this policy will be a resolute insistence upon significant progress on human rights in China. To implement this policy, I am signing today an Executive order that will have the effect of extending most-favored-nation status for China for 12 months. Whether I extend MFN next year, however, will depend upon whether China makes significant progress in improving its human rights record.

The order lays out particular areas I will examine, including respect for the Universal Declaration of Human Rights and the release of citizens imprisoned for the nonviolent expression of their political beliefs, including activists imprisoned in connection with Tiananmen Square. The order includes China's protection of Tibet's religious and cultural heritage and compliance with the bilateral U.S.-China agreement on prison labor.

In addition, we will use existing statutes to address our concerns in the areas of trade and arms control.

The order I am issuing today directs the Secretary of State and other administration officials to pursue resolutely all legislative and executive

actions to ensure China abides by international standards. I intend to put the full weight of the Executive behind this order. I know I have Congress's support.

Let me give you an example. The administration is now examining reports that China has shipped M-11 ballistic missiles to Pakistan. If true, such action would violate China's commitment to observe the guidelines and parameters of the Missile Technology Control Regime. Existing U.S. law provides for strict sanctions against nations that violate these guidelines. We have made our concerns on the M-11 issue known to the Chinese on numerous occasions. They understand the serious consequences of missile transfers under U.S. sanctions law. If we determine that China has in fact transferred M-11 missiles or related equipment in violation of its commitments, my administration will not hesitate to act.

My administration is committed to supporting peaceful democratic and promarket reform. I believe we will yet see these principles prevail in China. For in the past few years, we have witnessed a pivot point in history as other Communist regimes across the map have ceded to the power of democracy and markets.

We are prepared to build a more cooperative relationship with China and wish to work with China as an active member of the international community. Through some of its actions, China has demonstrated that it wants to be a member of that community. Membership has its privileges, but also its obligations. We expect China to meet basic international standards in its treatment of its people, its sales of dangerous arms, and its foreign trade.

With one voice, the United States Government today has outlined these expectations.

NOTE: The statement referred to Christopher Patten, Governor and commander in chief of Hong Kong. The Executive order and related Presidential determination are listed in Appendix D at the end of this volume.