

105TH CONGRESS
1ST SESSION

S. 1303

To encourage the integration of the People's Republic of China into the world economy, ensure United States trade interests, and establish a strategic working relationship with the People's Republic of China as a responsible member of the world community.

IN THE SENATE OF THE UNITED STATES

OCTOBER 21, 1997

Mr. LIEBERMAN (for himself, Mr. HAGEL, Mr. KERREY, and Mr. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To encourage the integration of the People's Republic of China into the world economy, ensure United States trade interests, and establish a strategic working relationship with the People's Republic of China as a responsible member of the world community.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “United States-China Relations Act of 1997”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Declaration of policy.
- Sec. 3. Definitions.

TITLE I—ECONOMIC NORMALIZATION

Subtitle A—General Provisions

- Sec. 101. Congressional findings.
- Sec. 102. Statements of policy.
- Sec. 103. Reports to Congress.
- Sec. 104. Bilateral economic relations.
- Sec. 105. Multilateral economic relations.
- Sec. 106. Use of funds for commercial and consular presence.

Subtitle B—United States-China Trade and Investment Commission

- Sec. 111. United States-China Trade and Investment Commission.
- Sec. 112. Study and report.
- Sec. 113. Powers of the Commission.
- Sec. 114. Staff and consultants.
- Sec. 115. Termination.
- Sec. 116. Investment treatment for United States business.

TITLE II—STRATEGIC RELATIONS

- Sec. 201. Congressional findings.
- Sec. 202. Statements of policy.
- Sec. 203. Reports to Congress.
- Sec. 204. Bilateral strategic relations.
- Sec. 205. Multilateral strategic relations.
- Sec. 206. Enforcement of the Iran-Iraq Non-Proliferation Act.

TITLE III—HUMAN RIGHTS

Subtitle A—General Provisions

- Sec. 301. Congressional findings.
- Sec. 302. Statement of policy.
- Sec. 303. Radio Free Asia; National Endowment for Democracy.
- Sec. 304. Multilateral human rights.

Subtitle B—Human Relations Commission

- Sec. 311. Human Relations Commission.
- Sec. 312. Functions of the Commission.
- Sec. 313. Staff.
- Sec. 314. Termination.

1 **SEC. 2. DECLARATION OF POLICY.**

2 It is the policy of the United States to—

1 (1) encourage the integration of the People's
2 Republic of China into the global economy and com-
3 munity of nations;

4 (2) craft an economic, political, and strategic
5 relationship with the People's Republic of China
6 which builds mutual trust and encourages
7 transparency;

8 (3) cooperate with the People's Republic of
9 China on regional and global political and strategic
10 issues, and to encourage the constructive inter-
11 dependence of the People's Republic of China in the
12 Asia Pacific region;

13 (4) recognize the sovereignty of the People's
14 Republic of China, and oppose any unilateral change
15 in the status quo of "one China policy", especially
16 with respect to the Republic of China on Taiwan;

17 (5) continue a close relationship with the Spe-
18 cial Administrative Region of Hong Kong; and

19 (6) enforce the Hong Kong Policy Act and any
20 other provision that relates to the protection of civil
21 liberties and the rule of law in Hong Kong.

22 **SEC. 3. DEFINITIONS.**

23 In this Act:

1 (1) TRADE REPRESENTATIVE.—The term
2 “Trade Representative” means the United States
3 Trade Representative.

4 (2) WORLD TRADE ORGANIZATION.—The term
5 “World Trade Organization” means the organization
6 established pursuant to the WTO Agreement.

7 (3) WTO AGREEMENT.—The term “WTO
8 Agreement” means the Agreement Establishing The
9 World Trade Organization entered into on April 15,
10 1994.

11 **TITLE I—ECONOMIC**
12 **NORMALIZATION**
13 **Subtitle A—General Provisions**

14 **SEC. 101. CONGRESSIONAL FINDINGS.**

15 Congress makes the following findings:

16 (1) The People’s Republic of China is the
17 world’s tenth largest trading nation and the United
18 States’ fifth largest trading partner. United States
19 exports to the People’s Republic of China have quad-
20 rupled over the past decade. At least 170,000 Amer-
21 icans owe their jobs to United States exports to the
22 People’s Republic of China. Jobs related to exported
23 goods, on average, pay 13 to 16 percent more than
24 nonexport related jobs.

1 (2) The United States is the People's Republic
2 of China's largest export market. United States im-
3 ports from the People's Republic of China were
4 nearly \$51,500,000,000 in 1996 (or nearly 25 per-
5 cent of the exports of the People's Republic of
6 China). By contrast, United States exports of goods
7 to the People's Republic of China stood at only
8 \$12,000,000,000. While the large trade deficit with
9 the People's Republic of China is the result of many
10 factors, the People's Republic of China's multiple,
11 overlapping barriers to trade and investments are a
12 serious concern.

13 (3) In the coming decade, the rapid economic
14 expansion of the People's Republic of China will
15 exert a powerful influence on the global economy. In
16 order to be constructive, the emergence of the Peo-
17 ple's Republic of China as an economic power should
18 be compatible with the existing multilateral economic
19 regime.

20 (4) Since the bilateral Memorandum of Under-
21 standing between the United States and the People's
22 Republic of China signed in October 1992, the Peo-
23 ple's Republic of China has eliminated import re-
24 strictions on more than 1,000 tariff categories and

1 opened its market to computers, heavy machinery,
2 and pharmaceutical products.

3 (5) However, the People's Republic of China
4 still maintains many barriers to the sale of foreign
5 products and United States firms still do not have
6 access comparable to that which the People's Repub-
7 lic of China enjoys in the United States. Sectors
8 such as agriculture, telecommunications, insurance,
9 distribution, audio-visual, advertising, and mainte-
10 nance and repair need to be opened to international
11 trade.

12 (6) Since 1995, the People's Republic of China
13 has made significant progress in concluding agree-
14 ments in the enforcement of intellectual property
15 rights.

16 (7) Despite significant improvements in en-
17 forcement, serious problems still remain. Piracy of
18 computer software remains at high levels. While
19 market access for copyrighted products has im-
20 proved, further improvement is required for legiti-
21 mate products to be available to meet market
22 demand.

23 **SEC. 102. STATEMENTS OF POLICY.**

24 It is the policy of the United States—

1 (1) to encourage a fair and equitable economic
2 relationship that ensures equal market access be-
3 tween the United States and the People's Republic
4 of China;

5 (2) to support the accession of the People's Re-
6 public of China to the World Trade Organization on
7 commercially viable terms, which include commit-
8 ments on opening up the agricultural market of the
9 People's Republic of China, concessions on trading
10 rights, lower tariffs, access to distribution networks,
11 and elimination of import inhibiting standards;

12 (3) for importers of goods or services to affirm
13 that such products or services were not manufac-
14 tured or procured in a manner inconsistent with
15 United States law or otherwise incompatible with the
16 values of the United States; and

17 (4) for United States persons conducting busi-
18 ness in the People's Republic of China to refrain
19 from using oppressive instrumentalities of the state
20 to oppose workers' efforts to organize.

21 **SEC. 103. REPORTS TO CONGRESS.**

22 (a) IN GENERAL.—Not later than 180 days after the
23 date of enactment of this Act, and annually thereafter,
24 the Trade Representative shall, in consultation with the
25 International Trade Commission and the Department of

1 Commerce, prepare and submit to Congress a study show-
2 ing the economic benefits that existing bilateral trade
3 agreements between the United States and the People's
4 Republic of China have on United States employment, bal-
5 ance of trade, and international competitiveness.

6 (b) MILITARY ACTIVITIES.—

7 (1) IN GENERAL.—The Secretary of State, in
8 consultation with the Secretary of Defense, the Sec-
9 retary of Commerce, and the head of any other ap-
10 propriate intelligence agencies, shall, not later than
11 180 days after the date of enactment of this Act,
12 and annually thereafter, prepare and submit to Con-
13 gress a report on the commercial activities of the
14 People's Liberation Army in the United States and
15 the People's Republic of China. The report shall
16 highlight the activities that provide off-budget reve-
17 nue for military modernization.

18 (2) CONFIDENTIALITY.—The Secretary of De-
19 fense, the Secretary of Commerce, and the head of
20 any intelligence agency may separately submit infor-
21 mation regarding the report to Congress in con-
22 fidence if such Secretary or agency head considers
23 confidentiality appropriate.

1 **SEC. 104. BILATERAL ECONOMIC RELATIONS.**

2 (a) INVESTMENT TREATY.—Not later than 180 days
3 after the date of enactment of this Act, the Trade Rep-
4 resentative shall assess the feasibility of entering into a
5 bilateral investment treaty with the People’s Republic of
6 China and shall advise Congress of the results of the as-
7 sessment.

8 (b) TAX TREATY.—Not later than 180 days after the
9 date of enactment of this Act, the Secretary of the Treas-
10 ury shall assess the feasibility of entering into a bilateral
11 tax treaty with the People’s Republic of China and shall
12 advise Congress of the results of the assessment.

13 (c) REPORT ON JOINT COMMISSIONS.—

14 (1) REVIEW.—Not later than 180 days after
15 the date of enactment of this Act, and annually
16 thereafter, the President shall review the functions
17 and objectives of each United States-China Joint
18 Commission and shall submit for congressional re-
19 view a program plan that identifies the objectives of
20 each Commission and the resources required to
21 achieve those objectives.

22 (2) JOINT COMMISSIONS.—For purposes of this
23 subsection, the term “United States-China Joint
24 Commission” means—

25 (A) the United States-China Joint Com-
26 mission on Commerce and Trade,

1 (B) the United States-China Joint
2 Economic Commission, and

3 (C) the United States-China Joint Com-
4 mission on Science and Technology.

5 **SEC. 105. MULTILATERAL ECONOMIC RELATIONS.**

6 (a) STATEMENT OF PURPOSE.—It is the purpose of
7 this section—

8 (1) to authorize the President of the United
9 States to raise tariffs on imports from the People's
10 Republic of China to tariff levels in effect on Decem-
11 ber 31, 1994, if the President determines, upon the
12 expiration of the 1979 United States bilateral agree-
13 ment with the People's Republic of China, that the
14 People's Republic of China is either denying ade-
15 quate trade benefits to the United States or not tak-
16 ing steps to become a full member of the World
17 Trade Organization;

18 (2) to provide a significant incentive for the
19 People's Republic of China to gain admission to the
20 World Trade Organization by eliminating the annual
21 review of China's trade status after it commits to a
22 commercially acceptable protocol and is admitted to
23 the World Trade Organization; and

24 (3) therefore to enhance the ability of the Presi-
25 dent of the United States to negotiate a commer-

1 cially acceptable World Trade Organization protocol
2 with the People's Republic of China.

3 (b) SNAP-BACK MECHANISM.—

4 (1) DETERMINATION WITH RESPECT TO THE
5 PEOPLE'S REPUBLIC OF CHINA.—Upon the expira-
6 tion of the 1979 United States bilateral agreement
7 with the People's Republic of China, the President
8 shall, after consulting with the appropriate congres-
9 sional committees, determine whether or not the
10 People's Republic of China is—

11 (A) according adequate trade benefits to
12 the United States, including substantially equal
13 competitive opportunities for the commerce of
14 the United States; and

15 (B) taking adequate steps or making sig-
16 nificant proposals to become a WTO member.

17 (2) SUBMISSION OF FINDINGS.—Not later than
18 180 days after the expiration of the 1979 United
19 States bilateral agreement with the People's Repub-
20 lic of China, the President shall submit to the appro-
21 priate congressional committees a report setting
22 forth his determinations under subparagraphs (A)
23 and (B) of paragraph (1), with a rationale for each
24 determination.

25 (3) TARIFF INCREASE.—

1 (A) IMPOSITION OF INCREASE.—If the
2 President determines either—

3 (i) under subparagraph (A) of para-
4 graph (1) that the People’s Republic of
5 China is not according adequate trade ben-
6 efits to the United States, or

7 (ii) under subparagraph (B) of para-
8 graph (1) that the People’s Republic of
9 China is not taking adequate steps or mak-
10 ing significant proposals to become a WTO
11 member,

12 then the President shall proclaim, within 180
13 days after the date of that determination, an
14 increase in the rate of duty with respect to 1
15 or more products of that country to not more
16 than the column 1 rate of duty under the Har-
17 monized Tariff Schedule of the United States
18 that applied to the article or articles on Decem-
19 ber 31, 1994.

20 (B) TERMINATION OF INCREASE.—The
21 President shall terminate any increase in the
22 rate of duty imposed under subparagraph (A)
23 on the earlier of—

1 (i) the date on which the People's Re-
2 public of China becomes a WTO member;
3 or

4 (ii) the date on which the President
5 proclaims that—

6 (I) the People's Republic of
7 China is according adequate trade
8 benefits to the United States, includ-
9 ing substantially equal competitive op-
10 portunities for the commerce of the
11 United States; and

12 (II) the People's Republic of
13 China is taking adequate steps or
14 making significant proposals to be-
15 come a WTO member.

16 (C) MODIFICATION OF TARIFF.—The
17 President may modify any increase in the rate
18 of duty imposed under subparagraph (A) if the
19 President notifies the appropriate congressional
20 committees of the modification and the reasons
21 therefor, except that—

22 (i) the modification may not result in
23 a rate of duty higher than that permitted
24 under subparagraph (A); and

1 (ii) the authority of this subparagraph
2 may not be used to terminate an increase
3 in the rate of duty imposed under subpara-
4 graph (A).

5 (c) ACCESSION TO THE WORLD TRADE ORGANIZA-
6 TION.—On the date on which the People’s Republic of
7 China becomes a WTO member, the provisions of title IV
8 of the Trade Act of 1974 shall cease to apply to that coun-
9 try, and nondiscriminatory treatment shall apply to the
10 products of that country.

11 (d) PARTICIPATION IN OECD.—The President
12 shall—

13 (1) develop criteria for supporting the People’s
14 Republic of China’s participation in the Organiza-
15 tion for Economic Cooperation and Development and
16 the G–7 meetings; and

17 (2) when appropriate, initiate discussions with
18 other members of the Organization for Economic
19 Cooperation and Development and the G–7 regard-
20 ing the People’s Republic of China’s participation.

21 (e) DEFINITION.—As used in this section, the term
22 “WTO member” has the meaning given that term in sec-
23 tion 2(10) of the Uruguay Round Agreements Act (19
24 U.S.C. 3501(10)).

1 **SEC. 106. USE OF FUNDS FOR COMMERCIAL AND**
 2 **CONSULAR PRESENCE.**

3 Of the amounts authorized to be appropriated to the
 4 Department of State under the appropriations account en-
 5 titled “Administration of Foreign Affairs” and of the
 6 amounts appropriated to the Department of Commerce for
 7 the United States and Foreign Commercial Service,
 8 \$25,000,000 for fiscal year 1999, and \$75,000,000 for fis-
 9 cal year 2000, may be used to strengthen and expand the
 10 United States consular and commercial presence in the
 11 People’s Republic of China to additional cities. The Presi-
 12 dent, through the Director of the Office of Management
 13 and Budget, shall determine the allocation of funds to be
 14 used in any fiscal year to carry out the provisions of this
 15 section.

16 **Subtitle B—United States-China**
 17 **Trade and Investment Commission**

18 **SEC. 111. UNITED STATES-CHINA TRADE AND INVESTMENT**
 19 **COMMISSION.**

20 (a) IN GENERAL.—There is established a United
 21 States-China Trade and Investment Commission (referred
 22 to in this title as the “Commission”).

23 (b) MEMBERSHIP.—

24 (1) COMPOSITION.—The Commission shall be
 25 bipartisan and composed of 17 members, includ-
 26 ing—

1 (A) 3 individuals appointed by the Presi-
 2 dent from the executive branch of the
 3 government;

4 (B) 2 individuals appointed by the Presi-
 5 dent pro tempore of the Senate, upon the rec-
 6 ommendation of the majority and minority lead-
 7 ers of the Senate;

8 (C) 2 individuals appointed by the Speaker
 9 of the House of Representatives, in consultation
 10 with the minority leader of the House of
 11 Representatives;

12 (D) 7 individuals from private business ap-
 13 pointed by the Secretary of Commerce; and

14 (E) 3 individuals from nonprofit organiza-
 15 tions appointed by the Secretary of Commerce.

16 (2) APPOINTMENT.—The members of the Com-
 17 mission shall be appointed not later than 6 months
 18 after the date of enactment of this Act.

19 (c) CHAIRPERSON.—The Secretary of Commerce
 20 shall select a Chairperson from among the private business
 21 members.

22 (d) TERM OF OFFICE.—Members shall be appointed
 23 for the life of the Commission.

24 (e) VACANCIES.—Any vacancy occurring in the mem-
 25 bership of the Commission shall be filled in the same man-

ner as the original appointment for the position being vacated. The vacancy shall not affect the power of the remaining members to execute the duties of the Commission.

(f) COMPENSATION AND EXPENSES.—

(1) COMPENSATION.—Each member of the Commission who is not an employee of the Federal Government shall receive compensation at the daily equivalent of the rate specified for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day the member is engaged in the performance of duties for the Commission, including attendance at meetings and conferences of the Commission, and travel to conduct the duties of the Commission.

(2) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for each day the member is engaged in the performance of duties away from the home or regular place of business of the member.

SEC. 112. STUDY AND REPORT.

(a) STUDY.—The Commission shall conduct a study of—

1 (1) business practices employed by United
2 States and foreign persons conducting business in
3 the People's Republic of China;

4 (2) human rights, labor, and environmental
5 conditions in each province of the People's Republic
6 of China based on criteria set forth in title IV of the
7 Foreign Assistance Act of 1961 (22 U.S.C. 2191 et
8 seq.) relating to insurance, financing, guarantees,
9 and reinsurance by the Overseas Private Investment
10 Corporation;

11 (3) other circumstances associated with the de-
12 velopment of rule of law and civil society in the Peo-
13 ple's Republic of China;

14 (4) opportunities for bilateral cooperation for
15 improving ecosystem management and pollution con-
16 trol, and for integrating policies that have environ-
17 mental impact in the People's Republic of China;
18 and

19 (5) opportunities for developing voluntary envi-
20 ronmental guidelines for industrial suppliers located
21 in the People's Republic of China, including the im-
22 plementation of ISO 14000 environmental manage-
23 ment standards of the International Organization of
24 Standards.

1 (b) REPORT.—Not later than 12 months after the
2 date of enactment of this Act, and annually thereafter,
3 the Commission shall prepare and submit to the President
4 and the appropriate committees of Congress a written re-
5 port containing—

6 (1) the findings and conclusions of the Commis-
7 sion resulting from the study conducted under sub-
8 section (a);

9 (2) the recommendations of the Commission,
10 based on the findings and conclusions described in
11 paragraph (1), for—

12 (A) improving opportunities for United
13 States business in the People’s Republic of
14 China; and

15 (B) developing bilateral cooperation be-
16 tween the United States and the People’s Re-
17 public of China relating to labor and environ-
18 ment; and

19 (3) a list of provinces in the People’s Republic
20 of China that meet the criteria of the Overseas Pri-
21 vate Investment Corporation for insurance, financ-
22 ing, guarantees, and reinsurance described in sub-
23 section (a)(2).

24 (c) APPROPRIATE COMMITTEES.—For purposes of
25 this section, the term “appropriate committees” means the

1 Committees on Finance and Foreign Relations of the Sen-
2 ate and the Committees on Ways and Means and Inter-
3 national Relations of the House of Representatives.

4 **SEC. 113. POWERS OF THE COMMISSION.**

5 (a) IN GENERAL.—The Commission is authorized
6 to—

7 (1) hold such hearings and sit and act at such
8 times;

9 (2) take such testimony;

10 (3) have such printing and binding done;

11 (4) enter into such contracts and other
12 arrangements;

13 (5) make such expenditures; and

14 (6) take such other actions;

15 as the Commission may determine to be necessary to carry
16 out the duties of the Commission.

17 (b) OBTAINING INFORMATION FROM FEDERAL
18 AGENCIES.—The Commission may secure directly from
19 any Federal agency such information as the Commission
20 may require to carry out its duties.

21 (c) GIFTS AND DONATIONS.—The Commission may
22 accept, use, and dispose of gifts or donations of property
23 in order to carry out the duties of the Commission.

1 (d) USE OF MAIL.—The Commission may use the
2 United States mails in the same manner and under the
3 same conditions as Federal agencies.

4 **SEC. 114. STAFF AND CONSULTANTS.**

5 (a) STAFF.—

6 (1) APPOINTMENT AND COMPENSATION.—The
7 Commission may appoint and determine the com-
8 pensation of such staff as the Commission deter-
9 mines to be necessary to carry out the duties of the
10 Commission.

11 (2) LIMITATIONS.—The rate of compensation
12 for each staff member shall not exceed the daily
13 equivalent of the rate specified for level V of the Ex-
14 ecutive Schedule under section 5316 of title 5, Unit-
15 ed States Code, for each day the staff member is en-
16 gaged in the performance of duties for the Commis-
17 sion. The Commission may otherwise appoint and
18 determine the compensation of staff without regard
19 to the provisions of title 5, United States Code, that
20 govern appointments in the competitive service, and
21 the provisions of chapter 51 and subchapter III of
22 chapter 53 of title 5, United States Code, that relate
23 to classification and General Schedule pay rates.

24 (b) EXPERTS AND CONSULTANTS.—The Chairperson
25 of the Commission may obtain such temporary and inter-

1 mittent services of experts and consultants and com-
2 pensate the experts and consultants in accordance with
3 section 3109(b) of title 5, United States Code, as the
4 Commission determines to be necessary to carry out the
5 duties of the Commission.

6 (c) **DETAIL OF FEDERAL EMPLOYEES.**—On the re-
7 quest of the Chairperson of the Commission, the head of
8 any Federal agency shall detail, without reimbursement,
9 any of the personnel of the agency to the Commission to
10 assist the Commission in carrying out its duties. Any de-
11 tail shall not interrupt or otherwise affect the civil service
12 status or privileges of the Federal employee.

13 (d) **TECHNICAL ASSISTANCE.**—On the request of the
14 Chairperson of the Commission, the head of a Federal
15 agency shall provide such technical assistance to the Com-
16 mission as the Commission determines to be necessary to
17 carry out its duties.

18 **SEC. 115. TERMINATION.**

19 The Commission shall terminate on the date that is
20 2 years after the date of enactment of this Act.

21 **SEC. 116. INVESTMENT TREATMENT FOR UNITED STATES**
22 **BUSINESS.**

23 (a) **IN GENERAL.**—The Export-Import Bank, the
24 Overseas Private Investment Corporation, and other Unit-
25 ed States agencies shall take into consideration the study

1 and report conducted under this subtitle in funding any
2 transaction with the People’s Republic of China.

3 (b) AMENDMENT TO EXPORT-IMPORT BANK ACT.—
4 Section 2(b)(2)(D)(i) of the Export-Import Bank Act (12
5 U.S.C. 635(b)(2)(D)(i)) is amended by adding at the end
6 the following new sentence: “Subparagraph (A) shall not
7 apply to guarantees, insurance, or extensions of credit by
8 the Bank to a province of the People’s Republic of China
9 if the United States-China Trade and Investment Com-
10 mission determines that the province meets the criteria for
11 insurance, financing, guarantees, and reinsurance of the
12 Overseas Private Investment Corporation set forth in title
13 IV of the Foreign Assistance Act of 1961.”.

14 (c) OVERSEAS PRIVATE INVESTMENT CORPORA-
15 TION.—Section 239 of the Foreign Assistance Act of 1961
16 (22 U.S.C 2199) is amended by adding at the end the
17 following new subsection:

18 “(l) Notwithstanding any other provision of law, the
19 Corporation may insure, reinsure, guarantee, or finance
20 a project in the People’s Republic of China if the United
21 States-China Trade and Investment Commission deter-
22 mines that the province in which such project is located
23 meets the criteria for insurance, financing, guarantees,
24 and reinsurance set forth in this title.”.

TITLE II—STRATEGIC RELATIONS

SEC. 201. CONGRESSIONAL FINDINGS.

Congress makes the following findings:

(1) The United States and the People’s Republic of China share mutual security interests in the Asia Pacific region (including the Korean peninsula) as well as other areas of the world such as the Middle East.

(2) While the People’s Liberation Army poses no direct military threat to the United States now, its sales of weapons and weapons technology to sponsors of terrorism, such as Iran, endangers the regional stability and global interests of the United States.

(3) The People’s Liberation Army is engaging in a military buildup and an aggressive military modernization program, for undisclosed purposes. In fact since 1992, military spending by the People’s Republic of China has doubled.

(4) The People’s Liberation Army is engaging in commercial activities both at home and abroad. The revenues from these commercial activities are used for military expenditures and obscure actual

1 military expenditures by the People's Republic of
2 China.

3 (5) In March 1996, the People's Republic of
4 China demonstrated its capacity to blockade the
5 international shipping lanes of the Taiwan Strait
6 and the air space over Taiwan by the repeated
7 launches of M-9 ballistic missiles in the South
8 China Sea.

9 (6) In May 1996, Poly Technologies, a People's
10 Liberation Army enterprise, and Norinco, a Chinese
11 civilian defense company, attempted to smuggle
12 2,000 AK-47's into Oakland, California and offered
13 to sell to Federal undercover agents 300,000 ma-
14 chine guns with silencers, 66mm mortars, hand gre-
15 nades, and Red Parakeet surface-to-air missiles.

16 (7) The People's Liberation Army's buildup,
17 modernization, and economic activities may pose a
18 regional threat and a threat to broader United
19 States interests in the future unless greater efforts
20 are made to increase communication and trans-
21 parency of process.

22 **SEC. 202. STATEMENTS OF POLICY.**

23 It is the policy of the United States—

24 (1) to encourage the political and military inte-
25 gration of the People's Republic of China into the

1 Asia Pacific region and the larger global community
2 of nations;

3 (2) to maintain a strong United States presence
4 in the Asia Pacific region and to encourage coopera-
5 tion between the United States, the People's Repub-
6 lic of China, and other nations;

7 (3) to encourage transparency in military fund-
8 ing in the People's Republic of China to the greatest
9 extent possible; and

10 (4) to engage in confidence building measures
11 between the United States and the People's Republic
12 of China in order to reduce the risk of unintended
13 conflict.

14 **SEC. 203. REPORTS TO CONGRESS.**

15 Not later than 180 days after the date of enactment
16 of this Act, the Secretaries of State, Defense, and Com-
17 merce, along with the heads of other intelligence agencies,
18 shall provide Congress with—

19 (1) a report analyzing the effectiveness of exist-
20 ing weapons proliferation export controls and sanc-
21 tions relating to the People's Republic of China; and

22 (2) a report describing economic, political, and
23 military espionage conducted by the People's Repub-
24 lic of China against the United States.

1 The Secretaries of State, Defense, and Commerce, and the
2 head of any other intelligence agency may separately sub-
3 mit any information regarding the reports to Congress in
4 confidence if such Secretary or agency head considers con-
5 fidentiality appropriate.

6 **SEC. 204. BILATERAL STRATEGIC RELATIONS.**

7 (a) SENSE OF THE SENATE.—It is the sense of the
8 Senate that the President should continue and expand
9 contact and exchanges between national security personnel
10 from the United States and of the People’s Republic of
11 China.

12 (b) ENERGY BILATERAL.—The President shall take
13 steps to establish a bilateral committee with the People’s
14 Republic of China in order to begin a dialogue relating
15 to the maintenance of stability in regions where there are
16 energy resources of mutual interest to the United States
17 and the People’s Republic of China.

18 (c) FOOD BILATERAL.—The President shall take
19 steps to establish a bilateral committee with the People’s
20 Republic of China in order to begin a dialogue relating
21 to—

22 (1) common interests in the People’s Republic
23 of China’s securing a stable and adequate supply of
24 food, and

1 (2) the interests of the United States as a sup-
2 plier of food to the People’s Republic of China.

3 **SEC. 205. MULTILATERAL STRATEGIC RELATIONS.**

4 The President shall take steps to establish a multilat-
5 eral risk reduction protocol with the People’s Republic of
6 China and other governments in East Asia. The protocol
7 shall provide policies and procedures that include—

8 (1) establishing a line of direct communication
9 between Washington and the People’s Republic of
10 China; and

11 (2) developing a protocol for naval encounters
12 in international waters.

13 **SEC. 206. ENFORCEMENT OF THE IRAN-IRAQ NON-**
14 **PROLIFERATION ACT.**

15 It is the sense of the Senate that the security and
16 stability of the Near East is threatened by any augmenta-
17 tion of weapons inventories by Iran and Iraq and the
18 President should vigilantly enforce the provisions of the
19 Iran-Iraq Arms Non-Proliferation Act of 1992.

20 **TITLE III—HUMAN RIGHTS**
21 **Subtitle A—General Provisions**

22 **SEC. 301. CONGRESSIONAL FINDINGS.**

23 Congress makes the following findings:

1 (1) Congress concurs in the following conclu-
2 sions of the Department of State regarding human
3 rights in the People's Republic of China:

4 (A) The Government of the People's Re-
5 public of China has "continued to commit wide-
6 spread and well documented human rights
7 abuses, in violation of internationally accepted
8 norms, stemming from the authorities intoler-
9 ance of dissent, fear of unrest, and the absence
10 and inadequacy of laws protecting basic
11 freedoms."

12 (B) Nonapproved religious groups, includ-
13 ing Protestant and Catholic groups, experienced
14 intensified repression.

15 (C) Overall in 1996, the authorities
16 stepped up efforts to cut off expressions of pro-
17 test or criticism. No dissidents were known to
18 be active at year's end.

19 (2) Despite public assurances by the People's
20 Republic of China that it would abide by the prin-
21 ciples of the Universal Declaration of Human Rights
22 and despite the United Nations charter requirements
23 that all members promote respect for and observe
24 basic human rights, the Government of the People's

1 Republic of China continues to place severe restric-
2 tions on religious expression and practice.

3 **SEC. 302. STATEMENT OF POLICY.**

4 It is the policy of the United States—

5 (1) to encourage the People's Republic of China
6 to adhere to internationally accepted norms for the
7 rule of law, human rights, and worker rights; and

8 (2) to develop a consistent multilateral response
9 to the record of the People's Republic of China on
10 human rights and worker rights.

11 **SEC. 303. RADIO FREE ASIA; NATIONAL ENDOWMENT FOR**
12 **DEMOCRACY.**

13 (a) RADIO FREE ASIA.—The President shall direct
14 the Director of the United States Information Agency and
15 the Board of Broadcasting Governors to increase the
16 broadcast hours of the Voice of America and Radio Free
17 Asia to the People's Republic of China and to broadcast
18 to the People's Republic of China in multiple Chinese
19 dialects.

20 (b) NATIONAL ENDOWMENT FOR DEMOCRACY.—In
21 addition to such sums as are otherwise authorized to be
22 appropriated for fiscal year 1998 for grants to the Na-
23 tional Endowment for Democracy, there is authorized to
24 be appropriated for fiscal year 1998, \$1,000,000 for
25 grants to the National Endowment for Democracy which

1 shall be available only for purposes of programs relating
2 to the People's Republic of China.

3 **SEC. 304. MULTILATERAL HUMAN RIGHTS.**

4 In the absence of significant progress in improving
5 human rights in the People's Republic of China, the Presi-
6 dent shall direct the United States Permanent Represent-
7 ative to the United Nations to develop and implement a
8 strategy to ensure that there is a debate and discussion
9 every year on the human rights record of the People's Re-
10 public of China before the United Nations Commission on
11 Human Rights.

12 **Subtitle B—Human Relations**
13 **Commission**

14 **SEC. 311. HUMAN RELATIONS COMMISSION.**

15 (a) IN GENERAL.—Not later than 6 months after the
16 date of enactment of this Act, the President, in consulta-
17 tion with the majority and minority leaders of the Senate,
18 the Speaker of the House of Representatives, and the mi-
19 nority leader of the House of Representatives, and appro-
20 priate representatives from the private sector, shall ap-
21 point a 12-member Human Relations Commission (re-
22 ferred to in this subtitle as the “Commission”).

23 (b) MEMBERSHIP.—

24 (1) COMPOSITION.—The Commission shall be
25 composed of—

1 (A) 4 individuals appointed from the execu-
2 tive branch of the government;

3 (B) 4 individuals appointed from the legis-
4 lative branch of the government; and

5 (C) 4 individuals from the private sector.

6 (c) CHAIRPERSON.—The Commission shall select a
7 Chairperson from among its members.

8 (d) TERM OF OFFICE.—Members shall be appointed
9 for the life of the Commission.

10 (e) VACANCIES.—Any vacancy occurring in the mem-
11 bership of the Commission shall be filled in the same man-
12 ner as the original appointment for the position being va-
13 cated. The vacancy shall not affect the power of the re-
14 maining members to execute the duties of the Commission.

15 (f) COMPENSATION AND EXPENSES.—

16 (1) COMPENSATION.—Each member of the
17 Commission who is not an employee of the Federal
18 Government shall receive compensation at the daily
19 equivalent of the rate specified for level V of the Ex-
20 ecutive Schedule under section 5316 of title 5, Unit-
21 ed States Code, for each day the member is engaged
22 in the performance of duties for the Commission, in-
23 cluding attendance at meetings and conferences of
24 the Commission, and travel to conduct the duties of
25 the Commission.

1 (2) TRAVEL EXPENSES.—Each member of the
 2 Commission shall receive travel expenses, including
 3 per diem in lieu of subsistence, at rates authorized
 4 for employees of agencies under subchapter I of
 5 chapter 57 of title 5, United States Code, for each
 6 day the member is engaged in the performance of
 7 duties away from the home or regular place of busi-
 8 ness of the member.

9 **SEC. 312. FUNCTIONS OF THE COMMISSION.**

10 (a) IN GENERAL.—The Commission shall perform
 11 the following functions:

12 (1) Assess the status of human rights and
 13 worker rights in the People’s Republic of China
 14 based on the Universal Declaration of Human
 15 Rights and internationally recognized worker rights
 16 as defined in section 507(4) of the Trade Act of
 17 1974.

18 (2) Work to develop a bilateral commission be-
 19 tween the United States and the People’s Republic
 20 of China on human rights and worker rights.

21 (3) Expand opportunities for the exchange be-
 22 tween the United States and the People’s Republic
 23 of China of judges, attorneys, religious leaders, cus-
 24 toms officials, and members and staff of the execu-
 25 tive and legislative branches of government.

1 (4) Encourage overseas development assistance
 2 programs that support the establishment of rule of
 3 law and civil society in the People's Republic of
 4 China.

5 (5) Identify opportunities for multilateral action
 6 on human rights and worker rights, and rejuvenate
 7 initiatives in the International Labor Organization
 8 relating to human rights and worker rights.

9 (b) ASSESSMENT OF HUMAN RIGHTS AND WORKER
 10 RIGHTS.—

11 (1) IN GENERAL.—In assessing the status of
 12 human rights and worker rights required by sub-
 13 section (a), the Commission shall establish a Pris-
 14 oner Information Registry that contains the infor-
 15 mation described in paragraph (2) with respect to
 16 people detained in the People's Republic of China as
 17 political prisoners, religious prisoners, and prisoners
 18 of conscience.

19 (2) REGISTRY INFORMATION.—The Prisoner
 20 Information Registry shall contain the following in-
 21 formation with respect to the prisoners described in
 22 paragraph (1):

23 (A) The charges against each prisoner.

1 (B) A description of the judicial process or
2 administrative action taken with respect to each
3 prisoner.

4 (C) The length of incarceration, incidents
5 of torture, and use of forced labor with respect
6 to each prisoner.

7 (D) The physical condition and general
8 health of each prisoner.

9 (E) Any other information relating to the
10 general condition of each prisoner that the
11 Commission considers to be relevant.

12 (3) REPORT AND RECOMMENDATIONS.—

13 (A) IN GENERAL.—Not later than 1 year
14 after the first meeting of the Commission, and
15 annually thereafter, the Commission shall re-
16 port to Congress and the President the results
17 of the assessment conducted under this sub-
18 section.

19 (B) RECOMMENDATION.—If the Commis-
20 sion determines that the People's Republic of
21 China is not making progress in improving the
22 status of human rights and worker rights with-
23 in 2 years after the date of the first meeting of
24 the Commission, the Commission shall rec-
25 ommend to the President that the President

1 strengthen United States policies intended to
2 improve the status of human rights and worker
3 rights with respect to the People's Republic of
4 China as the Commission determines to be ap-
5 propriate.

6 **SEC. 313. STAFF.**

7 (a) DETAIL OF FEDERAL EMPLOYEES.—On the re-
8 quest of the Chairperson of the Commission, the head of
9 any Federal agency shall detail, without reimbursement,
10 any of the personnel of the agency to the Commission to
11 assist the Commission in carrying out its duties. Any de-
12 tail shall not interrupt or otherwise affect the civil service
13 status or privileges of the Federal employee.

14 (b) TECHNICAL ASSISTANCE.—On the request of the
15 Chairperson of the Commission, the head of a Federal
16 agency shall provide such technical assistance to the Com-
17 mission as the Commission determines to be necessary to
18 carry out its duties.

19 **SEC. 314. TERMINATION.**

20 The Commission shall terminate on the day that is
21 3 years after the date of the Commission's first meeting.

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